

**NOV RIG TECHNOLOGIES GENERAL SHIPPING
REQUIREMENTS FOR SUPPLIERS OF:
*STANDARD COMMODITY PARTS WITH STANDARD PACKAGING BY
SUPPLIER***

Purpose

These NOV Shipping Instructions are a supplement to NOV Supplier Instructions and regulate the packaging, preservation, and shipping procedures for all deliveries to National Oilwell Varco, Rig Technologies (NOV).

They also regulate the required documentation for the shipments in order to comply with customs regulations for a continuous evidence of Country of origin.

Preservation instructions shall ensure the conformity of the product and constituent parts through their delivery to the intended destination.

Scope

The instructions describe the general terms and conditions for Packaging, Preservation, and Shipping, applicable to NOV Purchase Orders (PO). Additional instructions may apply when specified as part of PO documentation.

Any changes and additions to this regulation will only be effective when mutually agreed in writing between the parties. In the event of any conflict between the PO and these Shipping Instructions, the terms and conditions of the PO shall prevail.

Type of goods and variation in shipping means, distance, geographical area and time, require different instructions, e.g. short distance land transport of parts from supplier to NOV or between NOV facilities, vs. overseas shipments of assembled equipment.

General Requirements

This specification covers Packaging, Preservation, and Shipping, including transportation documentation, information and marking requirements for shipments of all parts and materials.



Packaging

Packaging shall be weather resistant. Each item shall be stamped or tagged to identify size, material and identification number.

Packages containing "Fragile" parts must be packed with special precautions to eliminate risk of damage.



Protection and preservation of components and instruments:

Cables shall always be delivered spooled on reels, cable ends shall always be sealed. Material and strength of the cable reel shall be adapted to the size and weight of the cable. The protection of the cable (e.g. planking, tarpaper, plywood, shrink-wrap) shall be selected based on size, weight and risk of damage during transportation. For overseas shipments, reel needs to be planked and secured with metal bands.

ALL wooden reels shall be heat treated and stamped.

When instruments are packed in several layers in the same case horizontal wooden partitions shall be provided suitably spaced and secured to the frame of the case.

Larger parts which require handling by crane shall have clearly identified lifting points. Parts that require individual lashing during transportation shall have clearly identified lashing points.

All machined parts must be protected against corrosion by means of preservative suitable for long term storage (> 3 months). Preservatives which are easy to remove shall be selected, e.g. vapor corrosion inhibitor (VCI) bags, water based VCI coatings.

Asphalt and oil-based coatings which require solvent/chemical removal shall be avoided on machined parts.

Valves and hydraulic components shall be sealed and shipped in Vapor Corrosion Inhibitor (VCI) bags.

Hoses shall always be sealed with suitable end caps to avoid ingress of liquids, air and any form of contaminations.

All parts with open hydraulic / pneumatic interfaces / openings shall remain plugged or capped to avoid ingress of liquids, air and any form of contaminations.



Marking, Documentation and Information

Individual part identification is required on parts (size allowing) and packages with the applicable part number as specified by the purchase order. Location and size must be as per NOV drawing when so indicated.

Individual packages shall be identified with the part numbers, quantities, and associated NOV PO and line number. Cases and crates should be marked with permanent water-proof ink in clear legible characters. NOV part number and purchase order number must appear on all the documentation, including Packing List and Commercial invoice.

Parts must be stamped or marked with their Country of Origin, in compliance with the marking regulations of the country into which the parts will be imported.

Packages containing "Fragile" parts require additional marking such as "handle with care" or "this side up", and should be marked with arrows, "fragile" or any other additional indications for protection and safe handling.

Certificates, included but not limited to Mill Certs, Mill Test Reports, Test Report Certs and Calibration Certs, are to be submitted to NOV prior to or at time of shipment according the instructions specified by the purchase order package. Documentation package must reference NOV PO Number, NOV Part Number and Serial or Lot Number.

A copy of the Packing List enclosed in a waterproof envelope attached to the case or shipment shall accompany the material, and should contain the following information: PO order number, PO line number, Country of Origin, NOV Part number, quantity shipped, packing slip number and traceability code / serial number if applicable. In addition, Packing List shall include dimension for each package (L, W, H) including net weight and gross weight.

Ref figure 1: Sample Packing Slip in Appendix I NOV RIG TECHNOLOGIES GENERAL SHIPPING REQUIREMENTS

Barcoding

Barcoding of packing slips is crucial for speed and quality when receiving goods and in accounts payable transactions, reduces implementation costs and increases benefits for suppliers and NOV.

Barcode symbology to be used is CODE 128 encoding, and human readable interpretation is required for each field.

Ref figure 2: Code 128 sample in Appendix I NOV RIG TECHNOLOGIES GENERAL SHIPPING REQUIREMENTS

Dangerous Goods

As per relevant and applicable regulations for the delivery (*e.g. OSHA CFR 1910.1200 for US*) dangerous goods and radioactive material must be identified at the time of order acknowledgement and copy of their Safety Data Sheet (SDS) is to be provided via email. SDS should also be included with the freight when the material is shipped. The SDS's

shall not be older than 5 years and comply with the latest requirements/regulations. Suppliers are responsible for notifying NOV of any changes in applicable regulations.

Commercial Invoice should include Consigned to: Name, Address, Attention to, Phone, Email, CC. Consignee address must be included on all documents, as well as a Shipper's Declaration for Dangerous Goods to follow the shipment together with SDS. Supplier should pre-alert of the dangerous goods and radioactive materials by providing a complete set of shipping documents and AWB number. NOV importing office will obtain Shipping Approval and notify the shipper.



Wood Markings

When required, wooden material used for packing shall be heat treated or fumigated, approved and stamped according to rules in IPPC (International Plant Protection Convention) ISPM 15. Detailed instructions referred in Appendix I NOV RIG TECHNOLOGIES GENERAL SHIPPING REQUIREMENTS.

Ref figure 3: Wood Markings in Appendix I NOV RIG TECHNOLOGIES GENERAL SHIPPING REQUIREMENTS

Failure to comply with requirements for Wood Packing Material (QPM) may result in Liquidated Damages and penalties against supplier.



Country of Origin

Parts must be stamped or marked with the name of their country of origin, in compliance with the marking regulations of the country into which the parts will be imported.

If preferential treatment for an item is requested, it must have an originating status under the rules of origin in the relevant free trade agreement.

If the article is manufactured in more than one foreign country, its country of origin is the place where it last underwent a "substantial transformation." Generally, an article used in a manufacturing process is considered substantially transformed if the resulting article acquires a new name, character, and/or use.

Following marking requirements must be adhered to on any item: English name of country of origin to be used, and marking shall be legible and conspicuous, clearly noticeable and readable by its ultimate purchaser (the last person who will receive the

article in its imported form) with normal vision when the item is handled casually. Marking shall be located in an obvious place, on the external surface of a product, and neither covered nor obscured by subsequent attachments or additions. Markings on the underside of an article or on some other place where they might not be noticed are insufficient. Marking must be indelible and sufficiently permanent to ensure that it will remain on the article until it reaches the ultimate purchaser unless it is deliberately removed. The marking must survive normal distribution, storage, and handling.

Country specific requirements and NOV specific instructions will be made available via [NOV Rig Technologies Supplier Connect](#).



International shipments

The following instructions describe the general requirements for shipments of products across borders. Country specific regulations of the importing country will apply and shall be adhered to. These will be made available via [NOV Rig Technologies Supplier Connect](#).

Documents must be sent to appropriate designee and meet the applicable requirements.

Commercial Invoice (CI) must be in English, unless other language is required by national regulations or specified by NOV, and specify in detail the merchandise for each package, and separate CI is required for each shipment. CI must be prepared in accordance with requirements from importing country and must contain information as required, at a minimum as follows: Receiving Facility Address, CI Number, Incoterms, Purchase Order Number (if applicable), Part Number and quantity for each line item (including serial number if applicable), Complete Product Descriptions for each line item including HTS/Tariff code, Value for each line item, Assist Values, Port of entry, Name of buyer and seller, Currency, Charges upon the merchandise, Adjustments to price paid or payable, Country of origin, Where possible the NOV Approved Harmonized Tariff Number for each line item.

Shipping Documents: Shipper must e-mail copies of the CI and all shipping documents to the appropriate designee mentioned in the PO. For Sea freight Shipment the referred shipping document is an “expressed bill of lading”, when applicable according to Incoterm.

Freight Deductions: For invoices containing Incoterms that include an amount for ocean freight and/or insurance, the shipper should send the express ocean bill of lading and ocean

insurance bill to the designee. The ocean bill of lading and insurance bill should contain the amounts paid for NOV to deduct these amounts as a non-dutiable charge if it elects to do so.

Goods returned: Documents to enable NOV to make duty free entry of returned goods shall be provided as requested.



Freight Carriers & Logistics

Most of NOV's purchases specify Incoterms FCA Supplier Address. Shipping instructions, available in [NOV Rig Technologies Supplier Connect](#), provide approved carrier, freight forwarder, and NOV Global Logistics contacts based on type of goods, mode of shipment, and supplier's region.

Appendix I NOV RIG TECHNOLOGIES GENERAL SHIPPING REQUIREMENTS

A) Figures

SUPPLIER NAME

Address

BILL TO

NOV (Name of Destination)

(Bill to Address of destination) City, State & Zip Code

SHIP TO



PACKING SLIP# 340846



Order date	Customer PO
05/24/12	157683



Line #	NOV Part #	Qty Shipped	Traceability Code / Serial #
1	10012807-001	10	175875189
2	10012531-001	5	17587190

Figure 1: Sample Packing Slip

This packing slip is purely an example. All the barcoded information in the figure is required, but the visual appearance does not need to match.



Figure 2: Code 128 sample

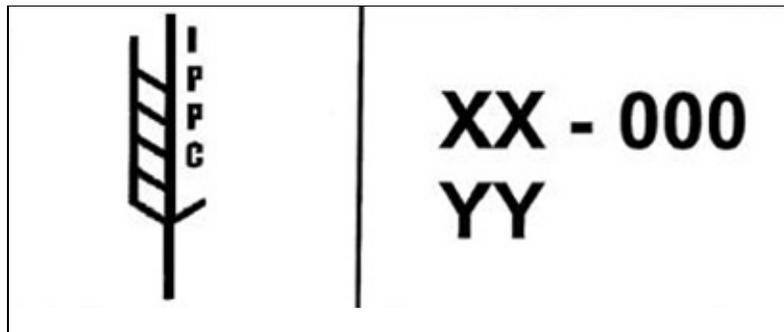


Figure 3: Wood Marking

The IPPC logo is on the left; on the right, XX represents the ISO country code and 000 represents the unique number assigned to the producer of the wood packaging material in order to be able to trace back to the treatment facility used; YY represents the method of treatment. Other letters and symbols may be present on the mark as long as the above items are included and clearly legible, permanent, and placed in a visible location, preferably on at least two sides of the article being certified.

B) Additional instructions

Guidelines for Liquidated Damages and Penalties on Wood Packaging Material (WPM)

The following instructions describe the general requirements for Wood Marking. Country specific regulations of the importing country may apply and shall be adhered to. These will be made available via [NOV Rig Technologies Supplier Connect](#).

When required, wooden material used for packing shall be heat treated or fumigated, approved and stamped according to rules in IPPC (International Plant Protection Convention) "Guidelines for Regulating Wood Packaging Material in International Trade," ISPM 15 of the International Standards of Phytosanitary Measures (ISPM).

Failure to comply with requirements for Wood Packaging Material (WPM) may result in Liquidated Damages and penalties against supplier.

WPM – such as crates, boxes, and pieces of wood used to support or brace cargo – shall include a mark that certifies the wood completed the required treatment. WPM shall display a visible, legible, and permanent mark certifying treatment and include the following elements:

- The International Plant Protection Convention (IPPC) logo
- The ISO two-letter country code for the country that produced the wood packing material followed by a unique number code.
- The unique number code assigned by the country's National Plant Protection Organization (NPPO) to the producer of the wood packaging material, who is responsible for ensuring appropriate wood is used and properly marked. This code allows a trace back to the facility that treated and stamped the WPM
- An abbreviation that discloses the type of treatment

Ref. Figure 3: Wood Marking

EXCEPTIONS AND EXEMPTIONS

The regulation applies to WPM made from softwood or hardwood. Certain articles, though, may be exempt or excepted from the treatment and marking requirements in accordance with country specific regulations of the importing country.

FAILURE TO COMPLY WITH REGULATIONS

Regulated WPM must be properly marked to indicate that it has been either heat treated or fumigated. There are three categories under WPM for this enforcement:

1) UNMARKED: WPM that is encountered by customs during the course of inspection and found not bearing the required treatment and markings

2) INAPPROPRIATELY MARKED: WPM that is encountered by customs during the course of inspection and found to be inappropriately marked or illegibly marked is assumed to be untreated by either of the approved methods identified under applicable regulation. and

3) INFESTED: WPM that is infested with a pest confirms that the WPM has not been treated in accordance with applicable regulation.

Regulations provide for immediate export of WPM that does not contain the required mark. Marked WPM containing pests is considered WPM that has not been treated and marked in accordance with applicable regulation and shall be immediately exported. The importer of record, carrier, or bonded custodian is responsible for any costs or charges associated with export.

Any WPM violation which results in an assessment by customs of liquidated damages and/or penalties on NOV, where NOV is the importer of record, will result in a claim by NOV against the supplier.

ISPM 15 REQUIREMENTS APPLY TO ALL SPECIES OF CONIFEROUS (SOFTWOOD) AND NON-CONIFEROUS (HARDWOOD) PACKAGING MATERIALS.



Violative Packaging



Illegible WPM Mark