



1/17/2019

Standard Drilling Services Agreement SAMPLE

Canadian Diamond Drilling
Association

NOTE: THIS FORM CONTRACT IS A **SUGGESTED GUIDE** ONLY AND USE OF THIS FORM ANY VARIATION THEREOF SHALL BE THE SOLE DISCRETION AND RISK OF THE USER PARTIES. USER OF THE FORM CONTRACT OR ANY PORTION OR VARIATION THEREOF ARE ENCOURAGED TO SEEK THE ADVICE OF COUNSEL TO ENSURE THAT THEIR CONTRACT REFLECTS THE COMPLETE AGREEMENT OF THE PARTIES AND APPLICABLE LAW. THE CANADIAN DIAMOND DRILLING ASSOCIATION DISCLAIMS ANY LIABILITY WHATSOEVER FOR LOSS OR DAMAGES THAT MAY RESULT FROM USE OF THE FORM CONTRACT PORTIONS OR VARIATIONS OF THEREOF.

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Canadian Diamond Drilling Association Standard Drilling Services Agreements- OVERVIEW

1. DEFINITION DISCLAIMER – WHAT REFERENCES WITHIN THE CONTRACT RELATE TO
2. IDENTIFY THE CONTRACTOR AND COMPANY IN THE OPENING STATEMENT
3. SCOPE OF WORK AND EQUIPMENT IDENTIFIED
4. MOBILIZATION/DEMOB CLAUSE
5. ACCESS REQUIREMENTS
6. PERMITS
7. RIGHT OF WAY
8. DRILL SITE AND PADS
9. DOWN HOLE TESTING
10. DEVIATION AND CORE RECOVERY
11. WATER
12. DRILL BITS/REAMER AND CONSUMABLES
13. OPERATING TIME
14. STANDBY
15. SUSPENSION OF WORK
16. SCOPE CREEP/REVISED WORK
17. TERMINATION
18. INSURANCE
19. PAYMENT TERMS
20. HSE COMPLIANCE
21. WORKERS COMPENSATION
22. INDEMNITY
23. FORCE MAJURE
24. NOTICE AND COMMUNICATION
25. ACKNOWLEDGEMENT – SIGNATURE

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**Canadian Diamond Drilling Association
Standard Drilling Services Agreements- Canada**

To: [_____]

Please submit bid on this drilling contract form for performing the work outlined below, upon the terms and for consideration set forth, with the understanding that if this bid is accepted by [_____], this instrument will constitute as a contract between us. Your bid should be mailed or delivered not later than [_____], P.M. on [_____], 20[___] to the following address: [Contractor Name], [Business Address], [Phone number], [Fax Number] [Email] and [License Number]:

THIS CONTRACT CONTAINS PROVISIONS RELATING TO INDEMNITY, RELEASE OF LIABILITY AND ALLOCATION OF RISK – SEE PARAGRAHS 4.9, 6.3(C), 10, 12, AND 14

This contract is made and entered into on the date hereinafter set forth by and between the parties herein designated as "Operator" and "Contractor"

Operator:
Address:

Contractor:
Address:

IN CONSIDERATION of the mutual promises, conditions, terms and agreements contained in this agreement, the sufficiency of which is hereby acknowledged, the parties here to mutually agreement as set forth in Exhibit "A" and Exhibit "B" attached hereto and made a part(the "contract"), Operator engages as an independent contractor to drill the hereinafter designated [Job specific Drill Job].

For purposes the terms [Identify what specific terms and references within the contract relate to] means Contractor shall furnish equipment labor and preform services herein provided, for a specified sum per day under the direction, supervision and control of Operator (inclusive of any employee, agent, consultant or subcontractor engaged by operator to direct drilling operations). When operating, Contractor shall be fully paid at the applicable rates of payment and assumes only the obligation and liabilities stated herein. Except for such obligations and liabilities specifically assumed by Contractor, operator shall be solely responsible and assumes liability for all consequences of operations by both parties while on a Daywork Basis, including results and all other risks of liabilities incurred in or incident to such operations.

NOW THEREFORE IN CONSIDERATION of the mutual promises, conditions and agreements herein contained, the sufficiency of which is hereby acknowledged, and the specifications and special provisions set forth in any exhibits attached hereto and made a part hereof, the parties hereto mutually agree as follows:

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1. LOCATION OF DRILL SITE

1.1 ADDITIONAL LOCATIONS [DRILL SITE SPECIFIC]

Locations described above are for Contract Identification only and Contractor assumes no liability whatsoever for a proposer survey or location stake on Operator's Lease.

2. COMMENCEMENT DATES

Statement of Date of Operation

Contractor agrees to use reasonable efforts to commence operations for drilling of the [JOB SPECIFIC DRILL JOB] by the [_____] day of [_____], 20 [__], or [Date Specific Information]

3. SCOPE OF WORK OVERVIEW

Explanation of work performed including brief explanation of Supplies, Equipment and Material for Purposes

List of Supplies, Equipment and Material for Purposes

The Work shall also include all necessary [Contractor's name] support, infrastructure, and personnel necessary to [Contractors name] operations. The scope of work is limited to the supply of drilling and completions [summary line of material for purposes].

The Contractors responsibilities shall include, but not to be limited to, the following:

CDDA Note: Include points that are relevant to your Drill Specific Job

- 3.1. Supply of all required drilling and completion materials, including the maintenance of equipment appropriate stock levels on the applicable Drilling Unit(s)
- 3.2. Supply capable and experienced personnel
- 3.3. Supply all drill tooling and consumables capable of completing the scope of work

3.4 EQUIPMENT, MATERIALS AND SUPPLIES PROVIDED BY CONTRACTOR

Explanation of Equipment provided by Contractor liabilities

Contractor shall furnish, operate and maintain at its own risk, cost and expense, all equipment, supplies and materials specified in the Contract or which may be necessary to perform the Work. Contractor shall be at all times liable and responsible for and agrees to defend, indemnify and

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release operator for damage to or destruction of contractor's equipment and materials, regardless of how such damage or destruction occurs

4. MOBILIZATION AND DEMOBILIZATION

Contractor shall be paid at the following rates for the work performed hereunder.

4.1 **MOBILIZATION:** Operator shall pay Contractor a mobilization fee of \$ [_____] or a mobilization rate of \$ [_____] per day. This sum shall be due and payable in full at the time the rig is rigged up or position at the drill site. Mobilization shall include:

4.2 **DEMOBILIZATION:** Operator shall pay Contractor a demobilization fee of \$ [_____] or demobilization rate during tear down of \$ [_____] per day, provided however that no demobilization fee shall be payable if the Contract is terminated due to the total loss or destruction of the rig. Demobilization Shall Include:

Note: All Mobilization and Demobilization include, transportation of drill crews, drill equipment, camp facilities and personnel, water trucks, tractors to the unloading point, and for the Demobilization from the loading point to Contractor Location Site.

5. ACCESS REQUIREMENTS AND PERMITS

Relates to Job Specified Location

The operator will secure all work permits and licenses as required by provincial and federal law. The operator will outline access requirements and limits before the start of any drilling operation on the given project. Prior to the start of any drilling operation on a project with an Operator on a Drill Site an inspection of the work area shall be conducted to identify:

(i) potential hazards, including utilities, services, obstructions, structures and soil conditions that may endanger a worker engaged in, or in the vicinity of, the drilling operation, and

(ii) buildings and structures adjacent to, or in the vicinity of, the drilling operation that may be affected by it

The constructor shall keep a copy of the report at the Drill Site until the drilling operation is completed, and make the report available, upon request, to an inspector and operator responsible for the drilling operation site.

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6. RIGHTS OF WAY

The Operator agrees, at its own expense, to Provide all permits, right-of-way, government permitting, easement or right of ingress and egress that may be required in connection with the said work, including property rights over property upon which temporary buildings may be erected or there facilities required, and hereby indemnifies and saves harmless the Contractor from and any and all damages, claims, demands, costs, charges, actions, suits or their proceedings of whatever kind or character by whomsoever made, brought or prosecuted in connection with said ingress, egress, or use of surface of buildings or other required facilities.

7. DRILL SITES AND PADS

Operator shall prepare a sound location adequate in size and capable of properly supporting the drilling rig. It is recognized that operator has superior knowledge of the location and access routes to the location, and must advise contractor of any subsurface conditions, or obstructions which contractor might encounter while on route to the location or during operations hereunder.

8. DOWN HOLE TESTING

Operator shall have the right to designate the points at which down hole testing will be set at the manner of testing and setting. Please see operating rate for applicable chargeable time to complete this task.

9. DEVIATION AND CORE RECOVERY

The drilling shall be conducted so as to provide maximum core recovery with every reasonable precaution take to prevent crushing or grinding of core. All cores recovered by the Contractor shall be carefully packed in core boxes and delivered to the Operator at the Drill Site. If core recovery falls below [Insert Percentage], the drill foreman and manager should be notified immediately in order to correct the situation. If core loss is deemed to be due to driller error, the Contractor will not charge for meters drilled where core recovery was unsuitable.

In the event that cavities or loose caving materials or excessive water flows are encountered of a nature as to prevent the successful completion of any hole, the Contractor does not, under such conditions, guarantee to drill to a predetermined depth. The hole is abandoned due to these conditions, the Contractor will be paid for footage drilled as per the scheduled rates. She the operator request that further attempts be made to complete the hole past this point, contractor will be reimbursed at operating field cost rates.

10. WATER SUPPLY

[Note: Identify if Contractor or Operator is to supply water. List rates in Appendix A or Appendix B. If you require the operator to pay for supply, you may also choose a particular set of KM per rate in which the Contractor initially covers]

11. DRILL BITS / REAMER AND CONSUMABLES

Drill bits and reamers shall be included in meter rates as shown in Appendix I – Pricing unless deemed otherwise by the Client.

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12. OPERATING TIME

Specify Operating Time of work

The Contractor will work on the following days between the hours of [_____] am/pm and [_____] am/pm.

- Mon Tue Wed Thu Fri Sat Sun

13. Term

- 13.1 Duration of Contract: This contract shall remain in full force and effect until drilling operations specified in paragraph 3 are completed, or for a term of [_____] , commencing on the date specified in paragraph 2 above.
- 13.2 Extension of Term: Operator may extend the term of this Contract for [_____] , or for a period of [_____] , by giving notice contractor at least [_____] days prior to completion of the site then being drilled or by [_____]

(CDDA Note: Reason relates to Drill job specific details)

14. STANDBY

Standby time shall be defined to include time when the rig is shut down, although in readiness to begin or resume operations but Contractor is waiting on orders of Operator on materials, services or other items to be furnished by operator. Standby will be charged as shown in Appendix I – Pricing.

15. SUSPENSION OF WORK

Statement clause outlining the grounds for suspension of Contractor’s contract with Operator. Outlining what constitutes as reasonable grounds for suspension of work.

16. TERMINATION

Statement clause outlining the grounds for the Contractor terminating the Work Order with the Operator. Second statement outlining the grounds for an Operator to terminate the work order with the Contractor. Can include specific term of notice regarding time frame. (i.e. length of months)

17. INSURANCE

- i. As a separate and independent obligation and without limiting the indemnity obligation of Contractor or its insurers, at any and all times during the term of the Agreement, Contractor shall, at Contractor’s sole expense, carry insurance for the types of insurance and in minimum amounts as follows:
- ii. Workers’ Compensation Insurance in full compliance with all applicable Provincial and Federal laws and regulations, and, including Occupational Disease coverage in accordance with the laws in the jurisdiction(s) in which the Work is performed, in which the employee is hired, and in which the employee resides.

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- iii. Employers' Liability Insurance with limits of not less than [Insert Liability Coverage Amount] per occurrence covering injury or death to any employee.
- iv. Comprehensive General Liability Insurance on an occurrence basis, including contractual liability and products liability/completed operations coverage, including without limitation insurance for the indemnity agreements set forth in the Agreement, with limits of not less than [Insert General Liability Coverage Amount] applicable to bodily injury, sickness or death in any one occurrence and [Insert Liability Coverage Amount] for loss of or damage to property in any one occurrence. If the performance of the Work requires the use of Watercraft, Contractor shall require its insurer to delete any Watercraft exclusion to the policy.
- v. Automobile Liability Insurance covering owned, non-owned, hired and all vehicles used by Contractor, with limits of not less than [Insert Liability Coverage Amount] applicable to bodily injury and [Insert Liability Coverage Amount] for loss of or damage to property in any one occurrence.
- vi. Excess Liability Insurance over that required in Paragraphs 5.0(a) (b) (c) and (d) with minimum limits of [Insert Minimum Liability Coverage], and specifically including Contractor's contractual liability.
- vii. Physical Damage Insurance on Contractor's supplies, materials, equipment, machinery and other property to the extent of its fair market value.
- viii. The Operator shall be named as additional insured in each of Contractor's policies, except for Physical Damage Insurance and Workers' Compensation.
- ix. All policies shall be endorsed to provide that underwriters and insurance companies of Contractor shall not have any right of subrogation against the Operator or their underwriters and insurance companies.
- x. Contractor shall furnish Certificates of Insurance to Operator and, upon request; Operator may examine true copies of the actual policies. The Certificate shall provide that the insurance is in full force and effect and that it shall not be canceled or materially changed without [Insert clause minimum notice] prior written notice. All Certificates must contain reference to endorsements (i.e., additional insured, waiver of subrogation, etc.) required herein. Renewal certificates must be provided prior to the expiration of existing coverages.
- xi. Any and all deductibles in the above described insurance policies shall be assumed by, for the account of and at Contractor's sole risk.

18. PAYMENT TERMS (See Exhibit A for More Details)

Statement refers to your specific payment terms as the Contractor

- i. Within 10 days of receipt of each properly submitted invoice at said office, Operator shall pay, or cause to be paid, the approved amount of Contractor's invoice.
- ii. Should Contractor purchase any equipment, machinery, materials or supplies at Operator's request under the terms of any Contract, Operator agrees to pay Contractor the actual cost of such items.
- iii. Contractor agrees to furnish Operator with copies of the supplier's, Vendor's or other third party's invoices covering such items.

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- iv. Contractor may from time to time receive payment directly from the well owners in an amount equal to not less than [percentage of invoice range], of the proposed [reference appendix that states fees]. for a particular well and will issue a credit memo to Operator for such paid amounts.

19. HSE COMPLIANCE

Statement of commitment to the highest standards for the health and safety of Contractors employees, and contractors as well as to the protection of the environment in the communities.

20. WORKERS COMPENSATION

- i. Contractor shall be compensated as provided in the Contract, provided that Contractor shall have satisfied Operator that there are no liens or claims on or against Operator or its property by reason of the operations of Contractor.
- ii. Within [date range of invoicing], Contractor shall send to the office of Operator an invoice or invoices covering charges under any Contract for the previous calendar month. Invoicing may be on a job basis in lieu of monthly invoicing. All invoices must be submitted within 90 days of the date the supply or service was provided.

21. INDEMNITY

- i. For basis of this Agreement, the [Insert Operator Name] shall be comprised of the directors, officers, employees, servants, agents, representatives and invitees of Operator and its parent, subsidiary and affiliate companies and the directors, officers, employees, servants, agents, representatives and invitees of contractors (other than Contractor) hired by Operator.
- ii. For basis of this Article, the "Contractor" shall be comprised of the [Insert Employee Positions ie. Directors etc.] and invitees of the Contractor and its affiliate companies and the [Insert Employee Positions ie. Directors etc.] and invitees of other contractors hired by Contractor.
- iii. Contractor shall be liable for, and hereby releases, all claims against operator with respect to all losses, costs, damages, expenses and legal fees which contractor may suffer, sustain, pay or incur directly or indirectly arising from or on account of bodily injury to or death of any persons in the contractor group or damage to or loss of property owned by a member of the contractor group arising out of or relating to the agreement or any contract. in addition, contractor shall defend and indemnify operator against all actions, proceedings, claims, demands, losses, costs, damages, expenses and legal fees whatsoever which may be brought against operator or which operator may sustain, pay, or incur, directly or indirectly on account of (1) bodily injury to or death of any person in the contractor group, or loss of or damage to any property owned by a member of the contractor group or (2) bodily injury or death of any person or loss of or damage to any property resulting from any negligent act or willful misconduct of any person within the contractor group.
- iv. Except as otherwise specified herein, the liability, release and indemnity provisions contained in this agreement shall apply notwithstanding any breach or alleged breach of this agreement or any contract and shall be without regard to cause or causes, including without limitation pre-existing defects in equipment or materials, the negligence, whether sole,

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concurrent, active, passive, primary or secondary, of either party or any other person including without limitation the party or person being released or indemnified, or otherwise, strict liability or the unseaworthiness of any vessel ingress and egress, loading and unloading.

- v. The liability and indemnity provisions of this agreement and any contract shall be without limit and include the obligation to indemnify for any punitive damages which might be awarded and reasonable attorneys' fees and costs incurred by the party receiving indemnification. the indemnity obligation shall also include reasonable attorneys' fees and costs incurred by the prevailing party in any action to enforce the indemnification agreement. if it is judicially determined that the monetary limits of the indemnities voluntarily assumed hereunder exceed the maximum limits permitted under applicable law, it is agreed that said indemnities or insurance requirements shall automatically be amended to conform to the maximum monetary limits permitted under such law.
- vi. Neither party shall be liable to the other for special, indirect or consequential damages from or arising out of this agreement or any contract entered pursuant to this agreement, including, without limitation, loss of profit or business interruptions, however same may be caused.

22. FORCE MAJURE

Except for the duty to make payments hereunder when due, and the indemnification provisions under this Contract, neither Operator nor Contractor shall be responsible to the other for any delay, damage or failure caused by or occasioned by a Force Majeure Event that is outside the control of the parties. As used in this Contract, "Force Majeure Event" includes: acts of God, floods, fire or other natural causes, riots, war, rebellion, sabotage, acts of terrorism, civil strife, acts of public enemies, and acts of governmental authorities whether federal, state or local. Delays due to the above causes, or any of them, shall not be deemed to be a breach of or failure to perform under this Contract.

23. NOTICE AND COMMUNICATION

All Notices to be given with respect to this contract, unless otherwise provided for, shall be given to the contractor and the Subcontractor respectively at the address hereinabove shown. All sums payable hereunder to subcontractor shall be payable at its address hereinabove shown unless otherwise specified herein.

24. ACKNOWLEDGEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Contract upon the date above shown in several counterparts, each of which shall be considered as an original.

Printed Name, Contractor	Signature, Contractor	Date
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Printed Name, Operator	Signature, Contractor	Date
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EXHIBIT A: INCLUDE THE FOLLOWING (IF IT APPLIES TO YOU, REGARDING EXPENSES)

1. *Downhole Testing Material Details*
2. *Insurance (fees and Further Details)*
3. *Specified Equipment, Material, Services to be Furnished by Contractor (Including Make, Model, Size, Capacity)*
4. *Specified Equipment, Material, Services to be Furnished by Operator (Including Make, Model, Size, Capacity)*
5. *Specified Equipment, Material, Services to be Furnished by Designated Party (Including Make, Model, Size, Capacity)*
6. *Further payment details- More Detail of Payments*

EXHIBIT B: INCLUDING THE FOLLOWING (AS IT APPLIES TO YOU AND YOUR SPECIFIED JOB)

1. *Equal Employment Opportunity Statement*
2. *Statement Regarding Environmental Laws related to your particular Province*