

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon and subject to the Insured having paid the agreed extra premium, this insurance shall be extended to cover:

1. as listed in the Schedule, drilling equipment and oil and gas well servicing equipment, as well as spare parts, derricks, boilers, drill pipes, tools and miscellaneous appurtenances incidental thereto and used in connection therewith or used by the Insured or for which the Insured may be liable;

as listed in the Schedule, rolling stock, cement, mud, drilling compounds, chemicals, casing, roadways, causeways, earth pits, blueprints, plan specifications, records, items while in storage in any warehouse or storage yard only if especially agreed;

2. the items listed in the Schedule whilst within the territory stated in the Schedule and not situated or installed on vessels or drilling barges; but it is agreed and understood that in case items are moved from this territory to another, the Policy shall continue to cover them subject to prior notification within 10 days and revision of premium;

3. especially any unforeseen and sudden physical loss or damage due to

- blowout, cratering,
- raising/lowering cantilever derrick or mast,
- collapse, pull-in of derrick or mast,
- transit (Exclusion h of the Policy being deleted),

4. loss of or damage to drilling tools, equipment, machinery or parts thereof working underground, but only if caused by blowout, cratering, fire, explosion.

The term "blowout" shall be defined as a sudden expulsion of drilling fluid (mud, water) followed by an uncontrolled flow of oil, gas or water from the well that occurs when the pressure of oil, gas or water entering the well at some depth below the surface is greater than the pressure exerted by the column of drilling fluid in the well and results in the well getting completely out of control.

The term "crater" shall be defined as a basinlike opening in the earth's surface surrounding a well caused by the erosive and eruptive action of gas and/or oil and/or water flowing without restriction.

This insurance does not cover loss of or damage to foam solutions or other fire extinguishing materials as well as all other materials lost, expended or destroyed in fire fighting, blowout or cratering, or any other expense incident to fighting fire, controlling or attempting to control blowout or cratering.

It is agreed and understood that

- blowout preventers of standard make shall be set on the surface casing, same to be installed and tested regularly in accordance with good oil-field practice, records being kept thereof (this warranty not being applicable to cable tool rigs),
- oil and/or air or aerated mud shall not be used as a drilling fluid; but this shall not exclude the use of oil base (inverted) mud or the use of oil for "drilling-in" or the use of oil for "washing-over" or other "fishing" purposes,
- as regards rotary drilling and/or workover units, due diligence shall be used in conducting operations and at all times the rules and regulations governing drilling and workover operations established by any state, commission, provincial or federal regulatory body having jurisdiction shall be complied with,
- the insured item shall be operated only by the Insured or the Insured's employees, unless otherwise agreed by endorsement hereto.

This insurance shall not be violated by the waiver of subrogation against service organization and/or lease owners whose contracts provide that they are not liable.

Extra Premium