



2003

TURNKEY WELL ENDORSEMENT

(for use with EED 8/86)

In consideration of an additional deposit premium of it is hereby understood and agreed that this policy is extended to insure "Turnkey Wells". For the purposes of this insurance a Turnkey Well shall be defined as a well to be drilled where the drilling contractor agrees to drill the well for the Assured to a contracted depth for a specific price and the contractor assumes all costs, responsibilities and liabilities while the well is being drilled to that depth.

The premium for a Turnkey Well shall be calculated as follows:

1. If, under the terms of the turnkey contract, the Assured is responsible for the completion operations, the premium charged shall be calculated using percent (..... %) of the otherwise applicable drilling rate.
2. If, under the terms of the turnkey contract, the Assured is not responsible for the completion operations, the premium charged shall be calculated using percent (..... %) of the otherwise applicable drilling rate.
3. If it is decided that a Turnkey Well will be plugged and abandoned prior to completion, the premium charged shall be calculated using percent (..... %) of the otherwise applicable drilling rate.
4. If, during the course of drilling operations, the well ceases to be under a turnkey contract and proceeds under a footage or daywork contract, the premium shall be calculated using percent (..... %) of the applicable drilling rate for the entire depth of the well.
5. If, under the terms of the turnkey contract, a mud-out or similar clause operates to reduce the drilling contractor's liability for the Well Insured as the result of an increase in the mud weight, the premium charged shall be calculated using percent (..... %) of the otherwise applicable drilling rate.

In respect of a Turnkey Well and in the event of an Occurrence which is recoverable under this Policy, it is understood and agreed that **DECLARATIONS, 6. ASSURED'S RETENTION:** is amended to read as set out below:

The greater of:

- A. The contract price (turnkey amount) applicable to the Well Insured times (100%) any one occurrence, in respect of 100% interest, as respects all coverages as set forth in the Declarations and General Conditions and in Sections A., B. and/or C. as may be purchased in connection herewith; or
- B. (i) If the Well Insured is located on land in Area I:
US\$..... (100%) any one occurrence, in respect of 100% interest, as respects all coverages as set forth in the Declarations and General Conditions and in Sections A., B. and/or C. as may be purchased in connection herewith.
- (ii) If the Well Insured is located on land in Area II:
US\$..... (100%) any one occurrence, in respect of 100% interest, as respects all coverages as set forth in the Declarations and General Conditions and in Sections A., B. and/or C. as may be purchased in connection herewith;
- (iii) If the Well Insured is located elsewhere:
US\$..... (100%) any one occurrence, in respect of 100% interest, as respects all coverages as set forth in the Declarations and General Conditions and in Sections A., B. and/or C. as may be purchased in connection herewith;

C. The Control of Well limit (100%) carried by the drilling contractor applicable to the Occurrence any one Occurrence.

The above conditions apply only to those wells in which the Assured is the operator or has a non-operating working interest.

It is warranted that the turnkey drilling contractor shall not be named as an Assured under this Policy.

ALL OTHER TERMS, CLAUSES AND CONDITIONS REMAIN UNALTERED.

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