

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**Form 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report** (Date of earliest event reported): **September 13, 2013** (September 11, 2013)



**Helix Energy Solutions Group, Inc.**

(Exact name of registrant as specified in its charter)

**Minnesota**

(State or other jurisdiction  
of incorporation)

**001-32936**

(Commission File Number)

**95-3409686**

(IRS Employer Identification  
No.)

**3505 West Sam Houston Parkway  
North, Suite 400  
Houston, Texas**

(Address of principal executive offices)

**77043**

(Zip Code)

**281-618-0400**

(Registrant's telephone  
number,  
including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))



## Items 1.01 Entry into a Material Definitive Agreement

On September 11, 2013, Helix Q7000 Vessel Holdings S.à r.l., a subsidiary of Helix Energy Solutions Group, Inc. (the “Company”), executed a contract with Sembcorp Marine Ltd.’s (“Sembcorp Marine”) subsidiary, Jurong Shipyard Pte Ltd (“Jurong Shipyard”), for the construction in Singapore of its Q7000 newbuild semisubmersible well intervention vessel. This \$346.0 million shipyard contract represents the majority of the expected costs associated with this new semisubmersible well intervention vessel. Under terms of this contract, 20% of the contract price is to be paid in connection with the signing of the contract and the remaining 80% will be paid upon the delivery of the vessel, which is expected to occur by mid-2016. The contract also contains customary warranties related the vessel’s construction, as well as provisions associated with potential delays in the delivery of the vessel and those default events that could potentially result in termination of the contract. Sembcorp Marine has provided a refund guarantee to secure the obligations of Jurong Shipyard.

The foregoing description of the contract does not purport to be complete and is qualified in its entirety by reference to the full text of the contract, which is filed as Exhibit 10.1 to this report on Form 8-K and is incorporated herein by reference.

## Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth in Item 1.01 above with respect to the contract is hereby incorporated by reference into this Item 2.03 insofar as it relates to the creation of a direct financial obligation.

## Item 8.01 Other Events

The Company issued a press release dated September 11, 2013, that announced the signing of a contract with Sembcorp Marine’s subsidiary, Jurong Shipyard, for the construction in Singapore of its Q7000 newbuild well intervention vessel. This press release, which is filed as Exhibit 99.1 to this report on Form 8-K, is incorporated herein by reference.

## Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits.*

Exhibit Number	Description
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<a href="#"><u>10.1</u></a>	<a href="#"><u>Construction contract dated as of September 11, 2013, between Helix Q7000 Vessel Holdings S.à r.l. and Jurong Shipyard Pte Ltd.</u></a>
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<a href="#"><u>99.1</u></a>	<a href="#"><u>Press release dated September 11, 2013 announcing the signed construction contract between Helix Q7000 Vessel Holdings S.à r.l., a subsidiary of Helix Energy Solutions Group, Inc., and Sembcorp Marine’s Jurong Shipyard for construction of a new semisubmersible well intervention vessel.</u></a>
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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: September 13, 2013

**HELIX ENERGY SOLUTIONS  
GROUP, INC.**

By: /s/ Alisa B. Johnson

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Alisa B. Johnson  
Executive Vice President and  
General Counsel

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## Index to Exhibits

Exhibit No. Description

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[99.1](#) [Press release dated September 11, 2013 announcing the signed construction contract between Helix Q7000 Vessel Holdings S.à r.l., a subsidiary of Helix Energy Solutions Group, Inc., and Sembcorp Marine's Jurong Shipyard for construction of the new semisubmersible well intervention vessel.](#)

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**SECTION 1 SUMMARY OF AGREEMENT****BUILDER:**

Jurong Shipyard Pte Ltd  
No. 29 Tanjong Kling Road  
Singapore 628054

hereinafter referred to as Builder

**OWNERS:**

Helix Q7000 Vessel Holdings S.à r.l.  
3505 West Sam Houston Pkwy North  
Suite 400  
Houston, TX 77043  
USA

hereinafter referred to as Owners

WHEREAS, Owners wish to construct a well intervention semi-submersible to be known as the Q7000 (herein defined as the Vessel), according to requirements in the Specifications and relevant design project drawings, bearing JSPL Hull No. 11-1115 and Builder is willing to perform the Work on the terms and conditions hereinafter set forth,

NOW THEREFORE, the Parties hereby agree as follows:

1. Builder shall construct the Vessel in accordance with the Contract, and Amendments and Variation Orders thereto;
2. The Contract shall consist of, and in the event of conflict, discrepancies or inconsistencies the following order of precedence shall apply:

SECTION 1	SUMMARY OF AGREEMENT;
SECTION 2	TERMS AND CONDITIONS OF CONTRACT;
SECTION 3	SCHEDULE OF PRICES;
SECTION 4	PROGRAMME;
SECTION 5	ADMINISTRATION INSTRUCTIONS;
SECTION 6	TECHNICAL SPECIFICATIONS;
SECTION 7	DRAWINGS; and
SECTION 8	FACILITIES FOR OWNERS.

3. Owners shall pay to Builder the Contract Price determined in accordance with the Terms and Conditions of Contract;
4. The Contract is between Builder and Owners and nothing herein shall entitle Builder to commence proceedings against its parents or any affiliate, holding, subsidiary or associated company of Owners;
5. The Contract constitutes the entire agreement between the Parties and supersedes all previous negotiations, representations or agreements either written or oral preceding the Contract.

This Contract is entered into in duplicate original and shall become effective upon the signature by the Parties, and upon receipt by Builder of the first Installment Payment from the Owners.

**For and on behalf of BUILDER:  
OWNERS:**

**For and on behalf of**

Signed : /s/ William Gu Wei Guang

Signed : /s/ Owen Kratz

Name : William Gu Wei Guang

Name : Owen Kratz

Position : General Manager (Offshore)

Position : CEO

Date : 11 September, 2013

Date : September 11, 2013



## **Section 2 TERMS AND CONDITIONS**

### **Article Heading**

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## Article 1 Definitions

For the purposes of this Contract the following terms shall have the following meanings:

- 1.1 Amendment shall mean a duly authorised and signed amendment to the Contract.
- 1.2 Authorities shall mean all National and International Regulatory Bodies as listed in Section 6 - Technical Specifications (including the Classification Society).
- 1.3 Banking Day shall mean a day that the bank that is the administrative agent for Owner's revolving credit facility and Builder's bank are open and are in every respect able to perform banking functions between themselves, including the transfer of funds.
- 1.4 BFE shall mean the items of material and equipment provided by Builder or Subcontractors, including without limitation the items set forth in Section 6 – Technical Specifications.
- 1.5 BFE Commissioning Procedures shall mean the documents and procedures jointly agreed by Builder and Owners with procedures and acceptance criteria for commissioning the BFE prior to Delivery.
- 1.6 Bridging Agreement means the Exclusive Bridging Agreement dated 24 November, 2012 between Builder and Owners. As at the Effective Date the Bridging Agreement shall automatically terminate and shall be considered null and void without further reference and any and all rights and liabilities which so arise under the Bridging Agreement in respect of work performed thereunder shall be transferred to the Contract and for all intents and purposes be regarded as Work performed under the Contract. Any claims either Party has in respect of the work performed under the Bridging Agreement shall only be made under the Contract.
- 1.7 Builder shall mean Jurong Shipyard Pte Ltd and its permitted assigns.
- 1.8 Builder Group shall mean Builder and its subsidiaries, affiliated and associated companies including Subcontractors of any tier and their agents, servants, consultants, directors, officers and employees and Invitees.
- 1.9 Classification Society means Det Norske Veritas (“DNV”).
- 1.10 Contract shall mean the agreement between the Parties dated on the date of signing hereof consisting of the following:

Section 1	Summary of Agreement;
Section 2	Terms and Conditions of Contract;
Section 3	Schedule of Prices;
Section 4	Programme;
Section 5	Administration Instructions;
Section 6	Technical Specifications;
Section 7	Drawings; and
Section 8	Facilities for Owners.
- 1.11 Completion Certificate shall mean the certificate of the Builder to the Owner pursuant to Section 20.5 hereof certifying that the Vessel is ready for Delivery.

- 1.12 Contract Price shall mean the sum or sums stated in Section 3 - Schedule of Prices, together with any Variation or Amendment thereof.
- 1.13 [Not used]
- 1.14 Day shall mean a calendar day.
- 1.15 Delivery shall mean the completion of all the obligations as stated in Articles 20 and 21.
- 1.16 Delivery Date shall mean the date stated in the Programme for the Delivery to take place as adjusted from time to time by Permissible Delays, or Amendment, or by Variation Orders, Owners' opinion on a Disputed Variation Order.
- 1.17 Drawings means those drawings contained in Section 7 of the Contract.
- 1.18 Disputed Variation Order shall mean a document issued by Owners, signifying Owners' approval for the Work described by Owners thereon or other changes to the Work, Contract Price or the Programme, which is to be executed by Builder; provided that the Parties are in disagreement as to the validity and/or effects associated therewith on the scope of the Work, the Contract Price or associated changes in the Programme.
- 1.19 DP System means the dynamic positioning system manufactured by Kongsberg AS to be installed in the Vessel.
- 1.20 Effective Date shall mean the date on which the Construction Contract becomes binding on the Parties in accordance with Section 1 - Summary of Agreement.
- 1.21 EPCC shall mean engineering, procurement, construction and commissioning.
- 1.22 Guarantee shall mean all warranties and guarantees provided by Builder under Article 23 of this Contract.
- 1.23 Guarantee Period shall mean the period commencing on the date of actual Delivery of the Vessel to Owners and ending on the first anniversary thereof, subject to extension under Article 23.
- 1.24 Instruction shall mean any instruction issued by Owners for Builder to execute Work described in the Instruction forthwith prior to the issuance of a Variation Order.
- 1.25 Interface Information shall mean the information regarding the interconnection or interaction between (a) an item of equipment or machinery or attachment, including BFE and OFE, and (b) the Vessel or other item of equipment or machinery or attachment, including BFE and OFE. Such information may include, without limitation, foundation templates, coupling templates, drawings, design, calculation, sizes, diagrams, signal information, forces, reactions, weights, movements, noise, vibration and performance data.
- 1.26 Invitee shall mean any person not a party to the Contract or any Subcontract whose presence at the Worksite is at the invitation of a Party to the Contract.
- 1.27 Key Personnel shall mean Builder's representative, deputy representative, supervisors, the lead engineer of each discipline and the corresponding personnel of Subcontractors.

- 1.28 Milestone shall mean the total amount of Work required to be completed by Builder as of the corresponding date in the Programme for such Milestone. The descriptions appended to Section 4 - Programme are not to be construed as defining or in a way limiting the Work to be performed by Builder within a Milestone or the date thereof.
- 1.29 Notice shall mean any Contractual Notice required to be given by either Party to the other under the Contract which meets the requirements set forth in Article 42.
- 1.30 OFE means the items of material and equipment provided by Owners or Vendors as more fully set forth in Section 6 – Technical Specifications; provided that any OFE or contracts for acquisition of OFE are transferred by Owners to Builder, such OFE shall upon such transfer be deemed to be BFE.
- 1.31 OFE Commissioning Procedures shall mean the documents and procedures jointly agreed by Builder and Owners with procedures and acceptance criteria for commissioning the OFE prior to Delivery.
- 1.32 ONE shall mean Owner Nominated Equipment as described in Article 7A.
- 1.33 Owners means Helix Q7000 Vessel Holdings S.à r.l. and its permitted assigns.
- 1.34 Owners Group shall mean Owners and their parent, holding, subsidiaries, affiliated and associated companies including their Vendors, contractors, subcontractors, agents, consultants, servants, directors, officers, employees, any shadow crew pursuant to Article 20.4 and Invitees.
- 1.35 Parties shall mean Builder and Owners.
- 1.36 Permissible Delays shall mean delays to the Delivery Date on account of (i) such causes specified in the Contract which under the terms of this Contract permits the postponement of the Delivery Date, (ii) delays and disruptions in the Work caused by Owner and (iii) payment delays caused by Owner for undisputed amounts.
- 1.37 Programme shall mean the dates or sequence of dates for the Contract performance as stated in Section 4 - Programme together with any Variation or Amendment thereof.
- 1.38 Proprietary Information shall mean any information passed to Builder by Owners or Vendors or any information generated by Builder or its Subcontractors in connection with the Contract.
- 1.39 Sea Trials Procedures shall mean the documents and procedures jointly agreed by Builder and Owners with procedures and acceptance criteria for commissioning the Vessel at sea prior to Delivery.
- 1.40 Shipyard shall mean the principal facility where the Work is from time to time being performed including all adjacent and associated facilities.
- 1.41 Specifications shall mean the Technical Specifications contained in Section 6 of the Contract.
- 1.42 Subcontract shall mean any agreement between Builder and a Subcontractor respecting the Work or the Vessel.
- 1.43 Subcontractor shall mean any legal entity (other than employees) engaged by Builder for the execution of any part of the Work or the supply of materials, parts, components or machinery for the Vessel and shall include Builder's sub-suppliers.

- 1.44 Temporary Works shall mean all scaffolding, staging, weather proofing and all temporary works of any kind required in connection with the Work.
- 1.45 Third Party shall mean any person or entity other than Builder Group or Owner Group.
- 1.46 Variation shall mean any alteration to the Contract and/or to the Specifications, including without limitation any changes to the Programme, made by or approved by Owners in accordance with Article 16 and confirmed by a Variation Order.
- 1.47 Variation Order shall mean a document issued by Owners signifying Owners' approval of a Variation and the Parties' agreement as to the effect of such Variation, if any, on the Programme or the Contract Price.
- 1.48 Vendor/s shall mean the supplier of services, goods, equipment, parts or components, under a purchase order or Contract with Owners, where such goods, equipment, parts or components are to be incorporated into the Vessel by Builder.
- 1.49 Vessel or Unit shall mean the Well Intervention Semisubmersible Unit throughout all stages of the Work, together with all its equipment, machinery, spare parts, and any other attachments or appurtenances.
- 1.50 Work shall mean all the work, supplies and services to be performed or provided by Builder in accordance with the Contract, subject to any Variation Order or Amendment.
- 1.51 Worksite shall mean the locations and the facilities used for the performance of the Work, or any part thereof, including but not limited to the Shipyard, fabrication yards, Subcontractor premises, testing facilities, offices, warehouses, storage and handling areas.

## **Article 2 Interpretation**

- 2.1 No index, title, subtitle, subheading, marginal note, singular or plural of the Contract shall limit, alter or affect the meaning or operation of the Contract.
- 2.2 All correspondence, documentation and discussions shall be in the English language. Only clearly legible documents in the English language and transferred between the Parties in accordance with the instructions given in Section 5 - Administration Instructions, or in the event of Notices as specified in Article 42, shall be recognised as valid communications under the Contract.
- 2.3 Any review, inspection, approval, expression of satisfaction, acceptance, payment, attendance of tests, acknowledgement, or otherwise, by Owners or Authorities, whether written or otherwise shall not relieve Builder from any liability or obligation under the Contract and shall be without prejudice to the Contractual and legal rights of Owners.
- 2.4 The use of words such as provide, supply, require, perform, undertake, oblige, obligation, warrant, represents, responsible and guarantee shall be deemed to be a Contractual obligation and/or liability on the part of the Party referred to and shall imply that the said Party shall bear the cost of performing the obligation and/or bear the risks of undertaking the liability, except specified elsewhere or agreed by both Parties in writing.

Notwithstanding the above, the use of the words mentioned therein shall not be considered as limiting Builder's scope of Work and/or the obligations and duties of Builder or Owner under the Contract.

### **Article 3 Construction and Parties Representatives**

3.1 Builder undertakes to build at the Shipyard and to deliver to Owners, who order and undertake to accept delivery of, the Vessel, subject to and in accordance with this Contract and the Specifications. In the event of any conflict between this Contract and the Specifications the provisions of this Contract shall prevail. In the event of any conflict between the Specifications and the Drawings, the provisions of the Specifications shall prevail.

Notwithstanding the above, it is understood that the Specifications and Drawings are complementary and that everything contained in the Drawings and not mentioned in the Specifications and vice versa is to be understood as included in both the foregoing documents. The Vessel shall have the dimensions and characteristics stated in the Specifications.

3.2 The Vessel shall, for the purpose of identification only, be known as Hull number 11-1115. Builder shall at all times identify parts, spares, equipment and materials for the Contract by affixing the hull number thereto and placing or storing such spares, parts, equipment and materials in a segregated area at the Shipyard specifically designated for the Vessel and identified by the hull number, free from exposure to precipitation, excessive heat or excessive cold and, if needed, from exposure to oxygen.

3.3 The Vessel shall comply with the laws, rules, regulations and enactments published and in force in the United States of America and in the country of the Vessel's proposed registration on the date of signing this Contract as stated in the Specifications.

Subject to Article 6.5, the Vessel shall be built under the survey of the Classification Society to the classification listed in Section G8 of Section 6 – Technical Specifications and in accordance with normal offshore vessel construction practices in Singapore for new vessels of the type and general characteristics of the Vessel. The Vessel shall also comply with the rules, regulations and requirements of other relevant Authorities as set out in the Specifications. Classification, survey and testing charges relating to Builder's obligations and items of supply under this Contract shall be for the account of Builder. The registration of the Vessel shall be carried out by Owners and the costs and expenses thereof shall be for Owners' account.

3.4 Each Party shall appoint, in writing on the Effective Date, a representative who shall be available and be legally empowered, as a company officer or through a power of attorney, to accept, commit and act on behalf of the respective Party with such authority as may be specified by the Parties in matters arising in connection with the Contract.

3.5 Builder's representative shall be available and assigned full time to the Work.

3.6 Owners' representative or any person authorised by Owners' representative, shall have access at all times to the Vessel, the Work and the Worksite.

3.7 Not used.

3.8 Owners may change their representative at any time upon giving Builder seven days prior written Notice thereof.



3.9 Builder shall use its best efforts to maintain its Key Personnel in their respective positions and functions through the Delivery Date. In the event that it should be necessary to substitute Key Personnel, Builder shall be responsible for providing an adequate period for the hand-over of the activity concerned, such period shall be at least ten (10) Days. Prior to the appointment of a substitute, Owners shall be allowed the opportunity to approve the selection of personnel intended as a substitute. The substitute shall have an equivalent level of qualification and experience. All Key Personnel shall be fluent in written and spoken English.

3.10 Owners may, upon Notice to Builder, require that Builder remove any Key Personnel from the Work in the event of any misconduct, inadequacy, inability to perform, or other reasonable cause of dissatisfaction that materially affects the quality of workmanship, the safety of personnel or property or the schedule. Builder shall address Owners' concern and if unable to satisfy Owners' concerns within a reasonable time, Builder shall effect the removal of such Key Personnel immediately. The requirement for removal or such personnel shall be without liability on the part of Owners and shall not of itself be cause for any disciplinary action against such personnel.

All costs incurred in the removal and replacement of any personnel shall be for the account of Builder.

#### **Article 4 Design responsibility**

4.1 Owner shall be responsible for the design as set out in Section 6 Annex 11A of the Contract.

4.2 The drawings produced by Builder under the Bridging Agreement is set out in Section 6 Annex 11B of the Contract and further drawings listed in Section 6 Annex 11C shall be produced by Builder in accordance with the Programme.

4.3 Builder shall develop and keep fully updated at all times a matrix of all permits, law, legislation, rules, regulations and guidelines applicable to the Work, which shall include a description of their specific application to the Work, and timetable of action taken and still to be taken by Builder to ensure compliance therewith. Copies of such matrix shall be provided to Owners as part of Builder's progress reports pursuant to the Contract.

#### **Article 5 Review of drawings and documentation**

5.1 The Builder shall produce the remaining detailed plans and drawings required under Section 6 Annex 11C of the Contract. In respect of all plans, drawings and documentation, the same shall be submitted to the Owners in three (3) copies as soon as possible following their production. The Owners shall, within fourteen (14) Days after receipt thereof, return to the Builder one copy of such drawings and documentation with the Owners' final remarks and amendments (if any) written thereon.

5.2 In the event that the Owners shall fail to return the plans, drawings and documentation to the Builder within the time limit as hereinabove provided, such plans, drawings and documentation shall be deemed to have been approved by the Owners provided always that the Owners is provided with such plans, drawings and documentation at regular intervals and not all plans, drawings and documentation simultaneously.

- 5.3 The Builder shall take due note of the Owners' remarks and amendments (if any) on plans, drawings and documentation submitted pursuant to this Article and, if such remarks or amendments are not of such a nature or extent as to constitute variations of the Specifications within the meaning of Article 16 Variations hereof, and subject to Classification Society's approval, then the Builder shall commence or continue construction of the Vessel in accordance with the corrected or amended drawings and documentation. If such remarks or amendments are not clearly specified or detailed, the Builder shall in all cases seek clarification of the same from the Owners before implementing the same provided Work on other unaffected parts of the Vessel shall continue.
- 5.4 Copies of all correspondence to and from the Classification Society and the regulatory authorities referred to in the Specifications, together with all drawings and documentation approved by the Classification Society, shall be furnished to the Owners by the Builder as soon as practicable upon dispatch and receipt save for correspondence and drawings and documentation which contain proprietary or confidential information relating to the design. Builder will promptly inform Owners if any shortcomings or deficiencies in the design are brought to its attention. Builder shall be in position to have a resolution plan for all outstanding DNV correspondences within 14 (fourteen) calendar days, after DNV comments are issued.
- 5.5 The Builder shall take due note of the Owners' remarks and amendments associated with DNV correspondences, and prepare and execute a resolution plan for handling said Owner remarks and amendments, within 14 (fourteen) calendar dates upon receiving Owner's information.

## **Article 6 Permits, laws, regulations and classification**

- 6.1 Builder shall be responsible for ensuring that the Work complies with the rules, regulations and requirements of Authorities and for obtaining all documents relating thereto to enable Owners to obtain any necessary certificates. Subject to Article 6.5, the aforementioned rules, regulations and requirements including all alterations, modifications and additional requirements published on or before the actual date of the Delivery of the Vessel, shall be incorporated within the Work.
- 6.2 Builder shall at its cost secure the approval of Authorities for welding procedure qualifications, welding qualification and certification of Subcontracted Work. Other attendant costs levied by Authorities shall be for the account of Owners.
- 6.3 Builder shall provide Owners with copies of all correspondence, minutes of meetings and documents exchanged between Authorities and Builder. Builder shall provide Owners three (3) Days prior Notice of any meetings with Authorities and will allow Owners to attend and participate in such meetings. Copies of all minutes, notes and correspondence shall be forwarded to Owners at the time of creation or receipt by Builder.
- 6.4 If after the Effective Date and prior to the Delivery Date any requirements, with which the Vessel or the Work is required to conform, are altered or changed by Authorities (or the bodies authorised to make such alterations or changes) and the Parties are unable to obtain a dispensation therefor or waiver of compliance therewith, Builder shall comply with such alteration or changes.
- 6.5 Builder may deliver a request to Owners for a Variation Order if Builder can adequately demonstrate that Builder has suffered or will suffer delays or additional costs as a direct result of such alterations or changes and has

taken all reasonable steps to mitigate the impact of such alternation or changes.

- 6.6 Builder shall obtain, at its own costs, all licences, permits, authorizations, including any overtime working permits, necessary for the performance of the Work on the Worksite, and shall comply with all laws, rules and regulations or any other applicable requirements of the Work and shall be responsible for ensuring compliance by its Subcontractors therewith. Builder shall notify Owners of any non-compliance by Vendors with such regulations of which Builder becomes aware.

## **Article 7 OFE**

- 7.1 Owners shall at their own risk and cost deliver the OFE to the Shipyard or other places as may be agreed by Owners, together with any special attachments necessary for safe off-loading, in a condition ready for installation in or on the Vessel in accordance with the Programme. Any protective materials furnished by the manufacturer or shipper of the OFE shall remain in place until the relevant OFE is safely installed on the Vessel.
- 7.2 Builder shall be responsible for receiving, off-loading, handling, joint visual inspection with Owners, safe storage, maintenance and preservation of OFE expressly specified in the Specifications. Builder shall not be responsible for defects that would not be reasonably discoverable upon a visual inspection thereof. Safe storage shall include the preservation of OFE free from exposure to precipitation, excessive heat or excessive cold and, if needed, from exposure to oxygen. The risk of loss of any item of OFE shall remain with Owners until such item of OFE is offloaded into the possession of Builder.
- 7.3 Builder shall promptly notify Owners of any discrepancy, loss or damage to the OFE of which it becomes aware. Owners shall be liable for the cost incurred by Builder in the repair of the OFE occasioned by their defective material or poor workmanship or failure to perform, or by damage caused to them during transportation to the Shipyard or otherwise prior to delivery to Builder.
- 7.4 Owners shall take responsibility and liability for the correctness, or otherwise of markings, including weight marking, adequacy of slings, and lifting locations, as may be indicated on any materials and equipment provided by a Vendor.

Builder shall assist to secure all the customs formalities for the importation of the OFE to the Shipyard, provided that markings with respect thereto have been correctly prepared by Owners or Vendors. Custom duties for OFE, and other related charges, if any, shall be for Owners' account.

- 7.5 Builder shall be responsible for the safe custody of and for the correct installation of the OFE, which shall be effected in accordance with accompanying manuals with the instructions of Owners or Vendors.

In order to facilitate the installation of the OFE in or on the Vessel by Builder, Owners shall at their own expense furnish Builder with the necessary specifications, drawings, manuals, plans, instruction books, test reports and certificates required by applicable rules or regulations, and if requested by Builder, shall, at the expense of Owners and in accordance with the Programme, cause the manufacturers of the OFE to assist Builder in the installation thereof or to make any necessary adjustment thereto at the Shipyard at the cost of Owners.

- 7.6 [Not Used.]

- 7.7 Builder shall also be responsible to assist Owners with the co-ordination of commissioning of OFE, which commissioning shall be conducted by Owners in accordance with the OFE Commissioning Procedures.
- 7.8 Mobilisation and demobilisation of Vendor's technicians shall be mutually agreed in advance between Owners and Builder.
- 7.9 The assistance of such technicians will be provided in accordance with Vendor's requirements at no cost to Builder for a reasonable period of time to allow installation and commissioning to be carried out in accordance with the OFE Commissioning Procedures.
- 7.10 The dates for delivery of OFE to the Shipyard shall be in accordance with Section 6 – Technical Specifications and the Programme.
- 7.11 If there is a delay in the Work as a consequence of the defect or late delivery of OFE, Builder shall be entitled to extend the Delivery Date by such time as Builder can demonstrate that the Programme is actually affected by such delay in delivery, and the adjustment to the Contract Price.

#### **Article 7A Owner Nominated Equipment ("ONE")**

- 7A.1 The Owner has negotiated, assessed and selected the Drilling Package and Huisman Cranes, both of which shall be regarded as "ONE" for the purposes of this Contract. The Owner and the Builder agree that the contracts for the ONE entered into by the Owner with the ONE Vendors shall be novated to the Builder at which time the ONE Vendors shall be Subcontractors of Builder, subject to this Article 7A. The contracts for the ONE shall be referred to as "ONE Contract" individually or "ONE Contracts" collectively in this Contract.
- 7A.2 Subject to Clause 7A.3, Builder shall be responsible for the safe custody of and for the installation, design interface, mechanical completion and assistance in commissioning of the ONE, which shall be effected in accordance with accompanying manuals with the instructions of the ONE Vendors, and for managing the manufacturing process of the ONE.
- 7A.3 The Owner assumes all responsibility and all risks in respect of design, design engineering, specification, suitability and fitness for purpose of ONE for its intended use or to meet the Specifications of this Contract. Any delays caused by this shall be counted as Permissible Delay and any costs arising shall be borne by the Owner.
- 7A.4 If any or all of ONE are unsuitable or not in a fit condition for incorporation into the Works due to its design and/or engineering and/or other reasons, the Owner may nevertheless require the Builder to proceed to install such ONE for the Works and the Owner shall be deemed to have assumed all risk of and liability for any loss, damage or liability that may result from the Works hereunder by reason of failure or defects in such ONE. The Builder may, if so requested by the Owner, repair or adjust ONE subject to agreement of a Variation Order.
- 7A.5 Builder does not warrant that the ONE is compatible with BFE, OFE or the Vessel. Builder shall perform and procure the performance of the ONE contracts pursuant the terms and conditions of the ONE contracts but under no circumstances (notwithstanding anything to the contrary in the Contract) shall Builder:

- (i) assume any greater liability or responsibility in respect of ONE equipment to the Owner than what the ONE vendors are liable to the Builder under the ONE Contracts,
- (ii) have any liabilities to the Owner in respect of matters set out in Articles 7A.3 and 7A.4, and
- (iii) have greater liabilities whatsoever (in nature or quantum) to the ONE vendors under the ONE contracts than what the Builder has to the Owner under this Contract, and the Owner shall indemnify and hold harmless the Builder for any such liabilities.
- (iv) Owner shall indemnify, defend and hold the Builder harmless against any and all claims, damages, expenses and liabilities of every kind and nature that may arise in the event any ONE contract is terminated, which shall include an indemnity against ONE contractors claims for costs arising out of the termination and claims for compensation arising out of the termination. This indemnity shall not apply if the ONE contract is terminated by the ONE vendor as a result of the sole default of the Builder.

7A.6 Builder shall not be obliged to pursue any Claims (as defined below) against any ONE contractor under any ONE contracts on behalf of Owner. If so requested by Owner, Builder shall assign absolutely and unconditionally to Owner all its rights, title and interest in respect of any and all Claims (as defined below) it may have arising out of, or in connection with, any ONE contract. Owner shall, irrevocably, unconditionally, regardless of cause or default (including negligence), be solely responsible for and shall defend, protect, indemnify and hold harmless Builder from and against any liabilities, losses, charges, costs (including legal costs), expenses or claims whatsoever arising out of, or in connection with, the Owner's claim against the ONE vendors. If the Builder unjustifiably refuses to assign any Claim to the Owner, the Builder shall be responsible to the Owner for that Claim.

**"Claim"** means any claim, action or other proceeding for damages, costs, demands, losses, delays, liabilities, expenses of any kind or nature (including legal costs on a full indemnity basis and penalties or fines) or any other obligations of whatever nature.

## **Article 8 Information supplied by Owners**

- 8.1 Builder shall check all information supplied by Owners or Vendors relating to the OFE for any omission, conflict, discrepancy or inconsistency and shall report any such omission, conflict discrepancy or inconsistency to Owners immediately in writing.
- 8.2 Owners shall notify Builder of Owner's decision on the resolution of any such omission, conflict, discrepancy, or inconsistency within fourteen (14) Days. In case Owners fail to reply in such fourteen (14) Day period, or if Builder is of the opinion that such decision constitutes a Variation, it shall issue a request for a Variation Order in accordance with Article 16.6.

## **Article 9 The Work**

- 9.1 Without limiting any other undertakings contained herein, Builder shall:

- a) Carry out the Work in accordance with the Contract, Authorities' requirements, and good safety practices;
- b) execute workshop design and engineering based upon basic and detailed design included in the Contract and shall engineer, construct, commission, test and deliver the Work in accordance with the Contract in a timely manner; and
- c) provide all materials, equipment, Temporary Works, tools, facilities, labour, personnel, supplies, test and inspection equipment, and all other services required or necessary for the completion of the Work satisfactory to Owners and in accordance with the Contract. Builder shall ensure that all such material and/or equipment to be incorporated into the Work is fully certified to allow full traceability of all components;
- d) not use any materials, parts or equipment, nor permit anything to be used in the performance of the Work which will not conform with the Specifications;
- e) furnish efficient business administration, management, supervision and expertise and furnish an adequate supply of materials, parts, equipment and labour to perform the Work in the most expeditious and economical manner consistent with the interests of Owners;
- f) continuously and diligently perform or cause the performance of the Work in accordance with the Contract; and
- g) provide and maintain a complete record, with daily entries to Owners, of the lightship weights (including without limitation structures, outfitting, equipment) that are and are to be permanently installed on the Vessel.

9.2 Where Work is necessary for the performance and completion of the construction but such Work is not specifically mentioned, described or identified in the Contract, such Work shall nevertheless be part of the overall scope of Work to be performed and completed by Builder under the Contract and any applicable Variation Order.

9.3 Builder shall not alter the scantlings of the structural members of the Vessel as shown on the Approved for Construction drawings without the prior written consent of Owner and the Classification Society.

9.4 Weight Control:

- a) Builder shall provide a detailed weight control procedure for Owner's approval within thirty (30) days after execution of this Contract. Builder is responsible to maintain and provide an accurate weight data base for all weight groups during the design and construction period. Weight certificates shall be provided from the Vendors for the items including steel plates, stiffeners, and equipment. For outfitting items purchased in bulk material, the data in weight per unit length or weight per unit area must be provided to Owners by the Builder as they are acquired.
- b) Large construction blocks are to be weighed prior to erection on the Vessel. The associated outfitting and pre-installed equipment weights shall be surveyed as the accompanied weights in the block. A trend of weight variation against the calculated weight for the blocks shall be presented by Builder to Owner on monthly basis.
- c) Builder is responsible to accomplish the design LUW (Light Unit Weight) and the VDL (Variable Deck Load) of the Vessel. In the event overweight is found in the construction process, Builder shall notify Owners immediately and promptly present a remedial solution to Owner for approval.

d) Builder shall not be permitted to change the scantling of the structures prior to or during fabrication. Any changes of the scantling must be subject to approval by the classification society and Owner before fabrication commences. Any unauthorised changes of the scantling shall be a material default of this Contract.

9.5 All steel blocks shall be fabricated primarily at the Builder's yard in Singapore. All blocks fabricated outside premises owned by Builder are to be staffed with Builder's full-time construction personnel to ensure sufficient materials and manpower are allocated to ensure maintenance of the block fabrication schedule. HSE, Dimensional Control, QA/QC and progress measures shall be managed with proper level of staffing at each of the construction sites staffed with full-time discipline construction engineers and QC staff to handle the Builder's fabrication supervision work requirements.

## **Article 10 Builder's representations**

Builder represents and undertakes that it:

- a) has the necessary skills, knowledge and experience to perform the Work;
- b) has the necessary suitably qualified and in every respect competent personnel to perform the Work;
- c) has the necessary industry standard software provisions, fully verified to perform the Work;
- d) has the necessary industry standard tools and equipment, properly calibrated to perform the Work;
- e) is familiar with, and has knowledge of the engineering standards, recommendations, laws, regulations, certifying and Authorities' requirements and codes of practise relating to the Work;
- f) shall perform the Work to the professional and trade standards with all due diligence, safeguards and care;
- g) shall only use materials and provide equipment which are new and/or the suitable types available at the time;
- h) shall ensure compatibility between materials and/or equipment; and
- i) shall undertake a check of locational dimensions and weights relevant to the Work.

## **Article 11 Subcontracts**

11.1 Builder shall not Subcontract any part of the Work without the express prior approval of Owners in writing except those listed and agreed in Section 6 – Technical Specifications. Such approval shall not unreasonably be withheld.

11.2 Prior to entering into a Subcontract, Builder shall submit to Owners and receive Owners' approval of the proposed Subcontract except those listed and agreed in Section 6 – Technical Specifications. Such approval shall not unreasonably be withheld.

11.3 No Subcontract shall suggest the existence of any form of Contractual relationship between Owners and the Subcontractor. The Subcontract shall not contain any conditions attaching to the payment provisions whereby payment of the Subcontractor is linked or conditional upon receipt of payment by Builder under the Contract.





Builder shall use reasonable efforts to procure that each Subcontractor waives any liens and rights of action in rem against the Vessel or any part thereof that such Subcontractor may have by operation of law or otherwise.

- 11.4 Where Builder is responsible for the supply of running equipment, Builder shall arrange, at its own cost, the attendance of the Subcontractor's representatives at all commissioning tests. On no account shall such equipment be operated without the attendance of the Subcontractor's representatives.
- 11.5 Where Owners are responsible for the supply of running equipment, Owners shall be responsible for arranging, at their own costs, the attendance of the Vendor's representatives at all commissioning tests. On no account shall such equipment be operated without the attendance of the Vendor's representatives.
- 11.6 No Subcontract shall relieve or diminish the obligations or liabilities of Builder under the Contract and Builder shall be responsible for the acts, omissions and defaults of its Subcontractors and the respective officers, directors, employees, servants and agents as though they were the acts, omissions and defaults of Builder, its officers, directors, employees, servants and agents.
- 11.7 Builder shall use its reasonable efforts to ensure that each Subcontract permits Builder to assign any warranties thereunder to Owners. Builder shall indemnify and hold Owners harmless for any inability by Owners to assert warranty claims against any Subcontractor, where the inability to assert a warranty claim is based on the Subcontractor's claim that it is immune from suit or liability on the basis of sovereign immunity.

## **Article 12 Work schedule and Programme**

- 12.1 Builder shall be responsible for scheduling, progress reporting and achieving performance of the Work in accordance with the Programme. Builder shall monitor and report actual progress within Builder's progress reports to Owners including the effects of any Variation Orders or Disputed Variation Orders and decisions to be made by Authorities.
- 12.2 Builder shall provide progress reports to Owners in form and at such times as are set forth in Section 5 – Administration Instructions.
- 12.3 If, in the opinion of Owners' representative, the progress of the Work with respect to any item on critical path is too slow to ensure completion of the Work in accordance with the Programme, unless the cause thereof is solely for reasons outside of Builder's control or for which Builder could not reasonably plan, Builder shall prepare and submit to Owners a proposal for recovery of the Programme to Owners for review. Subject to Owners' comments, and unless the delay in the progress was Permissible Delays Builder shall take all necessary steps to expedite the rate of progress of the Work, including but not limited to re-scheduling activities, additional shifts, overtime working and supplying additional manpower, tools, equipment, resources and facilities as may be required to complete the Work in accordance with the Programme, at no cost to Owners.
- 12.4 Builder shall report to Owners in writing any possible delays in the Programme and complete a resolution plan with Owners to take corrective measure for averting any potential schedule delay.

## **Article 13 Inspection**

- 13.1 Owners, Authorities and all persons authorised by Owners shall have the right of access at all times to the Vessel and the Worksite and may inspect or witness the performance of the Work or



- 13.2 Builder shall not make any part of the Vessel inaccessible prior to giving notice to Owners and allowing Owners the opportunity to inspect or witness any test.
- 13.3 Builder shall make provision and allow reasonable time for Owners and Vendors to perform testing and inspection activities within the Programme as they may require.
- 13.4 The Owner's representative shall carry out his duties hereunder in accordance with good rig building practice and in such a way as to avoid any unnecessary increase in building cost or delay in the Programme.

#### **Article 14 Cooperation with others**

- 14.1 Builder shall fully cooperate with and shall allow access to the Vessel and Worksite to:
- a) a party having a contract for the use of the Vessel;
  - b) Invitees, directors and employees of Owners Group; and
  - c) the representatives and surveyors of the Authorities and any other regulatory bodies; and
  - d) Vendors, Owners' personnel or Owners' other Contractors to carry out activities which are associated with the Work and Builder's performance of the Work or to carry out activities which are not within Builder's scope of Work, provided that Owners personnel and other Contractors and all persons mentioned above must comply with all reasonable requirements of Builder.
- 14.2 Builder, shall provide, receive and exchange Interface Information in accordance with the dates stated in the Programme or where no date is stated in a prompt, timely and sufficient manner.
- 14.3 Builder shall co-operate with Vendors and Owners' other contractors whose activities interface directly or indirectly with the Work, and shall develop, and keep fully updated at all times, an interface matrix to define all interfaces between Builder, the Work and the activities of Vendors. Copies of such matrix shall be provided to Owners as part of Builder's progress reporting pursuant to the Contract. Builder shall develop for review and agreement by Owners, and keep fully updated at all times, all necessary procedures to regulate interface activities between Builder and Vendors.

#### **Article 15 Facilities for Owners**

- 15.1 Builder shall provide facilities to Owners, including office facilities inclusive of office equipment, power supplies, communications equipment and car parking as specified in Section 8 - Facilities for Owners for the use of Owners Group.

#### **Article 16 Variations**

- 16.1 Owners may, in accordance with Section 5 - Administration Instructions, order any Variation to any part of the Work by issuing a Variation Order to Builder. Such Variations may include additions, omissions, substitutions, alterations, changes in quality or character, kind, position, dimension, level or line and changes in the specified sequence, method or timing of construction.
- 16.2 The Contract Price, and/or the Programme shall only be subject to adjustment as a result of a Variation Order or a Disputed Variation Order signed by Owners' representative. Builder shall countersign each Variation Order,



notwithstanding which Builder shall proceed with the work as proposed to be modified immediately upon receipt of the Variation Order.

16.3 A Variation Order shall not affect the rights or obligations of the Parties except as expressly provided in that Variation Order. A Variation Order shall be governed by all the provisions of the Contract.

16.4 The effect of a Variation Order on the Contract Price shall be determined on the basis of the rates provided in Section 3 - Schedule of Prices, or as the Parties may agree.

16.5 A Variation Order will not be issued for variations that are caused by Builder's default.

16.6 Builder may, upon receipt of information from Owners or the identification of an event which Builder believes may constitute a Variation to the Work (such identification shall be at anytime prior to the Delivery of the Vessel), submit a request for a Variation Order to Owners in accordance with Section 5 - Administration Instructions.

Builder shall not proceed with the subject work until Owners have issued a Variation Order or a Disputed Variation Order.

16.7 In the event that Builder does not submit a request for a Variation Order within thirty (30) days or such longer period as may be agreed by the Owners Builder shall forfeit any right to claim a Variation Order. This clause shall not apply to Variations requested by Owner.

16.8 In the event of disagreement between the Parties as to:

- a) what is or is not a Variation requiring a Variation Order;
- b) the valuation of a Variation;
- c) the effect of the Variation upon the Programme; or
- d) any other matter appertaining to the Variation,

Owners shall issue a Disputed Variation Order in accordance with Section 5 – Administration Instructions. Builder shall countersign each Disputed Variation Order.

16.9 A Disputed Variation Order shall be considered equal in all respects to a Variation Order until such time as agreement is reached on the Variation or the matter is finally determined in accordance with Article 44.

16.10 Builder shall proceed immediately to execute the Work described in a Disputed Variation Order as though it were contained in a Variation Order. The following principles shall apply subject to Article 16.12 below:

- a. The Contract Price shall be the basis for any payments until the dispute is agreed or the matter is finally resolved; and
- b. The Programme shall be the basis for all matters concerning Programme and Delivery in respect of all applications of such matters to provisions within the Contract; and
- c. Notwithstanding a) and b) above, Builder shall schedule the Work based on its own opinions of the effects of Disputed Variation Orders as is considered necessary by Builder to diligently complete the Work.

16.11 [Not used]

16.12 The Owner will not be entitled to require the Builder to proceed with any work covered by a Disputed Variation Order to the extent that the amount claimed

in good faith by Builder and disputed by Owner in relation to such work exceeds USD 500,000 (United States Dollars Five Hundred Thousand) per Disputed Variation Order or US\$1,500,000 (United States Dollars One and a Half Million Dollars) in aggregate Disputed Variation Orders.

16.13 Builder's Variation Order request must contain sufficient details as to cost, time, and resources, in the format of a detailed CTR report, with costing details at the level of information in Section 3 SCHEDULE OF PRICES and other relevant detailed costing data. Owner's review and approval of a Variation Order shall be required only upon receipt of a reasonably complete and detailed CTR report.

**Article 17 [Not Used]**

**Article 18 [Not Used]**

**Article 19 Force Majeure**

19.1 Notwithstanding anything else contained in this Contract no Party to the Contract shall be held to be in breach of contract for any failure to perform its obligations to the extent that such failure is due to Force Majeure. To the extent that delays resulting from the occurrence of any Force Majeure event shall count as Permissible Delay.

19.2 For the purposes of this Contract, Force Majeure shall mean a circumstance or event beyond the reasonable control and contemplation of the Party affected, which affects the performance of the Contract and which could not have been prevented or avoided by the exercise of due diligence or other prudent precautions. Force Majeure shall include acts of God, accidents, epidemic, disasters, earthquake, typhoon, hurricane, abnormal weather conditions, nationwide strikes, sabotage, riot, war and terrorist activities, whether real or threatened, lockouts or other work stoppage ordered by governmental authorities for reasons outside of Builder's reasonable control and any other cause whatsoever beyond the reasonable control of Builder or its Subcontractors whenever or wherever occurring.

19.3 The Parties agree that the following events shall not be considered as Force Majeure under this Contract:

- a) other strikes, lock-outs or labour disputes not specified in 19.2 and labour or labour skills shortages;
- b) material, power, energy and fuel shortages;
- c) breakdown of any tools, machinery, equipment or facilities;
- d) weather cause, regardless of severity not specified in Article 19.2;
- e) delays caused by Builder's or its Subcontractor's commitments to others, which cause a delay in the performance of the Work or a delay in the commencement of the Work, or delays in delivery of BFE;
- f) fire, except when caused other than by the negligence of the Builder; and/or
- g) defects in material, parts or equipment provided by Subcontractors.

19.4 Builder shall not be relieved of the consequences of any default by Builder hereunder by reason of the subsequent occurrence of a Force Majeure event. Likewise, Owner shall not be relieved

of the consequences of any default by Owner hereunder by reason of the subsequent occurrence of a Force Majeure event.



19.5 The Party claiming Force Majeure shall notify the other Party immediately and shall subsequently provide sufficient particulars thereof, including its intended actions to resolve the event. The Party shall be obliged to use its reasonable endeavours to mitigate the effect of the Force Majeure event, at its own cost.

19.6 In the event that:

- a) the effects of the Force Majeure event cannot be overcome; or
- b) the Force Majeure event cannot be reasonably expected to be overcome within ninety (90) Days of the date of its first occurrence; or
- c) a time period of ninety (90) Days, either consecutively or cumulatively, has passed from the Day of the first occurrence of Force Majeure and Builder has been unable to re-commence the Work;

Owners shall be entitled to terminate the Contract and Builder shall provide every assistance, at its own costs, to effect removal of the Vessel and all of its associated machinery, equipment and material from the Shipyard. Owners shall ensure that Builder is fully paid for the Work completed up to the date of the intervening Force Majeure occurrence.

19.7 If in Builder's opinion, the Force Majeure is likely to cause an extension of the Delivery Date, Builder may submit a request for a Variation Order to Owners, requesting an extension of time equal to the length of delay caused to the Delivery Date directly attributable to the Force Majeure.

## **Article 20 Tests and sea trials**

20.1 Builder and Owners shall jointly prepare the BFE Commissioning Procedures, ONE Commissioning Procedures, the OFE Commissioning Procedures and the Sea Trials Procedures, setting forth the proposed sea trials of the Vessel and testing of the BFE and OFE to be conducted prior to Delivery. Such documents shall be prepared no less than three (3) months prior to the expected Delivery Date, and shall include, without limitation, the procedures and tests set forth in Section 1.15 of Section 6 – Technical Specifications. Builder and Owners shall agree to the scope of testing and the weather conditions needed to complete testing of the DP System. Builder and Owners shall jointly determine the personnel from each Party that is to be present at each stage of tests and sea trials.

Builder shall provide no less than twenty-one (21) Days prior written Notice to Owners of the time and place for the sea trials of the Vessel. Owners shall have the right to have its representative and all necessary personnel from Vendors or Subcontractors on board the Vessel to perform the sea trials.

Builder shall be responsible for rendering assistance and support to Owners and Vendors for the performance of the sea trials. Builder shall have the right to have representatives present on the Vessel during the performance of the trials, provided that the number of such representatives shall be subject to the prior approval of Owners.

Builder may subcontract nautical instrument calibration, speed measurement, power measurement, and tests on the global positioning system to an independent specialist company, provided that such company is acceptable to Owners in their reasonable discretion.

20.2 Builder shall make available to Owners, without charge, any of Builder's tools or equipment available at the Worksite that may be necessary to perform any tests or inspections at any time during construction.



- 20.3 Any test or trial of the Vessel shall be carried out in the presence of representatives from the Classification Society and/or other Authorities, and shall be conducted in a manner and to an extent prescribed in the Specifications and shall prove the Vessel's proper functioning and fulfillment of the performance requirements for the trials set forth in this Contract and the Specifications. The sea trials shall test, at a minimum, the items set forth in Section 6 – Technical Specifications, Section G15.
- 20.4 All expenses except those of Owners' representative and its assistant(s) and the staff of Vendors in connection with the sea trials shall be for the account of Builder. The Owner shall (at its own cost and risk and provided that they first sign any insurance waivers required) provide the marine crew on the bridge and in the engine room during sea trials and be allowed to maintain a shadow crew and other necessary personnel on board the remainder of the Vessel during the trials to observe the sea trials and to familiarize themselves with the Vessel and its operation. Builder shall also be responsible for providing the transportation to and from the Vessel, provisions, consumables such as fuel, lube oil, water, etc., during the dockside commissioning and sea trials.
- 20.5 Upon completion of the trial run and when the trial results are available, and if the results thereof demonstrate that the Vessel conforms to the Specifications, Builder shall promptly give Owners the Completion Certificate stating that the Vessel is ready for Delivery. Owners shall upon receipt of such notice and the test results notify Builder in writing of Owners' acceptance or rejection of the Vessel as being in conformity with the Contract.
- 20.6 If the results of the trial run demonstrate that the Vessel or any part or equipment thereof does not conform to the requirements of the Contract, Builder shall promptly take all necessary steps to rectify such nonconformity (save that in respect of ONE equipment, Builder's obligation to do so shall be determined in accordance with the risk agreed in Article 7A). If necessary, Builder shall for its own account carry out a further trial run to ascertain that the Vessel conforms to the terms of the Contract; provided that if the non-conformity relates to the DP System, thrusters or power management system, Builder shall carry out an additional trial run. Upon demonstration by Builder that any such deficiencies have been corrected, Builder shall notify Owners that the Vessel is ready for Delivery.
- 20.7 Owners shall in any notice of rejection give reasonably detailed particulars of the reasons for Owners' rejection of the Vessel. Owners shall take delivery of the Vessel if it is in conformity with the Contract, unless there are any deficiencies or conditions or recommendations imposed by the Classification Society or other Authorities preventing the Vessel to carry out its intended operation. If the deficiencies, conditions and recommendations are of minor importance and failure to immediately correct the same would not prevent safe operation of the Vessel, Builder may require Owners to take delivery of the Vessel provided Builder undertakes for its own account to remedy the deficiency or satisfy the recommendation as soon as possible, in no event later than the end of the Guarantee Period; provided that where at all possible, Builder shall at its cost travel to the location of the Vessel to remedy such deficiency.

The repair or remediation of defects in any OFE that are not attributable to Builder shall be for the account of Owners.

## **Article 21 Delivery and Acceptance**

- 21.1 Delivery shall take place at the Shipyard and shall be effective once both Parties have executed and delivered to each other a Protocol of Delivery and Acceptance.
- 21.2 Delivery shall be conditional on receipt of all the necessary documentation, licences, export clearances, or permits required by Builder and the country in which the Shipyard is located. Upon acceptance of the Vessel by Owners, Builder shall deliver to Owners the following documents:
- 1) a Protocol of Inventory of the equipment of the Vessel, including spare parts and the like, all as specified in the Specifications;
  - 2) a Protocol of Stores of consumable nature;
  - 3) All Certificates, including the Builder's Certificate required to be furnished upon delivery of the Vessel pursuant to this Contract and the Specifications. It is agreed that if the Classification Certificate and/or other Certificates are not available at the time of delivery of the Vessel, provisional Certificates shall be accepted by Owners. Builder shall provide Owners with permanent Certificates as promptly as possible after such formal Certificates have been issued;
  - 4) a Bill of Sale including a Declaration of Warranty of Builder that the Vessel is delivered to Owners free and clear of any and all liens and other encumbrances upon the Vessel and Owners' title thereto, and in particular, that the Vessel is absolutely free of the burdens, in the nature of imposts, taxes or charges imposed by the city, state or country of the part of delivery, as well as of all liabilities arising from the construction or operation of the Vessel or trial runs or otherwise prior to delivery and acceptance;
  - 5) a Protocol of Final Documentation together with agreed resolution of punch list items from construction and commissioning;
  - 6) a Protocol of Commissioning and Sea Trials documents made pursuant to agreed acceptance criteria;
  - 7) Drawings and Plans pertaining to the Vessel as stipulated in the Specifications; and
  - 8) a Commercial Invoice for any unpaid amount of the Contract Price.
- 21.3 Owners and Builder shall agree to a protocol of commissioning for BFE, with a punch list of items that may be required for Delivery with respect to such equipment. Acceptance by Owners following commissioning of such equipment shall preclude Owners from refusing Delivery of the Vessel on the basis of any alleged deficiency in such commissioned equipment.
- 21.4 Not used.
- 21.5 Owners and Builder shall agree to a protocol of tests and sea trials, with a punch list of items that may be required for Delivery respecting items tested in

the tests and sea trials. Acceptance by Owners of the Vessel shall preclude Owners from refusing Delivery of the Vessel on the basis of any alleged deficiency in any parts of the Vessel which were tested during the trial runs, provided all other procedural requirements for Delivery have been met.

- 21.6 Owners and Builder may agree to a punch list of items that Builder shall be required to resolve or perform, notwithstanding Delivery and Acceptance of the Vessel.
- 21.7 Any fuel oil, lubricating oil, grease, fresh water or other consumable stores furnished by Builder for the trial run, remaining on board the Vessel at the time of Delivery, shall be purchased by Owners from Builder at Builder's original purchase price thereof.

## **Article 22 Contract Price and terms of payment**

- 22.1 The Contract Price shall be specified in Section 3 - Schedule of Prices. Builder warrants that it has fully considered all of its obligations hereunder with respect to the Work and the Programme in establishing the Contract Price.
- 22.2 Upon execution of this Contract, Owner shall pay 20% of the Contract Price as indicated in the payment schedule in Section 3 – Schedule of Prices. On or before Delivery, Owner shall pay Builder that portion of Contract Price indicated in the payment schedule contained within Section 3 - Schedule of Prices with respect to Delivery. In respect of Variation Orders, each invoice shall describe the Work performed completed in sufficient detail, with accompanying documentation substantiating the Work performed for which such invoice is issued.
- 22.3 Owners shall pay Builder's invoice with respect to a Variation Order within thirty (30) Days of receipt from Builder of such invoice. Builder shall not be entitled to receive interim payments unless stated on a Variation Order. Payment by Owners of an invoice shall not prejudice Owners right to dispute the amounts paid or to make a claim under the Guarantee with respect to defects in the Work or the Vessel. In the event Owners dispute any amount of an invoice, Owners shall pay any amounts of such invoice that are not in dispute.
- 22.4 In the event there is any dispute between the parties under this Contract for variations under Article 16 hereof, the Owner shall pay to Builder all undisputed amounts due to the Builder. The Parties will negotiate in good faith to resolve any such dispute. If the parties are unable to resolve the dispute within thirty (30) days before the Delivery of the Vessel, Owner shall, prior to taking Delivery of the Vessel, provide a letter of credit or similar security acceptable to the Builder in the amount of the disputed portion of the Contract Price exceeding US\$2,500,000 until the resolution of such dispute in accordance with Clause 44 hereof, the proceeds of which will be available to Builder upon a final unappealable award or judgment, or on the final resolution of the dispute. .
- 22.5 Payment shall be effected by wire transfer on a Banking Day to the bank and in the currency specified in Section 3 - Schedule of Prices.

Builder shall designate in writing an account to which all payments under this Contract due to Builder shall be paid. Owners' sole duty with respect to payments shall be to transfer amounts due under the Contract to such account, irrespective of whether the amounts are due to Builder or to any party to which Builder has assigned the Contract or has granted a security interest in the Contract. This provision shall be binding on any assignee of Builder, whether by an assignment, novation or collateral assignment.

In the event of late payment of undisputed amount caused by Owners, Builder shall be entitled to charge interest on the unpaid amount from the due date at a rate of 6% per annum until paid.

- 22.6 Any amounts payable herein shall be paid without set off, deductions or counterclaims except where otherwise provided in this Contract.
- 22.7 Subject to Article 22.8, In the event Owner fails to pay undisputed sums in the aggregate of USD 2,500,000 or more due to Builder under or in connection with this Contract by due date, Builder shall have the right, upon giving written notice to Owner to cease work on the Vessel and following a period of suspension of thirty (30) days from the date of the notice, be entitled to terminate this Contract. Without prejudice to all its rights and remedies available at law or in equity, Builder shall be entitled to claim as Permissible Delay any period of time during which the construction or completion of the Vessel has been delayed in consequence of Owner's default, or Builder's cessation of work, as aforesaid, and in any event all costs incurred during such time of cessation of work shall be paid by Owner to Builder whether or not this Contract is terminated.
- 22.8 If Owner notifies Builder that they require extension of time to pay any Milestone under the Contract as a result of:
- i. global shortage of liquidity resulting in financing difficulties for Owner, and
  - ii. as a result Owner requires time to procure or source financing for the payment of the Milestone that is then due,

Then Owners and Builder shall have thirty (30) days from the date of the notice from the Owner within which to reach an agreement on revised payment schedule for the Milestones. If the Parties are unable to reach an agreement on the revised payment schedule for the Milestones after good faith efforts, Builder may at its sole discretion extend the time for payment of the affected Milestone up to a period of no more than 30 days (save that the Delivery Date as set out by Owner in a Disputed Variation Order shall not apply to the determination of the scheduled Delivery Date under this Article 22.8). The period for the Parties to reach an agreement, and extension granted by Builder under this provision shall be a Permissible Delay. During the period of extension, Builder at its discretion may opt to cease work on the Vessel and interest on the unpaid amount as set out in Article 22.5 above shall continue to accrue and be payable up until such time that Milestone is paid. In the event that Milestone is not paid within the period for the Parties to reach an agreement and any extension granted by Builder, Builder shall be entitled to terminate this Contract in accordance with Article 34.1.

## **Article 23 Guarantee**

- 23.1 Builder agrees to build the Vessel in a good and workmanlike manner, in accordance with that degree of skill, care and diligence in accordance with internationally acceptable standards, free from defects in detailed design, material and workmanship ("Defects"), and shall exclude defects in the basic design, OFE or matters under Articles 7A.3 and 7A.4. This Guarantee shall extend to BFE and to Builder's installation of the OFE and any paint or coatings applied to the Vessel by Builder. This Guarantee shall remain in force through the Guarantee Period. Any ONE guarantees under the ONE contracts shall be assigned by Builder to Owner upon Owner's written request to Builder.

- 23.2 In the event of the occurrence of any Defects covered by the above warranties, Builder shall undertake to repair or replace the Defects. Any parts replaced shall on their removal become the property of and shall be at the risk of the Builder whilst the replacement parts fitted to the Vessel shall upon fitting become the property of the Owner.
- 23.3 The Owner shall notify the Builder in writing as soon as reasonably possible and in any event within fourteen (14) days after discovery of any Defect and the Builder shall only be liable to the Owner hereunder where this requirement has been satisfied. The Owner's notice shall include such particulars as can reasonably be given as to the nature of such Defect, the date of discovery and the place at which the Vessel can be made available for earliest inspection by or on behalf of the Builder. The Owner shall furnish to the Builder as soon as practicable copies of any relevant survey or inspection reports.
- 23.4 In the event that the Builder is unable to make good any Defect at the Shipyard, it shall forthwith nominate a yard suitable for such purpose for the Owner's approval (which approval shall not be unreasonably withheld or delayed), and should the Owner consider such yard acceptable the Builder shall arrange for the making good of the Defect and the carrying out of any essential dismantling and reassembling at its own expense. Alternatively, and providing adequate and permanent repairs can be so effected, the Builder shall have the option of carrying out all such repairs on board the Vessel at sea or on location, providing such repairs do not interfere with the operation of the Vessel. It shall in all cases be the Owner's responsibility and expense to take the Vessel to the place where any work under this Clause is to be carried out, ready in all respects for the work to be carried out.
- 23.5 Should the Owner not approve (in a case where it is entitled to withhold approval under Clause 23.4) the yard nominated by the Builder the Owner may elect to have the work referred to above carried out elsewhere than at the Shipyard, the Owner shall nominate a yard acceptable to the Builder, such acceptance not to be unreasonably withheld. In such case the Builder shall pay to the Owner for repairs and/or replacements such sum as would equate to the costs of effecting such repairs at the Builder's yard based on Builder's tariff rate for time and material. The Builder may, at its own expense, have its representative in attendance during execution of the work. The Owner shall ensure that any parts replaced under this sub-clause are returned to the Builder (if required by the Builder) at the Builder's expenses, and in such case those parts returned shall on their replacement become the property of and shall be at the risk of the Builder.
- 23.6 Any remedial measures undertaken and the associated Work shall be subject to a one (1) year Guarantee from the date such measures are completed; provided the Guarantee Period will not extend beyond two (2) years after the Delivery Date. The Builder will use reasonable endeavours to procure its Subcontractors to provide guarantees for the Guarantee Period under this Contract.
- 23.7 Builder hereby assigns to Owners, to the extent permitted under Contract or applicable law, all guarantees and warranties of each Subcontractor with respect to goods and services provided to the Work or the Vessel by such Subcontractor which extend beyond the Guarantee Period.

23.8 The Builder shall not be obligated to repair, or to be liable for, damages to the Vessel, or to any part of the equipment thereof, due to ordinary wear and tear or caused by defects, nor shall there be any Builder's liability hereunder for defects in the Vessel, or any part of the equipment thereof, caused by fire or accidents at sea or elsewhere, or mismanagement, accidents, negligence, or willful neglect, on the part of Owners, their employees or agents, including the Vessel's officers, crew and passengers, or any persons on or doing work on the Vessel other than Builder, its employees, agents or Subcontractors. Likewise, Builder shall not be liable for defects in the Vessel, or the equipment or any part thereof, due to repairs or replacement which were made by those other than Builder and/or its Subcontractors.

23.9 Builder would not be liable for the following in remedying defects:

- (i) Costs of heavy lift operations offshore or organizing the same;
- (ii) The costs of routine maintenance of the Vessel;
- (iii) The costs of repairing damage to the Vessel or of correcting any such defects which result from or are due to actual operating conditions being different from those specified in this Contract or any Variation Orders; and
- (iv) Any OFE or materials or equipment supplied by Owners or for any damage caused by any defect in such materials or equipment not attributable to the Builder.

In addition to the above, if the remedial work requires the Builder to complete work offshore and/or such work requires work below the waterline and/or is required to be completed in dry dock, the Owner shall make all necessary arrangements at their own costs to procure such facilities for the remedial work to be performed. In no event shall the Builder be responsible for any delay or time taken or lost, or off-hire or related costs, for events arising out of this Article 23.

23.10 The warranty provided in this Article 23 and the obligations and the liabilities of Builder hereunder are exclusive and Owners hereby waive all other remedies, warranties, guarantees or liabilities, express or implied, arising by law or otherwise (including without limitation any obligations of Builder with respect to fitness, merchantability and consequential damages) or whether or not occasioned by Builder's negligence or default. This Guarantee shall not be extended, altered or varied except by a written instrument signed by the duly authorized representatives of Builder and Owners.

## **Article 24 Indemnities**

24.1 Builder shall indemnify, defend and hold harmless Owners Group in respect of any loss or damage to the property, equipment or facilities of Builder Group, whether owned, leased, rented or hired and howsoever caused (subject always to Article 24.7).

24.2 Builder shall indemnify, defend and hold harmless Owners Group from and against any and all claims, damages and expenses of every kind and nature resulting from personal injury, including fatal injury and disease, to the Builder Group, howsoever caused (subject always to Article 24.7).

24.3 Owners shall indemnify, defend and hold harmless Builder Group in respect of any loss of or damage to the property (other than the Vessel and ONE while in the possession of Builder and caused by Builder), equipment or facilities of



Owners Group, whether owned, leased, rented or hired howsoever caused (subject always to Article 24.7).

- 24.4 Owner shall indemnify, defend and hold harmless Builders Group from and against any and all claims, damages and expenses of every kind and nature resulting from personal injury, including fatal injury and disease, to the Owner Group, howsoever caused, or brought by Owner's underwriters, whether by subrogation or otherwise (subject always to Article 24.7).
- 24.5 Prior to Delivery of the Vessel, Builder shall defend, indemnify and hold the Owner Group harmless against any and all claims, damages and expenses of every kind and nature to the Owner Group resulting from loss of or damage to the property, equipment or facilities of Third Parties or personal injury, including fatal injury and disease of Third Parties arising out of the performance of the Contract for which the Builder Group is responsible.
- 24.6 Owner shall defend, indemnify and hold the Builder Group harmless against any and all claims, damages and expenses of every kind and nature to the Builder Group resulting from loss of or damage to the property, equipment or facilities of Third Parties or personal injury, including fatal injury and disease of Third Parties arising out of the performance of the Contract for which the Owner Group is responsible.
- 24.7 After Delivery of the Vessel, the Owner shall further defend, indemnify and hold the Builder Group harmless against any and all claims, damages and expenses of every kind and nature to the Builder Group resulting from the ONE Contracts (including any indemnification obligations arising under the ONE Contracts), loss of or damage to the property, equipment or facilities of Third Parties or personal injury, including fatal injury and disease of Third Parties arising out of the use, operation or maintenance of the Vessel and/or the equipment therein.
- 24.8 ALL INDEMNITIES UNDER THIS ARTICLE 24 SHALL INCLUDE INDEMNITY FOR CLAIMS, DAMAGES AND LOSSES CAUSED BY THE NEGLIGENCE OF THE INDEMNIFIED PARTY OR ANY MEMBER OF ITS GROUP, BUT SHALL NOT INCLUDE CLAIMS, DAMAGES AND LOSSES CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE INDEMNIFIED PARTY OR ANY MEMBER OF ITS GROUP.

## **Article 25 Insurance by Builder**

- 25.1 Builder shall, at its own costs and expense, maintain for the duration of the Contract the following insurances in the name of Builder Group. The insurances maintained by Builder shall at all times be primary to any insurance maintained by Owners for the duration of the Work.
- a) Employer's liability insurance/workmen's compensation with unlimited and/or as may be required by statute or similar regulation in the country or countries of the Shipyard covering personal injury to, or death of, employees of Builder engaged in the performance of the Contract, and shall ensure Subcontractors maintain such insurance in respect of their employees.
  - b) Public liability insurance with a indemnity of USD 5,000,000 (five million US dollars) for any one incident or series of incidents arising from each and every event, unlimited in the aggregate, covering all operations of Builder.

c) Construction All-risk insurance covering the Works for an amount equivalent to the Contract Price and OFE, provided that Owners shall reimburse Builder for the extra premiums incurred by Builder to insure the OFE.

25.2 Builder shall furnish to Owners certificates and renewal certificates of the insurance required by this Article evidencing the type and scope of each insurance coverage and an endorsement from the insurers that no insurance shall be cancelled during the term of the Contract without thirty (30) Days prior written notice to Owners. Builder unless Owners are the sole cause of the loss, or the loss arises solely from defects in OFE shall be responsible for the payment of any deductibles under its insurances.

25.3 Should the Vessel or any items insured pursuant to the provisions of Article 25.1(c) sustain loss or damage prior to Delivery and should such loss or damage not make the Vessel a total loss, actual, constructive, arranged or compromised, the Builder shall use all proceeds of insurance received for the damage, with all due despatch, to make good such damage in accordance with the provisions of this Contract and the Specifications.

25.4 Should the Vessel sustain loss or damage prior to Delivery hereunder such that it is either conceded by the insurers liable therefore, or determined by a court of competent jurisdiction, that the Vessel has become a total loss, actual, constructive, arranged or compromised, then the Builder and the Owner shall within twenty-one (21) Working Days thereof decide whether to continue with the construction of the Vessel or to cancel the Contract. In the event that the parties are unable to agree within such time scale terms on which to continue with construction of the Vessel, the same shall be deemed cancelled. If the Contract is cancelled the Builder shall:-

- a. refund promptly to the Owner in full the aggregate amount of Instalment payment of the Contract Price already paid by the Owner; and
- b. return to the Owner all OFE which have not been lost.

25.5 Save specifically provided to the contrary in this Contract, the Parties' obligations under this Contract shall thereupon cease and terminate.

## **Article 26 Taxation**

26.1 Except as otherwise specifically provided for in Section 3 - Schedule of Prices, Builder shall be fully and exclusively liable for the payment of all tax assessments, levies, social burdens, duties, allegations, impositions, and contributions including, but not limited to, unemployment insurances, national insurances, social security benefits, and corporate and income taxes as may be imposed by any local or national government or agency in the country of the Worksite and arising out of or in connection with the Work, the Vessel or the Contract except for taxes on the income of the Owners or taxes arising on the Vessel after acceptance by Owners.

26.2 Builder agrees to indemnify, defend and hold harmless Owners Group from all claims, suits, costs, expenses, liabilities, fines, judgments and demands as may be incurred, resulting from or connected with, any tax assessment, levy, social burden, duty, allegation or imposition on the Work, Builder, or any of its Subcontractors of any tier, agents or employees, howsoever arising in the

26.2 country or countries of the Worksite, for which Builder is responsible under Article 26.1.

26.3 Owner agrees to indemnify, defend and hold harmless Builder Group from all claims, suits, costs, expenses, liabilities, fines, judgments and demands as may be incurred, resulting from or connected with any tax assessment, levy, social burden, duty, allegation or imposition on the taxes on the income of the Owners or taxes arising on the Vessel after acceptance by Owners.

## **Article 27 Audit rights of Owners**

27.1 Builder shall allow Owners or their appointed representatives reasonable access to the Shipyard and documentation relating to the Work for audit purposes provided that the Owner shall not be entitled to inspect or audit any document which relates to the profits, unit rates or mark up of the Builder, or which is confidential or privileged. Where activities are performed in connection with government guaranteed loans or similar programs, audit access shall also be available to the party providing the loans or guarantees. No charges shall be made by Builder for audit access.

27.2 Builder shall maintain all records respecting the Work for a period of three (3) years after the date of actual Delivery or the date of termination, whichever is the earlier.

## **Article 28 Patents and Proprietary Information**

28.1 The intellectual property rights in the drawings, designs, plans, reports, specifications, calculations, detailed design documents and/or other documents produced by Builder or procured by Builder (other than from Owner Group) shall at all times belong to and vest in the Builder provided that Builder shall provide a royalty-free irrevocable license to Owner for the use thereof, transferable to a transferee of the Vessel. The information, designs, plans, calculations, specifications and reports provided by Owner to Builder shall at all times belong to and vest in the Owner.

28.2 Each Party shall indemnify and hold harmless the other Party from and against all claims, losses, damages, costs and liabilities of every kind and nature associated with, related to, or arising out of, or in connection with any actual or alleged infringement of any patent or proprietary or protected right used in the performance of the Contract, including without limitation the use of drawings respecting the scope of Work, if such infringement is caused by the indemnifying Party.

28.3 Each Party shall notify the other Party of any infringement of any patent or proprietary or protected right promptly after the Party becomes aware of such infringement.

28.4 In the event of Owner's termination of the Contract under Article 33.1 and election to take a refund under Article 33.3 or the Builder's termination of the Contract under Article 34.2, Owner agrees to provide an irrevocable royalty-free license to Builder for the use of Owner's intellectual property for the construction, sale and use of the Vessel and OFE (to the extent of the transfer of OFE to Builder), transferable to a transferee of the Vessel.

## **Article 29 Liens**

- 29.1 Builder shall indemnify and hold harmless Owners Group from and against all claims, losses, damages, costs and liabilities of every kind and nature associated with, or arising from, or in connection with liens, charges, attachments, seizures, injunctions or other encumbrances placed on the property of Owners or Owners Group by Builder or any Subcontractor or creditor of Builder.
- 29.2 In the event of any lien, charge, attachments, seizures, injunctions or other encumbrances ascribed against the property of Owners or Owners Group as described for in Article 29.1, Owners may, at their absolute discretion, cause the removal of the lien, charge, attachments, seizures, injunction or other encumbrance and Owners may at their absolute discretion set-off the undisputed amounts owed by the Builder to the Subcontractor against payments due to Builder.

### **Article 30 Ownership**

- 30.1 Title to the Vessel (including the ONE and BFE) shall remain with the Builder until Delivery. Title to OFE and other materials and the equipment supplied by Owners, shall at all times remain vested in Owners.
- 30.2 Builder shall provide upon Delivery a Bill of Sale and Builders Certificate, in form and substance satisfactory to Owners, transferring title and ownership of the Vessel to Owners, free of all liens and encumbrances.

### **Article 31 Commencement, completion, liquidated damages and incentives**

- 31.1 Builder shall commence the Work upon execution by both Parties of Contract and shall proceed with the same in accordance with the Programme.
- 31.2 The Vessel shall be delivered to Owners on the Delivery Date.
- 31.3 [Not Used].
- 31.4 If Builder fails to deliver the Vessel by the Delivery Date or any extension thereof granted by Owners, Builder shall pay liquidated damages to Owners for such default as follows:
- a) For the first fifteen (15) Days of delay, Builder shall not be required to pay liquidated damages; and
  - b) For a delay of 16 to 315 Days, a rate of US\$50,000 per day will apply;

Delay for the purposes of this Article shall mean the period which elapses between the Delivery Date set forth in the Programme (as extended by a Variation Order or Force Majeure) and the actual date of the Delivery of the Vessel.

This Article 31.4 will not apply to any delay caused by the commissioning and testing of OFE. For delays arising from ONE, Builder shall only be liable to pay liquidated damages to the extent recoverable under the ONE contracts and not the amount set out in this Article.

- 31.5 Builder shall not be liable for liquidated damages for periods covered by any settlement of Disputed Variation Orders, pursuant to which Owners have granted an extension of time for delivery.

Any sums in respect of such period which may have been recovered pursuant to Article 31.4 shall be reimbursable to Builder.



- 31.6 The total liquidated damages recoverable from Builder shall not exceed Fifteen Million United States Dollars (US \$15,000,000).
- 31.7 Builder's payment of liquidated damages shall be Owner's sole financial remedy in respect of Builder's failure to deliver the Vessel on the Delivery Date. The Owner shall be entitled to set off from amounts payable to the Builder the liquidated damages so accrued under this Article.
- 31.8 Builder agrees that the period(s) applicable to liquidated damages shall not in any way be considered or construed as additional period(s) available to Builder for the performance of the Work. Owners may, at any time after maximum liquidated damages are reached, elect to terminate the Contract pursuant to Article 33.

## **Article 32 [Not Used]**

## **Article 33 Termination for Builder's default**

- 33.1 Owners shall have the right, without prejudice to any of their other rights or remedies under, or in, or arising from, or in connection with the Contract or at law, by giving Notice to Builder, to terminate the Contract if Builder:
- a) shall become insolvent, in receivership, liquidation, bankruptcy, in administration, in composition, in arrangement with its creditors, its assets are attached or seized, voluntary liquidation, voluntary winding-up, or any equivalent act or thing; or
  - b) is in material default of the Contract, and Owner has given notice to the Builder to remedy such Default and (i) fails to provide a plan to the Owner for the remedy of such default within fourteen (14) days from the Owner's notice, or (ii) after providing a plan to the Owner, fails to remedy such default within thirty (30) days (or such other period as may be agreed by the Parties) from the receipt of the plan by the Owner; or
  - c) If the maximum liquidated damages has accrued under Article 31.
- 33.2 In the event of termination under Article 33.1 above, Builder and Owners shall have the following rights, obligations and duties:
- 33.3 If the Owner serves notice to terminate this Contract under Article 33.1 above, it shall specify whether it elects for a refund under this Article 33.3 or to purchase the Vessel in its incomplete state. The Builder shall, within thirty 30 days of receipt of such notice, repay to the Owner the amount of all monies paid by the Owner on account of the Contract Price together with interest thereon at the rate of 3.5% (three and one-half per cent) above LIBOR or six percent (6%), whichever is lower, from the date when such monies were paid by the Owner to the Builder up to the date of the repayment thereof. The liabilities of Builder under this Article 33.3 shall not be limited by the provisions of Article 38.2 hereof. All title to the Vessel and Works (including but not limited to BFE and ONE) shall automatically transfer on the date of payment by Builder and Owner shall take whatever steps necessary to legally perfect such rights in Builder's favour. Owner undertakes to execute any and all formalities and/or documents to effect the same. The Builder shall also redeliver to the Owner at the Shipyard all of the OFE delivered to the Builder that has not been installed on the Vessel at the time of the Owner's termination. Where the OFE has been installed on the Vessel the Builder shall be entitled either to redeliver the same to the Owner or to retain it but if it

elects to retain the same shall be obliged to pay to the Owner the cost incurred by the Owner in purchasing such OFE. In such event, Owner shall take whatever steps to legally perfect such rights in OFE in Builder's favour. Owner undertakes to execute any and all formalities and/or documents to effect the same.

33.4 Alternatively, in lieu of a refund under Article 33.3, at the Owner's sole discretion by notice in writing to the Builder, the Owner may elect to purchase the Vessel in its incomplete condition as at the date of termination and to, remove the Vessel and complete the construction of the Vessel. In the event Owner exercises its option to purchase the incomplete Vessel it shall forfeit its right to a refund under Article 33.3, and Builder shall:

- i. provide every assistance to Owners to recover the Vessel, including any drawings, documents, engineering, calculations, electronic files, specifications and other items relating to the Vessel and the Work, and to effect the completion of the Work including, on request of Owners, the assignment of Subcontracts and shall immediately provide Owners with available drawings, documents, engineering, calculations, electronic files, computer software, tools, instruments, labour, materials, equipment and facilities;
- ii. at its own expense, shall also allow, and provide every assistance with the immediate release of all other property of Owners, as Owners may direct; and
- iii. execute and deliver to Owners a bill of sale respecting the Vessel or such of the Work has been completed in favour of Owners and in form and substance satisfactory to Owners

33.5 In the event the Owners elect to remove the Vessel under Article 33.4 and complete the Vessel elsewhere, Owners shall deduct the costs and expenses of completing the Works from the Contract Price, less previous payments made to Builder and, in the event of a surplus, effect payment to Builder of the surplus or, in the event of a deficit, Builder shall reimburse Owners the deficit. The liability of the Builder under this Article 33.5 is subject to the limitations in Articles 38.1 and 38.2;

33.6 The remedies set out in this Article 33 shall be the sole remedies of Owner and the sole liability of Builder in the event of termination by Owner of this Contract.

#### **Article 34 Remedies upon Owners' default**

34.1 Builder shall have the right, without prejudice to any of its other rights or remedies under, or in, or arising from, or in connection with the Contract or at law, by giving Notice to Owners to terminate the Contract if Owners:

- a) shall become insolvent or be placed in receivership, liquidation, bankruptcy, administration, or other similar arrangement with its creditors, or substantially all of its assets are attached or seized, or Owners file for voluntary liquidation, voluntary winding-up, or any reasonable equivalent act or thing; or

- b) fail to pay any amount or instalment due to Builder on its due date as provided in this Contract and such failure continues for thirty (30) Days following written Notice to Owners from Builder unless extended pursuant to Article 22, or unless Owners are disputing such amounts in good faith and have either commenced proceedings under Article 44 or have placed adequate security with Builder in the amount in dispute; or
- c) fail to take delivery of the Vessel within thirty (30) Days following the date that the Vessel is duly tendered for Delivery by Builder without outstanding Work to be performed by Builder.

34.2 In the event of termination of this Contract under Article 34.1, all title to the Vessel and Works (including but not limited to OFE, BFE and ONE) shall automatically transfer on the date of termination to Builder and Owner shall take whatever steps necessary to legally perfect such rights in Builder's favour. Owner undertakes to execute any and all formalities and/or documents to effect the same. Builder shall have full right and power at its sole option either to complete or not to complete the Work as it deems fit. Builder shall have the right to sell the Vessel, or sell the Vessel in its incomplete state, or sell the Vessel materials (if Builder is unable to sell the Vessel in an incomplete state) (whether immediately or such later date as it deems fit) at a public or private sale, with fourteen (14) Days prior notice to Owners, on such terms and conditions as are reasonable under the circumstances. Builder shall not be answerable for any loss or damage, provided that Builder shall use its best efforts to sell the Vessel at a private sale for six (6) months through a vessel broker of recognized international standing. Owner undertakes to execute any and all formalities and/or documents to effect the same. If Builder is unable to sell the incomplete the Vessel or Vessel materials, it may utilise the Vessel materials as it deems fit for other projects. The money acquired through sale of the Vessel, or the utilisation of the Vessel materials, shall first be used to compensate the sale expenses, brokerage fees, maintenance of the Vessel, insurance, reasonable legal costs and expenses, and pay the amount owed by Owners to Builder and for work done and interests accrued under Article 22.5. The surplus, if any, shall be returned to Owners within 30 days after the sale is completed provided such amount so returned shall not exceed the portion of Contract Price received by the Builder from the Owner. If the money acquired through sale of the Vessel, or the utilisation of the Vessel materials, is insufficient to pay the amount owed by the Owners to the Builder after deduction of the aforesaid expenses, the shortfall, shall be paid by the Owner to the Builder within 30 days after the sale is completed.

### **Article 35 Conflict of interest**

35.1 THE BUILDER GROUP SHALL NOT PAY OR PROMISE TO PAY ANY FEE, COMMISSION, REBATE OR OTHER THING OF VALUE TO THE PERSONNEL, REPRESENTATIVES AND AGENTS OF OWNERS GROUP.

### **Article 36 Independent Contractor**

36.1 Builder shall act as an independent Contractor in the performance and its other obligations of the Contract.

Builder shall be fully responsible for, and shall have exclusive direction and control of its employees, Subcontractors of any level, agents and any other entities engaged by Builder in connection with the Contract. In no event shall the relationship between the Parties be construed as that of principal and agent



or master and servant. No personnel of Builder or any Subcontractors, agents and any other entities engaged by Builder shall be, or purport to be, employees, representatives, agents or servants of Owners.

36.2 If, in the opinion of Builder, any requirement, or instruction, or action of Owners in any way violates or otherwise restricts the ability of Builder to perform as an independent Contractor, Builder shall immediately and in any event prior to the taking of action arising from said requirement, instruction, or action of Owners, give Notice thereof to Owners.

### **Article 37 Confidentiality**

37.1 Builder and Owners shall continue to be subject to the terms of any confidentiality agreement executed in connection with any bid by Builder for the Work or request for tender by Owners for the Work.

Builder and Owners shall at no time, without the prior written approval of the other Party, disclose to any Third Party the details of the Contract or any information concerning the Work or the Vessel or make any promotional display, announcement or advertisement regarding same, except as may be required by law or the regulations of any stock exchange on which stock of a Party or any of its affiliates is traded, or as may be necessary to perform this Contract.

Builder shall cause its employees, Subcontractors and agents to comply with this Article.

### **Article 38 Direct and Consequential damages and exclusion of liability**

38.1 Save in respect of Article 24 and liquidated damages under Article 31.4, notwithstanding anything to the contrary set forth herein in this Contract, neither Builder nor the Owner shall be liable to the other by way of indemnity or by reason of any breach of this Contract or of statutory duty or by reason of tort or otherwise, for any loss of profit, loss of use, loss of production, loss of contracts, loss or reputation or goodwill or for any indirect or consequential damage whatsoever that may be suffered by the other and howsoever the same may have been caused, including without limitation caused by negligence.

38.2 Notwithstanding any provision herein to the contrary or inconsistent herewith (save for Articles 24.1, 24.2 and 33.3), it is expressly agreed that the Builder's liability under this Contract or arising out of or in connection with its performance or non-performance, irrespective of whether such liability arises under this Contract or in tort or under statute or is due to negligence, or pursuant to any other cause, shall not in the aggregate exceed twelve percent (12%) of the amount of the Contract Price.

38.3 Builder shall have no responsibility or liability for any defects in the Work arising after the end of the Guarantee Period and any extensions thereof.

38.4 Builder shall notify Owners of all the claims and causes of action that it intends, or is already, pursuing against Owners in respect of the Work performed, if any, before the actual date of Delivery.

38.5 Owners shall notify Builder of all claims and causes of action, if any, that they intend to pursue, or, are already pursuing against Builder in respect of the Work performed, with the exception of Guarantee claims, which shall be made within the Guarantee Period, before the actual date of Delivery.

### **Article 39 Amendments and Contract changes**

- 39.1 The Contract shall only be changed or modified by a duly authorised Variation Order signed by Owners or an Amendment which shall be clearly marked as such and signed by both Parties in duplicate original. Nothing contained in any correspondence, discussions or minutes of meeting shall have any effect on the Contract unless and until subsequently incorporated in a Variation Order or Amendment.
- 39.2 Each Party's representative, as expressly authorised by each Party in writing, shall be considered as authorised to sign and thereby commit the Party to a Variation or Amendment.
- 39.3 Builder agrees that it will execute any Amendment that is reasonably required by any governmental agency in connection with any guaranteed financing of the Work or any security interests in the Contract granted by Owners provided such Amendment shall not affect the rights or obligations of the Builder under the Contract.

### **Article 40 Waiver**

- 40.1 No failure or relaxation on the part of Owners at any time or from time to time to require or enforce the strict adherence and performance of the Contract shall constitute a waiver of such requirements and provisions and obligations of the Contract whether specific or general or shall prejudice the rights and remedies of Owners to require such enforcement prior to the end of the Guarantee.

### **Article 41 Assignment**

- 41.1 Builder shall not assign, in part or in whole, the Contract, nor transfer the rights to receive payment to a Third Party without the prior approval of Owners; provided that such consent shall not be unreasonably withheld, including without limitation in respect of any such assignment under a national guarantee program.
- 41.2 Builder will use reasonable efforts to procure that Subcontracts shall contain a provision to allow assignment to Owners in the event of termination of the Contract prior to Delivery. Such assignment shall be subject to Owners' approval.
- 41.3 Owners shall not assign, in part or in whole, the Contract nor transfer the rights to receive payment to a Third Party without the prior approval of Builder; provided that such consent shall not be unreasonably withheld, and provided further that Owners may collaterally assign this Contract as security for its senior indebtedness. Owners may assign the Contract to its wholly owned subsidiary provided that the Owner provides the Builder with a performance guarantee described in Article 43.

### **Article 42 Notices**

- 42.1 Contractual Notices shall be in writing and addressed to the addresses stated Section 1 - Summary of Agreement, by registered letter, telex or facsimile and shall be deemed served:

a) if by telex or facsimile on receipt if during normal business hours or the next business opportunity; and

b) fourteen Days after the date of registered posting (unless a known disruption exists).

Address for the receipt of Notices by Owners:

Helix Q7000 Vessel Holdings S.à r.l.  
3505 West Sam Houston Parkway North, Suite 400  
Houston, TX 77043  
Attention: Hin Chiu  
Phone: (281) 618-6500  
Fax: (281) 618-0505  
e-mail: Hchiu@helixesg.com

With a copy to: Ajohnson@helixesg.com

Address for the receipt of Notices by Builder:

Jurong Shipyard Pte Ltd  
29 Tanjong Kling Road  
Singapore 628054  
Attn.: William Gu Wei Guang / Wong Weng Sun  
Phone: (65) 6262 7007 / 6262 7088  
Fax: (65) 6261 7243  
e-mail: [william.gu@sembmarine.com](mailto:william.gu@sembmarine.com) /  
[wengsun.wong@sembmarine.com](mailto:wengsun.wong@sembmarine.com)

### **Article 43 Performance bond**

43.1 On the Effective Date, but in any case before payment of the first Instalment payment, (i) Builder shall provide a performance guarantee, from its parent company in the format shown in Attachment A, and (ii) in the event Owner is a subsidiary of Helix Energy Solutions Group, Inc., the Owner shall provide a performance guarantee from Helix Energy Solutions Group, Inc. in the format shown in Attachment B.

43.2 The performance guarantee shall remain valid until the end of the Guarantee Period.

### **Article 44 Governing law and disputes**

44.1 The Contract shall be governed by and construed in accordance with English laws.

44.2 In the event of a dispute concerning conformity of the Vessel or its appurtenances with the rules and regulations of Authorities, the matter shall be referred to the subject Authorities and the decision of said Authorities' head officer shall be final and binding on the Parties. Each Party shall bear its own costs involved in the dispute, including the costs, fees and expenses of witnesses, experts and counsel.

The Party whose opinion or position on the matter is not accepted by the Authorities shall be responsible for the costs, expenses and fees of the Authorities incurred in connection with the matter, provided that each costs fees and expenses shall be equally divided between the Parties if the Authorities



reach an accommodation that is not substantially in accord with either Party's position.

- 44.3 In the event of a claim, dispute or difference arising out of or in connection with this Contract relating to the breach validity or existence of this Contract having arisen or becoming apparent, either Party may circulate to the other Party's Chief Executive Officer a memorandum or other form of statement setting out its position on the matter in dispute and its reasons for adopting such position. Each such memorandum or statement shall be considered by the Chief Executive Officer ("CEO") of the Parties who shall respectively use their reasonable endeavours to resolve such dispute. A meeting date and place shall be established by mutual agreement of the CEOs, such date shall not exceed 45 days from the date of the first memorandum or statement.
- 44.4 If the claim, dispute or difference remains unresolved seven (7) calendar days following such meeting or in the event of a the failure of the meeting to be held, the dispute and/or disputes shall be finally settled in accordance with the rules of the Singapore Maritime Arbitration Centre. The arbitral tribunal shall be composed of three arbitrators, selected in accordance with such rules. The place of arbitration shall be London.

Either Party may demand arbitration by serving written Notice on the other, specifying the nature of the claim to be arbitrated.

- 44.3 The proceedings of all disputes shall be held exclusively in the English language. Should documents be in other than English, the Party producing the documents shall procure, at its own expense, a certified translation thereof. Either Party shall be entitled to apply to any court of competent jurisdiction to obtain a judgment based upon awards of the arbitrators.

#### **Article 45 Business practices**

- 45.1 In performance of this Contract and the Work, neither Party shall pay, offer, promise to pay, or authorize the payment directly or indirectly through any other person or firm, of any monies or anything of value to (i) any person or firm employed by or acting for or in behalf of any third party, whether private or governmental, or (ii) any government official or employee or any political party or candidate for political office, for the purpose of inducing or rewarding any action by such person favorable to either Party in connection with the Work (any such act being a "Prohibited Payment"). A Prohibited Payment does not include the payment of reasonable and bona fide expenditures, such as travel and lodging expenses, which are directly related to the promotion, demonstration or explanation of products or services, or the execution or performance of a contract with a customer or government or agency thereof; provided such payments are permissible under applicable law and business guidelines.

#### **Article 46 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT**

- 46.1 Parties intend that no provision of this Contract shall, by virtue of the Contracts (Rights of Third Parties) Act 1999 ("the Act") confer any benefit on, nor be enforceable by any person who is not a party to this Contract.

## ATTACHMENT A

### PARENT COMPANY GUARANTY

In consideration of the performance of services related to the construction by Jurong Shipyard Pte Ltd, a Singapore corporation ("Builder") of a well intervention semi-submersible under JSPL Hull No. 11-1115 for [●] ("Owner") and in order to induce such transactions and services, the undersigned Sembcorp Marine Ltd (incorporated in Singapore; with registered address 29 Tanjong Kling Road, Singapore ("Guarantor"), guarantees the prompt payment and performance of all obligations of Builder to Owner under the Agreement dated the \_\_\_ of [ ] 2013 between Builder and Owner (the "Agreement") upon the following terms and conditions ("the Guaranty").

#### 1. Guaranty.

- (a) Guarantor hereby unconditionally and absolutely guarantees the punctual payment of all monies due by the Builder and performance when due of Builder's obligations arising under the Agreement, as may be amended or modified from time to time, together with any interest thereon (collectively, the "Guaranteed Obligations"). Guarantor consents to any changes in the terms of the Agreement entered into between Builder and Owner, subject always to the terms of this Guaranty.
- (b) Additionally, the obligations of the Guarantor hereunder are several from the Builder or any other person, and are primary obligations concerning which the Guarantor is the principal obligor. There are no conditions precedent to the enforcement of this Guaranty, except as expressly contained herein. It shall not be necessary for Owner, in order to enforce payment or performance by Guarantor under this Guaranty, to show any proof of Builder's default, to exhaust its remedies against Builder, any other guarantor, or any other person liable for the payment or performance of the Guaranteed Obligations.
- (c) This Guaranty shall continue to be effective if at any time any payment or performance of any of the Guaranteed Obligations are annulled, set aside, invalidated, declared to be fraudulent or preferential, rescinded or must otherwise be returned, refunded or repaid by Owner upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of Builder or any other guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, Builder or any other guarantor or any substantial part of its property or otherwise, all as though such payment or payments or performance had not been made.
- (d) In no circumstances whatsoever shall the liability of the Guarantor under this Guaranty exceed the liability of the Builder arising directly from the Agreement and the Guaranty shall be limited accordingly and shall also be limited by the terms of this Guaranty.

#### 2. Waiver.

Guarantor hereby waives:

- (a) Notice of acceptance of this Guaranty, of the creation or existence of any of the Guaranteed Obligations and of any action by Owner in reliance hereon or in connection herewith.
- (b) Except as expressly set forth herein, presentment, demand for payment, notice of dishonor or nonpayment, protest and notice of protest with respect to the Guaranteed Obligations; and
- (c) any requirement that suit be brought against, or any other action by Owner be taken

against, or any notice of default or other notice be given to, or any demand be made on, Builder or any other person, or that any other action be taken or not taken as a condition to Guarantor's liability for the Guaranteed Obligations under this Guaranty or as a condition to the enforcement of this Guaranty against Guarantor.

3. Legal Costs. Guarantor agrees to pay on demand any legal fees that may be awarded to the Owner by the arbitration tribunal or any court and incurred by Owner, in enforcing Guarantor's payment and performance obligations under this Guaranty.

4. Subrogation. Guarantor shall be subrogated to all rights of Owner against Builder in respect of any amounts paid by the Guarantor pursuant to the Guaranty, provided that Guarantor waives any rights it may acquire by way of subrogation under this Guaranty, by any payment made hereunder or otherwise, until all of the Guaranteed Obligations shall have been irrevocably paid to Owner in full. If any amount shall be paid to the Guarantor on account of such subrogation rights at any time when all the Guaranteed Obligations shall not have been paid in full, such amount shall be held in trust for the benefit of Owner and shall forthwith be paid to Owner to be applied to the Guaranteed Obligations.

5. Notices. All demands, notices and other communications provided for hereunder shall (a) be in writing addressed to the party receiving the notice at the address set forth below or at such other address as may be designated by written notice, from time to time, to the other party, and (b) be effective upon delivery, when mailed by mail, registered or certified, postage prepaid, or when personally delivered, or when sent by fax (if confirmed by written notice mailed within 48 hours after the fax notice). Notices shall be sent to the following addresses and/or fax numbers:

If to Builder:

Attn: William Gu Wei Guang  
Jurong Shipyard Pte Ltd.  
29 Tanjong Kling Road  
Singapore 628054

Fax: 62627243

If to Guarantor:

Sembcorp Marine Ltd

Attn: Wong Weng Sun / Tan Cheng Tat

29 Tanjong Kling Road  
Singapore 628054  
Fax: 6261 0486

If to Owner:

Attn: General Counsel  
Helix Energy Solutions Group, Inc.  
3505 West. Sam Houston Parkway North,  
Suite 400  
Houston, TX 77043  
United States of America  
Fax: 001 281 618 0505

6. Demand and Payment. Any demand ("Demand") by Owner for payment hereunder shall be in writing signed by two of Owner's directors and delivered to the Guarantor pursuant to Section 5 hereof, and shall (a) reference this Guaranty, (b) specifically identify the Builder, the Guaranteed Obligations to be paid and the amount or nature of such Guaranteed Obligations, and that Demand has been made upon the Builder for the Guaranteed Obligations and the Builder has within 30 days failed to comply with the same, and (c) set forth payment instruments. Such Demand upon the Guarantor shall be accompanied by either (a) the Builder's acknowledgement in writing of its liability to Owner in respect of the sum demanded or (b) a Final Judgement of a court or arbitration tribunal of competent jurisdiction in proceedings commenced pursuant to the Agreement determining the Builder's liability to the Owner in respect of the sum demanded. The term "Final Judgement" shall in this context mean a judgement or award in respect of which there is no right of appeal or in respect of



which the time limit for submitting an application to appeal has expired without such application having been made by either party to the Agreement.

7. No Waiver; Remedies. No failure on the part of Owner to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. In no event shall Guarantor or Builder be liable for consequential, exemplary, tort, or punitive damages.

8. Term; Termination. Subject to the paragraph below, this Guaranty shall continue in full force and effect from the date hereof until the first to occur of: (a) the expiration of the Guaranty Period as defined in the Agreement, or (b) the payment to Owner by the Builder or by Guarantor of all sums secured by this Guaranty. On occurrence of such an event the Guarantor's obligations and liabilities under this Guaranty shall cease irrespective of whether the original Guaranty is returned to the Guarantor or not for cancellation.

Notwithstanding the other terms of this Guaranty, if within twenty-eight (28) days of the Guarantor's receipt of a Demand the Guarantor receives written notice from the Owner or from the Builder stating that Owner's claim for payment of the sums referred to in the Demand has been disputed and that such dispute will be resolved in accordance with the Agreement, then the Guarantor shall not be obliged to make any payment to the Owner under this Guaranty until thirty (30) days after the dispute has been finally determined or in the event of an appeal from an arbitration award, until thirty (30) days after delivery of the Final Judgement; or in the event that the court remits the matter to the arbitrator, until thirty (30) days after the publication of the revised final award or in the event of an appeal from the award, until thirty (30) days after delivery of the Final Judgement. Final Judgement shall have the meaning given to it in Clause 6 above.

9. Assignment; Successors and Assigns. Neither party may assign its rights hereunder without the prior written consent of the other party, such consent not to be unreasonably withheld. Subject to the foregoing, this Guaranty shall be binding upon and inure to the benefit of the parties hereto and their respective successors, permitted assigns, and legal representatives.

10. Amendments. No amendment of this Guaranty shall be effective unless in writing and signed by Guarantor and Owner. No waiver of any provision of this Guaranty nor consent to any departure by Guarantor therefrom shall in any event be effective unless such waiver shall be in writing and signed by Owner. Any such waiver shall be effective only in the specific instance and for the specific purpose for which it was given.

11. Limitation by Law. All rights, remedies and powers provided in this Guaranty may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Guaranty are intended to be subject to all applicable mandatory provisions of law that may be controlling and to be limited to the extent necessary so that they will not render this Guaranty invalid, unenforceable, in whole or in part, or not entitled to be recorded, registered or filed under the provisions of any applicable law.

12. Third Party Rights. A person who is not a party to this Guaranty shall not have any right under or in connection with it.

13. Governing Law. This Guaranty shall be governed by, and construed in accordance with, the laws of England and Wales. All disputes arising out of or in connection with this Guaranty shall be resolved pursuant to the dispute resolution procedures and in the location provided for under the terms of the Agreement.

IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be duly executed and delivered by its duly authorized officer effective as of this \_\_\_\_\_ day of [ ] 2013.

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

Its:

## ATTACHMENT B

### PARENT COMPANY GUARANTY

In consideration of the performance of services related to the construction by Jurong Shipyard Pte Ltd, a Singapore corporation ("Builder") of a well intervention semi-submersible under JSPL Hull No. 11-1115 for [name of subsidiary of Helix] ("Owner") and in order to induce such transactions and services, the undersigned Helix Energy Solutions Group, Inc. (incorporated in United States; with registered address \_\_\_\_\_, USA ("Guarantor"), guarantees the prompt payment and performance of all obligations of Owner to Builder under the Agreement dated the \_\_\_ of July 2013 between Builder and Owner (the "Agreement") upon the following terms and conditions ("the Guaranty").

#### 1. Guaranty.

- (a) Guarantor hereby unconditionally and absolutely guarantees the punctual payment of all monies due by the Owner and performance when due of Owner's obligations arising under the Agreement, as may be amended or modified from time to time, together with any interest thereon (collectively, the "Guaranteed Obligations"). Guarantor consents to any changes in the terms of the Agreement entered into between Builder and Owner, subject always to the terms of this Guaranty.
- (b) Additionally, the obligations of the Guarantor hereunder are several from the Owner or any other person, and are primary obligations concerning which the Guarantor is the principal obligor. There are no conditions precedent to the enforcement of this Guaranty, except as expressly contained herein. It shall not be necessary for Builder, in order to enforce payment or performance by Guarantor under this Guaranty, to show any proof of Owner's default, to exhaust its remedies against Owner, any other guarantor, or any other person liable for the payment or performance of the Guaranteed Obligations.
- (c) This Guaranty shall continue to be effective if at any time any payment or performance of any of the Guaranteed Obligations are annulled, set aside, invalidated, declared to be fraudulent or preferential, rescinded or must otherwise be returned, refunded or repaid by Builder upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of Owner or any other guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, Owner or any other guarantor or any substantial part of its property or otherwise, all as though such payment or payments or performance had not been made.
- (d) In no circumstances whatsoever shall the liability of the Guarantor under this Guaranty exceed the liability of the Owner arising directly from the Agreement and the Guaranty shall be limited accordingly and shall also be limited by the terms of this Guaranty.

#### 2. Waiver.

Guarantor hereby waives:

- (a) Notice of acceptance of this Guaranty, of the creation or existence of any of the Guaranteed Obligations and of any action by Builder in reliance hereon or in connection herewith.
- (b) Except as expressly set forth herein, presentment, demand for payment, notice of dishonor or nonpayment, protest and notice of protest with respect to the Guaranteed Obligations; and

(c) any requirement that suit be brought against, or any other action by Builder be taken against, or any notice of default or other notice be given to, or any demand be made on, Owner or any other person, or that any other action be taken or not taken as a condition to Guarantor's liability

for the Guaranteed Obligations under this Guaranty or as a condition to the enforcement of this Guaranty against Guarantor.

3. Legal Costs. Guarantor agrees to pay on demand any legal fees that may be awarded to Builder by the arbitration tribunal or any court and incurred by Builder, in enforcing Guarantor's payment and performance obligations under this Guaranty.

4. Subrogation. Guarantor shall be subrogated to all rights of Builder against Owner in respect of any amounts paid by the Guarantor pursuant to the Guaranty, provided that Guarantor waives any rights it may acquire by way of subrogation under this Guaranty, by any payment made hereunder or otherwise, until all of the Guaranteed Obligations shall have been irrevocably paid to Builder in full. If any amount shall be paid to the Guarantor on account of such subrogation rights at any time when all the Guaranteed Obligations shall not have been paid in full, such amount shall be held in trust for the benefit of Builder and shall forthwith be paid to Builder to be applied to the Guaranteed Obligations.

5. Notices. All demands, notices and other communications provided for hereunder shall (a) be in writing addressed to the party receiving the notice at the address set forth below or at such other address as may be designated by written notice, from time to time, to the other party, and (b) be effective upon delivery, when mailed by mail, registered or certified, postage prepaid, or when personally delivered, or when sent by fax (if confirmed by written notice mailed within 48 hours after the fax notice). Notices shall be sent to the following addresses and/or fax numbers:

If to Builder:

Attn: William Gu Wei Guang  
Jurong Shipyard Pte Ltd.  
29 Tanjong Kling Road  
Singapore 628054

Fax:62627243

If to Guarantor:

[Attn: Helix]

If to Owner:

Attn: General Counsel  
Helix Energy Solutions Group, Inc.  
3505 West. Sam Houston Parkway North.,  
Suite 400  
Houston, TX 77043  
United States of America  
Fax: 001 281 618 0505

6. Demand and Payment. Any demand ("Demand") by Builder for payment hereunder shall be in writing signed by two of Builder's directors and delivered to the Guarantor pursuant to Section 5 hereof, and shall (a) reference this Guaranty, (b) specifically identify the Owner, the Guaranteed Obligations to be paid and the amount or nature of such Guaranteed Obligations, and that Demand has been made upon the Owner for the Guaranteed Obligations and the Owner has within 30 days failed to comply with the same, and (c) set forth payment instruments. Such Demand upon the Guarantor shall be accompanied by either (a) the Builder's acknowledgement in writing of its liability to Owner in respect of the sum demanded or (b) a Final Judgement of a court or arbitration tribunal of competent jurisdiction in proceedings commenced pursuant to the Agreement determining the Owner's liability to the Builder in respect of the sum demanded. The term "Final Judgement" shall in this context mean a judgement or award in respect of which there is no right of appeal or in respect of which the time limit for submitting an application to appeal has expired without such application having been made by either party to the Agreement.

7. No Waiver; Remedies. No failure on the part of Builder to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or

partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. In no event shall Guarantor or Owner be liable for consequential, exemplary, tort, or punitive damages.

8. Term; Termination. Subject to the paragraph below, this Guaranty shall continue in full force and effect from the date hereof until the first to occur of: (a) the expiration of the Guaranty Period as defined in the Agreement, or (b) the payment to Builder by the Owner or by Guarantor of all sums secured by this Guaranty. On occurrence of such an event the Guarantor's obligations and liabilities under this Guaranty shall cease irrespective of whether the original Guaranty is returned to the Guarantor or not for cancellation.

Notwithstanding the other terms of this Guaranty, if within twenty-eight (28) days of the Guarantor's receipt of a Demand the Guarantor receives written notice from the Owner or from the Builder stating that Builder's claim for payment of the sums referred to in the Demand has been disputed and that such dispute will be resolved in accordance with the Agreement, then the Guarantor shall not be obliged to make any payment to the Builder under this Guaranty until thirty (30) days after the dispute has been finally determined or in the event of an appeal from an arbitration award, until thirty (30) days after delivery of the Final Judgement; or in the event that the court remits the matter to the arbitrator, until thirty (30) days after the publication of the revised final award or in the event of an appeal from the award, until thirty (30) days after delivery of the Final Judgement. Final Judgement shall have the meaning given to it in Clause 6 above.

9. Assignment; Successors and Assigns. Neither party may assign its rights hereunder without the prior written consent of the other party, such consent not to be unreasonably withheld. Subject to the foregoing, this Guaranty shall be binding upon and inure to the benefit of the parties hereto and their respective successors, permitted assigns, and legal representatives.

10. Amendments. No amendment of this Guaranty shall be effective unless in writing and signed by Guarantor and Builder. No waiver of any provision of this Guaranty nor consent to any departure by Guarantor therefrom shall in any event be effective unless such waiver shall be in writing and signed by Builder. Any such waiver shall be effective only in the specific instance and for the specific purpose for which it was given.

11. Limitation by Law. All rights, remedies and powers provided in this Guaranty may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Guaranty are intended to be subject to all applicable mandatory provisions of law that may be controlling and to be limited to the extent necessary so that they will not render this Guaranty invalid, unenforceable, in whole or in part, or not entitled to be recorded, registered or filed under the provisions of any applicable law.

12. Third Party Rights. A person who is not a party to this Guaranty shall not have any right under or in connection with it.

13. Governing Law. This Guaranty shall be governed by, and construed in accordance with, the laws of England and Wales. All disputes arising out of or in connection with this Guaranty shall be resolved pursuant to the dispute resolution procedures and in the location provided for under the terms of the Agreement.

IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be duly executed and delivered by its duly authorized officer effective as of this \_\_\_\_\_ day of July, 2013.



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

Its:





**PRESSRELEASE**  
[www.HelixESG.com](http://www.HelixESG.com)

Helix Energy Solutions Group, Inc. · 3505 W. Sam Houston Parkway N., Suite 400 · Houston, TX 77043 · 281-618-0400 · fax: 281-618-0505

**For Immediate Release**

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017**

**Date: September 11, 2013**

**Contact: Terrence Jamerson  
Director, Finance & Investor Relations**

## **Helix Signs Agreement with Sembcorp Marine's Jurong Shipyard to Build Q7000 Semisubmersible Well Intervention Vessel**

HOUSTON, TX – Helix Energy Solutions Group, Inc. (NYSE: HLX) announced today that it has signed a contract with Sembcorp Marine's subsidiary Jurong Shipyard in Singapore for the construction of its Q7000 newbuild semisubmersible well intervention vessel previously announced by Helix in July.

Owen Kratz, Helix's President and Chief Executive Officer, stated, "We are pleased to work with our trusted partner Jurong Shipyard on our second newbuild semisubmersible well intervention vessel, to be named Q7000. Based on strong market demand and our record of operating specialized deepwater well intervention assets, we believe that this vessel, with its enhanced features and capabilities, will be a valuable addition to our growing fleet."

### *About Helix*

Helix Energy Solutions Group, headquartered in Houston, Texas, is an international offshore energy company that provides key life of field services to the energy market. For more information about Helix, please visit our website at [www.HelixESG.com](http://www.HelixESG.com).

### *Forward-Looking Statements*

This press release contains forward-looking statements that involve risks, uncertainties and assumptions that could cause our results to differ materially from those expressed or implied by such forward-looking statements. All statements, other than statements of historical fact, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, any statements regarding our strategy; any statements regarding future utilization, any projections of financial items; future operations expenditures; any statements of the plans, strategies and objectives of management for future operations; any statement concerning developments; any statements regarding future economic conditions or performance; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. The forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors including but not limited to the performance of contracts by suppliers, customers and partners; actions by governmental and regulatory authorities; operating hazards and delays; our ultimate ability to realize current backlog; employee management issues; complexities of global political and economic developments; geologic risks; volatility of oil and gas prices and other risks described from time to time in our reports filed with the Securities and Exchange Commission ("SEC"),

including the Company's most recently filed Annual Report on Form 10-K and in the Company's other filings with the SEC, which are available free of charge on the SEC's website at [www.sec.gov](http://www.sec.gov). We assume no obligation and do not intend to update these forward-looking statements except as required by the securities laws.

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