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Petroleum & Energy Infrastructures Ltd.  
Oil Products Pipeline Ltd.

## **Request for Proposals 19/342**

### **For the Removal of Sludge from Crude Oil Storage Tank no. 140**

## **PART 3 – CONTRACT**

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## CONTRACT

Signed the \_\_\_ day of \_\_\_\_\_

By and between:

**Petroleum and Energy Infrastructures Ltd.** of 3 Hasadnaot Street, Herzeliya 46728, P.O.B. 212 Herzeliya 46120 (hereinafter: the "**Company**"), of the one part; and

\_\_\_\_\_, of \_\_\_\_\_ (hereinafter: the "**Contractor**"), of the other part

### **WHEREAS**

Company, a company fully owned by the government of Israel, involved in the storage and transportation of crude oil and distillates, wishes to receive services of removal of sludge from its crude oil storage tank no. 140 located in the Kiryat Hayim Terminal (near the Haifa bay) (the "**Tank**", a classification thereof appears in the Scope of Work document, attached as Appendix A herein) including oil recovery from the sludge, and cleaning the Tank up to a "gas free" level, all as fully detailed in Appendix A herein (hereinafter collectively the "**Works**" or "**Tank's Works**"), and has published a Public Tender no. 19/342 for the execution of such Works (hereinafter he "**Tender**"); and

**WHEREAS** the Contractor participated in the Tender, and won, under the terms and conditions stipulated in the Tender and bid documents; and

**WHEREAS** the Contractor stipulates that he possesses the knowledge, expertise, skill, machinery and equipment necessary for the execution of the Works detailed in the Contract (as defined below), and has the required skilled manpower needed for their timely execution; and

**WHEREAS** the Contractor declares that he has read and understood the Tender documents in their entirety, including this Contract, and undertakes to perform the Works accordingly;

Therefore, the parties hereby stipulate and declare as follows:

### **1 Definitions and Meanings**

1.1 In the Contract, the following words and phrases shall have the meaning established for them herewith, unless the context requires otherwise:

**"Company's Representative"** means the person appointed by the Company under Section 6.

**“Completion Certificate”** means the completion certificate(s) issued by the Company under Section 26.

**“Contract”** or **“Contract Documents”** means this Contract and all Appendices thereof, the Tender documents (including instructions to bidders, bid forms and SOW), the bid submitted by the Contractor including without limitation the Method Statement attached thereto and approved by the Ministry of Environmental Protection in accordance with the terms of the Tender and any agreed amendment, all whether they have been bound together with the tender/contract documents, or not, and which form an integral part of the Contract.

**“Contractor’s Equipment”** means the mobile or stationary equipment, machinery, tools, hoisting equipment and any other equipment brought to the site by the Contractor for the purpose of executing the Works, but not in order to make them a part of the Works.

**“Force Majeure”** means any event or condition, not existing as of the date of signature of the Contract, not reasonably foreseeable as of such date and not reasonably within the control of either party, which prevents in whole or in material part the performance by one of the parties of its obligations hereunder. The following shall not constitute events or conditions of Force Majeure: acts of State or governmental action, riots, disturbance, hostilities, war, strikes, lockouts, slowdowns and other such events or conditions.

**“Price per Tank's Works”** means as defined in Section 27.1, on the basis of the Contractor's Bid attached as Appendix B to this Contract, as applied in accordance with Section 27.

**“Site”** means the Kiryat Hayim Terminal including all real estate and other places wherein, whereon, through which or under which the Works are executed.

**“Subcontractor”** means any person who, with the consent of the Company, has to execute some part of the Works for or on behalf of the Contractor under a subcontracting agreement, including the lawful representatives and substitutes of the Subcontractor.

**“Tank's Works Commencement Order”** means as defined in Section 12.1

**“Works”** means as defined in the preamble, including temporary works, materials and Contractor's Equipment that the Contractor must supply for such works.

- 1.2 Words relating to persons include also entities such as corporations or partnerships and any organization having legal capacity. Unless context clearly requires otherwise, the singular includes the plural and vice versa.
- 1.3 Headings are solely for the sake of convenience. They shall not be considered as forming part of the Contract and recourse shall not be had thereto in construing the Contract.
- 1.4 Capitalized terms used herein and not otherwise defined herein, shall have the meaning ascribed to them in the Tender documents.

## **2 Contract Documents**

- 2.1 The Company hereby enters into an engagement with the Contractor for the execution of the Works, the description, method of execution and terms of execution of which are the subject of this Contract's Documents. The Contractor undertakes to carry out the Works in accordance with the Contract's provisions and to comply with all its stipulations.
- 2.2 In the event of a contradiction between provisions of any part of the Contract, or between different parts of the Contract, that which is written in this part of the Contract shall prevail over any other part of the Contract. Where any part of the Contract describes any matter in greater detail or prescribes doing more work than another part of the Contract or broadens the Contractor's duties and/or obligations, this shall not be regarded as a contradiction. Any ambiguity, discrepancy or contradiction between stipulations in the Contract Documents, shall be clarified according to the instructions of the Company or the Company's Representative as the case may be.
- 2.3 Any information or explanation regarding the Contract and/or regarding execution of the Works given to the Contractor orally or in writing by any person, including clerks of the Company and/or of the Company's Representative, shall not be regarded as binding the Company unless included expressly as a part of the Contract Documents in their final form, signed by both Parties.
- 2.4 Any certification or approval to be issued or provided by the Company or the Company's Representative pursuant to the Contract, shall not be binding upon the Company or the Company's Representative, as the case may be, unless it is in writing.
- 2.5 The Contractor shall submit to the Company's Representative 2 copies of all plans, drawings, calculations, technical information, models etc. required for the execution of the Works and the performance of the Contractor's obligations as per the Contract Documents.

2.6 One copy of the plans and specifications (whether supplied by the Contractor, or supplied to him by the Company or the Company's Representative) shall be kept by the Contractor at the Site in such manner as to allow the Company's Representative or any other person authorized by the Company in writing, to consult and examine for any purpose whatsoever.

### **3 Independent Contractor**

3.1 The Contractor is an independent contractor and the Works carried out under the Contract shall be executed by the Contractor in accordance with professionally accepted methods he deems suitable, subject to the Company's approval and the stipulations of the Contract Documents.

3.2 Nothing stated in this Contract shall be construed as empowering the Contractor to assume on behalf or in the name of the Company any liability and/or undertaking of any kind.

3.3 The Contractor shall have no authority to hire any people in the name of the Company, and any person hired by the Contractor shall be regarded solely as the Contractor's own employee.

### **4 Hiring of Subcontractors**

4.1 The Contractor shall not turn over to a subcontractor the execution of any part of the Works without the prior written consent of the Company (which consent shall not unreasonably be withheld). Subcontractor(s) proposed for the "no man entry" cleaning stage, as specified in Appendix A, must comply with the conditions stipulated in Section 5.1 of Part 1 of the Tender (Instructions to Bidders). The Company or the Company's Representative may qualify such consent in the manner they deem appropriate. For the removal of doubt, the inclusion of a proposed subcontractor in the list submitted by the Contractor following the Notification of Award, shall not be construed as consent by the Company to such subcontractor prior to their approval, however, if the Company consents to the proposed subcontractor in the said list, such subcontractor must perform the relevant part of the Works and may be replaced by the Contractor only in special circumstances and after receiving written approval from the Company. Consent given by the Company regarding a subcontractor, shall not release the Contractor from any responsibility or obligation by virtue of this Contract. The Contractor shall be solely responsible for payments to the Subcontractor.

4.2 Before the Contractor enters into an agreement with an approved Subcontractor, the Contractor shall apprise such Subcontractor fully and precisely of all the provisions and requirements of the Contract. In the subcontracting agreement it shall be expressly stipulated by the

Contractor that any work executed and all the materials supplied thereunder shall be in accordance with the Contract.

- 4.3 Notwithstanding the Company's consent regarding the hiring of a Subcontractor, the Company may, at any time, limit such consent or withdraw it in its entirety, at the Contractor's and/or Subcontractor's sole expense and with no liability whatsoever to Company if, in the Company's opinion, the involvement of the Subcontractor has or is likely to interfere with or impair the due execution of the Works, adversely affect the progress of the Works or harm any interest of the Company. The Contractor shall immediately cease to employ the Subcontractor or shall limit his actions, as required by the Company.
- 4.4 Any notification provided by the Company or the Company's Representative to the Contractor, shall be binding upon the Subcontractors, and it shall be the Contractor's duty to apprise his Subcontractors of such notice.
- 4.5 The Contractor shall be responsible and liable for every act and omission of the Subcontractor, as further set out in Section 22.

## **5 Hiring of Workers**

- 5.1 Under the Company's security directives, within 10 days from receiving notice of his winning the Tender, the Contractor shall forward to the Company a list of the workers to be hired by him and/or his Subcontractor(s), and no worker shall be employed and allowed to enter the Site without the Company's permit. The Contractor shall bear all the costs entailed in obtaining the permits. The Contractor shall not be entitled to additional time for executing the Works and to any additional payment in respect of the handling of obtaining permits or in any case where workers appearing in the lists he submitted are not approved for him. The number of workers on the Contractor's list must be larger than required for executing the Works, so that workers given an entry permit at an early date will be able to execute the required work. Details with respect to the certification process and the information to be submitted to the Company, are set forth in **Appendix C** to the Contract.
- 5.2 All expenses relating to the Contractor's workers shall be borne exclusively by the Contractor. It shall be the exclusive responsibility of the Contractor to comply with the laws, regulations, rules and practices pertaining to the hiring of workers. The Contractor is responsible for ensuring that the hiring of all foreign workers, by him and/or by his Subcontractor, shall be done in accordance with the applicable Israeli law. The Company shall be entitled to demand the dismissal of any worker not employed in accordance with the law, and the Contractor shall comply with such demand forthwith.

5.3 The Contractor shall not be entitled to any additional payment in respect of expenses incurred in connection with securing workers and/or hiring workers in a region or regions that are not the workers' residential place. In the event that workers in a specific vocation cannot be secured in sufficient number in Israel, the Contractor shall hire the necessary number of workers from outside Israel, in order to ensure completion of the Works on time. Hiring of foreign workers shall not entitle the Contractor to any additional payment. All workers shall be certified with height working permits.

5.4 All employees and anyone performing the Works on behalf of the Contractor must possess at all times any required approvals and certifications from the Israeli Ministry of Industry, Trade and Labor (e.g. authorization for working at heights, etc.).

## **6 The Company's Representative**

6.1 The Company may appoint a Company's Representative and may delegate to him any of the Company's powers, duties and functions, to the extent and under such terms and conditions as may be stipulated (in addition to any powers or duties expressly conferred on the Company in the Contract Documents). Any written order or approval given by the Company's Representative to the Contractor shall, provided that is authorized under the terms and conditions of the delegation, be binding on the Contractor.

6.2 Notwithstanding any stipulation to the contrary, the Company's Representative shall not be authorized (1) to relieve the Contractor from any of his duties or obligations under the Contract and (2) to order additional Works that are likely give rise to a delay or to an additional payment of the Company, unless such order is expressly approved by the Company or expressly provided for under this Contract (and subject to Section below).

## **7 Examination of the Site, Tank 140, Materials, Equipment and Contract Documents**

The Contractor hereby declares that he has inspected and examined the Site, Tank 140 and all its surroundings and the conditions of the location where the Works are to be executed, has made a thorough study of the Contract Documents and found them to be adequate for the execution of the Works he has agreed to undertake, under the terms and conditions of the Contract Documents. The Contractor further declares that he has examined the list of materials provided by the Company for the execution of the Works, as set forth in Section 10 and Appendix A, and has found them suitable in all respects for the professional execution of the Works.

## **8 The Bid is Satisfactory**

- 8.1 The Contractor declares that the prices specified in his bid and applied in accordance with the terms of Section 27.1 herein shall constitute the full and final consideration for the Contractor's execution of its obligations under the Contract.
- 8.2 It is hereby stressed, for the removal of any doubt, that no claim by the Contractor for additional payment and no contention regarding exemption from an obligation shall be accepted, where the basis for such a claim is an alleged misunderstanding or lack of information or error or non-anticipation in regard to one matter or another (including the approval or lack of approval of the Israeli Ministry of the Environment Protection).

## **9 The Contractor's Responsibilities**

- 9.1 The Contractor hereby represents that it is validly incorporated, and that it has all requisite authority to enter into the Contract and to perform all his obligations thereunder.
- 9.2 The Bidder represents that it possesses all the certificates and approvals required for operating the machinery and equipment necessary for the execution of the Works.
- 9.3 The Contractor has full and complete responsibility for the performance of its obligations under the Contract, including acts or omissions of a Subcontractor, whether or not the Contractor was aware of or consented to such acts or omissions.
- 9.4 The Contractor must submit requests and be responsible for obtaining in advance all necessary permits to execute the Works and to conform to all his obligations under the Contract, including without limitation an approval by the Israeli Ministry of Environmental Protection of the Contractor's Method Statement.

## **10 Supply of Equipment, Materials, Oil & Water**

- 10.1 The Company shall supply the Contractor only with the materials and utilities listed in the SOW attached as Appendix A under the heading "Scope of Supply – the Company's Scope", and according to the terms thereto.

Materials furnished by the Company and received by the Contractor shall remain in the custody of the Contractor until they are used in the Works and accounted for thereafter, or are returned to the Company's custody or otherwise disposed of with the Company's agreement, and the Contractor shall bear full responsibility for any loss or damage thereto.

- 10.2 Other than the foregoing items to be supplied by the Company, the Contractor shall supply and furnish at his expense all materials, plant, equipment, consumables, machinery, personnel and vessels, within the Site and around it, including transport thereof to and from the Site, all as reasonably required for the execution and completion of the Works, including without limitation as detailed in the SOW attached as Appendix A, under the heading "Scope of Supply – Contractor's Scope".
- 10.3 The Contractor hereby declares that he is familiar with the customs procedures regarding the introduction and removal of materials and equipment in the Haifa port area. The Contractor undertakes to uphold and implement all the said procedures, so that in the event of his bringing into the port area materials and equipment that belong to him or were received from the Company, it will be possible to take out materials and/or equipment as above which were not used by the Contractor in the execution of the works on the Company's behalf. The Contractor shall bear sole responsibility for the payment of customs with respect to materials and equipment owned or ordered by him, and he shall pay the necessary amount to the customs authorities immediately upon request by the Company. In case of the Contractor's failure to act in accordance with the provisions of this Section 10, the Company shall be entitled to do so instead of the Contractor and to offset any payments so made by any amounts paid or payable to the Contractor.

## **11 Determining the Net Amount of Sludge in the Tank**

- 11.1 Prior to issuing a Tank's Works Commencement Order in accordance with and as defined in Section 12.1 herein, the Company and the Contractor shall take measurements, by a reputable surveyor acceptable to both Parties (the "**Surveyor**"), in order to determine the actual net amount of sludge in the Tank, by gauging the tank **after** draining of the water by the Company. The Surveyor's determination of the actual amount of sludge in the Tank shall be final and binding for all purposes of this Contract and the consideration to be paid.
- 11.2 The Company and the Contractor shall bear the cost of the Surveyor in equal parts.

## **12 Tank's Works Commencement Order; Timetable, Extension of Time**

- 12.1 Following execution of the Contract, the Company shall issue a work commencement order (hereinafter: "**Tank's Works Commencement Order**") with respect to Tank 140, after consulting with the Contractor regarding the date.

12.2 [deleted]

12.3 Tank's Works Commencement Order(s) may be delayed by the Company under circumstances over which the Company has no reasonable control, without payment of the above-mentioned liquidated damages or any other compensation, and the Contractor shall have no claim against the Company for such delay.

12.4 The period for completion of Tank 140 Works shall not exceed the following timeframes, commencing upon the date specified in the Tank's Works Commencement Order, and terminating upon the issuance of a Completion Certificate with respect to the Tank, in accordance with Section 26.1 herein (herein: the "**Timeframe**"), unless a deviation is specifically authorized by the Company due to special circumstances. The Timeframe shall include mobilization and set up of the Contractor's Equipment, and de-mobilization thereof.

<b>Timeframe for Tanks Works with respect to Tank containing 1 CBM of sludge and up to 500 CBM of sludge, as measured in accordance with Section 11.1 above</b>	45 days
<b>Timeframe for Tanks Works with respect to Tank containing 501 CBM of sludge and up to 1500 CBM of sludge, as measured in accordance with Section 11.1 above</b>	60 days
<b>Timeframe for Tanks Works with respect to Tank containing 1501 and up CBM of sludge, as measured in accordance with Section 11.1 above</b>	90 days

Any change in the Timeframe and any extension granted to the Contractor shall be valid only if approved in writing by the Company's Representative.

12.5 Delays in completion of the Tank's Works within the Timeframe, shall result in liquidated damages to be paid by the Contractor to the Company, without the need to prove damages, in accordance with Appendix D hereto. Such liquidated damages have been determined after due consideration of some of the damages the Parties anticipate that the Company will suffer due to the Contractor's delay in completion of any Tank's Works, and therefore they shall not be regarded as a penalty and shall not be conditioned on the Company having to present evidence of any loss. Nothing stated in this Section shall derogate from any right of the Company under the Contract

and/or by law, including the right to claim the full actual damages caused the Company due to the delay.

12.6 In the event of an occurrence of a delay due to Force Majeure, is such as to entitle the Contractor, in the Company's Representative's opinion, to an extension of the Timeframe, and the Contractor has applied to the Company's Representative for an extension, then the Company's Representative shall determine, at his sole discretion, an appropriate extension and shall notify the Contractor thereof in writing, and his decision shall bind the Contractor. The Contractor shall not be entitled to an extension, if he did not submit a detailed and reasoned request within no later than 7 days of onset of the circumstances which in the Company's Representative's opinion warrant the granting of an extension. For the removal of doubt, the occurrence of any of the above events or conditions shall not, in itself, allow the Contractor to suspend the Works and/or obtain an extension of time. The Contractor shall continue to execute the Works, to the fullest extent possible under the circumstances.

### **13 Adding Tanks**

**13.1 The Company may, at any time, order in writing additional works regarding tanks not stated in Appendix A, as it deems necessary, at its sole discretion.**

In case of adding tanks not included in Appendix A, the Price Per Tank's Works shall be mutually determined by the Parties, and will be similar to those set in Appendix B for tanks with similar features to Tank 140. All other terms and conditions of the Contract Documents shall apply to such added tanks, *mutatis mutandis*.

13.2 For additional tanks not included in the scope of work, a written supplement to the Contract must be executed.

### **14 Guarding, Lighting, Fencing and Access Roads**

14.1 As of the commencement of the Works and up to their completion and handover to the Company, the Contractor shall, at his expense, take all necessary measures to ensure the safeguard and maintenance of the Works, safety and convenience of the public and protection of the materials. The Contractor shall take any additional measures when and wherever necessary or required by the Company's Representative or by any other competent authority or by law.

14.2 The Contractor shall operate only within those places and areas designated by the Company's Representative, in accordance with any directives, instructions and restrictions that the Company's Representative may give from time to time.

14.3 The course of temporary lines for water and compressed air, of power and telecommunications cables, of access and transit roads and the like, necessary for the Contractor's work purposes, shall be established and done only after prior coordination and written approval from the Company's Representative.

**15 Compliance with Laws, Work in the Company's Existing Facilities and In or Near Dangerous Areas**

15.1 The Contractor, his Subcontractors and all persons employed by them shall be well-versed in and adhere strictly to all the laws, statutes, by-laws, regulations, ordinances, orders, codes and standards relevant to the execution of the Works, as well as to all safety and fire prevention rules issued by the Company. The Contractor hereby releases the Company and anyone acting on its behalf from the need to supervise him in connection thereto. The Contractor shall be solely liable and responsible for any loss or damage resulting from the Contractor's procedures and for the violation of any regulation or law.

15.2 The Contractor hereby declares that he is aware that at the Site and/or in the areas bordering it and/or on the access roads to the Site there are inflammable liquids and gases, fuel tanks, mechanical installations, electricity lines and overhead electricity installations, underground cables, pipes and accessories above ground and underground, on land or in the sea, which conduct crude oil, petroleum products, gases and other substances, and shall take all precautions necessary in accordance therewith, including without limitation acquiring, at the Contractor's expense, safety equipment as requested by the Company.

15.3 The work procedures of the Contractor shall be such as to enable coordination of his work in the existing facilities by the Company. Such coordination shall include the establishing of dates and procedures for the draining of pipes and/or the taking of special precautions and safety measures as shall be necessary for work with "live" pipes and in connection therewith. Likewise, the Contractor shall obtain in advance a permit from the Company for any projected work that has no direct connection with the existing facilities but which is located in their proximity.

15.4 The Contractor shall investigate the presence of any installations located in the Site, and proceed with the utmost caution during execution of the Works in such areas, in order to avoid damage to structures and installations in use or in operation. Without limitation to other safety rules that the Company's Representative may prescribe, owing to the risks entailed in operating a cellular phone in an inflammable or explosive atmosphere it is absolutely prohibited to use a cellular phone apparatus (to receive or make a call) in the area of the Company's facilities, except when used inside a motor vehicle traveling along paved roads preconditioned

and intended for travel and inside the facility's offices. The carrying of a mobile phone in a place where the aforesaid prohibition of use applies, shall only be in the disconnected and closed mode (PWR pushbutton - to prevent receipt of calls).

- 15.5 For the removal of doubt, the Contractor shall not be entitled to any additional consideration for the implementation of this Section's provisions.
- 15.6 A breach of any safety provision, regulation or instruction, shall result in liquidated damages to be paid by the Contractor to the Company, without the need to prove damages, in accordance with Appendix D hereto. Such liquidated damages have been determined after due consideration of some of the damages the Parties anticipate that the Company will suffer due to the Contractor's delay in completion of any Tank's Works, and therefore they shall not be regarded as a penalty and shall not be conditioned on the Company having to present evidence of any loss. Nothing stated in this Section shall derogate from any right of the Company under the Contract and/or by law, including the right to claim the full actual damages caused the Company due to the delay, or to order cessation of the works or termination of the Contract in case of a severe safety breach.

**16 Coordination with Other Contractors and Non-Obstruction to their Work**

- 16.1 The Contractor shall coordinate the execution of the Works with any third party working at the Site or in its vicinity with the Company's approval (including the Company's own employees and workers of any governmental authority employed in the execution of any work not included in the Contract) in such manner as shall be instructed by the Company's Representative.
- 16.2 The Contractor shall enable such third party to carry out their work, to the fullest extent possible and in accordance with any instructions provided by the Company's Representative.
- 16.3 Should the Contractor notify the Company's Representative in writing that such third party has not coordinated his work with the Works, the Company's Representative may issue an appropriate order to such third party in connection therewith as the situation requires. Nevertheless, the Company shall not be liable for any damage sustained by the Contractor due to an act or omission by another contractor.
- 16.4 The Contractor agrees that if another such third party sustains any damage due to an act or omission of the Contractor or his Subcontractor or their workers, he shall then compensate such third party for any such damage, and indemnify the Company, and prevent the Company from sustaining

any damage in respect of claims deriving from or connected with said act or omission.

## **17 Clearing the Site**

- 17.1 During the course of the Works, the Contractor shall remove from the Site and from any area used by the Contractor, any waste, refuse and other such materials, all in accordance with any instructions that the Company's Representative may provide from time to time .Upon completion of the Works or on termination of the Contract for whatever reason, the Contractor shall clear the Site immediately and remove therefrom (subject to the Contract's stipulations) any erection equipment, surplus materials, dirt and temporary structure of any kind and hazardous or environmentally unsafe substances, and leave the Site and the Works in clean condition and in accordance with best professional practices and high environmental standards, to the Company's satisfaction.
- 17.2 Despite the foregoing, the Contractor is exempt from the disposal of the residuals of the de-sludging process (sludge cakes, water) which the SOW specifically states that shall be disposed of by the Company.
- 17.3 The Contractor acknowledges that any delay in taking the above measures is prejudicial to the Company and to the environment. The Contractor is solely responsible and liable for any failure to take such measures in an efficient and expedited manner.
- 17.4 Compliance with this Section is a condition precedent to the issuance a Completion Certificate for the Tank's Works.
- 17.5 Should the Contractor fail to take the measures as required under this Section 17, the Company may then take such measures on its own and to the extent it deems necessary and recover the cost thereof from the Contractor.

## **18 Access to Site**

- 18.1 The Company shall grant the Contractor, upon the issuance of a Tank's Work's Commencement Order under Section 12.1, access to such parts of the Site necessary for him to start execution of the Tank's Works and to continue them in accordance with the Timetable. The Company is also entitled to grant access to the entire Site immediately upon the issuance of the Tank's Works Commencement Order.
- 18.2 The Contractor shall carry out at his expense (unless stated otherwise in the Contract) all the special or temporary works necessary for him in connection with the access to the Site and getting organized therein.

**19**      **Work Log**

- 19.1 Without derogating from the provisions of the SOW, the Contractor shall keep a work log (hereinafter: the "**Log**") at the Site, in the format required or approved by the Company's Representative. Any matters that might have safety and/or environmental implications shall be immediately reported to the Company.
- 19.2 The Contractor's comments in the Log in connection with execution of the Works shall not bind the Company.
- 19.3 Entries in the Log shall not in themselves constitute a cause for claiming any payment according to the Contract.
- 19.4 The Contractor shall ensure that one copy of the Work Log is always kept at the Site.

**20**      **Work on the Sabbath and at Night**

Subject to any other provision in the Contract, no work shall be carried out during the night, on the Sabbath or other national holidays, unless the work is unavoidable or absolutely necessary to prevent significant damage; in such case, the Contractor shall notify the Company's Representative. Any permit required for night work or for work on Sabbath and national holidays shall be obtained by the Contractor, and the execution of any such work shall be his sole responsibility. The Company shall use its best efforts to assist the Contractor in obtaining such permits from the Israeli Ministry of Economy, including approaching the Ministry jointly with the Contractor. Despite the foregoing, during the assembly of the system the work will be permitted only during regular working hours of the Terminal.

**21**      **Temporary and Permanent Cessation of the Work; Early Termination of the Contract**

- 21.1 The Company may, at any time, instruct the Contractor, in writing, to cease ASAP execution of the Works or part thereof, for any period of time and in any manner so specified, if such cessation:
- A. Is necessary for due execution of the Works or was caused as a result of weather conditions that affect the safety or the quality of the Works, or due to an error by the Contractor, deficient work of the Contractor, or circumstances connected with the Contractor or the Subcontractor; or
  - B. Is required for safety of the Works or of any part thereof; or
  - C. Was ordered by any regulatory authority; or
  - D. Lasted no longer than 10 days in aggregate per Tank.

The Contractor shall promptly comply with such instructions at no additional cost to the Company. During the period of cessation, the Contractor shall, at no additional cost to the Company, duly protect and safeguard the Works, and shall comply with any measures required by the Company for that purpose.

21.2 If execution of the Works is stopped altogether for 90 days or more, pursuant to the Company's written instructions, then unless such stoppage is due to a breach and/or error and/or deficient work of the Contractor or anyone on its behalf, then the Contractor may request, in writing, the Company's permission to continue the Works within 30 days of the Company's receipt of such request. If permission is not granted during that time, the Contractor shall be entitled to move the Contractor's Equipment out of the Site. In such case, the Company will be entitled, within 12 months of the Contractor's de-mobilization date, to order the Contractor to mobilize the Contractor's Equipment back to the Site and re-commence the Works, under the Company's instructions and the terms and conditions of the Contract, by giving the Contractor prior written notice of at least 30 days, and subject to payment by the Company of a mobilization payment of 17,500 euros, and thereafter a de-mobilization payment of another 17,500 euros.

21.3 The Company may, in its absolute discretion and at any time, terminate the Contract, by providing 30 days' written notice to the Contractor. In such case, the Company shall be required to pay only for the Works actually carried out by the Contractor up to termination. Termination of the Contract as stated in this Section shall not be considered a breach of Contract by the Company, and shall not entitle the Contractor to any payment or compensation beyond that stated herein.

21.4 If the Contract is terminated as set forth above, the Company may, in its sole discretion, continue execution of the Works or any part thereof, or hire a third party to continue such execution.

## **22 Damage, Liabilities etc.**

22.1 From the commencement of execution of the Works until the issuance of a Final Certificate in accordance with Section 26.2, the Contractor shall be responsible for all the risks and liabilities of any kind deriving from or associated with or entailed in the execution of the Works or deriving from or associated with or entailed in the implementation of the Contract by the Contractor. Without derogating from the generality of the foregoing, the Contractor's responsibility shall include all the risks and liabilities arising from or entailed in (a) the nature of the Site and its surroundings, (b) regard to accidents and damage liable to happen to any person and/or any property (whether part of the Works or not) (c) regard to all the risks and liabilities entailed in the employment of workers, guests, representatives,

licensees and agents by the Contractor, and (d) hiring Subcontractors by the Contractor.

22.2 The Contractor shall be liable for any loss or damage caused by an act or omission of the workers, guests, representatives, licensees and agents of any Subcontractor, as if such act or omission were that of the Contractor.

22.3 The Contractor shall be liable for any harm or damage to the Works, equipment, facilities, infrastructure (including mechanical installations, electricity lines and overhead electricity installations, underground cables, pipes and accessories above ground and underground which conduct crude oil, petroleum products, gases and other substances, and access roads to and within the Site), materials (including liquids, oil and gases), tools, real estate, persons, entities and the like for whatever reason, whether they belong to the Company or to any third party, and shall pay for their replacement or repair.

22.4 In the event of damage, loss or harm to the Works or any part thereof for whatever reason *excluding Force Majeure*, during the period wherein the responsibility in respect thereof is borne by the Contractor, the Contractor shall repair, at his expense, any damage, loss or injury as aforesaid, such that upon completion of the Works they shall be in good and proper functioning order and conform in all respects to the Contract's requirements and the Company's instructions.

In the event of damage, loss or harm as aforesaid due to Force Majeure, the Contractor shall carry out, if and to the degree required therefor by the Company, any repair that shall be necessary, at the Company's expense and on the same basis and according to the same principles by which he carries out alterations as detailed in the Contract.

22.5 The Contractor shall indemnify the Company for every payment or expense (including all lawyer's fees and legal costs) made by the Company in respect of events, acts or omissions for which the Contractor is liable or responsible under the Contract.

22.6 As between the Contractor and the Company, the Contractor shall be solely responsible and liable for any compensation or indemnification in respect of or consequent to any injury or death, accidental or not, of any worker or any person employed by the Contractor or by any Subcontractor, and the Contractor shall, forthwith, indemnify the Company in full (including all legal costs and lawyer's fees) in respect of any demand or claim that shall be directed against it.

22.7 The Contractor shall take all necessary measures and precautions to avert any damage to the Company and protect and indemnify it for any loss, claims and suits in respect of injuries or damage to any person or any

property, liable to arise in respect of or consequent to the execution of the Works, and against all claims in tort, proceedings, suits, outgoings and expenditures of any kind arising therefrom or associated therewith. The Contractor shall notify the Company forthwith of such proceedings by or against the Contractor, and shall provide the Company with adequate opportunity to intervene in such proceedings, at Company's sole discretion

22.8 This Section 22 shall apply without prejudice to any other provision hereunder regarding the Contractor's liabilities and duties to indemnify the Company.

**23 Insurances**

The insurance instructions that apply to the Contractor are as specified in **Appendix E**.

**24 Contract Performance Guarantee**

24.1 To ensure the due and proper performance of his obligations under the Contract, the Contractor shall provide the Company, no later than 10 (ten) days from the date of receiving the Company's Notification of Award, and as a precondition to the execution of this Contract, a contract performance guarantee in the form of an autonomic bank guarantee issued by an Israeli Bank, or any other Bank approved in writing in advance by the Company, in the form attached as **Appendix F** to this Contract, in the amount of USD 250,000 **or** EURO 200,000 **or** NIS 950,000, at the Contractor's choice. Only if in NIS, the principal shall be linked to the Israeli consumer price index as detailed in the Appendix. All the expenditures entailed in obtaining the said performance guarantee as well as all the fees and any tax, if applicable, entailed in taking out the said performance guarantee shall be borne by the Contractor.

24.2 The contract performance guarantee must remain valid until the issuance by the Company of all Completion Certificates with respect to all Tank's Works ordered under this Contract. The initial performance guarantee shall be valid until July 31, 2020, however, the Contractor shall extend the performance guarantee's validity from time to time up to the aforesaid date and shall produce a written certification thereof to the Company, no later than 14 (fourteen) days prior to performance guarantee expiry.

If the Contractor does not extend the validity period of the performance guarantee as prescribed, the Company shall be entitled to withhold any payments up to the full amount of the performance guarantee and to collect the amount of the performance guarantee prior to its expiry and to keep the money in its possession (offsetting any expenses and/or damages it incurred) until the provision of an extended guarantee. Withholding of payments in lieu of collection of the performance guarantee, or collection of the performance guarantee by virtue of this Section in lieu of or in

addition to the withholding of moneys, shall not prejudice Company's other remedies under the Contract, including any other rights to withhold payment.

- 24.3 The Company shall be entitled to realize and recover from the performance guarantee amount any sum of money that the Contractor is required to pay the Company under the Contract and/or by law in respect of payments, damage, losses, compensation or expenses incurred by the Company. Should the contract performance guarantee be used by the Company as aforesaid, the Contractor must provide to the Company, within 7 days, a new performance guarantee covering the amount realized by the Company.

The Company's realization of the performance guarantee shall not release the Contractor from any of its obligations under the Contract, unless agreed to in writing by the Company.

- 24.4 If at the time the performance guarantee is to expire, there exists a pending claim against the Company, in connection with the Works performed by the Contractor according to this Contract, the performance guarantee shall be returned to the Contractor only if the Contractor provides the Company with other guarantees, to the Company's satisfaction, for any sum it may be obliged to pay. In the event the Contractor does not procure such guarantee(s), the performance guarantee shall be collected and the money shall be held by the bank, on the Company's behalf, until the final resolution of the said dispute.

## **25 Acceptance Tests**

- 25.1 As classified in Appendix A, following completion of the "no man entry" stage of the Tank's Works, as detailed in Section 13 of Appendix A, the Company, or any party it designates, will perform certain acceptance tests to the Tank, the recovered oil and the drainage water, to determine their level of compliance with the Company's requirements as specified in Section 22 of Appendix A (hereinafter: the "**Acceptance Tests**").

The Contractor shall attend the Acceptance Tests and cooperate with the Company in their performance.

- 25.2 If the Acceptance Tests are not met, then the Contractor shall make its best efforts to rectify the situation within the Timeframe, or an extra 60 days thereof, whilst paying liquidated damages for the delay beyond 60 days, as stipulated in Section 12.5 and Appendix D. If it still cannot meet the Acceptance Tests, it shall only be entitled to partial compensation, as specified in Appendix D.

## 26 Completion Certificate

- 26.1 Upon full completion of the Tank's Works and successful Acceptance Tests for the Tank, and subject to compliance with the terms of Section 17 above, the Company shall issue a Completion Certificate for the Tank's Works. The issuance of a Completion Certificate with regard to the Tank's Works, shall be regarded as a statement that those Tank's Works are essentially finished.
- 26.2 The Company shall issue a Final Certificate upon completion of all the Works, including clearing the Site and removing all machines and materials, garbage and temporary works of every kind, and leaving the whole of the Site and Works clean, to the Company's Representative satisfaction.

## 27 Payments

- 27.1 The Contractor's Bid price form (Form 7 of Part 2 of the Tender Documents) is attached hereto as **Appendix B**. The Contractor shall be entitled to payment for execution of the Tank's Works to the Company's satisfaction, according to the following calculation:

- 27.1.1 As classified in Appendix A, the Bidder shall be entitled to the Fixed Price, as defined in Appendix B, and, additionally, in the case that the actual quantity of sludge measured by the Surveyor in accordance with Section 11.1 above exceeds 500CBM, then the quantity in excess of 500CBM shall be multiplied by the price per cbm of sludge quoted in Appendix B for the respective range applicable to the entire actual quantity (for example: (1) if the volume of sludge measured is 1100 CBM, the price quoted in the fourth column of the table shall be applied to 600 CBM, and added to the Fixed Price stated for the respective Tank. (2) if the volume of sludge measured is 400 CBM, the total Fixed Price stated for the respective Tank shall apply).

The results obtained under Subsection 27.1.1 above shall be hereinafter referred to, as the "**Price per Tank's Works**."

- 27.2 The Price(s) per Tank's Works include all consideration in respect of the execution of that Tank's Works, including anything needed to be performed or supplied by the Contractor or its Subcontractors, for the entire period until completion of that Tank's Works. Without limiting the generality of the above, the Price Per Tank's Works includes all equipment and manpower, mobilization and de-mobilization of the Contractor's Equipment to, from and within the Site, and any and all types of ancillary payments (including, without limitation: insurance, food and lodging, travel and transportation costs, and any expenses or inputs of the Company in connection with quality assurance, acceptance tests, training and management.

27.3 Deleted

27.4 Additional and other payments to the Contractor shall be made only if there is an express provision in the Contract entitling the Contractor to any additional or other payment and in accordance with said provision.

27.5 The Contractor shall be solely responsible for all VAT (aside from VAT imposed by the State of Israel – see Section 28 below), sales or purchase taxes, excise taxes, other taxes, customs duties, imposts, fees, or other charges or payments of any kind which it may be required to pay if its proposal is selected, whether imposed by the State of Israel or otherwise.

27.6 The Price per Tank's Works shall be paid upon the achievement of certain milestones as set forth below:

27.6.1 The following milestones shall apply:

<b>Milestone</b>	<b>Portion of Price per Tank's Works</b>
Following the Company's written approval that all the Acceptance Tests have been met	70%
Issuance of a Completion Certificate for the respective Tank pursuant to Section 26.1, (including the Company's written approval that the "gas free" phase has been successfully completed)	30%

In case of the Contractor's failure to comply with any of the Acceptance Tests within the Timeframe, the Contractor shall be entitled only to partial payments, as specified in Appendix D hereto.

27.7 In accordance with Sections 54 and 56 of Appendix A, in case of the Contractor's use, in the course of performing any Tank's Works, of (i) crude oil in excess of the quantity stipulated in the Contractor's Bid for every 1000 CBM of sludge, pro-rated following measurement of the actual amount of sludge in accordance with Section 11 (ii) water in excess of the quantity stipulated in Section 56 of Appendix A, the Company shall deduct the sums stipulated in Appendix A, respectively, from the payments due to the Contractor.

27.8 Following achievement of the milestones stipulated in Section 27.6 above, the Contractor shall issue an invoice which shall be paid by the Company within 45 days of the end of the month in which the invoice was received. Late payments of up to 30 days, shall not be subject to interest.

27.9 Every invoice shall be in such form as the Company shall prescribe, and will first be submitted to the Company's Representative for approval. After inspection of the invoice and its approval, in whole or in part, or its correction, as needed, the Company's Representative shall forward the invoice to the Company. During the period of invoice inspection by the Company's Representative as aforesaid, the Company's Representative may return the invoice to the Contractor, indicating the reason therefore, and the Contractor shall submit a new invoice to the Company's Representative for approval. The Company's Representative may, when reviewing any invoice and approving payment, make any correction or modification of any previous invoice previously approved by him.

27.10 In addition to the aforesaid, the Company is entitled to withhold any payment, in whole or in part, due in accordance with an invoice of the Contractor approved by the Company's Representative, to prevent any loss or damage to the Company.

## **28 Value Added Tax**

28.1 All prices specified in the Contract, as well as any payment to which the Contractor is entitled in accordance with the Contract, do not include value added tax imposed by the State of Israel ("VAT").

28.2 It is the intention of the Company that the Company will issue a self-tax invoice in accordance with Regulation 6D of the Value Added Tax Regulations, 5736-1976 (the "Vat Regulations"). If the Company issues a self-tax invoice, then VAT will not be added to payments under this Contract. Notwithstanding anything herein to the contrary, the Company may notify the Contractor from time to time that the Company is unable or does not intend to issue a self-tax invoice in accordance with the VAT Regulations.

28.3 If the Company notifies the Contractor, for any reason or no reason, that the Company will not issue such a self-tax invoice (irrespective of whether or not the Company previously notified the Contractor that the Company will issue a self-tax invoice and irrespective of whether the Company previously issued a self-tax invoice), or if the Israel Tax Authority do not allow the Company to issue such a self-tax invoice, for any reason or no reason, then VAT, at the applicable rate at the relevant payment date, shall be added to all payments made under this Contract.

28.4 Any VAT payment by the Company to the Contractor shall be conditional upon satisfaction of the following conditions: (A) the Contractor has appointed a representative whose permanent residence is in Israel for VAT purposes in accordance with section 60 of the Value Added Tax Law, 5736-1975 (the "VAT Law"), and such a representative is registered in accordance with Regulation 6 of the VAT Regulations, and (B) the Contractor provides to the Company a proper tax invoice in

accordance with the requirements of the Israel Tax Authority and applicable law or regulations, including, without limitation, such tax invoice shall detail separately the proper amount of VAT payable. The Contractor undertakes to take any necessary actions required under applicable law or regulation, including the actions described in the previous sentence, in order for the Company to be permitted to transfer VAT to the Contractor. The Contractor undertakes to properly transfer any VAT received by it to the Israel Tax Authority as required by applicable law or regulations.

28.5 If, under section 60 of the VAT Law, the Contractor is required to appoint a representative, then the Contractor shall appoint as a representative, also for the purposes of the Income Tax Ordinance [New Version], 5721 - 1961, an individual Israel resident or an Israel resident body of persons that has a business in Israel.

## **29 Offset**

The Company is entitled to offset any sum the Contractor owes it, including an unfixed amount, from any sum due the Contractor from the Company, whether by virtue of this Contract or by virtue of another engagement with the Contractor.

## **30 Cancellation of the Contract due to Fundamental Breach of Contractor**

In any case where either:

- A. The Contractor has committed a fundamental breach of the Contract;
- B. The Contractor has committed a breach of contract and has not remedied the breach within 21 days after a warning in writing from the Company;
- C. The Contractor has entered into liquidation proceedings, or a temporary or permanent liquidator, or a temporary or permanent receiver, or a temporary or permanent trustee has been appointed over him, or an attachment has been placed on the Contractor's equipment or execution proceedings have been initiated against the Contractor and such proceeding was not revoked within 21 days after its institution;
- D. An application for receivership or liquidation was filed and was not cancelled within 30 days; or
- E. A resolution was passed for the voluntary liquidation of the Contractor.

The Company shall then be entitled to immediately cancel the Contract with the Contractor and to demand all the remedies, reliefs and compensation to which it is entitled by law and according to the Contract, by notifying the Contractor of such cancellation. The occurrence of any of the events

mentioned in Subsections B, C, D and E above, shall be considered a fundamental breach of the Contract by the Contractor.

### **31 Forfeiture**

31.1 If any liquidation or receivership proceedings are initiated against the Contractor (including the appointment of a temporary or permanent receiver or liquidator) or a receivership or liquidation order is issued against him, or if the Contractor is declared bankrupt, or if the Contractor files for bankruptcy, liquidation, or makes an agreement or transfer in his creditors' favor, or agrees to implement the Contract under the supervision of a supervisory committee on behalf of his creditors, or if he is liquidated (excepting voluntary liquidation for the purpose of a merger or reorganization), or if the Contractor transfers his rights with regard to the Contract without the prior written consent of the Company, or if all or part of his assets as subject to seizure, or if in the Company's opinion, the Contractor:

- A. Abandoned the Contract, or
- B. Refused without adequate reason to commence the Works, or halted the Works' progress for 7 day; after receiving a written instruction from the Company to continue them, or
- D. Is not executing the Works in accordance with the Contract or is regularly neglecting the fulfillment of his duties deriving from the Contract, or
- E. Is not progressing with the Works according to the agreed timetable.

The Company shall then be able, after serving 14 days' written notice to the Contractor, to take possession of the Site and the Works and to remove the Contractor, without this constituting cancellation of the Contract and without this releasing the Contractor from any duty or responsibility applying to him by virtue of the Contract, and without prejudice to the rights and powers vested in the Company according to the Contract.

31.2 The Company shall then have the right to complete the Works on its own or to hire any other contractor for their completion. The Company or said other contractor shall be able to use for the purpose of said completion that part of the equipment, temporary structures and materials which are at the Site.

31.3 Following taking possession of the Site and removal of the Contractor therefrom by the Company, the Company's Representative shall decide and rule, at his own discretion, and confirm the amount (if any) which is reasonably due the Contractor up to the said taking of possession and removal in respect of work he did up to that time according to the Contract.

31.4 In a case as stated in this Section, the Contractor shall not be allowed to take out of the Site materials, machinery, equipment, tools, supplies and property furnished and/or brought by the Contractor for the purposes of the Works, unless he obtained the Company's written authorization thereof. Likewise, from the moment of his removal from the Site, the Contractor shall not hinder the execution of the Works by the others and he shall not be entitled to interfere with their execution. That stated in this Section comes to add to the Company's rights according to the Contract and by law and not to derogate from them.

## **32 Confidentiality**

32.1 All the Contract Documents are confidential and sensitive information and are classified as "shamur" within the meaning of Israeli legislation concerning security. Unauthorized disclosure thereof constitutes an offense. All the Contract Documents are the exclusive property of the Company and the Contractor shall return them to the Company on completion of the Works as a condition for the issue of the Completion Certificate.

32.2 The Contractor shall safeguard the confidentiality of all the Contract Documents and any information in connection with them, with the Works and with the Company, and shall not disclose such information to third parties without the Company's prior written consent. The Contractor shall comply with any instructions issued by the Company pertaining to security and confidentiality. The Contractor shall include in his agreement with Subcontractors, if any, provisions identical to the confidentiality provisions in this Contract.

32.3 The Contractor shall inform the Company in a timely manner of any notice or order compelling him to disclose any of Company's confidential information, and will assist the Company, to the fullest extent possible, in the Company's efforts to seek a protective order or other appropriate remedy.

## **33 Settlement of Disputes**

33.1 If a dispute of any kind whatsoever arises in connection with, or arising out of, the Contract or the execution of the Works, whether during the execution of the Works or after their completion and whether before or after termination of the Contract, shall, in the first place, be referred by the Contractor, in writing to the Company's Representative, with a copy to the Company. No later than the fourteenth day after the day on which he received such reference the Company's Representative shall give notice of his decision to the Contractor and the Company.

If the Contractor is dissatisfied with any decision of the Company's Representative, then such dispute shall be referred to judicial proceeding.

A judicial proceeding may be commenced prior to or after completion of the Works, provided that the obligations of the Contractor and the Company shall not be altered by reason of the judicial proceeding being conducted during the progress of the Works.

### **34 Miscellaneous**

- 34.1 Governing Law; Jurisdiction. This Contract shall be governed by and construed according to the laws of the State of Israel, without regard to the conflict of laws provisions thereof. The competent courts of Tel Aviv-Jaffa district only shall have exclusive jurisdiction over any dispute in relation to this Contract.
- 34.2 Expenses. Each of the parties hereto shall be responsible for its own costs and expenses (including legal fees) in connection with the execution of this Contract and any other documents or actions relating to the transactions contemplated by this Contract. Stamp duty in respect of this Contract, if shall apply, shall be borne solely by the Contractor.
- 34.3 Successors and Assigns; Assignment. Except as otherwise expressly limited herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors, and administrators of the parties hereto. The Contractor is not entitled, without the Company's prior written consent, to assign the Contract or any part thereof or any benefit or right or obligation deriving therefrom including the right to receive payments, or to pledge such payments. The Company is allowed, in its sole discretion and without need to obtain the Contractor's consent, to assign any of its rights or obligations herein. The Company shall notify the Contractor of such assignment, in writing.
- 34.4 Entire Agreement. This Contract and its Appendices constitute the full and entire understanding and agreement between the parties, whether written or oral, with regard to the subject matters thereof. No amendment shall be made to the Contract, unless made in writing and signed thereto by both parties.
- 34.5 Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party upon any breach or default under this Contract, shall be deemed a waiver of any other breach or default or thereafter occurring. Any waiver, permit, consent, or approval of any kind or character on the part of any party of any breach or default under this Contract, or any waiver on the part of any party of any provisions or conditions of this Contract, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under

this Contract or by law or otherwise afforded to any of the parties, shall be cumulative and not alternative.

34.6 Severability. If any provision of this Contract is held by a court of competent jurisdiction to be unenforceable under applicable law, then such provision shall be excluded from this Contract and the remainder of this Contract shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms; provided, however, that in such event this Contract shall be interpreted so as to give effect, to the greatest extent consistent with and permitted by applicable law, to the meaning and intention of the excluded provision as determined by such court of competent jurisdiction.

34.7 Notices. All notices and other communications required or permitted hereunder to be given to a party to this Contract shall be in writing and shall be faxed or mailed by registered or certified mail, postage prepaid, or otherwise delivered by hand or by messenger, addressed to such party's address as set forth in the preamble to the Contract or at such other address as the party shall have furnished to each other party in writing, or if to the Contractor - by submission to its project manager.

Any notice shall be effective (i) if mailed, three (3) business days after mailing, (ii) if sent by messenger, upon delivery, and (iii) if sent via facsimile, upon transmission and electronic confirmation of receipt or (if transmitted and received on a non-business day) on the first business day following transmission and electronic confirmation of receipt (provided, however, that any notice of change of address shall only be valid upon receipt).

In witness whereof the parties hereto have caused this Contract to be executed on the date above written:

\_\_\_\_\_  
Contractor  
By: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Company  
By: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_

I, Attorney \_\_\_\_\_, hereby certify that Mr./Mrs./Ms. \_\_\_\_\_, I.D. number / Passport number \_\_\_\_\_, and Mr./Mrs./Ms. \_\_\_\_\_, I.D. number / Passport number \_\_\_\_\_ whose signatures appears above, are authorized to sign for and to bind the Contractor.

\_\_\_\_\_

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Attorney at Law (signature and stamp)

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Date

**Appendix A - SOW**

**Appendix B – Bid Price Form**

## Appendix C – Certification Process for Contractor’s Workers, Safety Regulations

- A. Hiring of workers by the Contractor within the confines of the Company's installation is conditional on obtaining the appropriate certifications from the Company's security officer, subject to filling out certain questionnaires as detailed herein.
- B. The installation's manager shall handle the certification process.
- C. Hiring of workers who are not citizens of the State of Israel within the confines of the Company's installations, shall not be allowed, except by special authorization of the Company.
- D. In any case where the Company permits the hiring of workers of foreign nationality, the Contractor shall be required to comply with the following conditions:
- 1) The workers shall not be nationals of the territories of Gaza and Judea and Samaria whose entry is forbidden.
  - 2) Only the entry of two or more foreign workers shall be allowed.
  - 3) Any group of foreign national workers shall be escorted by members of the terminal's security staff. The number of security guards shall be coordinated with the security officer.
  - 4) All workers shall undergo a security check upon entering and leaving.
  - 5) **The Contractor must execute the notice form attached to this Appendix C, together with the execution of the Contract.**
- E. The security officer and the Company have the right to approve or not to approve any worker the Contractor intends to hire for work at the installation.
- F. Questionnaires:  
The Company's security officer shall provide the Contractor with a questionnaire, along with instruction regarding the parts to be filled for each worker.
- The questionnaire shall be filled out in one original copy, taking care not to skip or leave out any detail. A questionnaire that is missing details shall be returned to the Contractor, and the check shall extend beyond the aforesaid period.
- The completed questionnaires shall be submitted to the installation's manager with identity cards of the Israeli candidates, and a copy of the foreign candidates' passports. According to the identity card the installation manager shall verify the details in the questionnaire and shall forward it to the security officer for handling.
- G. Entry Permits:

- 1) The lists of candidates cleared by the security officer and authorized to enter the terminal, shall be forwarded to the Contractor through the terminal/installation manager.
- 2) Only candidates cleared by the security officer and whose name is indicated in the above lists shall be able to enter the installation.
- 3) The workers intending to enter work within the installation's confines must identify themselves by an identity card or by a stay permit and valid passport, for workers who are not citizens of the State of Israel.
- 4) Following authorization of his entry into the installation, the worker shall deposit the certificate with the security personnel in return for which he shall receive a personal identity tag.
- 5) It is mandatory to carry the identity tag during the stay at the installation up to the end of the working day.
- 6) Leaving the installation's confines is possible only after returning the tag and receiving the certificate deposited.

H. Entry of Motor Vehicles:

The entry of a motor vehicle belonging to the Contractor into the installation shall be permitted only after registration of the vehicle at the entrance gate. The vehicle's driver shall be considered a rank-and-file worker of the Contractor and the process of his clearance shall be accordingly. The motor vehicle shall undergo a security check, including search, upon entering and leaving.

I. The Contractor's workers shall be found only close to the places where the work is being carried out. Except for these places, the Contractor's workers are forbidden to wander around the installation's confines, except by special authorization of the Engineer or the installation manager.

J. Overnight stay of workers within the installation's confines shall not be permitted.

K. A worker who does not comply with the security/safety instructions and/or the rules prevailing at terminal shall be removed forthwith.

**Notice for Employers employing foreign workers on Petroleum Energy Infrastructures Ltd.'s sites**

Petroleum and Energy Infrastructures Ltd. ("PEI") fully comply with the laws of the State of Israel, including labour laws and employment of foreign workers.

Accordingly, we hereby provide the following notice and information:

1. Employment of foreign workers on behalf of your company (hereinafter: "the employer") shall be limited the employment of employees holding a Blue Israeli ID card (Teudat Zehut) or foreign workers holding a valid work permit and a valid work permit (B-1 or other valid work visa) stamped in their passports.
2. The employer must apply and receive work permits for foreign workers who will take part in the work done on PEI's sites and/or for PEI's benefit.
3. Prior to commencement of the work, the employer is required to provide a contact person with PEI a copy of a valid work visa for each employee. This as a fundamental and basic condition for the employment of the foreign national to take part in the work being carried out in the area controlled by PEI and/or for the benefit of PEI.
4. The employer must comply with the State of Israel laws, particularly the labour laws and the foreign workers' laws relating to the employment of foreign workers, including the interior Ministry requirements as a precondition to obtaining a work permit and especially:
  - A. Wage above double the average wage in Israel - For expert workers over 3 months,
  - B. Adequate housing: foreign workers decree (Prohibition on illegal employment and Assurance of fair conditions) (Proper Residence), 5760-2000 adequate,
  - C. Medical Insurance: Order of Foreign Workers (ensemble of health services for the employees), 5761-2001,
  - D. Special employment contract for the foreign worker: The Foreign Workers Law, 5751-1991.
  - E. The existence of an overtime booklet.
  - F. Work location as detailed in the application letter (PEI facilities and its premises)
5. From time to time PEI is entitled to conduct, without prior notice, an inspection of employers of foreign workers in its premises. For the purpose of conducting the inspection, the employer is required to provide (the contact person in PEI) copies of documents supporting the legal employment of the foreign workers, including those specified in section 4, in a manner which includes all of its foreign employees or by a sample. The documents shall be provided according to PEI's written request and no later than 3 (three) working days from the date of the receipt of the request.

- 6. At no point shall employer-employee relations exist between POI and the foreign workers of the employer and the employer shall hold the full liability for the legal employment of the foreign workers. The above mentioned shall not affect this provision.
- 7. The employer shall be responsible for extension of work permits prior to their expiration. According to the laws of the State of Israel, the employment of foreign workers in Israel is prohibited without a valid permit.
- 8. If notwithstanding the above, PEI shall be required to pay any expenses or to pay fines as a result of the illegal employment of its contract workers which provide services, the employer-contractor shall reimburse PEI without delay.

Date: \_\_\_\_\_

Employer's name: \_\_\_\_\_

Name of the signer: \_\_\_\_\_

Position: \_\_\_\_\_

Signature: \_\_\_\_\_

## **Appendix D – Liquidated Damages and Partial Payment**

1. [deleted]
2. Section 12.5 - Delays in completion of the Tank's Works according to the Timeframe, shall result in liquidated damages to be paid by the Contractor to the Company, without the need to prove damages, in the amount equal to 0.2% of the Price Per Tank's Works for that Tank, for each day of delay from the 11<sup>th</sup> day of delay, up to a maximum of 10% of the Price Per Tank's Works of that Tank.
- 2A. Section 15.6 – A breach of any safety provision, regulation or instruction shall result in liquidated damages to be paid by Contractor to the Company, without the need to prove damages, in the amount equal to 1,500 NIS (or its foreign currency equivalent) for each such breach, including – but not limited to – the following: smoking on site, using a cell phone on site, breach of work permit conditions, work with fire without permit, work in heights without permit or without providing proper guidance to employees, allowing employee to work before safety training, petrol cars being in proximity to tanks, work of crane/ MANITOU / JCB without heavy machinery permit or operating permit, change of system operation status without authorization, digging without authorization from all relevant parties that no infrastructure exist en route, work without helmets, entry of unauthorized person to site. It is clarified that such list is not exhaustive, and the Company may demand liquidated damages for additional safety breaches.
3. Section 25.2 - In case of the Contractor's failure to comply with the Acceptance Tests stipulated in Section 25.1 of the Contract and Section 20 of Appendix A within the time detailed in Section 25.2 of the Contract plus up to an additional 60 days (while paying the Liquidated Damages specified in Section 12.5 of the Contract and Section 2 above), the Contractor shall be entitled to partial payment of the 70% milestone, as follows:
  - a. Section 20.1 of Appendix A (total volume of crude oil/sludge left in tank is greater than 5% of original measured volume):
    - i. If the total volume left in the tank is more than 5% but no more than 10%- a 5% penalty.
    - ii. If the total volume left in the tank is more than 10% but no more than 15%- a 10% penalty.
    - iii. If the total volume left in the tank is more than 15% but no more than 20%- a 15% penalty.
    - iv. More than 20% - a 30% penalty.
  - b. Section 20.2 (i) of Appendix A (recovered crude oil contains more than 5% BS&W according to the ASTM D4007 test):
    - i. If the recovered crude oil contains more than 5% BS&W but no more than 6%- a 10% penalty.

- ii. If the recovered crude oil contains more than 6% BS&W- a 30% penalty.
- c. Section 20.2 (iii) of Appendix A (sludge cakes contain more than 10% wt oil):
  - i. If the sludge cakes contain more than 10% wt oil but no more than 15% - a 10% penalty.
  - ii. If the sludge cakes contain more than 15% wt oil - a 30% penalty.

The above penalties are accumulative.

*For example*, should the recovered crude oil contain 6% BS&W (failed the test of Section 20.2(i)), it shall only be entitled to 90% of the 70% milestone payment, thus 63% of the Price Per Tank's Works for that Tank for the "no man entry" cleaning stage. *Another example*: in the event the total volume left in tank is greater than 20% of original measured volume, the Contractor shall only be entitled to 70% of the 70% milestone payment, thus 49% of the Price Per Tank's Works for that Tank for the "no man entry" cleaning stage.

The entitlement to a partial payment only shall not derogate from the Contractor's obligation to complete the second cleaning stage of the Tank to a "gas free" level, following which it may obtain a Completion Certificate for such Tank and be entitled to the second milestone payment.

## Appendix E – Insurance

1. Without derogating from the liability of the Contractor in accordance with this Contract or in accordance with any law, the Contractor is required to arrange and maintain with a reputable **Israeli** insurance company acceptable to the Company, effective from the date on which the Site is handed-over to the Contractor, or from the date on which authorisation is provided to execute the works (the earlier) and for the entire period of the Contract until Final Completion Certificate of the Works and vacating the site by the Contractor (the latter) and for any further period in which the Contractor may be legally liable; insurance policies as detailed in the Contractor's Certificate of Insurance attached **as Appendix E'1** and constituting an integral part hereof ("**Certificate of Insurance**" and together with the insurance covers stated in clause 3 hereunder: "**the Contractor's Insurance Covers**", respectively).
2. The Contractor's All Risks insurance Policy will be extended to cover the following:
  - 2.1 The Insured's name will be "the contractors and/or sub-contractors from any tier and/or the Company and/or the supervisor .
  - 2.2 Section A of the policy will cover special expenses up to USD 150,000.
  - 2.3 Section B (third Party) is extended to cover Bodily injury arising from the use of construction equipment being motor vehicles which are exempt from the duty to arrange Statutory Motor Bodily Injury Insurance.
  - 2.4 Liability due to indirect damage caused due to damage to underground cables, pipes and apparatus up to a limit of USD 250,000 per occurrence.
3. The Contractor must submit to the Company, within not more than 7 (seven) days from the date it obtains the approval of the Ministry of Environmental Protection for its method statement, as per Section 16.2.2 of Part 1 of the Tender Documents, and in any case before the Contractor enters the Site, a Certificate of Insurance signed by the insurer of the Contractor. At the demand of the Company, the Contractor must provide a copy of the policies for the Contractors All Risks Insurance (Hebrew or English version).

Similarly, within not more than 7 (seven) days of the expiry date of the Contractor's Insurance Covers, the Contractor must submit to the Company a Certificate of Insurance as aforementioned confirming extension of the validity for a further period and so forth for the entire Contract period in accordance with the Contract (or for a further period as stated in this Appendix).
4. Furthermore, the Contractor must arrange the following insurance covers:
  - 3.1 **Statutory Motor Bodily Injury Insurance** per legal requirements in respect of bodily injury due to the use of motor vehicles, as well as **Third Party Property Damage Liability Insurance** due to the use of motor vehicles for up to NIS 500,000 per occurrence.

The Contractor is entitled to refrain from arranging Third Party Property Damage Liability Insurance as aforementioned however it will be

considered as “self-insurance”. The Contractor is required to indemnify the aforementioned parties in respect of damage or expense as aforementioned.

- 3.2 **Comprehensive Motor Insurance** for any vehicle which is owned and/or used by the Contractor and/or any party acting on behalf of them in the framework of the Works. Notwithstanding the aforementioned the Contractor is entitled to refrain from arranging Comprehensive Motor Insurance, as stated in this clause, wholly or partially, provided that the provisions of clause 12 hereunder will apply.
5. It is hereby agreed that determining the limits of liability as stated in this Appendix, are a minimum demand imposed on the Contractor which does not exempt the Contractor from its full liability in accordance with this Contract and/or in accordance with the law.
  6. The property insurance covers of the Contractor must include an express clause confirming that the insurer waives the right of subrogation against the Company and/or any party acting on behalf of the Company and the supervisor other than against anyone who causes damage maliciously.
  7. The Contractor alone is responsible for paying the premium and deductible amounts stated in the Contractor’s Insurance Covers as stated in this Appendix. These amounts can be offset by the Company from any amount due to the Contractor in accordance with this Contract.
  8. The Contractor is required to comply with all of the conditions of the Contractor’s Insurance Covers, to extend the insurance policies which the Contractor is required to arrange in accordance with this Contract on a periodic basis as necessary, to ensure that they remain valid for the entire Contract period until the final hand-over of the Works when the Contractor leaves the Site.
  9. It is hereby expressly agreed that the act of arranging, supplying or amending the Contractor’s Insurance Covers does not constitute confirmation of their adequacy neither does it impose any liability on the Company or reduce the liability of the Contractor in accordance with this Contract in accordance with any law. In the event of any discrepancy between the Certificate of Insurance or copies of the Contractor’s Insurance Covers and the provisions of this Contract, the Contractor is required to ensure that the said insurance covers are amended in order to adapt them to the provisions of this Contract.
  10. In any additional or supplementary insurance which is arranged by the Contractor in connection with the Works, a waiver of subrogation against the Company or any party acting on behalf of the Company and the supervisor must be included, other than to the benefit of anyone causing damage maliciously.
  11. If subcontractors are employed by the Contractor, the Contractor must ensure as a condition to commencement of their engagement that they hold suitable insurance covers for their activities. For the sake of avoidance of doubt the sole

responsibility for the existence or lack of suitable insurance cover for the subcontractors is imposed on the Contractor.

12. The Contractor and the parties acting on behalf of the Contractor are required to implement all safety and precautionary measures required in order to prevent injury, loss or damage to the body or property of any person or entity in connection with the execution of the Works. Furthermore and without derogating from that stated anywhere in this clause above, the Contractor is required to comply with all of the requirements and directives of the National Insurance Law and the National Health Insurance Law and all orders, regulations and the like which are enacted in accordance with the aforementioned laws and in particular however without derogating from the generality of the aforementioned, in a manner in which all of its staff and representatives will be at all times and during the entire period in which the Works are being executed entitled to all of the rights in accordance with the aforementioned laws.
13. The Contractor expressly exempts the Company, the Company's Representative, and any party acting on their behalf from any liability for loss or damage which may occur to property which is brought to the Site by, or for, or on behalf of the Contractor (including vehicles, tools, equipment and cranes).
14. The Contractor is required to update the sum insured and the period of insurance in the policy, if needed.
15. The insurance Appendix is a fundamental part of the Contract and its breach constitutes a fundamental breach of the Contract.

## APPENDIX E'1

<b>CONFIRMATION REGARDING EXISTENCE OF INSURANCE ERECTION/CONTRACTORS WORKS INSURANCE</b>	Certificate issue date (DD/MM/YYYY)
<p>This Insurance confirmation corroborates the fact that the insured possesses valid insurance policy based on the information specified in it. The information provided in this confirmation does not include all policy conditions and exclusions, however in case of contradiction between the terms specified herein and the terms specified in the insurance policy the terms of the insurance policy will prevail except in case any of the conditions herein benefits the party that requested this confirmation.</p>	

Entity requesting the certificate	The insured	Transaction type*	Status of the entity requesting the Certificate*
Name: <b>Petroleum and Energy Infrastructures Ltd.</b> And/or subsidiaries	Name	<input type="checkbox"/> Real estate <input checked="" type="checkbox"/> Services <input type="checkbox"/> Product provision <input type="checkbox"/> Other _____	<input type="checkbox"/> Lessor <input type="checkbox"/> Lessee <input type="checkbox"/> Franchisee <input type="checkbox"/> Sub - contractor <input checked="" type="checkbox"/> Service customer <input type="checkbox"/> Product customer _____
ID/PCN	ID/PCN		
Address 3 Hasadnaot Street, Herzeliya 46728, P.O.B. 212 Herzeliya 46120	Address		

Cover

Insurance type Distribution by limits of liability or sum insured	Policy number	Policy version and edition	Origina tion date	Expira tion date	Limits of liability / sum insured		Additional valid cover and cancelled exclusions Note cover code based on Addendum D
					Sum	Currency	
Contractors Work all risk (may be specified according to policy chapters)							318, 309, 328
Burglary and Theft							

Insurance type Distribution by limits of liability or sum insured	Policy number	Policy version and edition	Origina tion date	Expira tion date	Limits of liability / sum insured		Additional valid cover and cancelled exclusions Note cover code based on Addendum D
					Sum	Currency	
Property being works on					1,000,000	USD	
Adjacent property					1,000,000	USD	
Property in transit							
Removal of debris					250,000	USD	
Third party					5,000,000	USD	318,302,329,315, 312,328
Employer's liability					5,000,000	USD	318,328

Description of services (subject to services specified in agreement between the insured and the party requesting confirmation. Note service code from the schedule in Addendum C)*
057,027
Policy cancelation/amendment*
Detrimental change in accordance with a request by the party requesting confirmation or cancelation of the insurance policy. Will not become valid until 30_ days after sending notice regarding said amendment or cancelation to the party requesting confirmation
Signatures
Insured

\* With confirmation by the General Insurance these fields may be marked as invalid

**Appendix F - Contract Performance Guarantee**

Bank: \_\_\_\_\_  
Street \_\_\_\_\_ No. \_\_\_\_\_ City \_\_\_\_\_ Israel

Messrs.  
Petroleum and Energy Infrastructures Ltd.  
P.O.B. 2121  
Herzeliya 46120

Dear Sirs,

Re: Contract No. 19/342 for the Removal of Sludge from Crude Oil Storage Tank

Pursuant to the request of \_\_\_\_\_ (hereinafter: the "Contractor"), we hereby guarantee to you payment, on behalf of the Contractor, up to a total of USD 250,000 or EURO 200,000 or NIS 950,000 (\_\_\_\_\_) plus linkage to the consumer price index until the date of actual payment, as security for the fulfillment of all the Contractor's undertakings pursuant to the said Contract.

We hereby undertake to pay you, from time to time, any amount you may demand, not later than three business days after receipt of your written demand addressed to us, without requiring you to prove or show grounds for such demand or to first demand payment from the Contractor, provided the total amount paid by us under this guarantee shall not exceed the sum of the guarantee plus linkage differentials as specified above.

We further agree that no change or addition or other modification of the terms of the Contract or any of the Contract Documents between you and the Contractor shall in any way release us from any liability under this guarantee, and we hereby waive notice of any such change, addition or modification.

This guarantee shall remain in effect up to and including July 31, 2020, and shall be extended upon your request. Any demand hereunder must reach us at \_\_\_\_\_, by the end of the business day on the above-mentioned date.

This guarantee is not transferable.

Sincerely yours,

\_\_\_\_\_  
Signature of Bank's Authorized Signatories and Bank's Stamp

\_\_\_\_\_  
Title of the Authorized Signatories

\_\_\_\_\_  
Date