

RD&D SERVICES AGREEMENT

Regarding the Project

Insert project name here

This Agreement made this ● day of ●, 20● by and between

Petroleum Research Newfoundland and Labrador, with an office in St. John's, Newfoundland and Labrador, Canada (hereinafter referred to as "**Petroleum Research**"),

and

●, with an office in ●, Newfoundland and Labrador, Canada (hereinafter referred to as the "**Ultimate Recipient**")

WHEREAS Petroleum Research is a not-for-profit corporation incorporated under the Canada Not-for-Profit Corporations Act and has entered into a Contribution Agreement (as such term is defined herein) with Her Majesty the Queen in Right of Canada represented by the Minister of Natural Resources pursuant to which Petroleum Research is eligible to receive funding for its program called EMISSIONS REDUCTION FUND OFFSHORE RESEARCH DEVELOPMENT AND DEMONSTRATION (RD&D) (the "**Emissions Reduction Fund Program**");

AND WHEREAS the Ultimate Recipient submitted a project application to Petroleum Research for approval and selection of its Project (as defined herein) as an Emission Reduction Fund Project;

AND WHEREAS the Project has been approved and selected by the Technical Advisory Committee of Petroleum Research and the Parties wish to define their rights and obligations with respect to the performance and results of the Project, in accordance with the terms and conditions set forth in this Agreement;

NOW THEREFORE for good and valuable consideration, the receipt of which the Parties hereby acknowledge, the Parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Interpretation

This Agreement consists of the main body of this Agreement and the following attachments:

1. Annex A: Statement of Work
2. Annex B: Financial Terms
3. Annex C: Intellectual Property
4. Annex D: Name and Address of Petroleum Research Project Coordinator
5. Annex E: Ultimate Recipient Official Representatives
6. Annex F: Term

7. Annex G: Reports
8. Annex H: Addresses for Notice
9. Annex I: Minimum Insurance Requirements
10. Annex J: Certification of Eligible Expenditures Incurred and Paid

1.2 Definitions

In this Agreement, the following words shall have the following meaning:

“Affiliate” means, with respect to any Person, any other Person who directly or indirectly Controls, is Controlled by, or is under direct or indirect common Control with, such Person, and includes any Person in like relation to such Person.

“Agreement” shall mean this Agreement including the annexes hereto, and all other documents or instruments incorporated herein by reference.

“Applicable Laws” means all applicable federal, provincial, municipal and local laws, statutes, ordinances, by-laws, and regulations and orders, directives and decisions rendered by any government, ministry, department or administrative or regulatory agency.

“Background IP” means all Intellectual Property, along with all improvements to such Intellectual Property, developed prior to the beginning of a Project or otherwise developed independently of a Project, which is required by Ultimate Recipient in order to facilitate completion of a Project.

“Budget” means the Project budget as set forth in Annex B of this Agreement.

“Business Day” means a day, other than a Saturday or a Sunday or statutory holiday in St. John’s, Newfoundland and Labrador, when the commercial banks in St. John’s, Newfoundland and Labrador are open for regular business.

“Canada” means Her Majesty the Queen in Right of Canada, represented by the Minister of Natural Resources.

“Claim Period” means the period set out in Annex B in respect of which the Ultimate Recipient may send a claim.

“Liability Claims” has the meaning ascribed to that term in Section 12.1.

“Commencement Date” means the date when the Project begins in accordance with Annex F of this Agreement.

“Control”, in relation to a Person, means the possession, directly or indirectly, of the power to appoint the majority of the directors of such Person, whether through the ownership of voting securities, by contract or otherwise; and the terms “Controlled” and “Controlling” will have similar meanings.

“Confidential Information” means information which derives value from not being generally known to or readily ascertainable by other parties who can obtain value from its disclosure or use and is known or used by a party in connection with its business, including but not limited to any formula, design, prototype,

compilation of information, data, program, code, method, technique or process, information relating to any product, device, equipment or machine, present and future, information about or relating to the party's potential business ventures, financial information of all kinds relating to the party and its activities, all inventions, ideas, and related material, including, without limitation any Intellectual Property, but does not include any of the foregoing which is or becomes a matter of public knowledge, has been received in good faith from a third party having legitimate possession of the information disclosed and the right to make such disclosure, was in the legitimate possession of a party prior to disclosure, has been approved for disclosure by express written approval of the applicable party, or has been disclosed pursuant to a legal requirement.

"Confidentiality Period" means the Term of this Agreement and for a period of five (5) years following the date of termination of this Agreement (for any reason).

"Deliverables" means the deliverables as described in Annex A of this Agreement.

"Disclosing Party" means any Party to this Agreement that discloses its Confidential Information to a Receiving Party or otherwise has its Confidential Information accessed or possessed by a Receiving Party.

"Early Termination Date" means, where this Agreement is terminated in accordance with the terms of this Agreement at any time prior to the Termination Date, such date of termination.

"Eligible Expenditures" means any expenditures Incurred by the Ultimate Recipient, as set out in Annex B of this Agreement, within the Eligible Expenditure Period in accordance with the terms and conditions of this Agreement; provided that only expenditures up to twenty percent (20%) of the Not-To-Exceed Value will be considered Eligible Expenditures if Incurred by the Ultimate Recipient during the Eligible Expenditure Period but before this Agreement is signed by both Parties.

"Eligible Expenditure Period" means the period starting on the date of the Notice of Award to the earlier of the Early Termination Date, the Termination Date or March 31, 2022.

"Fiscal Year" means the period beginning on April 1st of any year and ending on March 31st in the next year.

"Force Majeure Event" means any event beyond a Party's reasonable control and without their fault or negligence, including any act of God or other cause which delays or frustrates the performance of this Agreement.

"Foreground IP" means all Intellectual Property conceived, produced, developed or reduced to practice in carrying out the Project by Ultimate Recipient, and all rights therein, including the Deliverables but expressly excluding Background IP.

"Incurred" means, in relation to an Eligible Expenditure, an Eligible Expenditure or a portion thereof that is owing and due by the end of each Claim Period.

"Incurred and Paid" means, in relation to an Eligible Expenditure, an Eligible Expenditure that the Ultimate Recipient has paid for.

"Intellectual Property" any intellectual property recognized by law, including any intellectual property right protected through legislation including governing patents, copyright, trade-marks, and industrial designs.

“Interest Rate” means the Bank Rate, as defined in the *Interest and Administrative Charges Regulations*, in effect on the due date, plus 300 basis points, compounded monthly. The Interest Rate for any given month can be found at: <http://www.tpsgc-pwgsc.gc.ca/recgen/txt/taux-rates-eng.html>.

“Minister” means the Minister of Natural Resources and includes any duly authorized officers or representatives.

“Notice of Award” means the written notification by Petroleum Research to the Ultimate Recipient that the Project has been approved for funding.

“Not-To-Exceed Value” means the amount in Canadian dollars set forth in Annex B of this Agreement.

“Party” or “Parties” means a party to this Agreement.

“Performance Holdback” means ten percent (10%) of each claim submitted by the Ultimate Recipient.

“Person” means an individual, a partnership, an incorporated entity, a trust, an unincorporated association, a joint venture, a firm, a government or any department or agency thereof and the legal representatives of an individual.

“Petroleum Research Group” means Canada, Petroleum Research, Affiliates of Petroleum Research, members of Petroleum Research, Affiliates of the members of Petroleum Research, and each of their respective directors, officers, employees, officers and agents.

“Petroleum Research Project Coordinator” means the Person identified in Annex D of this Agreement, as appointed by Petroleum Research from time to time by notice in writing to the Ultimate Recipient.

“Project” means the work and services described in the application submitted by the Ultimate Recipient, a copy of which is attached as Annex A of this Agreement and includes, without limitation, the obligation to deliver the Deliverables.

“Project Manager” means the Person identified in Annex E of this Agreement, as appointed by the Ultimate Recipient from time to time by notice in writing to Petroleum Research in accordance with this Agreement.

“Receiving Group” means collectively the Receiving Party, the Receiving Party’s members, and those of their respective Affiliates, directors, officers, employees, agents, contractors, subcontractors, consultants, legal advisors, financiers, members, partners and shareholders, and the co-venturers or Affiliates of either of them, who have a “need to know” in order to facilitate the exercise of rights and performance of obligations of the Receiving Party in this Agreement.

“Receiving Party” means a Party that receives, or otherwise has access to or comes into possession of, Confidential Information of a Disclosing Party in connection with this Agreement.

“Steering Committee” means a committee composed of Persons appointed by Petroleum Research from time to time.

“Term” means the time period set out in Annex F of this Agreement.

“Termination Date” means the date defined in Annex F of this Agreement.

“Third Party” means any Person other than a member of the Receiving Group.

“Schedule” means the schedule of work detailed in Annex A of this Agreement.

ARTICLE 2 SCOPE OF WORK

2.1 Scope of Work

Petroleum Research hereby retains the Ultimate Recipient to perform the Project. The Ultimate Recipient agrees that the conduct of the Project shall be subject to the oversight, direction and control of Petroleum Research (and any Steering Committee, if such committee is appointed by Petroleum Research in respect of the Project). The Ultimate Recipient agrees to comply with any directions or instructions given by Petroleum Research. Petroleum Research agrees that to the extent any such directions or instructions given by it constitute a Change Request, the provisions of Article 6 shall apply.

2.2 Deliverables

1. The Ultimate Recipient agrees to provide Petroleum Research with the Deliverables in accordance with Annex A, or such other dates as may be agreed in writing between Petroleum Research and the Ultimate Recipient.
2. The Ultimate Recipient shall submit copies of any reports or materials specified as a Deliverable to the attention of the Project Coordinator at the address detailed in Annex D of this Agreement.

2.3 Schedule

The Ultimate Recipient’s obligation to achieve the Schedule is subject to Petroleum Research meeting all of its obligations, including but not limited to providing information, approvals, and comments, in a timely manner. The Ultimate Recipient and Petroleum Research shall agree to any variation to the Schedule in advance, in writing.

2.4 Permits

The Ultimate Recipient shall identify and obtain all approvals, permits, authorizations and licenses required for the Project.

2.5 Location of the Project

The Ultimate Recipient agrees to conduct all of the Project within Canada, and in addition, to ensure that all testing, piloting and demonstration occurs within the Province of Newfoundland and Labrador and to the benefit of the Newfoundland and Labrador offshore oil and gas industry. The Ultimate Recipient acknowledges that Petroleum Research will not approve or pay for any work, including but not limited to time and expenses, incurred outside of Canada unless otherwise approved in advance by Petroleum Research in writing.

2.6 Ownership and Disposition of Assets

1. Capital goods, such as analytical and/or laboratory equipment and/or chattels purchased acquired or used by the Ultimate Recipient for the Project will be owned by the Ultimate Recipient, unless otherwise provided in this Agreement.
2. Notwithstanding the foregoing, the Ultimate Recipient shall not dispose of any goods purchased, acquired or used for the Project without the prior written consent of Petroleum Research during the Term and for a period of three (3) years after the later of (i) completion of the Project or (ii) termination of this Agreement.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES/WARRANTY

3.1 Representations and Warranties

1. The Ultimate Recipient represents and warrants that all factual matters contained in its Project application and all supporting material submitted are true and accurate in all material respects, and that all estimates, forecasts and other related matters involving judgement were prepared in good faith and to the best of its ability, skill and judgement.
2. The Ultimate Recipient represents and warrants that it is duly incorporated or registered and validly existing in good standing under the laws of Canada and has the power and authority to carry on its business, to hold property, and undertakes to take all necessary action to maintain itself in good standing and preserve its legal capacity during the term of this Agreement.
3. The Ultimate Recipient represents and warrants that the signatory to this Agreement has been duly authorized to execute and deliver this Agreement on its behalf.
4. The Ultimate Recipient represents and warrants that the execution, delivery, and performance of this Agreement have been duly authorized and when executed and delivered will constitute a legal, valid, and binding obligation of the Ultimate Recipient enforceable in accordance with its terms.
5. The Ultimate Recipient represents and warrants that it has not, nor has any person offered or promised to any official or employee of Her Majesty the Queen in Right of Canada, for or with a view to obtaining this Agreement any bribe, gift or other inducement and it has not nor has any person on its behalf employed any person to solicit this Agreement for a commission, fee or any other consideration dependent upon the execution of this Agreement.

3.2 Warranty

Ultimate Recipient warrants that it has the expertise and resources to conduct the Project in accordance with the terms of this Agreement and that the Project shall be performed in a prompt, diligent and professional manner and in accordance with the generally accepted professional standards of experienced Ultimate Recipients performing similar services in a similar industry. In addition to any other remedy that may be available to Petroleum Research hereunder or under Applicable Law, Ultimate Recipient shall re-

perform any portion(s) of the Project that is not performed in accordance with this standard at no cost to Petroleum Research.

ARTICLE 4 TERM

4.1 Term

This Agreement shall commence on the Commencement Date and will terminate on the Early Termination Date or Termination Date unless otherwise agreed by Petroleum Research and the Ultimate Recipient in writing.

ARTICLE 5 FINANCIAL TERMS

5.1 Total amount payable

The Ultimate Recipient agrees to complete the Project in accordance with the Budget. The total amount payable by Petroleum Research to the Ultimate Recipient for the work performed and the Deliverables provided under this Agreement and all professional, technical and associated services shall not exceed the Not-To-Exceed Value, including but not restricted to expenses for travel and lodging, meals, photocopying and printing, telephone and telecommunications, computer, and other miscellaneous items directly related to the Project, unless Petroleum Research and Ultimate Recipient shall agree in writing to a variation increasing the amount of the Not-To-Exceed Value. For greater clarity, the Not-To-Exceed Value does not include GST or HST required to be charged by the Ultimate Recipient to Petroleum Research by relevant tax laws. The Parties acknowledge and agree that:

1. the Not-To-Exceed Value is the maximum funding available from Petroleum Research for the Project;
2. the Not-To-Exceed Value has been based upon an estimate for the completion of the Project provided by the Ultimate Recipient, and is not a guaranteed maximum price for the completion of all aspects of the Project;
3. Ultimate Recipient shall maintain its rates, as set out in Annex B of this Agreement, for the Project until either the completion of the Project or termination of this Agreement, and shall provide its services in good faith towards the goal of completing the Project within the Not-To-Exceed Value;
4. the Parties will work together in good faith to regularly review the progress of the Project, and to agree upon the changes, if any, to the scope of Project or the Not-To-Exceed Value which are required and which are acceptable to both Parties, failing such agreement either Party may terminate this Agreement upon ten (10) Business Days' written notice to the other; and
5. If, at the end of the Term, the Ultimate Recipient has received payment from Petroleum Research in excess of the Eligible Expenditures Incurred in respect of the Project, Petroleum Research may require that the Ultimate Recipient reimburse such excess back to Petroleum Research.

5.2 Funding from Canada

1. The Ultimate Recipient acknowledges and agrees that:
 - a) Petroleum Research's provision of funding to the Project and payment of amounts due to the Ultimate Recipient hereunder is conditional upon the receipt by Petroleum Research of monies from Canada pursuant to the Contribution Agreement;
 - b) The payment of monies by Canada to Petroleum Research under the Contribution Agreement is subject to there being an appropriation by Parliament for the Fiscal Year in which the payment of monies is to be made;
 - c) Canada may reduce or cancel its contribution to Petroleum Research in the event that the funding levels for the Department of Natural Resources are changed by Parliament;
 - d) Notwithstanding any other provision of this Agreement, in the event that Canada reduces or cancels its contribution to Petroleum Research for any reason, the Parties agree to amend the scope of the Project and the Not-To-Exceed Value or terminate this Agreement to take into account the reduction or cancellation of the contribution from Canada.

5.3 Multi-Party Funding

If the Ultimate Recipient has provided Petroleum Research with written notice prior to the date of this Agreement that, in addition to the amounts for which it is entitled to claim from Petroleum Research under the terms of this Agreement, it requires funding from Persons ("**Other Funders**") other than Petroleum Research to complete the Project ("**Other Funding**"), then the following provisions apply and form part of this Agreement:

1. Notwithstanding the fact that the Ultimate Recipient may obtain Other Funding, Ultimate Recipient is responsible for the full performance of and full compliance with this Agreement, and shall perform the entire Project, including without limitation delivery of the Deliverables in accordance herewith;
2. Ultimate Recipient acknowledges and agrees that it is solely responsible for obtaining the Other Funding, and that:
 - a) Petroleum Research shall not be liable for payment to the Ultimate Recipient for any amount in respect of which the Ultimate Recipient has made an application but does not receive from Other Funders;
 - b) Ultimate Recipient remains liable for the full performance of and full compliance with this Agreement whether or not it obtains the Other Funding; and
 - c) Failure to obtain Other Funding shall not entitle Ultimate Recipient to additional payments under this Agreement.

5.4 Claims

Ultimate Recipient shall submit claims electronically to Petroleum Research to the attention of the Project Coordinator at the email address listed in Annex D of this Agreement, for approval and payment. The frequency of claims shall be in accordance with Annex B of this Agreement. All claims shall include the following information:

1. Name of Ultimate Recipient and claim date;
2. The dates upon which all billed charges were incurred;
3. The Claim Period;
4. All costs presented in accordance with the categories and details in Annex B;
5. Itemization of Eligible Expenditures Incurred and of Eligible Expenditures Incurred and Paid;
6. Supporting material including hours worked by each person on the Project during the relevant billing period, rates, and copies of invoices and receipts for all related expenses incurred for which reimbursement is requested;
7. Ultimate Recipient's HST or GST Number;
8. All reports and other documentation required hereunder, including without limitation as described in Annex G;
9. Any other documentation reasonably requested by Petroleum Research; and,
10. The signature of the chief financial officer or another duly authorized officer of the Ultimate Recipient together with phone number and complete mailing address.

5.5 Payment by Petroleum Research

1. Petroleum Research shall pay all claims for Eligible Expenditures Incurred which are in proper form and have proper documentation attached within thirty (30) Business Days of receipt thereof, less the Performance Holdback.
2. For greater certainty:
 - a) Petroleum Research may delay or refuse to pay claims which do not comply with the terms of this Agreement;
 - b) Petroleum Research shall not be obligated to pay the Ultimate Recipient for claims, or any part of a claim, in excess of the Not-To-Exceed Value, provided however that if Petroleum Research agrees in writing to increase the Not-To-Exceed Value, then Petroleum Research shall not deny payment of a claim for work performed prior to the date of such increase solely because, on the date on which such work was performed, it exceeded the then applicable Not-To-Exceed Value;

- c) Petroleum Research will not contribute to any Eligible Expenditure Incurred by the Initial Recipient either prior to or after the Eligible Expenditure Period; and
 - d) For expenditures Incurred between the Notice of Award and the Commencement Date, (1) Petroleum Research has no obligation to pay such claims unless this Agreement is executed by the Parties and (2) such expenditures are only Eligible Expenditures up to Twenty percent (20%) of the Not-to-Exceed Value.
3. Upon final acceptance of the Project by Petroleum Research, the Performance Holdback shall be released to the Ultimate Recipient. Acceptance of the Project has occurred when all Deliverables and the Certification of Eligible Expenditures Incurred and Paid (in the form set out in Annex J) have been delivered to Petroleum Research and Petroleum Research has confirmed in writing to the Ultimate Recipient that the Deliverables satisfactorily meet the terms and conditions of this Agreement and that the Project is complete.

5.6 Accuracy of Financial Records

Ultimate Recipient represents that all financial settlements, reports, claims, billings and supporting documentation rendered to Petroleum Research under this Agreement shall properly reflect the facts of all activities and transactions in respect of the Project and may be relied upon as being complete and accurate in any further recording or reporting made by Petroleum Research for any purpose.

5.7 Taxes and Duties

1. Ultimate Recipient shall be solely liable for and shall pay when due all taxes and duties whatsoever, including, but not limited to, all income taxes, custom duties, excise taxes, use and sales taxes, value-added taxes, goods and services taxes, payroll taxes, capital taxes, any penalties or interest related thereto, and any other governmental levy payable in connection with the Ultimate Recipient's performance of this Agreement ("**Taxes**"), except for sales taxes required to be paid by Petroleum Research as a recipient of the Project.
2. Ultimate Recipient represents to Petroleum Research that it is a resident of Canada for purposes of the Canadian income tax legislation. Ultimate Recipient agrees to immediately notify Petroleum Research if it becomes a non-resident of Canada, in which case Petroleum Research shall be entitled to withhold from any payment otherwise due and owing under this Agreement any percentage of such payment as may be required by such Applicable Laws and to remit same to the taxing authorities.
3. Ultimate Recipient shall indemnify, defend and save harmless Petroleum Research against any liability which Petroleum Research may have, in respect of any payment not withheld but required to be withheld by law, or any other Taxes, including any penalties or interest, for which Ultimate Recipient is responsible.
4. Ultimate Recipient shall diligently pursue and obtain all available tax and duty exemptions, drawbacks, remissions or refunds available to Ultimate Recipient. Where applicable, Ultimate Recipient shall cooperate by providing necessary documentation to authorize Petroleum Research to obtain all available tax and duty exemptions, drawbacks, remissions or refunds. Where Project costs include taxes or duty required to be paid by

Petroleum Research or Ultimate Recipient, the Ultimate Recipient shall with due diligence pursue, take advantage of and when applicable deduct from Project costs and invoice any tax or duty charges, tax rebates or duty remissions and drawbacks. Any amounts recovered subsequent to Petroleum Research payment and not accounted for in Petroleum Research payment shall be held in trust for Petroleum Research and shall be remitted to Petroleum Research forthwith. If Ultimate Recipient, through its fault or neglect, fails to obtain said exemptions, drawbacks, remissions or refunds, then any such taxes and duties shall not be allowed as expenses.

5. Petroleum Research shall withhold income and other taxes from payments due to Ultimate Recipient to the extent such withholding is required by Applicable Laws.

5.8 Currency

All funds are in the currency of Canadian dollars and exclude sales tax unless otherwise specified in this Agreement.

ARTICLE 6 AMENDMENTS TO AGREEMENT

6.1 Change Request

Either the Ultimate Recipient or Petroleum Research (a “**Requesting Party**”) may request a change to any aspect of the scope of Project or an amendment to this Agreement by providing the other Party with a written request, setting out the details of the requested change, the reasons for the change and the anticipated impacts on schedule, Deliverables and price (a “**Change Request**”).

The Party receiving the Change Request shall, as soon as reasonably practicable in the circumstances, advise the Requesting Party whether or not it agrees to amend this Agreement as requested in the Change Request.

If the Party receiving the Change Request agrees with the Change Request, the Parties shall enter into a written amending agreement, executed as required herein.

If the Party receiving the Change Request does not agree with the Change Request, no amendment shall be made to this Agreement.

6.2 Amendments

This Agreement may not be modified in any way without the mutual consent of the Parties in writing. In no event will any understanding, agreement, modification, change order, or other matter deviating from the terms of this Agreement be effective or binding upon the Parties unless formalized by a contract amendment executed by both Parties.

ARTICLE 7 PERSONNEL

7.1 Personnel

1. The Ultimate Recipient agrees that the Project shall be performed by those key personnel named in Annex A. Such key personnel shall be satisfactory to Petroleum Research, subject to Section 7.1.3, acting reasonably.
2. The Ultimate Recipient shall provide, at Petroleum Research's request, proof of its key personnel's qualifications.
3. Petroleum Research shall have the right, at any time, in its sole discretion and with or without cause, to require the Ultimate Recipient to replace a specific individual, whether an employee, contractor or agent with another, which replacement personnel must be reasonably satisfactory to Petroleum Research.
4. For certainty, the Ultimate Recipient confirms and agrees that it will cause or has caused all Persons, whether employees, contractors or agents, who will perform any services or work in relation to this Agreement to comply with all obligations under this Agreement, including without limitation confidentiality obligations, and the Ultimate Recipient shall indemnify and hold Petroleum Research harmless from and against all losses which Petroleum Research may suffer, pay, or incur as a result of such Persons breaching this Agreement.

7.2 Replacement of Ultimate Recipient's Key Personnel

The Ultimate Recipient agrees that it shall use its best efforts to ensure that the key personnel listed in Annex A of this Agreement shall conduct the Project for the entire Term.

No substitution for any key personnel listed in Annex A of this Agreement shall be permitted unless the Ultimate Recipient provides reasonable advance notice to Petroleum Research in writing of any proposed substitution together with qualifications and justification for any such proposed substitution. The foregoing information shall be given in sufficient detail to permit evaluation of any impact on the Project and no substitution shall be made without Petroleum Research's prior written consent, such consent not to be unreasonably withheld.

ARTICLE 8 ASSIGNMENT AND SUBCONTRACTING

8.1 Assignment and Subcontracting

No right or obligation related to this Agreement shall be assigned or subcontracted by the Ultimate Recipient without the prior written consent of Petroleum Research. The Ultimate Recipient shall not subcontract any work or portion of work to be performed under this Agreement unless Petroleum Research has been provided reasonable advance notice in writing, which names the subcontractor and the component of the work subcontracted. If a subcontractor is identified in Annex A along with the component of the work to be subcontracted, no further consent from Petroleum Research is required. The Ultimate Recipient shall remain liable and responsible for compliance by any such subcontractor with the terms and conditions of this Agreement, and shall not be released from any obligations hereunder.

The Ultimate Recipient shall ensure all of its subcontracts are in writing and shall cause the inclusion in each permitted subcontract of terms equivalent to and consistent with the terms of this Agreement so that Petroleum Research shall have all of the rights and benefits herein set forth with respect to each subcontract and subcontractor.

Nothing in this Agreement shall be construed as creating a contractual relationship between Petroleum Research and any of the Ultimate Recipient's subcontractors.

ARTICLE 9 LIAISON AND MONITORING

9.1 Petroleum Research Project Coordinator

1. Petroleum Research shall assign a Petroleum Research Project Coordinator to monitor and control the progress of the Project carried out under this Agreement, and to act as a liaison between the Ultimate Recipient, Petroleum Research and the Steering Committee (if one is appointed). The Petroleum Research Project Coordinator's involvement may include, but shall not be limited to:
 - a) direction to the Project Manager as to the conduct of the Project;
 - b) participation in the resolution of technical, managerial, and scheduling concerns;
 - c) review and approval of technical reports and any other information to be delivered by the Ultimate Recipient; and,
 - d) facilitation of any Change Requests made by any Party.
2. For greater certainty, the Petroleum Research Project Coordinator does not have the authority to and may not authorize any change to any of the terms or conditions of this Agreement.

9.2 Project Manager

The Project Manager shall be the representative of the Ultimate Recipient. However, only the official representatives identified as such in Annex E of this Agreement shall have the authority to bind the Ultimate Recipient on any matters that may arise during the performance of the Project, including, without limitation, Change Requests.

9.3 Steering Committee

1. The Ultimate Recipient acknowledges that Petroleum Research may establish, appoint and chair a Steering Committee, in which case such Steering Committee shall have the authority set out in Section 2.1.
2. The Ultimate Recipient agrees that it shall participate with Petroleum Research as requested to make presentations and otherwise inform the Steering Committee as to the progress of the Project, which shall include without limitation:
 - a) the Ultimate Recipient's Project Manager shall be present at all Steering Committee meetings that they are requested to attend;

- b) the Ultimate Recipient shall accept and consider advice from the Steering Committee on work plans and budgets; and
 - c) the Ultimate Recipient shall review the progress and results of the Project.
 3. The Ultimate Recipient acknowledges that the Steering Committee shall meet at the onset of the Project and thereafter at such times and on such days as may be determined by the Petroleum Research Project Coordinator following consultation with the members of the Steering Committee. A meeting shall be held upon not less than 7 days' prior written notice. The venue of any Steering Committee meeting shall be at a location determined by Petroleum Research, unless otherwise decided by the Steering Committee.

ARTICLE 10 INTELLECTUAL PROPERTY AND CONFIDENTIALITY

10.1 Intellectual Property

1. Annex C Intellectual Property is attached to and forms part of this Agreement.

10.2 Confidentiality

1. A Receiving Party shall hold Confidential Information strictly confidential during the Confidentiality Period and shall not disclose Confidential Information to any Third Party during the Confidentiality Period, except as permitted herein, without the prior written consent of Disclosing Party. The Receiving Party may disclose Confidential Information to any member of the Receiving Group without the prior written consent of the Disclosing Party provided that such member first agrees to be bound by the confidentiality undertakings of this Agreement.
2. Subject to the exceptions specified herein, the Receiving Party shall take all reasonable measures to protect the confidentiality of such Confidential Information. Except as is necessary to enable Receiving Party to perform its obligations under this Agreement, no member of the Receiving Group shall, without the prior written agreement of the Disclosing Party, use, reproduce, copy, disclose to, place at the disposal of or use on behalf of Receiving Party or any Third Party or enable any Third Party to use, peruse or copy any of the Confidential Information, including, without limitation, drawings, data, and computer software which:
 - a) is provided to Receiving Party by or on behalf of Disclosing Party, in or in relation to this Agreement;
 - b) becomes the property of or vested in Disclosing Party in accordance with this Agreement; or
 - c) a member of the Receiving Group prepares in connection with the Project.
3. Confidential Information may be disclosed to any Third Party where necessary to enable Receiving Party to perform its obligations under this Agreement, in which case the Receiving Party shall be responsible for ensuring that such Third Party maintains such

Confidential Information, complies with this Agreement, and returns or destroys the Confidential Information upon completion of the Third Party's use necessary for Receiving Party's performance of the obligations hereunder. Receiving Party shall provide Disclosing Party with lists of the names of any Third Parties to whom the Confidential Information is disclosed with the date of disclosure, date of return or destruction and, if requested by Disclosing Party, each and every location of the Confidential Information and each copy thereof.

4. The Receiving Party shall ensure that all members of the Receiving Group take all reasonable measures to protect the confidentiality of Confidential Information; provided, however, that the obligations regarding Confidential Information in this Agreement shall not apply to Confidential Information which:
 - a) is required to be disclosed to facilitate the exercise by Petroleum Research or Canada of its audit rights under this Agreement or otherwise at law;
 - b) is required to be disclosed to facilitate the provision of reports to Canada required under this Agreement and under the Contribution Agreement;
 - c) is or becomes available to the public domain through no act or omission of the Receiving Group;
 - d) was in the possession of a member of the Receiving Group prior to this Agreement and which was not subject to any obligation of confidentiality;
 - e) was received from a Third Party whose possession of such Confidential Information is lawful and who is under no obligation not to disclose;
 - f) is required to be disclosed to comply with the requirements of law of any government or regulatory body having proper jurisdiction over the member of the Receiving Group, or by the rules of any stock exchanges on which the shares of any member of the Receiving Group are listed; or
 - g) is developed by a member of the Receiving Group as a result of activities carried out independently of the Project, and without access to technical information made available under this Agreement.
5. Receiving Party shall ensure incorporation of the confidentiality obligations of this Agreement into any subcontract and ensure compliance by all members of the Receiving Group.
6. Receiving Party acknowledges and agrees that, in the event of any breach or threatened breach of the confidentiality provisions of this Agreement by the Receiving Group, Disclosing Party would be irreparably and immediately harmed and could not be made whole by monetary damages recoverable under this Agreement. Accordingly, in addition to any other remedy to which Disclosing Party may be entitled at law or in equity, and notwithstanding any other provision in this Agreement, the Disclosing Party shall be entitled to seek an injunction or injunctions (without the posting of any bond and without proof of actual damages) to prevent breaches or threatened breach of, or to compel specific performance of, the provisions of this Article, and that no member of the

Receiving Group may oppose the granting of such relief in any court of competent jurisdiction. For the purpose of this Article, Receiving Party hereby irrevocably agrees to submit to the non-exclusive jurisdiction of any court or tribunal of competent jurisdiction in which a claim for injunction is brought. In the event such injunctive relief is sought, the losing Party agrees to reimburse the prevailing Party for all costs, including, without limitation, reasonable legal counsel fees, incurred by the prevailing Party.

7. For greater certainty, the Parties agree that neither this Agreement nor disclosure of any Confidential Information to a Party shall be construed as granting any license or rights in respect of all or any part of the Confidential Information except as otherwise explicitly provided in this Agreement or otherwise agreed in writing by the applicable Parties.
8. Notwithstanding the foregoing, the Parties acknowledge that the Ultimate Recipient, Petroleum Research and Canada have the full rights as owners, licensees or sub-licensees, as applicable, as provided for in Annex C to the Foreground IP, Background IP and Deliverables, which rights supersede the confidentiality obligations to the extent required to allow the use and exploitation of the Foreground IP and Deliverables by the Parties and Canada which is provided for in this Agreement.

ARTICLE 11 PUBLICITY

11.1 News releases etc.

Except as required by Applicable Law, the Ultimate Recipient shall issue no news release, public announcement or brochure, or advertising material concerned with this Agreement or the Project without the prior express written consent of Petroleum Research. All news releases, publications and other similar items prepared by the Ultimate Recipient and/or its employees that describe activities related to this Project or the results thereof shall acknowledge the support of Petroleum Research and Canada.

Ultimate Recipient shall not make any reference to Petroleum Research, the Minister or Canada or their Affiliates (as applicable) in any publicity, advertising or publication in relation to the subject matter of this Agreement or the Project without the prior express written consent of Petroleum Research.

11.2 Disclosure of Information by Canada

The Ultimate Recipient acknowledges that the Ultimate Recipient's name, the Not-to-Exceed Value, and the general nature of the activities supported under this Agreement may be made publicly available by Petroleum Research and/or the Government of Canada.

11.3 Disclaimer

A disclaimer must appear in any publication of any material based upon or developed under this Agreement in terms substantially the same as those identified below, or as otherwise established by Petroleum Research in its sole discretion from time to time:

“Any opinions, findings, and conclusions or recommendations expressed in this publication are those of the author(s) and do not necessarily reflect the views of Petroleum Research or its members.”

ARTICLE 12
LIABILITIES AND INDEMNIFICATION

12.1 The Ultimate Recipient agrees that none of the Petroleum Research Group will have any liability in respect of claims of any nature, including claims for injury or damages or damage to the environment, made by any Person involved in the activities of the Project or as a result of or arising out of this Agreement or the Project or the performance or non-performance of this Agreement or any breach of the Ultimate Recipient's covenants and warranties in this Agreement (collectively, "**Liability Claims**"), and the Ultimate Recipient will defend, indemnify and save harmless Canada, Petroleum Research and each of their respective employees, officers and agents, in respect of any Liability Claims.

Each Petroleum Research Group shall have the right to be represented in any such suit by legal counsel of its own selection. Ultimate Recipient shall not and nothing herein shall authorize Ultimate Recipient to settle any such suit or action without the prior written authorization of Petroleum Research.

12.2 In no event shall Petroleum Research be liable for any loss whatsoever resulting from the use of the Foreground IP or the Deliverables by the Ultimate Recipient.

12.3 In addition to any other indemnity provided herein, Ultimate Recipient agrees to defend, indemnify and hold each Petroleum Research Group harmless against any losses, costs, damages or expenses (including reasonable legal fees and court costs) arising out of any claim, demand, or action alleging that the Background IP or the Foreground IP violates or infringes the copyright, patent or other intellectual property right of any Person. Each Petroleum Research Group shall have the right to be represented in any such suit by legal counsel of its own selection. Ultimate Recipient shall not and nothing herein shall authorize Ultimate Recipient to settle any such suit or action without the prior written authorization of Petroleum Research.

ARTICLE 13
SUSPENSION, TERMINATION AND DEFAULT

13.1 Termination

Petroleum Research may terminate this Agreement at any time, with or without cause, by providing the Ultimate Recipient with seven (7) days prior written notice of such termination.

In addition, this Agreement shall be automatically and immediately terminated on written notice to the Ultimate Recipient if Canada terminates the Contribution Agreement for any reason or the funding to be provided under the Contribution Agreement otherwise ceases to be available or is withheld.

Upon receipt of such notice, the Ultimate Recipient shall immediately discontinue the Project on the date and to the extent specified in the notice. Ultimate Recipient shall provide Petroleum Research with copies of the Deliverables in whatever stage of completion they are in at the time of such termination.

Following termination for any reason, Petroleum Research shall not be obligated to make any payments to the Ultimate Recipient hereunder, including without limitation for Eligible Expenditures Incurred or Eligible Expenditures Incurred and Paid prior to the Early Termination Date and Petroleum Research will

not be liable for any direct, indirect, consequential, exemplary, or punitive damages, regardless of the form of action, whether in contract, tort, or extra-contractual liability, or otherwise, arising from the termination.

13.2 Default

1. Petroleum Research may declare that an event of default has occurred if:
 - a) if the Ultimate Recipient is adjudged or declared bankrupt or makes a general assignment for the benefit of creditors or if a receiver is appointed, or if the Ultimate Recipient becomes insolvent or takes the benefit of any statute from time to time in force relating to bankrupt or insolvent debtors;
 - b) an order is made which is not being contested or appealed by the Ultimate Recipient or a resolution is passed for the winding up of the Ultimate Recipient or it is dissolved;
 - c) in the opinion of Petroleum Research, there has been a misrepresentation or a breach of warranty under this Agreement;
 - d) in the opinion of Petroleum Research, a material adverse change in the risk affecting the fulfillment of the terms and conditions of this Agreement has occurred;
 - e) any term, condition or undertaking in this Agreement is not complied with and any such defect has not been cured by or remedied by the Ultimate Recipient within twenty (20) days of written notice of such defect having been provided to the Ultimate Recipient; or
 - f) the Ultimate Recipient neglects or fails to pay Petroleum Research any amount due in accordance with this Agreement.

13.3 Remedies

1. If Petroleum Research declares that an event of default has occurred, in addition to all other remedies provided under Applicable Laws, Petroleum Research may exercise one or more of the following remedies:
 - a) suspend or terminate any obligation of Petroleum Research to pay or continue to pay Eligible Expenditures of the Project or any part of the Project, including any obligation to pay any amount owing prior to the date of such suspension or termination;
 - b) terminate any obligation of Petroleum Research to contribute or continue to contribute to the Eligible Expenditures, including any obligation to pay any amount owing prior to the date of such termination;
 - c) terminate this Agreement; and

- d) direct the Ultimate Recipient to repay all or part of the amounts which have been paid by Petroleum Research to the Ultimate Recipient, together with interest from the date of demand at the Interest Rate.
2. For greater clarity, all above remedies are cumulative.
3. The fact that Petroleum Research does not exercise a remedy that it is entitled to exercise under this Agreement will not constitute a waiver of such right and any partial exercise of a right will not prevent Petroleum Research in any way from later exercising any other right or remedy under this Agreement or other Applicable Law.
4. The Ultimate Recipient shall provide Petroleum Research with the Deliverables and all Foreground IP in whatever stage of completion they are in at the time of any such termination of this Agreement.

13.4 Impact Assessment Suspension/Termination

1. The Initial Recipient represents and warrants that the Project is not a “designated project” nor a “project” according to the Canadian Environmental Assessment Act, 2012 or the Impact Assessment Act. If, during the Term, the Project becomes a “designated project” or a “project” carried out on federal land or outside of Canada according to the Impact Assessment Act (Canada), the Parties agree that Petroleum Research’s obligations under this Agreement, including its obligations to make any payments to the Ultimate Recipient, will be suspended until:
 - a) In the case of a “designated project”:
 - i) the Impact Assessment Agency of Canada makes a decision that no assessment of the “designated project” is required and posts that decision; or
 - ii) the decision statement with respect to the “designated project” that is issued to the Ultimate Recipient sets out that the effects that are indicated in the report with respect to the impact assessment of the Project are in the public interest.
 - b) In the case of a “project”:
 - i) a determination indicating that the carrying out of the Project is not likely to cause significant adverse environmental effects by the Minister or another authority referred in the Impact Assessment Act; or
 - ii) if the carrying out of the Project is likely to cause significant adverse environmental effects, a decision of the Governor in Council indicates that those effects are justified in the circumstances.
2. It is understood, that, in the event that the Project becomes a “designated project” or a “project” as defined in Paragraph 13.3.1 above, neither Petroleum Research nor the Minister has any obligation to request a decision by the Governor in Council, and Petroleum Research may terminate this Agreement with immediate effect by giving notice in writing to the Ultimate Recipient. Following such termination, no further payments will be made under this Agreement, and neither Petroleum Research nor the

Minister will be liable for any direct, indirect, consequential, exemplary, or punitive damages, regardless of the form of action, whether in contract, tort, or extra-contractual liability, or otherwise, arising from the termination.

ARTICLE 14 DISPUTE RESOLUTION

If a dispute arises concerning the application or interpretation of this Agreement, the Parties will attempt to resolve the matter through good faith negotiation, and may, if necessary and the Parties consent in writing, resolve the matter through mediation by a mutually acceptable mediator.

ARTICLE 15 NOTICES

15.1 Notices

1. The claims for payment, requests, reports, notices, repayments and information referred to in this Agreement shall be sent in writing or by any method of telecommunication and, unless notice to the contrary is given, shall be addressed to the Party concerned at the address set out in Annex H.
2. Requests, notices and documents are deemed to have been received, if sent by registered mail, when the postal receipt is acknowledged by the other Party; by facsimile or electronic mail, when transmitted and receipt is confirmed; and by messenger or specialized courier agency, when delivered.
3. Each Party agrees to notify the other Party in writing if its contact information changes.

ARTICLE 16 FORCE MAJEURE

16.1 Force Majeure

The Parties shall not be in default or in breach of this Agreement due to any delay or failure to meet any of their obligations caused by or arising from any Force Majeure Event. If a Force Majeure Event frustrates the performance of this Agreement, Petroleum Research will only be liable for Eligible Expenditures Incurred and Paid by the Ultimate Recipient to the date of the occurrence of the event.

The performance of the obligation affected by a Force Majeure Event shall be delayed by the length of time over which the event lasted. However, should the interruption continue for more than thirty (30) days, this Agreement may be terminated by Petroleum Research.

Should either Party claim the existence of a Force Majeure Event, prompt notice thereof shall be given to the other Party and the Party claiming the existence of a Force Majeure Event shall have the obligation to provide reasonable satisfactory evidence of the existence of such event and use its best efforts to mitigate any damages to the other Party.

ARTICLE 17
ACCOUNTS AND AUDITS

17.1 Preservation of Records and Audit

1. During the Term and for the longer of (i) three (3) years after the termination of the Contribution Agreement or (ii) seven (7) years after the later of termination of this Agreement or completion of the Project, the Ultimate Recipient shall, at its own expense:
 - a) keep proper and accurate books, accounts, and records of its revenue received and Eligible Expenditures Incurred and Eligible Expenditures Incurred and Paid in connection with the Project and shall keep its invoices, receipts, and vouchers relating thereto;
 - b) keep proper and accurate records of all data, analyses, and other scientific or technical assessments and reports, and any and all information relating to the outputs and outcomes of the Project;
 - c) on demand, make available to Petroleum Research and/or the Minister such books, accounts, records, invoices, receipts, and vouchers referred to above and permit Petroleum Research and/or the Minister or their agents to examine and audit and take copies and extracts from such documents;
 - d) allow Petroleum Research and/or the Minister or their agents, at its own expense and discretion, to conduct a technical audit to verify that the proposed measures outlined in Annex A were implemented in accordance with this Agreement; and
 - e) allow Petroleum Research and/or the Minister or their agents, at its own expense and discretion, to conduct an audit to verify the accuracy of any reports submitted by the Ultimate Recipient in respect of the Project.
2. If an audit indicates errors in Ultimate Recipient's invoices or charges, Ultimate Recipient shall make appropriate invoice adjustments and promptly refund over-payments to Petroleum Research.

17.2 Access

1. During the Term and for the longer of seven (7) years after the termination of this Agreement or completion of the Project, the Ultimate Recipient shall provide Petroleum Research or the Minister or their respective representatives and agents, reasonable access to any premises where the Project takes place to assess the Project's progress or any element thereof.
2. Without limiting the generality of the foregoing, the Ultimate Recipient agrees that Petroleum Research or the Minister or their respective representatives and agents will be provided with access to:
 - a) all signed agreements between Petroleum Research and the Ultimate Recipients;

- b) the Ultimate Recipient's operating plans, including performance expectations, in respect of the Project; and
- c) all records, information and other documentation of the Ultimate Recipient in respect of this Agreement and the Project, including without limitation those records, information and other documentation referenced in Section 17.1.

ARTICLE 18
HEALTH SAFETY AND ENVIRONMENT REQUIREMENTS

1. Ultimate Recipient shall plan and conduct its operations to ensure that the Project can be performed without loss of human life and with due consideration of the need to prevent damage to health, equipment and plant. Ultimate Recipient is responsible for maintaining proper safety, fire prevention, Workplace Hazardous Materials Information System (WHMIS) communication, environmental protection and security conditions for the Project.
2. In performance of the Project, Ultimate Recipient shall establish and maintain a safety and health program which shall be commensurate with the Project and in compliance with all Applicable Laws and in compliance with best practices in the industry in which the Ultimate Recipient operates, and which shall include at a minimum:
 - a) Designation of one or more qualified individuals as safety representative(s),
 - b) Specific review and approval of all work plans and methods by the safety representative(s),
 - c) Periodic inspection by the safety representative(s) of Ultimate Recipient's work and storage areas to assure safe conditions and practices,
 - d) Provisions for training personnel in all safety and health program requirements,
 - e) Full cooperation in the conduct of inspections by governmental agencies and other agencies of competent jurisdiction, e.g., OH&S,
 - f) Compliance with all Applicable Laws, including without limitation safety and health related laws and regulations and directives of governmental and other agencies of competent jurisdiction, e.g., OH&S,
 - g) Use of approved safety equipment,
 - h) Immediate correction by Ultimate Recipient of any unsafe conditions or unsafe acts by its employees,
 - i) Evacuation procedures and fire drills,
 - j) Develop a risk assessment and review document for any planned demonstrations;
 - k) Compliance with all Applicable Laws and best practices in respect of Workplace Hazardous Materials Information System (WHMIS), including without limitation employee training in the handling and disposal of materials that fall under

statutory regulations, and a disposal plan for removal of hazardous materials meeting all federal, provincial and other applicable governmental requirements.

3. Ultimate Recipient shall conduct all work in a manner consistent with sound environmental practices, minimizing any adverse impact on the environment and in accordance with all Applicable Laws. Without limiting the generality of the foregoing, Ultimate Recipient shall clean up and reclaim any spills.
4. Ultimate Recipient shall implement an environment, safety and quality management system(s) and ensure safe and environmentally sound work at all times and locations.
5. Ultimate Recipient shall have available at all times sufficient stocks of equipment and materials to mitigate the effects of any spillages or discharges of any environmentally damaging materials, including, but not restricted to, waste materials and chemicals.
6. Petroleum Research shall have the right, but not the obligation, to periodically inspect/audit Ultimate Recipient's operations, for the purpose of monitoring compliance by Ultimate Recipient with the safety and environment protection provisions of this Agreement. Such inspection/audits shall not diminish Ultimate Recipient's responsibility to maintain a safe and environmentally acceptable work environment pursuant to this Agreement.
7. The Ultimate Recipient shall immediately notify the Petroleum Research Project Coordinator in the event that any safety or environmental incident occurs during or as a result of the conduct of the Project.

ARTICLE 19 INSURANCE

19.1 Insurance

1. The Ultimate Recipient shall ensure that it obtains and maintains any and all policies of insurance against losses which a reasonably prudent provider of services similar to the work would obtain and maintain. Without limiting any of the obligations and liabilities of the Ultimate Recipient under this Agreement or at law or in equity, the Ultimate Recipient shall obtain and maintain continuously for the duration of the Project, insurance described in Annex I of this Agreement, having limits set out therein.
2. The Ultimate Recipient must submit to Petroleum Research prior to the Commencement Date of this Agreement a detailed summary of the relevant insurance coverage currently being maintained by the Ultimate Recipient. Such summary shall include the name of the insurance company, type of insurance, amount of such coverage and a certificate evidencing each insurance abovementioned and in the case of Commercial General Liability insurance, listing Petroleum Research as an additional insured. Such certificate shall contain a 30 day notice of cancellation. Should such certificate of insurance expire during the Term of the Project, Ultimate Recipient shall continue to provide updated, valid certificates until the earlier of the Early Termination Date or Termination Date.
3. Ultimate Recipient shall also maintain workers' compensation insurance for all employees engaged in the Project in accordance with the statutory requirements of the jurisdiction in which the Project, or any portion thereof, is being performed.

4. The Ultimate Recipient must submit to Petroleum Research at the commencement of the Term a Workplace NL Certificate of Good Standing for Newfoundland and Labrador or a good standing certificate from the jurisdiction(s) in which the Project, or any portion thereof, is being performed. An updated copy of this certificate must be submitted to Petroleum Research every forty-five (45) days throughout the Term, if requested by Petroleum Research.
5. Neither the providing of insurance by the Ultimate Recipient nor the failure of the Ultimate Recipient to provide insurance in accordance with the requirements hereof, nor the insolvency, bankruptcy or the failure of any insurance company to pay any claim accruing shall be held to relieve the Ultimate Recipient from any other provisions of this Agreement with respect for liability of the Ultimate Recipient or otherwise.

ARTICLE 20 ETHICS AND CONFLICT OF INTEREST

20.1 No commission etc.

1. No officer, employee or agent of a Party shall pay or provide any commission, fee or rebate or provide any gift or entertainment of significant cost or value to any officer, employee or agent of the other Party or their Affiliates, or any Steering Committee member in relation to this Agreement, nor shall a Party enter into any business arrangement with any officer, employee or agent of the other Party other than as a representative of such other Party, without prior written notification thereof to the other Party. Any Party may, on notice to the other Party, have an audit conducted of any and all records and accounts of the other Party relating to this Agreement, for the sole purpose of determining whether there has been compliance with this Section. The costs of any such audit shall be borne by the Party conducting the audit.
2. No Party, nor their respective employees, agents or subcontractors, or the employees or agents of the subcontractors, shall make any payment or give anything of value to any official of any government or public international organization (including any officer or employee of any government department, or agency) to influence his or her decision, or to gain any other advantage in connection with the subject matter of this Agreement. The Party in contravention of this Section shall immediately notify the other Party of any violation of this Section. The Party in contravention of this Section shall indemnify and hold the other Party harmless for all losses and expenses arising out of such violation.

20.2 Business Standards and Conflict of Interest

1. Ultimate Recipient, in performing its obligations under this Agreement, shall establish and maintain appropriate business standards, procedures, and controls including those necessary to avoid any real or apparent impropriety or adverse impact on the interests of Petroleum Research, or its members or either of their Affiliates, or the Minister or Canada.
2. Ultimate Recipient shall maintain precautions to prevent the receiving, providing or offering of substantial gifts, entertainment, payments, loans or other considerations to employees, agents or representatives of Ultimate Recipient for purposes of influencing personnel to act contrary to the best interests of the Ultimate Recipient, Petroleum Research, or its members or either of their Affiliates, or the Minister or Canada.

3. No Member of the House of Commons or Senate shall be admitted to any share or part of this Agreement or to any benefit arising therefrom that is not otherwise available to the general public.
4. It is a term of this Agreement that all current or former public servants to whom the federal Values and Ethics Code for the Public Sector, federal Policy on Conflict of Interest and Post-Employment, or NRCan Values and Ethics Code applies shall comply with the Codes or Policy, as applicable.
5. If any individual working for the Ultimate Recipient formerly provided consultancy services to the Minister that are related to this Agreement, particularly any services associated with developing the Agreement or developing the Project which is the subject of this Agreement, the Ultimate Recipient is considered to be in a real, perceived, or potential conflict of interest situation.
6. If a conflict of interest situation arises during the Term of this Agreement, the Ultimate Recipient shall promptly notify Petroleum Research. Upon request, the Ultimate Recipient shall notify Petroleum Research of all reasonable steps taken to identify, avoid, prevent, and where it exists, resolve any conflict of interest situation.
7. Petroleum Research may investigate a real, perceived, or potential conflict of interest and take such steps and measures as it considers appropriate, including without limitation: informing the Ultimate Recipient that it is in a conflict of interest situation; requesting specific actions be taken to correct the situation; requiring the Ultimate Recipient to withdraw any individual from participation in the Project for reasons of conflict of interest; suspending payments under this Agreement; or terminating this Agreement.

ARTICLE 21 OTHER GENERAL TERMS

21.1 Survival

1. Neither the expiration nor termination of this Agreement will release a Party from any obligation or liability that accrued prior to such expiration or termination.
2. The provisions of this Agreement requiring the performance or fulfilment after the expiration or termination of this Agreement will survive the expiration or termination of this Agreement, including without limitation this Section 21.1 (Survival), Sections 5.3 (Multi-Party Funding), 5.8 (Taxes and Duties), 21.9 (Compliance with Laws), and Article 3 (Representations and Warranties), Article 12 (Liabilities and Indemnification), Article 19 and Annex I (Insurance), Article 17 (Accounts and Audits), Annex C (Intellectual Property), Annex G (Reports) and Annex J (Certification of Eligible Expenditures Incurred and Paid).

21.2 No partnership

The Parties acknowledge that this Agreement does not create a partnership, joint venture or any other relationship among the Parties other than the relationship specifically set out herein and solely for the limited purposes herein. Further, the Ultimate Recipient shall not be construed to be an employee of Petroleum Research and management and control of the Ultimate Recipient's employees shall always remain with the Ultimate Recipient and the Ultimate Recipient shall be an independent contractor. The

Ultimate Recipient shall have no authority to make representations or commitments of any kind, or to take any actions, that are binding upon Petroleum Research, except as authorized in writing by Petroleum Research or as otherwise set out in this Agreement.

21.3 Invalidity

If any of the terms, provisions, or conditions of this Agreement or the application thereof to any circumstances shall be ruled invalid or unenforceable, the validity or enforceability of the remainder of this Agreement shall not be affected thereby, and each of the other terms, provisions, and conditions of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

21.4 Waiver

Any waiver, alteration, or modification of any of the provisions of this Agreement shall be valid only if made in writing and signed by the Parties hereto. Each Party hereto, may waive any of its rights hereunder without effecting a waiver with respect to any subsequent occurrences or transactions hereof. A waiver or consent regarding any term, provision, or condition of this Agreement given by Petroleum Research on any one occasion shall be effective only in that instance and shall not be construed as a waiver of any right on any other occasion.

21.5 Binding

This Agreement shall be binding upon, and shall inure to the benefit of the Parties hereto and their respective heirs, successors, administrators and assigns.

21.6 Gender/Numbers

Words importing the singular number only shall include the plural and vice versa and words importing the use of any gender shall include both genders.

21.7 Headings

The Article and Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

21.8 Governing Law

The Parties agree to attorn to the exclusive jurisdiction of the courts of Newfoundland and Labrador and any appeal court therefrom. This Agreement shall be governed by and construed in accordance with the laws in effect in the Province of Newfoundland and Labrador, Canada.

21.9 Compliance with Laws

Ultimate Recipient (including without limitation its employees, contractors, subcontractors and agents) shall comply with all Applicable Laws during the performance of this Agreement and shall notify Petroleum Research in writing promptly upon discovery of any failure to comply with this Section.

21.10 Official Languages/Entire Agreement

1. This Agreement is drawn in English at the request of the Parties. La présente entente est rédigée en anglais à la demande des parties.

2. All public information documents related to the Project prepared or paid for in whole or in part by Petroleum Research must be made available in both official languages, if required by Petroleum Research. Tous les documents d'information publique relatifs au projet, préparés ou payés en tout ou en partie par Petroleum Research, doivent être offerts dans les deux langues officielles, si cette dernière l'exige.

3. This Agreement constitutes the entire Agreement between the Parties hereto and supersedes all prior agreements, negotiations, representations and understandings, whether written or oral, relating to the subject matter of this Agreement. La présente entente de services de recherche et de développement constitue l'intégralité de l'entente de services de recherche et de développement entre les parties aux présentes. Elle remplace toutes les ententes, négociations, représentations et ententes antérieures, écrites ou orales, relatives à l'objet de la présente entente de services de recherche et de développement.

21.11 Counterparts

This Agreement may be executed in any number of counterparts and each counterpart, including facsimiled or digitally scanned copies thereof, shall be deemed an original for all purposes provided all Parties have executed a counterpart, and all of which together constitute one and the same Agreement

IN WITNESS WHEREOF the Parties hereto have properly executed these Presents on the day and year first above written.

SIGNED, SEALED AND DELIVERED

<Insert Ultimate Recipient name>

Petroleum Research Newfoundland and Labrador

Signed: _____

Signed: _____

Name (print): _____

Name (print): _____

Date: _____

Date: _____

Signed: _____

Signed: _____

Name (print): _____

Name (print): _____

Date: _____

Date: _____

DRAFT

Annex A

Insert Project Application – Statement of Work

DRAFT

Annex B

Financial Terms

Petroleum Research agrees to pay the Ultimate Recipient for the Project in accordance with the Agreement, including without limitation these Financial Terms. No other amounts will be paid unless agreed to in writing by Petroleum Research.

Not-To-Exceed Value

The Not-To-Exceed Value for this Agreement is agreed to be \$xxxx (insert maximum contract value here)

The Project Financial Workbook will be attached and form part of this Annex.

Subject to the limitations set out in this Agreement, Eligible Expenditures associated with the execution of the various activities as described in Annex A (Statement of Work) may be claimed in accordance with the guidelines provided by Petroleum Research to the Ultimate Recipient, including as set out below:

Eligible Expenditures

Project Expenditures	Eligible
Salaries and benefits for employees on the payroll for the actual time spent by the employees on the project	Yes
Professional, scientific, technical and contracting services	Yes
Travel expenditures, including meals and accommodation, based on National Joint Council Rates	Yes
Capital expenditures such as the purchase, installation, testing and commissioning of qualifying equipment, materials and products, including diagnostic, testing tools and instruments, and original equipment manufacturer equipment warranty (including extended warranties where deemed appropriate to mitigate risk and lack of capacity)	Yes
Other expenses including: <ul style="list-style-type: none">• Laboratory and field supplies, and materials;• Printing services and translation;• Data collection services, including processing, analysis and management;• Facility costs for seminars, conference room rentals etc.;• Licence fees and permits;• Training;• Field testing services	Yes
Overhead expenditures ²	Yes

Project Expenditures	Eligible
Legal, Land, All costs associated with use of federal government resources	No
GST, PST or HST, net of any tax rebate to which the Ultimate Recipient is entitled ¹	Yes

NOTE: the following limitations apply to the Approved Budget above:

1. In accordance with the departmental GST/PST/HST certification form, the reimbursable Provincial Sales Tax, the Goods and Services Tax and Harmonized Sales Tax costs must be net of any tax rebate to which the Ultimate Recipient is entitled.
2. Overhead is limited to fifteen percent (15%) of total Eligible Expenditures, minus overhead. Overhead expenditures will be Eligible provided they are directly related to the conduct of the Project and can be attributed to it. Overhead expenditures include:
 - Administrative and corporate support provided directly to the Project by employee(s), valued on the same basis as professional staff time;
 - Routine laboratory and field equipment maintenance, based on the actual expenditure by the Ultimate Recipient;
 - Heat, hydro, and office operating costs (e.g. faxes, telephone).

Claim Frequency:

Claims shall be submitted monthly (“Claim Period”) and are due within 30 days of the month end.

Performance Holdback Percentage:

The Performance Holdback shall be 10%.

Annex C

Intellectual Property

1. All right, title, interest and ownership of the Foreground IP shall be retained by and vest in the Ultimate Recipient, subject to the terms and conditions of this Agreement including the provisions contained in this Annex C.
2. For greater certainty, despite any use of its Background IP during the Project, the Ultimate Recipient will retain all right, title and interest in its Background IP, subject to the terms and conditions of this Agreement including the provisions contained in this Annex C.
3. If the Ultimate Recipient uses any of its Background IP or the Background IP of any other Person in the conduct of the Project, then the Ultimate Recipient hereby represents and warrants to Petroleum Research, and agrees to represent and warrant directly to Canada upon request, that it has, and shall have, at the dates of delivery of the Foreground IP and Deliverables, all right, title and interest to such Background IP and/or is fully entitled to license such Background IP in accordance with this Agreement, and the Ultimate Recipient indemnifies and holds Petroleum Research and Canada harmless in respect of any losses, costs, damages, or expense (including any legal fees and court costs) arising out of any claim, demand or action alleging that the Background IP infringes any current subsisting and enforceable patent, copyright, or other Intellectual Property right of any Person.
4. The Ultimate Recipient:
 - a) hereby grants to each of Petroleum Research and Canada, a worldwide, transferable, non-exclusive, royalty free, irrevocable right and perpetual license to use, freely exploit, modify, and, subject to the Access to Information Act, make publicly available the reports and documents required to be provided to Petroleum Research hereunder, including those described in Annex G (Reports), for, in the case of Petroleum Research non-commercial purposes, and in the case of Canada for non-commercial governmental purposes (collectively the “Assigned IP”).
 - b) warrants that, subject to the rights of Petroleum Research and Canada to the Assigned IP as described in this Annex C, it is the owner or fully licensed to use and sublicense the Assigned IP, and the Assigned IP does not infringe any current subsisting and enforceable patent, copyright or other Intellectual Property right of any Person; and,
 - c) indemnifies and holds Petroleum Research harmless in respect of any losses, costs, damages, or expense (including any legal fees and court costs) arising out of any claim, demand or action alleging that the Assigned IP infringes any current subsisting and enforceable patent, copyright, or other Intellectual Property right of any Person.
5. Transfer of rights shall be deemed to occur immediately upon the development of the Assigned IP or any part thereof. Not to limit the generality of the foregoing, the Ultimate Recipient agrees that upon any act of insolvency by the Ultimate Recipient, as that term is defined under the Bankruptcy

and Insolvency Act (Canada) as amended from time to time, or upon receivership or bankruptcy, the grant of the licence herein will apply immediately to the Assigned IP as it may then exist.

6. The Ultimate Recipient irrevocably appoints Petroleum Research as its attorney for the sole purposes of:
 - a) doing in its name all acts and executing, signing and, if required, registering in its name all documents the Ultimate Recipient itself could do, execute, sign or register, and
 - b) executing, signing, perfecting, doing and, if required, registering every such further assurance, document, act or thing,

as necessary or desirable to effect the licenses referred to in this Annex C. The exercise by Petroleum Research of such power shall be conclusive evidence of its right to exercise that power.

DRAFT

Annex D

Name and Address of Petroleum Research Project Coordinator

The Project Coordinator is herein named as:

Insert Project Coordinators name

The address of the Project Coordinator is as follows:

Petroleum Research
101-1 Church Hill
St. John's, NL A1C 3Z7
Attention: Petroleum Research Project Coordinator—**Insert Project name**

insert email address:

Annex E

Ultimate Recipient Official Representatives

Project Manager

The Ultimate Recipient herein appoints the following individual as the Project Manager: **Insert Project Manager name**

Whose address is as follows: **Insert Project Manager address**

Official Representatives

The following individuals are authorized by the Ultimate Recipient to bind the Ultimate Recipient in accordance with Article 9.2 of this Agreement:

List authorized representatives and their contact information here

Annex F

Term

The Commencement Date of the Project is herein set as:

Insert date

The Termination Date of the Project is herein set as:

Insert date

DRAFT

Annex G
REPORTS

1. Claim for Payment

The Proponent shall provide the following documentation when submitting a claim for payment:

Required Documents	Due Date
i) A financial report signed by the Chief Financial Officer or Duly Authorized Officer of the organization which outlines Eligible Expenditures Incurred by task and category with required justifications, as per the template provided by Petroleum Research;	With cash flow forecast and with each monthly claim for payment
ii) An updated Project annual cash flow and forecast statement and budget;	
iii) A Project Status report using a template supplied by Petroleum Research that shall provide a status of activities in sufficient detail to allow progress to be evaluated. The report shall identify any issues that Petroleum Research should be made aware of, and explain how they are being addressed.	

Subject to the terms and conditions of this Agreement, if the Ultimate Recipient cannot submit a claim for payment on or before March 31 of a Fiscal Year, the Proponent must **no later than April 2** of the following year, provide Petroleum Research with a signed statement of anticipated Eligible Expenditures Incurred up to March 31.

2. Annual Reports

Required Documents	Due Date
i) A report using a template supplied by Petroleum Research that shall provide a summary of activities during the year together with performance indicators to indicate how these activities have been contributing to the Project objective.	Forty (40) days following the end of the Fiscal Year.
ii) This annual report shall include sufficient information, including technical and financial information, on the Project to assess overall progress and achievements under this Agreement.	

3. Reports Due at the End of the Project

Required Documents	Due Date
<p>i) A Project completion report, as per the template provided by Petroleum Research:</p> <p>This report will include the following:</p> <ul style="list-style-type: none"> a. A review of the results of the Project in comparison to the original outputs and work plan, with explanations of any deviations; b. A review of the Project’s key performance indicators to describe the benefits that have or will accrue as a result of the Project including energy efficiency, environmental impact, costs and paybacks, and any other appropriate measures such as productivity and quality improvements; c. A description of the Project’s knowledge dissemination activities and/or tech transfer activities (where applicable); and d. A final Total Project Costs table. 	<p>No later than thirty (30) days following the delivery to Petroleum Research of all Deliverables (“Completion Date”).</p>
<p>ii) A public (non-confidential) report that describes the Project and its results to be made available for public dissemination;</p>	
<p>iii) Copies of any non-proprietary reports arising from and prepared during the course of the Project;</p>	
<p>iv) A certification, in the manner set out in Annex J (Certification of Eligible Expenditures Incurred and Paid), that the claims for payment of Eligible Expenditures of the Project have been Incurred and Paid by the Ultimate Recipient.</p>	

4. Reports Due Following the Project's Completion

The Ultimate Recipient shall provide yearly, commencing on the day after the Completion Date until the fifth anniversary of the Completion Date, the following:

Required Documents	Due Date
i) An outcome report, as per the template provided by Petroleum Research; to report on short term, intermediate term, and, to the extent possible, long term outcomes	Final version: Thirty (30) days following each anniversary of the Completion Date.

DRAFT

Annex H

Addresses for Notice

Notices to Petroleum Research shall be sent to:

Petroleum Research
101-1 Church Hill
St. John's, NL A1C 3Z7
Attention: Petroleum Research Project Coordinator—**Insert Project name**

Insert e-mail address:

Fax: 709-738-7922

Notices to the Ultimate Recipient shall be sent to:

Insert Ultimate Recipient info here

Annex I

Minimum Insurance Requirements

The Ultimate Recipient agrees to carry, at a minimum, the following limits of insurance.

CGL

\$2,000,000 Commercial General Liability with Petroleum Research Newfoundland and Labrador listed as an additional insured on the certificate of insurance for Projects with a Not-To-Exceed Value of \$2,000,000.00 and under.

\$5,000,000 Commercial General Liability with Petroleum Research Newfoundland and Labrador listed as an additional insured on the certificate of insurance for Projects with a Not-To-Exceed Value of greater than \$2,000,000.00.

Auto

\$1,000,000 Automobile Liability Insurance covering all motor vehicles used in the performance of work under this Agreement.

Professional Liability

\$2,000,000 Professional Liability Insurance

Marine

To the extent that watercraft of any type or description are used by the Ultimate Recipient in the performance of the Project, the Ultimate Recipient shall ensure that any watercraft utilized to carry out the work is insured under a Marine Liability Insurance policy. The limit of Marine Liability insurance required shall be \$5,000,000 and shall include but not be limited to, crew liability, passenger hazard, third party bodily injury and property damage liability.

The Ultimate Recipient shall be required to obtain full and proper evidence of all insurance maintained on the vessel prior to the commencement of any work onboard that vessel, and provide a copy of same to Petroleum Research. Such provision shall be required prior to every cruise planned to undertake the Project.

Aircraft

To the extent aircraft of any type or description are used by Ultimate Recipient in the performance of the Project, Aircraft Liability insurance on all aircraft owned or operated by the Ultimate Recipient, with an inclusive limit of not less than \$5,000,000, including passenger legal liability.

General

The Ultimate Recipient is responsible to ensure that all subcontractors provide insurance equivalent to the foregoing.

Annex J

CERTIFICATION OF ELIGIBLE EXPENDITURES INCURRED AND PAID

The Ultimate Recipient must submit, no later than Ninety (90) days following the completion of the Project, the following certification in writing on company letterhead and signed by the duly authorized officer as follows:

All claims for payment submitted to Petroleum Research for the reimbursement of Eligible Expenditures of the Project have been Incurred and Paid by

_____ (“the Ultimate Recipient”) as of the date of this certification by the undersigned and all supporting documents to this effect have been kept in our records and will be made available to Petroleum Research or the Minister or their representatives or agents upon request.

The Ultimate Recipient further confirms that, as of the date of this certification, it has reported all Other Funding from any Other Funders received by the Ultimate Recipient.

I _____ an officer of _____, duly authorized on behalf of the Ultimate Recipient hereby represent and warrant that the above noted declarations are true and accurate. I understand that if, in the opinion of Petroleum Research, there has been a misrepresentation or a breach of this warranty, Petroleum Research could place the Ultimate Recipient in default of the terms, conditions or obligations of the Agreement, and may exercise Petroleum Research’s right to terminate this Agreement, and direct the Ultimate Recipient to repay forthwith all or any part of the monies paid by Petroleum Research pursuant to this Agreement.

Date: _____

Signature: _____

Title: _____