

OIL INSURANCE LIMITED

Reinsurance Policy – Exhibit D-2

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Oil Insurance Limited Reinsurance Policy

NAMED INSURED

In consideration of the premium stated herein OIL INSURANCE LIMITED (hereinafter called “**Underwriter**”) does reinsure insurance policies issued by the Company or Companies named in the current Policy Declaration as the Named Insured to the extent such policies insure:

1. The Energy Company named in the current Policy Declaration and its Consolidated subsidiaries and affiliates.
2. The interest of Energy Company in any Subsidiary or Affiliate that is either non-Consolidated or partially Consolidated (not otherwise insured as an entire entity under any policies issued to any person or entity by the Underwriter) in which the interest of the Energy Company in the Unmodified Gross Assets of such Subsidiary or Affiliate is one percent (1%) or less of the Unmodified Gross Assets of the Energy Company.
3. (a) The interest of the Energy Company in any Subsidiary or Affiliate that is either non-Consolidated or partially Consolidated in which the interest of the Energy Company exceeds one percent (1%) of the Unmodified Gross Assets of the Energy Company; or
(b) A greater interest than that of the Energy Company in any Subsidiary or Affiliate that is either non-Consolidated or partially Consolidated;

Provided, for each interest, as conditions precedent to coverage, each of the following conditions has been met;

- (i) the Energy Company has requested that coverage be extended to the interest; and
- (ii) approval has been granted in writing by the Underwriter; and
- (iii) the value of the interest to be insured has been certified by the appropriate independent chartered accountants or certified public accountants; and
- (iv) such certified amount shall be included in the Energy Company's Unmodified Gross Assets; and
- (v) the interest to be insured is not otherwise insured under any policies issued to any person or entity by the Underwriter.

The inception date of the reinsurance provided hereunder shall be the date of the Underwriter's written approval unless otherwise specified.

“**Assured**” means the Energy Company and its non-consolidated subsidiaries and affiliates included for reinsurance under paragraphs 2 and 3 above, both independently and as participants in joint ventures with others.



“Energy Company” means the Energy Company named in the current Policy Declaration and its consolidated subsidiaries and affiliates.

REINSURANCE AGREEMENTS

In consideration of the premium stated herein, the Underwriter does hereby agree with the Named Insured to reinsure the Named Insured's insurance policies which provide coverage to the Assured, to the extent hereinafter set forth:

1. To reinsure insurance policies issued by the Named Insured which indemnify the Assured for all risks of direct physical loss or physical damage, caused by an Occurrence, to:

- (a) tangible property owned by the Assured; or
- (b) non-owned tangible property;
 - (i) which is subject to written contractual arrangements under which the Assured has assumed the liability for direct physical loss or physical damage, including but not limited to leases and security agreements, or
 - (ii) in the care, custody or control of the Assured, or
 - (iii) which is the subject of an obligation by the Assured and is determined by the Underwriter in its sole discretion, in writing, to be deemed as being owned by the Assured.

By a written notice to the Underwriter specifying the property, the Named Insured may elect to have excluded from the reinsurance coverage provided for in this reinsurance agreement any non-owned property. Any such election may be rescinded only with the written consent of the Underwriter.

2. To reinsure insurance policies issued by the Named Insured which indemnify the Assured for any sum or sums which the Assured may be obligated to pay or incurs as expenses, on account of:

- (a) Sue and Labor Expense arising from an Occurrence covered hereunder where in the event of an actual or imminent covered physical loss or physical damage to property not otherwise excluded, it shall be lawful and necessary for the Assured, his, its or their factors, servants and assigns to sue, labor and travel for, in and about the defense, safeguard and recovery of the insured property, or any part thereof without prejudice to this reinsurance, nor shall the act of the Assured or the Underwriter in recovering, saving and/or preserving the insured property in the event of an actual or imminent covered physical loss or physical damage to property not otherwise excluded be considered a waiver or an acceptance of abandonment;
- (b) Bringing Under Control a Well that is Out of Control, where such circumstance arises from an Occurrence, or extinguishing a Well fire where such fire arises from an Occurrence;
- (c) Removal of debris of property covered under reinsurance agreement 1, and not otherwise excluded, or debris which the Assured is legally obligated to remove, where such debris arises from an Occurrence, including expenses incurred for the purpose of complying with laws, regulations or other Governmental Direction;
- (d) Costs and expenses incurred in respect of restoration of, redrilling of, (including the cost of abandonment of the original Well where a replacement Well is drilled), or making safe a Well to the same formation, which Well or any part thereof has been lost, damaged or otherwise



impaired as a result of such Well getting Out of Control or physical damage to property covered under reinsurance agreement 1 and not otherwise excluded, in each case arising from an Occurrence covered under reinsurance agreement(s) 1 and/or 2b. Batch drilling, and the associated temporary abandonment of Wells, shall be deemed to be covered under “redrilling” of a Well, whether or not originally drilled by such method.

3. To reinsure insurance policies issued by the Named Insured which indemnify the Assured for any sum or sums for which the Assured may be legally liable (including punitive damages), or has agreed in writing to assume for the benefit of others, as a result of personal injury or bodily injury, including death, or physical loss of or loss of use of, or physical damage to property other than property covered or which could be, but for any of the exclusions contained in this policy, covered under reinsurance agreement 1, arising out of seepage, pollution or contamination caused by an Occurrence. However, a Right of Way within which a Pipeline is located is not deemed to be reinsured under reinsurance agreement 1 for purposes of this reinsurance agreement 3. This reinsurance agreement applies only if the Assured (or, in the case of an Occurrence arising out of the operations of a joint venture in which the Assured has an interest but is not the operator, the operator of such joint venture) becomes aware of the commencement of the seepage, pollution or contamination within forty (40) days of such commencement and the Named Insured provides the Underwriter with written notice of the commencement of such seepage, pollution or contamination within one hundred twenty (120) days of such commencement; provided, however, if coverage is applicable under this reinsurance agreement, except as provided in Endorsement 5, such coverage shall be in excess of and shall not contribute with (a) any other valid and collectible insurance of or for the benefit of the Assured, whether primary or excess, which is then in force to insure its liability for seepage, pollution or contamination, including, without limitation, any coverage afforded under general or excess liability insurance, any environmental impairment liability insurance or by any Protection and Indemnity Club and (b) all compensation available, or which would, but for the existence of this policy, be available, through the International Oil Pollution Compensation Fund, as amended, supplemented or extended, or any future conventions or funds (as amended, supplemented or extended) of a similar nature or purpose.

EXCLUSIONS

This reinsurance policy does not apply to:

1. (a) With respect to reinsurance agreements 1, 2a and 2c, all Watercraft, including the hull and any Watercraft Equipment in, on or attached to the Watercraft.

This exclusion shall not apply with respect to:

- (i) Work Vessels in which the Assured has no ownership interest and for which the Assured has assumed contractual obligations to repair or replace under agreements which are incidental to the purpose of contracts or agreements customary or necessary to the conduct of the business of the Assured; or

- (ii) platforms or parts of platforms, whether stationary or under tow; or

- (iii) Watercraft during launching process to the time such Watercraft is first Secured Following Launch.

- (b) With respect to reinsurance agreement 3:

- (i) any liability which arises in any manner from one or more specific Watercraft by virtue of the Assured's involvement in, or agreement to assume, indemnify against or



guarantee liability in respect of, the design, construction, maintenance, manning, ownership or operation thereof if such Watercraft is:

(A) classified as a tanker vessel designed and constructed for the carriage by sea in bulk of crude petroleum, hydrocarbon fuels, oils derived therefrom, coal or chemicals; or

(B) of more than four thousand five hundred (4,500) gross tonnage and is actually engaged in the transportation in bulk of crude petroleum, hydrocarbon fuels, oils derived therefrom, coal or chemicals;

provided, however, that this clause (i) of this exclusion 1b shall not apply with respect to Watercraft time chartered, spot chartered or voyage chartered by the Assured (but not designed, constructed, maintained, manned, owned or operated by the Assured or as respects which the Assured has agreed to assume, indemnify against or guarantee liability in respect of the design, construction, maintenance, manning, ownership or operation thereof); or

(ii) any liability which arises in any manner whatsoever from the use, operation, maintenance or repair of an FPSO unless such FPSO:

(A) shall have been secured at its intended site for the production, storage or processing of hydrocarbons at the time of the Occurrence or

(B) after having been secured at its intended site used for the production, storage or processing of hydrocarbons, subsequently, and as the result of an Occurrence or imminent or actual danger or threat thereof or by or at Governmental Direction, but in no event shall this period exceed ninety (90) days unless extended in writing by the Underwriter:

(1) disconnects or is disconnected and is no longer secured or

(2) is in transit but only for such time and distance as is necessary to avoid the Occurrence or imminent or actual danger or threat thereof or to comply with the Governmental Direction; or

(iii) any liability of the Assured arising under the terms of the International Convention on Civil Liability for Oil Pollution Damage, including any amendments or supplemental agreements thereto or extensions thereof, and any future conventions (as amended, supplemented or extended) of a similar nature or purpose which are applicable to Watercraft.

2. All loss, damage, liability, cost or expense of whatsoever nature, in respect of any properties otherwise reinsured under this policy directly or indirectly caused by or resulting from war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, usurped power, or use of any weapon employing atomic or nuclear fission, fusion and/or other radioactive force or matter (hereinafter the "Excluded Acts").

This exclusion applies whether any of the Excluded Acts occur in time of peace or war.



This exclusion does not apply to loss, damage, liability, cost or expense of whatsoever nature, caused by:

- (a) an Act of Terrorism, but only if the Act of Terrorism is the sole cause which does not include the Excluded Acts;
- (b) an Act of Piracy;
- (c) riots, strikes or civil commotion; or
- (d) with respect to Offshore properties collision or contact with aircraft, rockets or similar missiles, or with any fixed or floating object, stranding, heavy weather, fire or explosion unless caused directly (and independently of the nature of the voyage or service which the Watercraft concerned or, in the case of a collision, any other Watercraft involved therein, is performing) by any of the Excluded Acts.

Exceptions (a) through (d) do not apply to loss, damage, liability, cost or expense of whatsoever nature, caused by the use of any weapon employing atomic or nuclear fission, fusion and/or other radioactive force or matter.

3. (a) With respect to reinsurance agreements 1 and 2, (i) the Hot Zone of any Nuclear Facility or portion thereof or (ii) any loss, damage or expense arising out of or resulting from, in whole or in part, nuclear reaction or nuclear radiation or radioactive contamination, or the Hazardous Properties of Nuclear Material, however caused and all whether controlled or uncontrolled, or due in whole or in part to any act or condition incident to any of the foregoing, and whether such loss, damage or expense be direct or indirect, proximate or remote, or be in part caused by, contributed to or aggravated by other perils reinsured against in this policy.

(b) With respect to reinsurance agreement 3, personal injury or bodily injury, including death, or loss of or loss of use of or damage to property arising out of or resulting from, in whole or in part, nuclear reaction or nuclear radiation or radioactive contamination or the Hazardous Properties of Nuclear Material, however caused and whether such injury or loss or damage be direct or indirect, proximate or remote, or be in part caused by, contributed to or aggravated by other perils reinsured against in this policy.

(c) This exclusion 3 shall not apply as respects personal injury or bodily injury, including death, or loss of or loss of use of or damage to property resulting from, in whole or in part, radioactive contamination, including fire damage resulting therefrom, caused by use or misuse, other than disposal, of instruments and equipment used for commercial or industrial measurements, inspection, quality control, fire detection or fire protection at premises other than a Nuclear Facility.

4. Crude oil, natural gas, or other minerals in situ, prior to initial recovery above ground.

5. With respect to reinsurance agreements 1 and 2, land, land values, naturally occurring or naturally accumulated water, and crops, including timber, prior to harvesting; except this exclusion does not apply to any alteration to the natural condition of the land by grading, landscaping and additions to land including landscape gardening, pavements, roadways, geotechnical and erosion control works or similar works and including the cost of reclaiming, restoring or repairing land improvements, nor does this exclusion apply to processed water.

6. With respect to reinsurance agreements 1 and 2, any loss of hire of Watercraft, aircraft, rail transportation or other vehicles.



7. With respect to reinsurance agreement 1, any loss, damage, cost or expense caused by or resulting from inherent defect, or caused by any of the following in a gradual manner over a period of time: wear and tear, deterioration, fatigue, rusting, or expansion or contraction due to changes of temperature unless resulting in the collapse of the property or a material part thereof. This exclusion shall not apply to resultant physical loss or physical damage to, or cost or expense incurred for, the remaining property or to other property reinsured hereunder.
8. Cost of repairing or replacing that portion of property which is defective, including, but not limited to, defects in design, workmanship, or material.
9. With respect to reinsurance agreements 1 and 2, loss or damage, cost or expense to property caused by or resulting from the neglect of the Assured to use reasonable means to save and preserve the property at the time of and after any disaster or peril reinsured against.
10. Any Use and Occupancy or Business Interruption Loss or Extra Expense in connection therewith sustained by the Assured or, with respect to reinsurance agreement 1, other consequential loss extending beyond direct physical loss or physical damage to the property insured hereunder.
11. Any loss, damage, liability, cost or expense arising directly or indirectly, caused by or resulting from confiscation or expropriation by or under the order of any government or public or local authority.
12. Any loss, damage, liability, cost or expense in respect of Offshore properties (including Watercraft and cargoes) of the Assured directly or indirectly caused by or resulting from capture, seizure, arrest, restraint or detainment, or the consequences thereof or of any attempt threat, or any taking of the property, by requisition or otherwise, whether in time of peace or war and whether lawful or otherwise, by or under the order of any government or public or local authority.
13. Personal injury or bodily injury, including death, or loss of or loss of use of or damage to property caused by the intentional or willful introduction of waste products, other than in accordance with industry practice, into any soil or inland or tidal waters or atmosphere, unless such injury, loss or damage is caused by accident.
14. With respect to reinsurance agreement 2b, personal injury or bodily injury, including death, or loss of or loss of use of or damage to property of others and loss of hole, and including all expense of drilling or excavating and redevelopment or redrilling, re-excavation, redevelopment and restoration.
15. Liability for governmental fines and penalties imposed under any laws of any country or any political subdivision thereof and payable to such country or political subdivision, excluding, however, civil fines or penalties imposed to pay or reimburse for loss, damage or expense resulting from an Occurrence to the extent that the amount of the civil fine or penalty is measured by and limited to the actual loss, damage and/or expense incurred.
16. With respect to reinsurance agreements 1 and 2, for losses resulting from perils covered under other insurance policies, either primary or excess, carried by the Assured; provided, however, that this exclusion shall not apply to the extent such losses, for any reason, are not covered and collectible under such other insurance policies, either primary or excess, without regard to provisions therein relating to proration of liability.
17. With respect to reinsurance agreement 1, any loss, damage, liability, cost or expense sustained by the Assured in respect of non-owned property which property is of the type which if it were owned by the Assured would be excluded from this policy by any of the exclusions herein.



18. Loss of, physical damage to or loss of use of property through the surrender of property away from premises of the Assured as a result of a threat:

(a) to do bodily harm to a director, officer, employee or partner of the Assured or to any other person, except loss of property in transit in the custody of any person acting as a messenger provided that when such transit was initiated there was no knowledge by the Assured of any such threat, or

(b) to do physical damage, or cause physical loss or physical damage, to property of any kind or description wherever located.

19. With respect to reinsurance agreement 1, loss of hole, including all expense of drilling or excavating and development or redrilling, re-excavation, redevelopment and restoration, but not excluding risk of direct physical loss or physical damage to property covered under reinsurance agreement 1.

20. Obligations resulting from the writing of insurance or reinsurance (or participation in the writing of insurance or reinsurance) unless for the benefit of the Assured or the Assured's business and the conduct thereof (other than solely for the benefit of Assured's insurance or reinsurance business).

21. With respect to reinsurance agreements 2 and 3, obligations of the Assured to insure or assume loss, damage, expense or liability of others except to the extent imposed by law or governmental regulation and except contractual obligations that are incidental to the purpose of contracts or agreements customary or necessary in the conduct of the business (other than any insurance or reinsurance business) of, or the disposition of a business entity (other than an insurance or reinsurance entity) by, the Assured.

22. With respect to reinsurance agreement 1, any loss or damage sustained by the Assured resulting directly or indirectly from one or more dishonest or fraudulent acts of an Assured, a partner therein, or an officer, employee, director, agent or representative thereof, while working or otherwise and whether acting alone or in collusion with others. This exclusion shall not apply to physical loss or physical damage to tangible property resulting directly from acts of sabotage, vandalism or other willful and malicious destruction of tangible property by an employee, agent or representative of the Assured (or a partner therein), carried out without the authorization or knowledge of the Assured (or a partner therein), and provided that the proof of the factual existence of such loss or damage is made through evidence wholly apart from an inventory computation or a profit and loss computation.

23. Any loss, damage, liability, cost or expense for which the Assured would not be legally or contractually liable or would be indemnified therefor except for the existence of this policy.

24. Any peril, loss, damage, liability, cost or expense which the Named Insured expressly requests be excluded from coverage under this policy. (The Underwriter is authorized to issue endorsements, as requested by a Named Insured, to effect or evidence any exclusion pursuant to this exclusion.)

25. With respect to reinsurance agreement 2c, removal of debris arising out of seepage, pollution or contamination, or any liability or obligation arising out of seepage, pollution or contamination, including, without limitation, the discharge, dispersal, release or escape of pollutants into or upon land or other real estate, atmosphere, any watercourse or body of water whether above or below ground or otherwise into the environment, including without limitation, any liability or alleged liability, loss, cost or expense arising out of any direction or request, whether Governmental Direction or other, to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants.



26. With respect to reinsurance agreement 3:

(a) Any obligation for which the Assured or any carrier as his insurer may be held liable under any workmen's or workers' compensation, unemployment compensation or disability benefits law or any similar law, or

(b) Personal injury or bodily injury to, including death of, any person to or with respect to whom or the death of whom benefits or damages are payable to the extent of any valid and collectible voluntary compensation or employer's liability insurance available to the Assured.

27. With respect to reinsurance agreement 2c, expenses on account of removal of debris from mines or other excavations excepting only expenses related to that portion of removed debris which represents debris of property covered under reinsurance agreement 1 and not otherwise excluded. In such case, the measure of recovery shall be based upon the proportion the volume of debris of property covered under reinsurance agreement 1 and not otherwise excluded bears to the total volume of recovered debris.

28. With respect to reinsurance agreement 3, any liability arising out of or resulting from waste disposal operations of the Assured; provided that this exclusion shall not apply to liability of the Assured:

(a) arising out of any waste disposal operations which are operated solely for the purpose of disposing of the Assured's own waste; or

(b) where the Assured is obligated by joint operating agreement or regulatory authority to dispose both of its own waste and that of all non-Assured(s) utilizing such waste disposal operations; or

(c) where the Assured receives no compensation (except cost reimbursement) for the use of such operations by non-Assured(s); or

(d) arising out of any commercial waste disposal site utilized by or on behalf of the Assured but not owned, leased or operated by the Assured; or

(e) arising solely out of Onshore salt water disposal operations on behalf of drilling and production activities by the petroleum industry.

29. With respect to reinsurance agreement 3, Product and Completed Operations Liability.

30. With respect to reinsurance agreement 2d:

(a) costs or expenses of completion with respect to any section of a Well that can be completed through a drill stem left therein;

(b) costs or expenses incurred to drill beyond the point reached (either vertical or horizontal) when the Well was lost, damaged or otherwise impaired;

(c) loss, damage or impairment of hole. This exclusion does not apply if other parts of the Well have been damaged;

(d) loss, damage, costs or expenses caused by or arising out of delay and/or loss of production and/or loss of reservoir or reservoir pressure of the Well;



(e) restoration and/or redrilling costs or expenses resulting solely from loss of or damage to equipment or material in the Well or the Well itself other than attributable to or in connection with the Well getting Out of Control, fire, blowout, earthquake, cratering or volcanic eruption;

(f) costs or expenses of redrilling where the Well can be recovered or restored by less costly or expensive means.

31. With respect to reinsurance agreement 2a, any Environmental Control Costs (whether voluntarily assumed or incurred or resulting from Governmental Direction or other request or direction) provided, however, that this exclusion shall not apply to Environmental Control Costs to the extent that such Environmental Control Costs are reasonable and incurred in the reasonable expectation and belief that such Environmental Control Costs both (a) are necessary to mitigate actual physical loss or physical damage, resulting from an Occurrence, to property covered under reinsurance agreement 1 and (b) will be in an amount less than the additional physical loss or physical damage to covered property which would result in the absence of the incurrence of such Environmental Control Costs.

32. With respect to reinsurance agreement 3, any contractual liability in respect of personal injury or bodily injury, including death, or loss of or loss of use of or damage to property which the Assured was not bound to assume by an agreement in writing in force at the time of the commencement of the Occurrence giving rise to such injury, loss or damage; provided, however, that this exclusion shall not apply to contractual liability in respect of injury, loss or damage if all three of the following conditions are met:

(a) such contractual liability was assumed by the Assured in connection with the disposition by the Assured of a business entity or assets; and

(b) the Assured was legally liable for such injury, loss or damage immediately prior to the disposition; and

(c) such injury, loss or damage arose from an Occurrence commencing at a time when such disposed entity was an Assured or such asset was owned by an Assured.

33. Any Electrical Transmission and Distribution System.

34. Any loss or damage whatsoever (including personal injury, bodily injury, death, loss of or damage to, or loss of use of property, whether or not damaged, or expense) to the extent that payment in respect thereof would violate economic or trade sanctions pursuant to the laws, rules, regulations, orders, decisions, directives or common positions of the European Union, the United States of America or any other governmental body or authority having jurisdiction over the Underwriter. Nor shall this policy be deemed to provide any cover or benefit to any person or entity to the extent that the provision of such cover or benefit would expose the Underwriter to any liability for violating economic or trade sanctions pursuant to the laws, rules, regulations, orders, decisions, directives or common positions of the European Union, the United States of America or any governmental body or authority having jurisdiction over the Underwriter.

35. Any loss, damage, liability, cost or expense of whatsoever nature, in respect of any properties located Offshore in the Gulf Of Mexico otherwise reinsured under this policy directly or indirectly caused by or resulting from a Designated Named Windstorm Occurrence.



CONDITIONS

A. Valuation and *Basis of Recovery*:

The quantum of a loss reinsured by this policy shall be determined as follows:

1. As respects tangible property reinsured under reinsuring agreement 1, other than inventories, materials and supplies:

(a) if the property is repaired or replaced in kind and at the original site, the basis of valuation will be the Replacement Cost,

(b) if the property is repaired other than in kind or is replaced at another site the basis of valuation will be the lesser of the Replacement Cost or the estimated Replacement Cost in kind at the original site at the time of the Occurrence,

(c) if one or more of the following applies:

(i) the Assured notifies the Underwriter in writing that the property will not be repaired or replaced;

(ii) the work of repair or replacement does not commence within twenty four (24) months of the Date of Discovery;

(iii) the work of repair or replacement is not completed within a reasonable time;

then, unless mutually agreed in writing between the Underwriter and the Assured, the basis of valuation will be Depreciated Cost.

Loss as determined under this condition shall not include any increased cost of expediting repair or replacement or Betterment.

2. As respects inventories (including crude petroleum or finished petroleum products), materials or supplies (including materials in process) reinsured under reinsurance agreement 1, including such items while in transit shall be valued at Replacement Cost of like kind and quality, at the place and at the time of loss (including all cost and duty if applicable).

3. As respects all records and documents, including but not limited to accounts and other data and manuscripts, mechanical drawings reinsured under reinsuring agreement 1, at value blank plus cost of transcribing.

4. As respects reinsurance agreement 1, shall exclude historical, rare, fine arts, artistic, aesthetic and similar non-utility values.

5. As respects reinsurance agreements 1 and 2 shall include costs and expenses incurred in safeguarding, preserving and forwarding the property, as well as costs and expenses in respect of general average, sue and labor, salvage, and expenses incurred in the removal of debris or wreck even if incurred solely as the result of Governmental Direction or other authoritative order.

6. As respects reinsurance agreement 2 (b), expenses incurred to bring a Well that is Out of Control Under Control and notwithstanding the definition of Under Control, costs and expenses



incurred as required by applicable law or governmental regulation or Governmental Direction to control the Well(s). These expenses include, but are not limited to, the value of materials and supplies consumed in the operation, rental of equipment, fees of individuals, firms, or corporations specializing in firefighting and/or the control of such Well(s), cost of drilling direction relief Well(s) necessary to bring the Well(s) Under Control or to extinguish the fire (including the cost of abandonment of any such relief Well(s), provided such Wells are not used for production) and, in any instance where a replacement Well(s) is drilled, the costs of abandonment of the original Well(s). This shall further include any expenses incurred in respect of fighting a fire endangering or involving property insured hereunder.

7. As respects reinsurance agreement 3, shall (but only to the extent approved in the specific case by the Named Insured) include sum or sums for which any director, officer or employee of any Assured may be legally liable for actions within the scope of his authority for such entity.

8. As respects reinsurance agreement 3, shall include:

(a) reasonable and necessary legal expenses and costs incurred in defending and/or investigating covered claims arising from an Occurrence covered under such reinsurance agreement 3 (including premiums on bonds to release attachments and premiums on appeal bonds), and

(b) reasonable and necessary expenses incurred, liability to any governmental authority or agency or instrumentality thereof or regulatory authority for clean-up and removal costs and expenses, or liability for costs and expenses of governmental or governmental agency or regulatory authority action, in each case to the extent reasonable and necessary to minimize or remediate, or prevent further injuries to persons or loss or damage to property (other than property insured or which could be, but for any of the exclusions contained in this policy, insured under reinsurance agreement 1) from an Occurrence that has taken place and is covered under reinsurance agreement 3, and

(c) any other liability to any governmental authority or agency or instrumentality thereof or regulatory authority resulting from an Occurrence that has taken place and is covered under such insuring agreement 3,

but shall not include costs or expenses, or liability in respect thereof, as respects work, equipment or other measures taken to prevent or minimize personal injury or bodily injury, including death, or loss of, loss of use of or damage to property of any kind or description from ongoing operations (as contrasted with past operations, whether or not at the site or facility) of the Assured.

B. Permissions:

Permission is hereby granted the Assured or any other party acting in behalf of the Assured to effect contracts or agreements customary or necessary to the conduct of the business of the Assured under which the Assured may assume liability for loss, damage, liability, cost or expense or grant releases therefrom and the rights and obligations of the Underwriter shall be governed by the terms of such contracts or agreements. This permission shall not be deemed to extend the coverage or limits of this reinsurance beyond the terms and conditions of this policy.



C. Representation:

The Named Insured or such other person or attorney as it shall designate shall represent the Assured in all matters under this policy, including the adjustment, settlement, and payment of claims.

D. Assistance and Cooperation:

The Underwriter shall not be called upon to assume charge of the settlement or defense of any claim made or suit brought or proceeding instituted against the Assured but the Underwriter shall have the right and shall be given the opportunity to associate with the Assured, in the defense and control of any claim, suit or proceeding relative to an Occurrence where the claim or suit involves, or appears reasonably likely to involve the Underwriter, in which event the Assured and the Underwriter shall cooperate in all things in the defense of such claim, suit or proceeding.

The Assured shall furnish promptly all information reasonably requested by the Underwriter with respect to any claim made under this policy or pertaining to coverage under this policy. The Underwriter shall be permitted at all reasonable times during the policy period to inspect premises, plants, machinery, equipment, and operations of the Assured covered by this policy. In the event a claim is made under this policy, the Underwriter shall also be permitted at all reasonable times to examine the Assured's books and records which may relate to the subject of the claim. The Assured may require any of the employees, agents or independent contractors to carry out any such inspection or examination or to retain any information furnished by the Assured relative to the claim in a manner which will maintain confidential any information obtained and to agree in writing that they shall treat as confidential and not use, except for purposes of this policy, or disclose, any information obtained as a result of any such inspection or examination without the written permission of the Assured.

E. Notice of Loss:

As soon as practicable, except as provided for in reinsurance agreement 3, written or electronic mail notice of loss which is likely to involve this policy shall be given by the Assured to the Underwriter.

F. Underwriter's Liability:

1. The Underwriter shall be liable only if and when the Ultimate Net Loss sustained by the Named Insured and covered hereunder in respect of interests described herein in any one Occurrence exceeds the amount specified as the deductible in the Policy Declaration in effect at the time of the commencement of the Occurrence. The Underwriter shall thereupon be liable for the amount by which the said Ultimate Net Loss exceeds the amount specified as the deductible in the Policy Declaration in effect at the time of the commencement of the Occurrence.
2. Irrespective of the number and timing of losses, the Underwriter shall be liable in respect of any one Occurrence only up to a limit of the amount specified as the Occurrence limit in the Policy Declaration in effect at the time of the commencement of the Occurrence.
3. The Occurrence limits applicable under this policy and any other policy or policies issued by the Underwriter having the same Named Insured and the same expiration date as this policy shall in the aggregate be the Occurrence limits referred to in Condition F.2. The deductible referred to in Condition F.1 of this policy shall be the deductible applicable to any Ultimate Net Loss covered hereunder incurred by the Assured.



4. (a) Notwithstanding Condition F.1 with respect to one or more losses from a single Occurrence (other than a Designated Named Windstorm Occurrence) arising in any manner out of the Assured's insured interest in any joint venture(s), co-venture(s), joint lease(s), joint operating agreement(s), partnership(s) or affiliated company or companies not otherwise insured as an entire entity or entities under this policy, the Assured's deductible shall be subject to adjustment as follows:

(i) when only one loss from a single Occurrence is involved, the Assured's deductible shall be adjusted to an amount (no less than one million dollars (\$1,000,000)) computed by multiplying the deductible otherwise applicable under this policy by the Assured's percentage interest in such loss;

(ii) when the Assured's insured interest in more than one loss from a single Occurrence is involved, the Assured's deductible shall be adjusted to an amount (no less than one million dollars (\$1,000,000)) computed by multiplying the deductible otherwise applicable under the policy by the percentage derived by dividing the sum of the Assured's interests in all such losses by the sum of all such losses (subject to a maximum of one hundred percent (100%)).

(b) Notwithstanding Conditions F.1 and F.4a when a single Occurrence causes a loss in which the Assured's interest is one hundred percent (100%) and also a loss or losses in which the Assured's interest is less than one hundred percent (100%), the full amount of the Assured's deductible shall be first deducted from the loss in which the Assured has a one hundred percent (100%) interest and the remainder of such deductible, if any, shall be adjusted in accordance with Condition F.4a(ii) and deducted from the total of the losses in which the Assured has less than a one hundred percent (100%) interest.

(c) Notwithstanding Conditions F.1, F.4a and F.4b, when an Assured's percentage interest in a joint venture fluctuates, as respects a loss from a single Occurrence, the Assured's deductible shall be adjusted to an amount (no less than one million dollars (\$1,000,000)) computed by multiplying the deductible otherwise applicable under the policy by the percentage derived by dividing the Assured's allocable share of the loss by the total amount of the loss.

5. Where one Occurrence causing loss to the Assured also causes loss to one or more other Assureds of the Underwriter, or Assured(s) of Named Insured(s) holding reinsurance policy(ies) issued by the Underwriter, the cumulative liability of the Underwriter as respects the Assured and all such Assured(s) and Named Insured(s) combined shall never exceed an amount (the "Aggregation Limit") determined by and at the discretion of the Board of Directors from time to time. Such Aggregation Limit may be set by the Board of Directors at different amounts in respect of any Designated Named Windstorm Occurrence and any other Occurrence. The determination whether or not loss to the Assured, other Assureds and/or Named Insureds arises out of one Occurrence shall be made by and at the discretion of the Board of Directors. When the cumulative liability of the Underwriter exceeds the Aggregation Limit, the amount recoverable shall be prorated in accordance with a formula¹ established by the Underwriter.

¹ The current formula established by the Underwriter is:

The Assured shall recover the product of (a) the Aggregation Limit and (b) the Assured's Unrestricted Recovery divided by the sum of the Unrestricted Recoveries of all Assureds.

"Unrestricted Recovery" means the liability of the Underwriter to the Assured or Named Insured, as the case may be, determined in accordance with all the terms and conditions of the policy, except Condition F.5.



As respects any Designated Named Windstorm Occurrence only the portion of Named Windstorm Losses exclusive of any amount within any Quota Share Retention or subject to Retrospective Premium shall be taken into account as respects the Aggregation Limit.

6. There shall be an annual aggregate limit for the Named Insured as respects all Designated Named Windstorm Occurrences taking place during any calendar year equal to the Designated Named Windstorm Annual Aggregate Limit.

G. Other Insurance:

This reinsurance shall be in excess of any other valid and collectible insurance or reinsurance and shall not apply until all such other insurance has been exhausted unless provided otherwise under endorsement 5; however, such other insurance or reinsurance shall apply to satisfy the deductible stated in Condition F. Nothing herein shall be construed to make this policy subject to the terms, conditions or limitations of such other insurance or reinsurance nor contribute with such other insurance or reinsurance.

Any insurance or reinsurance coverage furnished by an Assured's wholly-owned insurance Subsidiary shall not be considered other insurance or reinsurance and shall not reduce the amount payable under this policy. However, reinsurance other than this policy purchased by the Named Insured or by its Assured's wholly-owned insurance Subsidiary shall be considered other insurance and shall reduce the amount payable under this policy.

H. Subrogation:

In case of any payment hereunder, the Underwriter will act in concert with all other interests (including the Named Insured and its Assured) concerned, in the exercise of rights of recovery (with expenses thereof, including attorneys' fees, being shared by the Underwriter in the ratio that their portion of the Ultimate Net Loss bears to the total Ultimate Net Loss). Any net recovery, i.e., gross recovery less expense incurred in effecting such recovery (excluding only salaries of employees of the Named Insured or its Assured and of the Underwriter) shall be apportioned among the interests concerned (including the Named Insured and its Assured) in the ratio that their portion of the Ultimate Net Loss bears to the total Ultimate Net Loss, provided that there shall not be apportioned to the Underwriter an amount larger than the amount sufficient to place the Underwriter in the same position as if no loss with respect thereto had been paid by, the Underwriter.

The Underwriter shall be subrogated to the extent of any payment made, to any right of recovery of the Named Insured or its Assured against any third person, corporation, Watercraft or interest arising out of or connected with the loss or damage with respect to which such payment is made except that the Underwriter hereby waives all right of subrogation against:

- (a) any Watercraft owned or bareboat chartered by the Assured or by any Subsidiary or Affiliate of the Assured, but then only as respects their activities on behalf of the Assured's operations covered hereunder;
- (b) any Subsidiary or Affiliate of the Assured or its Subsidiaries;
- (c) any person or persons, corporation or company who by contract, whether oral or written, joins the Assured as a co-participant in any of the Assured's operations insured hereunder and against any Watercraft owned or bareboat chartered by such party, but then only as respects their activities in behalf of the operations covered hereunder in which such party has joined the Assured;



(d) any party to whom the Assured has given a release of liability prior to any loss or damage, or any party who can make a direct charge back to the Assured of all or any portion of any amount recovered by the Underwriter but only to the extent of such claim;

(e) the directors, officers and employees of any entity in sections (a) through (d) above.

I. Submission of Claim:

As respects loss under reinsurance agreements 1 and/or 2, the Assured as a condition precedent to coverage hereunder shall submit to the Underwriter a claim for indemnification in the form of a proof of loss in respect of any amount of Ultimate Net Loss in excess of the amount borne by the Assured and for which the Underwriter may be liable under the policy within a reasonable period after the Assured shall have paid (or, if the property is not to be repaired or replaced, sustained), such amount. If any subsequent payments shall be made by the Assured or, if the property is not to be repaired or replaced, sustained, with respect to matters covered by reinsurance agreements 1 and/or 2 as respects the same Occurrence, additional claims shall be made similarly from time to time.

As respects loss under reinsurance agreement 3, the Assured as a condition precedent to coverage hereunder shall submit to the Underwriter a claim for indemnification in the form of a proof of loss in respect of any amounts of Ultimate Net Loss in excess of the amount borne by the Assured and for which the Underwriter may be liable under the policy within twelve (12) months after the Assured shall have paid such amount (irrespective of any rights the Assured may have regarding contribution, indemnification, other insurance or otherwise which may reduce the amount of such Ultimate Net Loss). Liability under reinsurance agreement 3 shall not attach unless and until the Assured's liability covered hereunder shall have been fixed and rendered certain either by final judgment against the Assured or by settlement with prior approval in writing by the Underwriter. If any subsequent payments shall be made by the Assured with respect to the same Occurrence, additional claims shall be made similarly, and within twelve (12) months of such payment.

The Underwriter shall indemnify the Assured upon adjustment and acceptance by Underwriter of a final proof of loss as to the amount in question, subject to such progress payments as the Underwriter shall determine to make upon terms and conditions satisfactory to Underwriter.

For the avoidance of doubt, with respect to claims pursuant to reinsurance agreement 2a, 2b, 2c, 2d or 3, the Underwriter shall not be obligated to indemnify the Assured in respect of any amount until the Assured shall have paid such amount.

With respect to claims under reinsurance agreement 1:

(a) where the property is to be repaired or replaced, the Underwriter shall not be obligated to indemnify the Assured for any amount prior to the time that the Assured shall have paid such amount, to the extent covered hereunder, to effect such repair or replacement, and

(b) where the property is not to be repaired nor replaced, the Underwriter shall not be obligated to indemnify the Assured in respect of the loss sustained prior to the time that the Assured has submitted a written certification by a responsible official of the Assured, in form and substance satisfactory to Underwriter, that there will be no repair or replacement of the property in question as contemplated by Condition A.1; provided, however, that where the property in question consists of inventories, materials, supplies, cash and/or cash equivalents, such property shall be deemed to have been replaced as of the time of loss thereof.



J. Bankruptcy and Insolvency:

In the event of the bankruptcy or insolvency of the Named Insured, its Assured or any entity comprising either of them, the Underwriter shall not be relieved thereby of the payment of any claims hereunder because of such bankruptcy or insolvency.

K. Currency:

The premium and losses under this policy are payable in United States currency, and wherever the word “dollars” or the symbol “\$” appears herein they are deemed to mean United States Dollars. Where any loss is denominated in other than United States Dollars, the date of conversion of such loss to United States currency shall be:

(a) For losses covered under reinsurance agreements 1 and 2, the date when the proof of loss with respect thereto, acceptable to the Underwriter and to the Named Insured, is finalized by the Underwriter for the signature of the Named Insured.

(b) For losses covered under reinsurance agreement 3, the date of the judgment or the date consent to settle is granted by the Underwriter, whichever is applicable.

The Underwriter may use any generally recognized source, including, without limitation, any widely distributed financial newspaper, for currency conversion rates selected by it in its sole discretion.

L. Automatic Renewal, Cancellation and Non-Renewal:

An expiring policy will be automatically renewed for a full calendar year unless notice of non-renewal is received three (3) calendar months or more prior to the policy expiration date.

This policy may be cancelled by the Underwriter, and coverage under this policy and obligations of the Underwriter under this policy are subject to termination in accordance with the Shareholders' Agreement, as amended.

The Named Insured may elect not to renew this policy in accordance with the Shareholders' Agreement as amended.

M. Limits, Sublimits and Deductibles:

The limits and deductibles applicable to all policies of the Named Insured with the Underwriter shall be set forth on the Policy Declaration.

Except in respect of a Designated Named Windstorm Occurrence, where different deductibles apply to different elements of Ultimate Net Loss arising out of one occurrence, then any Ultimate Net Loss which erodes one deductible also shall erode an equal or higher deductible applicable to other Ultimate Net Loss but shall not erode a lower deductible applicable to other Ultimate Net Loss; in no event shall the aggregate of the deductibles applicable to any given occurrence exceed the largest deductible for any Ultimate Net Loss implicated by such occurrence. With respect to a Designated Named Windstorm Occurrence, the deductible(s) with respect to any Offshore Geographic Region(s) shall apply separately from and cumulatively with the deductible(s) with respect to any Onshore Geographic Region(s) such that Ultimate Net Loss which erodes the former shall not erode the latter and vice versa; provided, however, as between and among multiple Offshore Geographic Regions, and/or, separately, as between and among multiple Onshore Geographic Regions, any Ultimate Net Loss arising out of an occurrence which erodes one deductible also shall erode an equal or higher deductible applicable to



other Ultimate Net Loss arising out of the same occurrence but shall not erode a lower deductible applicable to other Ultimate Net Loss; in no event shall the aggregate of the deductibles applicable to any such occurrence exceed the largest deductible for any Ultimate Net Loss implicated by such occurrence separately for Offshore Geographic Regions and Onshore Geographic Regions.

As respects reinsurance agreements 1 and 2, for all non-owned property insured by the Underwriter but which is not included in the Assured's Unmodified Gross Assets and which is not used or intended for use in the operations of the Assured, there shall be a sublimit per Occurrence in the amount of fifty million dollars (\$50,000,000), which shall be included within, and shall not increase, the reinsurance limit per Occurrence otherwise applicable in respect of such Occurrence as respects such non-owned property and other property collectively.

N. Premium:

In consideration of all the provisions of this policy, the Annual Premium under all policies of the Named Insured with the Underwriter shall be determined in accordance with the Rating & Premium Plan.

O. Territory:

Worldwide.

P. Amendment of Policy In Accordance With Shareholders' Agreement:

This policy is in all respects subject to the Shareholders' Agreement and the Exhibits thereto; and this policy and all provisions thereof are subject to amendment, revision and modification, in any and all respects, and without the consent of or notice to any Assured or any other person, in accordance with such Shareholders' Agreement; and any such amendment, revision or modification shall be immediately effective and applicable to this policy whether or not noted on this policy by way of endorsement or otherwise. It is not the practice of the Underwriter to replace policies to reflect such amendments, revisions or modifications, but copies of the current form of policy can be obtained from the Underwriter upon request.

Q. Abandonment:

There shall be no abandonment to the Named Insured or the Underwriter of any property without the Underwriter's acceptance in writing.

R. Arbitration:

The parties shall endeavor to resolve amicably by mediation any dispute, controversy or claim arising out of or relating to this policy including any question regarding its existence, validity, cancellation or termination.

If a dispute, controversy or claim is not settled within forty five (45) calendar days after a party sends a written request for mediation to the other party, such dispute, controversy or claim shall be finally resolved by arbitration. The place of arbitration shall be in London, England. The language of arbitration shall be English.

The arbitration shall be commenced by a request for arbitration by the claimant, delivered to the respondent. The request for arbitration shall set out the nature of the claim(s) and the relief requested.

The arbitral tribunal shall consist of three arbitrators, one selected by the claimant in the request for arbitration, the second selected by the respondent within thirty (30) calendar days of receipt of the



request for arbitration, and the third, who shall act as presiding arbitrator, selected jointly by the claimant and the respondent within thirty (30) calendar days of the selection of the second arbitrator. If any arbitrators are not selected within these time periods, the London Court of International Arbitration ("LCIA") shall, upon request of any party, make the selection(s).

If a vacancy arises, the vacancy shall be filled by the method by which the arbitrator was originally appointed, provided, however, that if a vacancy arises during or after the hearing on the merits, the remaining two arbitrators may proceed with the arbitration and render an award.

The arbitrators shall be independent and impartial. Any challenge of an arbitrator shall be decided by the LCIA.

The arbitral tribunal shall render its award ninety (90) calendar days following the closure of the case. The award shall be final and binding on the parties thereto. The parties waive any right to appeal and/or seek collateral review of the award of the arbitral tribunal by, any court or other body to the fullest extent permitted by applicable law, including, without limitation, application or appeal under Sections 45 and 69 of the English Arbitration Act of 1996, as amended.

The provisions of this Condition R shall bind all parties seeking to assert rights under or claim rights or benefits related to this policy, including, without limitation, any Assured, any claimant against any Assured and any other insurer of any Assured.

The arbitral tribunal shall award to the prevailing party, as the arbitral tribunal may determine in its discretion, the reasonable costs and expenses, including counsel's fees, involved in preparing and presenting its case. The Underwriter and the Assured agree that in the event that claims for indemnity or contribution are asserted in any action or proceeding against the Underwriter by any of the Assured's other insurers in any jurisdiction or forum other than that set forth in this Condition R, the Assured will in good faith take all reasonable steps requested by the Underwriter to assist the Underwriter in obtaining a dismissal of these claims (other than on the merits) and will undertake to the court or other tribunal to reduce any judgment or award against such other insurers to the extent that the court or tribunal determines that the Underwriter would have been liable to such insurers for indemnity or contribution pursuant to this policy. The Assured shall be entitled to assert claims against the Underwriter for coverage under this policy, including, without limitation, for amounts by which the Assured reduced its judgment against such other insurers in respect of such claims for indemnity or contribution, in an arbitration between the Underwriter and the Assured pursuant to this Condition R, which arbitration may take place before, concurrently with and/or after the action or proceeding involving such other insurers; provided, however, that the Underwriter in such arbitration in respect of such reduction of any judgment shall be entitled to raise any defenses under this policy and any other defenses (other than jurisdictional defenses) as it would have been entitled to raise in the action or proceeding with such insurers (and no determination in any such action or proceeding involving such other insurers shall have collateral estoppel, *res judicata* or other issue preclusion or estoppel effect against the Underwriter in such arbitration, irrespective of whether or not the Underwriter remained a party to such action or proceeding).

S. Choice of Law:

This policy shall be interpreted and construed under the internal laws of the State of New York, except (a) such interpretation and construction shall not apply as to bar the payment of punitive damages under reinsurance agreement 3 of this policy, (b) insofar as such laws pertain to regulation by the Insurance Department of the State of New York of insurers doing insurance business or issuance or delivery of policies of insurance within the State of New York, and (c) insofar as such laws are inconsistent with any express provision of this policy, the Shareholders' Agreement or Bye-Laws or any Exhibit thereto, including, without limitation, any provision relating to cancellation or non-renewal of this policy,



the effects thereof or the obligations arising thereupon provided, however, that the provisions, stipulations, exclusions and conditions of this policy are to be construed in an evenhanded fashion as between the Named Insured and the Underwriter; without limitation, where the language of this policy is deemed to be ambiguous or otherwise unclear, the issue shall be resolved in the manner most consistent with the relevant provisions, stipulations, exclusions and conditions (without regard to authorship of the language, without any presumption or arbitrary interpretation or construction in favor of either the Named Insured or the Underwriter).

T. Dates & Times:

All dates and times, unless explicitly stated otherwise, shall use the time scale of Eastern Standard Time. A date shall start at 00:00:00 hours (midnight) and end at 23:59:59 hours. The time portion of a date after 23:59:59 hours but before 00:00:00 hours of the following date shall be deemed to be 23:59:59 hours.



POLICY DEFINITIONS

The definitions of the terms defined in the Shareholders' Agreement and exhibits thereto are incorporated by reference into this policy.

“Act of Piracy” means any illegal act of violence or detention, or any act of depredation, committed for private ends by the crew or passengers of a private ship or a private aircraft, and directed against a ship, aircraft, property or against persons or property on board such a ship, aircraft or property, in a place outside the jurisdiction of any sovereign state.

“Act of Terrorism” means use of force or violence by any person(s), whether acting alone or on behalf of or in connection with any organization(s), committed for political, religious, ideological or other similar purposes, and whether or not the loss or damage resulting therefrom is accidental or intentional. Such acts shall include but not be limited to hijacking, sabotage or bombings. An Act of Terrorism includes an act of any person(s) who are agents of a government (*de facto* or *de jure*) and who are acting secretly and not in connection with the operation of regular military or naval armed forces in the country where the Assured's property is located provided that the acts of such person(s) shall not include the acts of a person or persons acting on behalf of a government, governmental authority, state or state-like entity whether or not recognized internationally, or power (usurped or otherwise) which exercises *de facto* control over that part of the land area of the country in which the described property is situated.

“Affiliate” means any corporation, partnership, association, joint stock company, trust or other legal entity, now or hereafter constituted, with respect to which the stock, voting power or other interest entitled to vote or otherwise control some portion fifty percent (50%) or less of the votes cast for the election of directors or appointment or selection of other management is owned or controlled, directly or indirectly, by the Named Insured.

“Atlantic Basin” means the North Atlantic Ocean, Caribbean Sea and the Gulf of Mexico bounded to the east by longitude twenty (20) degrees west, to the south by latitude ten (10) degrees north, and to the north by latitude forty five (45) degrees north.

“Betterment” means a repair or a replacement to property that results in a condition superior to or more extensive than its form and condition immediately prior to the loss. Betterment shall not mean the additional costs of repair or replacement of property that is required by applicable governmental law or regulation as included within Replacement Cost.

“Business Interruption Loss” means reduction in gross or net earnings resulting from interruption of or interference with the Assured's business, including loss of production income and loss of throughput revenue.

“Byproduct Material” shall have the meaning given in the United States Atomic Energy Act of 1954 as amended.

“Consolidated” means those Subsidiaries and Affiliates whose accounts are consolidated in the financial statements of the Named Insured in accordance with generally accepted accounting principles in the United States of America or the International Financial Accounting Reporting standards. For a Named Insured whose Subsidiaries and Affiliates are not consolidated in accordance with either generally accepted accounting principles in the United States of America or the International Financial Accounting Reporting standards, the Underwriter and the Named Insured shall agree on a method of financial presentation which shall as nearly as practicable in the discretion of the Underwriter provide for inclusion of Subsidiaries and Affiliates in financial reports to the Underwriter in a manner substantially consistent with that utilized by other named insureds of the Underwriter. In such event the term Consolidated as



referring to Subsidiaries and Affiliates shall mean those Subsidiaries and Affiliates whose accounts are consolidated in the financial reports prepared for the Underwriter in the agreed upon format.

“Coordinated Universal Time (UTC)” means the international time scale that forms the basis for the coordinated dissemination of standard frequencies and time signals as realized by the Bureau International des Poids et Mesures (BIPM) and its successors. 00:00:00 UTC coincides with midnight at the zero meridian in Greenwich, England.

“Date of Discovery” means the point in time when the loss or damage which has been caused by an Occurrence is discovered. For obvious or visible damage, this is the first point in time that any damage, however slight or severe, comes to the attention of any supervisory employee of an Assured. For latent damage, it is the first point in time that testing reveals any damage, however, slight or severe.

“Depreciated Cost” means the costs to repair or replace the property damaged or destroyed within a reasonable time after the loss or damage to form and condition equal but not superior to or more extensive than its form and condition immediately prior to the loss (with a deduction for depreciation and technological, functional and economic obsolescence).

“Designated Named Windstorm” means a Named Windstorm which originates in or migrates into the Atlantic Basin or a Designated Named Windstorm Geographic Region.

“Designated Named Windstorm Annual Aggregate Limit” means an amount equal to the product of the Designated Named Windstorm Occurrence insurance limit per occurrence for the Named Insured and a factor to be determined by the Board of Directors prior to the end of any calendar year as respects the following calendar year(s).

“Designated Named Windstorm Occurrence” means personal injury or bodily injury, including death, or loss of use of or damage to property, or a condition covered by insuring agreement 2b, 2c or 2d, attributable directly or indirectly to a Designated Named Windstorm (and includes all offshore and onshore losses arising from such system irrespective of the period or area over which such losses occur), whether arising out of measures undertaken in preparation for possible impact of a specific storm or to wind, rain, flood, storm surge or other physical phenomena, and including, without limitation, any ensuing fire, explosion or collapse which is a consequence of such preparatory steps or physical impact. Any such Occurrence shall be deemed to commence at the time the Responsible Meteorological Service first advises meteorologists in the private sector and/or makes a public announcement of the naming of the pertinent weather system.

“Eastern Standard Time (EST)”, means the time scale that is UTC minus five (5) hours, with no adjustments for daylight savings time.

“Electrical Facility” means any electrical power generating plant, switchyard, transformer station or transformer substation (but not including any line transformer or other similar equipment used in transmission or distribution of electricity), provided it is otherwise insured under this policy.

“Electrical Transmission and Distribution System” means all above ground electrical transmission and/or distribution lines, towers, poles, fixtures, overhead conductors and devices, line transformers, service meters, street lighting, signal systems or any other above ground structure or equipment used to transmit or distribute electricity from or through any Electrical Facility, except that any of the foregoing which is within one thousand (1,000) meters of an Electrical Facility is not considered part of an Electrical Transmission and Distribution System.



“Environmental Control Costs” means any and all expenses and costs incurred which relate to or arise from the cleanup, containment, remediation, removal or control of seepage, pollution or contamination, or the results thereof. For purposes of this definition, seepage, pollution or contamination includes, without limitation, the discharge, dispersal, release or escape of pollutants into or upon land or other real estate, atmosphere, any watercourse or body of water whether above or below ground or otherwise into the environment.

“Extra Expense” means expense or cost incurred (a) to continue the conduct of the Assured’s business, (b) for temporary use of property or facilities of the Assured or others, (c) to expedite repair or replacement of property or facilities subject to physical loss or physical damage, or (d) otherwise to reduce Business Interruption Loss.

“FLNG” means a floating liquefied natural gas unit employing technologies designed to enable the storage of offshore natural gas resources.

“FPSO” means a floating production, storage and offloading system used by the offshore oil and gas industry for the production or processing of hydrocarbons and for storage of hydrocarbons. FSOs and FLNGs are included within this definition. The determination as to whether a particular property constitutes an FPSO shall be at the sole determination of the Underwriter.

“FSO” means a floating storage and offloading contrivance or tank system used by the offshore oil and gas industry and designed to take all of the oil or gas produced from nearby platforms or templates, process it, and store it until the oil or gas can be offloaded onto a tanker or transported through a pipeline.

“Governmental Direction” means any order, mandate or instruction given, provided or issued by governmental authority or agency or instrumentality thereof or regulatory authority relating thereto.

“Gulf Of Mexico” means the portion of the Atlantic Basin bounded on the northeast, north and northwest by the states of Texas, Louisiana, Mississippi, Alabama, and Florida, on the southwest and south by Mexico, on the southeast by Cuba and between Mexico and Cuba by a line drawn between Chetumal, Quintana Roo, Mexico and La Jagua, Cuba and between Cuba and Florida by a line drawn between Santa Clara, Cuba and Miami, Florida.

“Hazardous Properties” means radioactive, toxic or explosive properties.

“Hot Zone” means the following buildings together with their contents:

- (1) reactor containment building,
- (2) reactor auxiliary building,
- (3) buildings for the storage of new and irradiated fuel,
- (4) decontamination building,
- (5) active workshop, or
- (6) buildings for the treatment and storage of radioactive Waste.

“Named Insured” means the entity named in the Policy Declaration.

“Named Windstorm” means a hurricane, typhoon, tropical cyclone, cyclonic storm or any other windstorm which is assigned a name by the Responsible Meteorological Service.

“Nuclear Facility” means, except as otherwise agreed to by the Underwriter, any of the following, provided that Nuclear Material is contained therein or being used therewith or Nuclear Material is present at the site where the same is located:



- (1) any Nuclear Reactor,
- (2) any equipment or device designed or used for (a) separating the isotopes of uranium or plutonium, (b) processing or utilizing Spent Fuel, or (c) handling, processing or packaging Waste,
- (3) any equipment or device used for the processing, fabricating or alloying of Special Nuclear Material if at any time the total amount of such material in the custody of the Assured at the premises where such equipment or device is located consists of or contains more than twenty five (25) grams of plutonium or uranium 233 or any combination thereof, or more than two hundred fifty (250) grams of uranium 235,

“Nuclear Material” means Source Material, Special Nuclear Material, Byproduct Material or any other radioactive substance.

“Nuclear Reactor” means any apparatus designed or used to sustain nuclear fission or fusion in a self-supporting chain reaction or to contain a critical mass of fissionable or fusionable material.

“Occurrence” means an event or a continuous or repeated exposure to conditions which commence during the term of this policy and cause personal injury or bodily injury, including death, or loss of use of or damage to property, or a condition covered by insuring agreement 2b, 2c or 2d, that is neither expected nor intended by the Assured, and the limit and deductible applicable to such Occurrence shall be the limit and deductible in effect at the time of commencement of such event or continuous or repeated exposure to conditions. With respect to any event or exposure to conditions relating to or arising out of any interest in any asset or entity, or relating to or arising out of such asset or entity, acquired by an Assured, the term of this policy and coverage under this policy shall commence no earlier than the time of such acquisition (except that this shall not affect coverage otherwise in effect pursuant to agreement in writing entered into prior to loss and not entered into in connection with such acquisition).

For the purposes of this policy, where a series of and/or several losses occur which are attributable directly or indirectly to one accident, event, or cause, all such losses shall be added together and the total amount of such losses shall be treated as one Occurrence irrespective of the period or area over which the losses occur. So far as loss involving in whole or in part the perils of nature, including but not limited to tornado, windstorm, cyclone, hurricane or hail, is concerned, the words “one accident, event, or cause” shall mean one single atmospheric disturbance as designated by the Responsible Meteorological Service. In the event such authority does not make such a designation, the Underwriter shall select another appropriate means of making such designation. So far as loss involving in whole or in part the peril of earthquake is concerned, the words “one accident, event or cause” shall mean one or more earthquake shocks occurring within any period of seventy two (72) hours arising out of any one fault or interconnected series of faults or otherwise causally interrelated.

“Out of Control” with regard to a Well means when there is a flow from the Well which is uncontrollable.

“Pipeline” means a long pipe or series of connected pipes used to convey fluids.



“Product and Completed Operations Liability” means liability:

(1) for personal injury or bodily injury, including death, or loss of use of or damage to, property of any kind or description arising out of the end-use of goods or products manufactured, sold, tested, handled, labelled or distributed by the Assured or others trading under its name if such use occurs after possession of such goods or products has been relinquished to others by the Assured or by others trading under its name and if such use occurs away from premises owned, rented or controlled by the Assured; provided such goods or products shall be deemed to include any container thereof other than a vehicle, Watercraft or aircraft; or

(2) arising out of operations of the Assured, if the Occurrence commences after such operations have been completed or abandoned and occurs away from premises owned, rented or controlled by the Assured; provided operations shall not be deemed incomplete because improperly or defectively performed or because further operations may be required pursuant to an agreement; provided further the following shall not be deemed to be “operations” within the meaning of this paragraph:

- (a) pick-up or delivery, except from or onto a railroad car;
 - (b) the maintenance of vehicles owned or used by or on behalf of the Assured;
- or
- (c) the existence of tools, uninstalled equipment and abandoned or unused materials.

“Replacement Cost” means the costs to repair or replace the property lost or damaged to form and condition equal to but not superior to or more extensive than its form and condition immediately prior to the loss (without deduction for depreciation or technological, functional or economic obsolescence); provided, however, that the cost to repair property lost or damaged in part only shall not exceed the cost to replace the property in its entirety. Replacement Cost will also include the additional costs to repair or replace the property lost or damaged to comply with applicable governmental law or regulation and such additional costs shall not be deemed to constitute Betterment; provided, however, that any recovery pursuant to the provisions of this sentence shall not exceed, with respect to any Occurrence, ten percent (10%) of recovery from the Underwriter absent this sentence. The cost to repair or replace the property shall include the actual costs for the Assured’s own internal project management, or the portion of such costs incurred by the operator where the Assured is a joint venture partner, such allowance being in addition to any other project management costs of outside project managers, contractors, vendors, consultants, and the like.

“Responsible Meteorological Service” means, as respects the Atlantic Basin, the National Oceanic & Atmospheric Administration within the United States Department of Commerce or any successor or comparable agency or, as respects the rest of the world, the appropriate Regional Specialized Meteorological Center, Tropical Cyclone Warning Center or other responsible meteorological service or center.

“Right of Way” means the legal right, acquired by grant, to pass along a specific route through grounds or property belonging to another.

“Secured Following Launch” means when the Watercraft is secured to the next station for completion or construction, whether it be in or on a dry dock or afloat or at a finishing dock or otherwise.



“Source Material” shall have the meaning given in the United States Atomic Energy Act of 1954 as amended.

“Special Nuclear Material” shall have the meaning given in the United States Atomic Energy Act of 1954 as amended.

“Spent Fuel” shall have the meaning given in the United States Atomic Energy Act of 1954 as amended.

“Subsidiary” means any corporation, partnership, association, joint stock company, trust or other legal entity, now or hereafter constituted, with respect to which the stock, voting power or other interest entitled to vote or otherwise control more than fifty percent (50%) of the votes cast for the election of directors or appointment or selection of management is owned or controlled, directly or indirectly, by the Named Insured.

“Sue and Labor Expense” means expenses reasonably and necessarily incurred by the Assured for the preservation and protection of property covered under this policy.

“Ultimate Net Loss” means the actual loss sustained by the Assured arising out of or resulting from any one Occurrence

“Under Control” with regard to a Well, means either (1) when the Well can be re-entered for salvage, fishing, whip-stocking or cleaning operations or to resume drilling, or (2) when the Well, including a relief Well if any, can be plugged or abandoned, whichever occurs earlier. A Well shall not be considered as under control merely because of temporary cessation of flow due to a bridging over or other cause unless further control efforts are unnecessary.

“Use or Occupancy Loss” means the lost value of use or occupancy of any property or facilities owned, leased or otherwise utilized or occupied by the Assured during the period of repair or replacement of such property or facilities.

“Waste” as used in definitions applicable to exclusion 3 of this policy, means any waste material (1) containing Byproduct Material and (2) resulting from the operation by any person or organization of any Nuclear Facility included within the definition of Nuclear Facility under paragraph (1) or (2).

“Watercraft” means any craft or contrivance used or capable of being used to provide transport by water, including but not limited to tank vessels, towboats and barges, vessels used in the construction of pipelines, storage vessels, drill ships, and offshore drilling barges of every kind and description. For the avoidance of doubt, the term “vessel” is included within the definition of Watercraft. An FPSO shall not be considered a Watercraft.

“Watercraft Equipment” means all items and material used to support the operation, functioning and maintenance of the Watercraft and shall include hulls, launches, lifeboats, rafts, furniture, bunkers, stores, supplies, tackle, fittings, equipment, machinery, apparatus (inclusive, in the case of a drill ship or drill barge, of drilling rigs and equipment, derricks, drill stems, lifting jacks, casing and tubing while aboard such ship or barge and drill stem in the Well being drilled), boilers, refrigerating machinery, insulation, motor generators and other electrical machinery.

“Well” means any shaft, pit or hole normal or incidental to energy exploration, production or storage of oil, gas, other fossil fuels or hydrocarbon products, geothermal energy, or water or brine, and includes a salt dome, excavation or other subterranean area used for storage purposes.



“Work Vessel” means any Watercraft other than Watercraft designed and constructed for the transportation of cargo or passengers , including but not limited to Watercraft used in oil, gas and other mineral exploration, drilling and producing operations and storage operations in connection therewith (inclusive, among others, of drill ships and offshore drilling barges of every kind and description and Watercraft used in the construction or maintenance of pipelines, platforms or other facilities).

In Witness Whereof, these presents have been executed by the undersigned at Hamilton, Bermuda, this..... day of..... , 20.....

OIL INSURANCE LIMITED

By _____
Signature and Title of Person Signing



Applicability of Exclusions Chart

Exclusions	Reinsurance Agreements					
	1	2a	2b	2c	2d	3
1a	•	•		•		
1b						•
2	•	•	•	•	•	•
3a	•	•	•	•	•	
3b						•
4	•	•	•	•	•	•
5	•	•	•	•	•	
6	•	•	•	•	•	
7	•					
8	•	•	•	•	•	•
9	•	•	•	•	•	
10	•	•	•	•	•	•
11	•	•	•	•	•	•
12	•	•	•	•	•	•
13	•	•	•	•	•	•
14			•			
15	•	•	•	•	•	•
16	•	•	•	•	•	
17	•					
18	•	•	•	•	•	•
19	•					
20	•	•	•	•	•	•
21		•	•	•	•	•
22	•					
23	•	•	•	•	•	•
24	•	•	•	•	•	•
25				•		
26						•
27				•		
28						•
29						•
30					•	
31		•				
32						•
33	•	•	•	•	•	•
34	•	•	•	•	•	•
35	•	•	•	•	•	•

This chart is provided as a reference aid only and has not been approved by the Shareholders. The language of the policies shall be controlling in all cases.

