

**MEG ENERGY CORP. ("MEG")
PURCHASE ORDER TERMS AND CONDITIONS (LONG FORM)**

1. Definitions

In the Purchase Order:

- (a) **"Discoveries"** means all tangible and intangible property, inventions, developments, improvements, techniques, technologies, know-how, processes, compositions, devices, formulas, protocols, software, designs and original works of authorship, together with all reports, information, videos, photographs, manuals, charts and models, drawings and data developed or produced in relation to any of the foregoing;
- (b) **"Goods"** means the goods to be provided by Vendor as set out in the Purchase Order (including any part or parts thereof);
- (c) **"Intellectual Property"** means all patents, trademarks, copyrights or other intellectual property rights in and to any Discoveries;
- (d) **"Losses & Liabilities"** means any and all losses, penalties, fines, interest, fees, damages, costs (including legal costs on a solicitor and own client basis and deductibles paid by MEG relating to a claim arising in connection with the Purchase Order against MEG's insurance policies), lawsuits, claims, demands, proceedings, expenses and charges suffered, sustained, paid, commenced, threatened, or incurred; whether arising under a breach of the Purchase Order, or under common law, in equity, or otherwise, and whether absolute or contingent;
- (e) **"MEG Group"** means MEG and its affiliates and their respective officers, directors, employees, consultants and agents and where applicable, may mean any one of them;
- (f) **"Order"** or **"Purchase Order"** means the written instruction of MEG to Vendor to supply the Goods or Services (including any change orders or Purchase Order revisions) and which incorporates these terms and conditions;
- (g) **"Services"** means the services to be provided by Vendor as set out in the Purchase Order (including any part or parts thereof) including, where described in the Purchase Order, any engineering services; and
- (h) **"Vendor Group"** means Vendor, its affiliates, suppliers and subcontractors and their respective officers, directors, employees, consultants and agents and where applicable, may mean any one of them.

2. Application of Conditions

These terms and conditions are the terms and conditions upon which MEG is prepared to deal with Vendor and they shall govern the Purchase Order. The Purchase Order shall also be governed by all policies, notes, schedules, exhibits and attachments referred or listed by MEG within the Purchase Order. The Purchase Order shall be deemed to be an offer by MEG to purchase Goods or Services subject to these terms and conditions and shall be accepted by Vendor either expressly by giving notice of acceptance or impliedly by fulfilling the Purchase Order, in whole or in part. No terms or conditions endorsed upon, delivered with or contained in Vendor's quotation, acknowledgement or acceptance, invoice, specification or similar document shall form part of the Purchase Order and Vendor waives any right which it otherwise might have to rely on any such terms and conditions. These terms and conditions apply to all of MEG's purchases under the Purchase Order and any variation to such terms and conditions shall have no effect unless expressly agreed in writing and signed by an authorised representative of MEG. If there is a conflict or an inconsistency among or between the documents comprising the Purchase Order, these terms and conditions shall take precedence and prevail to the extent of such conflict or inconsistency.

3. Performance

Vendor shall supply the Goods to MEG and shall perform the Services for MEG, as described in the Purchase Order.

4. Delivery of Goods

Vendor shall deliver the Goods by the delivery date and to the required locations as more particularly described in the Purchase Order. Vendor shall invoice MEG for Goods upon, but separately from, delivery of the Goods to MEG. Vendor shall ensure that each delivery is accompanied by a delivery note which shows, at a minimum, delivery and shipment documentation, the order number, date of order, number of packages and contents and, in the case of part delivery, the outstanding balance remaining to be delivered. In addition, all MEG item codes and commodity codes shall be included with all Vendor's documentation. Vendor shall comply with the requirements of all laws, regulations and codes governing the transportation of dangerous or hazardous goods or materials.

5. Risk and Title to Goods or Materials

- 5.1 The Goods shall remain at the risk of Vendor until delivery to and acceptance by MEG or its designate, as applicable, is complete. Vendor shall remain responsible for, and at its sole cost and expense, shall promptly repair, restore or replace all Goods lost, damaged or destroyed prior to such delivery and acceptance. Title to the Goods shall pass to MEG upon the earlier of: (i) any payment by MEG, or (ii) delivery to MEG. Transfer of title shall in no way affect MEG's rights set out elsewhere in the Purchase Order.

- 5.2 Title to and risk in all equipment, materials and supplies provided by Vendor for incorporation into the project on which Vendor performs the Services, shall pass to MEG upon delivery thereof at MEG's place of business or such other place of delivery specified by the Purchase Order. However, Vendor shall remain responsible for, and at its sole cost and expense, shall promptly repair, restore or replace all such equipment, materials and supplies lost, damaged or destroyed before Vendor completes the Services.
- 5.3 Notwithstanding Sections 5.1 and 5.2, where MEG has provided Vendor with goods, equipment, materials or supplies for incorporation into, or use in the performance of, the Goods or Services, title to same shall at all times be and remain with MEG. Notwithstanding that title remains with MEG, Vendor shall remain responsible for, and at its sole cost and expense, shall promptly repair, restore or replace all such goods, equipment, materials and supplies lost, damaged or destroyed.
- 6. Hazardous Goods**
- Vendor shall notify MEG in writing if Goods furnished are subject to laws or regulations relating to hazardous or toxic substances, or when disposed of, to regulations governing hazardous wastes, or to any other environmental or safety and health regulations. Vendor shall furnish all appropriate shipping certification and instructions for shipping, safety, handling, storage, exposure and disposal in a form sufficiently clear for use by MEG's non-technical personnel and sufficiently specific to identify all action which the user must take concerning the Goods. The following certification must be made on the bill of lading: "This is to certify that the above named articles are properly classified, described, packaged, marked and labeled and are in proper condition for transportation according to all applicable transportation regulations." Where applicable, Vendor shall ensure that the Goods are properly classified in accordance with the Workplace Hazardous Materials Information System legislation and shall provide health and safety data for such Goods.
- 7. Provision of Services**
- 7.1 Vendor shall perform all Services efficiently, diligently and carefully in a good, workmanlike and professional manner and in strict conformance with the Purchase Order and any specification, drawing or other description supplied or advised by MEG to Vendor, and shall furnish all skills, labour, supervision, equipment, materials and supplies required for such Services. Vendor shall perform any Services comprised of engineering services related to the Goods in accordance with recognized and generally accepted professional engineering standards and practices, and shall undertake such Services in a manner that will ensure the Goods and Services will be fully integrated and compatible with MEG's existing facilities, equipment and operations to which such Goods and Services relate.
- 7.2 Where Services are performed at a MEG site, in performing the Services, Vendor shall, at its cost and in addition to any obligations of Vendor specified elsewhere in the Purchase Order:
- (a) be responsible for ensuring the health, safety and welfare of all workers involved in the performance of the Services and take all reasonable safety precautions pertaining to the Services;
 - (b) not use, transport, or store hazardous materials on the MEG site except with the prior approval of MEG and ensure that all such hazardous materials are used, transported or stored in accordance with applicable laws and with MEG's policies;
 - (c) ensure its employees, subcontractors and agents have been trained in accordance with all applicable safety requirements and provide proof of such training to MEG when requested;
 - (d) promptly report to MEG, in accordance with MEG's incident reporting protocols, any incident resulting in injury or damage to persons or property or the release of any substance which may have an adverse effect on the environment or any charge brought against Vendor with respect to occupational health and safety incidents in connection with any of its operations;
 - (e) implement, administer, ensure compliance with and enforce MEG's Drug and Alcohol policy, a copy of which the Vendor acknowledges having been provided within MEG's Health and Safety Manual;
 - (f) ensure that no member of Vendor Group uses all terrain vehicles or snowmobiles for recreational purposes on, or brings dogs, firearms or bows onto, the MEG site or on any other lands owned, leased or controlled by MEG; and
 - (g) comply with and ensure that its subcontractors comply with the provisions of MEG's Health and Safety Manual, MEG's Environmental Reference Manual and MEG's safety regulations published and posted at the MEG site.
- 7.3 MEG shall have the right to remove any member of Vendor Group from a MEG site for violation of any applicable laws, the Purchase Order or any policy of MEG relating to safety or environment or for otherwise endangering other workers or individuals on or near the MEG site. Furthermore, MEG may order an immediate shutdown of the Services or any part thereof until such time as the relevant condition or practice has been corrected by Vendor to the satisfaction of MEG. However, nothing contained in this Section 7.3 shall be construed to imply that MEG bears any responsibility to oversee Vendor's activities for safety compliance. Vendor shall not be entitled to any costs incurred by it, or any additional time, as a result of a shutdown of the Services pursuant to this Section 7.3.

7.4 Where Services are performed at a MEG site, MEG shall be the “prime contractor” for such Services, as that term is defined in the Occupational Health & Safety Act (Alberta), as may be amended from time to time, and shall perform the role of prime contractor. Vendor shall take direction from MEG as may be necessary for MEG to fulfill its role as prime contractor and Vendor shall provide all reasonable assistance to MEG as requested by MEG from time to time in the performance of MEG’s duties as prime contractor.

8. Intellectual Property

8.1 All drawings, specifications, documents and data (including any engineering documents) developed, prepared or compiled by Vendor relating to any of the Goods or Services, including the information contained therein and all rights relating thereto, shall be MEG's exclusive property for use by MEG without limitation. Vendor may, at its own cost, retain a copy of the drawings, specifications, documents and data (including any engineering documents) in confidence for archival purposes but may not, without MEG's prior written consent, disclose them or their contents to any third party, nor use them in any way in connection with any other project or in the performance of professional services for a third party. Upon delivery of the Goods or completion of the Services, or upon earlier termination of the Purchase Order, or otherwise upon the request of MEG, Vendor shall deliver to MEG at Vendor's cost all such drawings, specifications, documents and data (including any engineering documents) at such place and time as MEG may reasonably require. Any drawings, specifications, documents or data (including any engineering documents) furnished by MEG to Vendor shall remain the property of MEG and shall be promptly returned to MEG upon completion or earlier termination of the Purchase Order.

8.2 All Intellectual Property which Vendor may conceive or make, alone or with others, and which in any way results from, arises out of, or is developed in connection with the Goods, the Services or the performance of the Purchase Order shall be the sole and absolute property of MEG, without any further compensation or consideration to Vendor, and shall be disclosed or divulged promptly by Vendor only to MEG and to such persons, firms or corporations as may be specified in writing by MEG.

8.3 Vendor shall, whenever so requested by MEG, execute and deliver or cause to be executed and delivered, all papers, drawings, descriptions, applications, assignments and other documents which Vendor may deem advisable with respect to Discoveries, Intellectual Property, Goods and Services, whether in paper or electronic form, including native versions thereof. Vendor shall also render such other assistance as may be deemed desirable or necessary by MEG in order to apply for and obtain any Intellectual Property referred to herein and in order to assign and convey to MEG the sole and absolute right, title and interest in, and, to the same, all proper and approved expenses in connection therewith to be borne by MEG.

9. Vendor’s Equipment

Vendor shall ensure that all equipment supplied or used in connection with the performance of its obligations under the Purchase Order is at all times inspected, calibrated and maintained in accordance with manufacturers' guidelines, applicable government regulations, industry recommended practices and, where applicable, good oilfield practices. At MEG's request, Vendor shall provide MEG with copies of Vendor's preservation and materials records evidencing same.

10. Changes to Goods or Services

Vendor shall not, without MEG's prior written authorization, alter, substitute or add to the Goods or Services specified in the Purchase Order. Vendor is not entitled to payment for unauthorized Goods supplied or Services performed. MEG, by the issuance of a written change order or Purchase Order revision, may alter, substitute or add to the Goods or Services or any of the specifications, drawings or other descriptions supplied or advised by MEG to Vendor. Upon receipt of a change order or Purchase Order revision, Vendor shall immediately review, execute and return the change order or Purchase Order revision to MEG. Notwithstanding that Vendor has not executed a change order or Purchase Order revision, if Vendor starts to supply the Goods or related Services as described in the change order or Purchase Order revision, Vendor will be deemed to have accepted the change order or Purchase Order revision. Once accepted, Vendor shall provide the Goods or perform the Services in accordance with the change order or Purchase Order revision, and MEG will pay Vendor for the Goods provided or the Services performed thereunder at the price specified. Once accepted by Vendor, each change order or Purchase Order revision will amend the Purchase Order.

11. Warranty and Inspection

11.1 Vendor warrants that:

(a) for a period ending the earlier of twelve (12) months from the installation and normal commercial operation of the Goods or twenty-four (24) months from the delivery of the Goods, the Goods shall be compliant with the terms of the Purchase Order, including strictly conforming with any specification, drawing or other description supplied or advised by MEG to Vendor in the Purchase Order or otherwise, and shall be free from any and all defects and deficiencies in workmanship, be of merchantable quality, be fit for the purpose intended, and meet or exceed industry standards; and

(b) for a period ending the earlier of twelve (12) months from the normal commercial operation of MEG's facilities for which the Services were performed or twenty-four (24) months from completion of the Services, the Services shall be compliant with the terms of the Purchase Order, including strictly conforming with any

specification, drawing or other description supplied or advised by MEG to Vendor in the Purchase Order or otherwise, and shall be free from any and all defects and deficiencies in workmanship, be fit for the purpose intended, and meet or exceed industry standards.

11.2 Upon request by and at no cost to MEG, Vendor shall promptly redesign, resupply, repair, replace or otherwise correct any defects in order to remedy any breach of the warranty in Section 11.1. In the event of emergency or failure of Vendor to perform in a timely manner such warranty work, MEG may make or cause to be made, at Vendor's expense, the necessary redesigns, resupplies, repairs, replacements or corrections. Vendor shall be liable to MEG for all Losses & Liabilities sustained, incurred or paid by MEG that were caused by a breach of the warranty in Sections 11.1 and 11.2.

11.3 The Goods and Services shall at all times be subject to MEG's inspection, and any such inspection may be performed by MEG (or by a third party on MEG's behalf). Neither the inspection nor failure to inspect Goods supplied or Services performed shall relieve Vendor of any obligation under the Purchase Order. No acceptance or payment by MEG shall constitute a waiver of the foregoing. Nothing in the Purchase Order shall exclude or limit the benefit of any collateral warranty or service guarantee offered by Vendor or any manufacturer or subcontractor in connection with the Goods or Services. On MEG's request, Vendor shall either assign to MEG or enforce for MEG's benefit such warranties or guarantees as may have been granted by manufacturers or subcontractors in connection with the Goods or Services.

12. Purchase Price

The purchase price of the Goods or Services shall be as stated in the Purchase Order. The purchase price shall exclude all taxes, duties and assessments of any kind, but shall include all charges and expenses in connection with the packing of the Goods, materials, supplies or equipment, and their carriage to the place of delivery as set out in the Purchase Order. No variation in the purchase price or extra charges shall be accepted by MEG.

13. Payment Terms and Set-Off

13.1 MEG shall pay the purchase price within thirty (30) days of receipt by MEG of a satisfactory invoice for the Goods delivered or Services rendered. Vendor's invoices shall conform to MEG's invoicing requirements as conveyed to Vendor from time to time.

13.2 Payment of any invoiced amount shall not affect MEG's rights to later audit or otherwise dispute the correctness of any such invoice, nor shall it operate as approval or acceptance of Goods or Services furnished hereunder.

13.3 MEG shall only be required to make final payment under the Purchase Order upon the occurrence of the following:

(a) receipt by MEG of a sworn statement of Vendor, in a form satisfactory to MEG, that all accounts for labour, subcontracts, materials and equipment and any other indebtedness which may have been incurred by Vendor in the performance of the Goods and Services and for which MEG might in any way be held responsible, have been paid in full; and

(b) receipt by MEG of a release against any and all claims of Vendor, in a form satisfactory to MEG.

13.4 Without limiting its rights and remedies under the Purchase Order or otherwise, MEG may: (i) withhold from amounts otherwise due to Vendor hereunder an amount that is a reasonable estimate of any unsatisfied Losses & Liabilities for which Vendor is responsible under the Purchase Order, and (ii) set-off any amount, including such withheld amounts, that is owed to Vendor by MEG hereunder against any amounts otherwise owing by Vendor to MEG under the Purchase Order or any other contract between the parties.

14. Taxes

14.1 Vendor is exclusively liable for, and shall pay before delinquency, all taxes, duties and assessments imposed or levied in respect of Goods or Services (other than GST, sales tax or value added tax payable by MEG as the purchaser of the Goods or Services).

14.2 If Vendor is non-resident in Canada, MEG is required by law to collect and remit to the Canada Revenue Agency a fifteen percent (15%) withholding tax in respect of services rendered in Canada by Vendor to MEG, unless such requirement is waived directly by the Canada Revenue Agency.

15. Performance Security

When required by MEG, Vendor shall provide, at its cost, performance security in a form satisfactory to MEG for proper supply of the Goods and Services in an amount equal to the value of the Purchase Order ("Performance Security"). Vendor shall ensure that the Performance Security is valid and enforceable until the Vendor has fulfilled all of its obligations under the Purchase Order, including warranty periods. If the terms of the Performance Security specify an expiry date, and Vendor's obligations under the Purchase Order will not be satisfied by the date that is twenty-eight (28) days prior to such expiry date, Vendor shall extend the validity of the Performance Security until such time as all

of its obligations are fulfilled. MEG shall not make a claim under the Performance Security except for amounts to which MEG is entitled under the Purchase Order.

16. Vendor's Accounts and Liens

All Goods supplied and Services performed shall be free and clear of all claims, charges, encumbrances and liens (collectively "Liens"). Vendor shall promptly pay all debts incurred by Vendor for labour, services, equipment, materials and supplies used in the performance of the Services or the supply of Goods. Vendor shall not be entitled to receive payment from MEG, until Vendor furnishes evidence satisfactory to MEG of full payment of such indebtedness. MEG may withhold from the payment of any invoice issued by Vendor such amount as MEG may be required to withhold in accordance with applicable builders' lien legislation. If any Liens arise in respect of the Goods or Services and Vendor fails to make arrangements satisfactory to MEG for the removal, discharge or payment thereof within ten (10) days after MEG has given Vendor notice requiring such removal, discharge or payment, MEG may cause the removal, discharge or payment thereof. Vendor shall be liable for and reimburse MEG promptly for all Losses & Liabilities which MEG may sustain, incur or pay in relation to any such Liens, including any amounts paid by MEG to obtain the discharge, release or satisfaction of any such Liens.

17. Insurance

17.1 Vendor shall ensure that all of its and its suppliers' and subcontractors' workers that may be involved in providing the Goods or Services have workers' compensation coverage and shall provide evidence of such coverage to MEG upon request. Vendor shall at all times pay or cause to be paid any assessment or contribution required to be paid pursuant to applicable workers' compensation legislation.

17.2 Vendor shall maintain and cause any subcontractor or supplier to maintain at least the following insurance coverage: (collectively the "**Insurance Policies**");

- (a) Property insurance for the full value of the Goods;
- (b) Employers' Liability insurance covering Vendor's employees where such employees are not covered by workers' compensation or contingent employers' liability where workers' compensation insurance is not the sole remedy of injured workers – not less than \$2,000,000 each occurrence;
- (c) Comprehensive General Liability Insurance (including non-owned automobile, products and completed operations liability, blanket contractual liability, sudden and accidental pollution liability and broad form property damage and cross-liability and severability of interests) – not less than \$5,000,000 each occurrence;
- (d) All Risks Equipment Insurance covering Vendor's owned equipment and equipment of others in the care, custody or control of Vendor or for which Vendor has assumed liability (all including while in transit or storage) which is used by Vendor for performance of the Purchase Order – 100% of full replacement value of all such equipment;
- (e) If the Services require the use of an automobile, Automobile Liability Insurance (including owned, hired and non-owned vehicles) covering bodily injury and property damage arising in connection with the ownership, use or operation of such motor vehicles – not less than \$2,000,000 each occurrence;
- (f) If the Services require the use of aircraft: (i) all risks hull insurance in an amount equal to the replacement value of the aircraft and (ii) bodily injury liability, including passenger liability and property damage – not less than \$10,000,000 each occurrence;
- (g) If the Services require use of a watercraft: (i) all risk hull insurance in an amount equal to the watercraft's declared value and (ii) protection and indemnity insurance – not less than \$1,000,000 each occurrence;
- (h) To the extent professional services (including engineering and design services) are required in the performance of the Purchase Order, Professional Liability or Errors and Omissions insurance, to be maintained in full force and effect for a period of two (2) years following the date upon which Vendor's performance of such Purchase Order is completed – not less than \$5,000,000 each occurrence; and
- (i) Any other insurance that may be required by applicable laws.

17.3 The Insurance Policies shall, to the extent of the liabilities and indemnities assumed by Vendor hereunder: (i) include a waiver of subrogation in favour of the MEG Group except under any policy in respect of which, by law, an insurer cannot grant a waiver of subrogation, (ii) name the MEG Group as additional insureds, and (iii) require the insurer to provide 30 days' advance written notice to MEG of cancellation.

17.4 Vendor shall provide MEG with insurance certificates evidencing that the Insurance Policies are in place in accordance with Sections 17.1, 17.2 and 17.3.

17.5 Neither the requirement of Vendor to carry and maintain insurance nor MEG's acceptance of evidence of insurance will in any manner limit or qualify the liabilities and obligations assumed by Vendor under the Purchase Order. Vendor shall be solely liable to pay any deductible associated with any claim by Vendor or MEG under the foregoing insurance policies. Vendor, at MEG's cost, shall obtain such other insurance coverage with insurance carriers satisfactory to MEG as MEG may require.

- 17.6 Any premiums and deductibles payable on any of the Insurance Policies shall be borne by the Vendor and shall not be reimbursable to Vendor.
- 18. Indemnity and Liability**
- 18.1 Vendor shall:
- (a) be liable and reimburse the MEG Group promptly for all Losses & Liabilities which the MEG Group may sustain, incur or pay; and
 - (b) indemnify, defend and hold the MEG Group harmless from and against all Losses & Liabilities which may be asserted or brought against the MEG Group or which the MEG Group may sustain, incur or pay;
- to the extent that any such Losses & Liabilities were caused by any negligent act or omission on the part of the Vendor Group or by Vendor's failure to comply with the terms of the Purchase Order.
- 18.2 Vendor shall:
- (a) be liable and reimburse the MEG Group promptly for all Losses & Liabilities which the MEG Group may sustain, incur or pay; and
 - (b) indemnify, defend and hold the MEG Group harmless from and against all Losses & Liabilities which may be asserted or brought against the MEG Group or which the MEG Group may sustain, incur or pay;
- as a result of or in connection with any claim for alleged infringement of patent, copyright, trade mark or trade secret arising out of the purchase of the Goods or their normal use or out of the performance of Services, and Vendor, at its sole expense, shall defend such claim, provided that MEG may participate in the defense without relieving Vendor of its obligations under the Purchase Order.
- 18.3 If the Canada Revenue Agency, or other applicable government department or agency, for whatever reason, seeks from the MEG Group, any taxes, duties or assessments arising in respect of the supply of the Goods or Services, Vendor shall, indemnify, defend and hold harmless the MEG Group from and against any Losses & Liabilities that may be asserted or brought against any of them or which any of them may sustain, incur or pay in respect of any such taxes, duties or assessments.
- 19. Confidentiality / Publicity**
- 19.1 Vendor shall maintain in confidence all information received from MEG and shall not disclose it to any third party nor use such information for any purpose other than the performance of the Purchase Order without the prior written consent of MEG, except for information: (i) known to Vendor prior to obtaining it from MEG, (ii) which, at the time of disclosure by MEG, is in the public domain, or (iii) obtained by Vendor from a third party who did not receive it in confidence directly or indirectly from MEG or its representatives.
- 19.2 Vendor shall not, at any time, without the prior written consent of MEG, make any public announcements or issue any press release with respect to the Purchase Order. Vendor shall not use MEG's name or logo, in any advertising or promotional material, written or otherwise, unless authorized in writing by MEG.
- 20. Conduct of Business**
- 20.1 Vendor shall prevent any actions or conditions which could result in a conflict with MEG's best interests. This obligation shall apply to the activities of Vendor Group in their relations or dealings with their own friends and family members as well as with the employees and contractors of MEG and their families and other third parties arising from the Purchase Order. The efforts made by Vendor in this regard shall include establishing precautions to prevent its employees or agents from offering or providing entertainment, gifts, loans, payments or other considerations to MEG Group or their family members.
- 20.2 Vendor represents that it has rules to prohibit, and procedures to deal with, the use of alcohol and illegal drugs and the misuse of medications by their employees and subcontractors while on duty.
- 21. Security**
- Vendor shall abide by all security arrangements put in place at MEG's places of business. If Vendor is granted access to any part of MEG's computer systems, Vendor undertakes to enter into confidentiality and user agreements in the form prescribed by MEG. Vendor warrants that all software and document files provided by Vendor and used in the performance of the Purchase Order are virus free.
- 22. Assignment and Subcontracts**
- 22.1 Vendor shall not, without MEG's prior written consent, assign the Purchase Order, any monies due thereunder or any claim arising in connection therewith. MEG's consent to any assignment shall not relieve Vendor from its primary obligations for performance of the Purchase Order. Vendor shall be responsible for the acts, deficiencies, defaults and omissions of other members of Vendor Group as if they were acts, deficiencies, defaults and omissions of Vendor.

- 22.2 Vendor shall not, without MEG's prior written consent, subcontract all or any part of the Services to be performed or Goods to be provided. MEG's consent to any subcontract shall not: (i) constitute a waiver of any right of MEG to reject Goods or Services, (ii) create any contractual relationship between MEG and any subcontractor, or (iii) relieve Vendor of its responsibility for all acts or omissions of its subcontractors.
- 22.3 MEG may assign the Purchase Order, including any or all of its rights and obligations under the Purchase Order, at any time without the prior consent of Vendor. If MEG assigns the Purchase Order or any or all of its rights and obligations thereunder, the Purchase Order shall be conclusively considered to be novated from MEG to the assignee to the extent of the assignment, and MEG is not responsible for the performance of the assigned obligations that accrue or come due on or after the effective date of the assignment. As an alternative to assignment, MEG may perform any or all of its obligations under the Purchase Order through another party designated in writing by MEG to Vendor.
- 23. Independent Contractor**
Vendor is an independent contractor and, unless authorized by MEG in writing, shall not hold itself out as MEG's agent or representative.
- 24. Audit**
- 24.1 Vendor shall maintain, and shall ensure that its subcontractors and suppliers maintain, full and complete records relating to the Purchase Order in accordance with generally accepted accounting practices in Canada for a period of not less than three (3) years after the completion of Vendor's obligations under the Purchase Order including all warranty periods. Such records shall include accounting records, written policies and procedures, working files, procurement files, subcontract files and any other supporting evidence necessary to substantiate proper performance of the Vendor's obligations and charges under the Purchase Order along with any other records required to substantiate costs under the *Oil Sands Allowed Costs (Ministerial) Regulation* or similar laws.
- 24.2 Upon receipt of reasonable notice from MEG, and during normal business hours, Vendor shall permit MEG or its designee and ensure that Vendor's subcontractors and suppliers permit MEG or its designees to inspect, copy and audit the records described in Section 24.1.
- 24.3 If an audit reveals any discrepancy or error, such discrepancy or error shall be promptly corrected and the corresponding reimbursement to MEG shall be made within thirty (30) days of the notification of the amount of such discrepancy or error. The cost of an audit shall be paid by MEG, except that if an audit discloses overcharges of any nature by Vendor to MEG, or any breach of the terms of the Purchase Order, the cost of such audit shall be paid by Vendor.
- 24.4 For purposes of this provision, MEG's authorized representatives shall: (i) have reasonable access to Vendor's facilities and where the books and records are stored, (ii) be provided, at no cost to MEG, adequate and appropriate work space and telephones in order to conduct audits, and (iii) have the right to interview and obtain information from current and former employees of Vendor. MEG may reproduce and retain copies, at no cost to MEG, of all books and records.
- 24.5 Vendor shall include a like provision in its subcontracts with its subcontractors, and shall also ensure that each such subcontractor permits audits to be conducted by MEG or Vendor of the books and records of the subcontractor in the same manner and time as set out in this provision.
- 25. Termination**
- 25.1 Notwithstanding anything in the Purchase Order to the contrary, MEG may, at its sole option and without cause, terminate the Purchase Order by providing two (2) days written notice to Vendor, as to all or any portion of the Goods not already shipped, or as to all or any portion of the Services not already performed ("**Termination Notice**"). Upon receipt of such Termination Notice, Vendor shall immediately cease performance under the Purchase Order and the liability of MEG shall be limited to payment for the Goods completed and Services performed prior to the termination notice and the reasonable, direct and duly documented third party costs incurred by Vendor as a result of such early termination.
- 25.2 If Vendor becomes insolvent, enters into involuntary bankruptcy or receivership proceedings, makes an assignment for the benefit of its creditors, or otherwise defaults on its obligations under the Purchase Order, MEG shall have the right, without limiting any other rights or remedies which MEG may have hereunder or by operation of law, to immediately terminate the Purchase Order. In the event of such termination, MEG shall be relieved of all further obligations hereunder except to pay to Vendor any amount owing to Vendor on the effective date of termination. Vendor shall be liable to MEG for all costs in excess of the price specified herein and for those costs incurred by MEG in completing or procuring the completion of the Goods and Services.
- 26. Remedies**
Without prejudice to any other right or remedy which MEG may have, if any Goods or Services are not supplied in accordance with, or Vendor fails to comply with, any of the provisions of the Purchase Order or the Purchase Order is terminated under Section 25.2, MEG may avail itself of any one or more of the following remedies at its discretion, whether or not any part of the Goods or Services have been accepted by MEG:

- (a) rescind the Purchase Order;
- (b) reject the Goods (in whole or in part), and return them to Vendor at the risk and cost of Vendor on the basis that a full refund for the Goods so returned shall be paid forthwith by Vendor;
- (c) reject the Services (in whole or in part), on the basis that a full refund for the Services so rejected shall be paid forthwith by Vendor;
- (d) provide Vendor the opportunity at Vendor's expense either to immediately remedy any deficiency or defect in the Goods or Services, supply replacement Goods or carry out any other necessary Services to ensure that the terms of the Purchase Order are fulfilled;
- (e) refuse to accept any further deliveries of the Goods or performance of the Services without incurring any liability to Vendor;
- (f) take possession of all or any part of the Goods or Services;
- (g) take any action at Vendor's expense to make the Goods or Services comply with the Purchase Order; and
- (h) claim such damages as may have been sustained in consequence of Vendor's breach of the Purchase Order.

27. Laws

27.1 Vendor warrants that all Goods and Services supplied pursuant to the Purchase Order shall be performed in compliance with and comply with all applicable laws, ordinances and regulations, and further Vendor shall provide all permits, certificates and licenses which may be required for the performance of the Purchase Order. Any violation of this Section 27.1, as determined solely by MEG, shall be deemed a material breach of this Purchase Order. Vendor will cause these terms to be imposed on any entity from which products or services are procured for this Purchase Order, including any of its suppliers or subcontractors.

27.2 The Purchase Order shall be governed by, interpreted and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. The parties submit to the exclusive jurisdiction of the courts of the Province of Alberta and the courts of appeal therefrom in respect of all disputes or matters arising out of or in connection with the Purchase Order.

28. MEG's Representative

Vendor hereby acknowledges that MEG has appointed or may from time to time appoint any party it so chooses as its representative ("**MEG's Representative**") to administer the Purchase Order, and Vendor hereby agrees to comply with any and all directions given by MEG's Representative as if such directions were given by MEG itself. Vendor hereby acknowledges and agrees that, notwithstanding such grant of authority, MEG may from time to time administer the Purchase Order and provide directions to Vendor directly. In the event of any conflict between the directions given by the MEG's Representative and MEG, the instructions of MEG shall prevail.

29. Miscellaneous

29.1 Time is of the essence, other than in respect of time for payment.

29.2 The terms "including" and "includes" mean "including without limitation".

29.3 MEG's right to require strict performance shall not be affected by any previous waiver or course of dealing.

29.4 Notices shall be in writing and may be delivered personally or by facsimile, courier, registered mail or email.

29.5 The invalidity or unenforceability of any provision of the Purchase Order shall not affect the validity or enforceability of any other provision of the Purchase Order.

29.6 The rights and remedies provided by the Purchase Order are cumulative and are not exclusive of any rights or remedies provided in law, equity or otherwise and shall extend to MEG, its affiliates, successors and assigns.

29.7 Notwithstanding termination of the Purchase Order, neither MEG nor Vendor shall be relieved of their respective obligations and liabilities arising hereunder prior to termination and those provisions which, by their nature, continue beyond termination hereof shall survive termination of the Purchase Order, including confidentiality obligations, audit rights, warranties and indemnities.

29.8 The Purchase Order may be executed and delivered by the parties in counterparts (each of which shall be considered for all purposes an original) and by facsimile and when a counterpart has been executed and delivered by each of the parties, by facsimile or otherwise, all such counterparts and facsimiles shall together constitute one agreement.

29.9 The United Nations Convention on Contracts for the International Sale of Goods does not apply to the Purchase Order and shall be disclaimed and excluded from any contracts placed by Vendor with its suppliers.

- 29.10 All measurements or tests used to determine the quantity or quality of Goods delivered to MEG shall comply with the *Weights and Measures Act*, R.S.C. 1985, c.W-6, as amended or replaced from time to time, or with the latest international standards and guidelines as published by ASTM International, or both.
- 29.11 The parties declare that it is their express wish that the Purchase Order be drawn up in English and that all documents relating to, contemplated by or resulting from the Purchase Order be drawn up in English. Les parties déclarent qu'il est leur volonté expresse que ce contrat soit rédigé en anglais et que tous documents s'y rattachant ou ayant trait ou suite au présent contrat soient rédigés en anglais.