



TRANSOCEAN OFFSHORE INC.

4 GREENWAY PLAZA (77046)

POST OFFICE BOX 2765

HOUSTON, TEXAS 77252-2765

April 24, 1998

Via Courier

Ms. Charity Schneider  
MODU-Spec  
848 Dominion Drive  
Suite 200  
Katy, Texas 77450

RE: Transocean Offshore Inc. Master Service Agreement

Dear Ms. Schneider:

Per our conversation, enclosed please find two copies of Transocean Offshore Inc.'s master service agreement for your review and execution. Please execute and return both copies of the agreement along with the certificates of insurance as required in Exhibit A. Once we have fully executed the agreement, we will return one copy for your file.

Please do not hesitate to contact me at [REDACTED] if you have any questions.

Sincerely,

Trina Allison  
Manager of Claims & Insurance

ta

Enclosures

EXHIBIT #	<u>70</u>
WIT:	_____

CONFIDENTIAL

MODUSI 01 0 000347



TRANSOCEAN OFFSHORE INC.

4 GREENWAY PLAZA (77046)

POST OFFICE BOX 2765

HOUSTON, TEXAS 77262-2765

December 10, 1998

Mr. Gus Wijdenes  
Modu Spec USA Inc.  
848 Dominion  
Suite 200  
Katy, Texas 77450

RE: Transocean Offshore Inc. Master Service Agreement

Dear Mr. Wijdenes:

We enclose a fully executed copy of the Master Service Agreement between Transocean Offshore and Modu Spec Inc. for your files. Please do not hesitate to contact me at [REDACTED] if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads 'Karen Cothran'.

Karen Cothran  
Administrative Assistant  
Claims & Insurance

kc

**CONFIDENTIAL**

**MODUSI 01 0 000346**



NOW THEREFORE, in consideration of the mutual promises and obligations herein contained and the inclusion of Contractor on Transocean's approved list of subcontractors, the parties agree as follows:

1. SCOPE OF AGREEMENT.

If the Transocean contracting party is Transocean Offshore Inc., this Agreement shall be signed by that company, but if the Transocean contracting party is one of the subsidiaries or other entities of Transocean Offshore Inc., this Agreement shall be signed by that subsidiary or other entity. Contractor agrees to any unilateral assignment of this Agreement by Transocean to any of its subsidiaries or affiliated companies that may be performed hereafter. As between the parties hereto, this Agreement shall control and govern all Work and any applicable oral and/or written specifications, including purchase orders, ("Work Order") which are in any way connected with Transocean including, but not limited to, the performance of all Work by Contractor, its affiliates, and/or its and their subcontractors for or with Transocean, any of the Transocean subsidiaries or other entities, and/or any third party (including any third party for whom or with which Transocean is rendering services or under contract and regardless of whether or not a Work Order has been issued hereunder) where such Work is performed at the same drill site, well location, vessel, fixed platform, or other location (including on the way to or from such location) as Transocean is located, operating, and/or performing services ("Work Premises").

2. SUPPLIES AND SERVICES.

Contractor shall perform all Work in a good and workmanlike manner and in strict compliance with the requirements contained in this Agreement, including Exhibit "A" (Insurance Requirements), Exhibit "B" (EEOC Supplement), Exhibit

6/22/97

"C" (Contraband Policy), and any applicable Work Order, each of which is hereby incorporated by reference. All Work for Transocean shall be furnished to its full and complete satisfaction. Any portion of Contractor's Work found defective or unsuitable by Transocean shall be removed, replaced or corrected by Contractor at Contractor's sole expense.

3. NO OBLIGATION.

This Agreement does not obligate Transocean to order any Work from Contractor.

4. INDEPENDENT CONTRACTOR.

Contractor shall be an independent contractor with respect to the performance of all Work for Transocean hereunder; and neither Contractor, its principals, agents, partners, or subcontractors nor its or their employees shall be servants, agents, or employees of Transocean. Transocean shall have no direction or control of such parties, except for directing the results to be obtained and in Transocean's general right of inspection to ensure that the Work is being performed in accordance with this Agreement and any applicable Work Order.

5. COMPLIANCE WITH LAWS.

Contractor shall comply and ensure that all of its subcontractors and its and their employees and agents comply with all applicable laws, rules, and regulations of any governmental authority which are now or may become applicable to operations arising out of or in any way incident to Contractor's Work; and Contractor shall defend, indemnify, and hold Transocean its parents, subsidiaries and affiliated companies and its and their officers, directors, employees and

agents harmless from and against any claim or penalty incurred in connection therewith.

6. PAYMENT.

Transocean shall pay Contractor for Work furnished to Transocean, subject to Transocean's verification that Contractor has complied with all terms and conditions of this Agreement and any applicable Work Order. Transocean shall pay invoices within thirty (30) days after receipt. In the event Transocean should dispute any invoice, undisputed portions thereof shall be paid; and upon resolution of all disputed items, a supplemental invoice will be submitted to Transocean for payment.

7. RECORDS RETENTION; AUDIT.

Contractor shall support all invoices with any data and/or information reasonably requested by Transocean. Contractor agrees to retain all applicable documentation and records for a period of not less than two (2) years after completion of the Work. Transocean or any party with which Transocean is rendering services or under contract shall be entitled to audit and examine all documents and/or records necessary to verify the correctness of charges contained in any invoice. The payment of an invoice shall not preclude Transocean's right to audit any charge during said two-year period.

8. TAXES.

Contractor shall pay all taxes, duties, licenses, and fees levied, assessed, and/or incurred by Contractor directly or indirectly with respect to this Agreement which are imposed by any governmental authority, and all taxes and fees

assessed or levied against or on account of wages, old age benefits, social security, or other benefits paid to Contractor's employees or agents. Contractor agrees to promptly reimburse Transocean for all such amounts paid by Transocean. At its election, Transocean is authorized to deduct all sums paid by Transocean for such taxes and governmental charges from such amounts as may be or become due to Contractor hereunder.

9. INSURANCE.

During the term of this Agreement, Contractor shall maintain at its sole expense the minimum insurance coverage specified in Exhibit "A" with underwriters acceptable to Transocean. Except as provided by law, the limits specified therein shall in no way limit liabilities or obligations of Contractor for claims arising from performance of this Agreement and any applicable Work Order. Transocean may require Contractor to obtain additional insurance as a condition of issuing a Work Order hereunder. The insolvency, liquidation, bankruptcy, or failure of any insurance company providing insurance for Contractor or its subcontractors, or failure of any such insurance company to pay claims accruing, shall not be considered a waiver of, nor shall it excuse Contractor from complying with, any of the provisions of this Agreement. If any of the insurance policies are not procured or maintained pursuant to this Agreement, Transocean, at its option, may notify Contractor that the failure to provide the insurance is a material omission whereupon it is agreed that Transocean, at its sole option and without prejudice to any of its rights hereunder, shall have the right either to (a) purchase similar coverage, the cost thereof to be charged to Contractor, or (b) terminate this Agreement notwithstanding other provisions contained herein, or

(c) reduce the applicable rate paid to Contractor by ten (10) percent until such time as appropriate evidence is provided to Transocean that Contractor has fully satisfied the insurance requirements of this Agreement.

10. ACCIDENTS.

Contractor shall report to Transocean as soon as practicable all accidents or occurrences resulting in injuries to or property damage of any third party, Transocean, Contractor, and/or their employees or agents arising out of or incident to Work furnished pursuant to this Agreement. Upon request, Contractor shall furnish Transocean with copies of all reports submitted to Contractor's insurer.

11. SAFETY.

Contractor shall comply, notify, and require its subcontractors and its and their employees, invitees, and agents to comply with Transocean's safety rules and procedures, including its Corporate Policy Directive (Exhibit "C") which prohibits possession of contraband items in work areas.

12. PATENTS.

Contractor shall at all times and at its own expense indemnify, defend, and hold Transocean, its parents, subsidiaries and affiliated companies, and its and their officers, directors, employees and agents, harmless from and against any and all claims or actions of any kind arising out of alleged or actual infringement of any patents, trademarks, or copyrights (U.S. or foreign) in regard to all Work of Contractor and/or its subcontractors.

13. FORCE MAJEURE.

Each party hereto shall be excused from performance under this Agreement for so long as such performance is hindered or impeded by a force majeure event. As used in this Agreement, a "force majeure" event includes riots, strikes, wars, terrorist acts, civil disturbances, governmental authority (whether such authority be actual or assumed), fires, floods, storms, other acts of God, or such other causes which are reasonably beyond the control of the party so affected.

Any party to this Agreement which is unable, in whole or in part, to carry out its obligations under this Agreement due to force majeure shall promptly give written notice to that effect to the other party stating in reasonable detail the circumstances underlying such force majeure.

Any party to this Agreement claiming force majeure shall diligently use all reasonable efforts to remove the cause of such force majeure, shall promptly give written notice to the other party of the termination of such force majeure and shall resume performance of any suspended obligations as soon as reasonably possible after termination of such force majeure.

If any such force majeure delay extends beyond a period of ten (10) days, Transocean may, at its sole option, terminate this Agreement by notice thereof to Contractor.

14. TERMINATION.

Either party may terminate this Agreement by providing thirty (30) days prior written notice to the other party. Such cancellation shall not relieve either party

of obligations accrued hereunder prior to the time such termination becomes effective; provided, however, that Transocean at any time without prior notice and at its sole discretion may terminate any Work or Work Orders issued hereunder; and Contractor shall not be entitled to compensation and/or damages for Work unperformed by reason of such termination.

15. INDEMNITY.

- A. Contractor shall defend, release, indemnify and hold harmless Transocean, its parents, subsidiaries, affiliates, any other party or parties to whom or which Transocean is under contract or rendering services, and its or their vessels and other property, officers, directors, agents, employees from and against all liens, claims, demands, causes of action, costs, expenses or losses (including but not limited to attorneys' fees) attributable to, for or on account of injury to, illness or death of employees, invitees and/or agents of Contractor, its affiliates and subcontractors, or loss or damage to property of Contractor, its affiliates and subcontractors which arise from, are incident to or result directly or indirectly from the performance of the Work, the presence of employees or invitees of Contractor at any job or worksite, or transportation to or from such locations, performance of this Agreement, or breach hereof.
- B. Transocean shall defend, release, indemnify and hold harmless Contractor, its parents, subsidiaries, affiliates, officers, directors, employees and agents from and against all liens, claims, demands, causes of action, costs, expenses or losses (including but not limited to attorneys' fees) attributable to, for or on account of injury to, illness or

death of employees, invitees and/or agents of Transocean, its affiliates and subcontractors (other than Contractor and Contractor's agents, affiliates and subcontractors), or loss or damage to property of Transocean, its affiliates and subcontractors (other than Contractor and Contractor's agents, affiliates and subcontractors) which arise from, are incident to or result directly or indirectly from the performance of the Work, the presence of employees or invitees of Transocean at any job or worksite, or transportation to or from such locations, performance of this Agreement, or breach hereof.

- C. If it is judicially determined that with respect to injury, illness or death of employees of Contractor, 33 U.S.C. 905 (c) would be applicable to this Agreement or the parties hereto or referred to herein, then Transocean shall be deemed to indemnify Contractor, its parents, subsidiaries, affiliates, officers, directors, agents, and employees from and against all liens, claims, demands, causes of action, costs, expenses or losses attributable to, for or on account of injury to, illness or death of employees of the "vessel" as such term is used in said statute, which arise from, are incident to, connected with, or result directly or indirectly from the performance of the Work, the presence of employees or invitees of Contractor at any job or worksite, or transportation thereof to or from such locations, performance of this Agreement or breach hereof.
- D. All indemnities under this Agreement (i) shall be supported by available liability (or other appropriate) insurance to be carried by the indemnifying party at its sole cost and expense; and (ii) shall survive and not be

affected by termination of this Agreement or completion of the Work. If it is judicially determined that the monetary limits of insurance required hereunder or the indemnities or releases assumed under this Agreement exceed the maximum monetary limits or scope permitted under applicable law, it is agreed that said insurance requirements or indemnities or releases shall automatically be amended to conform to the maximum monetary limits or scope permitted under such law.

E. ALL OF THE INDEMNITIES AND ALLOCATIONS OF RISK CONTAINED IN THIS PARAGRAPH 15 OR ELSEWHERE IN THIS AGREEMENT SHALL APPLY NOTWITHSTANDING THE SIMPLE, GROSS, SOLE, JOINT OR CONCURRENT NEGLIGENCE OF ANY PERSON OR PARTY (REGARDLESS OF WHETHER SUCH PERSON OR PARTY IS AN INDEMNITEE OR NOT), THE UNSEAWORTHINESS OR OTHER FAULT OF ANY VESSEL, "RUIN," OR STRICT LIABILITY, LIABILITY IMPOSED BY STATUTE, DEFECTS IN PREMISES, EQUIPMENT OR MATERIAL, OR ANY OTHER EVENT OR CONDITION WHETHER ANTICIPATED OR UNANTICIPATED AND REGARDLESS OF WHETHER PRE-EXISTING THIS AGREEMENT. INDEMNITEES SHALL BE ENTITLED TO REASONABLE ATTORNEYS' FEES INCURRED IN ASSERTING OR ENFORCING THE INDEMNITIES GRANTED HEREIN.

16. LIMITATION OF DAMAGES.

IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES RESULTING FROM OR ARISING OUT OF THIS AGREEMENT, INCLUDING, WITHOUT

LIMITATION, LOSS OF PROFIT OR BUSINESS INTERRUPTIONS, HOWEVER SAME MAY BE CAUSED.

17. ASSIGNMENT.

This Agreement shall be binding upon the parties, their successors, and assigns; provided, however, that Contractor shall not assign this Agreement or any part of any Work for Transocean without Transocean's prior written consent. The subcontracting of any portion of the Work to be provided by Contractor shall not relieve Contractor from any of its obligations to perform in accordance with this Agreement.

18. GOVERNING LAW.

THIS AGREEMENT SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE GENERAL MARITIME LAWS OF THE UNITED STATES, EXCLUDING, HOWEVER, ANY CONFLICTS OF LAW RULES THAT WOULD APPLY THE LAWS OF ANY OTHER JURISDICTION. VENUE OF ANY LITIGATION SHALL BE HARRIS COUNTY, TEXAS. CONTRACTOR HEREBY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS SITTING IN HOUSTON, TEXAS. CONTRACTOR SHALL BE DEEMED TO HAVE APPOINTED THE SECRETARY OF STATE OF THE STATE OF TEXAS AS ITS AGENT FOR SERVICE OF PROCESS UNLESS ANOTHER AGENT HAS BEEN APPOINTED. SERVICE ON THE SECRETARY OF STATE MAY BE MADE BY ANY MEANS PERMITTED AS IF ANOTHER AGENT HAD BEEN APPOINTED IN TEXAS.

19. ENTIRE AGREEMENT.

This Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all previous undertakings, considerations, writings, specifications, or commitments, whether oral or in writing. No amendment, modification, or waiver of this Agreement shall be effective unless it is in writing and signed by an officer of Transocean and a duly authorized representative of Contractor.

20. FOREIGN CORRUPT PRACTICES ACT.

The parties to this Agreement each agree that they will at all times comply with the provisions of the Foreign Corrupt Practices Act of 1977, as amended, and it and its employees and agents will not pay, offer or promise to give, or authorize the giving of any services or anything else of value, either directly or through a third party, to any official or any employee of any government or of any governmental instrumentality, or to any political party or official thereof or to any candidate for political office for the purpose of (a) influencing any act or decision of that person in his official capacity or inducing such person to do any act in violation of the lawful duty of such person, or (b) inducing such person to use his influence with such government or instrumentality to affect or influence any act of decision thereof, in order to promote or assist in the performance of Contractor's or Subcontractor's obligations hereunder or to obtain or retain business.

21. MODIFICATION.

In the event any provision of this Agreement is inconsistent with or contrary to any applicable law, rule, or regulation, said provision shall be deemed to be modified to the extent required to comply with said law, rule, or regulation; and as so modified, said provision and this Agreement shall continue in full force and effect.

22. NOTICES.

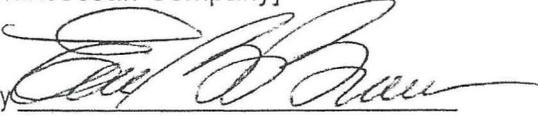
All notices, invoices, and payments shall be sent to the addresses shown hereinabove.

23. AUTHORITY.

Transocean represents and warrants that it has full and complete authority to enter into and to perform this Agreement. Contractor represents and warrants that it has full and complete authority to enter into and to perform this Agreement. Each person who executes this Agreement on behalf of Transocean represents and warrants that he or she has full authority to do so and that Transocean will be bound thereby. Each person who executes this Agreement on behalf of Contractor represents and warrants that he or she has full authority to do so and that Contractor will be bound thereby.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the day and year hereinabove first written.

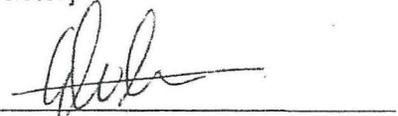
Transocean Offshore Inc.  
[Transocean Company]

By 

Name: Eric Brown

Title: Vice President  
General Counsel

Modu Spec USA, Inc.  
[Contractor]

By 

Name: G. Wijdenes

Title: Vice president

## EXHIBIT "A"

### INSURANCE REQUIREMENTS

Throughout the term of this Agreement Contractor shall maintain the following insurance as is applicable to it and shall instruct its underwriters to forward a Certificate of Insurance to Transocean Offshore (Transocean Offshore Inc., P. O. Box 2765, Houston, Texas, 77252-2765, Attn: Insurance Dept.) and to provide Transocean Offshore thirty (30) days advance notice of changes, nonrenewal, or cancellation of such insurance whether by Contractor or by underwriters. Contractor will ensure that all subcontractors engaged by it in the performance of this Agreement shall, if not covered by Contractor's Insurance, secure and maintain all applicable Insurance included herein. All insurance policies shall contain a waiver of subrogation in favor of Transocean Offshore, its affiliated companies, and any third parties to whom or for which Transocean Offshore is under contract or rendering services and/or its and their employees and agents. All insurance policies, except Worker's Compensation, shall name all such parties as additional assureds. All such policies shall be endorsed to provide that additional assureds shall not be liable for premiums and that such policies shall be primary as to additional assureds, regardless of any "excess" or "other insurance" clauses therein. Self-insured retention and deductibles in all Contractor policies shall be for the account of Contractor and shall be subject to approval by Transocean Offshore.

<u>COVERAGE</u>	<u>LIMITS OF LIABILITY</u>
A) Worker's Compensation <sup>1</sup>	Statutory Limits
B) Employer's Liability <sup>1</sup>	<u>Bodily Injury</u> \$1,000,000 each person \$1,000,000 each occurrence
1. Onshore Operations	
2. Over Water Operations	<u>Bodily Injury</u> \$1,000,000 each person \$1,000,000 each occurrence
C) Comprehensive General Liability	<u>Bodily Injury &amp; Property Damage</u> \$1,000,000 each occurrence Combined Single Limit
1. Onshore Operations	
2. Over Water Operations <sup>2</sup>	<u>Bodily Injury &amp; Property Damage</u> \$1,000,000 each occurrence Combined Single Limit
D) Automotive Liability (includes coverage for owned, nonowned and hired vehicles)	<u>Bodily Injury</u> \$1,000,000 each person \$1,000,000 each occurrence  <u>Property Damage</u> \$1,000,000 each occurrence
E) Aircraft Liability <sup>3</sup>	<u>Bodily Injury &amp; Property Damage</u> \$50,000,000 each occurrence Combined Single Limit

- F) Vessels
- |   |  |
|---|--|
| Full form Hull and Machinery <sup>4</sup>                             | Declared value of vessel each occurrence                                       |
| Protection and Indemnity, Towers and Collision Liability <sup>4</sup> | Declared value of vessel or \$5,000,000, whichever is greater, each occurrence |
- G) Excess Umbrella Liability
- All underlying coverages required herein, except Workers Compensation and Hull and Machinery, to be scheduled under Excess policy
- |                          |                                    |
|--------------------------|------------------------------------|
| 1. Onshore Operations    | \$1,000,000 Combined Single Limit  |
| 2. Over Water Operations | \$10,000,000 Combined Single Limit |

- 
- 1 These policies (including occupational disease) shall have the following endorsements: borrowed servant, voluntary compensation, and alternative employer. If the Work is performed over water, the policies shall be endorsed to include coverage for transportation, wages, maintenance and cure, Jones Act, Death on the High Seas Act and general maritime law claims, USL&H, including its extension by the Outer Continental Shelf Lands Act, in rem, territorial extension for all work and transportation areas, and diving operations.
  - 2 These policies shall include endorsements for in rem, removal of watercraft exclusion, territorial extension for all work and transportation areas, and diving operations.
  - 3 When Contractor is to furnish transportation by air, Contractor shall procure Aircraft Liability Insurance with coverage for the following liabilities: public, passengers, property damage, and airport. Coverage shall be on all owned and non-owned helicopters and other aircraft and shall include full form Hull insurance with limits equal to the full value of applicable helicopter or other aircraft.
  - 4 When Contractor is to furnish transportation by water, Contractor shall procure full form Hull and Machinery Insurance on American Institute Time (Hulls) clauses or equivalent, including Collision Liability, with the sistership clause unamended and endorsed to provide that additional assureds may, but shall not be obligated to, sue in labor. If the vessels are engaged in towing operations, such insurance shall include full Tower's Liability with the sistership clause unamended. Contractor shall also procure for such vessels full form Protection and Indemnity Insurance on SP-23 clauses or equivalent and insurance for voluntary removal of wreck and/or debris, diving operations, and liability for seepage, pollution, containment, and cleanup. All such policies shall insure additional assureds in all of their capacities under this Agreement, and underwriters' limitations of liability rights as respects additional assureds shall be deleted by endorsement from the primary and excess Protection and Indemnity policies.

EXHIBIT "B"

EQUAL EMPLOYMENT OPPORTUNITY SUPPLEMENT TO MASTER SERVICE AGREEMENT

Contractor shall abide by the following equal employment opportunity programs where applicable and to the extent required of it by law:

1. Employment of the Handicapped [applicable to contracts amounting to \$2,500 or more, 41 C.F.R. 60-741.4].
2. Equal Opportunity Clause [applicable to contracts exceeding \$10,000, 41 C.F.R. 60-1.4].
3. Employment of Disabled Veterans and Veterans of the Vietnam Era [applicable to contracts amounting to \$10,000 or more, 41 C.F.R. 60-250.4].
4. Utilization of Minority Business Enterprises [applicable to contracts which may exceed \$10,000, 41 C.F.R. 1-1.1310-2(a)].
5. Utilization of Women Owned Business Concerns [applicable to contracts expected to exceed \$10,000, 35 F.R. 31033].
6. Utilization of Small Business Concerns and Small Business Concerns Owned and Controlled by Socially and Economically Disadvantaged Individuals [applicable to contracts exceeding \$10,000, 45 F.R. 31028].
7. Utilization of Labor Surplus Area Concerns [applicable to contracts which may exceed \$10,000, 41 C.F.R. 1-1.805-3].
8. Certification of Non-Segregated Facilities [applicable to contracts exceeding \$10,000, 41 C.F.R. 60-1.8].
9. Equal Employment Opportunity Reporting Requirements [applicable to contracts amounting to \$50,000 or more if Contractor has 50 employees or more, 41 C.F.R. 60-1.7].
10. Affirmative Action Compliance Program [applicable to contracts amounting to \$50,000 or more if Contractor has 50 or more employees, 41 C.F.R. 60-1.40].
11. Affirmative Action Program for Handicapped Workers [applicable to contracts amounting to \$50,000 or more if Contractor has 50 or more employees, 41 C.F.R. 60-741.5].
12. Minority Business Enterprises Subcontracting Program [applicable to contracts which may exceed \$500,000 which contain the clause required by 41 C.F.R. 1-1.1310-2(a) and which, in the opinion of the procuring activity, offer substantial subcontracting possibilities, 41 C.F.R. 1-1.1310-2(b)].
13. Women Owned Concerns Subcontracting Program [applicable to contracts expected to exceed \$500,000 which contain the clause required by paragraph 5 above, 45 F.R. 31034].
14. Small Business and Small Disadvantaged Business Subcontracting Plan [applicable to contracts expected to exceed \$500,000 which are required to include a clause entitled Utilization of Small Business Concerns and Small Business Concerns Owned and Controlled by Socially and Economically Disadvantaged individuals, 45 F.R. 31029].
15. Labor Surplus Area Subcontracting Program [applicable to contracts which may exceed \$500,000 which are required to include the labor surplus area utilization clause and offer substantial subcontracting possibilities, 41 C.F.R. 1-1.805-3(b)].
16. Small Business Subcontracting Program [applicable to contracts which may exceed \$500,000, which contain the clause required by 41 C.F.R. 1-1.710-3(a) and which, in the opinion of the procuring activity, offer substantial subcontracting possibilities.

EXHIBIT "C"

CORPORATE POLICY DIRECTIVE  
POSSESSION OF CONTRABAND ITEMS

It is the policy of Transocean Offshore Inc. and its subsidiary and affiliated companies ("Transocean Offshore") to maintain a safe work environment for its employees. To this end, the possession of any illegal drug, drug paraphernalia, alcoholic beverage, explosive, weapon or any other similar item or substance which could cause or contribute to injury to Transocean Offshore personnel or damage to its property ("contraband") is strictly prohibited at work locations or other business premises ("work areas") of Transocean Offshore. This policy may be implemented by such reasonable means as may from time to time be determined appropriate, including searches of the person and personal effects of any person.

Compliance with this policy is a condition of employment of Transocean Offshore and employees who decline to be searched or who are otherwise found in violation of this policy will be subject to immediate termination. Non-employees who decline to be searched or are otherwise found in violation of this policy or Transocean Offshore's Substance Abuse Policy will be excluded from Transocean Offshore work areas. Attached is a Notice outlining Transocean Offshore's Substance Abuse Policy.

## NOTICE

### DRUGS, ALCOHOL, FIREARMS, SEARCHES

Transocean Offshore Inc. is concerned about the effects of the use of illegal drugs and the abuse of alcohol on the health and safety of its employees. We recognize that alcoholism and the illegal use of drugs leads to increased accidents and medical claims, and can lead to the destruction of an employee's health, and adversely affect his or her personal life. Employees who abuse drugs and alcohol are a danger not only to themselves, but also to their fellow employees. In addition, the medical costs incurred by employees with drug or alcohol problems are much higher than those of other employees, and the decreased productivity of these individuals can adversely affect a company's ability to operate competitively. To help prevent substance abuse among our employees, Transocean Offshore has a policy and practice of testing applicants, employees, and others who may regularly work in or on Transocean Offshore premises. Applicants for employment will be required to undergo a drug screening test as part of consideration for employment. Employees and others will be required, under certain circumstances, to cooperate with drug testing procedures and drug searches.

Accordingly, the unauthorized possession or use of illegal, drugs, narcotics, alcohol and firearms is not permitted on any Company property or job site that is not Company property, and the use of, possession of, and/or distribution of such items by any person on any Company installations, property, or facilities poses a serious threat to the safety of our employees, other personnel and operations.

### SEARCHES, INSPECTIONS, AND ANALYSES

We reserve the right, at all times, to have authorized personnel conduct reasonable searches or inspections on Company property of personal effects, lockers, baggage, vehicles, and quarters of employees and other personnel for the purpose of determining if any such persons are in possession of any illegal or unauthorized items. These searches will be conducted in cases where the Company receives reliable information indicating that reasonable cause exists to conduct a search.

Any Company employee who refuses to submit to a search, urinalysis, blood test, or who is found in possession of any such illegal or unauthorized items without an explanation satisfactory to us will be subject to disciplinary action up to and including immediate discharge.

When appropriate, such items discovered through these Company searches may be taken into custody and may be turned over to the proper law enforcement authorities.