

**SAKHALIN ENERGY INVESTMENT COMPANY LTD.**

**GENERAL TERMS AND CONDITIONS OF PURCHASE**

1. **AGREEMENT:** Sakhalin Energy Investment Company Ltd. hereinafter called "PURCHASER", shall purchase and SELLER shall sell and deliver the whole goods, including all necessary protection painting, packing and marking described in the Purchase Order and in any specifications or drawings referred to therein. The general terms and conditions hereof shall not be varied or annulled unless expressly agreed by both parties in writing. SELLER shall deliver evidence of (i) the capacity and authority of the SELLER to execute, deliver, perform and observe the terms and conditions of the Purchase Order and (ii) the authority (including specimen signatures) of each Person who, on behalf of SELLER signed the Purchase Order and any other documentation or agreement (executed in connection with the Purchase Order).
2. **PURCHASER** shall be entitled to assign either in whole or in part any of its rights under the Purchase Order to any one of or anyone nominated by PURCHASERS Lenders without the prior written consent of the SELLER.
3. **ACKNOWLEDGMENT:** Any acceptance or acknowledgment of this Purchase Order by SELLER shall be expressly limited to the terms and conditions of this Purchase Order. SELLER shall acknowledge receipt and acceptance of this Purchase Order by promptly returning the acceptance of this copy provided always that commencement of work or shipment of any part of the goods constitutes acceptance of the terms and conditions hereof.
4. **DELIVERY:** (a) Delivery shall be in accordance with the terms and conditions in this Purchase Order. Strict compliance with these terms and conditions is of the essence of the contract. Goods must be packed and delivered EXW (INCOTERMS 2000) SELLER's warehouse at SELLER's sole risk in accordance with PURCHASER's instructions. (b) In the event of incorrect delivery by SELLER, PURCHASER reserves the right to make arrangements for correct delivery, all costs incurred thereby to be for SELLER's account. With PURCHASER'S consent, SELLER may deliver partial consignments of this Purchase Order in advance of the anticipated readiness date of the entire Purchase Order.
5. **WARRANTY:** (a) SELLER warrants that it has good and merchantable title to the goods sold hereunder and that said goods shall conform to their description and applicable specifications and samples, shall be of good merchantable quality and fit for the known and intended purpose for which sold according to the relevant specifications and are free and clear of all liens and encumbrances. All products, goods, and items of equipment shall be certified as newly produced by the specified manufacturer and be shall be fully traceable to that manufacturer's production. Any supply of used, re-conditioned, repaired, re-manufactured or otherwise refurbished equipment is expressly prohibited without the prior written consent of SEIC. This is in addition to any warranty or service guarantee given by SELLER to PURCHASER or provided by law. SELLER acknowledges and warrants that it shall be subject to all other state, federal and local laws, regulations or orders applicable to the purchase, manufacture, processing and delivery of the materials. In the case of a defect in Goods, SELLER may at its option, either elect to: 1) immediately repair such defects, or 2) immediately replace the defective goods with goods having no defects, or 3) if immediate repair or replacement is not feasible, then purchase equivalent goods elsewhere, the cost of such purchase to be for SELLER's account. Should PURCHASER prefer replacement rather than repair, then parties agree that there may be an effect upon the originally agreed delivery time if such replacement is not immediately available. (b) In addition to the foregoing, SELLER warrants that the goods shall be free of defects and shall not otherwise fail for a period of eighteen (18) months from the date of delivery, provided that always where goods supplied hereunder are to be incorporated into facility either onshore or offshore, such warranty shall continue for either eighteen (18) months after installation or thirty-six (36) months after delivery of the goods, whichever shall be the latest to occur. All goods replaced or repaired as a consequence of any breach of such warranty shall be subject to the same warranty, the period of such warranty being calculated from the date of their re-delivery after replacement or repair. The foregoing warranties are exclusive and are in lieu of all other warranties and guarantees whether written, oral, implied or statutory.

SELLER warrants and undertakes that as at the Effective Date:

- (a) It is duly incorporated under the laws of [ ] and has the corporate power to own its assets and to carry on its business as it is now being conducted;
  - (b) It has the power to enter and to exercise its rights and perform its obligations under the Purchase Order;
  - (c) All necessary action to authorise the execution of and the performance of its obligations under the Purchase Order, including, without limitation, obtaining all necessary consents, permits or licences (including export and import licences) required at the Effective Date has been taken or, in the case of any document to be executed after the Effective Date, will be taken before such execution;
  - (d) The execution, delivery and performance by it of the Purchase Order do not and will not contravene any provision of:
    - (i) any existing law, treaty or regulation either in force or enacted but not yet enforced which are binding on SELLER;
    - (ii) the Memorandum or Articles of Association of SELLER (or any equivalent applying in the place of incorporation);
    - (iii) any order or decree of any court or arbitrator which is binding on SELLER; or
    - (iv) any obligation, which is binding upon SELLER or upon any of its assets or revenues;
  - (e) No litigation, arbitration or administrative proceedings is presently in progress or, to the best of the knowledge of SELLER, pending or threatened against SELLER or its shareholders, which will have a materially adverse effect on the ability of SELLER to perform its obligations under the Purchase Order;
  - (f) To the best of its knowledge it is not subject to any other obligation, compliance with which will have, or is likely to have, a material adverse effect on the ability of SELLER to perform its obligations under the Purchase Order;
  - (g) No proceedings or other steps have been served on SELLER and not discharged (or to the best of the knowledge of SELLER, threatened) for its winding-up or dissolution or for the appointment of a receiver, administrative receiver, administrator, liquidator, trustee or similar officer in relation to any of its assets or revenues; and
  - (h) No default as referred to in this Article 5 has occurred which is continuing and neither has any event or circumstances occurred or arisen which, with the giving of notice, lapse of time, determination of materiality or satisfaction of any other condition may become such a default.
6. **ACCEPTANCE:** (a) Acceptance of any goods is subject to PURCHASER's right at all times (i) to inspect and approve the goods at SELLER's premises and/or plant including premises and or plant of any sub-contractor and (ii) to reject the goods as a result of

a breach of any warranty herein above referred to, notwithstanding any prior inspection and approval and, in the event of PURCHASER's exercise of such right, SELLER shall bear the costs of reinspection, return transportation and any ancillary charges related thereto. (b) Upon the exercise of its right to reject as aforesaid, SELLER may, at its option, either elect to: 1) immediately repair such defects, or 2) immediately replace the defective goods with goods having no defects, or 3) if immediate repair or replacement is not feasible, then purchase equivalent goods elsewhere, the cost of such purchase to be for SELLER's account. Should PURCHASER prefer replacement rather than repair, then parties agree that there may be an effect upon the originally agreed delivery time if such replacement is not immediately available.

7. **IDENTIFICATION INVOICING AND PAYMENT:** The Purchase Order number must appear on every invoice, tag, box, package, shipping paper or any other communication. An advice and release note must accompany each shipment. Such notes shall be sent by first class or its equivalent mail at the same time as the goods are dispatched.

Invoice should contain the name of goods, reference to the Purchase Order, currency of the invoice and date of invoice. Invoices shall not cover more than one Purchase Order and separate invoices shall be rendered for each shipment made against the Purchase Order. All invoices must be accompanied by relevant signed Delivery Notes (in TORG-12 format by SELLER registered in Russian Federation and in general format for SELLER not registered in Russian Federation, indicating document title, date of issue, SELLER full legal name, description of materials, units of measure, value per item and total value, title and name for signatory, signature of the said individual), Russian Content Report, invoice-factura (if required under RF legislation) and other relevant supporting documents. Any transportation charges shall be supported by carrier's receipted bill.

To the extent applicable PURCHASER agrees to make best endeavors to reimburse SELLER within period stipulated by Payment Terms on Page 1 of the Purchase Order, but in any event no later than ninety (90) days for purposes of Russian Federation Federal Law No. 173-FZ, following receipt and registration of a true, original and correctly prepared invoice, invoice-factura, delivery or consignment note, backup documentation to invoices and Russian Content Report or in case of a prepayment - an invoice only at the stated address. If SELLER is a legal entity registered in the RF, SELLER shall issue delivery or consignment note in accordance with the requirements and in the format to be provided by PURCHASER. If SELLER is a legal entity not registered in the RF, SELLER shall provide delivery or consignment note (or substitute document of the same nature) in the appropriate format.

**If any of above invoice supporting document is not submitted or completed correctly, PURCHASER shall have the right to reject or delay payment of SELLER's invoice until all correct documents are received, without any additional payments being incurred by PURCHASER.**

If the SELLER is or will be shortly registered with the Russian tax authorities, invoices issued to PURCHASER shall indicate fees net of VAT, amount of VAT when applicable and fees inclusive of VAT. SELLER shall also issue invoice facturas in accordance with the requirements and in the format established by Russian law. If an invoice factura is not completed correctly, SELLER shall be obliged to replace or properly amend the invoice factura irrespective of whether the related invoice has been paid by PURCHASER. SELLER shall compensate PURCHASER for any sanctions and interest that may be imposed by the Tax Authorities due to the incorrectly prepared invoice factura.

SELLER shall supply fully demonstrable evidence in the form of an invoice and/or documentation relating to delivery or shipment, whichever or wherever applicable in accordance with the payment terms set out on the face of this Purchase Order. If PURCHASER disputes any item of any invoice in whole or in part or if the invoice is prepared or submitted incorrectly in any respect, PURCHASER shall notify SELLER of the reasons for non-payment. SELLER shall either furnish PURCHASER with satisfactory proof as to the disputed charge or at PURCHASER's request SELLER shall issue a credit note for the whole invoice, new invoice, new invoice factura (when required) and new delivery / consignment note for the accepted part if any.

Invoices must show cash discount terms for early payment. Due dates for payment and deduction of cash discount, shall be based upon date of receipt by PURCHASER of the correct invoices. PURCHASER shall have the option to make payments hereunder by check or wire transfer in the currency shown or local currency at the official exchange on the date of payment. Payment will be made to SELLER at SELLER's duly authorized local bank unless agreed to in writing by PURCHASER.

PURCHASER reserves the right to audit the books and records of SELLER on all cost reimbursable items.

The invoice price shall be deemed to include all taxes and other mandatory charges except RF VAT that may be levied upon the manufacture, sale, and delivery or execution of the work and where applicable all packing, loading, carriage and insurance. PURCHASER shall not compensate SELLER for any potential costs associated with sanctions and interest that may be imposed by governmental authorities on SELLER with regards to any such taxes and other mandatory charges.

**SPECIAL INVOICING REQUIREMENT:** In an attachment or integral part to each invoice, SELLER shall provide as a minimum the following information on Russian Content as indicated below:

**RUSSIAN CONTENT REPORT**

Attachment to Invoice № \_\_\_\_\_ dated \_\_\_\_\_

**Contract № (or PO №):** \_\_\_\_\_

**Company Name :** \_\_\_\_\_

Table 1: Value

	Description	Unit of measurement/
1	The total value of this invoice (excluding VAT)	Invoice currency
2	The Russian expenditure related to this invoice (excluding VAT) (	Invoice currency

Table 2: Number of Man-hours

	Description	Unit of measurement
1	The total number (Russian and non-Russian) of man-hours worked related to this invoice	Man-hours
2	The number of Russian man-hours worked related to this invoice (see Notes below)	Man-hours

Table 3: Volumes of goods, materials and equipment

	Description	Unit of measurement/
1	The total weight of goods, materials and equipment in kilograms related to this invoice	Kilograms
2	The weight of goods, materials and equipment in kilograms for those goods, materials and equipment, which can be considered "Russian", related to this invoice (see Notes below)	Kilograms

**Notes:**

In order to assist SELLER in compiling the foregoing, the following document can be applied: "General Guideline for Contractors" (document N 0000-S-90-01-P-0042-00-E, revision 4).

8. **DRAWINGS AND TECHNICAL DATA:** (a) If SELLER considers there is any omission, inconsistency or inaccuracy in any specifications or drawings or that any modifications should be made, SELLER shall notify PURCHASER in writing forthwith. (b) SELLER shall, when requested, provide drawings and technical data to PURCHASER for approval and for record purposes. Any such approval shall not imply that SELLER has checked or is responsible for the accuracy of any drawings or technical data other than its own. (c) All designs, drawings, specifications, technical data, and other information and all copies thereof provided by PURCHASER are to be treated as confidential information of PURCHASER and must be returned to PURCHASER on completion of this Purchase Order. (d) All drawings, specifications, data and related material and information produced or created in connection with the Purchase Order shall be deemed to be PURCHASER's property and SELLER shall execute documents as PURCHASER may request to effectuate assignment of such property to PURCHASER. SELLER shall assign to PURCHASER all copyright (worldwide) in copyrightable material and all patent rights and trade secrets (worldwide) in inventions that are originated by SELLER as a direct result of the Purchase Order, SELLER agrees that such copyrightable material is a "work made for hire" under the U.S.A. Copyright Law.
9. **CONFIDENTIALITY:** This Purchase Order is confidential between PURCHASER and SELLER and it is agreed that none of the details connected with it shall be published or disclosed to any third party without PURCHASER's previous written consent. All obligations imposed on the PURCHASER by this Clause shall not apply to and the PURCHASER shall have an unfettered right to disclose any information, including confidential information to:
- a) any persons, companies or organizations providing finance to the PURCHASER or considering the provision of financing or refinancing to the PURCHASER irrespective of the form of such financing and to their respective advisors and consultants;
  - b) any person, company or organization acquiring or considering acquisition of the PURCHASER or subscribing or considering subscribing in the equity (of any kind) of the PURCHASER; and/or
  - c) the counter-party to the PSA or to any other party in accordance with the terms of the PSA or the working relationships established between the PURCHASER and the Russian party.
10. **SUB-CONTRACTING AND ASSIGNMENT:** No part of the Purchase Order is to be sub-contracted or assigned by SELLER without PURCHASER's previous written consent. Any such assignment or sub-contract shall not relieve SELLER from any of its obligations hereunder. SELLER shall supply on request a copy of any subcontract entered into to ensure it contains such terms and conditions to allow all obligations of SELLER under this Purchase Order to be fulfilled.

PURCHASER may assign this Purchase Order, in whole or part, to one or more of its affiliates without the prior permission of SELLER.

11. **SPARES SUPPORT:** Component parts or identical replacements, will be available to PURCHASER for at least five (5) years from the delivery of the goods supplied against this Purchase Order, or prior to these parts being made obsolete, at least nine (9) months written notice will be given to PURCHASER.
12. **INTELLECTUAL PROPERTY RIGHTS:** SELLER shall indemnify PURCHASER against all claims liabilities, damages, losses, costs and expenses and liabilities of every kind and nature, including attorney fees, which arise out of or result from PURCHASER's purchase, manufacture, installation, use, lease or resale of the goods supplied against this Purchase Order, concerning infringement or alleged infringement of any patent, registered design, trademark, service mark, copyright or similar protections, and/or misappropriation or alleged misappropriation of third party proprietary rights.

Any patentable invention, arising from the conduct of the operations under this Purchase Order, is to be owned by the party or affiliate of the party, making such invention. Such party or affiliate shall have the right to file applications for patents to any country in respect of such invention in its own name or in the name of its affiliates, and the right to maintain or abandon, at its own discretion, any patent that may issue therefrom.

To the extent that the invention is embodied in Information provided by PURCHASER or its affiliates, PURCHASER, its affiliates, The Russian Federation and the Sakhalin Oblast shall be entitled to a non-exclusive royalty-free license (which license shall be without the right to assign or sublicense other than to affiliates) on reasonable terms under patents granted pursuant to such applications for the use of such invention.

SELLER shall, at the request of the PURCHASER, deliver certified copies of all consents, permits, authorizations, approvals or licenses that are required (i) for the execution, delivery and performance of the Purchase Order; and/or (ii) the supply, exportation or importation of any goods, services or other deliverables which form part of the Work. In addition, SELLER shall deliver certified copies of product registration certificates permitting importation of the Goods into the Russian Federation. All documentation other than product registration certificates necessary for importation of the Goods into the Russian Federation is the responsibility of PURCHASER. However, SELLER shall assist PURCHASER to the extent necessary to enable compliance with legal requirements.

13. **TERMINATION:** (a) PURCHASER without prejudice to any other rights, may terminate this Purchase Order in the event of any material breach of its conditions and may return any goods previously delivered at SELLER's expense. SELLER shall promptly pay PURCHASER all monies paid by PURCHASER to SELLER in respect of such defective goods provided that PURCHASER may deduct the amount of such monies from any sum(s) due to SELLER or which may become due to SELLER hereunder. (b) PURCHASER may terminate this Purchase Order at any time by giving written notice. On receipt of such notice, SELLER will cease production of this Purchase Order. In the case of a) or b) above, in full settlement, PURCHASER shall pay a fair and reasonable price for all work delivered or in a deliverable state at the date when such notice is given.

IN NO EVENT SHALL SELLER BE ENTITLED TO LOST OPPORTUNITY COSTS, UNABSORBED OVERHEAD OR ANTICIPATED PROFITS AS A RESULT OF SUCH TERMINATION AND IN NO EVENT SHALL SAID TERMINATION COSTS EXCEED THE AMOUNT OF THIS PURCHASE ORDER.

14. **INSURANCE:** SELLER when working on or delivering to PURCHASER's premises, shall obtain and maintain at its own expense, insurance coverage which a reasonably prudent person similarly situated would maintain including, without limitation: (1) Worker's Compensation/Employer's Liability in accordance with applicable law; (2) Automobile Liability with limits of at least \$2,000,000 each accident; and (3) General Liability, including contractual, with limits of at least \$2,000,000 each occurrence. All such insurance shall name PURCHASER as additional insured and provide for waiver of underwriters rights of subrogation in favor of PURCHASER. For the sake of clarity, in case of deliver Ex-Works Seller's Warehouse, no specific insurance provisions are required.

15. **INDEMNITY:** SELLER shall at all times be regarded as an independent contractor and shall indemnify and hold PURCHASER harmless from and against any and all losses, claims, costs (including attorney's fees and court costs, if any), charges, expenses, damages or proceedings arising out of or in connection with: (a) Any and all damage, loss or destruction of any property of SELLER and its sub-contractors (including, without limitation, the work or Goods covered hereby); and (b) Any injury or death sustained by any employee, agents or invitees of SELLER or its subcontractors however arising, whether or not due to the negligence (either in whole or in part) of PURCHASER.

SELLER also agrees that none of the individuals whose compensation for services is paid by SELLER shall be deemed to be employed by PURCHASER for the purposes of any tax or contribution levied by any government authority, and SELLER accepts exclusive liability for any payroll taxes or contributions imposed by any government authority, covering his, her or its agents or employees.

PURCHASER agrees to indemnify and hold SELLER harmless from and against any and all losses, claims, costs (including attorney's fees and court costs, if any), charges, expenses, damages or proceedings arising out of or in connection with: (a) Any and all damage, loss or destruction of any property of PURCHASER; and (b) Any injury or death sustained by any employee, agents or invitees of PURCHASER, however arising, whether or not due to the negligence (either in whole or part) of SELLER.

Each Party ("Indemnifying Party") agrees to indemnify and hold the other Party harmless from any and all losses, claims, costs (including attorney's fees and court costs, if any), charges, expenses, damages or proceedings arising out of or in connection with injury or death or any third party arising directly out of or in connection with the performance of this Purchaser Order to the extent the loss or damage is due to, or caused by, the Indemnifying Party.

SELLER also agrees that none of the individuals whose compensation for services is paid by SELLER shall be deemed to be employed by PURCHASER for the purposes of any tax or contribution levied by any government authority, and SELLER accepts exclusive liability for any payroll taxes or contributions imposed by any government authority, covering his, her, or its agents or employees.

SELLER shall protect, defend, release, indemnify and hold PURCHASER harmless from and against any claims, actions, liabilities, charges, demands, judgments and expenses (including legal expenses) which may be incurred by PURCHASER in connection with the failure of SELLER to perform its obligations under Article 22.

16. **GOVERNING LAW AND ARBITRATION:** This Contract shall take effect under, and be governed and construed in accordance with, the laws of England. Any disputes arising out of this Agreement shall be resolved through consultation. In the event, however, that any dispute cannot be resolved through consultation within sixty (60) days after one Party gives notice to the other of the dispute, unless otherwise agreed in writing, such dispute shall be submitted for resolution by arbitration in Stockholm, Sweden in accordance with the UNCITRAL Rules of Arbitration.

Such arbitration shall be conducted in the English language before a panel of three (3) arbitrators as follows:

(a) The claimant shall nominate an arbitrator and shall by notice call on the other Party to nominate a second arbitrator within thirty (30) days of the notice, failing which such arbitrator shall, at the request of the claimant, be appointed by the Stockholm Chamber of Commerce ("Appointing Authority"). (b) The third arbitrator, who shall be chairman, shall be appointed by agreement between the two (2) arbitrators appointed under (a) above or, in default of agreement, within thirty (30) days of the appointment of the second arbitrator, on the nomination of the Appointing Authority at the written request of either or both of the Parties. (c) The arbitration panel shall have the power to order specific performance and grant interim relief. The award of the arbitration panel shall be final and binding on the Parties and may be enforced against them in any court of competent jurisdiction, and each Party hereby waives any right of appeal. The arbitration panel shall retain jurisdiction for the purpose of determining compliance with an award. The proceedings shall be confidential.

COMPANY AND CONTRACTOR WAIVE ANY DEFENSE FROM ARBITRATION, SUIT, PRE- OR POST-JUDGMENT EXECUTION OR ATTACHMENT THAT MAY BE AVAILABLE TO THEM ON THE BASIS OF SOVEREIGN IMMUNITY.

17. **COMPLIANCE WITH LAW:** In the performance of this agreement, SELLER represents that no consideration has been or will be given by SELLER to any third party that knowingly violates the laws of Bermuda, the Russian Federation or any other jurisdiction where the SELLER will perform under this Purchase Order. All transactions hereunder shall at all times be subject to and conditioned upon compliance with all applicable trade control laws and regulations, including but not limited to those of the United States of America and, where applicable, requirements to enter Export Controls Classification Numbers (ECCN).

18. **SPECIAL:** Any special terms and conditions stated on the front of this Purchase Order shall apply equally with these general terms and conditions. In the event of any conflict the special terms and conditions shall prevail.

19. **TITLE AND RISK OF LOSS:** UNLESS OTHERWISE SPECIFIED ON THE FACE OF THIS ORDER, ALL RISK OF LOSS OR DAMAGE AND TITLE TO THE MATERIAL OR EQUIPMENT FURNISHED UNDER THIS ORDER SHALL PASS TO PURCHASER UPON DELIVERY THEREOF EX-WORKS (INCOTERMS 2000) SELLERS WAREHOUSE AND SIGNING OF DELIVERY / CONSIGNMENT NOTE.

20. **TIME OF PERFORMANCE:** Time of performance is of the essence.

21. **LIQUIDATED DAMAGES:** In the event of the SELLER failing to fulfill their obligations relative to delivery dates stated in the Purchase Order, or agreed extended dates, the SELLER shall be liable for payment of liquidated damages as follows:

Liquidated damages shall be calculated at 1% per week of the Purchase Order value up to a maximum of 10% of the Purchase Order.

Such liquidated damages shall be in lieu of all actual damages and shall be PURCHASER's sole and exclusive remedy and SELLER's sole and exclusive responsibility for delay in the deliver of the Goods. The Parties agree that the damages likely to be incurred as a result of SELLER's delay in the delivery will be difficult to measure and that the stated liquidated damage amounts are reasonable.

22. **TAXES:** The Purchase Order price includes any present and future federal, state, local or other taxes, duties, fees and other charges levied against the SELLER and applicable to this Purchase Order or the material, equipment or services covered, hereunder. The Purchase Order price also includes the taxes, if any, levied on wages and/or salaries paid to the SELLER's employees.

SELLER assumes full and exclusive responsibility and liability for timely filing all returns and promptly paying when due all taxes and other mandatory charges imposed by governmental authorities having jurisdiction to levy such taxes and charges in connection with SELLER's performance and performance of SELLER's personnel under the Purchase Order and this General Terms And Conditions.

In accordance with the provisions of the PSA and RF legislation PURCHASER's contractors and subcontractors are exempted from RF VAT on goods, works, services provided for the purposes of the Sakhalin II Project. Where SELLER is not registered in the RF for tax purposes, no VAT shall be charged on fees under the Purchase Orders. If the SELLER is or shall be shortly registered with the RF tax authorities and the RF legislation implementing the above VAT exemption is not passed, the general VAT regime shall become applicable to the Purchase Order and regular Russian VAT documentary procedures shall be adhered to as envisaged by the RF legislation until further notice from PURCHASER. For clarity, under no circumstance will such interim measure constitute a waiver by PURCHASER of the VAT exemption provided within the PSA nor will it absolve SELLER from complying with any implementing legislation once it is passed.

If the SELLER is or shall be shortly registered with the Russian tax authorities SELLER shall provide PURCHASER with a duly notarized copy of a certificate confirming such registration within thirty (30) days from Purchase Order execution. In addition, it is the exclusive responsibility and liability of SELLER to define what taxes and what tax rules are applicable in relation with the Purchase Order. At the time of issuance of this Purchase Order, taxation rules establishing profit of legal entities (including tax rate) are governed by the Russian Tax Code. In accordance with PSA suppliers/contractors and subcontractors of PURCHASER each is subject to the profits tax imposed by the "Law of the Russian Federation Concerning Tax on Profit of Enterprises and Organizations" as it was in effect on January 1, 1994 with respect to the income of such entities from the Sakhalin Project. The said Law provided tax rate 32 % in 1994 as well as special tax rules. The Parties agree that irrespective of the Profits tax rules, which may be applied to PURCHASER's suppliers/contractors and subcontractors by Russian tax authorities the payment of profits tax is an exclusive liability of SELLER. Under no circumstances is the PURCHASER required to reimburse to SELLER Profits tax.

If the SELLER is a foreign legal entity either registered or not registered with the Russian tax authorities and will provide any services to PURCHASER, PURCHASER shall withhold income tax from payments due to SELLER if there is such a requirement under Russian law. Such tax duly withheld by PURCHASER shall not be reimbursed to SELLER. If benefits of the applicable double tax treaty are available to SELLER in relation to the Purchase Order, and SELLER provides PURCHASER with a tax residence certificate, in the format to be provided by PURCHASER, within thirty (30) days of the Purchase Order execution and by 30th January each year during the the Purchase Order Term, but in any case no later than the day of payment of the first invoice in a year, PURCHASER shall not withhold income tax from payment due to SELLER or withhold it at a reduced rate whichever is applicable. If payments received by SELLER under the Purchase Order relate to its permanent establishment in Russia, PURCHASER shall not withhold income tax from such payments provided SELLER presents a letter confirming this fact before any payment under the Purchase Order.

23. **RUSSIAN CONTENT:** SELLER must provide information showing the percentage of Russian content utilized (including people and materials) in the production of the goods or services delivered under this Purchase Order (see Special Invoicing Requirements).

GENERAL REQUIREMENTS: SELLER acknowledges that PURCHASER is committed to meeting the Russian Content requirements of the Sakhalin II Production Sharing Agreement ("PSA"). The PSA states that PURCHASER will use its best efforts to maximize the Russian Content in each year and to achieve a level of Russian Content (including labour, materials, equipment and contract services) of seventy percent (70%), over the life of the entire Sakhalin II Project, subject to Russian enterprises meeting price, quality and timing of delivery requirements.

24. **LIMITATION OF LIABILITY:** (a) SELLER's total cumulative liability to PURCHASER arising out of or relating to the performance of the PURCHASE ORDER shall be limited to the contract price of the Purchase Order. Provided, however, that the above limitations shall not apply to: (i) Any liabilities assumed by SELLER under Articles 5, 12, 14, 15, 22, and 24(c); and (ii) Cases of fraud willful misconduct or illegal or unlawful acts.

(b) Any exclusion or limitation of liability under the Purchaser Order shall exclude or limit such liability not only in contract but also in tort or otherwise at law.

(c) Consequential Loss. (i) For the purposes of this Article 24(c), the expression "Consequential Loss" shall mean indirect losses and/or loss of production, loss of product, loss of use and loss of revenue, profit or anticipated profit, arising from or related to the performance of the Purchase Order. (ii) Notwithstanding any provisions to the contrary elsewhere in the Purchase Order and except to the extent of any agreed liquidated damages provided for in the Purchase Order (or any damages recoverable pursuant to this Purchase Order in lieu of liquidated damages up to the originally agreed liquidated damages amount), the Purchaser shall save, indemnify, defend and hold harmless the Seller from the Purchaser's own Consequential Loss and the Seller shall save, indemnify, defend and hold harmless the Purchaser from the Seller's own Consequential Loss.

(d) The provisions of this Article 24 shall apply notwithstanding any provisions to the contrary elsewhere in the Purchase Order.

25. **EXPORT CONTROL:** In the event that the goods, technologies or software procuring to SEIC are subject to USA Export Administration Regulations (EAR), SELLER shall provide PURCHASER with the correct Export Control Classification Number

(ECCN). In case that the export license is required, SELLER shall provide PURCHASER a copy of the export license and any other associated export documentation. (Please refer to <http://www.bis.doc.gov/> for information related to EAR).

26. **LANGUAGE:** If this General Terms and Conditions Of Purchase is issued in both Russian and English versions and if there is a conflict between the Russian and English versions, the English version shall govern.