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PETROLEUM AGREEMENT
for
PETROLEUM EXPLORATION, DEVELOPMENT AND PRODUCTION
relating to
BLOCK S7 SHALLOW OFFSHORE GUYANA
Between
THE GOVERNMENT OF THE COOPERATIVE REPUBLIC OF GUYANA
and
CYBELE NATURAL RESOURCES (GUYANA) INC.



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This **Agreement** is made by way of Deed on the 09th day of December 2025 and constitutes the agreement between:

The **Government of the Cooperative Republic of Guyana** (the "**Government**") represented by the Minister Responsible for Petroleum (hereinafter referred to as the "**Minister**") of the one part,

and

Cybele Natural Resources (Guyana) Inc ("**Cybele**"), a Company organised and existing under the laws of Guyana, having its registered office at Lot 301 Highrise 3rd Floor, Queenstown, Georgetown, Guyana.

WHEREAS, all Petroleum existing in the Cooperative Republic of Guyana and its exclusive economic zone is the property of the Cooperative Republic of Guyana, and the Cooperative Republic of Guyana holds exclusive sovereign rights with regard to the exploration and exploitation for all Petroleum existing in this area; and

WHEREAS, the Cooperative Republic of Guyana wishes to ensure the exploitation of its petroleum resources in a prudent and environmentally sound manner in accordance with the laws of Guyana and Best International Industry Standards and Practices; and

WHEREAS, the Petroleum Activities Act 2023 (the "**Act**") makes provision with respect to the exploration, production, storage and transportation of petroleum in Guyana and for related matters and for these purposes, subject to certain limitations and conditions, the Act authorises the Minister to grant Petroleum Exploration Licences and Petroleum Production Licences, *inter alia*; and

WHEREAS, section 12 of the Act authorises the Minister to enter into an agreement not inconsistent with the Act, with a company for, *inter alia*, the grant of a Licence, the conditions to be included in a Licence, and any matter incidental to or connected therewith; and

WHEREAS, Cybele ("**Contractor**") made an application to the Minister for a Petroleum Exploration Licence in accordance with the Act and the Regulations made thereunder for the area described in Annex A and shown on the map in Annex B hereof granted subject to the provisions of the Act, Regulations and the terms and conditions herein set forth and Cybele has agreed by execution of the Licence and this Agreement to accept the said Licence on the said terms and conditions and provisions; and

WHEREAS, the Guyana Geology and Mines Commission a body corporate established under the Guyana Geology and Mines Commission Act (No. 9 of 1979) has been authorised by the Minister, *inter alia*, to assist in the administration, implementation and regulation of the Petroleum Operations carried out under the Licence and this Agreement;

and



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NOW, THEREFORE, in consideration of the premises and covenants and conditions herein contained, IT IS HEREBY AGREED between the Parties as follows:

Article 1 – Definitions

Petroleum Act Definitions

- 1.1. The definitions in Part I – Preliminary, Section 2 (Interpretation) of the Act are incorporated into this Agreement and, as a result, shall serve all purposes and effects, whenever used in the singular or plural form, in the masculine or feminine gender. Reference to the Act includes reference to the Regulations and other subsidiary legislation thereunder.

Contractual Definitions

- 1.2. Also, for the purposes and effects of this Agreement, the definitions contained in this paragraph shall also be valid whenever the following words and phrases are used in the singular or plural, in the masculine or feminine gender:

"Accounting Procedure" means the procedure set out in Annex C - Accounting Procedure;

"Act" means the Petroleum Activities Act 2023, as from time to time modified, amended, or supplemented;

"Affiliated Company" in relation to the Contractor means, a company or corporation;

- (i) which is, directly or indirectly controlled by the Contractor; or
- (ii) which directly or indirectly, controls the Contractor; or
- (iii) which is, directly or indirectly, controlled by a company or corporation that also, directly or indirectly, controls the Contractor.

For the purpose of this definition **"control"** means the right to exercise a majority vote of all the voting shares;

"Agreed Interest Rate" means interest computed monthly at the rate per annum equal to the Term Secured Overnight Financing Rate (Term SOFR) on the first business day of such month being calculated, plus three (3) percentage points. **"Term SOFR"** means the one-month CME Term SOFR rate as administered by CME Group Benchmark Administration Limited (CBA) published on CBA webpages. If the CBA has not published 1-month CME Term SOFR for a particular Day, then the preceding Day's one-month Term SOFR shall be used. If the Term SOFR rate ceases to be so published, then

the Parties shall use reasonable endeavours to establish an alternate rate of interest that gives due consideration to the then prevailing market convention for determining a rate of interest; provided that, if such rate of interest shall be less than zero, then it shall be deemed to be zero for the purposes of this Agreement;

"Agreement" means this Agreement and the Annexes hereto attached and made a part hereof;

"Appraisal Area" means that area encompassing the geological structure or feature corresponding to a Discovery plus a 500-meter buffer zone, as identified in an approved Appraisal Programme;

"Appraisal Period" has the meaning assigned in Article 14.3;

"Appraisal Programme" means a programme to be carried out following a Discovery of Petroleum in the Contract Area for the purpose of delineating the Petroleum Reservoir, as defined in the Act, to which that Discovery relates in terms of thickness and lateral extent and estimating the quantity of recoverable Petroleum therein prior to declaration of Commercial Discovery;

"Appraisal Report" has the meaning assigned in Article 14.4 including the information set out in Article 14.4 (a) to (i) inclusive;

"Appraisal Well" means a well drilled for the purpose of an approved Appraisal Programme;

"Arm's Length" means the relationship that exists between two or more entities, where neither of such entities participates directly or indirectly in the management, control, or capital of any of the other entities, and no conditions are made or imposed between the entities in their commercial or financial relations which differ from those which would be made between independent enterprises;

"Article" means an Article of this Agreement;

"Associated Gas" means all Natural Gas produced from any Petroleum Reservoir of which the predominant production is Crude Oil and includes the gas-cap which overlies and is in contact with Crude Oil, but shall exclude any liquid hydrocarbon extracted from such gas either by normal field separation, dehydration, or in a gas plant;

"Barrel" means a quantity or unit equal to 158.9074 litres (forty-two (42) United States gallons) liquid measure, measured at standard conditions of atmospheric pressure and temperature (14.7 lbs/sq. inch absolute or 1 Kg/sq. cm.



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absolute and corrected to a temperature of sixty (60) degrees Fahrenheit (15.56 degrees Celsius)) and under one atmosphere pressure (14.70 psia);

"**Basket**" is a collection of at least two (2) but no more than four (4) representative crude oils, quoted for pricing purposes that are comparable to the Crude Oil and that are freely traded in international markets;

"**Business Day**" means a day on which the banks in Georgetown, Guyana, are customarily open for business and does not include weekends or public holidays;

"**Calendar Month**" or "**Month**" means any of the twelve (12) months of the Calendar Year;

"**Calendar Quarter**" or "**Quarter**" means a period of three (3) consecutive months beginning on the first day of January, April, July or October;

"**Calendar Year**" means a period of twelve (12) consecutive Months commencing on January 1 and ending on the succeeding December 31;

"**Contract Area**" means:

- (i) on the Effective Date the area described in Annex A and shown on the map in Annex B and the subject of the Petroleum Exploration Licence granted to the Contractor under the Act; and
- (ii) thereafter any areas which at any particular time are subject to the Petroleum Exploration Licence or Petroleum Production Licence(s) granted to the Contractor under the Act;

"**Contract Costs**" means any costs in respect of Exploration Operations, Appraisal, Development and Production Operations incurred by the Contractor from the Effective Date, including but not limited to Exploration Costs, Development Costs, Operating Costs, Decommissioning Costs, Service Costs, General and Administrative Costs and Annual Overhead Charge;

"**Contract Year**" means a period of twelve (12) consecutive Calendar Months according to the Gregorian calendar commencing on the Effective Date or on each anniversary thereof;

"**Contractor**" means Cybele and includes their successors and permitted assignees;

"**Cost Oil**" has the meaning assigned in Article 35.2;



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"Cost Recovery" means the recovery of the Contract Costs as Recoverable Contract Costs from Cost Oil in accordance with Article 35, Article 41 and the Accounting Procedure;

"Crude Oil" or **"Oil"** means crude mineral oil, asphalt, ozokerite, distillates, condensates and all kinds of hydrocarbons and bitumen, both in solid and liquid forms, at standard conditions of temperature and pressure (60 degrees Fahrenheit or 15 degrees Celsius and 14.7 lbs/sq. in or 1 Kg/sq. cm);

"Crude Oil Basket Price" shall be the average price of the Basket as determined from the prices of the representative crude oils in the Basket as published by a mutually acceptable independent oil pricing publication;

"Crude Oil Requirements of Guyana" means the amount by which, in any Year, Crude Oil Domestic Demand exceeds the Minister's total entitlement to all Crude Oil produced in Guyana;

"Decommissioning Costs" means any and all costs arising from or relating to abandoning, decommissioning, temporary and permanently plugging of wells and site restoration pursuant to Article 40 and the Accounting Procedure;

"Decommissioning Fund" means a fund to be established in accordance with Articles 40.11 and 40.12;

"Decommissioning Plan" means the plan referred to in Article 40;

"Delivery Point" means, the point at which title, control and possession of Petroleum produced under this Agreement is transferred from the right holder to the Party taking, in kind, its share of Petroleum produced and available to that Party in keeping with this Agreement. In the event that the Delivery Point is not defined in the approved Field Development Plan, the Delivery Point shall be: (i) in the case of waterborne export of Petroleum produced, the Delivery Point shall be the inlet loading flange of the lifting vessel and (ii) in the case of pipeline deliveries of Petroleum produced, the Delivery Point shall be the inlet flange to the Party's pipeline or distribution system, or the inlet flange to a third party's pipeline transporting the Party's product;

"Development and Production Period" means that period during which Development, and Production Operations are carried out in a Development and Production Area;

"Development Costs" means the expenditure so categorized in the Accounting Procedure;



"Development Well" means any well drilled as part of a Field Development Plan;

"Discovery Area" means, that portion of the Contract Area, reasonably determined by the Contractor, on the basis of the available seismic and well data to delineate the areal extent of the geological structure in which the Discovery is made and of which the Minister has been duly informed under the Act;

"Effective Date" means the date on which this Agreement comes into force pursuant to Article 47;

"Expatriate Employee" means an employee (other than a Guyanese citizen) who is engaged under a contract of service for the purpose of Petroleum Operations and did not reside in Guyana at the start of their employment;

"Exploration Costs" means those expenditures so categorized in the Accounting Procedure;

"Exploration Period" means the period referred to in Article 6;

"Exploration Plan" means the plan to be submitted by Contractor for the Minister's approval pursuant to Article 10;

"Exploration Well" means any well which is intended to explore for any accumulation of Petroleum not previously proven by drilling. An Exploration Well shall not include Appraisal Wells or outpost wells;

"General and Administrative Costs" and **"Annual Overhead Charge"** means the expenditures so categorised in the Accounting Procedure;

"Government" means the Government of the Cooperative Republic of Guyana and its ministries and agencies;

"International Standards on Auditing" means professional standards for the performance of financial audits issued by the International Federation of Accountants (IFAC) through the International Auditing and Assurance Standards Board (IAASB);

"Licence" means, as the context requires, the Petroleum Exploration Licence or the Petroleum Production Licence(s) or both;

"Lifting Entitlement" means the quantity of Petroleum to which a Party may be entitled to in any given period pursuant to Article 22;

"Minimum Exploration Work Programme" means the work programme specified in Article 11;



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"Natural Gas" or **"Gas"** means all hydrocarbons which at standard conditions of temperature and pressure (60 degrees Fahrenheit or 15.5 degrees Celsius and 14.7 lbs./sq. in or 1 Kg/sq. cm) is in a gaseous state including but not limited to wet mineral gas, dry mineral gas and casing head gas, all substances contained therein including helium, which are produced from an oil or gas well, in their natural state or residue gas remaining after extraction of NGLs from wet gas. For purposes of this Agreement, Natural Gas shall also include liquefiable hydrocarbons obtained from Natural Gas by condensation or extraction, including ethane, propane, butane, pentane and other plant liquids and excluding condensates ("Natural Gas Liquids" or "NGLs"). Liquefied methane shall not be considered Natural Gas Liquids, but rather Natural Gas in the liquid state;

"Non-Associated Gas" means Natural Gas or Gas other than Associated Gas;

"Non-Operator" means a Licence holder other than the Operator;

"Notice of Discovery" has the meaning assigned to it in Article 12.1;

"Oil Field" means a Field from which the primary produced resource is Crude Oil;

"Operating Costs" means those costs so categorized in the Accounting Procedure;

"Operator" shall have the meaning assigned to it in Article 4;

"Parties" means the Government and each of the Companies comprising the Contractor and includes their successors and permitted assignees, and a Party, as the context so requires, shall mean any of the Parties;

"Profit Gas" has the meaning assigned in Article 35.2(c);

"Profit Oil" has the meaning assigned in Article 35.2(c);

"Recoverable Contract Costs" means such costs incurred after the Effective Date as the Contractor is permitted to recover as from the date they have been incurred, pursuant to Article 35, Article 41 and the provisions of the Accounting Procedure;

"Regulations" means regulations issued under the Act, as from time to time modified, amended or supplemented;

"Renewal Period Guarantee" means the guarantee submitted by the Contractor to the Minister as a condition to



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proceed to the subsequent exploratory phase pursuant to Article 6.3;

"**Retention Area**" means a Discovery Area in respect to which the Minister has authorised the Contractor to retain in accordance with the Act and Article 8;

"**Retention Period**" has the meaning assigned to it in Article 8.4;

"**Retention Work Programme**" has the meaning assigned to it in Article 8.2;

"**Service Costs**" means the expenditures so categorized in the Accounting Procedure;

"**Site Restoration**" means all activities required to return a site to its near natural state or to render a site compatible with its intended future use by the Cooperative Republic of Guyana, after cessation of and in relation to Petroleum Operations, and to repair any environmental damage to the extent reasonably feasible. These activities shall include, where appropriate, removal of equipment, structures and debris, pipelines, establishment of compatible contours and drainage, replacement of topsoil, re-vegetation, slope stabilization, filling of excavations, or any other appropriate actions, consistent with applicable law and Best International Industry Standards and Practices;

"**Sub-Contractor**" means any person or company which provides services to the Contractor in connection with Petroleum Operations;

"**Third Party Sales**" means third party Arm's Length sales made by (i) the Contractor or (ii) an Affiliated Company of the Contractor to a third party for an "arm's length" price which is disclosed to the Minister;

"**Work Programme**" means the annual plan for the conduct of Petroleum Operations, prepared in accordance with Article 17.



Article 2 – Object of the Agreement

- 2.1. This Agreement constitutes an agreement made under Section 12 of the Act consistent with and subject to the Act and the Regulations and any other applicable law, and is a Production Sharing Agreement, the objective of which is to articulate the rights and obligations of the Parties and the economic interest relative to the grant and holding of a

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Petroleum Exploration Licence and, if applicable, a Petroleum Production Licence.

Article 3 – Rights and Obligations of the Contractor

3.1. The Contractor shall exercise the rights and perform the obligations contained in this Agreement in an efficient, diligent, and expert manner. In addition to the rights conferred, and obligations undertaken, pursuant to other provisions of this Agreement, the Contractor must:

- (a) Carry out Petroleum Operations in the Contract Area in accordance with Best International Industry Standards and Practices regarding operations, health and safety, security, conservation of resources and environment protection by employing modern, efficient machinery and applying suitable technology and methods in order to carry out the operations so as to maximize efficient recovery of oil and gas resources;
- (b) Maintain buildings, wells, facilities, machinery, equipment, and any other property necessary to perform the operations hereunder in good operating conditions;
- (c) Take all steps necessary to ensure that these operations are carried out with as low as reasonably practicable impact on the environment. The Contractor must take reasonable practical steps to ensure that its activities have the lowest commercially and technically possible Greenhouse Gas (GHG) operational emissions;
- (d) Allow the Minister or the Minister's designee, and any other authorised entity, to audit the accounting records in accordance with this Agreement and any applicable law;
- (e) Take all appropriate measures in emergency situations, including, but not limited to, the performance of all necessary activities to clean and decontaminate surface and groundwater, as well as any other land, in the event of leak and/or contamination;
- (f) Duly inform the Minister or any other relevant Government entity with applicable authority of the existence of mineral hydrological and other resources discovered as a result of the Petroleum Operations;
- (g) Allow the Minister and other relevant Government entities with applicable authority to control compliance with the Contractor's obligations and facilitate activities of inspectors appointed to supervise Petroleum Operations;



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- (h) Provide all the information, environmental impact assessments and specific technical studies required for the purposes of obtaining applicable environmental licenses;
- (i) Make sure Sub-Contractors comply with the same safety and environmental obligations the Contractor is subject to;
- (j) Indemnify and hold the Government harmless, as the case may be, from all claims, losses and damages of any nature whatsoever that are caused by the Contractor's and Sub-Contractors' operations; and
- (k) Make all the payments and entitlements due to the Government in a timely manner.

3.2. The Contractor shall:

- (a) have the sole and exclusive right to conduct Petroleum Operations within the Contract Area and the free disposal of its share of the Petroleum produced;
- (b) abide by all applicable laws and regulations of the Cooperative Republic of Guyana and shall comply with all lawful orders and decisions of the Minister and such other officers and functionaries of the Government with applicable authority; and
- (c) shall comply with the terms of this Agreement.

Article 4 – Operator

- 4.1. The Operator shall execute the Petroleum Operations on behalf of the Contractor.
- 4.2. The Operator shall be subject to all Applicable Laws and to all the specific obligations provided for in this Agreement and shall be responsible for administration of the Petroleum Operations.
- 4.3. The appointment of the Operator shall not relieve the Parties, comprising the Contractor of their rights, obligations, and liabilities under this Agreement.
- 4.4. The Operator shall be the only entity which may execute contracts, incur expenses, make commitments, and implement other actions in connection with the Petroleum Operations on behalf of the Contractor.
- 4.5. As of the Effective Date the Operator shall be Cybele Natural Resources (Guyana) Inc. The Operator may be changed upon the prior written approval of the Minister, which approval shall not be unreasonably withheld.



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- 4.6. Any replacement Operator must satisfy the Minister as to their technical and financial capacity to carry out Petroleum Operations under this Agreement.
- 4.7. In case the Contractor is comprised of only one Party, that Party shall only be the Operator if the Minister is satisfied as to that Party's technical and financial capacity to carry out Petroleum Operations under this Agreement.
- 4.8. The Contractor shall provide the Minister with a certified copy of, any amendment to, or replacement of the joint operating agreement or agreements in effect from time to time between the Operator and the other parties comprising the Contractor which will include, inter alia, a provision whereby the Operator agrees to conduct petroleum operations in accordance with the Laws of Guyana, the Exploration and Production Licences and the Petroleum Agreement.

Article 5 – Title to Data, Information and Confidentiality

- 5.1. Petroleum Data is the sole property of the Minister but for the purposes of the Licence and this Agreement, shall be the joint property of the Minister and the Contractor and shall revert to the sole property of the Minister with respect to any area which ceases to be part of the Contract Area, whether as result of relinquishment, or expiry, surrender, or termination of a Licence or otherwise in accordance with the Act, from the date on which such area ceases to be part of the Contract Area.
- 5.2. All Petroleum Data, information and reports obtained or prepared by the Contractor hereunder shall be treated as confidential and each of the Parties undertakes not to publish, reproduce or otherwise deal with such Petroleum Data or to disclose the same or the contents thereof to any other person without the consent in writing of the other Parties, such consent not to be unreasonably withheld, until the expiry of:
 - (a) 5-year period after the date of submission in the case of geophysical data;
 - (b) 2-year period after the date of submission in the case of geological data;
 - (c) 3-year period after the completion date in the case of well data; and
 - (d) the term of the respective Licence, whichever occurs earlier.
- 5.3. The confidentiality obligation under Article 5.2 shall not:
 - (a) apply to data in the public domain;



- (b) apply to data already known to each Party or its respective Affiliated Companies as of the Effective Date;
- (c) apply to data acquired independently from a third party that has the right to disseminate such data or information at the time it is acquired by either Party or its respective Affiliated Companies;
- (d) apply to data otherwise legally in possession of such Party or their respective Affiliated Companies without restriction on disclosure;
- (e) prevent disclosure by the Parties:
 - i. to employees, officers, and directors of each Party, and to Affiliated Companies of each Party and its respective employees, officers and directors, provided such Affiliated Companies maintains confidentiality as provided in this Agreement;
 - ii. to consultants, professional advisers, data processing centres, laboratories and Sub-Contractors where disclosure is required in the course of Petroleum Operations;
 - iii. to a bank or other financial institution where disclosure is required to work on financing for the Contractor or any Affiliated Company, including any consultant retained by such bank or financial institution;
 - iv. to the extent required by any applicable law or the regulations of any stock exchange upon which the shares of the Contractor or an Affiliated Company are quoted, or by governmental order, decree, regulation or rule, or to the extent required under any dispute resolution or legal proceeding or any court order binding on the Contractor or an Affiliated Company;
 - v. to bona fide prospective assignees or transferees of an interest hereunder of the Contractor or in connection with merger, consolidation, or a sale of stock of the Contractor or an Affiliated Company thereof. The Contractor shall take all steps necessary for the return or destruction of information by the prospective assignee if the assignment or transfer of interest hereunder does not proceed; and/or
 - vi. to the extent required to be furnished in connection with any unitisation pursuant to Article 21.

5.4. Any Petroleum Data, information, or reports disclosed by the Contractor pursuant to this Article shall be disclosed on terms which ensure that the data, information or reports aforesaid are treated as confidential by the recipient (except for



disclosures made pursuant to Article 5.3(e)iv. and prompt notice of all disclosures shall be given to the Minister.

- 5.5. Where a Licence ceases to be in force with respect to the Contract Area, the Contractor shall deliver to the Minister originals of all Petroleum Data and destroy copies of all Petroleum data within their possession and submit a certificate of destruction in such form satisfactory to the Minister, provided however that, upon the written consent of the Minister, the Minister may permit the Contractor to retain copies, but not originals, of specified Petroleum Data subject to such terms and upon such conditions as the Minister may determine. For the avoidance of doubt, such specified data shall remain the sole property of the Minister.
- 5.6. Notwithstanding anything provided in this Agreement, the Contractor's proprietary technology, save and except all technology for which the cost of development has been approved as Recoverable Contract Cost under this Agreement, shall remain the property of the Contractor.
- 5.7. Notwithstanding the provisions of Article 5.2 the Minister may disclose Petroleum Data without the consent of the Contractor where the disclosure is made in connection with, the preparation or reporting of statistics by or on behalf of the State, or other purposes in accordance with the Act.

Article 6 – Exploration Period

- 6.1. The Exploration Period shall be for a period not exceeding five (5) Contract Years from the Effective Date, divided into:
 - (a) an initial period of three (3) Contract Years commencing on the Effective Date (the "**First Phase**"); and
 - (b) an optional renewal period of two (2) Contract Years commencing immediately following the date of expiry of the First Phase (the "**Second Phase**"), subject to approval by the Minister, which shall not be unreasonably withheld or denied, pursuant to the terms of the Act and conditions established in this Agreement.
- 6.2. Prior to the end of the First Phase of the Exploration Period prescribed in Article 6.1, the Contractor may apply for renewal of the Petroleum Exploration Licence subject to and in keeping with the Act and Regulations.
- 6.3. The Contractor shall submit to the Minister an application for renewal of the Petroleum Exploration Licence under Article 6.2 no later than ninety (90) calendar days prior to the expiration of the First Phase. The Contractor may request such renewal only if it: (i) has fully complied with the Minimum



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Exploration Work Programme specified in Article 11, (ii) agrees to perform the Minimum Exploration Work Programme related to the Second Phase in accordance with Article 11, and (iii) is not in default of the Act, the Petroleum Exploration Licence or this Agreement. In keeping with the Act, the Minister will approve such renewal if the three (3) foregoing conditions are satisfied and subject to the receipt of the Renewal Period Guarantee by the Minister no later than sixty (60) Business Days from the date that the Minister approves the renewal of the Petroleum Exploration Licence. Subject to, and in keeping with the Act, the Contractor's rights under this Agreement and the respective Petroleum Exploration Licence shall carry over during the period that the Minister is reviewing an application for renewal of the Petroleum Exploration Licence, should such review period extend beyond the term of the then current Petroleum Exploration Licence.

- 6.4. Exploration Operations shall not be conducted in any portion of the Contract Area designated as Development and Production Area, without the prior written consent of the Minister. The decision is at the sole discretion of the Minister.
- 6.5. If the Contractor does not elect to apply for the renewal of the Petroleum Exploration Licence under Article 6.2, the Petroleum Exploration Licence shall terminate upon the expiration of the First Phase in keeping with the provisions of the Act and Regulations. Notwithstanding the termination of the Petroleum Exploration Licence, and in keeping with the provisions of the Act and Regulations, the Minister and the Contractor may, where expressly permissible by the Act, agree on the terms and conditions with respect to any portion of the Contract Area not included in:
 - (a) a Development and Production Area;
 - (b) Appraisal Areas;
 - (c) Retention Areas;
 - (d) any areas then pending approval by the Minister; or
 - (e) any area that is the subject of a dispute and said dispute is being resolved pursuant to Article 46.

Article 7 – Development and Production Period

- 7.1. Subsequent to a Commercial Discovery, the Contractor may submit an application for a Petroleum Production Licence pursuant to the provisions of the Act, Regulations and Article 16 of this Agreement.



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- 7.2. The Contractor may, pursuant to the Act and Regulations, apply to the Minister for the renewal of the Petroleum Production Licence for a period not exceeding ten (10) years.

Article 8 – Retention Period

- 8.1. If a Discovery of Petroleum is considered by the Contractor not to be of potential commercial interest at the time of the discovery but is likely to become commercial within five (5) years, then at the time of submission of the notification pursuant to Section 26 of the Act and under Article 12.3, the Contractor may, in keeping with the Act, make an application to the Minister for the retention of the discovery for a period not exceeding five (5) years from the date of the approval of the work programme submitted in keeping with Article 8.2 (the "**Commencement Date**"). An application for a retention of discovery may be justified under the following circumstances:

- (a) lack of market for the Natural Gas to be produced but is expected to be created in less than five (5) years;
- (b) lack or inadequacy of infrastructure for transportation of the Natural Gas to be produced by the Contractor but is expected to be developed in less than five (5) years;
- (c) the volume of the Petroleum discovery is such that its commercial feasibility depends on additional discoveries to be made in the same Contract Area or in adjacent contract areas, aiming for the joint development of all operations; or
- (d) lack of technology for development of high-pressure high temperature (HPHT) reservoirs but which is expected to become available in less than five (5) years.

- 8.2. The application for retention of discovery shall be accompanied by a work programme laying out the specific activities that the Contractor undertakes to carry out in order to establish the commerciality of the Discovery during the Retention Period along with an execution schedule and budget ("**Retention Work Programme**"). The Retention Work Programme shall include but not be limited to:

- (a) an Appraisal Programme, if applicable, in keeping with the Act and this Agreement;
- (b) assessing and carrying out studies, as applicable, relating to:
 - i. securing the market for Natural Gas;



- ii. developing the infrastructure for transportation of Natural Gas;
 - iii. the development of a single field, the joint development of a cluster of fields or development of an infrastructure hub to enable the commercial recovery of hydrocarbons from the Discovery(s) in question; and
 - iv. the development of an infrastructure hub and deployment of technology for development of HPHT reservoirs;
- (c) any other studies necessary to evaluate the Retention Area;

and the Contractor shall submit such reports and updates to the Minister in such form and manner and at such time as the Minister may determine when approving the Retention Work Programme.

- 8.3. The Minister shall within three (3) months of the receipt of the application for retention of discovery make a decision whether to grant or reject the application provided that the Contractor has made all required submissions. The approval of the application for retention of discovery is at the sole discretion of the Minister.
- 8.4. The Minister may approve the retention of discovery for an initial period of three (3) years, termed "**Retention Period**". No later than ninety (90) calendar days before the date of the expiration of the initial Retention Period the Contractor may apply for a two (2) year renewal of the Retention Period. The application shall be accompanied by a technical report in such form and manner as the Minister may determine and an updated Retention Work Programme. The approval of the application for renewal of the Retention Period is at the sole discretion of the Minister.
- 8.5. The Minister may refuse to grant the retention of discovery by first providing the Contractor:
- (a) Notice stating the grounds of the intended refusal; and
 - (b) Ninety (90) calendar days following the date of the decision referenced in Article 8.3 to respond to or remedy the stated grounds for refusal.
- 8.6. During the Retention Period, the Contractor shall pay to the Minister at the beginning of each year of the Retention, counted from the Commencement Date, an annual holding fee



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of Two Million United States dollars (US\$ 2,000,000). Such fee shall be cost recoverable.

- 8.7. The application for a retention of discovery shall include:
- (a) The reasons supporting a determination that the Discovery is not of potential commercial interest at the time of the application but could become so in the future;
 - (b) Geological map with the definition of the coordinates of the Discovery Area, including the area that covers the geological structure in which the Discovery was made;
 - (c) Where applicable, Exploration Plan for additional reserves or co-development, with the objective of achieving commerciality of the Discovery;
 - (d) If applicable, commitment to drill additional exploratory wells when the application for retention of discovery is made according to the provisions of Article 8.1(c);
 - (e) Detailed report related to technological advances related to development of HPHT reservoirs and ongoing and planned research and development in securing such technology in less than five (5) years, when the application for retention of discovery is made according to the provisions of Article 8.1(d); and
 - (f) Irrevocable guarantee in keeping with Article 28.
- 8.8. The Retention Period shall end at any time when:
- (a) The Contractor relinquishes the Discovery Area and consequently the rights to the Discovery; or
 - (b) The Contractor submits an Appraisal Programme in accordance with Article 14;
 - (c) The Contractor submits the declaration of Commercial Discovery and applies for a Petroleum Production Licence in accordance with the Act and this Agreement; or
 - (d) The term of the Retention Period expires without the Contractor having submitted a declaration of Commercial Discovery in accordance with the Act and this Agreement.
- 8.9. This Agreement shall terminate with respect to the Retention Area when the Minister refuses the application for Retention or when the circumstances prescribed in Articles 8.8(a) and 8.8(d) apply.



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Article 9 – Relinquishment

- 9.1. If prior to the end of the First Phase of the Exploration Period an application is made by the Contractor for renewal of the Petroleum Exploration Licence under the Act, the Contractor shall then relinquish at the end of the First Phase an area equal to at least twenty five percent (25%) of the Contract Area prior to entering the Second Phase.
- 9.2. The areas to be relinquished pursuant to Article 9.1 shall:
- (a) comprise contiguous Blocks;
 - (b) exclude any Discovery Area for which the term to notify under Article 12.3 has not yet elapsed;
 - (c) be selected by the Contractor so that:
 - i. the area relinquished shall comprise not more than two (2) discrete areas;
 - ii. the Blocks to be retained for and during the renewal period shall constitute not more than one (1) discrete area unless otherwise agreed to by the Minister.
 - (d) be calculated considering the remaining area after excluding the following:
 - i. any Discovery Area under an approved Appraisal Programme pursuant to Article 14;
 - ii. any Retention Area;
 - iii. any Development and Production Area;
 - iv. any areas then pending approval by the Minister under Articles 8.2, 14.1 and 16.1.
- 9.3. The application submitted by the Contractor pursuant to Article 9.1, shall include a map and a description indicating the precise extent of the area including geographical coordinates and, where applicable, Petroleum Reservoir(s) to be relinquished and their geographical coordinates and, where applicable, Petroleum Reservoir(s) to be retained and their geographical coordinates.
- 9.4. In the event that an area or areas cannot be identified for relinquishment in accordance with this Article without including in such area or areas in whole or in part a subsisting Discovery Area, area under an Appraisal Programme, a Development and Production Area or an area pending approval by the Minister under Articles 8.2, 14.1 or 16.1, or the Minister is of the opinion that the area(s) to be relinquished will not enable licensing separately or jointly with contiguous



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unlicensed areas, then the Minister and the Contractor shall consult together with a view to agreeing on the area(s) to be relinquished in the light of the circumstances then prevailing and the Contractor's obligation to comply with the relinquishment terms of this Article 9.

If after sixty (60) Business Days from the date of commencement of consultations under Article 9.4, the Parties cannot agree on a proposed relinquishment, either Party may submit the matter to a sole expert pursuant to Article 46.

- 9.5. If the Contractor fails to identify the polygons of the area to be relinquished with its application for renewal of the Petroleum Exploration Licence pursuant to the terms of the Act and Articles 9.2 and 9.3, the Minister shall define the area to be relinquished and notify the Contractor within sixty (60) Business Days of receipt of the application for renewal of the Petroleum Exploration Licence.
- 9.6. If a Petroleum Exploration Licence ceases to have effect with respect to Discovery Areas pursuant to Section 28 of the Act during the First Phase, such reduction in size of the Contract Area shall be treated as an advance relinquishment under this Article and, if applicable, shall reduce the area required to be relinquished at the end of the First Phase.
- 9.7. Without prejudice to the obligations undertaken in Article 11, the Contractor may at any time during the validity of the Petroleum Exploration Licence, on giving the Minister no less than three (3) months' notice, relinquish any Block or Blocks in the Contract Area pursuant to the Act. Any such relinquishment shall count towards any subsequent mandatory relinquishments required under Article 9.1.
- 9.8. At the end of the Second Phase of the Exploration Period the Contractor shall relinquish all Contract Areas except for any:
 - (a) Development and Production Areas;
 - (b) Discovery Area for which the term to notify under Article 12.3 has not yet elapsed;
 - (c) Appraisal Areas under an approved Appraisal Programme pursuant to Article 14;
 - (d) Retention Areas held pursuant to a Retention granted under Article 8; and
 - (e) areas then pending approval by the Minister under Articles 8.2, 14.1 and 16.1.
- 9.9. No relinquishment shall relieve the Contractor of any accrued, but unfulfilled obligation under this Agreement.



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Relinquishment, Surrender or Cancellation

- 9.10. Upon relinquishment, surrender or cancellation of the Licence with respect to any portion of the Contract Area, within one (1) year of the effective date of the relinquishment, surrender or cancellation, or such time as mutually agreed by the Parties, the Contractor shall perform all necessary Decommissioning and Site Restoration activities in accordance with the Act, Regulations, Article 40 and Best International Industry Standards and Practices to restore such area as nearly as possible to the condition in which it existed on the Effective Date, including removal of such facilities, equipment or installations as the Minister may instruct, and shall take action necessary to prevent hazards to human life, property and the environment which may be caused by its facilities, equipment or installations.
- 9.11. All improvements and property of the Contractor not removed within the timeframe specified under Article 9.10 shall become property of the Government. Failure to meet the obligations of Article 9.10 and Article 40 shall not relieve the Contractor of liability for the cost of the removal of installations and equipment or for the restoration of the site. Furthermore, the Contractor is responsible for accidents or damages which might occur as a result of failure to timely remove equipment and restore the site.

Article 10 – Exploration Plan

- 10.1. Within one hundred and twenty (120) calendar days following the Effective Date, the Contractor shall submit an Exploration Plan to the Minister for approval. The Exploration Plan shall provide for, at minimum, the performance of all the activities provided for in the Minimum Exploration Work Programme and set out the Petroleum Operations and estimated expenditure that the Contractor proposes to undertake during the term of the Petroleum Exploration Licence.
- 10.2. The Exploration Plan shall contain a detailed description of the Exploration Operations the Contractor plans to undertake including but not limited to:
- (a) *Description, objectives, and schedule.* A description of the activities, objectives, and tentative schedule (from start to completion) of the exploration activities that the Contractor proposes to undertake including geological and geophysical surveys, studies and interpretation, exploration drilling, well test flaring, installing of well protection structures, temporary well abandonment;



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- (b) *Drilling Programme.* Where applicable, a description of activities including number of wells, location, depth and targets, the drilling unit and associated equipment the Contractor will use to conduct the proposed exploration activities, including a description of its safety and pollution prevention features, and a table indicating the type and the estimated maximum quantity of fuels, oil, and lubricants that will be stored on the facility;
- (c) *Budget.* A detailed estimate of costs necessary to implement the Petroleum Operations described in the Exploration Plan, associated spending schedule and supporting documents for all its cost estimates.
- 10.3. The Minister will grant or deny approval of the proposed Exploration Plan within a period not to exceed sixty (60) Business Days following the receipt of the Exploration Plan pursuant to the terms of applicable legislation and this Agreement **provided always** that the Contractor has provided all information required by the Minister within the applicable timelines. In the event the Minister does not issue a decision during the period provided, and the Contractor has provided all information required by the Minister within the applicable timelines, the Exploration Plan shall be deemed approved unless the Minister requests an extension of such period prior to the expiration of the sixty (60) Business Days period.
- 10.4. Notwithstanding the provisions of Article 10.3, the Minister may propose amendments to the Contractor's proposed Exploration Plan in keeping with the Act, Regulations, this Agreement and Best International Industry Standards and Practices.
- 10.5. The Contractor shall provide a response to the amendments proposed by the Minister within thirty (30) calendar days of receipt of the Minister's amendments. The Parties shall, within forty-five (45) calendar days of receipt of the Minister's amendments, meet in order to resolve in good faith any difference that may exist regarding the proposed Exploration Plan. If the Parties have not reached a mutually acceptable solution within fifteen (15) Business Days of the foregoing meeting, the Contractor may refer the matter for expert determination pursuant to Article 46. During the expert determination period, the Petroleum Exploration Licence shall not be cancelled or this Agreement terminated by the Minister.



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Article 11 – Minimum Exploration Work Programme and Budget

11.1. The Contractor shall commence Exploration Operations hereunder upon approval of the Exploration Plan under Article 10 of this Agreement.

11.2. During the First Phase of the Exploration Period, the Contractor shall carry out at least the following Minimum Exploration Work Programme:

(a) Geological:

- i. Evaluate, integrate and map all data related to the Contract Area;
- ii. Acquire geological data and conduct studies to the value of Five Million dollars United States Dollars (US\$ 5,000,000). These will include the following elements:

(b) Geophysical:

- i. Design, conduct and process a new full fold 3D seismic survey of at least 1340 square kilometres of full fold 3D seismic to the value of Ten Million United States Dollars (US\$ 10,000,000) with shooting to commence within Twelve (12) Months after the Effective Date; and;
- ii. Evaluate, integrate and map all seismic data related to the Contract Area.

The Contractor shall not be released of any of its obligations, including its work and financial obligations, under this Agreement if it fails to carry out the Minimum Exploration Work Programme to the Minister's satisfaction.

11.3. During the Second Phase of the Exploration Period, the Contractor shall carry out at least the following Minimum Exploration Work Programme:

(a) Geological and Geophysical:

Carry out additional geological and geophysical studies to the value of Ten Million United States Dollars (US\$ 10,000,000) with shooting to commence within Twelve (12) Months after the Effective Date; and;

(b) Drilling:

Drilling of at least one (1) Exploration Well, to a depth of at least Five Thousand, Seven Hundred



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(5700) metres, true vertical depth below mudline to the value of Forty Million United States Dollars (US\$40,000,000).

The Contractor shall not be released of any of its obligations, including its work and financial obligations under this Agreement if it fails to carry out the Minimum Exploration Work Programme to the Minister's satisfaction

11.4 For purposes of the Minimum Exploration Work Programme under Article 11.3:

(a) The obligations related to the Second Phase of the Exploration Period will accrue only if the Contractor elects to enter such renewal period by way of a written application pursuant to the Act and Article 6.2.

(b) Additional line kilometres of seismic and Exploration Wells beyond the Minimum Exploration Work Programme for the First Phase may be carried forward to satisfy the Minimum Exploration Work Programme for the Second Phase provided that the work commitments for the current phase of the Exploration Period have been satisfied. The Contractor may request the recognition of such additional exploration work be credited against the Minimum Exploration Work Programme in the Second Phase. Such request must be included in the request for renewal of the Exploration Period as provided in Article 6.2.

(c) The additional work referred to in Article 11.4(b) may qualify for credit towards the Minimum Exploration Work Programme of the Second Phase, only to the extent that such work is of similar nature to the Minimum Exploration Work Programme of the Second Phase. Additional work related to seismic surveys will not be allowed as a credit towards the obligation to drill an Exploration Well in the Second Phase but may be credited against seismic work in the Second Phase. Credits towards Exploration Well commitments may only be allowed when additional Exploration Wells are drilled during the First Phase.

11.5 Neither the activities carried out as part of an Appraisal Programme approved under Article 14 nor the associated expenditure shall be considered as work or expenditure in fulfilment of the Contractor's obligations in respect of the Minimum Exploration Work Programme.

11.6 If in the course of drilling an Exploration Well, the Contractor, in its reasonable opinion and after consultation with the Minister, decides that drilling to the depth specified is



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impossible, impractical or unsafe in accordance with Best International Industry Standards and Practices, the Contractor may discontinue such operation. Amendments to the Minimum Exploration Work Programme and Budget to account for such shortage of drilling depth shall be mutually agreed by the Parties, provided that it does not result in a material change to the Contractor's overall work and expenditure commitments in the Minimum Exploration Work Programme for the current period.

- 11.7 Where the Contractor, in the course of conducting the Minimum Exploration Work Programme, meets the values provided in Articles 11.2 and 11.3 of this Agreement, the Minister shall require the Contractor to satisfy the Minimum Exploration Work Programme, notwithstanding that expenditure commitment has been met.
- 11.8 If in any phase of the Exploration Period the Contractor does not fulfil its obligations in respect of the Minimum Exploration Work Programme for that Exploration Phase, the Contractor is obliged to pay the Government an amount equal to the difference between the minimum expenditure obligation for the specified work commitment for that phase of the Exploration Period and the actual amounts expended on the work commitments carried out in accordance with Article 28.3.
- 11.9 If the Contractor complies with the minimum work obligations referred to in Articles 11.2 and 11.3 of this Agreement, relating to each phase of the Exploration Period, to the Minister's satisfaction, expressed in writing, then it is considered to have met the minimum exploration expenditure set out in Articles 11.2 and 11.3.
- 11.10 Subject to the Act, where there are unforeseen delays which are not an event of Force Majeure, the Contractor may, prior to the expiration of the First Phase or the Second Phase, as the case may be, request the Minister to modify the approved annual Work Programme in accordance with Article 17.5.
- 11.11 Within thirty (30) calendar days of the completion of the Minimum Exploration Work Programme in any phase of the Exploration Period, the Contractor shall notify the Minister that it considers it has fulfilled the Minimum Exploration Work Programme. The Minister shall, within forty-five (45) Business Days of receipt of the Contractor's notice of completion of the Minimum Exploration Work Programme, provide a written statement certifying the satisfactory completion of the Minimum Exploration Work Programme ("**Satisfactory Completion Certificate**") or a letter stating objections ("**Notice of Objection to Certify**"). In the event the Minister sends a Notice of Objection to Certify, the Contractor shall



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have fifteen (15) Business Days from the date of the Minister's Notice of Objection to Certify to respond in detail. Where the Minister is still unable to certify completion of the Minimum Exploration Work Programme within fifteen (15) Business Days of receipt of the Contractor's response, the Contractor and the Minister shall meet in order to resolve in good faith any difference that may exist regarding the performance of the Minimum Exploration Work Programme. If the Parties have not reached a mutually acceptable solution within twenty (20) Business Days of the foregoing meeting, the Contractor may refer the matter for dispute resolution pursuant to Article 46. If the Minister fails to issue a Satisfactory Completion Certificate or a Notice of Objection to Certify within the forty-five (45) Business Days mentioned above, as appropriate, the completion of the Minimum Exploration Programme for the respective phase of the Exploration Period shall be deemed to be certified, unless the Minister request for an extension of such period prior to the expiration of the forty-five (45) Business Days period.

Article 12 – Discovery Notification

12.1. Notice of Discovery

The Contractor shall immediately inform the Minister in writing of any Discovery ("**Notice of Discovery**") pursuant to Section 25(1) of the Act.

12.2. Deadline for giving particulars of the Discovery and Evaluated Test Results.

- (a) The particulars of the Discovery shall be submitted no more than sixty (60) calendar days following completion of the Exploration Well related to the Discovery. The particulars of the Discovery shall include the steps the Contractor proposes to take to test the discovery and shall be in such form and manner as determined by the Minister.
- (b) Within ninety (90) calendar days of submission of the particulars of the Discovery or such further time as approved by the Minister to allow the Contractor to perform the corresponding tests and analysis, the Contractor shall submit the results and analyses of the tests carried out and the samples taken, a description of the geological aspects, as well as the analyses carried out on the fluids and rocks obtained, subject to any technical standards or other direction issued by the Minister or the Minister's designee to ascertain the chemical composition and physical properties of the Discovery (the "**Evaluated Test Results**"). If the Discovery is of Non-Associated Natural



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Gas or Heavy or Extra Heavy Liquid Hydrocarbons, the Contractor must submit to the Minister the calculations and additional supporting information submitted for purposes of classification.

12.3. Notice of whether a Discovery is of Potential Commercial Interest.

Within thirty (30) calendar days of the date of submission of the Evaluated Test Results under Article 12.2(b) or in the case of extended well testing and formation testing authorized by the Minister under Article 13 within thirty (30) calendar days of the date of submission of the related reports, the Contractor shall by further notice under Section 26 of the Act inform the Minister whether or not in the opinion of the Contractor the Discovery is of potential commercial interest.

Article 13 – Data Acquisition and Well Testing

13.1. During the drilling of the wells carried out pursuant to this Agreement, the Contractor must keep the Minister informed of the progress of each well, its proposals for tests, as well as the results of and reports relating to such tests.

13.2. Upon agreement between the Minister and the Contractor, the Contractor shall conduct additional tests, within the agreed well depth, provided that such tests are consistent with Best International Industry Standards and Practices and do not interfere with the safety and efficiency of Petroleum Operations.

13.3. **Formation Testing.** If the Contractor intends to conduct a formation test in any Exploration Well, it shall notify the Minister at least ten (10) calendar days prior to the intended commencement of the formation test. The Contractor shall submit the data derived directly from the test to the Minister within fifteen (15) calendar days following completion of the test. Within ninety (90) calendar days from completion of the formation test, the Contractor shall submit a full report to the Minister comprising of all relevant information, along with technical studies conducted and reports generated after the formation test.

13.4. Extended Well Test

(a) If the Contractor intends to conduct an extended well test, the Contractor shall request the Minister's prior approval no later than thirty (30) days prior to the intended commencement date. Such request shall detail, at minimum, the timetables and objectives of the test, and the



quantities of Petroleum to be produced, saved or flared. The Ministry shall have fifteen (15) days to respond to such request; the lack of response from the Minister within the specified term will be considered a deemed approval of the request unless the Minister has requested an extension of such period prior to the expiration of the fifteen (15) days period.

- (b) The Recoverable Contract Costs associated with the extended well test shall be recovered in the Production Phase.
- (c) The performance of the extended well test without the use or reinjection of the Natural Gas shall be limited to a term determined by the Minister.

13.5. Test Results

- (a) Petroleum Data, information, results, interpretations, models of static and dynamic Reservoirs, and the flow regimes obtained from formation tests or extended well tests during execution of the Petroleum Operations under this Agreement shall be submitted to the Minister immediately upon their obtainment or completion.
- (b) Information shall also contemplate the volumes of Crude Oil, Natural Gas, and water produced.
- (c) As for extended well tests, the information shall be submitted to the Minister in accordance with the term determined by the Minister under Article 13.4.
- (d) The production volumes arising from extended well tests shall be reported monthly.
- (e) Title to petroleum produced during extended well tests remains solely vested in the State.

Article 14 – Appraisal

- 14.1. If the Contractor, pursuant to Article 12.3, notifies the Minister that a Discovery is of potential commercial interest, it may, within six (6) months of the date of such notice, submit to the Minister for approval a proposed Appraisal Programme in keeping with Section 27 of the Act. The Minister shall not unreasonably withhold approval of the proposed Appraisal Programme and shall respond in writing within sixty (60) Business Days of receipt of the proposed Appraisal Programme of the Minister's decision to approve or seek modifications to the proposed Appraisal Programme. If the



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Minister does not respond within the sixty (60) Business Day period, the Appraisal Programme shall be deemed approved, unless the Minister has requested an extension of such period prior to the expiration of the sixty (60) Business Day period.

14.2. The Appraisal Programme shall:

- (a) identify the Appraisal Area (by diagram and geographical coordinates) which shall not exceed the area encompassing the geological structure or feature in which the Discovery is made plus a buffer zone of five hundred (500) metres surrounding such structure;
- (b) specify in detail the Appraisal work including, seismic, number of wells and their proposed locations, studies, the time frame for their implementation and a detailed budget; and
- (c) where applicable, identify and evaluate potential marketing options for the estimated volumes of Natural Gas.

14.3. The Contractor shall carry out the approved Appraisal Programme within a thirty (30) month period from the date of the approval of the Appraisal Programme (the "**Appraisal Period**"). The Contractor may amend the Appraisal Programme subject to the Minister's prior approval. Such approval shall be subject to the procedure set forth in Article 14.1 and shall not be unreasonably withheld.

14.4. No later than one hundred and eighty (180) calendar days before the date of expiry of the Appraisal Period or any extension thereof granted by the Minister in keeping with the Act, the Contractor shall submit to the Minister a comprehensive evaluation report on the corresponding Appraisal Programme (the "**Appraisal Report**"). Such Appraisal Report shall include the following information:

- (a) the proposed delineation, including geographic coordinates, of the areal extent of the geological structure corresponding to the Discovery, plus a boundary zone of 500 metres;
- (b) geological conditions, such as structural configuration, physical properties and extent of reservoir rocks;
- (c) pressure, volume and temperature analysis of the reservoir fluid;
- (d) fluid characteristics, including gravity and composition of liquid and gaseous hydrocarbons, sulphur percentage, sediment and water percentage, and product yield pattern;
- (e) production forecasts (per well and per Field);



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- (f) estimates of recoverable reserves, projected delivery rate and pressure, quality specifications and other relevant technical and economic factors including economic feasibility studies carried out by the Contractor in respect of its declaration made under Article 15;
- (g) all available commercial and technical information relevant to the determination of a market for the estimated volumes of Natural Gas;
- (h) a marketing plan, as well as an evaluation of the marketing options for the estimated volumes of Natural Gas; and
- (i) any other information the Minister may request.

Article 15 – Commercial Discovery

- 15.1. No later than one hundred and eighty (180) calendar days before the date of expiry of the Appraisal Period or the Retention Period, or in keeping with such additional time as the Minister may approve, the Contractor shall submit a written declaration to the Minister indicating, that it has determined the Discovery is either:
 - (a) a Commercial Discovery; or
 - (b) not a Commercial Discovery.
- 15.2. The Minister shall within thirty (30) Business Days of receipt of the Appraisal Report notify the Contractor whether or not he approves the proposed delineation of the geological structure corresponding to the Commercial Discovery or seeks modifications to the proposed delineation. The Minister shall not unreasonably withhold approval of the proposed delineation. If the Minister does not respond within the thirty (30) Business Day period, the approval shall be deemed to be granted, unless the Minister has requested an extension of such period prior to the expiration of the thirty (30) Business Day period.
- 15.3. A declaration of a Commercial Discovery shall be without prejudice to the Contractor's continuing obligations and rights under a Petroleum Exploration Licence with regard to the remainder of the Contract Area.

Article 16 – Field Development Plan

Application

- 16.1. Where the Contractor has made a declaration of Commercial Discovery under Section 30 of the Act and Article 15 while its Petroleum Exploration Licence is in force, the Contractor may



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make an application to the Minister for a Petroleum Production Licence as provided by Section 32 of the Act. Such application shall be accompanied by a proposed Field Development Plan. The application for a Petroleum Production Licence and the accompanying Field Development Plan shall be submitted no later than one hundred and eighty (180) days from the date of submission of the declaration of Commercial Discovery or such additional time as the Minister may approve.

Development and Production Area

- 16.2. A separate application for a Petroleum Production Licence and corresponding Field Development Plan shall be submitted for each proposed Development and Production Area.
- 16.3. The Development and Production Area shall encompass all Commercial Discoveries to be produced under a single development concept. The Development and Production Area shall be delimited, based on data obtained during the Appraisal Period, to encompass the Field or Fields that are part of the Commercial Discovery(ies).
 - (a) During the Development phase, the Contractor may apply to the Minister to change the Development and Production Area in order to incorporate other Discovery Areas from the Exploration Area, where:
 - i. one or more Petroleum Reservoirs are verified to be extrapolating the Development and Production Area; or
 - ii. in the case of Petroleum Reservoirs outside of the Development and Production Area, one or more reservoirs are verified to be technically and financially feasible for tie-back to the Development and Production Area;

and in both cases, the Discovery Areas intended to be incorporated have not been relinquished by the Contractor in accordance with the provisions of Article 9 or otherwise surrendered by operation of the Act.

- (b) The application for revision or amendment of the Development and Production Area to include additional Discovery Areas under Article 16.3(a) must be accompanied by an application to amend the Petroleum Production Licence and an amended Field Development Plan.



Content of Field Development Plan

- 16.4 The Field Development Plan shall contain such information as required by the Act and Regulations, including a detailed

description of the development and production activities the Contractor plans to undertake giving an account of resource related, reservoir engineering, development concept, production facilities, socio economic, technical, environmental and safety related aspects of the development. The level of production set shall be consistent with the maximum efficient recovery of resources which conforms to sound reservoir engineering principles in accordance with Best International Industry Standards and Practices.

The Field Development Plan shall include but not be limited to:

- (a) *Overview*: Description of development objectives and development concept, including alternatives considered, tentative schedule, subsequent development stages, if any, and coordination of petroleum activities among other developments if relevant;
- (b) *Location*: Description of the surface outline of the area in which development and production operations will be carried out (Development and Production Area) as well as location and water depth of the proposed wells and production facilities;
- (c) *Drilling rig*: A description of the offshore drilling unit and associated equipment that will be used to carry out the proposed development drilling activities;
- (d) *Production facilities*: A description of the production platform(s), subsea wellheads and manifolds, pipelines, separation and storage facilities, measurement equipment and other production facilities that will be used to carry out the proposed development and production activities;
- (e) *G&G and reservoir engineering*: Description of geological and reservoir engineering aspects including reserve estimates, production profiles, reservoir management practices to ensure maximum efficient recovery of the resources, resource conservation measures and production schedule;
- (f) *Technical and safety measures*: Description of technical solutions aimed at preventing and minimizing environmentally harmful discharges and emissions, safety management systems, including estimates of maximum quantity of fuels and oil that will be stored in drilling units or production facilities;
- (g) *Cost and economics*: Projection of capital and operating expenditure as well as Government and Contractor cashflow, including indicators such as project life cycle



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internal rate of return and breakeven cost at different rates of return;

- (h) *Operational aspects*: Description of operational aspects including maintenance support vessels, onshore support facilities, etc.;
- (i) *Monitoring and supervision*: Environmental monitoring and supervision of petroleum activities;
- (j) *Emergency response*: Oil spill contingency plans and emergency response;
- (k) *Socio-economic*: Description of socio-economic impact of proposed development including proposed local content plans pursuant to Local Content Act;
- (l) *Preliminary Decommissioning Plan*: Preliminary estimate of abandonment and decommissioning cost and description of the disposal method;
- (m) *Gas utilization*: Plans describing utilization and commercialization of Associated Gas. Description of Natural Gas markets and infrastructure development in the case of Non-Associated Gas discovery;
- (n) *Air emissions*: Information on air emissions and measures to minimize flaring and mitigate emissions;
- (o) *Carbon Capture and Storage (CCS) technologies*: information on technologies and measures to be taken to capture GHG emissions associated with Petroleum Operations;
- (p) *Carbon storage*: Analysis of suitability of Petroleum Reservoirs for carbon storage and potential storage capacity;
- (q) *Waste*: Solid and liquid wastes including removal of H₂S and discharge information;
- (r) *Crude oil valuation*: Description of the basket of crudes to be considered for valuation of the crude oil to be produced from the proposed development;
- (s) *Development schedule*: Anticipated development schedule;
- (t) *Estimated budgets*: Detailed budget estimates and breakdown of tangible and intangible drilling costs, costs associated with facilities and infrastructure, and other operational expenses;
- (u) *Production*: Anticipated production profile; and
- (v) *Other*: Any other information required pursuant to the safety and environmental regulations in force at any time during the term of the Agreement.



All technical models, particularly, static and dynamic models, as well as economic models shall to the extent possible be submitted in a non-proprietary format.

- 16.5. The Field Development Plan shall be accompanied by an Environmental Impact Assessment Plan submitted under the Environmental Protection Act, 1996, as may be amended or repealed and replaced from time to time. The approval of the Field Development Plan and issuance of the Petroleum Production Licence is subject to the prior issue of environmental authorizations or permits by the Environmental Protection Agency in accordance with the Environmental Protection Act.

Approval of the Field Development Plan

- 16.6. The Minister shall notify the Contractor within twenty (20) Business Days of the receipt of the application for Petroleum Production Licence and the accompanying Field Development Plan of the Contractor's failure to meet one or more of the conditions of this Article 16.
- 16.7. Upon receipt of the notice under Article 16.7 the Contractor shall within forty (40) Business Days re-submit the application with the additional information and applicable corrections or amendments. The application for the Petroleum Production Licence and the accompanying Field Development Plan shall not be complete and submitted in keeping with the Act and this Agreement until the Minister expresses his satisfaction, in writing, the date of which shall be the date the application is complete and submitted as herein set out.
- 16.8. The Minister shall, within one hundred and sixty (160) Business Days of the date the application for Petroleum Production Licence and the corresponding Field Development Plan is submitted to the Minister in keeping with the Act and this Agreement as provided in this Article 16, shall notify the Contractor of the decision on the application in keeping with Section 13 of the Act and the Contractor shall notify the Minister in keeping with Section 13(2) of the Act.
- 16.9. An exploration or production licence shall not be granted to an applicant in respect of the Contract Area which is comprised in an exploration or production licence already granted to the Contractor, other than where the Contractor is the applicant.

Revisions and Amendments

- 16.10. The Field Development Plan may be revised or amended in the following cases:



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- (a) upon application to the Minister by the Contractor after the Field Development Plan has been approved; and
- (b) upon application to the Minister by the Contractor for the modification of the Development and Production Area in keeping with Article 16.3(a).

16.11. The application for amendment of the Field Development Plan will be subject to the provisions of the Act and this Agreement including the process and procedures set out in this Article 16.

Article 17 – Annual Work Programmes and Budgets

Work Plans

17.1. **Work Programmes.** The Contractor shall submit to the Minister for approval an annual Work Programme including Decommissioning activities as applicable, for each Petroleum Operation in keeping with the Act and this Agreement. The Work Programmes shall contain a detailed list of the individual activities the Contractor plans to conduct, the estimated expenditure (the "**Budget**"), and the estimated time for each activity. The Work Programmes to be conducted during the Exploration Period shall comply with the Minimum Exploration Work Programme, and the Exploration Plan. The Work Programmes to be conducted during any Development and Production Period, shall comply with the relevant Field Development Plan. All Work Programmes shall comply with the Act and any other applicable laws, the Contractor's environmental and risk assessment and safety management systems and this Agreement including Best International Industry Standards and Practices.

In a period not exceeding forty-five (45) days from the date of receipt of all necessary information, the Minister may approve, or deny approval of, the Work Programme. The Minister shall not unreasonably withhold approval of a proposed Work Programme. In exceptional circumstances the Minister may, upon prior written notice to that effect to the Contractor, extend the period for approval of the Work Programme to a period not exceeding sixty (60) days from the date of receipt of all necessary information.

17.2. **Work Programme in Exploration Period.** The first Work Programme for the Exploration Period shall be submitted simultaneously with the Exploration Plan for approval by the Minister. Such first Work Programme in the Exploration Period shall cover the Exploration Operations to be conducted during the remainder of the current Calendar Year. If the Effective Date is less than one hundred and thirty-five (135) days before



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the end of the then current Calendar Year, Contractor may submit a Work Programme for the Exploration Operations for the remainder of the Calendar Year and the subsequent Calendar Year of the Exploration Period. Thereafter, the Contractor shall submit the Work Programme for each Calendar Year no later than sixty (60) days before the end of the Calendar Year.

- 17.3. **Work Programme in Development and Production Period.** The first annual Work Programme for each Development and Production Period shall be submitted along with the respective Field Development Plan for approval by the Minister. Thereafter, the Contractor shall submit each subsequent annual Work Programme no later than sixty (60) days before the end of the Calendar Year.

The annual Work Programmes shall contain a monthly production estimate for the applicable Calendar Year, as well as a forecast of the total production of the Commercial Discovery throughout the full term of the Petroleum Production Licence.

- 17.4. **Observations by the Minister.** The Minister shall communicate to the Contractor any objection or comment he may have regarding any Work Programme within the period identified in Article 17.1. The Minister shall approve the Work Programmes if they comply with: (i) the Minimum Exploration Work Programme, the Exploration Plan and the Field Development Plan, as applicable; (ii) the terms of the Accounting Procedure and the other terms and conditions of this Agreement; (iii) Best International Industry Standards and Practices; (iv) the requirements of Part XIII of the Act, and (v) the applicable laws. Where the Minister has communicated any objection or comment, meetings may be held in order to resolve in good faith any outstanding technical differences that may exist regarding the comments or observations on the Work Programme. If applicable, the Contractor will modify and resubmit for written approval any Work Programme. The Contractor may not conduct any activities not included in an approved Work Programme, except in the case of an emergency pursuant to Article 20.

- 17.5. **Changes by the Contractor.** If it is useful for the Petroleum Operations, the Contractor may request approval from the Minister to modify an approved Work Programme in accordance with applicable laws. Such request shall describe the rationale and benefits of the proposed changes (which may include unforeseen delays affecting the completion of ongoing seismic activities, drilling operations, logging or drill stem testing of wells) and shall contain a comparison of the



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new Work Programme to the Work Programme approved by the Minister, cost variations, and any other information as required by the applicable laws or requested by the Minister. Without prejudice to Article 17.6, approval of changes to the approved Work Programmes is at the discretion of the Minister upon satisfaction that the amended Work Programme complies with the provisions of Article 17.4.

- 17.6. **Drilling of Wells.** Prior to drilling any well, the Contractor shall obtain the required permits and authorizations pursuant to applicable laws and procedures.
- 17.7. **Conducting Surveys.** Prior to conducting any surveys, the Contractor shall obtain the required permits and authorizations pursuant to the applicable laws and procedures.
- 17.8. **Geophysical Surveys.** During the performance of Exploration Operations, the Contractor shall send to the Minister reports of the geophysical surveys where magnetic, gravity, seismic and other systems are used to detect or indicate the presence of Petroleum.
- 17.9. **Drilling and Geological Reports.**
 - (a) During the drilling of any well and until the termination of drilling activities, the Contractor shall send to the Minister the drilling reports required by the Act and any other applicable law. The Contractor shall maintain a digital record, in original form and available for good quality copy, of all the geological and geophysical information related to the Contract Area and shall deliver a copy of such information, including the log files for the wells, to the Minister at such times as the Minister may determine.
 - (b) Upon completion of any well, the Contractor shall submit a final well completion report containing at a minimum the information required by the Act and other applicable laws.
- 17.10. **Progress Reports.** Within thirty (30) calendar days following the end of each Quarter, the Contractor shall submit to the Minister, in accordance with applicable regulations and guidance issued by the Minister, a detailed progress report showing the progress of the Petroleum Operations during the immediately preceding Quarter, under the terms of the approved Work Programmes, and at minimum the following information:
 - (a) A report of performance in industrial safety, operational safety and environmental protection based on the indicators of the Contractor's approved management system and those determined by the Minister;



- (b) A report summarizing compliance by the Contractor and Sub-Contractors with the procedures regarding operational reliability, safety, health and environmental protection;
- (c) A report summarizing progress made towards accomplishing the proposed Work Programme; and
- (d) A report detailing the costs for the Quarter with budgeted costs for the same period and variance extension with remarks.

Budgets and Recoverable Costs

17.11. **Budgets.** The Contractor shall submit to the Minister for approval, in accordance with the Accounting Procedure, a Budget of the Contract Costs to be incurred in implementation of each Work Programme, simultaneously with the submission of such Work Programmes. The Minister will decide on the proposed Budgets simultaneously with the approval of the corresponding Work Programme. All proposed Budgets shall at minimum be commercially viable, reasonable and consistent with the requirements of this Agreement, and Best International Industry Standards and Practices. The proposed Budgets shall:

- (a) be denominated in US Dollars;
- (b) include a detailed estimate of Contract Costs necessary to implement the Petroleum Operations described in the Work Programme corresponding to the Budget;
- (c) include a schedule of estimated expenditures of the Contract Costs;
- (d) specify any assumption or premise on which it is based.

The Contractor shall also provide supporting documents for all its Contract Cost estimates. The proposed Budgets shall be consistent with the relevant Exploration Plan or Field Development Plan, as the case may be, and the relevant Work Programme.

17.12. **Exploration Budgets.** The first Budget for the Exploration Period shall be submitted simultaneously with the Exploration Plan. Such first Budget shall include the Costs to be incurred during the remainder of the Calendar Year. The Contractor shall submit the Budget for each subsequent Calendar Year no later than sixty (60) days before the end of the Calendar Year.

17.13. **Appraisal Budgets.** The first Budget for the Appraisal Period shall be submitted simultaneously with the Appraisal Work Programme. Such first Budget shall include the Costs to be



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incurred during the remaining of the Calendar Year. The Contractor shall submit the Budget for each subsequent Calendar Year no later than sixty (60) days before the end of the Calendar Year.

- 17.14. **Retention Budgets.** The first Budget for the Retention Period shall be submitted simultaneously with the Retention Work Programme. Such first Budget shall include the Costs to be incurred during the remaining of the Calendar Year. The Contractor shall submit the Budget for each subsequent Calendar Year no later than sixty (60) days before the end of the Calendar Year.
- 17.15. **Development Budgets.** The first Budget for any Development Period shall be submitted simultaneously with the related Field Development Plan. Such first Budget shall include the Costs to be incurred during the remaining of the Calendar Year in which the relevant Commercial Discovery is declared. The Contractor shall submit the Budget for each subsequent Calendar Year no later than sixty (60) days before the end of the Calendar Year.
- 17.16. **Modifications.** The Contractor may not modify an approved Budget without the written approval from the Minister unless the increase in Budget is not more than 5% of the approved Budget. Any request for a change to the Budget shall follow the procedures outlined in Article 17.5 and, shall contain the reasons for deviations from the Contract Costs originally forecasted in the Budget.

Article 18 – Conduct of Petroleum Operations

- 18.1. The Operator shall conduct Petroleum Operations and take all steps necessary for the said Petroleum Operations to be conducted diligently and in accordance with the applicable law, Licences, this Agreement and Best International Industry Standards and Practices, in order to:
 - (a) protect the environment and potentially affected local communities based on sustainable development principles and ensure that Petroleum Operations result in minimal environmental damage or destruction or detrimental social impact;
 - (b) ensure the safety, health and welfare of any persons engaged in or affected by Petroleum Operations;
 - (c) maintain in safe and good conditions and repair all Facilities, equipment and other property, and other works, used or to be used in Petroleum Operations;



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- (d) subject to the provisions of approved Decommissioning Plan and as of the earlier of:
 - i. termination of this Agreement; or
 - ii. when no longer required for Petroleum Operations; abandon and decommission facilities, equipment, property and other works and clean up the Contract Area and make it good and safe, and protect and restore the environment;
- (e) control the flow and prevent the waste or escape of Petroleum, water or any product used in or derived from the processing of Petroleum;
- (f) prevent the escape of any mixture of water or drilling fluid with Petroleum;
- (g) prevent damage to Petroleum-bearing strata within or outside of the Contract Area;
- (h) prevent water or any other fluids entering any Petroleum Reservoir through Wells, except when required by, and in accordance with, the Field Development Plan and Best International Industry Standards and Practices;
- (i) minimise interference with pre-existing rights and activities, including the rights of potentially affected local communities and other lawful activities; and
- (j) remedy in a timely manner any damage caused to the environment.

18.2. Notwithstanding any other provision of this Agreement, the Contractor is required to clean up pollution resulting from Petroleum Operations pursuant to applicable law, the terms of this Agreement and Best International Industry Practices and Standards. The Contractor shall support in full the costs associated with emergency response and clean-up operations.

18.3. If the Minister has, on reasonable grounds, good reason to believe that any works or facilities erected by the Contractor or any Petroleum Operations conducted by the Contractor are endangering or may endanger persons or the property of any person, or are causing or may cause pollution, or are harming or may harm wildlife or the environment to a degree inconsistent with the Act, the Environmental Protection Act, any other applicable law, this Agreement and/or Best International Industry Standards and Practices, the Minister may require the Contractor to take remedial measures within such reasonable period as may be determined by the Government and to rectify any damage to the environment. If the Minister determines it to be necessary, he may also require the Contractor to discontinue Petroleum Operations in

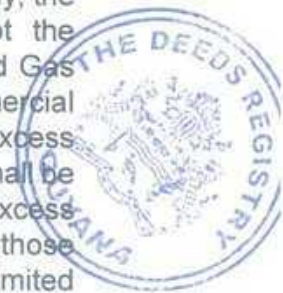


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whole or in part until the Contractor has taken such remedial measures or has repaired any damage caused.

Article 19 – Utilization of Associated Gas

- 19.1. The Associated Gas produced from any Oil Field within the Contract Area shall be with priority used for the purposes related to the operations of production and production enhancement of Oil Fields, such as Gas injection, Gas lifting and power generation.
- 19.2. Based on the principle of full utilisation of the Associated Gas, and with no impediment to normal production of Crude Oil, a plan of utilisation of the Associated Gas shall be included in a Field Development Plan.
- 19.3. Should the findings of the plan of utilisation of the Associated Gas indicate that there is excess Associated Gas in the Oil Field after utilisation pursuant to Article 19.1, the Contractor shall carry out a feasibility study regarding the utilisation of such excess Associated Gas. Such feasibility study, if completed before submittal of the Field Development Plan, shall be included in the Field Development Plan. In the event that the Contractor's feasibility study on the utilisation of excess Associated Gas is not completed before submittal of the Field Development Plan, the Contractor shall provide the Minister with regular updates on the progress of such feasibility study, then, upon completion, said study shall be submitted to the Minister for approval. The Contractor's feasibility study shall be completed no later than two (2) years following the submission of the Field Development Plan, or such other longer period as may be approved by the Minister.
- 19.4. At the conclusion of the feasibility study conducted in keeping with Article 19.3, and based upon the findings of the study, the Contractor shall inform the Minister whether or not the Contractor is of the opinion that the excess Associated Gas from the Development and Production Area has commercial value. Where the Contractor is of the opinion that the excess Associated Gas has commercial value, the Contractor shall be required to make further investment to utilise such excess Associated Gas subject to terms at least as attractive as those established for Crude Oil in Article 35 including, but not limited to, cost recovery as Recoverable Contract Costs for such further investment.
- 19.5. Where the Contractor has informed the Minister that the excess Associated Gas has no commercial value, and therefore, the Field Development Plan shall not include a plan to develop and utilize excess Associated Gas, the Minister



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shall have an election to off take the excess Associated Gas free of charge at the outlet flange of the Contractor's separator facility. All elections and decisions by the Minister with regards to its potential utilization of excess Associated Gas under this Article shall not impact the Contractor's normal development or production of Crude Oil under the subject Field Development Plan. This is subject to the following:

(a) the Minister's offtake election shall be postponed until such time as the feasibility study in Article 19.3 has been completed and until the Contractor confirms by notice to the Minister that the excess Associated Gas has no commercial value and therefore, the Contractor will not include development of excess Associated Gas in the Field Development Plan.

- 19.6. If the Minister agrees that the excess Associated Gas has no commercial value, then such Gas shall be disposed of by the Contractor in the most economic manner consistent with the Act, the Environmental Protection Act, all applicable laws and permits, including Best International Industry Standards and Practices.
- 19.7. All costs and expenses incurred by the Contractor in the production, use and/or disposal of the Associated Gas and those incurred in carrying out any feasibility study on the utilisation of the excess Associated Gas shall be charged to the Development Cost and shall be Recoverable Contract Costs. All costs incurred by the Government for the infrastructure and handling of excess Associated Gas which are not included in an approved Field Development Plan shall be at the sole risk and expense of the Government and will not affect the amount of Cost Oil and Profit Oil due to the Contractor.
- 19.8. The construction of facilities for the utilisation and production of excess Associated Gas, if any, shall be carried out while a Petroleum Production Licence continues in force.

Article 20 – Risk Management and Emergency Response

- 20.1. The Contractor shall take all the necessary steps to mitigate the risk to a level as low as reasonably practicable in the following areas:
- (a) working environment;
- (b) facilities, plant, equipment, materials and substances used in connection with the work of all personnel; and



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- (c) access to, and egress from, the work location of personnel directly involved in Petroleum Operations.
- 20.2. The Contractor shall execute a risk analysis for provision of a balanced and the most comprehensive possible picture of the risk associated with the Petroleum Operations. The analyses shall be appropriate to provide support for decisions related to the upcoming Petroleum Operations. Risk analyses shall be conducted to identify and assess contributions to major accident events and environmental risks, as well to assess the effects that operations and modifications may have on major accident events and environmental risks.
- 20.3. On the basis of the risk analysis the Contractor shall develop a risk management plan which shall be included into the Field Development Plan ahead of submission to the Minister for approval as detailed in Article 16. The plan shall include all the measures and directions established by the Minister to prevent any damage and remove any hazards that the Petroleum Operations may cause to affected communities, the Contractor's personnel and the environment.
- 20.4. The Contractor is required to develop emergency response plans in accordance with applicable law, this Agreement and Best International Industry Standards and Practices, which shall be included into the Field Development Plan as detailed in Article 16 for:
- (a) oil spill;
 - (b) incidents such as fire, well management, natural disasters; and
 - (c) medical emergency.
- 20.5. Each emergency response plan shall include information on:
- (a) levels of alert;
 - (b) notification structure;
 - (c) key duties of the response team;
 - (d) measures to respond to any accident that may occur at the site of the Petroleum Operations, medical treatment and evacuation of personnel and surrounding populations and the protection of the environment;
 - (e) emergency support teams;
 - (f) emergency telephone lists;
 - (g) various forms and checklists; and
 - (h) procedures and accountabilities to update these lists.



- 20.6. The Contractor shall coordinate with the competent national authority on oil spill emergency response, Civil Defence Commission (CDC), and participate in drills of the National Oil Spill Contingency Plan.
- 20.7. The Contractor shall notify the Minister forthwith in the event of any emergency or accident arising from Petroleum Operations affecting the environment and shall promptly implement actions as provided in the approved emergency response plans.

Article 21 – Unitisation

- 21.1. Pursuant to Section 44(2) of the Act, upon discovery of the overlay of a Petroleum Reservoir as per Section 44(1) of the Act, the Contractor shall notify the Minister. Such notice shall contain at least:
- (a) the technical analysis that determines the possible existence of a shared Petroleum Reservoir;
 - (b) the general characteristics of the shared Petroleum Reservoir;
 - (c) the geological, geophysical and other types of assessments used to determine the possible existence of such shared Petroleum Reservoir including, the information obtained during the drilling of wells that helped determine that the Discovery exceeded the limits of the Contract Area; and
 - (d) additional information the Contractor deems pertinent.
- 21.2. Upon receipt of the notice required by Section 44(2) of the Act, the Minister shall notify the holders of adjacent licences and give such directions to enter into a unitisation agreement pursuant to Section 44 of the Act.
- 21.3. The activities conducted for the shared Petroleum Reservoir shall be accounted for towards compliance with the Minimum Exploration Work Programme under this Agreement.
- 21.4. Where the Contractor is of the opinion that the unitisation process detrimentally affects an obligation which the Contractor is required to perform or a right which it may exercise within a prescribed period, the Contractor may submit for the Minister's approval a request for an extension to exercise the abovementioned obligations and rights which must specify, at a minimum, the Contractor's justification in support of its request, provided always that the extension requested does not exceed the expiry date of the Licence. The approval is at the sole discretion of the Minister.



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- 21.5. When a Petroleum Reservoir is partially located in an area without a valid Petroleum Exploration Licence or Petroleum Production Licence, the Contractor shall notify the Minister of the geological, geophysical and other types of assessments used to determine that the Discovery exceeds the limits of the Contract Area and submit an application to the Minister to incorporate the unlicensed area that contains part of the Petroleum Reservoir(s) identified by the Contractor under the provisions of this Article into the Petroleum Exploration Licence or Petroleum Production Licence for the unitised exploration or development of the Petroleum Reservoir(s) under consideration. The Minister shall review the application in conjunction with the Contractor's application for a new Petroleum Production Licence or an amendment to an existing Petroleum Production Licence where applicable, or where the Reservoir(s) is discovered during exploration or appraisal activities, an amendment to the Petroleum Exploration Licence if applicable, in keeping with the Act and this Agreement including Article 16.
- 21.6. When a Petroleum Reservoir straddles across international boundaries into the territory of a neighbouring State the Contractor shall within ninety (90) calendar days from the date of notice required by Section 44(2) of the Act submit to the Minister, Petroleum Data to assist with the cross-border reservoir determination of tract participation pursuant to Section 45(3) of the Act.
- 21.7. The Contractor shall not enter into a unitisation agreement with the holders of rights to a Petroleum Reservoir under Article 21.6 until a unitisation treaty is entered into between the Government and the neighbouring State pursuant to Section 45(4) of the Act.
- 21.8. If the Contractor is the holder of the rights to the cross-border Petroleum Reservoir on both sides of the border, the provisions of Sections 45(5) and (6) of the Act shall apply.

Article 22 – Title to Petroleum and Disposal of Production

- 22.1. Each of the Parties shall have the right to take in-kind at the Delivery Point and separately dispose of its share of the total quantities of production available under this Agreement. The Contractor shall have the right to use such production as may be necessary for Production Operations within the approved Development and Production Area and also within the transportation and terminal system. In the event of third-party usage of the transportation terminal systems the quantities so used outside the Contract Area shall be proportionate to the aggregate use of that transportation and terminal system. All



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quantities so used for Production Operations shall be excluded from any calculations of entitlement pursuant to Article 35. The quantity of production to which the Government is entitled pursuant to Article 35 shall be measured and delivered to the Government at the Delivery Point and the Government shall be responsible for all costs and risks associated with the Government's Lifting Entitlement from and after the Delivery Point.

22.2. Within twelve (12) months after the Minister's approval of a Field Development Plan, or within a later period as may be agreed by the Minister but in any event no later than three (3) months before the first scheduled lifting of Crude Oil, the Contractor shall propose to the Minister off-taking procedures to govern the method whereby the Parties will nominate and lift their respective shares of Crude Oil. The details of such procedures shall be discussed and agreed upon between the Minister and the Contractor. The major principles of such procedures shall include the following:

(a) Lifting shall be carried out so as to avoid interference with Petroleum Operations;

(b) In the event that any Party shall find itself unable for any reason to lift such quantities of Crude Oil as are to be lifted in accordance with the procedures it shall forthwith notify the other Parties to that effect. Such procedures shall include such deterrents as the Parties may agree, to prevent a Party from delaying the lifting of any quantities of Crude Oil not so lifted, to a later period;

(c) The Contractor and the Minister shall lift each type of grade of Crude Oil in proportion to their respective shares of Crude Oil as set out in Article 35.2(d).

22.3. The Contractor shall, if requested by the Minister, use reasonable efforts to market abroad on competitive terms all or part of the Government's share of Crude Oil subject to payment by the Minister of costs normally borne by a seller in such transactions and on other terms to be agreed including an agreed marketing fee in respect thereof. The Minister shall provide the Contractor with at least three (3) months notice before changing between receiving its Lifting Entitlement in kind as provided under Article 22.1 and seeking the Contractor to market the Government's share of Crude Oil under this Article.

22.4. In order to facilitate sales agreements and stable lifting continuity for any Natural Gas development, the Minister shall make his election whether to receive the Government's share of Natural Gas in kind or in cash no later than sixty (60)



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Business Days from the date of the Minister's approval of the Contractor's Field Development Plan containing a proposal for the sale of Natural Gas. If the Minister elects to receive the Government's share in cash, the Contractor shall purchase the Government's Lifting Entitlement of Natural Gas, as set out in Article 35.2(d), pursuant to a written gas sales contract which shall include the following conditions:

- (a) The Government's share of Natural Gas shall be purchased by the Contractor in an Arm's Length transaction on market-based terms;
- (b) The period of the Contractor's purchase obligation shall be no shorter than the term for which the Contractor itself enters into arrangements for Third Party Sales, such term to be agreed by the Minister;
- (c) Notice must be given with sufficient time to add the Government's share into Operator's sales volumes; and
- (d) The gas sales contract shall follow expiration of the Contractor's Third Party Sales contracts.

22.5. Subject to the provisions of Article 23, the Contractor shall have the right to export at the export point chosen for this purpose all Petroleum to which it is entitled under this Agreement free of any duty, tax, or other financial impost, and to receive and retain abroad all proceeds from the sale of such Petroleum.

22.6. The Contractor agrees to abide by the laws, regulations orders, directives, and notifications of Guyana which shall also apply to its Affiliated Companies engaged in Petroleum Operations.

Article 23 – Domestic Supply Obligation

23.1. Terms for Crude Oil

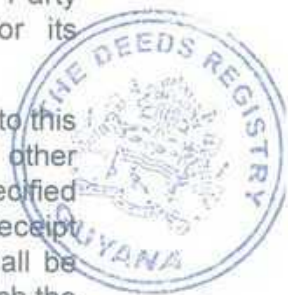
- (a) If the Crude Oil requirements of the domestic market in Guyana (the "**Crude Oil Domestic Demand**") exceed the Minister's total entitlement from all Crude Oil production in Guyana, then the Contractor shall be obliged together with any third parties which produce Crude Oil in Guyana, to supply and sell a volume of Crude Oil to be used for such Crude Oil requirements in Guyana, calculated on the basis of the ratio which the Contractor's Lifting Entitlement of Crude Oil bears to the sum of the Contractor's Lifting Entitlement to Crude Oil plus the total entitlement of all other producers in Guyana subject to Article 23.1(c). The



volume of Crude Oil which the Contractor shall be required to sell under this Article shall not exceed the Contractor's share of Oil entitlement under this Agreement. The Minister shall give the Contractor notice on or prior to April 1st of the year preceding the Calendar Year in which the Government will have the said requirement and the term of the supply shall be on a Calendar Year basis unless otherwise agreed.

For the purpose of this Agreement, Crude Oil Domestic Demand shall consist of those quantities of Crude Oil (i) used to produce refined products or petrochemicals in Guyana for end use by business and residential consumers in Guyana, or (ii) used to produce power in Guyana for end use by business and residential customers in Guyana, the amounts for which shall be based upon independent, verifiable government statistics. Crude Oil, refined products, petrochemicals or fuel for power generation that are exported from Guyana shall not be considered part of the Crude Oil Domestic Demand.

- (b) The Contractor shall, in any Year, have a right to supply out of the Contractor's Lifting Entitlement of Crude Oil the proportion of the Crude Oil Requirements of Guyana that the quantity produced from the Development and Production Area bears to the total production at the time in Guyana to the extent that such requirement is not satisfied from any contract entered into prior to the date of commencement of production from the Contract Area. The Contractor shall give the Minister notice on or prior to April 1st of the Calendar Year preceding the Calendar Year in respect of which the Contractor wishes to exercise the aforesaid right and the term of the supply shall be on a Calendar Year basis unless otherwise agreed. Notwithstanding the foregoing the Contractor shall have the right to supply the total amount calculated pursuant to the foregoing provisions. The rights contained in this Article 23.1(b) may also be exercised by each Party comprising the Contractor independently and for its respective participating interest in this Agreement.
- (c) The price payable for the sale of Crude Oil pursuant to this Article shall be paid in United States dollars (or other currency as may be agreed) to a bank account specified by the Contractor within thirty (30) calendar days of receipt of the Contractor's invoice by the Minister, and shall be determined in accordance with Article 36, failing which the Contractor's obligations in respect of the domestic supply obligations of this Article 23 shall be suspended until payment is made good, at which time deliveries shall be



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resumed subject to any alternative commitments that may have been reasonably entered into by the Contractor to dispose of the Crude Oil during the period of default in payment. The Contractor shall recover any amount due and unpaid by the Government, plus interest at the Agreed Interest Rate, from the Government's Lifting Entitlement of Crude Oil.

- (d) Any sale of Crude Oil as provided for in Article 23.1(a) - (c) shall occur at the Delivery Point or such other point as the Minister and the Contractor may mutually agree.
- (e) All terms and conditions for the sale of Crude Oil pursuant to this Article, shall be specified in a contract of sale entered into between the Minister and the Contractor.

23.2. Terms for Natural Gas

- (a) If the Natural Gas requirements of the domestic market in Guyana (the "**Natural Gas Domestic Demand**") exceed the Minister's total entitlement from all Natural Gas production in Guyana, then the Contractor shall be obliged together with any third parties which produce Natural Gas in Guyana, to supply and sell a volume of Natural Gas to be used for such Natural Gas Domestic Demand in Guyana, calculated on the basis of the ratio which the Contractor's Lifting Entitlement of Natural Gas bears to the sum of the Contractor's Lifting Entitlement of Natural Gas plus the total entitlement of all other producers in Guyana subject to Article 23.2(c). The volume of Natural Gas which the Contractor shall be required to sell under this Article shall not exceed the Contractor's share of Gas entitlement under this Agreement. The Minister shall give the Contractor notice on or prior to April 1st of the year preceding the Calendar Year in which the Government will have the said requirement and the term of the supply shall be on a Calendar Year basis unless otherwise agreed.

For the purpose of this Agreement, Natural Gas Domestic Demand shall consist of those quantities of Natural Gas used for domestic residential, commercial and industrial consumption, including fuel used for domestic power generation. Natural Gas liquefied or compressed in Guyana for export or used as feedstock for other exports, such as methanol and fertilizer, shall not be considered part of the Natural Gas Domestic Demand.

- (b) The Contractor shall, in any Year, have a right to supply out of the Contractor's Lifting Entitlement of Natural Gas the proportion of the Natural Gas requirements of Guyana that the quantity produced from the Contract Area bears to the



total production at the time in Guyana to the extent that such requirement is not satisfied from any contract entered into prior to the date of commencement of production from the Development and Production Area. For the purpose of this paragraph, the term the "**Natural Gas requirements of Guyana**" means the amount by which, in any Year, Domestic Demand exceeds the Minister's total entitlement to all Natural Gas produced in Guyana. The Contractor shall give the Minister notice on or prior to April 1st of the Calendar Year preceding the Calendar Year in respect of which the Contractor wishes to exercise the aforesaid right and the term of the supply shall be on a Calendar Year basis unless otherwise agreed. Notwithstanding the foregoing the Contractor shall have the right to supply the total amount calculated pursuant to the foregoing provisions. The rights contained in this Article 23.2(b) may also be exercised by each Party comprising the Contractor independently and for its respective participating interest in this Agreement.

- (c) The price payable for the sale of Natural Gas pursuant to this Article shall be paid in United States dollars (or other currency as may be agreed) to a bank account specified by the Contractor within thirty (30) calendar days of receipt of the Contractor's invoice by the Minister, and shall be determined in accordance with Article 36, failing which the Contractor's obligations in respect of the domestic supply obligations of this Article 23 shall be suspended until payment is made good, at which time deliveries shall be resumed subject to any alternative commitments that may have been reasonably entered into by the Contractor to dispose of the Natural Gas during the period of default in payment. The Contractor shall recover any amount due and unpaid by the Government, plus interest at the Agreed Interest Rate, from the Government's Lifting Entitlement of Natural Gas.
- (d) Any sale of Natural Gas as provided for in Article 23.2(a) - (c) shall occur at the Delivery Point or such other point as the Minister and the Contractor may mutually agree.
- (e) All terms and conditions for the sale of Natural Gas pursuant to this Article, shall be specified in a contract of sale entered into between the Minister and the Contractor.



Article 24 – Title to Assets Facilities and Infrastructure

- 24.1. All assets purchased by the Contractor for use in Petroleum Operations hereunder shall become the property of the

Minister upon recovery of costs under Article 35 notwithstanding any costs that may be under dispute. The Contractor shall be liable to keep the assets in good repair and working order in accordance with the Act and Best International Industry Standards and Practices.

24.2. Nothing in this Article shall apply to assets used in the Petroleum Operations that are owned by third parties, including Affiliated Companies of the Contractor, and such assets may be freely exported from Guyana subject to compliance with any applicable laws or regulations.

24.3. Subject to Article 24.2 and Article 40 upon expiry or termination of this Agreement in accordance with the provisions hereof, the Contractor shall upon notification by the Minister pursuant to Article 24.5:

(a) deliver to the Minister, free of charge, in good order and condition (fair wear and tear excepted), all installations, works, pipelines, pumps, casings, tubings, engines and other equipment, machinery or assets of a fixed or permanent nature constructed, used or employed by the Contractor or the Operator in the Contract Area;

(b) deliver to the Minister, free of charge, any fixed assets relating to Petroleum Operations performed under this Agreement outside the Contract Area and movable assets owned by the Contractor or Operator and used or employed in connection with Petroleum Operations performed under this Agreement and located in Guyana for which costs have been fully recovered in accordance with the Accounting Procedure herein;

24.4. The above provisions of Article 24.3 shall not apply to:

(a) assets which are still required by the Contractor or Operator for use in respect of an area in Guyana subject to another petroleum agreement at the time of expiry or termination of this Agreement subject to the prior approval of the Minister and upon such terms and conditions as the Minister sees fit;

(b) equipment and other assets rented or leased by the Contractor in Guyana;

(c) equipment and other assets rented or leased by the Contractor and imported in Guyana for use in Petroleum Operations and subsequently exported therefrom;

(d) equipment and any other assets owned or leased by a Sub-Contractor;

(e) household goods and vehicles which are the personal property of employees of the Contractor and Sub-



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Contractor provided always that the said property was not first acquired by the Contractor; and

(f) equipment and assets otherwise not or never owned by the Contractor or Operator.

24.5. The Contractor shall notify the Minister of all assets acquired as provided in the Accounting Procedure.

(a) At least six (6) Calendar Months before expiry of the term of this Agreement, or within three (3) Calendar Months following notice of termination of this Agreement or promptly following cancellation of all Licences, the Minister shall notify the Contractor of the assets to be delivered or sold to the Government. This notice does not relieve the Contractor of its obligation to ensure that it delivers or sells to the Government all assets in keeping with this Agreement.

(b) Subject to the terms and the provisions of this Article, the Contractor shall not, within one (1) year of the date upon which it estimates that termination of this Agreement will occur, remove from the Contract Area or sell any assets of a fixed or permanent nature which might be deliverable to the Government under this Article without the consent of the Minister, such consent not to be unreasonably withheld.

Article 25 – Infrastructure and Third Party Access

25.1. The Contractor shall accompany its application for a Petroleum Production Licence with detailed proposals for construction, operation of all facilities and infrastructure related to processing, storage and transportation of Petroleum from the proposed Development and Production Area.

25.2. Construction of pipelines from the Development and Production Area to the Delivery Point is subject to the requirements of the Act, including the Minister's prior approval, and shall be subject to Cost Recovery under this Agreement as Recoverable Contract Costs. When granting such approval, the Minister may, in keeping with Section 67 of the Act, direct the Contractor to grant third parties access to the excess capacity of the facilities and other property within the Development and Production Area subject to such access tariffs as negotiated at Arm's Length between the Contractor and third parties and subject to the Minister's approval.

25.3. Where the Minister determines that a mutual benefit can be achieved by constructing and operating common facilities and infrastructure, the Contractor shall use reasonable efforts to reach agreement with other licensees for the construction and



operation of such common facilities. If the Contractor fails to come to an agreement with third parties on common facilities, the Minister shall make a decision on a fair and equitable basis and in keeping with national interest considerations.

- 25.4. Subject to negotiations on an Arm's Length price and available capacity rights, the Contractor may have access to and use of any export facility or pipeline or other facilities or infrastructure built by the Government or by any wholly or partially owned Guyanese state enterprises on terms no less favourable than those of any other party having access or use of such facility.

Article 26 – Safety Management System

- 26.1. The Contractor shall develop, implement, and keep up to date safety management systems for the purpose of formulating policies and objectives concerning significant safety risks and hazards and environmental impacts over which the Contractor can exercise control and can be expected to have an influence. The safety management system shall comply with applicable provisions of environmental, labour, safety, and social protection, maritime and other applicable national laws and Best International Industry Standards and Practices.
- 26.2. The safety management system must identify, address, and manage health, safety and environmental hazards and impacts during design, construction, commencement, operation, inspection, maintenance, and decommissioning or abandonment of all offshore facilities, including mobile offshore drilling units while under Guyana's Exclusive Economic Zone.
- 26.3. The Sub-contractors shall know the Contractor's safety management systems and shall have safety and environmental policies and practices that are consistent with the Operator's safety management system.
- 26.4. The safety management system shall include:
 - (a) **Hazard identification and risk analysis report** identifying, evaluating, and reducing the likelihood and or minimizing the consequences of uncontrolled release and other safety or environmental hazards. Such analysis must take into account human factors;
 - (b) **Safe work practices** which must be disseminated to all workers, employees, and contractors. Such work practices must be designed to minimize the risks associated with operating, maintenance and modification activities, and the handling of materials and substances that could affect the health, safety, and environment;



- (c) **Management of change**, which is a systematic and continually evolving programme to identify and control safety risks during change. Change includes change of equipment, materials, procedures, systems, facilities, personnel, and risk assessment. The procedures should be flexible enough to incorporate both major and minor changes, and ensure, so long as operations continue, that both equipment and installations remain fit for their intended purpose, operating procedures remain appropriate for those uses, and the personnel continue to be both qualified and competent;
- (d) **Operating procedures** including requirements for written facility operating procedures designed to enhance efficient, safe, and environmentally sound operations. Operating procedures must be periodically reviewed to make sure they reflect current and actual operating practices, including any changes reviewed as part of management of change;
- (e) **Training** programs that ensure that all personnel are trained to work safely and are aware of environmental considerations offshore. Such training shall include among others, safe work practices, emergency response and control measures, and operating procedures;
- (f) **Mechanical integrity** consisting of written procedures to ensure that both equipment and facilities are designed, constructed, tested, inspected, monitored, and maintained in a condition fit for service and safe to operate for personnel and the environment. The procedures must incorporate a predictive, preventive, and corrective maintenance programme. Human factors regarding equipment accessibility for operation, maintenance and testing must be considered;
- (g) **Emergency response plans** in accordance with International Convention on Oil Pollution Preparedness, Response and Co-operation. The plans should be validated by drills addressing the readiness of personnel and their interaction with equipment;
- (h) **Employee participation** process to ensure that employees with sufficient knowledge and experience participate in the preparation of relevant analyses to ensure that matters of significance for working environment and health and safety are explored;
- (i) **Incident reporting and investigations** procedures for reporting and investigation of all accidents and incidents with serious safety or environmental consequences. The procedures must require that



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investigations are expedited, and recommendations resolved in a timely manner. Incident investigation should be conducted by personnel with relevant knowledge in the processes involved, investigation techniques and the relevant specialties;

- (j) **Performance monitoring programme** to provide the necessary process and structure for monitoring and revising health and safety goals and programs. Such programs shall include: a) identification of key performance indicators; b) verification of barrier performance standards; c) review and implementation of audit findings; d) incident and accident investigations, including near misses; and e) regular review and integration with management;
- (k) **Audit programme** and procedures for the periodic audit of the safety and environmental management system undertaken not less than every three (3) years to systematically assess the adequacy of the safety management system of each facility. Audits shall be carried out by personnel within the organization and by independent third-party organizations accredited under the Center for Offshore Safety or classification societies approved by the Minister and hired by the Contractor. The audit programme must also provide for annual compliance audits focused on specific requirements, programmes, or facilities;
- (l) **Performance monitoring programme** to provide the necessary process and structure for monitoring and revising health and safety goals and programs including among others key performance indicators and verification of barrier performance standards;
- (m) **Records and documentation** demonstrating compliance with the requirements of applicable laws and regulation and the safety management system. Such records could be electronic or paper and must be made available to the Minister or accredited audit service providers when conducting an audit of the system or facilities.



Article 27 – Assignment and Transfer

- 27.1. The Contractor shall not, without the written approval of the Minister, assign, or transfer in whole or in part, any of its rights, privileges, duties or obligations under any Licence or this Agreement, to a third-party or an Affiliated Company.

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- 27.2. The assignment or transfer of rights, privileges, duties or obligations shall be in keeping with the Act, this Agreement and any other applicable law. In the event that the Minister does not grant approval of, or does not refuse, an application for approval of assignment or transfer within sixty (60) Business Days of receipt of such request from the Party(ies) applying (the "**Applicant**"), the application shall be deemed approved unless the Minister request for an extension of such period prior to the expiration of the sixty (60) Business Days period. Approval from the Minister shall not be unreasonably withheld.
- 27.3. Any approval of an assignment or transfer granted by the Minister shall bind the assignee or transferee to all the terms and conditions of this Agreement and any Licence granted further to this Agreement, and as one condition of approval, the assignee or transferee shall provide an unconditional undertaking to the Minister to assume all obligations of the Contractor under this Agreement and under any Licence granted further to this Agreement.
- 27.4. The Applicant shall submit such additional information as the Minister may require.
- 27.5. Approval shall not be unreasonably withheld by the Minister where:
- (a) the assignment or transfer will not adversely affect the performance or obligations under this Agreement;
 - (b) the assignment is not contrary to the interest of Guyana and the national interest would not be prejudiced;
 - (c) the assignment or transfer is to an Affiliated Company;
 - (d) the Assignee meets the qualification requirements set out by the Minister during the licensing round. These requirements include:
 - i. financial competence;
 - ii. technical competence; and
 - iii. an established record of environmental, health, and safety compliance; and
 - (e) the Applicant and intended assignee or transferee have submitted all documents and information requested by the Minister to his satisfaction and complied with the requirements of the Act, this Agreement and any other applicable law.



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- 27.6. The Contractor shall not make an assignment or transfer that creates a participating interest representing less than five percent (5%) of the Licence and this Agreement for a Non-Operator interest or less than thirty-five percent (35%) for an Operator interest.

Article 28 – Financial Guarantees

- 28.1. The Contractor shall provide the Minister with irrevocable guarantees from a guarantor of financial substance acceptable to the Minister, (i) on the Effective Date, (ii) upon commencement of the renewal period of the Exploration Period entered into under Article 6, (iii) upon the approval being granted for a Minimum Exploration Work Programme under Article 11, (iv) for any Appraisal Programme approved pursuant to Article 14, or (v) any Retention Work Programme approved pursuant to Article 8, for an amount equal to:

- (a) Twenty percent (20%) of the value of the expenditure commitment for the relevant Work Programme or period;
- (b) One hundred percent (100%) of the estimated value of the Retention Work Programme prescribed under Article 8.2;
- (c) One hundred percent (100%) of the estimated cost of plugging and abandoning wells and site restoration associated with Exploration Operations, the Appraisal Programme, and the Retention Work Programme; and/or
- (d) The sum of Five Million United States dollars (US\$ 5,000,000) for the performance of any obligation under the Agreement other than those covered by the guarantees under (a) above, including but not limited to obligations arising under Articles 32.1, 33.1, 37.5 and 44.7.

Such guarantees shall comprise any one or more of the following: (i) a bank guarantee or (ii) a letter of credit, in such form and of such substance acceptable to the Minister.

- 28.2. Upon delivery to the issuing guarantor of a certificate from the Minister, countersigned by the Contractor stating that the corresponding Minimum Exploration Work Programme has been completed in accordance with this Agreement and the applicable Licence, and that all technical data related thereto have been satisfactorily delivered to the Minister, the guarantee(s) shall be cancelled and discharged or reduced by



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the value of the work units where a portion of the work obligation have been completed with regard to the applicable phase of the Exploration Period or Work Programme.

- 28.3. Where the Contractor has failed to perform in accordance with this Agreement or any Licence, all or any part of any approved Work Programme (the "**Incomplete Work Programme**"):
- (a) at the end of any period of the Exploration Period;
 - (b) at the end of an approved period in respect of a Retention Area pursuant to Article 8;
 - (c) at the end of an approved period in respect of an Appraisal Programme pursuant to Article 14; or
 - (d) upon termination of this Agreement,

the Contractor or its guarantor shall upon receipt of written notice of demand from the Minister, pay the amount due and owing for any Incomplete Work Programme(s) within two (2) weeks of the date of receipt of the said notice of demand, by way of the applicable guarantee, and/or letter of credit and/or such other cash payment in such form and substance acceptable to the Minister.

- 28.4. On the Effective Date, the Contractor shall deliver in such form and of such substance acceptable to the Minister, an undertaking from a financially, technically and legally competent parent company that such parent company shall provide all technical and financial resources that its subsidiary may require to meet the Contractor's obligations under this Agreement and any Licence issued further to this Agreement.

Article 29 – Liability, Indemnification and Insurance

29.1. Liability

The rights, obligations, and liabilities of the Parties comprising the Contractor under this Agreement and under any Licence issued pursuant hereto shall be joint and several.

29.2. Indemnification

The Contractor shall indemnify, defend, and hold the Minister and the Government harmless against all claims, losses and damages of any nature whatsoever by any personnel of the Contractor or of any Sub-Contractor for the loss or damage to property or injury or death to persons caused by or resulting from any Petroleum Operations conducted by or on behalf of the Contractor under this Agreement or any Licence issued pursuant to the Act.



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29.3. Insurance

- (a) The Contractor shall have in effect at all times during the term of this Agreement, insurance as required by applicable laws, rules, and regulations and of such type and in such amounts customarily used in the international petroleum industry for similar operations. The insurance policies shall cover but not be limited to:
- (i) loss or damage to assets used in Petroleum Operations;
 - (ii) pollution caused in the course of Petroleum Operations as well as clean-up for which the Contractor may be held responsible;
 - (iii) loss or damage to property or bodily injury suffered by any third party in the course of Petroleum Operations for which the Contractor may be liable to provide an indemnity under Article 29.2;
 - (iv) the Contractor's and/or Operator's liability to its employees engaged in Petroleum Operations;
 - (v) other insurance policies in compliance with the Act and other applicable laws and regulations of the Cooperative Republic of Guyana.
- (b) The Contractor shall carry, and ensure its Sub-Contractors also carry insurance of such type and in such amount as is customary in the international petroleum industry for Petroleum Operations in accordance with Best International Industry Standards and Practices.
- (c) The Contractor shall submit to the Minister copies of all policies of insurance along with the Contractor's certificates of insurance confirming the insurance programs providing coverage with respect to Petroleum Operations. The insurance programme shall include amongst others the identity of the insurers, types and amounts of coverage limits, deductibles and premiums to be paid. The Minister may request that the Contractor provide documentary evidence of the existence and validity of such insurance policies taken out by its Sub-Contractors and the Contractor shall provide the same no later than thirty (30) calendar days from the date of the request or within such other time as agreed, in writing, by the Minister.
- (d) Insurance policies with respect to Petroleum Operations shall list the Government as an additional named insured



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or "loss payee" and the Contractor shall obtain from its insurance companies the inclusion in all such policies of a clause by means of which the insurer expressly waives the exercise of any rights, implicit or explicit, including subrogation rights against the Minister and the Government.

- (e) The Contractor shall be responsible for the expeditious filing of, and shall actively pursue, all claims made under any insurance policy maintained by the Contractor in relation to this Agreement. Any amount received from insurance settlements shall be applied and accounted for in accordance with the Accounting Procedure.
- (f) The Contractor shall not self-insure nor insure through Affiliated Companies without the specific prior written approval of the Minister.

Article 30 – Records, Reports and Inspections

30.1. The Contractor shall, at all times while this Agreement is in force, maintain and submit to the Minister in accordance with the provisions of the Act and the Regulations, the Petroleum Exploration Licence and the Petroleum Production Licence and this Agreement, full and accurate reports, records, returns and accounts of Petroleum Operations in the Contract Area.

30.2. Records

- (a) The Contractor shall keep within Guyana accurate geological plans and maps relating to the Contract Area and such other records in relation thereto as may be necessary to preserve all information that the Contractor has about the geology of the Contract Area.
- (b) Petroleum Data shall be submitted to the Minister in accordance with the Act and Regulations.

30.3. Reports

- (a) In accordance with Best International Industry Standards and Practices, the Contractor shall keep the Minister promptly and fully informed of Petroleum Operations being carried out by the Contractor and its Sub-Contractors and shall promptly provide the Minister with all data, samples, information, interpretations and reports, including progress and completion reports, which are related to the Petroleum Operations carried out in keeping with and further to the Licence and this Agreement, and which shall include, but not be limited to:



- i. raw and processed seismic data and interpretations thereof including digital horizon files, velocity models used for depth conversion in formats specified by the Minister;
- ii. well data, including, but not limited to, daily drilling reports, electric logs and other wire line surveys, mud logging reports and logs, samples of cuttings and cores and analyses made thereof;
- iii. all reports prepared from drilling data, geological or geophysical data, including all maps or illustrations derived therefrom;
- iv. all original well completion and well testing reports;
- v. all reports dealing with location surveys and all other reports regarding wells, treating plants or pipeline locations;
- vi. all reports dealing with reservoir investigations and reserve estimates, field outlines and economic evaluations relating to current and future Petroleum Operations;
- vii. all quarterly reports on Petroleum Operations as requested by the Minister;
- viii. all final reports upon completion of each specific project or operation; contingency programs and reports dealing with health, safety, and the environment;
- ix. all design drawings, criteria, specifications and construction records;
- x. all reports of technical audits and studies relating to Petroleum Operations;
- xi. all reports of all other technical data relevant to the performance of Petroleum Operations in the Contract Area;
- xii. all reports which may be required by the Accounting Procedure or which may be requested by the Minister and are otherwise required by the terms of this Agreement; and all audit reports issued in accordance with the Accounting Procedure regarding the Petroleum Operations and its accounting.

(b) The Contractor shall keep the Minister currently and expeditiously apprised of all developments taking place during the course of Petroleum Operations hereunder, in accordance with the Act, Regulations and Best



International Industry Standards and Practices, and shall furnish the Minister with such Petroleum Data and any other available information, reports, assessments and interpretations relating to the Petroleum Operations as the Minister may require.

30.4. Inspections

- (a) As provided by the Act, the Minister, and/or his duly appointed representatives, is entitled to observe the Petroleum Operations conducted by the Contractor at the Government's sole cost and expense and at all reasonable times to inspect all assets, facilities, equipment, materials records, books and data kept by the Contractor relating to Petroleum Operations.
- (b) For the purposes of inspection provided in Article 30.4 and without limiting the scope of inspection provided under the Act, Regulations and any other applicable law, the Contractor shall provide access to:
- i. All platforms, installations, pipelines or rights of way;
 - ii. Helicopter landing sites and refueling facilities;
 - iii. Onshore infrastructure, port facilities and warehouses;
 - iv. Office space;
 - v. All records of design, construction, operation, maintenance, repairs, or investigations on or related to the area;
 - vi. Any other facilities that are used for the conduct of petroleum activities under this Agreement.
- (c) The Contractor shall ensure that the Sub-Contractors employed in the performance of Petroleum Operations, including providers of mobile offshore drilling units, and other service providers provide access to the Minister and/or his duly appointed representatives to conduct scheduled and unscheduled inspections related to Petroleum Operations under this Agreement.
- (d) For purposes of facilitating the exercise of the above-mentioned rights, the Contractor shall provide the authorised officers with transportation and accommodation. In the exercise of such rights under this Article 30.4, the Minister shall provide reasonable prior notice.

Article 31 – Local Content

In the conduct of Petroleum Operations pursuant to this Agreement the Contractor shall comply with the Local Content Act as may be amended, repealed and replaced from time to time.

Article 32 – Annual Rental

- 32.1. The Contractor shall pay an annual rental of one million United States dollars (US\$ 1,000,000) during the Exploration Period and Appraisal Period.
- 32.2. Payments under this Article 32 shall be paid within fifteen (15) Business Days from the Effective Date of the Petroleum Exploration Licence and thereafter on the anniversary date of the Petroleum Exploration Licence so long as the Petroleum Exploration Licence remains in force.
- 32.3. Payments under this Article shall be paid directly into a bank account held and controlled by the Government and duly designated by the Ministry Responsible for Petroleum. The Contractor shall verify such bank account and the Minister agrees to cooperate, assist and provide the Contractor with any information it requires to conduct such verification.

Article 33 – Training of Government Personnel and Budget

- 33.1. Throughout the duration of the Agreement, the Contractor shall pay annually into a bank account held and controlled by the Government and duly designated by the Ministry Responsible for Petroleum a training fee in the amount of one million United States dollars (US\$ 1,000,000) for one or more of the purposes mentioned below:
 - (a) to provide Guyanese personnel nominated by the Government with on-the-job training in the Contractor's operations in Guyana and overseas and/or practical training at institutions abroad;
 - (b) to be used by the Government for technical studies and advisory services necessary for the governance of oil and gas activities;
 - (c) to send qualified Guyanese personnel selected by the Government on courses at universities, colleges, or other training institutions;



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- (d) to send Guyanese personnel selected by the Government to conferences and seminars related to the petroleum industry;
 - (e) to purchase for the Government of Guyana data management systems and infrastructure as well as technical software tools and subscription services necessary for performance of its role in administering the oil and gas resources.
- 33.2. The Contractor shall verify such bank account and the Minister agrees to cooperate, assist, and provide the Contractor any information it requires to conduct such verification.
- 33.3. The training fee shall not be cost recoverable.

Article 34 – Signature Bonus

The Contractor shall pay the Government a signature bonus of seventeen million United States dollars (US\$ 17,000,000). Such payment will be made within a period of fifteen (15) Business Days after the Effective Date, or such earlier date as agreed amongst the Parties. Such payment will be made to a bank account within the Bank of Guyana, which is owned by the Government as designated in writing by the Minister of Finance. The Contractor shall verify such bank account and the Minister agrees to cooperate, assist and provide the Contractor any information it requires to conduct such verification.

The signature bonus shall not be cost recoverable.

Article 35 – Cost Recovery and Profit Sharing

Cost Recovery

- 35.1. Subject to the terms and conditions of this Agreement, the Contractor shall bear and pay all Contract Costs incurred in carrying out Petroleum Operations and shall recover Contract Costs as Recoverable Contract Costs only from Cost Oil as provided in this Agreement.
- 35.2. All Recoverable Contract Costs incurred by the Contractor shall be recovered from the value, determined in accordance with Article 36, of a volume of Crude Oil and/or Natural Gas ("Cost Oil") produced and sold from the Contract Area and limited in any Month to an amount which equals sixty-five percent (65%) of the total production from the Contract Area for such Month, after deducting the volumes associated with payment of royalties under Article 37.3, excluding any Crude



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Oil and/or Natural Gas used in Petroleum Operations. Recoverable Contract costs shall be expensed.

- (a) To the extent permitted by the provisions of the Act and this Agreement, Contract Costs may be recovered from Cost Oil when they have been incurred.
- (b) To the extent that in any Calendar Month, Recoverable Contract Costs exceed the value of Cost Oil, the unrecovered excess will be carried forward and, subject to the limitation stipulated in Article 35.2, shall be recovered in the immediately succeeding Month, and to the extent not then recovered, in the subsequent Month or Months until fully recovered, or until expiry of the Agreement, whichever comes first. Any positive balance in the Cost Oil account at the date of expiry of this Agreement shall not entitle the Contractor to indemnifications or refunds.
- (c) The balance of Crude Oil and/or Natural Gas available in any Month after the deduction of (i) Cost Oil in accordance to this Article 35.2 and (ii) Petroleum delivered as Royalty or taken by Contractor when royalty is paid in case in accordance with Article 37.2 (hereinafter referred to as "**Profit Oil**" and/or "**Profit Gas**" as the case may be) shall be shared between the Government and the Contractor on a monthly basis for each approved production and offtake facility under a Development Plan in the following proportions: the Government fifty percent (50%) and the Contractor fifty percent (50%).
- (d) To the extent that the actual quantities and costs required to determine Cost Oil and Profit Oil and/or Profit Gas for the Month in question are not known, Crude Oil and/or Natural Gas sharing shall be calculated on an interim basis each Month using the following:
 - i. unrecovered Recoverable Contract Cost;
 - ii. estimated current Recoverable Contract Cost by reference to the agreed Work Programme and budget supplemented by any other relevant documents or information which are accepted by the Minister and Contractor as being reliable indicators of the actual position for the Month in question;
 - iii. estimated production for the Month in question;
 - iv. Crude Oil and/or Natural Gas price calculated for the previous Month.

35.3. The Contractor shall have the right to use in any Production Operations as much of the production as may reasonably be



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required by it and the quantities so used shall be excluded from any calculations of Cost Oil and Profit Oil and/or Profit Gas entitlement.

Article 36 – Valuation of Crude Oil and Natural Gas

36.1. Valuation of Crude Oil

The Minister shall set reference prices for Crude Oil in order to determine:

- (a) The taxable income of the Contractor;
- (b) The value of royalty payments to be made to the Government;
- (c) The value of Cost Oil; and
- (d) The share of Profit Oil.

The market price of Crude Oil shall be equal to the realized price or the Crude Oil Basket Price or the prices quoted by the pricing agency recognised by the international market. The reference price, established monthly by the Minister upon consultation with the Contractor, shall reflect the price that could have been achieved between independent parties in Arm's Length transactions.

36.2. The Minister shall, at least three (3) Calendar Months before the projected start-up date of production from a Development and Production Area meet with the Contractor in order to establish a provisional selection of benchmark crude oils for the Crude Oil Basket. The selection shall be reviewed annually or at such time as may be required and modified as agreed.

36.3. The Contractor shall notify the Minister of the volumes, prices, sales dates, points of sale for all its transactions related to the sale of Crude Oil and other supporting documentation necessary for determination and validation of reference prices.

36.4. For the purpose of this Agreement the value of a Barrel of Crude Oil shall be the average fair market price determined as follows:

- (a) At the end of each Calendar Month commencing with the Calendar Month in which production of Crude Oil begins from a Development and Production Area, a value for each separate volume of Crude Oil of the same gravity, sulphur and metal content, pour point, product yield and other relevant characteristics ("quality") shall be determined;
- (b) The value aforesaid shall be determined on the basis of fair market value as follows:



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- i. in the event of fifty percent (50%) or more of the total sales by the Contractor during the Calendar Month of Crude Oil produced hereunder having been third party Arm's Length sales, the fair market value will be the average price realised in such sales;
 - ii. in the event of less than fifty percent (50%) of the total sales by the Contractor during the Calendar Month of Crude Oil produced hereunder having been third party Arm's Length sales, the fair market value will be the Reference Price determined by the Minister by the weighted average of:
 - a. the average prices realised in third party sales during the Calendar Month of Crude Oil produced hereunder if any; and
 - b. the average prices at which the Crude Oil Basket established for the production from the specific Development and Production Area are being sold in international markets or as quoted by Platts or any other publisher recognised by the international market and agreed between the Parties.
 - iii. The weighted average as aforesaid will be determined by the percentage of total sales that (a) fall and that (b) do not fall under third party Arm's Length transactions. For the purposes of this Article, third party Arm's Length sales will exclude Crude Oil exchanges, barter deals, or restricted or distress transactions, and more generally any Crude Oil transaction which is associated with special financial or commercial consideration.
 - iv. All such prices will be adjusted to FOB Guyana.
- (c) For the purposes of ascertaining any amount of Cost Oil pursuant to Cost Recovery and production sharing until such time as the value of the Crude Oil attributable to a Calendar Month is determined, the calculations will be based on the value of the Crude Oil during the preceding Calendar Month and, in the absence of such value, on the value agreed to between the Minister and the Contractor. Upon determination of the value of the Crude Oil attributable to the Calendar Month in question, adjustments shall be made on the basis of the value determined.



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36.5. In the event of any difference or dispute between the Contractor and the Minister concerning the selection of the provisional crude oils, the calculation or the basis of calculation of the prices and the prices arrived at or generally about the manner in which the prices are to be determined according to the provisions of this Article, the matter or matters in issue shall be referred to dispute resolution pursuant to Article 46.

36.6. Valuation of Natural Gas and Natural Gas Liquids

(a) In case of Natural Gas, the Contractor and the Minister shall agree on a methodology for valuation of Natural Gas which represents the fair market value of such natural gas at the Delivery Point, taking into account the composition of the Natural Gas.

(b) Natural Gas Liquids (NGLs) recovered and sold shall be valued based upon the international value of such products as published by Platts (or any other publisher recognised by the international market and agreed between the Parties), or another international benchmark and adjusted to reflect the fair market value of such products at the delivery point.

Article 37 – Taxation and Royalty

37.1. Except as provided in this Article, the Contractor, Affiliated Companies, Sub-Contractors and individuals who are expatriates shall be subject to the income tax laws of Guyana, including, the Income Tax Act (Cap. 81:01), the Value Added Tax Act (Cap 81:05) and the Corporation Tax Act (Cap. 81:03) as modified or qualified by order issued under Section 55(1) of the Act, and shall separately comply with the requirements of those laws, in particular with respect to filing returns, assessment of tax, and keeping and showing of books and records.

37.2. The Contractor shall pay, at the Minister's election either in cash based on the value of the relevant Petroleum as calculated pursuant to Article 36 or in-kind, a royalty of ten percent (10%) of all Petroleum produced and sold, less the quantities of Petroleum used for fuel or transportation in Petroleum Operations, from all production licenses subject to this Agreement. The Minister shall make its election in writing with effect ninety (90) calendar days following such election and that election shall remain in effect for the latter of one (1) year or ninety (90) calendar days from the date the Minister notifies in writing that it elects the alternative treatment. Cash



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payment shall be due monthly, thirty (30) calendar days following the end of each Calendar Month. Within one hundred and eighty (180) Business Days following the end of each Year, assessment receipts evidencing payment of the Contractor's royalty shall be furnished by the Minister to the Contractor stating the amount and other particulars customary for such receipts.

- 37.3. The Contractor shall be exempted from the Property Tax Act (Cap 81:21) and the Capital Gains Tax Act (Cap 81:20) pursuant to Section 55(2) of the Act and any other act which amends or replaces in part or in whole the Property Tax and Capital Gains Tax Acts.
- 37.4. The Minister agrees that for the duration of the Exploration Period, and for any area within the Contract Area where exploration operations are in progress, the provisions of section 10(b) of the Corporation Tax Act (Cap 81:03), including any successor provisions to section 10(b) of the Corporation Tax Act (Cap 81:03), shall not apply to the Contractor, with respect to any payments made to any Affiliated Companies or Sub-Contractors.
- 37.5. The Expatriate Employees of the Contractor, Affiliated Companies and the Sub-Contractors shall be liable to pay personal income tax in Guyana on income earned in Guyana and the proper authorities shall issue the applicable and appropriate tax certificates to Expatriate Employees when required.
- 37.6. Notwithstanding any provision to the contrary in this Article, Affiliated Companies or Non-resident shall not be subject to the provisions of the Income Tax Act of Guyana (Cap 81:01) and the Corporation Tax Act of Guyana (Cap 81:03) during the Exploration Period on income earned in Guyana for any given tax year if the Affiliated Company or Non-Resident Sub-Contractor has conducted business in Guyana for one hundred eighty three (183) days or less on a cumulative basis in the tax year of assessment.
- 37.7. Notwithstanding any provision to the contrary in this Article, assignments of any kind between the Contractor and Affiliated Companies, as well as any assignment of any kind made in accordance with this Agreement (including one to an unrelated party) shall be exempt from any duty & taxes, including Capital Gains Tax in each respect, but shall be subject to a fee payable into a bank account held and controlled by the Government and duly designated by the Ministry Responsible for Petroleum upon approval of the



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assignment in the amount of two million United States dollars (US\$ 2,000,000) payable in respect of the assignment transaction.

- 37.8. An Order shall be made giving effect to the provisions this Article 37.3 in statutory form and language as specified in Section 55 of the Act. The Order shall apply to all Sub-Contractors contracted by the Contractor to provide the services listed in Annex D. The Contractor shall notify the Minister with responsibility of Finance, no later than ten (10) business days after the award of contract, of the details of the awarded contract, inclusive of identity of the Sub-contractor, or class of Sub-contractors, who shall be the intended beneficiaries of the modifications and qualifications specified in the Order. Additionally, where a new specialized service is determined to be necessary for the conduct of Petroleum Operations, the Contractor shall, subject to the approval of the Minister with responsibility for Finance, request the Minister to include the new service in the Order. Unless the Minister with responsibility for Finance request an extension, the service shall be deemed approved in the event the Minister does not issue a decision within ten (10) business days from the request for the inclusion of the new specialized service. On the award of the contract to a Sub-contractor for the new specialized service, the Contractor shall notify the Minister with responsibility for Finance, no later than ten (10) business days after the award, of the details of the awarded contract, inclusive of the identity of the Sub-contractor, or class of Sub-contractors, who shall be the intended beneficiaries of the modifications and qualifications specified in the Order.

Article 38 – Import Duties

- 38.1. The Contractor and the Sub-Contractors engaged in Petroleum Operations shall be permitted to import, free of duty, VAT or all or any other duties, taxes, levies or imposts, all equipment and supplies required for Petroleum Operations including but not limited to drillships, platforms, vessels, geophysical tools, communications equipment, explosives, radioactive sources, vehicles, oilfield supplies, lubricants, consumable items (other than foodstuffs or alcoholic beverages or fuel), as well as all items listed on Annex E. The aforementioned items, including but not limited to the items listed on Annex E, shall be deemed approved and certified by the Chief Inspector to be for use solely in carrying out Petroleum Operations. The Contractor shall give prior notification to the Minister of Sub-Contractors engaged in Petroleum Operations.



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Subject to Article 38.1, and for as long as this Agreement remains in force the Contractor and Sub-Contractors engaged in Petroleum Operations hereunder shall be required to pay to the relevant authority a ten percent (10%) excise tax on any fuel imports, where such imports have been certified by the Minister or the Minister's designee to be used solely in carrying out Petroleum Operations in any area within the Contract Area.

- 38.2. Subject to Article 24, any of the items imported into Guyana may, if no longer required for Petroleum Operations hereunder, be freely exported at any time by the importing party, without the payment of any export duty or impost provided, however, that on the sale or transfer by the importer of any such item to any person in Guyana (other than the Government) import duty shall be payable by the importer on the value thereof at the date of such sale or transfer as determined by the Guyana Revenue Authority in accordance with their applicable rules.
- 38.3. Each Expatriate Employee of the Contractor (including any Affiliated Company) and of Sub-Contractors, who have been assigned to work in Guyana for the Contractor or its Sub-Contractors shall be permitted, subject to the limitations and conditions set out in the Customs Act, to import into Guyana free of import duty and taxes within six (6) months on first arrival their personal and household effects including one (1) motor vehicle, provided, however, that no property so imported by the employee shall be sold by him in Guyana except in accordance with Government regulations and upon the payment of the prescribed customs duties. Any importation or replacement of motor vehicles by Expatriate Employees of the Contractor (including any Affiliated Company) and of Sub-Contractors, shall be a matter for consultation with the Minister.
- 38.4. Each Expatriate Employee of the Contractor (including any Affiliated Company) and of Sub-Contractors shall have the right to export from Guyana, free of all duties and taxes, and at any time, all of the items imported under Article 38.3.



Article 39 – Foreign Exchange Control

- 39.1. The Contractor shall, during the term of this Agreement, have the right:
- (a) to retain abroad all foreign currency obtained from the export sale of the Contractor's Petroleum and to remit

and retain abroad all foreign currency earned from sales of Petroleum or assets in Guyana;

- (b) to finance Petroleum Operations hereunder in any currency through any combination of equity, inter-affiliate debt or third-party loans, intercompany open accounts or production payments but no payments of principal or interest in respect thereof shall be made from any source in Guyana other than the bank accounts referred to in Article 39.1(c);
- (c) to open and maintain bank accounts denominated in Guyanese dollars and/or United States dollars in Guyana and freely dispose of the sums deposited therein without any restriction; provided the said accounts are credited only with sums deposited in United States dollars, Guyanese dollars (or other currency as may be approved by the Minister and/or appropriate authorities), or with the proceeds of the sale of foreign currency being credits relating to or derived from Petroleum Operations;
- (d) to open and maintain bank accounts in foreign currency outside Guyana which may be credited without restriction, freely dispose of any sums deposited therein without restriction and without any obligation to convert into Guyanese currency any part of the said amount provided that such accounts shall not be credited with the proceeds of the sales of any Guyanese currency without the consent of the Bank of Guyana;
- (e) to purchase and with the approval of the Bank of Guyana to sell Guyanese currency through the authorized banks without discrimination at the rate of exchange determined by the Bank of Guyana for authorized banks at the time of purchase or sale.

39.2. Expatriate Employees of the Contractor or of Affiliated Companies and of Sub-Contractors engaged in Petroleum Operation shall be subjected to all exchange control regulations that may be in effect from time to time. Provided that, Expatriate Employees of the Contractor, its Affiliated Companies and Sub-Contractors shall be entitled to remit freely abroad any portion of their salaries paid in Guyana and any investment income that may be earned on the portion of their salaries paid in Guyana.

39.3. Where the Contractor, Affiliated Company or Sub-Contractor has, by notice in writing to the Commissioner General of the Guyana Revenue Authority, guaranteed the full and proper discharge by an Expatriate Employee engaged in Petroleum Operations of their liability to income tax under the laws of



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Guyana that expatriate employee shall be entitled to receive payment of the whole or any part of their remuneration outside of Guyana.

Article 40 – Decommissioning

40.1. Scope of Decommissioning Obligation

The Contractor shall conduct all activities related to the Decommissioning of the Contract Area in keeping with the Act, Regulations, this Agreement and any Licence granted pursuant to this Agreement, and shall:

- (a) remove from the Contract Area or part of the Contract Area or abandon in place, in accordance with applicable law, this Agreement and Best International Industry Standards and Practices, all wells, facilities and assets used in the conduct of Petroleum Operations, including, without limitation, pipelines, equipment, production and treatment facilities, electrical facilities, landing fields, and telecommunication facilities; and
- (b) perform all necessary Site Restoration and remediation.

40.2. Preliminary Decommissioning Plan and Budget.

- (a) The Field Development Plan submitted for approval by the Minister shall contain a Preliminary Decommissioning Plan pursuant to Article 16.5(l) including all activities necessary for the permanent plugging of wells, clean-up, restoration of the area to its natural state, decommissioning of machinery and equipment and returning the Contract Area in an orderly fashion, free from debris and waste, all in accordance with the Best International Industry Standards and Practices.
- (b) The Preliminary Decommissioning Plan shall be revised no later than every three (3) years, with the approval of the Minister to account for any changes in the Field Development Plan, changes in technology and Best International Industry Standards and Practices related to decommissioning and abandonment, as well as to reflect the changes in cost estimates and budget resulting from changes to capital and operating costs in the industry. Any revisions to the Preliminary Decommissioning Plan and Budget shall result in a revision to the Decommissioning Fund.



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40.3. Notice of Decommissioning and Proposed Decommissioning Plan.

- (a) In the case of a Petroleum Exploration Licence, Contractor shall submit together with the Exploration Plan, or no later than two (2) years prior to the expiration of a Petroleum Exploration Licence or relinquishment of a part of any Contract Area, a proposed Decommissioning Plan and Budget that includes plug and abandonment of exploration wells;
- (b) In the case of a Petroleum Production Licence, the Contractor shall, no later than two (2) years prior to the anticipated date of cessation of production, submit to the Minister for approval a proposed Decommissioning Plan with the corresponding Budget prepared in accordance with the Field Development Plan, and which shall include a detailed technical and engineering description of the abandonment, removal and disposal of the facilities and installations, and Site Restoration measures including the estimated Decommissioning Costs.

40.4. Contents of the Decommissioning Plan.

The proposed Decommissioning Plan shall contain such information as required by the Act and Regulations, including a detailed description of the decommissioning and abandonment activities the Contractor plans to undertake giving an account of the proposed methods being used, alternative disposal methods considered, the respective budgets and environmental impact assessment.

The proposed Decommissioning Plan shall include but not be limited to:

- (a) **Licence information:** Identification of the Licence and structures and facilities being decommissioned/abandoned, including information related to location, water depth, installation date, age of facilities, proposed decommissioning date;
- (b) **Description of structures:** Detailed technical description of the components of the structures being decommissioned or abandoned including type, dimensions, and soil composition;
- (c) **Proposed removal method:** detailed description of the removal method and whether it involves total or partial removal of the facilities and infrastructure;
- (d) **Alternative removal methods:** detailed description of alternative removal methods considered alongside the proposed method;



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- (e) **Disposal plans:** description of plans for transportation and disposal (including as an artificial reef) or salvage of the removed platform;
- (f) **Biological and archaeological surveys:** description of any recent biological and archaeological surveys in the vicinity of the structure and plans to protect archaeological and sensitive biological features during removal operations, including an assessment of the environmental impacts of the removal operations and procedures and mitigation measures that are proposed to minimize such impacts;
- (g) **Expenditure:** summary of expenditures for permanently plugging any well, removal of any platform or other facility, clearance of any site after wells have been plugged or platforms or facilities removed and decommissioning of pipelines;
- (h) Any other matter that may be prescribed by Regulations or direction of the Minister.

40.5. The Decommissioning Plan shall be accompanied by an Environmental Impact Assessment Plan submitted under the Environmental Protection Act. The approval of the Decommissioning Plan is subject to the environmental authorizations to be issued by the Environmental Protection Agency in accordance with the Environmental Protection Act.

Approval of the Decommissioning Plan

- 40.6. The Minister shall notify the Contractor within thirty (30) Business Days of the date of receipt of the notice of Decommissioning submitted pursuant to Article 40.3 and the accompanying proposed Decommissioning Plan of the Contractor's failure to meet one or more of the conditions of this Article 40.
- 40.7. Upon receipt of the deficiency notice under Article 40.6 the Contractor has forty-five (45) Business Days to re-submit the proposed Decommissioning Plan with additional information and applicable corrections or amendments. The proposed Decommissioning Plan shall not be complete and submitted in keeping with the Act and this Agreement until the Minister expresses his satisfaction, in writing, the date of which shall be the date the proposed Decommissioning Plan is complete and submitted as herein set out.
- 40.8. The Minister shall have one hundred and eighty (180) calendar days from the date the proposed Decommissioning Plan is submitted in keeping with the Act to make a decision in keeping with Section 59 of the Act.



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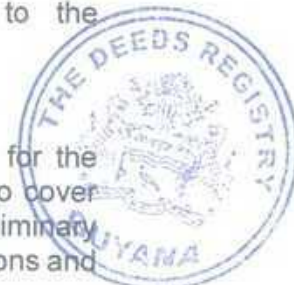
- 40.9. If the Minister fails to make a decision as set out in Article 40.8 herein the Contractor shall send written notice to the Minister seeking a decision related to the proposed Field Development Plan.
- 40.10. In the event that the Contractor does not present a timely Notice of Decommissioning and the accompanying proposed Decommissioning Plan to the Minister as set out in Article 40.3, the Minister, after giving thirty (30) calendar days' notice to the Contractor of the intention to do so, may prepare a decommissioning programme and budget for the Contract Area if the Contractor does not present a proposal by the end of the thirty (30) calendar day period. When the Minister has so prepared the decommissioning programme and budget, it shall have the same effect as if it had been submitted by the Contractor and approved by the Minister.

Decommissioning Fund

- 40.11. In order to secure the implementation of activities included in the Preliminary Decommissioning Plan and Budget, subsequent revisions and the final approved Decommissioning Plan, the Contractor shall establish a Decommissioning Fund in keeping with Section 61 of the Act, at an international financial institution that is rated A or better by Standard & Poor's and A2 or better by Moody's, the chosen financial institution to be agreed between the Minister and the Contractor.
- 40.12. The structure of the Decommissioning Fund, the terms and conditions for the administration of the Decommissioning Fund and the disbursement of payments for the recovery of costs shall be agreed between the Minister and the Contractor within one (1) year prior to the start of contributions prescribed under Article 40.14 below in keeping with Section 61 of the Act. The Minister may access funds from the escrow account in the event that the Contractor fails to properly carry out its decommissioning and post-decommissioning obligations in accordance with the Act and this Agreement to the acceptance of the Minister.

Contributions to the Decommissioning Fund

- 40.13. The Parties shall set the amounts of contribution(s) for the Decommissioning Fund so that it shall be sufficient to cover the expenses to be incurred under the Preliminary Decommissioning Plan and Budget, subsequent revisions and the final approved Decommissioning Plan.
- 40.14. The Contractor shall commence making payments to the Decommissioning Fund when cumulative production from the field or fields associated with the decommissioning in question has reached thirty percent (30%) of the proven reserves.



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Deposits shall be made in equal annual instalments based on the initial and subsequent updates of the Decommissioning Cost estimates provided by the Contractor in its Preliminary Decommissioning Plan. The annual contribution to the Decommissioning Fund shall be such that the full cost of decommissioning is paid to the Decommissioning Fund two (2) years prior to the anticipated commencement of decommissioning and abandonment activities.

(a) In the event that the actual Decommissioning Costs exceed the total amount paid into the Decommissioning Fund, the remaining balance of the Decommissioning Costs shall be borne by the Contractor, provided that both the amount paid and the amount to be borne by the Contractor are recognised as Recoverable Contract Costs.

(b) If actual Decommissioning Costs are lower than the total accumulated funds, the remaining balance of the Decommissioning Fund shall be treated as Profit Oil and shared between the Government and the Contractor under the terms of Article 35, subject to the Contractor having recovered the entirety of the payments into the Decommissioning Fund. In cases where the Contractor has not fully recovered the payments made to the Decommissioning Fund the remaining balance of the Decommissioning Fund shall be reduced by an amount equivalent to unrecovered payments to the Decommissioning Fund before the distribution of profits.

40.15. In the event the Minister elects to continue the Petroleum Operations and take over the relevant facilities, subject to the provisions of Section 64 of the Act and any other applicable law, the accumulated amount in the Decommissioning Fund and such additional amounts as may be estimated for Decommissioning at the time of the transfer, shall be deposited in a nominated bank account domiciled in Guyana having the Minister as beneficiary. In this case, the Minister shall assume all responsibility for the relevant facilities and Decommissioning, and the Contractor shall be released from any liability arising out of the subsequent use of facilities by the Minister and associated Decommissioning obligations.

40.16. Partial Decommissioning or Alternative Use

(a) Where the Contractor wishes to undertake early Decommissioning activities in advance of producing a final Decommissioning Plan, the Contractor shall obtain the prior written approval of the Minister to undertake the early Decommissioning activities before commencing with any work.



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- (b) The Minister may grant a departure from the requirement to remove a platform or other facility by approving partial structure removal or toppling in place for conversion to an artificial reef in keeping with Section 62 of the Act.
- (c) The Contractor may apply to reuse or relocate the facility for conducting oil or gas development at another location, or for additional energy or marine-related purposes. The Contractor seeking alternative use or reuse of the facility must submit an application to the Minister for approval of the alternative use plan. The Contractor shall also seek additional approvals required by applicable law including those required by the Environmental Protection Agency and other government agencies with authority over navigation and other uses of the continental shelf or regulatory authority over the proposed energy or marine related purpose. The facilities which are the subject of the application for alternate use shall be subject to verification as suitable for reuse by an independent internationally recognised certified verification body, acceptable to the Minister.

40.17. Post-Decommissioning

- (a) The Contractor shall be subject to a post-decommissioning process in keeping with Section 65 of the Act, including the submission of a post-decommissioning report to the Minister which shall at minimum include:
 - (i) A description of seabed conditions after decommissioning;
 - (ii) Any impediments to returning the seabed to pre-production condition or damage caused to the seabed;
 - (iii) Equipment or items lost at sea;
 - (iv) Disclosure of any items not removed during decommissioning;
 - (v) Mapping and aids to navigation markers for items not removed;
 - (vi) The final destination of the decommissioned facility, including handling and disposal information.
- (b) The Operator shall provide independent certification of seabed conditions after the completion of



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decommissioning, and the report shall be submitted with the post-decommissioning report.

40.18. Temporary and Permanent Decommissioning of Wells

Subject to the Act, Regulations and any other applicable law, the Contractor shall ensure the plugging and abandonment of dry holes, oil and gas wells that are no longer economically viable for production, or which have wellbore issues that require closure using Best International Industry Standards and Practices that ensure well integrity, avoid leakage and protect the environment. In carrying out well plugging and abandonment the Contractor shall, at minimum:

- (a) not perform any well plugging or abandonment operations without the written approval of the Minister;
- (b) always utilize dual-barrier construction, regardless of whether the well is to be temporarily or permanently abandoned;
- (c) initiate permanent abandonment operations after six (6) calendar months of inactivity at the production site. The Minister reserves the right to provide notice at any time to the Contractor that a well must be plugged and abandoned;
- (d) submit to the Minister detailed abandonment plans as soon as the Contractor identifies the need for suspension or abandonment. Submissions shall include, at minimum:
 - (i) Detailed schematics and a list of materials sufficient for the Minister to verify the Contractor utilizes proper engineering techniques for plugging and abandonment;
 - (ii) Identification and location of the well, including mapping and required aids to navigation safety;
 - (iii) Description of the barriers the Contractor intends to employ;
 - (iv) A statement as to whether the Contractor is performing temporary or permanent abandonment including the length of time the Contractor intends to leave the well temporarily abandoned;
 - (v) Potential incidental releases and the corresponding mitigation measures; and
 - (vi) Other specific information material to abandonment;



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- (e) perform abandonment in accordance with the Decommissioning Plan approved by the Minister. The Contractor shall ensure that the well is abandoned in such a way as to prevent unplanned discharge;
- (f) submit a report to the Minister following abandonment and Decommissioning of all wells. The report must provide independent verification that the Decommissioning process has been carried out correctly, including any test results that verify the suitability of the Decommissioning activity.

Article 41 – Accounting and Audits

41.1. Maintaining proper accounting records

- (a) The Contractor shall be responsible for maintaining accounting records relating to Petroleum Operations under this Agreement in accordance with the Accounting Procedure, applicable law and accepted accounting best practices generally used in the international petroleum industry in keeping with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).
- (b) Accounting and related records kept under this Agreement shall record in sufficient detail and clarity, in keeping with the provisions of Article 41.1(a), the work performed under the Agreement, the costs incurred, and the quantity and value of all Petroleum produced and saved from the Contract Area and not used in Petroleum Operations.
- (c) Transactions shall be recorded in such a manner as to provide a clear and detailed understanding of the sub-components of each item including, without limitation, such costs as broker's fees, transportation charges, loading and unloading fees, demurrage, import duties, surcharges and licence fees associated with the procurement of materials and equipment, and applicable taxes.

41.2. Records at local office

The Contractor shall maintain all accounting and other records related to Petroleum Operations in the English language in Guyana.

The Contractor must maintain all books, records and documents required by the Act, Regulations, any other applicable law and as set out in this Article, and make such books, records, and documents available for inspection until the later of:



- (a) eight (8) years following the end of the Calendar Year to which they relate;
- (b) if any cost or amount is under dispute at the term of the eight (8) year period set forth above, until the date the dispute is settled; or
- (c) such longer period as may be required by applicable law.

41.3. Arm's length transactions

All transactions recorded in the accounting records shall be conducted on an Arm's Length' basis and in line with the international market price for goods and services of similar quality supplied in similar terms prevailing at the time of the transaction in the regional market relevant to Guyana.

41.4. Provision of information

The Contractor shall provide the Minister with all accounting data and information necessary for the Contractor to fulfil any statutory obligation regarding Petroleum Operations.

41.5. Audited annual report

Within one hundred and twenty (120) calendar days after the end of each Calendar Year, each Contractor party shall provide to the Government a copy of the Financial Statements and other reports submitted to the Registrar of Companies of Guyana pursuant to applicable law.

41.6. Each Contractor party shall ensure that:

- (a) accounting methods, rules and practices applied for determining revenue and expense shall be consistent with the Laws of the Cooperative Republic of Guyana and Best International Industry Standards and Practices;
- (b) each financial statement shall be certified by an independent, internationally recognized firm of chartered certified accountants and such audits should be conducted in accordance with the International Standards on Auditing;
- (c) The financial statements and the auditor's report shall be submitted to the Minister;
- (d) The audited financial statements required by this Article shall have no implications on nor shall they in any manner be construed as a substitute for, Cost Recovery which is provided for in Article 41.7 and the Accounting Procedure.



41.7. Cost recovery

(a) Statements required

The Contractor shall provide monthly, quarterly and annual statements to the Minister as outlined in the Accounting Procedure.

(b) Initial verification procedure

With respect to each Calendar Quarter, the Minister shall conduct a preliminary assessment as to which of the Contractor's costs may qualify as Recoverable Contract Costs pursuant to the Accounting Procedure. On receipt of the quarterly statements required under the Accounting Procedure, the Minister shall initially verify:

- i. the qualification of the claimed costs as Recoverable Contract Costs under this Agreement; and
- ii. if the amounts claimed as qualifying as Recoverable Contract Costs are correct based on documentation made available at the Contractor's offices in Guyana.

This initial verification of expenditures shall be the basis for provisionally determining the sharing of Petroleum but shall not constitute a final approval by the Minister of those amounts. Such final approval shall only be provided after final auditing has been completed pursuant to Article 41.10.

(c) Initial verification exceptions

- i. Within ninety (90) Business Days of receipt of the quarterly statements, the Minister may submit a written exception notice to the Contractor, expressly identifying the particular cost or costs under review and the reason for the exception.
- ii. Within thirty (30) Business Days of the date of receipt of the written exception notice or such other longer period approved by the Minister, the Contractor shall submit to the Minister such additional written information as the Minister may require, as well as any information the Contractor may consider relevant to determine recoverability. If the Contractor does not make a written submission before this deadline, the cost or



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costs shall be deemed disallowed for purposes of cost recovery.

- iii. Following receipt of any additional information from the Contractor, the Minister shall, within sixty (60) Business Days, conduct a final review and notify the Contractor of its decision on the disputed costs.
- iv. Where the Minister decides to disallow the disputed costs as a Recoverable Contract Cost, the Contractor shall promptly correct its books of account to reflect any changes resulting from the initial verification procedure. However, within thirty (30) calendar days following the Minister's determination, in accordance with Article 46, the Contractor may refer the matter for dispute resolution on the qualification of the disputed cost(s) as Recoverable Contract Costs under the Initial Verification Procedure set out in Article 41.7(b).

(d) End-of-Year Statement

The Contractor shall prepare an End-of-Year Statement. The Statement will contain aggregated information for the Calendar Year in the same format as required in the Value of Production and Pricing Statement, Cost Recovery Statement and Statement of Expenditures and Receipts as provided in the Accounting Procedure but will be based on actual quantities of Petroleum produced and expenses incurred. The End-of-Year Statement for each Calendar Year shall be submitted to the Minister within ninety (90) calendar days of the end of such Calendar Year.

Cost recovery audit

41.8. Audit powers

- (a) The Minister has the right to inspect and audit all the Contractor's books, accounts, and records relating to Petroleum Operations for the purpose of verifying the Contractor's compliance with the terms and conditions under this Agreement as provided in the Act, Regulations and this Agreement.
- (b) With reasonable advance notice, the Minister, or the Minister's representatives or agents may visit and



inspect all sites, plants, facilities, warehouses and offices of the Contractor serving the Petroleum Operations and to question its personnel associated with the Petroleum Operations.

- (c) The Contractor shall make available, such books, accounts, and records at its Guyana offices for inspection and audit by representatives of the Minister including any appointed auditors.
- (d) The Contractor shall provide all necessary facilities for auditors appointed by the Minister, including working space and access to all relevant personnel and information requested by the Minister.
- (e) The costs of any such audits commissioned by the Minister shall be borne by the Minister. Such audits shall be undertaken by an independent auditing firm or by the Minister or his designee, and copies of such audit reports shall be provided to the Contractor.
- (f) The Minister may require the Contractor to engage with independent auditors to examine in accordance with international auditing and assurance standards issued by International Auditing and Assurance Standards Board (IAASB), the Contractor's books and records to verify the accuracy and compliance with the terms of this Agreement where relevant to a determination on Recoverable Contract Costs under this Agreement. The costs of the independent auditors will be borne by the Minister.
- (g) Where an independent audit is required, the Minister shall specify in writing the item or items for which it requires verification from such independent audit. A copy of the independent auditor's findings shall be delivered to the Minister within thirty (30) calendar days as of the date of completion of such audit.
- (h) Where any records are withheld from examination under this provision, the Minister may at his sole discretion disallow the costs in question as Recoverable Contract Costs under this Agreement.

41.9. Audit process

All audits shall be completed within two (2) Calendar Years after the expiration of the Year to which such audits relate to. Auditors may examine all the Contractor's books, accounts and records in relation to a specific period of time or a particular aspect of such records.

41.10. Audit exceptions, claims and queries



- (a) Within ninety (90) Business Days of the end of any cost recovery audit, the Minister shall submit to the Contractor a report outlining the audit exceptions, claims and queries.
- (b) Within ninety (90) Business Days of submission of the above report, the Contractor shall respond in writing stating agreement or opposition to all raised exceptions, claims and queries supported by a detailed statement of its justifications together with any relevant evidence.
- (c) All exceptions, claims or queries shall be deemed as allowed where the Contractor does not provide any comment.
- (d) The Minister and the Contractor shall then negotiate in good faith to reach final settlement on outstanding exceptions, claims and queries within ninety (90) Business Days of the Minister's receipt of the Contractor's response. If no settlement is reached during the above period, either Party may refer the matter for dispute resolution in accordance with Article 46.

41.11. Final statements

- (a) All adjustments resulting from the audit under this Article or any subsequent dispute resolution under Article 46, shall be reflected promptly in the accounts by the Contractor and any consequential adjustments in entitlements shall also be made promptly.
- (b) Subject to any adjustments resulting from such audits or subsequent dispute resolution determination under Article 46, the reports and statements shall be considered final and not subject to further audit. Notwithstanding any provision to the contrary in this Agreement, if in a subsequent period an issue or error is identified which relates to any other period or to possible fraud or wilful misconduct to have occurred at any time, the Minister shall have the right to re-examine any reports and statements otherwise considered as final reports and statements or not previously audited.

41.12. Non-limitation of statutory audit powers

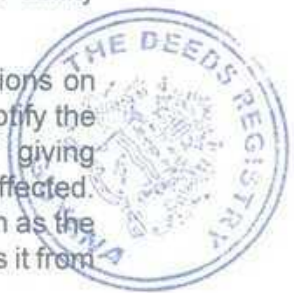
Nothing in this Article shall be construed as limiting the right of the Minister, Government or any officer of the Government



pursuant to any statutory power to audit or cause to be audited the books of the Contractor.

Article 42 – Force Majeure

- 42.1. Any non-performance or delay in performance, wholly or in part, by any Party hereto of any of its obligations under this Agreement or in fulfilling any condition of any Licence granted to such Party or in meeting any requirement of the Act or Regulations and any Licence issued thereunder, shall not be a breach of this Agreement, the Licence or the Act and Regulations if and to the extent that such non-performance or delay, wholly or in part, is caused by Force Majeure as defined in this Article.
- 42.2. In this Agreement, the term "**Force Majeure**" shall mean any event beyond the reasonable control of the Party claiming to be affected by such event which has not been brought about at its instance and which has caused such non-performance or delay in performance and, without limitation to the generality of the foregoing, includes acts of God, natural phenomena or calamities, earthquakes, floods, tsunamis, epidemics, global health pandemics, quarantines, fires, wars declared or undeclared, hostilities, invasions, blockades, insurrection, riots, civil commotion, terrorism, any other hostile acts, whether internal or external strikes, civil disturbances, mining of the seas, piracy, international boundary disputes affecting the extent of the Contract Area and any other disputes or governmental action or inaction, including, but not limited to, any acts or orders of the Government, any minister, ministry, department, sub-division, agency, authority, council, committee, or other constituent element thereof, any corporation owned and/or controlled by any of the foregoing, that would prevent the performance of an obligation or ability of the Contractor to export Petroleum.
- 42.3. Where any Party is claiming suspension of its obligations on account of Force Majeure, such Party shall promptly notify the other Party in writing of the occurrence thereof giving particulars of the Force Majeure and obligations affected. Each Party shall promptly notify the other Party as soon as the Force Majeure has been removed or no longer prevents it from carrying out its obligations hereunder.
- 42.4. Where a Party is prevented from exercising any rights or performing any obligations under this Agreement due to a Force Majeure event, subject to the provisions of Sections 42(4),(5) and (6) of the Act, such additional period as may be determined by the Minister shall be added to the term of the



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applicable Licence pursuant to Section 42(3) subject to the proviso therein, being such period of additional time as the Minister determined to be necessary for the performance of such obligation or the exercise of such right and dependent thereon. In the event the Parties cannot agree on whether the occurrence of the event in question constitutes a Force Majeure event, or if the Minister does not agree an additional time period should be added, pursuant to Section 42(3) of the Act, then a Party may refer the dispute to dispute resolution pursuant to Article 46. The Contractor shall have the option of terminating this Agreement without any further obligation save and except as provided by the Licence and this Agreement, if Force Majeure exceeds one (1) year, provided always that the event of Force Majeure has been agreed by the Parties or determined and accepted or binding through dispute resolution under Article 46.

- 42.5. Without prejudice to the other provisions of this Article, the Parties shall meet to discuss the consequences of the Force Majeure and the course of action to be adopted in the circumstances.
- 42.6. The Government shall not invoke Force Majeure due to any order, regulation or written directive of the Government which affects the Government's performance of its obligations under this Agreement.

Article 43 – Applicable Law

This Agreement shall be governed by, interpreted, and construed in accordance with the Laws of the Cooperative Republic of Guyana, and, consistent with such rules of international law as may be applicable or appropriate, including Best International Industry Standards and Practices.

Article 44 – Social Responsibility and Protection of the Environment

- 44.1. In accordance with the Environmental Protection Act, the Contractor shall obtain an environmental authorisation or permit as required from the Environmental Protection Agency and comply with the provisions of that Environmental Protection Act in relation to any activity of this Agreement that is governed by that Environmental Protection Act.
- 44.2. The Contractor is precluded from initiating any exploration or development activity on those areas which the Environmental Protection Agency may determine to be sensitive or protected.



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- 44.3. In the conduct of Petroleum Operations, the Contractor shall take necessary and adequate precautions, in accordance with Best International Industry Standards and Practices, against pollution and for the protection of the environment and the living resources of the rivers and sea.
- 44.4. If the Contractor's failure to comply with applicable law, the provisions of this Agreement and Best International Industry Standards and Practices results in pollution or damage to the environment, riverain or marine life or otherwise, the Contractor shall take all measures necessary in accordance with Best International Industry Standards and Practices to remedy the failure and the effects thereof and shall, where pollution occurs, treat or disperse it in an environmentally sound and safe manner.
- 44.5. The Contractor shall notify the Minister immediately in the event of any emergency or accident arising from Petroleum Operations affecting the environment and shall take such action as may be prudent and necessary in accordance with Best International Industry Standards and Practices in such circumstances.
- 44.6. If the Contractor does not act promptly pursuant to applicable law, Article 44.4 and Best International Industry Standards and Practices so as to control or clean up any pollution within a reasonable period specified by the Minister, the Minister may, after giving the Contractor reasonable notice in the circumstances, take any actions which are necessary in accordance with Best International Industry Standards and Practices and the reasonable costs and expenses of such actions shall be borne by the Contractor.
- 44.7. The Minister and the Contractor shall establish a programme of financial support for environmental and social projects to be funded by the Contractor. The Contractor shall directly fund the amount of one million United States dollars (US\$ 1,000,000) per Calendar Year with any funded but unspent portion to be carried over into the ensuing Calendar Years of the Agreement. The Minister and the Contractor shall meet annually to agree which projects shall be funded in any year, provided always that the adjustments in regard to the projects to be funded may be agreed in any particular year in question. The Contractor shall not be obliged to undertake or fund any project which may in the Contractor's informed opinion subject any member of the Contractor to liability in any of their, or their respective Affiliated Companies' countries of operations, including, without limitation, liability under the Foreign Corrupt Practices Act of the United States of America, the UK Bribery Act 2010, the French law Sapin II or other anti-corruption law



of which the Contractor is subject to, or breach any economic or export sanctions to which they are subject to. Funds spent pursuant to this Article 44.7 shall not be cost recoverable.

Article 45 – Termination and Cancellation

- 45.1. This Agreement shall be deemed to have been terminated if the Petroleum Exploration Licence granted to the Contractor pursuant to the Act and every Petroleum Production Licence granted to the Contractor under the Act and the terms of Article 16 of this Agreement has either expired or, under and in accordance with the Act and any relevant provision of this Agreement, been surrendered by the Contractor or cancelled by the Minister pursuant to the Act.
- 45.2. Pursuant to the Act, the Minister shall not terminate this Agreement and cancel the respective Licence(s) on the basis of default unless the Minister has, by notice served on the Contractor, given not less than thirty (30) Business Days' notice of such intention and the basis of default. In the notice the Minister shall specify a reasonable period, of not less than ninety (90) Business Days, within which the Contractor may submit a written response or remedy the default. The right to terminate shall not be exercised by the Minister unless and until, within the time specified in the notice, the Contractor fails to remedy the default or offer adequate compensation in accordance with the Act.
- 45.3. On termination of this Agreement, or cancellation or surrender of any Licence as aforesaid, the rights and obligations of the Parties shall cease by the termination; cancellation or surrender, but such termination, cancellation or surrender shall not affect any liabilities incurred by a Party before the date of termination; cancellation or surrender, and any legal proceedings that might have been commenced or continued against a Party may be commenced or continued against it.
- 45.4. The Minister may cancel a Licence pursuant to the Act in relation to any defaulting Party comprising the Contractor, and this Agreement shall be deemed to have been terminated solely with respect to said Party. The Minister may give non-defaulting Parties of the Contractor the opportunity to apply for a proportional redistribution of the participating interest of the Party removed from the Licence and from this Agreement. Notwithstanding the above, nothing in this Article obliges the Minister to grant the interest of the defaulting Party to the other Parties in this Agreement. The Government reserves the right to retain the defaulting interest through a state-owned entity or offer it to third parties, which shall be qualified petroleum



companies that meet all conditions required by the Act, Regulations and this Agreement, particularly the conditions stated in Article 27 of this Agreement. Such third party or parties should be acceptable to the remaining Contractor parties, which acceptance cannot be unreasonably withheld.

Article 46 – Dispute Resolution

Amicable Settlement

- 46.1. The Parties shall, in good faith, use their best efforts to settle amicably all disputes arising out of or in connection with this Agreement.
- 46.2. A written notice of the existence of a Dispute shall be given by a Party to another Party. In the event that no agreements are reached within sixty (60) Business Days after the date on which a Party notifies the other that a Dispute exists, or such longer period as specifically agreed by the Parties in writing, any Party shall have the right to have such Dispute referred to a sole expert or determined through arbitration as provided for in this Article. Notwithstanding the above, such period of negotiation is not required where the running of the time period may bar access to arbitration.

Expert Determination

- 46.3. Any Dispute arising out of or in connection with this Agreement may be referred to a sole expert, by a Party giving notice to such effect. The sole expert shall be requested to issue an opinion for use by the Parties in good faith efforts to settle any such Dispute.
- 46.4. The sole expert shall be appointed by agreement between the Parties, and in the event the Parties fail to agree on the sole expert within forty-five (45) calendar days after receipt of the written notice from any Party proposing the appointment of a sole expert, such expert shall be appointed by the International Chamber of Commerce ("ICC") in accordance with its Rules for the Appointment of Experts and Neutrals. A sole expert shall be an independent and impartial person of international standing with relevant qualifications and experience.
- 46.5. The expert, once appointed, shall have no ex parte communications with any of the parties to the Dispute concerning the expert determination or the underlying Dispute. The Parties shall cooperate fully in the expeditious conduct of such expert determination and provide the expert



with access to all facilities, books, records, documents, information and personnel necessary to make a fully informed decision in an expeditious manner. Further, the Parties shall present any and all information the Parties believe necessary for the expert to render an opinion no later than thirty (30) Business Days from the date of the expert's official appointment. The English language shall be the language used in the expert procedure.

- 46.6. The sole expert shall act as an expert and not as an arbitrator or mediator and shall endeavour to provide an opinion on the Dispute within thirty (30) Business Days, but in any case, no later than sixty (60) Business Days, from the final date for receipt of information from the Parties as per Article 46.5. The sole expert shall decide the manner in which any determination is made, but in any event shall accept oral and/or written submissions and arguments from the Parties.
- 46.7. The decision of the sole expert shall not be final and binding on the Parties and the Parties shall in good faith consider the applicability of the expert's opinion for the purposes given to enter into further discussions on the matter. The fees and expenses of a sole expert (as well as the charges for the use of facilities) shall be borne equally by the Contractor and the Government. Each Party shall bear any other expenses it incurs in connection with the expert proceedings.

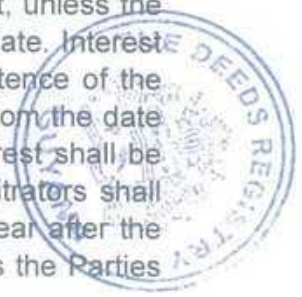
Arbitration

- 46.8. Any claim, demand, cause of action, dispute, or controversy arising out of or in connection with this Agreement, including any question regarding its formation, existence, validity, enforceability, performance, termination, or alleged breach ("**Dispute**") which cannot be settled amicably within sixty (60) Business Days of the date of notice of the dispute given under Article 46.2, or within sixty (60) days following an expert determination process, shall be resolved by arbitration.
- 46.9. The arbitration shall be conducted in accordance with the United Nations Commission on International Trade Law ("**UNCITRAL**") Arbitration Rules, except to the extent of conflicts between the UNCITRAL Arbitration Rules ("**Rules**") and the provisions of this Agreement, in which event the provisions of this Agreement shall prevail.
- 46.10. The Parties agree that the ICC shall be the appointing authority.
- 46.11. The arbitral tribunal shall consist of three arbitrators. Each Party shall appoint one arbitrator. The two arbitrators thus



appointed shall choose the third arbitrator who will act as the presiding arbitrator.

- 46.12. The applicable substantive law shall be as provided in Article 43 of this Agreement.
- 46.13. The seat of the arbitration shall be Washington DC, United States of America; however, hearings may be held at such other place as the Parties may agree to in writing.
- 46.14. The English language shall be the language used in the arbitral proceedings. All hearing materials, statements of claim or defence, award and the reasons supporting them shall be in English.
- 46.15. Pending appointment of the arbitral tribunal or determination by the arbitrators, any Party to the Dispute may apply to a court of competent jurisdiction for:
- (a) interim or conservatory measures of relief; or
 - (b) preservation of property.
- 46.16. The Parties agree that seeking and obtaining such court-ordered interim measures shall not waive the right to arbitration or impair the effectiveness of this arbitration agreement or its enforceability.
- 46.17. The Parties agree that this arbitration clause is an explicit waiver of immunity against validity and enforcement of the award or any judgment thereon and the award shall be final, binding and enforceable against any Party in any court having jurisdiction in accordance with its laws.
- 46.18. The arbitrators shall assess the expenses incurred by the Parties, the fees and expenses of the arbitrators, the charges for the use of facilities and any other costs related to the arbitration and shall decide by whom such costs shall be paid in their award. The arbitral award shall be made and payable in dollars of the United States of America, free of any tax or other deduction. The award shall include interest, unless the arbitral tribunal determines that it is not appropriate. Interest shall accrue from the date of the notice of existence of the Dispute under Article 46.2 and continue to run from the date of the award until the award is paid in full. Interest shall be calculated at the Agreed Interest Rate. The arbitrators shall endeavour to render a decision within one (1) year after the tribunal is fully constituted, or such other time as the Parties may agree.
- 46.19. The provisions of this Article 46 shall remain in effect and shall survive termination of the Agreement.



BMF

Article 47 – Effective Date

This Agreement shall enter into force and effect on the date in which the Petroleum Exploration Licence in respect of the Contract Area is in full force and effect (the "Effective Date").

Article 48 – Miscellaneous

- 48.1. Headings in this Agreement are for convenience of reading only and shall not affect the construction or interpretation of this Agreement.
- 48.2. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all previous contracts and understandings, oral or written, relating thereto.
- 48.3. If any part of this Agreement is held to be invalid, the remainder of this Agreement shall remain in effect and the Parties agree that the part so held to be invalid shall be deemed to have been stricken here from and the remainder shall have the same force and effect as if such part had never been included herein.
- 48.4. This Agreement may not be altered, amended, or modified except by a written instrument signed by the duly authorized representatives of each of the Parties.
- 48.5. A reference to the singular in this Agreement includes a reference to the plural and vice versa.
- 48.6. A Party shall not be deemed to have waived any provision hereof unless, and then only to the extent that, such waiver is in writing. A Party's waiver of any breach of any provision of this Agreement shall not be construed as a waiver of any subsequent breach, nor will a Party's delay or non-success to exercise any right such Party has hereunder operate as a waiver of such right.
- 48.7. All rights and obligations hereunder that expressly or by their nature extend beyond the term of this Agreement shall survive and continue to bind the Parties, their legal representatives, legal successors and legal assigns after any termination or expiration of this Agreement until such rights and obligations are satisfied in full or expire.
- 48.8. Each Party agrees that no director, employee, or agent of such Party shall give or receive any commission, fee, rebate, gift or entertainment of significant cost or value in connection with this Agreement or enter into any business arrangement with



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any director, employee or agent of either of the Parties or any Affiliated Company.

- 48.9. Neither Party, directly or through their employees, agents, Sub-Contractors or other intermediaries, shall make any payment or give anything of significant value to an official of any government (including any officer or employee of any government department, agency or instrumentality or the employee, officer, director or agent of a government owned entity) to influence his, her or its decision, or to gain any other advantage for the Parties in connection with the performance of this Agreement, which would be in violation of the Foreign Corrupt Practices Act of the United States of America, the UK Bribery Act 2010, the French law Sapin II or the OECD Anti-Bribery Convention of 1997, or the substance thereof, or any similar applicable Guyanese anti-corruption statute or regulation.
- 48.10. The provisions of this Agreement shall inure to the benefit of and be binding upon the Parties and their permitted assigns and successors in interest.
- 48.11. All notices and other communications to be given under this Agreement shall be deemed to have been made properly if delivered in written form in person, mailed with charges prepaid or via electronic mail, by one Party to the other at their respective addresses in Guyana as set forth below. Any such notice or communication given as aforesaid shall be deemed to have been given and received at the time of delivery (if delivered by hand, by post or by courier) or at the time of receipt (if transmitted by electronic mail):

Government

The Minister Responsible for Petroleum
Ministry of Natural Resources
96 Duke Street, Kingston, Guyana

Email: minister@nre.gov.gy
Telephone: 231-2506



Licence Holder

Cybele Natural Resources (Guyana) Inc.
Lot 301 Highrise 3rd Floor, Queenstown,
Georgetown, Guyana.
Email: btayui@cybeleenergy.com
Telephone: +233 544 312 010 and +1 708 710
5207

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Article 49 – Stabilisation

- 49.1. The terms of this Agreement shall remain in full force and effect for the duration of this Agreement and may not be amended or modified except by way of written agreement by each of the Parties thereto.
- 49.2. The Contractor shall be subject to and must observe the laws of the Cooperative Republic of Guyana in force from time to time and nothing herein contained shall be construed as exempting the Contractor from complying with the laws imposing taxes, duties, levies, fees, royalties, charges or similar impositions or contributions which the Contractor would be liable to pay or may be called upon to pay under such laws by virtue of its conduct of Petroleum Operations hereunder, except as provided for in the Act and this Agreement.
- 49.3. If at any time from the Effective Date there is a change in the laws of the Cooperative Republic of Guyana whether through the amendment of existing laws (including the petroleum, customs or tax laws) or the enactment of new laws or a change having the force of law in the interpretation, implementation or application thereof (whether the change is specific to the Agreement, the Contractor or of general application) and such change has a materially adverse effect on the economic benefits, resulting from the fiscal regime provided by this Agreement, accruing to the Contractor hereunder during the term of this Agreement, the Parties shall negotiate in good faith to modify the terms of this Agreement in order to restore the economic balance so that the Contractor receives the same economic benefit under the Agreement that it would have received prior to the change in law or its interpretation, application, or implementation.
- 49.4. Subject to Article 49.7, in the event that the Contractor's overall economic benefits have been materially and adversely affected by actions or changes as set forth above in Article 49.2, the Contractor shall send formal Notice to the Minister:
- (a) informing of the change in the law or its interpretation, application, or implementation;
 - (b) informing of the effect of the change on the economic balance that existed between the Government and the Contractor on the Effective Date; and
 - (c) requesting the Government to take appropriate measures to maintain the economic balance of the Agreement as it existed on the Effective Date.



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- 49.5. No later than sixty (60) Business Days from receipt of the notice sent by the Contractor under Article 49.4, the Minister shall send written notice to the Contractor informing of the measures the Government is considering to restore the economic balance of the Agreement as it existed on the Effective Date. All Parties to this Agreement shall meet within thirty (30) days of the notice of the Minister informing of the measures being considered by the Government to reach a formal resolution on the matter that would enable the restoration of the economic balance that existed on the Effective Date.
- 49.6. If no agreement is reached within one hundred and twenty (120) Business Days from the date of the first meeting of the Parties under Article 49.5, any Party may refer the matter for dispute resolution as provided for under Article 46 herein.
- 49.7. The stabilization provisions of Articles 49.3 shall not apply to enactments, amendments, modifications, or other change to acts or regulations that govern the industrial and environmental safety of petroleum operations, social and environmental protection, occupational health and safety, labour relations, and climate change.

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BLT

Executed as a deed by:

IN WITNESS WHEREOF, the Parties have caused their duly authorised representatives to set their hands and have executed this instrument as a deed in the presence of one another and the undersigned witnesses on the day and year first above written.


Signed by:

The Minister Responsible for
Petroleum, Representing the
Government of Guyana

Witnesses:

1. 

Name: Marissa Foster
Ministry of Natural Resources


Honourable Vickram Bhanoo
Minister of Natural Resources
Minister Responsible for Petroleum




Name: Newell Dennison
Guyana Geology & Mines Commission

Signed by:

Cybele Natural Resources
(Guyana) Inc.

Witnesses:

1. 

Name: Marissa Foster
Ministry of Natural Resources


Name: Beatrice Mensah Tayui
Designation: Chief Executive
Officer

2. 
Name: Vusi Thembakwayo
Cybele Natural Resources (Guyana) Inc.



**Cybele Natural Resources
(Guyana) Inc.**



A TRUE COPY of the original
was registered in the Deeds Registry
Georgetown, Demerara, Guyana on the
19th day of December 2020

Assistant Sworn Clerk

A TRUE COPY of the original which
was registered in the Deeds Registry of
Georgetown, Demerara, Guyana, on the
15th day of December 2020

Annex A – Description of Contract Area

FIRST SCHEDULE DESCRIPTION OF CONTRACT AREA

"Description of area to be granted under Petroleum Prospecting License pursuant to Article 3 of the Petroleum Agreement.

The area comprises approximately 1,192 square kilometres described herein consisting of graticular blocks identified herein and shown on the Block Reference Map attached.

Latitude and Longitude Measurements are West and North Respectively.

Point No.	LATITUDE (DMS)	LONGITUDE (DMS)
1	7° 40' 0.00" N	-57° 30' 0.00" W
2	7° 40' 0.00" N	-57° 20' 0.00" W
3	7° 30' 0.00" N	-57° 20' 0.00" W
4	7° 30' 0.00" N	-57° 15' 0.00" W
5	7° 20' 0.00" N	-57° 15' 0.00" W
6	7° 20' 0.00" N	-57° 10' 0.00" W
7	7° 15' 0.00" N	-57° 10' 0.00" W
8	7° 15' 0.00" N	-57° 35' 0.00" W
9	7° 20' 0.00" N	57° 35' 0.00" W
10	7° 20' 0.00" N	57° 30' 0.00" W
11	7° 25' 0.00" N	57° 30' 0.00" W
12	7° 25' 0.00" N	57° 25' 0.00" W
13	7° 30' 0.00" N	57° 25' 0.00" W
14	7° 30' 0.00" N	57° 30' 0.00" W



FIRST SCHEDULE (cont'd)
DESCRIPTION OF CONTRACT AREA

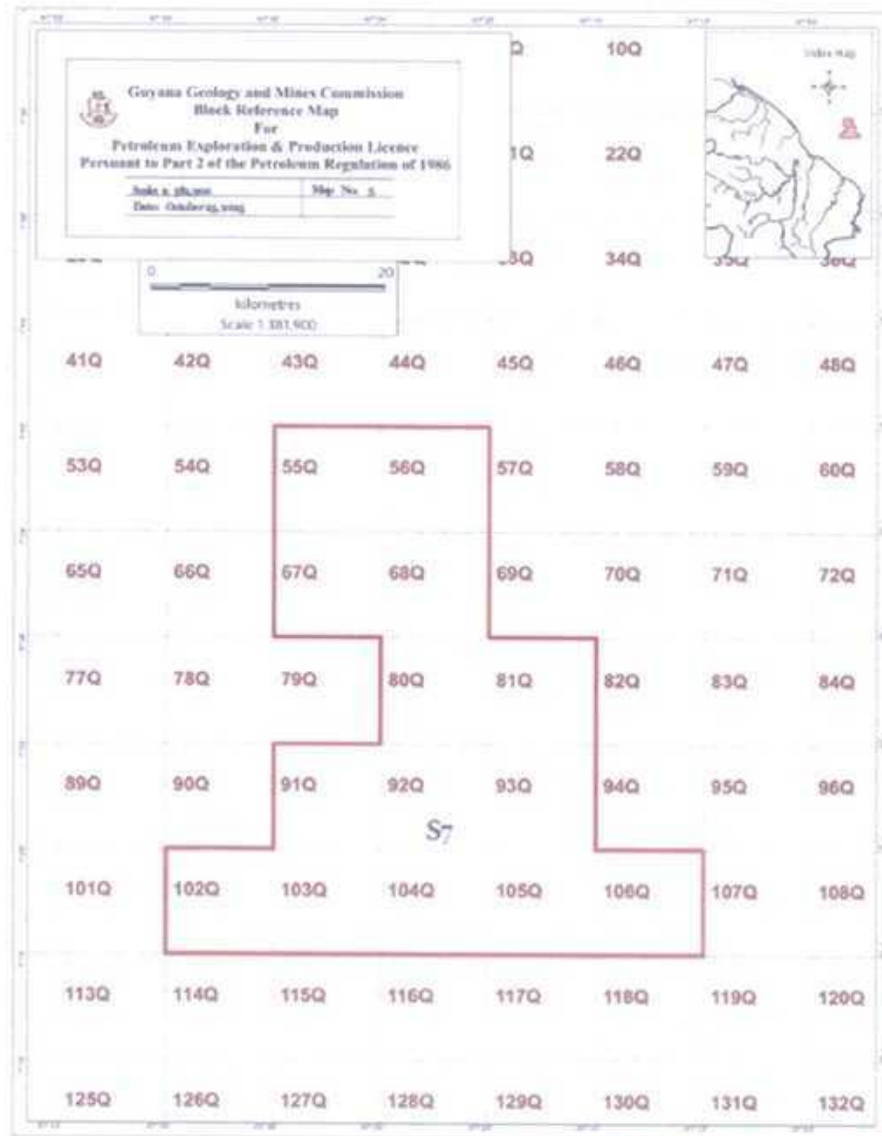
The following five (5) minute by five (5) minute square graticular blocks describe the area. The blocks as described are shown on the Block reference Map attached.

BLOCK Q	55,56, 67,68,80,81, 91-93, 102-106
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Annex B – Map of Contract Area



Annex C – Accounting Procedure

SECTION 1 - GENERAL PROVISIONS

1.1. Definitions

For the purpose of this Accounting Procedure the terms used herein which are defined in the Agreement or in the Act shall have the same meaning when used in this Accounting Procedure.

1.2. Documentation Required to be Submitted by the Contractor

(a) The Contractor shall keep the accounts, operating records, reports, and statements relating to the Petroleum Operations:

- (i) in accordance with the Act, Regulations, the terms of the Agreement and this Accounting Procedure and any other applicable Law; and
- (ii) in such form as the Minister may require in keeping with the Act, and which, *inter alia*, shall identify the categories of costs, expenses, expenditures and credits classified in Sections 2 and 3 of this Accounting Procedure.

(b) Pursuant to (a) above, the Contractor shall make Statements as required relating to the Petroleum Operations including:

- (i) Production Statement (see Section 5 of this Annex);
- (ii) Value of Production and Pricing Statement (see Section 6 of this Annex);
- (iii) Statement of Expenditures and Receipts (see Section 7 of this Annex);
- (iv) Cost Recovery Statement (see Section 8 of this Annex);
- (v) End-of-Year Statement (see Section 9 of this Annex); and
- (vi) Budget Statement (see Section 10 of this Annex).

1.3. Language, Units of Account and Exchange Rates

(a) Accounts shall be maintained in Guyanese dollars and United States dollars; however, the United States dollar accounts will prevail in case of conflict. Barrels shall be



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employed for measurements of production of Crude Oil required under the Agreement and this Accounting Procedure. Standard cubic feet (scf) shall be employed for measurements of production of Natural Gas required under the Agreement and this Accounting Procedure. The language employed shall be English.

- (b) Should there be any gain or loss from exchange of currency, it will be credited or charged to the accounts under the Agreement.
- (i) Amounts received and costs, expenses and expenditures made in currencies other than United States dollars or Guyanese dollars shall be converted into United States dollars by using the relevant foreign exchange rate published in the Wall Street Journal on the business day that the relevant transaction occurred.
 - (ii) Amounts received and costs, expenses and expenditures made in Guyanese dollars or in United States dollars shall be converted from Guyanese dollars into United States dollars or from United States dollars into Guyanese dollars on the basis of the buying and selling exchange rates published by the Bank of Guyana on the last Business Day of the Calendar Month preceding the Calendar Month that the relevant transaction occurred.
 - (iii) The conversions of currency shall be recorded at the rate actually experienced in the conversion. The actual exchange rates applied in accordance with sub-section 1.3 (b) (ii) above and, where relevant, sub-section 1.3 (b) (i) above, shall be identified in the relevant Statements required under sub-section 1.2 (a) of this Accounting Procedure.

1.4. Payments

- (a) All payments between the Parties under the Agreement shall, unless otherwise agreed, be made in United States dollars and through a bank designated by the receiving Party.
- (b) All sums due under the Agreement during any Calendar Month shall, for each day such sums are overdue bear interest at the Agreed Interest Rate.



SECTION 2 - CLASSIFICATION, DEFINITION AND ALLOCATION OF COSTS, EXPENSES AND EXPENDITURES

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All costs, expenses and expenditures relating to the Petroleum Operations referred to in Section 3 shall be classified, defined and allocated as follows:

2.1. **Exploration Costs** are all direct and allocated indirect expenditures incurred as from the Effective Date in the search for Petroleum in an area which is or was, at the time when such costs were incurred, in the Contract Area, including:

(a) Aerial, geophysical, geochemical, paleontological, geological, topographical, geomicrobial and seismic surveys and studies and their interpretation provided the data relates to the Contract Area.

(b) Core hole drilling and water well drilling.

(c) Labour, materials or equipment, and Services used in drilling Exploration and Appraisal Wells with the object of finding Petroleum or for the purposes of appraising the extent of producible Petroleum Reservoirs already discovered provided such wells are not completed as producing wells.

(d) Facilities or allocated portions thereof used solely in support of the purposes described in (a) (b) and (c) above.

(e) All General and Administrative Costs, Annual Overhead Charges and all Service Costs allocated to Exploration Costs.

(f) Any other Contract Costs incurred in the search for and appraisal of Petroleum after the Effective Date.

(g) Rentals.

(h) Annual amounts paid during Retention Period under Article 8.6.

(i) Licenses and other fees.

2.2. **Development Costs** shall consist of all expenditures incurred in:

(a) Drilling wells, which are completed as producing wells and drilling wells for purposes of producing from a producible Petroleum Reservoir whether these wells are dry or producing, and drilling wells for the injection of water or gas to enhance recovery of Petroleum.

(b) Completing wells by way of installation of casing or equipment or otherwise after a well has been drilled for the purpose of bringing the well into use as a producer or as a well for the injection of water or gas to enhance recovery of petroleum.



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- (c) Intangible drilling costs such as labour, consumable material and Services having no salvage value which are incurred in drilling and deepening of wells for production purposes.
- (d) The costs of field facilities such as pipelines, flow lines, production and treatment units, wellhead equipment subsurface equipment, enhanced recovery Systems, offshore platforms, petroleum storage facilities, export terminals and piers, harbours and related facilities and access roads for production activities.
- (e) Engineering and design studies for field facilities.
- (f) All General and Administrative Costs, Annual Overhead Charges and all Service Costs allocated to Development Costs.

2.3. **Operating Costs** are all expenditures incurred in the Petroleum Operations, which are other than Exploration Costs or Development Costs. The balance of General and Administrative Costs, Annual Overhead Charge and Service Costs not allocated to Exploration Costs or Development Costs shall be allocated to Operating Costs. Such costs will also include amounts paid pursuant to Articles 33 and 44.7 during the Development and Production Period.

2.4. **Service Costs**

- (a) These are direct and indirect expenditures in support of the Petroleum Operations including but not limited to warehouses, piers, marine vessels, vehicles, motorized rolling equipment, aircraft, tire and security stations, workshops, water and sewage plants, power plants, housing, community and recreational facilities and furniture, tools and equipment used in these activities and safety and security Services. Service Costs in any Calendar Year shall include the total costs incurred in such Year to purchase and/or construct said facilities as well as the annual costs to maintain and operate the same.
- (b) All Service Costs will be allocated to Exploration Costs, Development Costs and Operating Costs in accordance with standard industry accounting practice or on an equitable basis otherwise agreed between the Minister and the Contractor.

2.5. **General and Administrative Costs and Annual Overhead Charge**

- (a) General and Administrative Costs are all general and administrative costs in respect of the local office or offices including but not limited to supervisory, accounting and



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employee relations Services, but which are not otherwise recovered.

- (b) An Annual Overhead Charge for Services rendered outside Guyana and not otherwise charged under this Accounting Procedure for managing the Contractor's activities under the Agreement and for general support and assistance including, but not limited to financial, legal, accounting and employee relations services For the period from the Effective Date until the date on which the first Petroleum Production Licence under the Agreement is granted by the Minister this annual charge shall be five percent (5%) of the annual Contract Costs, incurred during the Calendar Year. From the date of grant of the Petroleum Production Licence the Annual Overhead Charge will be:

First \$ 5,000,000 of annual Contract Costs: 5%

Next \$ 5,000,000 of annual Contract Costs: 4%

Next \$ 5,000,000 of annual Contract Costs: 3%

Next \$ 20,000,000 of annual Contract Costs: 2%

In excess of \$ 35,000,000 of Contract Costs 1%

The above amounts are additive.

All General and Administrative Costs and Annual Overhead Charge will be allocated to Exploration Costs, Development Costs and Operating Costs in accordance with standard industry accounting practice or on an equitable basis otherwise agreed between the Minister and the Contractor.



SECTION 3 - COSTS, EXPENSES, EXPENDITURES AND CREDITS OF THE CONTRACTOR

- 3.1. **Costs Recoverable Without Further Approval of the Minister.** Notwithstanding the heading of this Section 3.1, the costs provided under this section shall be subject to cost audits and may be amended premised on the outcome of the verifications conducted. Subject to the provisions of the Agreement, the Contractor shall bear and pay the following costs and expenses in respect of the Petroleum Operations. These costs and expenses will be classified under the headings referred to in Section 2. They are all recoverable as Contract Costs by the Contractor under the Agreement, and include but are not limited to:

- (a) Surface Rights

This covers all costs attributable to the acquisition, renewal or relinquishment of surface rights acquired

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and maintained in force for the Contract Area including any amounts payable pursuant to Article 32 of the Agreement.

(b) Labour and Associated Labour Costs

- (i) Gross salaries and wages including bonuses of the employees of the Parties comprising the Contractor directly engaged in the Petroleum Operations, irrespective of the location of such employees, it being understood that in the case of those personnel only a portion of whose time is wholly dedicated to Petroleum Operations, only that pro-rata portion of applicable wages and salaries will be charged.
- (ii) Costs regarding holiday, vacation, sickness and disability payments applicable to the salaries and wages chargeable under (i) above.
- (iii) Expenses or contributions made pursuant to assessments or obligations imposed under the laws of the Cooperative Republic of Guyana or the laws of the place of incorporation of the Affiliated Company or origin of the individual, which are applicable to cost of salaries and wages chargeable under (i) above.
- (iv) Cost of established plans for employees' life insurance, hospitalisation, pensions, and other benefits of a similar nature customarily granted to the employees of the Parties comprising the Contractor.
- (v) Necessary travel and personal expenses of such employees including those made for travel and relocation of the Expatriate Employees assigned to the Cooperative Republic of Guyana all of which shall be in accordance with the normal practice of the Parties comprising the Contractor.



(c) Transportation

The cost of transportation of employees, equipment, materials and supplies necessary for the conduct of the Petroleum Operations.

(d) Charges for Services

- (i) Third Party Contracts

The actual costs of contracts for technical and other Services entered into by the Contractor for

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the Petroleum Operations, made with third parties other than Affiliated Companies of the Contractor are recoverable; provided that the prices paid by the Contractor are competitive with those generally charged by other international or domestic suppliers for comparable work and Services.

(ii) Affiliated Companies

Without prejudice to the charges to be made in accordance with sub-section 2.5, in the case of Services rendered to the Petroleum Operations by an Affiliated Company, the charges will be based on actual costs without profits. The charges will be no higher than the usual prices charged by the Affiliated Company to third parties for comparable Services under similar terms and conditions elsewhere and will be fair and reasonable in the light of Best International Industry Standards and Practices.

The salaries, wages and related costs of employees of an Affiliated Company that are temporarily or permanently assigned in Guyana and are directly engaged in Petroleum Operations shall be chargeable to the project at their actual documented cost. The salaries, wages, and related costs of employees of an Affiliated Company that are temporarily or permanently outside of Guyana and are directly engaged in Petroleum Operations shall be chargeable to the project at their actual documented cost. Costs for salaries, wages and related costs shall be charged to the project on an actual basis or at a rate based upon the average cost in accordance with the Affiliated Company's usual practice. The methodology of determining rates based on average cost shall be provided to the Minister. Such rates shall be reviewed at least annually with the Minister. Reasonable actual documented expenses (including travel costs) of those employees whose salaries and wages are chargeable to the project and are reimbursed by the Contractor under their usual practice shall also be charged to the project.

(e) Material

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- (i) So far as is practicable and consistent with efficient and economical operation, only such material or equipment shall be purchased or furnished by the Contractor for use in the Petroleum Operations as may be required for use in the reasonably foreseeable future and the accumulation of surplus stocks shall be minimized.
- (ii) The Contractor does not warrant material beyond the supplier's or manufacturer's guarantee express or implied, and in case of defective material or equipment, any adjustment received by the Contractor from the suppliers/manufacturers or their agents will be credited to the accounts under this Agreement.
- (iii)
- (a) Except as provided in (b) below, material purchased by the Contractor for use in the Petroleum Operations shall be valued to include invoice price less trade and cash discounts (if any), purchase and procurement fees plus freight and forwarding charges between point of supply and point of shipment, freight to port of destination, insurance, taxes, custom duties, consular fees, other items chargeable against imported material and, where applicable, handling and transportation expenses from point of importation to warehouse or operating site, and cost of the material in question should not exceed those prevailing in normal "arm's length" transactions on the open market for material of similar quality and supplied on similar terms at the time of procurement.
- (b) Material purchased from Affiliated Companies of the Parties comprising the Contractor shall be charged at the prices specified at (1) and (2) hereof.

(1) New Material (Condition "A")

Shall be valued and invoiced at a price, which should not exceed the price prevailing in normal "arm's length" transactions on the open market at the time of procurement.



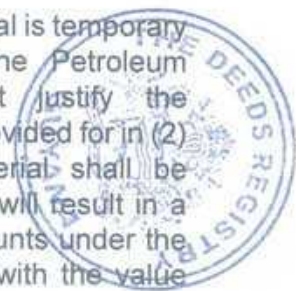
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(2) Used Material (Conditions "B" and "C")

- (i) Material which is in sound and serviceable condition and is suitable for reuse without reconditioning shall be classified as Condition "B" and priced at not more than seventy-five percent (75%) of the price of new material defined in (1) above.
- (ii) Material, which cannot be classified as Condition "B" but which:
 - (a) after reconditioning will be further serviceable for original function as good second-hand material (Condition "B"), or
 - (b) is serviceable for original function but not suitable for reconditioning; shall be classified as Condition "C" and priced at not more than fifty percent (50%) of the current price of new material (Condition "A") as defined in (1) above. The cost of reconditioning shall be charged to the reconditioned material provided that the Condition "C" material value plus the cost of reconditioning does not exceed the value of Condition "B" material.
- (iii) Material, which cannot be classified as Condition "B" or Condition "C", shall be priced at a value commensurate with its use.
- (iv) When the use of material is temporary and its Service to the Petroleum Operations does not justify the reduction in price as provided for in (2) (ii) hereof, such material shall be priced on a basis that will result in a net charge to the accounts under the Agreement consistent with the value of the service rendered.

(f) Rentals, Duties and Other Assessments

Taxes, rentals, fees, contributions and charges levied by the Government in connection with the Petroleum Operations and paid directly by the Contractor, save



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and except those included in Section 3.3 of this Accounting Procedure.

(g) Insurance and Losses

Insurance premium and cost incurred for insurance pursuant to Article 29 of this Agreement provided that if such insurance is wholly or partly placed with an Affiliated Company of the Parties comprising the Contractor, such premium and costs shall be recoverable only to the extent generally charged by competitive insurance companies other than an Affiliated Company of a Party comprising the Contractor. Costs, losses and damages incurred to the extent not made good by an insurance claim(s), may be recoverable subject to the Minister's review and the initial verification and audit process of Article 41 of the Agreement and this Accounting Procedure, including costs, losses or damages resulting from the indemnities in Article 29 of the Agreement incurred to the extent not made good by an insurance claim(s), unless such costs, losses or damages have resulted solely from willful misconduct or gross negligence of the Contractor.

(h) Legal Expenses

All costs and expenses of litigation and legal or related services necessary or expedient for the procuring, perfecting, retention and protection of the Contract Area and in defending or prosecuting lawsuits involving the Contract Area or any third party claim arising out of activities under the Agreement or sums paid in respect of legal services necessary or expedient for the protection of the interest of the Parties are recoverable. Where legal services are rendered in such matters by salaried or regularly retained lawyers of the Contractor or an Affiliated Company of the Parties comprising the Contractor, such compensation will be included instead under sub-section 3.1 (b) or 3.1 (d) above as applicable. The legal costs and expenses shall not include costs of any nature (including attorneys' fees and the fees of the ICC, arbitrators, other experts, professionals, and translators) incurred in connection with any arbitration, under Article 46, which shall be borne in accordance with Article 46.18 of the Agreement and shall not be cost recoverable.

(i) Training Costs



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All costs and expenses incurred by the Contractor in training of Guyanese personnel engaged in Petroleum Operations.

(j) Interest and Financing Costs

Interest, expenses, and related fees incurred on loans raised by the Parties comprising the Contractor for Petroleum Operations and other financing costs related to Petroleum Operations, provided that such expenses, fees and costs are limited to a debt-to-equity ratio of 1.5:1 and the interest rate is capped at the Agreed Interest Rate.

(k) General and Administrative Costs and Annual Overhead Charge The costs described in sub-section 2.5(a) and the charge described in sub-section 2.5(b).

(l) Decommissioning Costs

Decommissioning costs incurred under Article 40 including contributions made to the Decommissioning Fund and any costs related to the temporary and permanent abandonment of wells whether planned or incidental that are not funded by the Decommissioning Fund.

3.2. Costs Recoverable only with Approval of the Minister

- (a) Commission paid to intermediaries by the Contractor.
- (b) Expenditure on research into and development of new equipment, material, and techniques for use in searching for developing and producing petroleum which will be of benefit to Petroleum Operations.

3.3. Costs not Recoverable under the Agreement

- (a) Costs incurred before the Effective Date.
- (b) Petroleum marketing.
- (c) Transportation costs of Petroleum beyond the Delivery Point.
- (d) Amounts paid under Article 28 of the Agreement, if any, and other amounts paid with regard to non-fulfilment of contractual obligations.
- (e) Costs of arbitration and the sole expert in respect of any dispute under the Agreement.
- (f) Fines and penalties imposed by law or the Courts of Law of the Cooperative Republic of Guyana.



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- (g) Costs incurred as a result of wilful misconduct or gross negligence of the Contractor or failure to insure where insurance is required pursuant to Article 29.3 of the Agreement.
- (h) Payments made in accordance with Article 37.1 (Corporation Tax paid) and any associated penalties and interests imposed under the respective laws and by the Courts of Laws of the Co-operative Republic of Guyana.
- (i) Signature bonus.
- (j) Training fee payable under Article 33 of the Agreement.
- (k) Financial support for environmental and social projects payable under Article 44.7 of the Agreement.
- (l) Any charges, levies and taxes reimbursed by the Government.

3.4. Other Costs and Expenses

Other costs and expenses not covered or dealt with in the provisions of this Section 3 and which are incurred by the Contractor in the conduct of the Petroleum Operations may be recoverable subject to initial verification and audit process of Article 41 of the Agreement and this Accounting Procedures, and the approval of the Minister for submission as a Recoverable Contract Cost.

3.5. Credits under the Agreement

The net proceeds of the following transactions will be credited to the accounts under the Agreement and shall reduce the amount of Contract Costs, which the Contractor is entitled to recover from Cost Oil, by a corresponding amount:

- (a) The net proceeds of any insurance or claim in connection with the Petroleum Operations or any assets charged to the accounts under the Agreement when such operation or assets were insured and the premium charged to the accounts under the Agreement.
- (b) Revenue received from third parties for the use of property or assets the cost of which has been charged to the accounts under the Agreement.
- (c) Any adjustment received by the Contractor from the suppliers/manufacturers or their agents in connection with defective material the cost of which was previously charged to the accounts under the Agreement.



- (d) Rentals, refunds, or other credits received by the Contractor which apply to any charge which has been made to the accounts under the Agreement, including any costs and expenses previously charged to the accounts pursuant to sub-section 3.1(h) and which have been successfully recouped from legal proceedings but excluding any award granted to the Contractor under arbitration referred to in sub-Section 3.3(d) above.
- (e) The value at the time of export of inventory materials subsequently exported from the Cooperative Republic of Guyana without being used in the Petroleum Operations, the acquisition costs of which have been charged to the accounts under the Agreement.
- (f) The proceeds from the sale or exchange by the Contractor of materials, equipment, plant, or facilities, the acquisition costs of which have been charged to the accounts under the Agreement, including such items sold to the Government;
- (g) The proceeds from the sale of Petroleum Data which relates to the Contract Area provided that the acquisition costs of such rights and information have been charged to the accounts under the Agreement;
- (h) The proceeds derived from the sale or licence of any intellectual property the development costs of which have been charged to the accounts under the Agreement.

3.6. Duplication of Charges and Credits

There shall be no duplication of charges or credits to the accounts under the Agreement and the Accounting Procedure.

SECTION 4 – RECORDS AND VALUATION OF ASSETS

The Contractor shall maintain detailed records of property in use for the Petroleum Operations in accordance with best practice in exploration and production activities of the international petroleum industry. The Contractor shall notify the Minister annually in writing of all assets acquired and all assets disposed of during the preceding twelve (12) months. At reasonable intervals but at least once a year with respect to moveable assets and once every three (3) years with respect to immovable assets, inventories of the property under the Agreement shall be taken by the Contractor. The Contractor shall give the Minister at least thirty (30) Business Days written notice of its intention to take such inventory and the Minister shall have the right to be represented when



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such inventory is taken. The Contractor will state clearly the principles upon which valuation of the inventory has been based.

When an assignment of rights under the Agreement takes place, a special inventory may be taken by the Contractor at the request of the assignee provided that the costs of such inventory are borne by the assignee.

SECTION 5 – PRODUCTION STATEMENT

- 5.1. Upon commencement of production of Petroleum from the Contract Area, the Contractor shall submit a monthly Production Statement to the Minister showing the following information separately for each Field and in aggregate for the Contract Area.
- (a) The gross quantity of Crude Oil and Natural Gas produced.
 - (b) The quantities of Crude Oil and Natural Gas used for the purpose of carrying out Petroleum Operations including drilling and Production Operations and pumping to Field storage.
 - (c) Quantities of Crude Oil and Natural Gas lost.
 - (d) The quantities of Natural Gas flared.
 - (e) The quantity of Crude Oil available for allocation to the Parties.
 - (f) The quantity of Natural Gas available for allocation to the Parties.
 - (g) The quantity of stocks of Crude Oil held at the beginning of the Calendar Quarter in question.
 - (h) The quantity of stocks of Crude Oil held at the end of the Calendar Quarter in question.
 - (i) The number of days in the Quarter during which Petroleum was produced from each Field.
 - (j) The average daily production rate for each Field.
- 5.2. The Production Statement for each Calendar Quarter shall be submitted to the Minister not later than thirty (30) calendar days after the end of such Calendar Quarter.



SECTION 6 – VALUE OF PRODUCTION AND PRICING STATEMENT

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- 6.1. The Contractor shall, for the purposes of Article 36 of the Agreement prepare a statement providing calculations of the value of Crude Oil and the value of the Natural Gas produced and sold during each Calendar Quarter for each approved production and offtake facility in accordance with the Field Development Plan. This statement, which shall be prepared for each quality of Crude Oil and the Natural Gas produced from the Development and Production Area, shall contain the following information:
- (d) The quantities, prices and receipts realised therefor by the Contractor as a result of Third Party Sales of Crude Oil and the Natural Gas made during the Calendar Quarter in question.
 - (e) The quantities, prices and receipts realised therefor by the Contractor as a result of sales of Crude Oil and the Natural Gas made during the Calendar Quarter in question, other than Third Party Sales.
 - (f) The percentage of total volume of Crude Oil sales which were Third Party Sales.
 - (g) The percentage of total volume of Natural Gas sales which were Third Party Sales.
 - (h) Information supplied to the Minister by the Contractor for the purposes of Article 36 of the Agreement.
- 6.2. The Value of Production and Pricing Statement for each Calendar Quarter shall be submitted to the Minister not later than thirty (30) calendar days after the end of such Calendar Quarter.

SECTION 7 – STATEMENT OF EXPENDITURE AND RECEIPTS

- 7.1. The Contractor shall prepare with respect to each Calendar Quarter, or on a monthly basis if requested by the Minister in writing, a Statement of Expenditure and Receipts under the Agreement. The Statement will distinguish between Exploration Costs, Development Costs and Operating Costs consistent with the individual categories specified in Sections 2 and 3 herein and will separately identify major items of expenditures within these categories. The statement will show the following:
- (a) Actual expenditures and receipts on a monthly basis for the period in question.
 - (b) Cumulative expenditure and receipts for the budget year in question.



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- (c) Cumulative expenditures and receipts since the Effective Date.
- (d) Latest forecast of cumulative expenditures to year end.
- (e) Variations between budget forecast and latest forecast, with explanations thereof.

7.2. Subject to Section 7.1, the Statement of Expenditure and Receipts shall be submitted to the Minister no later than thirty (30) calendar days after the end of such Calendar Quarter or Month as the case may be.

SECTION 8 – COST RECOVERY STATEMENT

8.1. The Contractor shall prepare with respect to each Calendar Quarter a Cost Recovery Statement containing the following information:

- (a) Recoverable Contract Costs carried forward from the previous Calendar Quarter, if any.
- (b) Recoverable Contract Costs for the Calendar Quarter in question.
- (c) Total Recoverable Contract Costs, which is that cost at sub-section 8.1 (a) plus that cost at Section 8.1 (b).
- (d) Quantity and value of Cost Oil taken and disposed of by the Contractor for the Calendar Quarter in question.
- (e) Contract Costs recovered for the Calendar Quarter in question.
- (f) Total cumulative amount of Contract Costs to be carried forward into the next Calendar Quarter.

8.2. The information to be submitted under Section 8.1 (d) and (e) above shall be given in separate statements for each Field, so as to indicate together, the Contractor's total allocation of Cost Oil as required under Article 36 of the Agreement.

8.3. The Cost Recovery Statement to be submitted under Section 8.1 shall identify the unrecovered cost of assets for the purpose of Article 24 of the Agreement.



SECTION 9 – DOMESTIC SUPPLY STATEMENT

9.1. Crude Oil

In the event the domestic supply obligations under Article 23 of this Agreement are effected by the Government as to Crude Oil, not later than one hundred and twenty (120) Business Days after the end of each Calendar Year, the Minister, acting on behalf of the Government, shall make available to the Contractor an annual summary (the "Domestic Supply

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Report") describing (a) the Government's total entitlement from all Crude Oil production in Guyana during the prior Calendar Year, (b) the quantity of Crude Oil actually provided to the Government by the Contractor and all third parties which produce Crude Oil in Guyana during the prior Calendar Year, and (c) a description of the quantities and use of all Crude Oil provided to the Government by the Contractor and all third parties which produce Crude Oil in Guyana, including without limitation, domestic power supply from power plant facilities, refined products for domestic consumption from refineries, etc., and any quantities of Crude Oil, refined products, petrochemicals or fuel for power generation that are exported from Guyana.

9.2. Natural Gas

In the event the domestic supply obligations under Article 23 of this Agreement have been effected by the Government as to Natural Gas, not later than one hundred and twenty (120) Business Days after the end of each Calendar Year, the Minister, acting on behalf of the Government, shall make available to the Contractor an annual summary (the "**Domestic Supply Report**") describing (a) the Government's total entitlement from all Natural Gas production in Guyana during the prior Calendar Year, (b) the quantity of Natural Gas actually provided to the Government by the Contractor and all third parties which produce Natural Gas in Guyana during the prior Calendar Year, and (c) a description of the quantities and use of all Natural Gas provided to the Government by the Contractor and all third parties which produce Natural Gas in Guyana, including without limitation, domestic residential, commercial and industrial consumption, fuel used for domestic power generation etc., or, and any quantities of Natural Gas liquefied or compressed in Guyana for export or used as feedstock for petrochemical exports, such as methanol and fertilizer.

SECTION 10 – BUDGET STATEMENT

10.1. The Contractor shall prepare an annual budget pursuant to Article 17 of the Agreement (the "Budget Statement"). The Budget Statement will distinguish between Exploration Costs, Development Costs and Operating Costs consistent with the individual categories specified in Sections 2 and 3 and will show the following:

- (a) Forecast expenditures and receipts under the Agreement for the Calendar Year.
- (b) Cumulative expenditures and receipts to the end of the said Calendar Year.



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Annex D – List of Services to be rendered by Sub-contractors covered by Article 37

Other Services	Well / Facility + Services	Geological Assessment Services
<ol style="list-style-type: none"> 1. Data transmission services. 2. Environmental surveys and studies 3. Helicopter services 4. Metocean survey 5. Mud and cement services 6. Mud logging services 7. Offshore catering/custodial 8. Pipe fishing service 9. Sea bottom survey and coring 10. Slickline services 11. Solid control services 12. Storage yard services 13. Supply and crew boats 14. Tubular running services 15. Waste management services 16. Well stimulation, completion and production 17. Well testing 18. Well workover 	<ol style="list-style-type: none"> 1. Coiled tubing 2. Commissioning services 3. Corrosion prevention 4. Directional drilling, logging while drilling 5. Diving services 6. Drill bit services 7. Drill rig services 8. Facilities and pipeline engineering, procurement and construction 9. Facilities and pipeline installation 10. Facilities maintenance and repair 11. FPSO/FSO engineering, construction and installation 12. Subsea facilities engineering, fabrication and installation 13. Well control 	<ol style="list-style-type: none"> 1. Biostratigraphy services 2. Geochemical analysis 3. Laboratory services: Rock analysis and downhole fluid analysis 4. Seismic acquisition service 5. Seismic inversion service 6. Seismic processing and imaging service 7. Vertical Seismic Profile service (Generally included with well logging package) 8. Well data interpretation 9. Well fullbore coring 10. Well logging 11. Well mud service 12. Wireline open hole and cased hole logging 13. Real-Time monitoring system / Real-time visualization platform



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Annex E - Pre-Approved and Certified Petroleum Operations Items

A

Acids (stimulation) - Chemicals used downhole or injected in oil/gas formations
Acoustical survey equipment - including sonar, side scanning sonar, full wave form sonic loggers
Aeromagnetic recording survey systems
Air slips also known as tubing slips
All terrain vehicles (ATVs)
Automated equipment at the well head, processing plant or refinery used to monitor and control production

B

Bags (cloth) with printed tags - used in well testing
Bails (links)
Barrel - Chemical mixing when used at the well head
Batteries - for production machinery and equipment
Batteries - geophysical when used exclusively for seismic prospecting in blasting and recording systems
Bits - drill includes PDCs, tricones
Blasting systems - used for seismic prospecting
Blowout ignition system
Blowout preventers (BOPs)
Boxes - shipping (used in well testing), core
Building - portable
Building - support - when used as weather-related protective covering for equipment such as electrical generators or instrumentation
Buildings - that provide office or dwelling space; geologist lab trailers; skid-mounted living trailers
Bulldozers - earth moving equipment

C

Cable - electrical
Cable - wire rope
Cables — electrical (integrated into machinery)
Cables used for seismic prospecting
Calibration gas - for H₂S monitors and H₂S analyzers
Casing
Casing accessories
Catwalks - see Scaffolding
Cement - oil well
Cementing equipment
Centralizers - casing attachment
Centrifuge - used to remove fine drill solids from mud systems
Chemical mixing barrel - when used at the well head



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Chemical storage drums - when used at the manufacturing or processing site
Chemicals used in drilling and production operations
Chemicals used in refining operations
Choke manifold and valves
Circulating system - includes discharge and return lines
Circulating systems - includes mud tanks, mud mixers, discharge and return lines and separators
Cleaners/degreasers - includes oilfield equipment
Cloth bags with printed tags — used in well testing
Coil tubing
Coil tubing reel
Collars - drilling
Communication equipment - includes satellite Communications equipment
Compressors - for compression of air or natural gas
Computers - to monitor production/drilling machinery and equipment
Consumables - consumable equipment used in drilling and production operations
Control panels - used to run generators at a well head
Core boxes
Corrosion inhibitors - added to upstream installations for preventative maintenance
Couplings
Custom software - designed for and integrated into drilling and production machinery or equipment

D

Data processing units used for seismic prospecting
DC electric motors (integrated) used to drive the draw works, mud pumps, or top drives, also commonly called traction motors
Deflocculants - used in fresh water mud systems
Dehydration Chemicals
Dehydrators - including mole sieve used at the well head; used during the production testing phase
Demulsifiers - used in production operations to remove water from crude oil
Density counters - spectral gamma-gamma
Detectors - flame, when used during the production testing phase as an alternative to a flare stack
Diesel power generating systems
Discharge and return lines
Dispersants - production chemicals
Distribution panel electrical that controls the electrical distribution for the entire rig package
Dope - pipe
Drifts - for casing, tubing, and line pipe
Drill bits, includes tricone, PDCs (Polycrystalline Diamond Compact)
Drill collar handling equipment



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Drill collars - used in exploration and development drilling
Drill line spool - wire rope
Drill pipe - used in exploration and development drilling
Drill pipe handling equipment
Drill stem testing equipment - includes instrumentation
Drilling - detergent; muds; surfactants
Drilling Rigs and associated equipment - Onshore and Offshore
Drilling fluid - Chemicals used to create drilling fluid (see mud)
Drills - all drills used exclusively for seismic prospecting includes heli, en viro, LIS, track, truck, buggy
Drives - top, rotary and pump
Drums - for Chemical storage when used at the manufacturing or processing site

E

EDR system (only an EDR and the embedded dedicated Computer equipment that is integrated into the unit) used at the drilling site
Electric generators and alternators
Electric logging equipment
Electrical cable - distribution panel, electrical generating systems
Electrical distribution panel
Electrical generating systems (integrated)
Electrical submersible pumps - ESP - for artificial lift of petroleum
Electrical surveying equipment
Electrical thermostats
Electromagnetic surveying equipment - includes time and frequency domain induced polarization equipment
Emergency gas shut off devices
Engine oils
Engines - used for oilfield Service
Equipment hoisting
Explosives - includes those used in seismic, coring, construction

F

Field potentiometers
Filter bags - for the production machinery and equipment
Fishing tools for retrieving tools lost downhole
Fittings - includes those used in the transportation and distribution system, for example, on gathering lines
Flame detectors - when used during the production testing phase as an alternative to a flare stack
Flare stacks - includes mobile flare stacks used during the production testing phase
Flare tank systems, located at the wellsite, that are directly connected to the drilling rig and are used to control polluting emissions
Flare tanks and lines
Float equipment
Fluids - fracturing, stimulating, well servicing
Foamers - used downhole to enhance production



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Forklifts
Fracturing Chemicals
Fracturing equipment
Fuel gas lines - for oil and gas production machinery
Fuel storage tanks - see Tanks Full wave form sonic loggers

G

Gamma-ray spectrometers
Gas - welding, acetylene, argon - when used as an inert welding gas or in repair jobs; calibration gas for H₂S monitors and H₂S analyzers
Gas dehydration equipment used in processing plants or refineries up to the point where the Petroleum or natural gas is a marketable product
Gas detection monitors that detect hazardous gas and provide a warning
Gas flow equipment - when used downhole to monitor gas flow
Gas lift lines - located at a production wellsite to encourage the flow or transport of gas from the Petroleum Reservoir to the surface
Gas shut off devices (emergency) - that are attached to a gas line and automatically shut off gas supply
Gauges - engine
Generating systems - diesel power, electrical
Gensets/generators - portable, mobile or standby alternators (generators/gensets)
Geophones
Geophysical batteries - when used exclusively for seismic prospecting in blasting and recording systems
Geronimo and escape lines
Global positioning systems used for seismic prospecting; used for creating stakeless surveys
Graders
Gradiometers - includes potassium gradiometers for radioactive methods of geophysical prospecting
Gravel for well pads, processing plant on-site roads
Gravitational recording survey systems
Gravity meters
Grease
Ground penetrating radar equipment
Gunny sacks
Guns - perforating that are used during the production testing phase

H

Hammer wrenches
Hand held tools
Heat exchangers
Heaters - line, located at the well head to preheat gas but not line heaters on pipeline; used during the production testing phase
Heli-drills for seismic prospecting
Hoisting equipment
Hooks and swivels drill pipe handling equipment



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Hydraulic tank
Hydraulic winches
Hydrogen sulfide - used for gas scrubbing
Hyperspectral spectrometers used for remote sensing

I

Imaging equipment - seismic
Incinerator - when used during the production testing phase in place of a flare stack to burn off excess natural gas
Indicator « weight
Inductive conductivity probes used for electrical or electromagnetic surveying
Infrared and hyperspectral spectrometers
Infrared spectrometers used for remote sensing
Inhibitors - corrosion added to upstream installations for preventative maintenance
Injector head that runs or retrieves the coil tubing
Instruments -
Instruments or equipment for seismic prospecting
Integrated diesel power generating systems
Integrated electrical operating systems
Integrated fuel tanks see Tanks
Integrated navigation systems used for seismic prospecting
Integrated pump units
Integrated steam heaters

L

Lab testing equipment - used for testing drilling fluids
Lab testing equipment - used for testing production fluids
Labels - for vials used in well testing
Laptop computers (see entry under Computers)
LIDAR (Light Detection and Ranging) mapping equipment used for remote sensing
Light towers or light plants
Lighting - industrial explosion proof
Lights
Lignite - drilling mud or fluid
Line heaters - located at the well head to preheat gas, but not line heaters on the pipeline
Line heaters - used on pipelines, but not line heaters located at the well head for preheating gas (Industry)
Line pipe
Liners used on the ground
Lines - catline, drill, flare, loadline, geronimo and escape, sandline, spool, tong
Lines discharge, return, flare
Links (bales)
Liquefaction equipment - used in a processing plant or refinery to liquefy CO₂ so that it can be transported and marketed
Liquid viscosifiers



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Loaders - includes loaders used to move drill pipe to and from the drilling rig
Logging equipment - electric wireline
Lubricants - specialty

M

Machinery and equipment used to inject substances into a Petroleum Reservoir
Magnetic susceptibility meters
Magnetometers
Main - drum (also known as a drill drum)
Main drum also known as drill drum - part of the drawworks
Maintenance tools includes cheater bars
Manifold choke, valve that is an integral piece of the high pressure pumping system
Manifold - choke; mud

S

Snubbing unit - composed of a blowout preventor stack, a hydraulic jack and a power unit to run the hydraulics
Solids control equipment
Sonar includes side scanning
Sonic loggers - full wave form
Spectral gamma-gamma density counters
Spectrometers - infrared or hyperspectral used for remote sensing, gamma ray
Spools - includes drill line spool
Spools (specialized pieces that adapt tubing to BOPs or for spacing requirements between BOP and wellhead)
Stabbing guides - used in the drilling process
Stimulating fluids
Stimulation acids - Chemicals used downhole or injected in oil/gas formations
Storage tanks - (see Tanks)
Submersible trash pump unit - used to pump drilling fluids, mud/water
Sulphur recovery equipment used in processing plants and refineries
Survey equipment (see Global positioning systems and Navigation systems)

T

Tank battery
Tanks - flare, integrated fuel, mud or water, stand alone fuel tank fully integrated with drilling rig that serves as the direct fuel supply for the rig
Tanks - storage - used at a refinery or processing plant
Tanks - water storage
Telecommunication equipment



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BWT

Thermostats - electrical designed for use with any of the machinery or equipment on this list
Thread protectors - used in the drilling process
Time and frequency domain induced polarization equipment used for electrical or electromagnetic surveying
Tongs - backup and integral tongs, power tongs and jaws
Tongs - power also called rotary or casing tongs, power tongs and jaws, backup and integral tongs
Tools - fishing tools for retrieving tools lost downhole
Tools - hand
Top drives - Drill Rig
Torque gauges - used in the drilling process
Towers - light
Traction motors
Travelling blocks
Tricones - drill bits
Tubing - includes coil
Tubing slips also known as air slips
Two-way radios

U

Ultraviolet lamps used for remote sensing

V

Vacuum and wash pump used to clean up around rig and wash equipment

Vacuum tanks or systems - truck- or trailer-mounted

Vacuum units

Valve- outlet, manifold (integral part of the high-pressure pumping system)

Valve manifold (integral part of the high-pressure pumping system)

Valves - includes those used in the transportation and distribution system, for example, gathering lines

Valves - safety - used for well logging, drill stem testing or the production testing phase

Vehicles

Vessels - separator - used during the production testing phase

Vessels - supply and anchor handling for offshore petroleum operations

Vessels - for storage of crude oil (FPSO)

Vessels - Mobile Offshore Drilling Units

Vibrators used for seismic prospecting

Viscosifiers - liquid; dry polymer; concentrated

W

Walkways - see Scaffolding

Waste gas transmission - see Pipes

Waste management bins

Waste water treatment units - mobile



BUT A

Water clarifiers - used to remove residual oil in produced water prior to disposal or re-use
Water disposal lines - includes associated machinery and equipment that are located within the Processing plant
Water storage tanks
Welding equipment and supplies
Well flow lines transporting raw product from a well to a satellite, battery, line pipe or Processing plant
Well logging equipment - includes surface and downhole tools
Well testing equipment - includes surface and downhole tools
Wellhead equipment
Winches
Wireline (or slickline) unit - skid- or truck-mounted



BNA *S*

REPUBLIC OF GUYANA

COUNTY OF DEMERARA

AFFIDAVIT OF DUE EXECUTION: -

I, Newell M. Dennison, of 96 Duke Street, Kingston, Guyana, being duly sworn make oath and say as follows:-

1. I am one of the persons subscribed as a witness to the Petroleum Agreement, executed on the 9th day of December, 2025 (the "Licence"), a copy whereof is annexed hereto.
2. On the 9th day of December, 2025, I saw:
 - a. Hon. Minister Vickram Bharrat, MP;
 - b. Mrs. Beatrice Mensah Tayuiduly execute the Petroleum Agreement.
3. The signature "[Signature]" subscribed as a witness to the Agreement is of my true and proper handwriting.

Sworn to at Georgetown, Demerara,)
This 9th day of December, 2025,) _____
Before me,) _____

A COMMISSIONER FOR OATHS)

**BIBI FARIDA
RAFEEL BAKSH**
JUSTICE OF THE PEACE &
COMMISSIONER OF OATHS TO AFFIDAVITS
[Signature]




GUYANA
BIBI FARIDA
RAFEEL BAKSH
09/12/25

REPUBLIC OF GUYANA

COUNTY OF DEMERARA

AFFIDAVIT OF DUE EXECUTION: -

I, Marissa Foster, of 96 Duke Street, Kingston, Guyana, being duly sworn make oath and say as follows:-

1. I am one of the persons subscribed as a witness to the Petroleum Agreement, executed on the 9th day of December, 2025 (the "Licence"), a copy whereof is annexed hereto.
2. On the 9th day of December, 2025, I saw:
 - a. Hon. Minister Vickram Bharrat, MP;
 - b. Mrs. Beatrice Mensah Tayui
 duly execute the Petroleum Agreement.
3. The signature "" subscribed as a witness to the Agreement is of my true and proper handwriting.

Sworn to at Georgetown, Demerara,)
 This 9th day of December, 2025,) _____
 Before me,) _____
 A COMMISSIONER FOR OATHS)



**BIBI FARIDA
 RAFEEK BAKSH**
 JUSTICE OF THE PEACE &
 COMMISSIONER OF OATHS TO AFFIDAVITS
B. Farida Baksh

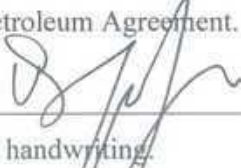
GUYANA
BFB
09/12/25

REPUBLIC OF GUYANA

COUNTY OF DEMERARA

AFFIDAVIT OF DUE EXECUTION: -

I, Vusi Primmekwong, of 96 Duke Street, Kingston, Guyana, being duly sworn make oath and say as follows:-

1. I am one of the persons subscribed as a witness to the Petroleum Agreement, executed on the 9th day of December, 2025 (the "Licence"), a copy whereof is annexed hereto.
2. On the 9th day of December, 2025, I saw:
 - a. Hon. Minister Vickram Bharrat, MP;
 - b. Mrs. Beatrice Mensah Tayuiduly execute the Petroleum Agreement.
3. The signature "" subscribed as a witness to the Agreement is of my true and proper handwriting.

Sworn to at Georgetown, Demerara,)

This 9th day of December, 2025,) _____

Before me,) _____

A COMMISSIONER FOR OATHS)

**BIBI FARIDA
RAFEK BAKSH**
JUSTICE OF THE PEACE &
COMMISSIONER OF OATHS TO AFFIDAVITS
B. R. Baksh


GUYANA
B. R. Baksh
09/12/25