

**RESTATED AND AMENDED
PRODUCTION SHARING CONTRACT**

BETWEEN

THE REPUBLIC OF LIBERIA

BY AND THROUGH

NATIONAL OIL COMPANY OF LIBERIA

AND

EXXONMOBIL EXPLORATION AND PRODUCTION LIBERIA LIMITED

AND

CANADIAN OVERSEAS PETROLEUM (BERMUDA) LIMITED

LIBERIA, OFFSHORE BLOCK 13

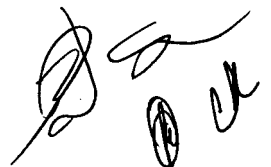
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RESTATED AND AMENDED PRODUCTION SHARING CONTRACT

This Contract is made the 8th day of MARCH 2013

BETWEEN

The Republic of Liberia, represented for the purposes of this Contract by the National Oil Company of Liberia ("NOCAL"), a statutory entity established under the laws of Liberia;

AND

The Contractor, which at the Effective Date is:

ExxonMobil Exploration and Production Liberia Limited a company registered in the Bahamas under company number 160196B whose registered office is Shirley House, 50 Shirley Street, Nassau, Bahamas and authorized to do business in Liberia ("ExxonMobil")

and

Canadian Overseas Petroleum (Bermuda) Limited a company registered in Bermuda under company number 45376, whose registered office is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda and authorized to do business in Liberia ("COPL").

WHEREAS

The discovery and exploitation of Petroleum are important for the interest and the economic development of Liberia;

NOCAL has the rights in respect of Petroleum exploration and exploitation over the entirety of available areas in Liberia including the Delimited Area defined hereinafter;

NOCAL wishes to undertake operations for exploration, exploitation, transportation, storage, processing and marketing of Petroleum;

NOCAL wishes to promote the development of the Delimited Area for the exploration and production of the potential resources within the Delimited Area, and thereby encourage the economic growth and development of Liberia;

The Contractor desires to participate in the exploration for and production of Petroleum resources within the Delimited Area with NOCAL, to which NOCAL has consented;

The contractor under the Original Contract, Peppercoast Petroleum Plc, has chosen and elected to transfer all of its rights, title, interest and obligations as contractor under the Original Contract to COPL;

COPL desires, on the Trigger Event Date, to acquire all of the rights, title and interest of the contractor under the Original Contract and to assume all of the obligations of the contractor under the Original Contract;

NOCAL hereby consents to the novation of the Original Contract to COPL, and to the transfer of all rights, title and interest therein to and the assumption of all obligations thereunder by COPL on the Trigger Event Date;

COPL, on the Trigger Event Date, desires to transfer eighty percent (80%) of the rights, title and interest it receives from Peppercoast Petroleum Plc to ExxonMobil and ExxonMobil desires to acquire such rights, title and interest and to assume the obligations thereunder; and NOCAL hereby consents to the novation and transfer of eighty percent (80%) of such rights, title and interest to ExxonMobil and assumption of the obligations thereunder by ExxonMobil on the Trigger Event Date; and

On the Trigger Event Date, NOCAL, COPL and ExxonMobil desire to restate and amend the Original Contract so that their respective rights and obligations are as set forth herein and not in the Original Contract.

NOW, THEREFORE, the Parties agree as follows:

ARTICLE 1

DEFINITIONS

1.1 The following terms used in this Contract shall have the following meaning:

Abandonment Fund has the meaning given in Article 20.1.

Abandonment Plan has the meaning given in Article 6.10(e).

Affiliate means (i) a company or any other Person that directly or indirectly Controls or is Controlled by any Person participating in the Contractor; or (ii) a company or any other Person that directly or indirectly Controls or is Controlled by a

company or any other Person that itself directly or indirectly Controls any Person participating in the Contractor.

Annual Work Program means the document describing, item by item, the Petroleum Operations to be carried out during a Calendar Year within or with respect to the Delimited Area and in each Exploitation Perimeter, if any, established in accordance with the Contract.

Appraisal Perimeter means any part of the Delimited Area where one or more Petroleum discoveries have been made, and in respect of which NOCAL has granted to the Contractor an exclusive appraisal authorization for the purpose of determining the extent and value of said discoveries.

Arm's Length means the relationship that exists between two (2) or more entities which are not Affiliates or Controlled by related parties, where neither of such entities exerts or is in a position to exert significant influence on any of the other entities having regard to all relevant factors.

Associated Natural Gas means Natural Gas which exists in a reservoir in solution with Crude Oil or which is or could be produced in association with Crude Oil.

Barrel means a U.S. barrel of 42 U.S. gallons measured at a temperature of 60° Fahrenheit and 1 atmosphere of pressure (14.696 pounds per square inch absolute).

Block LB-13 means the area offshore Liberia of approximately 2,540 square kilometers, as more specifically defined in Annex I (which area has already been adjusted to reduce the delimited area of the Original Contract by the surrender following the first exploration period).

Budget means the itemized cost estimates of the Petroleum Operations described in an Annual Work Program.

Calendar Quarter means a period of three (3) consecutive months beginning on January 1, April 1, July 1 or October 1, and ending on the following March 31, June 30, September 30 or December 31, respectively, according to the Gregorian calendar.

Calendar Year means a period of twelve (12) consecutive months beginning on January 1 and ending on the following December 31, according to the Gregorian calendar.

Change of Control means any assignment, sale, or transfer of interest of any type that results in a change in possession of the power to Control a Person participating in the Contractor. Any assignment, sale, or transfer of interest of any type that results in a change in possession of the power to Control a Person that directly or

indirectly Controls a Person participating in the Contractor is a “**Change of Control**” for the purposes of this Contract.

Commercial Production means regular and substantially continuous production of marketable Petroleum from a Field. If the Petroleum produced is from the test of an exploration or appraisal well and not part of a regular lifting program or if substantially all produced Petroleum is used by the Contractor in Petroleum Operations or re-injected into the Field, there is no Commercial Production.

Consolidated Fund means the fund established under the Liberia Public Finance Management Act of 2009, that consolidates all the government revenues of the Republic of Liberia, and is used for making disbursements, or any successor general revenue account maintained by the Ministry of Finance.

Contract means this Restated and Amended Production Sharing Contract and its annexes forming an integral part hereof, together with any extension, renewal, replacement, amendment, supplement or modification hereto.

Contractor means COPL and ExxonMobil and their respective successors and permitted assigns, acting together as the Contractor as contemplated by Articles 1.2 and 1.3 of this Contract.

Contract Year means a period of twelve (12) consecutive months beginning on the Effective Date or on any anniversary thereof.

Control (including the terms “**Controlled by**” and “**Controlling**”) means the possession, directly or indirectly, of the power to appoint a majority of the directors or equivalent management body of or to direct the policies or operations of (or to block action by) a Person. Without limiting the generality of the preceding sentence, the ability to control a Person is presumed to exist if a second Person or group of Persons acting in concert holds or can direct the exercise of at least forty percent (40%) of the rights to select or direct the management of such first Person and no third Person or group holds or can direct the exercise of a greater percentage of such rights.

County means one of the fifteen (15) officially recognized territorial divisions of Liberia exercising administrative, judicial and political functions.

Crude Oil means crude mineral oil, asphalt, ozokerite, and all kinds of petroleum and bitumen, either solid or liquid in their natural condition or obtained from Natural Gas by condensation or extraction, including condensates and natural gas liquids.

Deflator means the GDP Implicit Price Deflator as published and revised from time to time by the U.S. Department of Commerce Bureau of Economic Analysis. If such

index is no longer published, NOCAL and the Contractor shall agree upon a functionally and substantively similar replacement reference or otherwise agree upon adjustments that will substantially preserve the economic impact and timing of the periodic adjustments contemplated by Articles 19 and 29 during the exploration and appraisal phases.

Delimited Area means the area in respect of which NOCAL, under this Contract and as of the Effective Date, grants to the Contractor an exclusive exploration right. The areas surrendered by the Contractor in accordance with the provisions of Articles 3.5 and 3.7 shall be deemed as excluded from the Delimited Area which shall be reduced accordingly. Conversely, the Appraisal Perimeter(s) and the Exploitation Perimeter(s) shall be integral parts of the Delimited Area during the term of the relevant exclusive appraisal or exploitation authorization(s). The Delimited Area as of the Effective Date represents the full amount of such area in the Original Contract adjusted to reduce that area by the surrender following the first exploration period and to match the coordinates in adjacent blocks.

Delivery Point means the outboard face of the flange of the loading facilities in the Republic of Liberia where title, custody and possession of the Petroleum sold transfers from a Party to a third party (or Affiliate of a Person participating in the Contractor). With respect to the waterborne export sales of Crude Oil the Delivery Point shall be the FOB point at which the loading port facilities connect to the loading manifold of the vessel. With respect to the pipeline sales of Crude Oil and pipeline sales or waterborne export sales of Natural Gas, the Delivery Point(s) shall be the custody transfer point(s) as designated in an approved development and production plan or as otherwise mutually agreed between NOCAL and the Contractor.

Development and Production Period Project Linkages Plan has the meaning given in Article 29.11.

Dollar or US\$ means the currency of the United States of America.

Effective Date has the meaning given in Article 40.

EPA or Environmental Protection Agency means the Environmental Protection Agency of Liberia or any successor entity that succeeds to its primary environmental protection function.

ESIA or Environmental and Social Impact Assessment has the meaning given in Article 6.10(a).

ESMP or Environmental and Social Management Plan has the meaning given in Article 6.10(a).

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Event of Default has the meaning given in Article 33.2.

Expert means a person appointed in accordance with Article 31.9 to resolve matters submitted to it in accordance with this Contract.

Expert Determination means the decision of an Expert in accordance with the provisions of Article 31.9.

Exploitation Perimeter means any part of the Delimited Area in respect of which NOCAL has granted to the Contractor an exclusive exploitation authorization.

Exploration Period Project Linkages Plan has the meaning given in Article 29.10.

Fair Market Value means the price at which Crude Oil or Natural Gas could be sold, or machinery, materials or services of similar quality could be supplied, on similar terms at similar times and at similar location by parties under no compulsion to buy or sell and trading on an Arm's Length basis.

Field means a commercial accumulation of Petroleum in one (1) or several overlaying horizons, which has been appraised in accordance with the provisions of Article 11. Where developed together at the same time or in sequence through a single facility, a Field may contain several non-overlaying geologic structures or horizons.

Final Investment Decision means, with respect to any Field, the approval by the operating committee (or equivalent body) under the joint operating agreement (or equivalent agreement) among the Persons participating in the Contractor to fund fully the development of a Field under a development and production plan which has been approved by NOCAL.

Gas Committee has the meaning given to it in Article 21.2(a).

Good International Petroleum Industry Environmental Practice means offshore petroleum industry environmental practices and procedures generally required by, or generally accepted as prudent practice in, OECD countries.

Good International Petroleum Industry Practice means all those uses and practices that are, at the time in question, generally accepted in the international petroleum industry as being good, safe, economical, diligent, environmentally sound and efficient in exploring for, developing, producing, processing and transporting Petroleum. They should reflect standards of service and technology that are economically appropriate to the operations in question and should be applied using standards in all matters that are no less rigorous than those in use by the Operator in other global operations.

JOC or Joint Operations Committee has the meaning given in Article 5.5.

Law(s) means the Constitution of the Republic of Liberia, ratified treaties, laws, statutes, decrees, rules, regulations, judicial acts or decisions, judgments, orders, proclamations, directives, executive orders or other binding sovereign acts of the State other than this Contract.

LEITI has the meaning given in Article 8.7.

Liberian Default Interest Rate means an annual interest rate equal to the US\$ LIBOR three (3) month rate as quoted by the Financial Times plus seven percent (7%) as adjusted quarterly based on the US\$ LIBOR three (3) month rate published on the last business day of the previous Calendar Quarter. If such US\$ LIBOR rate is no longer quoted by the Financial Times, the parties shall agree upon a functionally and substantively similar replacement reference.

Liberian Interest Rate means an annual interest rate equal to the US\$ LIBOR ten (10) year swap rate as published by the Financial Times plus four percent (4%) as adjusted quarterly based on the US\$ LIBOR ten (10) year swap rate published on the last business day of the previous Calendar Quarter. The US\$ ten (10) year swap rate shall be the mid-point between the bid and ask rates quoted by the Financial Times. If such US\$ LIBOR rate is no longer quoted by the Financial Times, the parties shall agree upon a functionally and substantively similar replacement reference.

Marine Pollution means the introduction by the Contractor, any subcontractor or any Person acting on behalf of the Contractor or any subcontractor, directly or indirectly, of substances or energy, including toxic waste, oil spills or any other solids, liquids or gases into the marine environment (including estuaries) in such deleterious quantities as to harm living resources, create hazard to human health, hinder marine activities including fishing and navigation, impair quality for use of sea-water, or reduce amenities.

Market Price is determined as provided in Article 18.

Minister of Finance means the Minister of Finance of the Republic of Liberia from time to time or any successor ministry or Person.

Minister of Justice means the Minister of Justice of the Republic of Liberia from time to time or any successor ministry or Person.

Mortgage means a mortgage, charge or other lien or encumbrance on (a) any of the right, title and interest in this Contract of any Person participating in the Contractor or (b) any property of the Contractor or any Person participating in the Contractor

for the purpose of Petroleum Operations that is attached or tethered to the ground or the sea bed, or otherwise is an integral component of the installations, fixtures and equipment that recover Petroleum from under the sea bed, process it, store it and transmit it to a Delivery Point and any related licenses or similar grant of rights to intellectual property used in connection with such assets; the property subject to a Mortgage is “**Mortgaged Property**”; and the holder of a Mortgage is a “**Mortgagee**”.

Natural Gas means methane, ethane, propane, butane and dry or wet gaseous hydrocarbons, whether or not associated with Crude Oil, as well as all gaseous products extracted in association with petroleum, such as, without limitation, nitrogen, hydrogen sulfide, carbon dioxide, helium and water vapor.

Natural Gas Market Price is determined as provided in Article 21.

Non-Associated Natural Gas means Natural Gas other than Associated Natural Gas.

Notice has the meaning given in Article 37.1.

Operator means the entity designated as Operator pursuant to Article 1.3 and any Person subsequently participating in the Contractor approved as Operator under Article 1.3.

Original Contract means that certain Production Sharing Contract, entered into by the National Transitional Government of Liberia on 16 June 2005 and as amended and approved on 16 April 2007 and published in handbills on 22 May 2007, relating to Block LB-13 (as defined in the Original Contract) between The Republic of Liberia, represented for the purposes of the agreement by NOCAL and Peppercoast Petroleum Plc (formerly named Broadway Consolidated Plc), a company incorporated in the jurisdiction of The Isle of Man, such Original Contract term running from the publication of the above mentioned handbill and ending on the Trigger Event Date.

Parties means the State, NOCAL and each Person participating from time to time in the Contractor; and Party means any of these entities.

Permitted Transferee is a Person who (i) is not a Prohibited Person, does not have an officer or director who is a Prohibited Person, and is not Controlled by a Prohibited Person, and (ii) as to which no Person or Persons holding as a Group (x) in excess of five percent (5%) of the voting rights ordinarily empowered to Control the management of such Person or (y) in excess of five percent (5%) of the rights to share in the profits of such Person is or are Prohibited Persons.

Person means any natural person and any partnership, incorporated joint venture, corporation, limited liability company, trust, estate or other organization or entity, and any branch, division, political sub-division, instrumentality, authority or agency of any government or state.

Petroleum means Crude Oil and Natural Gas.

Petroleum Cost Account has the meaning given in the accounting procedure in Annex II.

Petroleum Costs means all expenditures and costs actually incurred and paid by the Contractor for the purposes of the Petroleum Operations, other than those excluded from recovery in accordance with this Contract, including Annex II.

Petroleum Law means the Petroleum Law of the Republic of Liberia, published by authority of the Ministry of Foreign Affairs on 2 July 2002, or any successor law, as either may be amended from time to time.

Petroleum Operations means all the Petroleum exploration, appraisal, development, production, handling, storage, processing and upstream transportation and marketing operations, and more generally, any other operations approved by NOCAL and directly associated therewith, carried out by or on behalf of the Contractor under this Contract.

Prohibited Person is a Person (i) identified as such in published and readily available regulations issued under the authority of the Ministry of Finance and the Ministry of Justice and applicable to the holders of Liberia Petroleum rights, or (ii) who has been identified as being subject to sanctions by any member organization of which the State is a member, or (iii) who has been identified by the Minister of Justice after a hearing as a Person that would pose a serious risk to the national security, public health and safety or the economic or political stability of the State. A “**Prohibited Person**” also includes any Person that issues bearer shares or other instruments to evidence ownership of such Person that do not permit such Person to identify the owners of such shares or other instruments.

Remaining Natural Gas Production has the meaning given in Article 16.5.

Remaining Oil Production has the meaning given in Article 16.4.

Revenue Code means Revenue Code of Liberia of 2000 and the Consolidated Tax Amendment Act 2010 and the regulations made thereunder as from time to time modified, amended or supplemented, except as expressly provided herein.

SHE has the meaning given in Article 6.4.

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State means the Republic of Liberia, including all of the branches, divisions, Counties, ministries, national directorates, departments, national institutes, provincial government, provincial directorates, commissions, agencies, national, regional, provincial, municipal or local authorities thereof under the direct or indirect control of the government of the Republic of Liberia.

Transfer means and includes a partial or whole, direct or indirect (by way of a Change of Control of any Person or otherwise), sale, assignment, pledge, mortgage or other transfer, by operation of law or otherwise, of any right, title and interest in the Contract. By way of example and not limitation, each of the following constitutes a “Transfer”:

- (1) a transaction in which the ultimate owner of a Person participating in the Contractor merges with another Person with the other Person being the survivor of the merger;
- (2) a transaction in which a Person participating in the Contractor merges with another Person, with the first Person being the survivor but as a result of the merger a Change of Control has occurred with respect to such first Person.

Trigger Events means the events listed in (1) to (6) of Article 40.5.

Trigger Event Date means the date on which Trigger Event Satisfaction occurs.

Trigger Event Satisfaction has the meaning given in Article 40.2.

Total Production means the total production of Crude Oil or the total production of Natural Gas obtained from the whole Delimited Area (or the total production of both Crude Oil and Natural Gas obtained from the whole Delimited Area, if the context so requires) less the quantities used for the requirements of the Petroleum Operations and any unavoidable losses, including permitted flared or re-injected Natural Gas.

Wholly-Owned Subsidiary means, as to any Person, any other Person in which such first Person or one (1) or more of its Wholly-Owned Subsidiaries or such first Person and one (1) or more of its Wholly-Owned Subsidiaries owns all of the equity and voting interests (except director’s qualifying shares).

- 1.2 The obligations and liabilities of the Contractor under this Contract are the obligations and liabilities of all Persons participating in the Contractor from time to time, jointly and severally, save as otherwise agreed under the terms of this Contract.

- 1.3 There shall at all times be an Operator appointed by the Contractor.
- (a) The appointment of an Operator by the Contractor shall be subject to prior approval by NOCAL. The initial Operator approved by NOCAL is ExxonMobil. Any change in the Operator shall be subject to the prior written approval of NOCAL.
 - (b) Except with the prior written approval of NOCAL, the Contractor shall not permit any person other than the Operator approved under this Article 1.3 to exercise any function of the Contractor under this Contract save that the Operator may subcontract its obligations under this Contract to reputable and financially responsible Persons in accordance with Good International Petroleum Industry Practice. No such subcontracting shall relieve the Contractor of any of its obligations or liabilities under this Contract or shall require NOCAL to deal with any such subcontractor, and the acts and omission of any such subcontractor shall be deemed the acts and omissions of the Contractor.
 - (c) For all purposes of this Contract (i) the Operator shall represent the Contractor, and NOCAL may look solely to and rely solely upon the Operator for the performance of all of the obligations and discharge of all of the liabilities of the Contractor under this Contract, and (ii) the obligations, liabilities, acts and omissions of the Operator are the obligations, liabilities, acts and omissions of the Contractor. Notwithstanding the foregoing, the Persons participating in the Contractor are jointly and severally liable for the performance of the obligations of the Contractor under this Contract as provided in Article 1.2.
 - (d) The Operator shall under this Contract establish an office located in Monrovia, Liberia within one hundred and eighty (180) days from the Effective Date, or upon cause shown, a later date approved by NOCAL.
 - (e) If, after Notice to the Contractor, NOCAL demonstrates on reasonable grounds that the Person then serving as Operator is no longer financially or technically capable of performing the obligations or discharging the liabilities of the Contractor, NOCAL may, by Notice to such Person and to the Contractor, revoke its approval, and the Contractor shall within one hundred and eighty (180) days thereafter designate a new financially and technically responsible Person as Operator which shall be reasonably satisfactory to NOCAL. If such Person is not a Person participating in the Contractor, it must become such prior to being designated the Operator.

ARTICLE 2

SCOPE OF THE CONTRACT

2.1 This Contract is a Production Sharing Contract as provided for under Article 7.1 of the Liberian Petroleum Law. This Contract includes all the provisions of the agreement between NOCAL and the State, on the one hand, and the Contractor on the other, and as from the Trigger Event Date restates and amends the Original Contract. The Parties expressly acknowledge and agree that:

- (a) all relevant obligations and liabilities of each of (i) the contractor under or pursuant to the Original Contract and (ii) NOCAL and the State under or pursuant to the Original Contract to be performed prior to or on the Trigger Event Date have been or are deemed performed or discharged, including without limitation the work commitments for the first exploration period. NOCAL and the State hereby waive any claim, demand, action or proceeding of whatsoever nature against the Contractor under this restated and amended Contract or any Person Participating in the Contractor (including any guarantor of the Contractor or Person participating in the Contractor) under this restated and amended Contract in relation to any matter arising out of or in connection with the Original Contract including any breaches of Law related thereto and neither the Contractor nor any Person participating in the Contractor (including any guarantor of the Contractor or any Person participating in the Contractor) under this restated and amended Contract shall have any liability whether in contract or in law or otherwise for any matter arising out of or in connection with the Original Contract or breaches of Law in relation thereto; and
- (b) no irregularities or failures in the issuance, approval or performance of the Original Contract will be deemed attributable under Law to the Contractor or any Person participating in the Contractor, or may be the basis for any claim, demand, action or proceeding against the Contractor or against any Person participating in the Contractor or for any claim, demand, action or proceeding challenging the validity of this restated and amended Contract or the entitlement of the Contractor to any of the rights or benefits set forth in this restated and amended Contract.

No Persons other than the Contractor under this restated and amended Contract and the Persons participating in the Contractor (including any guarantor of the Contractor or Person participating in the Contractor) under this restated and amended Contract are entitled to the benefit of this Article 2.1.

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- 2.2 NOCAL authorizes the Contractor to carry out the useful and necessary Petroleum Operations in the Delimited Area on an exclusive basis, unless otherwise provided in this Contract.
- 2.3 The Contractor undertakes, for all the work necessary for carrying out the Petroleum Operations provided for hereunder, to comply with Good International Petroleum Industry Practice and to be subject to Law unless otherwise provided under this Contract.
- 2.4 The Contractor shall supply all financial and technical means necessary for the proper performance of the Petroleum Operations.
- 2.5 The Contractor shall bear alone the financial risk associated with the performance of the Petroleum Operations. The Petroleum Costs related thereto shall be recoverable by the Contractor in accordance with the provisions of Article 16.3 and Annex II.
- 2.6 During the term hereof, in the event of production, the Total Production arising from the Petroleum Operations shall be shared according to the terms set forth in this Contract.
- 2.7 On the Effective Date, the Delimited Area shall be the area as defined in Annex I.
- 2.8 This Contract only authorizes the Contractor to engage in Petroleum Operations and no expenditure in respect of other activities shall be a Petroleum Cost.
- 2.9 This Contract does not authorize the Contractor to explore, exploit, or otherwise benefit from natural resources other than Petroleum in the Delimited Area.
- 2.10 NOCAL and the State confirm that the following transactions be and they are hereby approved:
- (a) Transfer by Peppercoast Petroleum Plc to COPL of its one hundred percent (100%) contractor's interest in the Original Contract;
 - (b) Transfer by COPL to ExxonMobil of eighty percent (80%) of its one hundred percent (100%) contractor's interest in the Original Contract; and
 - (c) execution of this Contract by the Parties and, effective on the Trigger Event Date, the resulting restatement and amendment of the Original Contract so that the agreement among the Parties reads in its entirety as set forth in this Contract.

ARTICLE 3

DURATION OF EXPLORATION PERIODS AND SURRENDERS

- 3.1 The exclusive exploration authorization is hereby granted to the Contractor for a period of five (5) consecutive years from the Effective Date defined by two (2) consecutive periods. Such period of five (5) years shall follow the first exploration period which shall be deemed to have expired on the Effective Date. This five (5) year period shall consist of a second exploration period of three (3) Contract Years and a third exploration period of two (2) Contract Years in respect of the entire Delimited Area.
- 3.2 If during the second exploration period set forth above the Contractor has fulfilled the exploration work commitments for such period defined in Article 4, the exclusive exploration authorization shall, at the Contractor's request, be renewed for a third exploration period of two (2) Contract Years.
- 3.3 The application referred to in Article 3.2 shall be made in writing to NOCAL at least forty-five (45) days prior to the expiration of the second exploration period.
- 3.4 The Contractor shall surrender at least thirty-three percent (33%) of the surface area of the Delimited Area, as it exists on the Effective Date, at the expiration of the second exploration period. Such surrender is equivalent to twenty-five percent (25%) of the surface area covered by the Original Contract.

Such surrender shall constitute a single block delimited by north-south and east-west line segments or by the boundaries of the Delimited Area, with no segment less than two (2) kilometers long. The Contractor may with the prior consent of NOCAL surrender separate blocks in order to preserve within the remaining Delimited Area locations the Contractor reasonably believes are prospective. Such consent shall not be unreasonably withheld.

For the purpose of computing the surface to be surrendered, the surface in respect of any Appraisal Perimeter or Exploitation Perimeter shall be deducted from the surface of the Delimited Area.

Should any area be surrendered pursuant to the optional surrender provisions of Article 3.5 prior to the surrender contemplated by this Article 3.4, the surfaces previously surrendered pursuant to the provisions of Article 3.5 shall be considered as a part of the Article 3.4 surrender such that the total amount surrendered under Articles 3.4 and 3.5 may be combined to meet the thirty-three percent (33%) requirement.

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Subject to its compliance with the above-mentioned requirements, the Contractor shall have the right to determine the area to be surrendered.

The Contractor shall furnish NOCAL within thirty (30) days prior to the end of each exploration period (as such period may be extended as otherwise provided in this Contract by virtue of a well in progress at the end of such period) with a Notice of surrender containing a precise description of the proposed areas to be surrendered and retained and a map showing the details of those areas. The Contractor's proposal shall be deemed accepted if NOCAL does not object within twenty (20) days. Within sixty (60) days after the end of each exploration period the Contractor shall deliver to NOCAL (i) a report specifying the work carried out in the surrendered areas from the Effective Date, (ii) all seismic and other data obtained with respect to the surrendered areas, and (iii) a technical evaluation of the surrendered areas performed by or for the Contractor, in each case to the extent not previously delivered to NOCAL.

- 3.5 The Contractor may at any time, on not less than sixty (60) days' prior Notice to NOCAL surrender any part of the Delimited Area. The Notice of surrender, the information, maps reports and data delivered in connection therewith, and, if the surrendered area is less than the total remaining Delimited Area, the shape of the surrendered area shall all comply with the requirements of Article 3.4.

No surrender during or at the expiration of any exploration period shall reduce the work commitment and the investment obligations set forth in Article 4 for that exploration period.

- 3.6 In the event of the surrender of any portion of the Delimited Area or at the expiration of the third exploration period, the Contractor shall have the exclusive right to retain, for their respective terms, any surfaces in respect of Appraisal Perimeters and Exploitation Perimeters which have been granted or which have been duly applied for by the Contractor at the time of the surrender or expiration and to carry out appropriate Petroleum Operations therein and with respect thereto.
- 3.7 At the expiration of the third exploration period set forth in Article 3.2, the Contractor shall surrender the whole remaining surface of the Delimited Area except as provided in Article 3.6, and shall comply with the last paragraph of Article 3.4 with respect to the areas so surrendered.
- 3.8 If at the expiration of all the exploration periods the Contractor has not obtained and is not in the process of duly applying for an exclusive appraisal authorization or an exclusive exploitation authorization, this Contract shall terminate.

If an exploratory well is operating at the expiry of an exploration period, then NOCAL shall grant the Contractor an extension of the exclusive exploration

authorization in order to evaluate the results of the well. Such extension shall be no longer than is technically justified, and shall in any event expire sixty (60) days after the exploratory well is terminated and the rig released.

- 3.9 The termination of this Contract, whatever the reason thereof, shall not relieve the Contractor or NOCAL from the performance of any obligations or the discharge of any liabilities under this Contract that were to be performed or that accrued prior to the termination of this Contract, that arose because of the termination, or that by the terms of this Contract are to be performed or discharged after termination. If this Contract is terminated by reason of Force Majeure, the Contractor is relieved from the performance of its obligations other than those obligations that survive termination set forth in Article 38.9 the performance of which is not itself prevented by reason of Force Majeure.
- 3.10 In addition to any other provision for the extension of an exploration period contained in this Contract, NOCAL may at any time extend any exploration period for good cause shown by up to six (6) months so long as the total exploration period available under this Contract is not extended pursuant to this Article 3.10 by more than twelve (12) months.

ARTICLE 4

EXPLORATION WORK COMMITMENTS

- 4.1 The Contractor, during the second exploration period defined in Article 3.1, shall carry out a minimum work program at a cost of no less than ten million Dollars (US\$10,000,000) including a thorough analysis in accordance with Good International Petroleum Industry Practice of the three dimensional seismic data licensed by the contractor under the Original Contract in order to fulfill the first exploration period minimum work program under the Original Contract and a commitment to drill one (1) exploration well.
- 4.2 The Contractor, during the third exploration period defined in Article 3.1, shall carry out a minimum work program at a cost of no less than ten million Dollars (US\$10,000,000) including a thorough analysis in accordance with Good International Petroleum Industry Practice of all data obtained from the work done through the second exploration period, to the extent not theretofore completed, and a commitment to drill one (1) exploration well.
- 4.3 Each of the exploratory wells shall be drilled to a minimum depth of two thousand (2,000) meters, after deduction of the water depth, or to a lesser depth if the

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continuation of drilling performed in accordance with Good International Petroleum Industry Practice is prevented for any of the following reasons:

- (a) the basement is encountered at a lesser depth than the minimum contractual depth;
- (b) continuation of drilling presents an obvious danger due to the existence of abnormal formation pressure;
- (c) rock formations are encountered the hardness of which prevents, in practice, the continuation of drilling by the use of appropriate equipment; or
- (d) Petroleum formations are encountered the crossing of which requires, for their protection, the laying of casings preventing the minimum contractual depth from being reached.

In the event that any of the above reasons occurs, the exploratory well shall be deemed to have been drilled to the minimum contractual depth.

Notwithstanding any provision in this Article 4 to the contrary, NOCAL and the Contractor may, at any time, for good cause shown agree to abandon the drilling of a well at a lesser depth than the minimum contractual depth.

- 4.4 The Contractor will make the expenditure necessary in order to carry out the exploration drilling defined in Articles 4.1 and 4.2 and the related work programs in the best technical conditions in accordance with Good International Petroleum Industry Practice without regard to the expenditure amounts referred to in Articles 4.1 and 4.2.
- 4.5 If during the exploration period the Contractor has performed its work commitments for an amount lesser than the amount specified above, it shall be deemed to have fulfilled its investment obligations relating to that period. Conversely, the Contractor shall perform the entirety of its work commitments set forth in respect of an exploration period even if it results in exceeding the amount specified above for that period.
- 4.6 If at the expiration of any of the two (2) exploration periods defined in Article 3 or upon the date of surrender of the whole Delimited Area, or upon the date of termination of this Contract, whichever is earlier, the Contractor has not fulfilled its applicable work commitments set forth in this Article, it shall pay as compensation to NOCAL, within thirty (30) days after that date of expiration, surrender or termination, the unspent balance of the minimum exploration work commitments amount above-defined for the current exploration period.

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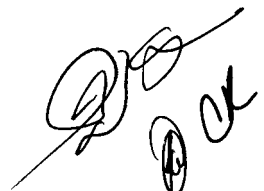
- 4.7 If the number of exploration wells drilled by the Contractor and/or the amount of seismic and other data and samples acquired and analyzed or reanalyzed or reprocessed during any exploration period in accordance with an approved Annual Work Program or otherwise approved by NOCAL exceed the number of wells and/or the amount of seismic and other data and samples provided for in the work commitment for that period, as specified in this Article 4, the number of additional exploration wells drilled and/or the amount of seismic data acquired and analyzed or reanalyzed or reprocessed by the Contractor during such exploration period may be carried forward and treated as a credit towards work undertaken in discharge of the Contractor's commitment for any following exploration period to drill exploration wells or to acquire and analyze or reanalyze or reprocess seismic and other data and samples acquired.

ARTICLE 5

ESTABLISHMENT AND APPROVAL OF ANNUAL WORK PROGRAMS AND BUDGETS

- 5.1 At least three (3) months before the beginning of each Calendar Year, or for the first year, within one (1) month from the Trigger Event Date, the Contractor shall prepare and submit for approval to NOCAL an Annual Work Program together with the related Budget for the entire Delimited Area, specifying in reasonable detail the Petroleum Operations that the Contractor proposes to perform during that Calendar Year and the budgeted cost for each identified component of such Petroleum Operations.
- 5.2 If NOCAL wishes to propose any revisions or modifications to the Petroleum Operations specified in said Annual Work Program, it shall, within thirty (30) days after receipt of that Program, so notify the Contractor, presenting all justifications deemed useful. In that event, NOCAL and the Contractor shall meet as soon as possible to consider the proposed revisions or modifications and to mutually establish in good faith the Annual Work Program and the related Budget in its final form, in accordance with Good International Petroleum Industry Practice. The Annual Work Program and the related Budget established pursuant to the above meeting shall be deemed to be approved provided that compliance with the obligations set forth in Article 4 and the requirements of Article 5.1 is demonstrated.

The Contractor may not spend more than one hundred and ten percent (110%) of the amount originally allocated to any line item in an approved Annual Work Program Budget, or more than one hundred and five percent (105%) of the total amount set forth in an approved Annual Work Program Budget without an

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appropriate amendment to the approved Annual Work Program and the related Budget unless the increased expenditure (i) is required to respond to health, safety or environmental protection concerns or to mitigate the adverse effects of a force majeure event, or (ii) is in performance of an approved item in the Annual Work Program and is caused by circumstances reasonably beyond the Contractor's control, or (iii) is otherwise approved by NOCAL. NOCAL may after giving the Contractor an opportunity to be heard determine that all or some portion of the excess expenditure is not cost recoverable.

- 5.3 If NOCAL fails to notify the Contractor of its wish for revision or modification of the initial submission of an Annual Work Program and related Budget within the thirty (30) day period provided in Article 5.2, then such Annual Work Program and the related Budget submitted by the Contractor shall be deemed approved by NOCAL.

Whenever the Contractor desires to make changes to an approved (or deemed approved) Annual Work Program and/or the related Budget not permitted under clause (i) or (ii) of the second paragraph of Article 5.2, it shall submit the proposed changes and their justification to NOCAL. If NOCAL fails to object to the proposed changes within twenty one (21) days, the changes shall be deemed approved by NOCAL. However, if it is commercially impractical or technically imprudent to wait twenty one (21) days for a decision, the change involves only an increase in the budget for a line item in an approved Budget, the expenditure is in accordance with Good International Petroleum Industry Practice, and the submission is conspicuously labeled "HIGH PRIORITY – PROMPT RESPONSE REQUIRED," the Contractor's submission shall state the time within which a decision is commercially or technically necessary and the expenditure shall be deemed approved if NOCAL does not respond within the greater of five (5) days and the time period for response stated in such submission.

- 5.4 Whenever NOCAL is required to exercise its discretion under this Contract or NOCAL's approval is required under this Contract, in either case under circumstances in which this Contract or applicable Law does not prescribe a different basis for decision, NOCAL shall exercise its discretion or grant its approval on the basis of the efficient and economic conduct of Petroleum Operations in respect of the Delimited Area in accordance with Good International Petroleum Industry Practice.
- 5.5 At the Trigger Event Date NOCAL and the Contractor shall form a Joint Operations Committee ("JOC") consisting of not more than three (3) members appointed by NOCAL and not more than three (3) members appointed by the Operator. The purpose of this JOC will be to review present and future Petroleum Operations and report jointly to NOCAL and the Contractor, and to carry out these functions expressly assigned to it under this Contract.

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- 5.6 The JOC shall meet twice every Calendar Year or as otherwise agreed by NOCAL and the Operator at such locations as may be agreed by Operator and NOCAL. No meeting of the JOC shall be held unless two (2) members each appointed by the Contractor and NOCAL are present. The members appointed by the Contractor shall each be employed by the Operator or Affiliates of the Operator. If the Operator agrees, an individual designated by the entities other than the Operator participating in the Contractor may attend solely as a non-participating observer.
- 5.7 The Contractor shall appoint the first chairperson of the JOC who shall hold office until the second anniversary of the Effective Date. Thereafter, NOCAL and the Contractor shall have the alternating right to nominate a chairperson of the JOC who shall hold office for a period of two (2) years. The individual appointed as the chairperson shall be one (1) of the six (6) members of the JOC.
- 5.8 The Contractor and NOCAL will each bear any travel and lodging costs of their respective JOC members as well as their respective costs, which shall not be Petroleum Costs; provided, however that the cost of having technical or other experts attend any such meeting for the purpose of advising on issues properly before the meeting shall be borne by the Contractor and shall constitute Petroleum Costs.

ARTICLE 6

CONTRACTOR'S OBLIGATIONS IN RESPECT OF THE EXPLORATION PERIODS; CONTRACTOR'S SAFETY, HEALTH, ENVIRONMENTAL AND SOCIAL OBLIGATIONS

- 6.1 The Contractor shall provide all the necessary funds and purchase or hire all the equipment, facilities and materials required to carry out the Petroleum Operations.
- 6.2 The Contractor shall provide all technical assistance, including the personnel required to carry out the Petroleum Operations.
- 6.3 The Contractor shall be responsible for the preparation and performance of the Annual Work Programs which shall be carried out in the most appropriate manner in observance of Good International Petroleum Industry Practice.
- 6.4 With the goal of achieving safe and reliable operations in compliance with applicable Safety, Health and Environment ("SHE") Laws (including avoiding significant and unintended impact on the safety or health of people, on property,

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or on the environment), the Contractor shall in the conduct of Petroleum Operations:

- (a) establish and implement a SHE plan in a manner consistent with standards and procedures generally followed in the international petroleum industry under similar circumstances;
 - (b) design and operate Petroleum Operations consistent with the SHE plan; and
 - (c) conform with locally applicable SHE Laws and other SHE-related statutory requirements that may apply.
- 6.5 NOCAL and/or EPA may from time to time review details of the Contractor's SHE plan and the Contractor's implementation thereof without regard to whether such plan has been previously approved. The Contractor will on request discuss with NOCAL or EPA any changes NOCAL or EPA recommends or believes necessary to comply with applicable Law.
- 6.6 In the conduct of Petroleum Operations, the Contractor shall establish and implement a program for regular SHE assessments. The purpose of such assessments is to periodically review SHE systems and procedures, including actual practice and performance, to verify that the SHE plan is being implemented in accordance with the policies and standards of the SHE plan. The Contractor shall, at a minimum, conduct such an assessment before entering into significant new Petroleum Operations and before undertaking any major changes to existing Petroleum Operations. Upon reasonable Notice given to the Contractor, NOCAL shall have the right to participate in such SHE assessments.
- 6.7 The Contractor shall make all reasonable efforts to require its contractors, consultants and agents undertaking Petroleum Operations to manage SHE risks in a manner consistent with the requirements of this Article 6 and the Contractor's SHE plan.
- 6.8 The Contractor shall establish and enforce rules consistent with those generally followed in the international petroleum industry under similar circumstances concerning the control of the use of drugs, alcohol firearms, ammunition, explosives and weapons.
- 6.9 Without limitation of the obligations of the Contractor under Article 6.4 through Article 6.8, the Contractor undertakes to take all the reasonable and practical steps to:
- (a) ensure the protection of water-bearing strata encountered during its work;

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- (b) carry out the necessary tests in accordance with Good International Petroleum Industry Practice for determining the value of any show encountered during drilling and the exploitability of any possible Petroleum discoveries;
- (c) avoid losses, spills and unplanned discharges of Petroleum, produced waters, chemicals or any other product used in the Petroleum Operations;
- (d) take reasonable preventative and corrective measures in accordance with Good International Petroleum Industry Environmental Practice to avoid Marine Pollution resulting from the conduct of Petroleum Operations and otherwise to protect the environment from pollution, contamination or impact beyond that anticipated in the relevant ESIA and ESMP resulting from Petroleum Operations; and
- (e) evaluate any Marine Pollution, pollution, contamination or other unanticipated impact on the environment resulting from Petroleum Operations and rectify as economically as practical after consultation with the EPA and other State agencies required by Law on the actions to be taken.

With respect to clause (c) above, discharges during Petroleum Operations shall be in accordance with Liberian regulations including An Act Adopting the Environment Protection and Management Law of the Republic of Liberia, and in the absence of discharge regulations or licensing requirements or if the regulations have not been promulgated, discharges shall be in accordance with Good International Petroleum Industry Environmental Practice.

6.10 The Contractor shall,

- (a) At the times and covering the matters set forth below in this clause (a), submit to NOCAL and the EPA an Environmental and Social Impact Assessment (“ESIA”) satisfying the requirements of An Act Adopting the Environment Protection and Management Law of the Republic of Liberia Part III or generally applicable Law then in effect, the Republic of Liberia EPA Environmental Impact Assessment Procedural Guidelines (the “EIA Guidance”), and Good International Petroleum Industry Environmental Practice. In accordance with Law (currently Section 3.2.9 of the EIA Guidance), special emphasis should be placed on the development of a thorough Environmental and Social Management Plan (“ESMP”) responsive to the issues identified in the ESIA. Each of the ESIA and ESMP shall be presented in a manner that makes it possible for the reader readily to separate environmental issues from socio-economic issues, such as those discussed in Section 3.2.7 of the EIA Guidance.

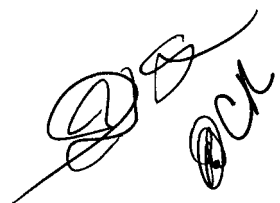
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The ESIA and ESMP shall be submitted:

- (i) sufficiently prior to exploration activities, including any seismic or drilling work, such that final approvals under the Law can be obtained prior to the start of work; and
- (ii) sufficiently prior to development and production such that all final approvals under the Law can be obtained prior to the start of construction.

Unless provided otherwise in the Law, seismic and drilling ESIA and ESMPs shall be prepared for the exploration phase. Unless provided otherwise in the Law, the exploration seismic and drilling ESIA and ESMP shall include all wells anticipated prior to declaration of commerciality and if required be updated for appraisal activities. Unless provided otherwise in Law, the development and production ESIA and ESMP shall include an assessment of all subsequent development, production, operations, support and export plans.

- (b) Each ESIA and ESMP submitted pursuant to Article 6.10 (a) shall take account of the possible at-sea, coastal and on-shore issues arising from the Petroleum Operations to be covered by such ESIA and ESMP.
- (c) The Contractor shall submit to NOCAL and the EPA modifications to the then-current ESIA and ESMP whenever necessary to reflect material changes in conditions not anticipated in the then current ESIA and ESMP or material changes in Good International Petroleum Industry Environmental Practice not reflected in the current ESIA and ESMP. The updates shall be prepared in the screening format to identify possible additional risks for the EPA to determine the extent of additional assessments, if any.
- (d) Each ESMP must comply with applicable Law and Good International Petroleum Industry Environmental Practice and must at a minimum (i) set forth detailed plans consistent with the relevant ESIA for the mitigation of environmental harm attributable to, and the restoration or remediation of the environment to the extent affected by, the implementation of the exploration, appraisal or development and production program, as the case may be, and (ii) set forth detailed plans or procedures for limiting adverse socio-economic consequences from the exploration, appraisal or development and production program, as the case may be. If any aspect of the proposed Petroleum Operations to be covered by a particular ESIA and ESMP can reasonably be expected to require the relocation of residents or the taking of subsistence agricultural land, or the development of one or

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more new communities, the environmental and socio-economic components of the ESIA and the ESMP shall be presented as separate documents; in addition, if any aspect of the proposed Petroleum Operations to be covered by a particular ESIA and ESMP can reasonably be expected to require the relocation of residents or the taking of subsistence agricultural land, the socio-economic component of the ESMP must include a Resettlement Action Plan (“RAP”) component. The RAP must provide for (but not be limited to) suitable area(s) of resettlement with key emphasis on suitability of shelter and livelihood continuity, full compensation and obtaining informed consent.

- (e) An Abandonment Plan (an “**Abandonment Plan**”) based on applicable Law and Good International Petroleum Industry Practice at the time of plan submission shall be provided with each ESMP. The exploration Abandonment Plan shall address the abandonment of exploration wells. The development and production Abandonment Plan shall address the abandonment of the facilities contemplated by the relevant development and production plan in accordance with Good International Petroleum Industry Practice. The development and production Abandonment Plan shall focus on abandonment upon the end of the useful life of the Field or Fields covered by the proposed development and production plan.

Each Abandonment Plan shall be approved by NOCAL and as may otherwise be required by Law and shall provide for the remediation or restoration of the Delimited Area and all onshore areas that were utilized for Petroleum Operations (whether utilized by the Contractor, its Affiliates, or third party suppliers or contractors) in each case in accordance with applicable Law and Good International Petroleum Industry Environmental Practice. Subject to the above, each Abandonment Plan may permit the Contractor to leave offshore installations in place if such installations will not endanger navigation. It is the responsibility of NOCAL to consult and obtain the views of the Liberian Maritime Authority with respect to navigational issues posed by any offshore installations proposed to be left in place. If there is a disagreement between NOCAL and the Contractor as to the identification of offshore facilities that may be left in place, NOCAL and the Contractor shall submit the disagreement to Expert Determination in accordance with Article 31.9.

- (f) The Contractor’s liability for decommissioning and abandonment of Fields is provided for in Article 20; however, the Contractor shall have no liability to restore on-shore sites that:
 - (i) are suitable for continued use by third parties for their intended purposes,

- (ii) are free from pollution or other contamination that would require remediation under applicable Law, and
- (iii) are transferred to or then owned by third parties that have committed to the continued productive use of such properties for their intended purposes and that reasonably appear to have the financial capacity to do so.

Nothing in this Article 6.10 limits the Contractor liability for any adverse environmental impact (in excess of any that may have been identified in the ESIA or ESMP as acceptable) that is attributable to actions or culpable inaction of the Contractor, its subcontractors or agents occurring prior to the transfer of assets.

- (g) Each Abandonment Plan included within an ESMP submitted pursuant to this Article 6.10 must include an assessment of risks and any uncertainties associated with the stage of the Petroleum Operations covered by such ESMP, identify the preferred abandonment option for such operations, summarize the reasons for the selection of the preferred abandonment option, address the social aspects of abandonment and rehabilitation, and provide a process for participation by the relevant community and other stakeholders in abandonment management and monitoring.
- (h) Public hearings and public consultations in support of the ESIA and the ESMP process shall be in accordance with An Act Adopting the Environment Protection and Management Law of the Republic of Liberia Part III Section 18 and the EIA Guidelines. The hearings and consultations shall be publicized and conducted in accordance with generally applicable regulations. The Contractor shall make and publish a record of:
 - (i) the means taken to publicize the hearings;
 - (ii) an indication of the numbers of persons who attended each such hearing and their affiliations;
 - (iii) a summary of the issues raised at each such hearing; and
 - (iv) a discussion of the actions taken by the Contractor in response to the issues raised at such hearings.

Whenever a public hearing is required to be held with respect to a proposed ESIA and ESMP pursuant to An Act Adopting the Environment Protection and Management Law the Law shall be deemed to require that such a hearing must be

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held in Monrovia, in the largest coastal town of each of Margibi and Grand Bassa Counties, and in the County seat of any County in which significant onshore installations are expected to be located. The EPA may by regulation set forth additional standards for the location of, notification of and conduct of such hearings.

- 6.11 The Contractor shall commission periodic environmental audits as required to ensure compliance of the Contractor with the ESMP. External audits will be in accordance with An Act Adopting the Environment Protection and Management Law of the Republic of Liberia Part III Section 25 and Good International Petroleum Industry Environmental Practice; however, sediment sampling for wells drilled shall not be required unless the engineer supervising the audit determines, on the basis of the facts and circumstances known or revealed at the time and after considering available alternative investigation techniques, that such sediment sampling would be prudent. The external audit shall be performed or supervised by an environmental engineer with at least ten (10) years of experience in making environmental compliance assessments and audits in the offshore petroleum industry. Such environmental engineer shall be selected by the Contractor and approved by EPA and NOCAL; failing such approval, the appointment of the environmental engineer shall be subject to Expert Determination in accordance with Article 31.9. The Contractor shall bear the cost of audits performed pursuant to this Article 6.11, and such costs shall constitute Petroleum Costs.
- 6.12 The Contractor shall require in its contracts with its subcontractors and suppliers that they comply with its ESIA, ESMP and other associated plans such as waste management plans and oil spill response plans that are required by Law. As between NOCAL and the Contractor, the Contractor is responsible for the consequence of any failure of any such subcontractor or supplier to comply with any such plan.
- 6.13 All works and facilities erected by the Contractor hereunder shall, according to their nature and to the circumstances, be built, placed, signaled, marked, fitted and preserved so as to allow at any time and in safety free passage to navigation, and without prejudice to the foregoing, the Contractor shall, in order to facilitate navigation, install the sound and optical devices approved or required by the competent authorities and Good International Petroleum Industry Practice and maintain them in a manner satisfactory to said authorities (and if there are no existing approved or required devices, shall utilize such devices as a prudent and careful operator would use in like circumstances).
- 6.14 In the exercise of its rights to build, carry out work and maintain all facilities necessary for the purposes hereof, the Contractor shall not disturb any existing graveyard or building used for religious purposes, or cause a nuisance to any

government or public building, except with the prior written consent of NOCAL and in compliance with an approved ESIA and ESMP, and shall make good the damage caused by it in that event.

- 6.15 NOCAL and the EPA or their authorized representatives shall have open access to the Delimited Area and the Contractor's installations related to Petroleum Operations with reasonable advance Notice in order to inspect the Contractor's compliance with the SHE plan, SHE practices and performance relative to the relevant ESIA(s) or ESMP(s). Such inspections shall not interfere in any material way with the Contractor's Petroleum Operations or be conducted in such a manner as to introduce SHE hazards. It is understood that "reasonable advance Notice" in the context of safety and similar inspections may be only such notice as to provide for safe transportation and the safety of the inspection or individuals involved in the inspection itself.

During such inspections the Contractor shall provide transportation, food and housing at the relevant locations to NOCAL and/or the EPA's representatives under the same conditions as it provides such transportation, food and housing to its own personnel. NOCAL and EPA representatives shall use the Contractor's transportation to offshore facilities within the Delimited Area to ensure the safety of the NOCAL and EPA representatives. Such transportation, food and housing costs shall be considered Petroleum Costs.

ARTICLE 7

CONTRACTOR'S RIGHTS IN RESPECT OF THE EXPLORATION PERIODS

- 7.1 Without prejudice to the provisions hereof, the Contractor shall have the right to carry out the Petroleum Operations within the Delimited Area. Such right includes, inter alia:
- (a) full responsibility for, management of and control over all the Petroleum Operations in accordance with this Contract; and
 - (b) authority to exercise any of the rights conferred hereby through Affiliates, agents and independent subcontractors, and to pay accordingly any of their expenses and costs in the place and in the currency chosen by the Contractor.
- 7.2 To the extent provided for in the then-current ESIA and ESMP, and in compliance with Law and Article 9 of this Contract, the Contractor shall have the right with respect to land use rights acquired by it to clear the ground, dig, perforate, drill,

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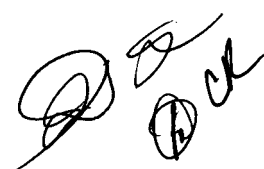
build, erect, place, supply, operate, manage and maintain ditches, pools, wells, trenches, excavations, dams, canals, water conduits, plants, tanks, basins, maritime and other storage facilities, primary distillation units, first extraction gasoline separator units, sulfur plants, Natural Gas liquefaction facilities and other facilities for Petroleum production, together with the pipelines, pumping stations, generator units, power plants, high voltage lines, telephone, telegraph, radio and other communication facilities, factories, warehouses, offices, employees' housing, hospitals, premises, ports, docks, harbors, dikes, jetties, dredges, sea walls, under water piers and other facilities, ships, vehicles, railways, warehouses, workshops, foundries, repair shops and all the auxiliary services which are necessary for or useful to the Petroleum Operations or in connection therewith; and all additional facilities which are or may become necessary for or reasonably subsidiary to the carrying out of the Petroleum Operations. Subject to Article 20, the Contractor is responsible to the extent set out in Law for all damage, including pollution and other environmental damage, caused to the owners or occupants of adjacent properties (including coastal properties) from the carrying out of Petroleum Operations or any of the foregoing activities in connection with Petroleum Operations.

- 7.3 The agents, employees and representatives of the Contractor or its subcontractors shall have the right, for the purposes of the Petroleum Operations, to enter into or leave the Delimited Area and shall have free access to all the facilities set up by the Contractor. The foregoing undertaking is not a guarantee that land use rights acquired by the Contractor from the State or third parties will have access to public rights of way. To the extent land owned by the State and not subject to conflicting uses is available for right of way purposes, the State will make such land available to the Contractor for such purposes under the terms of Article 9.
- 7.4 The Contractor may take or use the water necessary for the Petroleum Operations, provided that existing irrigation or navigation are not impaired and that land, houses or watering places for livestock are not deprived of a reasonable quantity of water. The Contractor shall keep NOCAL informed of the locations from which it is taking fresh water and the quantities taken.

ARTICLE 8

ACTIVITY REPORTS DURING THE EXPLORATION PERIODS AND SUPERVISION OF PETROLEUM OPERATIONS

- 8.1 Subject to the terms of Articles 8.6, 8.7 and 8.8, NOCAL shall own or have license rights to and may freely use all the original data and documents provided under this Contract relating to the Petroleum Operations such as, but without

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limitation, records, samples, geological, geophysical, petrophysical, drilling and operating reports. The Contractor shall have the right to use such original data and documents.

8.2 The Contractor undertakes to furnish NOCAL with the following periodic reports together with such other reports as may be reasonably required by NOCAL in regulations generally applicable to all offshore petroleum operations:

- (a) daily reports on drilling operations;
- (b) weekly reports on seismic operations;
- (c) within thirty (30) days after each Calendar Quarter, a report on the Petroleum Operations carried out together with a detailed statement on Petroleum Costs incurred and Petroleum Costs recovered in respect of the preceding Calendar Quarter; and
- (d) prior to the end of February of each Calendar Year, an annual report, certified that to the best of its knowledge, the information contained is complete and correct in all material respects and complies with the requirements of this Contract, on the Petroleum Operations carried out during the previous Calendar Year, together with a detailed statement, complying in all respects with the Contract, on Petroleum Costs incurred and Petroleum Costs recovered in respect of the preceding Calendar Year.

8.3 In addition, the following reports or documents acquired pursuant to Petroleum Operations shall be furnished to NOCAL as soon as they are prepared or obtained:

- (a) a copy of all geological surveys and syntheses together with the related maps;
- (b) a copy of all geophysical surveys, measurement and interpretation reports, map profiles, sections or other documents related thereto, as well as, at NOCAL's request, the originals or a true copy of all recorded seismic data where such is owned or licensed by the Contractor or NOCAL;
- (c) a copy of the drilling location and completion report for each well together with a complete set of recorded logs;
- (d) a copy of all drill tests or production tests together with any study relating to the flow or production of a well;
- (e) a copy of all reports relating to core analyses.

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- 8.4 A representative portion of the cores and cuttings removed from each well, as well as samples of fluids produced during drill tests or production tests shall also be supplied to NOCAL within a reasonable period after the materials involved become available to the Contractor. Where practical, all maps, sections, profiles, logs and all other geological or geophysical documents shall be supplied to NOCAL in an electronic format reasonably acceptable to NOCAL. No information provided shall be falsified. The Contractor shall upon request provide up to five (5) hard copies of any document submitted electronically in a word processing, spreadsheet or comparable format if such document can reasonably be presented and understood in a hard copy format.
- 8.5 The Contractor shall maintain the original samples and data related to Petroleum Operations in its custody and shall provide access to NOCAL or a representative of NOCAL not affiliated with another upstream oil company upon its request at reasonable times and locations. If such samples and data are not stored in Liberia, the cost of access shall be for the account of the Contractor as Petroleum Costs. Upon expiration or in the event of surrender or termination of this Contract, all such original samples and data related to Petroleum Operations not already provided to NOCAL shall be provided to NOCAL in Liberia at the cost of the Contractor.
- 8.6 The Contractor shall keep NOCAL informed of its activities through the duly designated representative of the latter. In particular, the Contractor shall notify NOCAL as soon as possible and in any event at least fifteen (15) days in advance of all projected Petroleum Operations, such as any geological surveys, seismic surveys, commencement of drilling and installation of a platform. In the event the Contractor decides to abandon a drilling operation, it shall notify NOCAL thereof within at least forty-eight (48) hours prior to such abandonment, unless operational safety demands a lesser notice period.
- 8.7 This Contract and all amendments and modifications of and supplements to this Contract are public documents. All financial information required to be disclosed under the Liberian Extractive Industries Transparency Initiative Act of 2009 ("LEITI") may be disclosed to the public. The Contractor may, and NOCAL and the State expect to, make public information relating to the timing and amount of royalties and other payments specifically due or paid under the terms of this Contract or of taxes, fees and other levies payable or paid by the Contractor, and relating to the rates at which royalties, taxes, fees and other levies become due or are assessed, as well as information (other than geological, reservoir engineering and other technical information) that is reasonably necessary in computing the amount of such royalties, taxes, fees and other levies becoming due within two (2) years from publication. The Contractor does not under this Article 8.7 have any obligation to make available for publication its estimates of production, revenues,

royalties, taxes, fees and other levies becoming due more than two (2) years in advance.

- 8.8 Save as set out in Article 8.7, all data, information, documents, reports and statistics including interpretation and analysis supplied by the Contractor to NOCAL or by NOCAL to the Contractor pursuant to this Contract (“**Confidential Information**”) shall be treated as confidential and shall not be disclosed by any Party or by the State to any other Person without the express written consent of the Contractor and NOCAL for a period of fifteen (15) years from receipt thereof by NOCAL or the Contractor as the case may be.

The confidentiality obligation set out in this Article 8.8 does not apply to any information or part thereof which:

- (a) is or becomes part of, the public domain otherwise than by breach of this Contract;
- (b) is lawfully obtained by NOCAL from another person without any restriction as to use and disclosure; or
- (c) was in NOCAL’s possession prior to disclosure to it by the Contractor.

- 8.9 The provisions of Article 8.8 shall not prevent disclosure

- (a) By NOCAL or the State:
 - (i) to any agency of the State or to any advisor or consultant to NOCAL;
 - (ii) to a bona fide potential assignee of all or part of NOCAL’s interest hereunder;
 - (iii) to banks, investors or other lending institutions for the purpose of seeking external financing;
 - (iv) for the purpose of complying with the State’s international obligations for the submission of statistics and related data;
 - (v) to the arbitrators in any proceeding under Article 31;
 - (vi) to any Person in the case of information relating to geological conditions beneath the seabed of areas surrendered by the Contractor, unless subject to an obligation of confidentiality to a third party disclosed to NOCAL at the time such information is delivered to NOCAL, after the later of the date of surrender and

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the second anniversary of the date of receipt by NOCAL of such information;

- (vii) to government agencies for obtaining necessary rulings, permits, licenses and approvals; and
 - (viii) as may be required by applicable law or financial stock exchange, accounting or reporting practices.
- (b) By the Contractor or by any Person participating in the Contractor:
- (i) to its Affiliates, advisors or consultants;
 - (ii) to a bona fide potential assignee of all or part of the Contractor's interest hereunder;
 - (iii) to banks, investors or other lending institutions for the purpose of seeking external financing;
 - (iv) to non-Affiliates who shall provide services for the Petroleum Operations, including subcontractors, vendors, and other service contractors, where this is essential for their provision of services;
 - (v) to government agencies for obtaining necessary rulings, permits, licenses and approvals;
 - (vi) as may be required by applicable law or financial stock exchange, accounting or reporting practices;
 - (vii) where Article 8.9(a)(vi) is applicable; or
 - (viii) to the arbitrators in any proceeding under Article 31.

Any Party disclosing Confidential Information to a third party under the terms of this Article 8.9, other than pursuant to any of Articles 8.9(a)(v), 8.9(a)(vi), 8.9(a)(vii), 8.9(a)(viii), 8.9(b)(v), 8.9(b)(vi), 8.9(b)(vii) or 8.9(b)(viii), shall require such persons to agree in writing to obligations of confidentiality in respect of such Confidential Information no less protective than the provisions of this Contract.

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ARTICLE 9

OCCUPATION OF LAND

- 9.1 The State shall make available to the Contractor, and only for the purposes of the Petroleum Operations, any land which it owns that is suitable for the activities intended to be carried out thereon and does not conflict with land use rights already granted to third parties or the existing use by the State of such land. The Contractor shall have the right to utilize such land to build the facilities necessary for the Petroleum Operations and the obligation to maintain, above and below the ground, such facilities in good working order. NOCAL acknowledges that any need for the Contractor to acquire by contract land rights from private parties may increase Petroleum Costs, and will seek to make State-owned land available where practicable.

The State shall authorize the Contractor to build, use and maintain telephone, telegraph and piping systems required for Petroleum Operations above and below the ground and along land belonging to the State, if such construction, use or maintenance does not conflict with land use rights already granted to third parties or the existing use by the State of such land. By constructing such systems the Contractor assumes the obligation to maintain them, above and below the ground, in good working order and assumes the risk of loss or damage attributable to the construction, use and maintenance of such facilities.

- 9.2 Rights on land held by third parties that the Contractor determines to be necessary for the carrying out of the Petroleum Operations shall be acquired by direct agreement between the Contractor and the private person concerned as follows:
- (a) The Contractor may acquire, from parties other than the State and in accordance with Law, land use rights or interests in existing buildings, facilities or structures, sufficient to enable it to construct, install and operate onshore operations that the Contractor deems necessary or appropriate to carry out its Petroleum Operations under this Contract. If an agreement cannot be reached between the Contractor and the person or persons concerned, the Contractor may request the State to facilitate the process of negotiation between the private owner and the Contractor for the acquisition of the necessary rights or interests with just compensation.
 - (b) The Contractor must report annually to NOCAL on its land acquisition and compensation activities, specifying all payments made and the purpose for each payment. Such report shall be a public document.
- 9.3 The Contractor shall indemnify the State for any damage caused to the land by the construction, use and maintenance of its facilities on land provided by the State

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directly or through the operation of Article 9.2(a), and in accordance with the Law shall be liable to the owners or users of lands adjacent to lands occupied or used by the Contractor for any damage to such lands and to the improvements or crops thereon caused by such construction, use or maintenance. The responsibilities of the Contractor to third parties who have by contract provided the Contractor with rights or interests in land shall be governed by the terms of those contracts and by generally applicable Law, if any.

- 9.4 The costs and expenses of the Contractor incurred pursuant to this Article 9 shall be considered cost recoverable and shall be treated as Petroleum Costs.
- 9.5 When determining the value of rights or interests to be acquired by, or to be taken for use by, the Contractor, no consideration shall be given to the Contractor's purpose for acquiring them and the State agrees that no Law or procedure for said acquisition shall have the effect of attributing to any such rights or interests a value based on the proposed use to be made of such rights or interests by the Contractor.
- 9.6 Any rights or interests acquired by the State for use by the Contractor under Article 9.2(a) shall be held or registered, as the case may be, in the name of the State, but the Contractor shall be entitled to benefit therefrom for the purposes of the Petroleum Operations. During the entire term of this Contract, the State will ensure that the Contractor is protected in the use and occupation of such land just as if it owns the property rights thereto.
- 9.7 The Contractor shall have the right, subject to the payment of fees applicable in Liberia and to compliance with Laws applicable to the forestry industry or the extraction of building and industrial materials (as defined in the Liberia Minerals and Mining Law or in any successor legislation), to remove and use for Petroleum Operations purposes, from land over which the Contractor has acquired land use rights in accordance with this Article 9, the surface soil, mature timber, clay, sand, limestone, gypsum, stones and other similar materials which may be necessary for the performance of the Petroleum Operations. The Contractor's rights under this paragraph are subject to any restrictions on such activities with respect to land rights acquired by the Contractor from private parties. With the consent of the competent administrative services, the Contractor may make reasonable use of such materials for the performance of the Petroleum Operations, subject to payment of fees applicable in Liberia, when they are located on land owned by the State and placed in the vicinity of the land where said Petroleum Operations are taking place.



ARTICLE 10

USE OF FACILITIES

- 10.1 For the purposes of the Petroleum Operations, the Contractor shall have the right to use, in accordance with applicable Law, any public railroad, tramway, road, airport, landing strip, canal, river, bridge, waterway and any telephone or telegraph network in Liberia whether owned by the State or by any private enterprise, subject to the payment of fees then in effect or mutually agreed upon which in the case of State-owned facilities will not be in excess of the prices and tariffs charged to third parties for similar services. The Contractor shall also have the right to use for the purposes of the Petroleum Operations any land, sea or air transportation means for the transportation of its employees or equipment, subject to compliance with the laws and regulations which generally govern the use of such means of transportation.

The State may limit the access of the Contractor to any such existing public utilities and facilities to the extent necessary to meet the demands of the general public. In any case of insufficient capacity to provide for the needs of both the general public and the Contractor (and users similarly situated with the Contractor), NOCAL and the Contractor (and such similarly situated users) shall in good faith consider how additional capacity for such similarly situated users can be provided in a manner that fairly allocates to the Contractor (and others similarly situated) the additional costs of providing and operating capacity in excess of that required by the general public and the Contractor shall pay its share of such additional costs as needed to fund construction of such excess capacity, and shall recover its share of such additional costs as Petroleum Costs.

- 10.2 The State shall have the right to use for exceptional matters any transportation and communication facility installed by the Contractor, subject to a fair compensation mutually agreed upon which will not be in excess of the prices and tariffs charged to third parties for similar services provided that such use does not unreasonably interfere with Petroleum Operations.
- 10.3 Nothing in this Contract shall limit the State's right to build, operate and maintain on, under and along the land made available to the Contractor under Article 9 for the purposes of the Petroleum Operations, roads, railroads, airports, landing strips, canals, bridges, pipelines, useful telephone and telegraph lines, provided that such right is not exercised in a manner which restricts or hinders in any material respect the Contractor's rights hereunder, or the Petroleum Operations.

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ARTICLE 11

APPRAISAL OF A PETROLEUM DISCOVERY, DEVELOPMENT AND PRODUCTION PLAN

- 11.1 In the event the Contractor discovers Petroleum, it shall, as promptly as possible, notify NOCAL thereof and submit to it, within thirty (30) days after the date of the temporary plugging or abandonment of the discovery well, a report including all available information relating to said discovery and the initial conclusions the Contractor believes may be drawn from such discovery. Such report shall by its nature be subject to the work that will be undertaken to determine the extent and nature of the discovery following more precise studies and appraisal.
- 11.2 If the Contractor wishes to undertake appraisal work relating to the abovementioned Petroleum discovery, it shall promptly notify NOCAL of its intent to do so (without thereby incurring any obligation to do so) and thereafter shall submit for approval to NOCAL, within six (6) months after the date of notification of said discovery, the appraisal work program and the estimate of the related budget.

The provisions of Article 5 shall be applicable, mutatis mutandis, to said program as regards its approval and performance, it being understood that the submitted program shall comply with Good International Petroleum Industry Practice.

If NOCAL considers that the submitted program and related budget does not comply with the requirements of the preceding paragraph, NOCAL may propose revisions or modifications thereto by notifying the Contractor of the substance of, and its justification for, the proposed revision(s) or modification(s). In that event, NOCAL and the Contractor shall meet as soon as possible in order to consider the proposed revisions or modifications and establish by mutual agreement the plan in its final form. Should NOCAL fail to notify the Contractor of its wish for revision or modification or of its approval within the above-mentioned ninety (90) day period, the program and related budget submitted by the Contractor shall be deemed to be approved by NOCAL at the expiration of said period.

- 11.3 If the Contractor meets the conditions referred to in Article 11.2, and has complied with its obligation under the Law concerning Petroleum Operations and under this Contract, NOCAL shall grant in writing, an exclusive appraisal authorization for a duration of two (2) years from the date of approval or deemed approval of the appraisal work program and the related budget, in respect of the Appraisal Perimeter specified in said program.

Except as otherwise provided by this Article, the Contractor shall, during the term of said exclusive appraisal authorization, be subject to the same terms and

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conditions in this Contract as that applicable to the exclusive exploration authorization.

- (a) The Contractor shall diligently carry out the appraisal work program for the discovery in question; in particular it shall drill the appraisal wells, acquire the seismic and carry out the production tests specified in the approved appraisal work program.

At the Contractor's request, with notification to NOCAL at least thirty (30) days prior to the expiration of the appraisal period above-defined, the duration of said period may be extended by a maximum of six (6) months, provided that the Contractor demonstrates such extension is justified by (i) the results that can reasonably be expected from continuation of the appraisal program, or (ii) delays beyond the reasonable control of the Contractor.

Further extensions of the appraisal period may be requested by the Contractor and reviewed and approved by NOCAL if the Contractor has diligently performed the approved appraisal work program up to that time and reasonably demonstrates that further geological, geophysical, subsurface, facilities or commercial work is justified in order to establish whether the Field corresponding to the Petroleum discovery is commercial.

- (b) As soon as practical after the completion of appraisal evaluation, and no later than thirty (30) days prior to the expiration of the appraisal period, the Contractor shall provide NOCAL with a detailed report giving all the then available information relating to the discovery and the appraisal thereof. If the Contractor is of the opinion that the discovery is not commercial, the report shall set forth the salient facts causing the Contractor to hold that opinion, including its evaluation of the recoverable reserves and the estimated development and operating costs. An evaluation of the future price of Petroleum is not a requirement of this report. Upon expiration of the appraisal period in the absence of a report indicating that the Contractor is of the opinion the discovery is commercial, or may become commercial under circumstances which are reasonably foreseeable, the rights of the Contractor with respect to such area shall be the rights of the Contractor with respect to areas within the Delimited Area prior to the expiration of the third exploration period unless the third exploration period has already terminated, in which case the Contractor shall have no further rights with respect to such area. Requests by the Contractor for further extensions of the appraisal period in the event of a Non-Associated Natural Gas discovery will be governed by the terms of Article 21.2.

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- (c) If, after having carried out the appraisal work, the Contractor considers that the Field corresponding to the Petroleum discovery is commercial, it shall submit to NOCAL, together with the previous report, an application for an exclusive exploitation authorization accompanied by a detailed development and production plan for said Field, specifying inter alia:
- (i) the planned delimitation of the Exploitation Perimeter applied for by the Contractor, so that it covers the area defined by the seismic closure(s) of the Field concerned, together with all the technical justifications with respect to the extent of said Field;
 - (ii) an estimate of the reserves in place, the proven and probable recoverable reserves and the corresponding annual productions, together with a study on the methods of recovery;
 - (iii) the possible valuation of the Petroleum products to be produced for Crude Oil and Natural Gas;
 - (iv) proposed Delivery Point(s) for Crude Oil and/or Natural Gas;
 - (v) procedures for measuring production for royalty determination if production is anticipated from water depths greater than and less than one thousand five hundred (1,500) meters;
 - (vi) procedures for measuring Total Production at the Delivery Point(s);
 - (vii) item by item, the description of equipment and work necessary for production, such as the number of development wells, the number of platforms, pipelines, production, processing, storage and loading facilities together with their specifications;
 - (viii) as applicable, a marketing plan for Natural Gas pursuant to guidelines in Article 21, which may include the Contractor's proposal to structure the project as an integrated or segmented gas project (including gathering, treating, and conditioning of Natural Gas for sale);
 - (ix) an estimated schedule for plan implementation including estimated date of the Contractor's Final Investment Decision and the projected date of production start-up;
 - (x) estimates of all capital expenditures and operating costs, including necessary infrastructure; and

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- (xi) a plan for developing the ESIA and ESMP then required by Law and Article 6 of this Contract.
- (d) The commercial nature of one or more Petroleum Fields shall be determined by the Contractor, provided that it shall, at the end of appraisal work, submit to NOCAL an economic study demonstrating the commercial nature of said Field or Fields.

A Field may be declared commercial by the Contractor if, after taking into account the provisions of this Contract and the submitted development and production plan, the projected incomes and expenses determined in accordance with Good International Petroleum Industry Practice confirm the commercial nature of said Field.

- (e) For the purposes of evaluating the commercial nature of said Field or Fields, NOCAL and the Contractor shall meet within thirty (30) days after the submission of the development and production plan accompanied by the economic evaluation.
- (f) The development and production plan submitted by the Contractor shall be subject to the approval of NOCAL. Within ninety (90) days after the submission of said plan, NOCAL may propose revisions or modifications thereto by notifying the Contractor of the substance of, and its justification for, the proposed revision(s) or modification(s). In that event, NOCAL and the Contractor shall meet as soon as possible in order to consider the proposed revisions or modifications and establish by mutual agreement the plan in its final form. If the Contractor proposal is acceptable to NOCAL, NOCAL shall provide written approval of such proposal on the date of such agreement, such approval shall not be unreasonably withheld. NOCAL shall respond to the submittal of a revised plan within forty-five (45) days of receipt.

Should NOCAL fail to notify the Contractor of its wish for revision or modification or of its approval within the above-mentioned ninety (90) day or forty-five (45) day period (as the case may be), the plan submitted by the Contractor shall be deemed to be approved by NOCAL at the expiration of said period.

- (g) The Contractor may not begin construction under a development and production plan approved or deemed approved by NOCAL until it has received all approvals required by applicable Law of its ESIA and ESMP for the development, which approvals shall not be unreasonably withheld.

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- 11.4 Upon a showing of reasonable technical justification for delay and a showing that the delay could not reasonably have been avoided by the Contractor in the exercise of reasonable diligence, the Contractor may request and shall receive an extension of up to six (6) months in the outside date for delivery of its proposed appraisal work program under Article 11.2, and an extension of up to twelve (12) months in the outside date for delivery of its proposed development and production plan under Article 11.3(c). If the Contractor fails to deliver either its proposed appraisal work program or its proposed development and production plan within the outside time required under this Article 11, taking into account any extensions granted under this Article 11.4, NOCAL may require that the Contractor surrender all its rights in respect of the area deemed to encompass said discovery without any compensation for the Contractor. If, within ninety (90) days after NOCAL's request, the Contractor has not delivered its proposed appraisal work program or its proposed development and production plan, as the case may be, complying with the applicable requirements of this Contract, it shall surrender said area and will forfeit all its rights on Petroleum which could be produced from said discovery, and any area so surrendered shall be deducted from the surfaces to be surrendered under Article 3.5.

ARTICLE 12

GRANT OF AN EXCLUSIVE EXPLOITATION AUTHORIZATION

- 12.1 A commercial Petroleum discovery shall entitle the Contractor to an exclusive right, if it so requests pursuant to the conditions set forth in Article 11.3, to obtain, in respect of the Field concerned, an exclusive exploitation authorization covering the related Exploitation Perimeter. NOCAL shall diligently review the development and production plan submitted with the Contractor's request for an exclusive exploitation authorization and shall grant the authorization as promptly as possible following the earlier of the agreement on the plan or the failure of NOCAL to timely seek modifications to or revisions of the plan as contemplated by Article 11.3(f).
- 12.2 If the Contractor makes several commercial discoveries in the Delimited Area, each such discovery shall, in accordance with the provisions of Article 12.1 give rise to an exclusive exploitation authorization each corresponding to an Exploitation Perimeter. The number of exclusive exploitation authorizations and related Exploitation Perimeters within the Delimited Area shall not be limited.
- 12.3 If in the course of work carried out after the grant of an exclusive exploitation authorization, it appears that the area defined by the seismic closure(s) of the Field concerned is larger than originally estimated pursuant to Article 11.3(c)(i),



NOCAL shall grant to the Contractor, as part of the exclusive exploitation authorization already granted, an additional area so that the entirety of said Field is included in the Exploitation Perimeter, provided, however, that the Contractor supplies NOCAL, together with its application with the technical evidence of the extension so required and provided, further, that the above mentioned extension is an integral part of the Delimited Area as defined at the time of said application.

- 12.4 Where a Field extends beyond the boundaries of the Delimited Area, NOCAL may require the Contractor to exploit said Field in association with the rights holder of the adjacent area under the provisions of a unitization agreement.

Within six (6) months after NOCAL has notified its request, the Contractor shall submit to its approval the development and production plan of the Field concerned which shall be prepared in agreement with the rights holder of the adjacent area.

ARTICLE 13

DURATION OF THE EXPLOITATION PERIOD

- 13.1 The duration of an exclusive exploitation authorization during which the Contractor is authorized to carry out the exploitation of a Field declared commercial is set at twenty-five (25) years from its date of issue.

If upon expiration of the exploitation period of twenty-five (25) years above-defined a commercial exploitation of a Field remains possible, NOCAL may authorize the Contractor, at the latter's request submitted at least twelve (12) months prior to said expiration, to continue under this Contract the exploitation of said Field during an additional period of no more than ten (10) years, provided that the Contractor has fulfilled all its obligations during the current exploitation period. If, upon expiration of that additional exploitation period, a commercial exploitation of said Field remains possible, the Contractor may request from NOCAL, at least twelve (12) months prior to said expiration the authorization to continue the exploitation of said Field under this Contract, during an additional period to be agreed upon, provided that the Contractor has fulfilled all its obligations during the then current exploitation period.

For the avoidance of doubt, NOCAL is under no obligation to extend any exclusive exploitation authorization under the terms and conditions in this Contract or under new terms and conditions.

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- 13.2 The Contractor may, at any time, fully or partially surrender any exclusive exploitation authorization by giving at least ninety (90) days prior Notice which may be reduced with NOCAL's consent. Following such Notice, any Field then existing within the surrendered area shall be administered under the provisions of Article 20.
- 13.3 Interruption for a consecutive period of at least six (6) months without NOCAL's consent of (i) development work on an area covered by an exclusive exploitation authorization or (ii) production of a Field which has produced Commercial Production, or abandonment of the exploitation of a Field, may give rise to the withdrawal of the exclusive exploitation authorization concerned. For the purposes of the preceding sentence, (1) development work includes work necessary for the performance of the development program performed outside of the Delimited Area including, by way of example and not limitation, obtaining of financing following Final Investment Decision, letting of development work contracts, design and engineering work, construction and fabrication, and transportation, assembly and installation, and (2) production is not considered to be interrupted by work such as maintenance, repairs and overhauls, so long as such work, including the planning and contracting therefore, is being performed in accordance with Good International Petroleum Industry Practice and with reasonable diligence. Where NOCAL has approved a development and production plan that includes a sequencing of development operations within the Delimited Area for purposes such as staging production, use of the production to fill ullage in a facility or as otherwise required in order to maximize economic recovery of Petroleum, delays in or other cessation of development or production attributable to such sequencing do not constitute "interruptions" for the purposes of this Article 13.3. In the event of any disagreement between NOCAL and the Contractor regarding the circumstances of the interruption, the JOC shall meet to resolve the disagreement prior to any resort to arbitration under Article 31. The six (6) months period referred to above may be extended to the extent any event of Force Majeure made the Contractor unable to recommence development work or production, as the case may be, following the end of such period.
- 13.4 Upon expiration, surrender or withdrawal of the last exclusive exploitation authorization granted to the Contractor, this Contract shall terminate and any Field then existing shall be administered under the provisions of Article 20.

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ARTICLE 14

EXPLOITATION OBLIGATION

- 14.1 For any Field in respect of which an exclusive exploitation authorization has been granted, the Contractor undertakes to perform, at its sole cost and its own financial risk, all the Petroleum Operations useful and necessary for the exploitation of said Field.
- 14.2 However, if the Contractor can provide commercial, technical, financial or accounting evidence, during either the development period or the production period, that the exploitation of a Field cannot be commercially profitable, notwithstanding that an exclusive exploitation authorization has been granted in accordance with the provisions of Article 12.1, NOCAL agrees not to force the Contractor to continue the exploitation of such Field.

In that event, if the Contractor does not surrender such exclusive exploitation authorization voluntarily, NOCAL, in its discretion, may withdraw the exclusive exploitation authorization concerned from the Contractor without any compensation for the latter, by giving sixty (60) days' prior Notice.

ARTICLE 15

CONTRACTOR'S OBLIGATIONS AND RIGHTS IN RESPECT OF EXCLUSIVE EXPLOITATION AUTHORIZATIONS

- 15.1 The Contractor shall commence development work not later than six (6) months after approval of the development and production plan referred to in Article 11.3(f) and shall continue it with maximum diligence. For the avoidance of doubt, development work shall include the detailed engineering and design work customarily undertaken in accordance with Good International Petroleum Industry Practice prior to the Final Investment Decision and construction activities. The Contractor shall notify NOCAL when a Final Investment Decision is taken with respect to any approved development and production plan.
- 15.2 The provisions of Articles 5, 6, 7, 8, 9 and 10 are also applicable, mutatis mutandis, in respect of any exclusive exploitation authorization.
- 15.3 The Contractor shall have the right to build, use, operate and maintain all the Petroleum storage and transportation facilities which are necessary for the production transportation and sale of Petroleum produced, pursuant to the conditions specified in this Contract.

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Subject to the maintenance of free travel for existing and expected future commercial navigation, the Contractor may determine the route and location of any pipeline inside Liberia that is under the waters within the jurisdiction of the State and is necessary for the Petroleum Operations, provided that it shall submit plans to NOCAL for approval prior to the commencement of work. If the Contractor needs to acquire rights in land from third parties to construct any pipeline, the provisions of Article 9 shall apply. Any pipeline crossing or running alongside roads or passageways (other than those used exclusively by the Contractor) shall be built so as not to hinder the passage on those roads or passageways.

- 15.4 The Contractor may, to the extent and for the duration of the excess capacity of a pipeline or processing, transportation or storage facility built for the purposes of the Petroleum Operations, be obligated to accept the flow of Petroleum coming from exploitations other than those of the Contractor, provided that such flow shall not cause prejudice to the Petroleum Operations, and provided, further, that a reasonable tariff covering a normal remuneration for capital invested and cost of said capital in respect of the pipeline or facility concerned, cost of preparing or altering the facility to accommodate such third party use or disconnect from use and a proportionate allocation of attributable operating and maintenance costs shall be paid by the user. The Contractor's obligation under the preceding sentence does not limit the ability of the Contractor to interrupt third party use when the Contractor determines in good faith that interruption is necessary to avoid loss or damage to facilities or equipment engaged in Petroleum Operations or for health, safety or environmental protection reasons.
- 15.5 Following the grant of an exclusive exploitation authorization, the Contractor undertakes to proceed diligently with the approved development and production plan. Development wells shall be spaced in a manner so as to ensure, in accordance with Good International Petroleum Industry Practice, the maximum economic recovery of the Petroleum contained in the Field in question.
- 15.6 The Contractor shall, in the conduct of development and production operations, comply with all Good International Petroleum Industry Practice which in particular ensures the good conservation of Fields and maximum economic recovery of Petroleum.

The Contractor shall, inter alia, carry out enhanced recovery studies and use such recovery processes if they may lead to an increase in Petroleum recovery rate under economic conditions.

- 15.7 The Contractor undertakes to produce every year from each Field quantities of Petroleum in accordance with the provisions of Article 15.6.



The annual production rates of each Field shall be submitted by the Contractor together with the Annual Work Programs and related Budgets for the approval of NOCAL which shall not be withheld provided that the Contractor gives proper technical and economic grounds.

15.8 The following provisions govern the measurements of Total Production and related inspection rights.

- (a) The Contractor shall measure the volume and quality of Total Production at the Delivery Point, using the measurement appliances and procedures in accordance with Good International Petroleum Industry Practice and the relevant development and production plan. Total Production measurement appliances shall be installed, maintained and operated by the Contractor. If the Contractor wishes to change said measurement appliances or procedures, the Contractor shall obtain prior written approval from NOCAL. The Contractor shall periodically calibrate equipment and the period for calibration shall be mutually agreed.

NOCAL's authorized representatives shall have the right to be present at and to observe Delivery Point Total Production measurement and to examine or inspect the measurement appliances or procedures used. NOCAL shall have the right to authorize an internationally recognized inspection company to conduct such inspections and examinations.

NOCAL inspections and examinations shall not interfere in any material way with the Contractor's Petroleum Operations or be conducted in such a manner as to introduce SHE hazards. During NOCAL inspections, the Contractor shall provide transportation, food and housing at the relevant locations to NOCAL representatives under the same conditions as it provides such transportation, food and housing to its own personnel. NOCAL representatives shall use the Contractor's transportation to offshore facilities within the Delimited Area to ensure the safety of the NOCAL representatives.

- (b) The rate(s) of the royalty payable under Article 17.5 varies in accordance with the water depth from which the relevant production is produced. For the purposes of determining the rate(s) applicable, the Contractor shall carry out well directional surveys and measure completion depths. If production is commingled between wells or intervals with water depths which are both greater and lesser than one thousand five hundred (1,500) meters, then the production from each water depth shall be metered as required to determine the applicable royalty rate(s) pursuant to Article 17.5. All such measurements shall be conducted in accordance with Good International Petroleum Industry Practice.

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The Contractor shall provide NOCAL with all relevant information used to determine the applicable royalty rate(s). The Parties recognize that the required measurement may occur on the seafloor and that the location of the devices may introduce practical limits with regard to periodic inspection. If required, a more detailed methodology for metering, auditing, inspecting, and calibrating measurement of Total Production for determining the applicable royalty rate(s) and confirming the accuracy of such measurement shall be detailed in the relevant development and production plan.

- (c) In the event that a measuring error is discovered by either NOCAL or the Contractor, the Contractor shall use its best efforts to determine the correct Total Production figures for the period during which there was a measuring error and the corrected figures shall be used. The Contractor shall submit for NOCAL's approval a report detailing the source and nature of the measuring error and the corrections to be applied. Where the appliances and procedures used have caused an overstatement or understatement of measured quantities, the error shall be deemed to have existed since the date of the last calibration of the appliances, unless the contrary can be justified by the Contractor or NOCAL. Retrospective adjustments to related payments and Petroleum Cost Account balances shall be made within thirty (30) days of the determination of the amount of the error when necessary.

In the event that NOCAL and the Contractor disagree over a measurement issue, they may submit this issue to Expert Determination in accordance with Article 31.9.

All costs relating to the measurement, maintenance, calibration, inspection, error determination (other than adjustment of revenues) and audit of Total Production and all other costs contemplated in this Article 15.8 shall be considered Petroleum Costs.

ARTICLE 16

RECOVERY OF PETROLEUM COSTS AND PRODUCTION SHARING

- 16.1 From the start of Commercial Production, the Contractor shall market the Total Production of Crude Oil and Natural Gas obtained from the Delimited Area in accordance with the provisions hereinafter defined, subject to the right of NOCAL under Article 16.7 to elect to take certain production in kind.

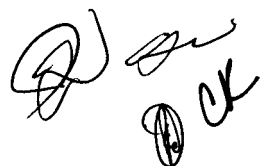
- 16.2 The Contractor shall pay a royalty to the State in accordance with Article 17.5.
- 16.3 For the purposes of recovery of Petroleum Costs, the Contractor may freely take each calendar month in Crude Oil and/or Natural Gas, at the Delivery Point, up to seventy percent (70%) of the value of the Total Production of Crude Oil during that calendar month, less amounts paid as a royalty pursuant to Article 17.5 with respect to such Total Production, and up to seventy percent (70%) of the value of the Total Production of Natural Gas during that calendar month, less amounts paid as a royalty pursuant to Article 17.5 with respect to such Total Production, provided that the Contractor may never take any amount in excess of that necessary and sufficient to recover Petroleum Costs remaining unrecovered.

The value of such portion of Total Production allocated to the recovery of Petroleum Costs by the Contractor, as defined in the preceding paragraph, shall be calculated in accordance with the provisions of Article 18 in the case of Crude Oil, or, in the case of Natural Gas, Article 21.4.

If during a Calendar Year Petroleum Costs not yet recovered by the Contractor under the provisions of this Article 16.3 exceed the equivalent of seventy percent (70%) of the value of Total Production of Crude Oil less amounts paid as a royalty pursuant to Article 17.5 and seventy percent (70%) of the value of Total Production of Natural Gas less amounts paid as a royalty pursuant to Article 17.5, as calculated above, the excess shall be carried forward in the following Calendar Year or Calendar Years until full recovery of Petroleum Costs or until the expiration of this Contract.

- 16.4 The quantity of Crude Oil from the Delimited Area remaining after the Contractor has taken from the Total Production the portion permitted under Article 16.3 to be allocated to the recovery of Petroleum Costs and that required under Article 17.5 to pay royalty, hereinafter referred to as “**Remaining Oil Production**”, shall be shared between NOCAL and the Contractor according to the levels of daily Total Production (as measured pursuant to Article 16.6) from the Delimited Area as follows:

Increments of average daily Crude Oil Total Production (in Barrels per day)	NOCAL's Share of Remaining Oil Production	Contractor's share of Remaining Oil Production
From 0 to 100,000	40%	60%
From 100,001 to 150,000	50%	50%
Over 150,001	60%	40%

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- 16.5 The quantity of Natural Gas from the Delimited Area remaining during each calendar month after the Contractor has taken from the Total Production the portion permitted under Article 16.3 to be allocated to recovery of Petroleum Costs and that required under Article 17.5 to pay royalty, hereinafter referred to as **“Remaining Natural Gas Production”**, shall be shared between NOCAL and the Contractor according to the levels of daily Total Production (as measured pursuant to Article 16.6) from the Delimited Area as follows:

Average Daily Natural Gas Total Production	NOCAL’s share of Remaining Natural Gas Production	Contractor’s share of Remaining Natural Gas Production
Total Production	35%	65%

- 16.6 For the purpose of this Article 16, the levels of daily Total Production of Crude Oil or Natural Gas for any calendar month shall be the average daily rate of Total Production during that calendar month.
- 16.7 NOCAL may receive its share of production as defined in Article 16.4 and 16.5 either in kind or in cash.
- (a) If NOCAL elects to receive in kind all or part of its share of Remaining Oil Production, NOCAL shall notify the Contractor of its election in writing at least ninety (90) days prior to the beginning of the Calendar Quarter concerned, specifying the precise quantity that it wishes to receive in kind during said Calendar Quarter. NOCAL shall receive such oil in kind at the Delivery Point using procedures and equipment/vessels consistent with required operational and safety standards as established in the lifting procedure.
- (b) If NOCAL elects to receive in kind all or part of its share of Remaining Natural Gas Production, NOCAL shall notify the Contractor of its election in writing within thirty (30) days following the Contractor’s submittal of a detailed development and production plan pursuant to Article 11.3(c), specifying the percentage share that it wishes to receive in kind during the exploitation period for the subject Natural Gas Field.
- 16.8 Unless NOCAL has timely notified the Contractor of its decision to receive its share of production in kind pursuant to Article 16.7, the Contractor shall market NOCAL’s share of production to be taken in cash for the calendar month concerned, cause said share to be lifted during such calendar month and pay to NOCAL within thirty (30) days after the end of the calendar month, an amount in cash equal to the quantity in Barrels corresponding to NOCAL’s share of production to be taken in cash multiplied by the Market Price defined in Article

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18 for Crude Oil or, in the case of NOCAL's share of Remaining Natural Gas Production, defined in Article 21.4.

NOCAL may require payment, for sales of its share of production sold by the Contractor, in Dollars or in the foreign currency in which the sale has been made.

ARTICLE 17

TAXATION

- 17.1 Unless otherwise provided for in this Contract the Contractor shall, in respect of its Petroleum Operations, be subject to the Revenue Code and in the event of any discrepancy between the Revenue Code and the specific provisions of this Contract that are inconsistent with the Revenue Code as in effect on the Effective Date, this Contract shall govern.
- (a) It is specifically acknowledged that the Persons participating in the Contractor are individually liable for income tax and that provisions of this Article 17 relating to income tax shall apply individually to any Person participating in the Contractor under this Contract.
 - (b) The Contractor shall keep separate accounts for each Calendar Year in respect of the Petroleum Operations, enabling in particular the establishment of a profit and loss account as well as a balance sheet showing both the results of said Petroleum Operations and the asset and liability items allocated or related thereto.
- 17.2 Upon Trigger Event Satisfaction, all Liberian filings have been made and all Liberian taxes, including all income taxes, all withholdings and all duties and fees or charges of any nature due from ExxonMobil, COPL or the contractor under the Original Contract in relation to the transactions which transferred the interest of such contractor in the Original Contract to COPL and then partially to ExxonMobil have been paid in full, and none of ExxonMobil, COPL or the contractor under the Original Contract will have any further liability for any such filings, taxes, withholdings, fees, charges or duties.
- 17.3 Income tax shall be calculated pursuant to the provisions of the Revenue Code, including the specific Petroleum provisions of the Consolidated Tax Amendments Act of 2010 in Subpart B of Part II, Chapter 7 and the other Petroleum-related provisions of such Act. Tax return filing requirements, tax records, Ministry of Finance audit rights and other tax administration and procedural matters shall be

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governed by the Revenue Code, including the specific processes and procedures under Tax Administration and Procedure under Part I, Chapter 1, Subchapter B.

17.4 The following provisions of the Revenue Code are deleted or modified as provided below:

- (a) The Contractor or any contractors and subcontractors are exempt from payment of import, export, or re-export duties, fees or levies for goods under the Revenue Code.
- (b) The Contractor will pay a lump sum annual payment of three hundred thousand Dollars (US\$300,000) in lieu of customs user fees under the Revenue Code to the Consolidated Fund within thirty (30) days of the Trigger Event Date of this Contract and thirty (30) days after the start of each Contract Year thereafter.
- (c) The Contractor is exempt from withholding with regards to dividends to non residents. The exemption includes exemption from tax and any filing requirements arising from those payments.
- (d) Withholding on services:
 - (i) Amounts paid to contractors and subcontractors for the performance of services, the costs of which are Petroleum Costs, are subject to withholding at six percent (6%) to the extent that payments made for these services are classified as Liberia source under section 805 of Revenue Code as in effect on the Effective Date.
 - (ii) The Contractor is exempt from withholding on payments for services for Petroleum Operations charged at cost provided by the Operator and/or its Affiliates as demonstrated by an audit report provided under Article 25.3. The exemption includes exemption from withholding tax, income tax, any other taxes, duties, and fees, and any filing requirements arising from those payments.
- (e) Any sale, assignment, transfer, conveyance, redemption or other disposal of a right or interest in this Contract, directly or indirectly, made in accordance with this Contract, (i) between a Person participating in the Contractor and its Affiliates which are wholly owned directly or indirectly by that Person's ultimate parent (except for director's qualifying shares), or (ii) between Persons participating in the Contractor which occur by reason of operation of the default provisions or the "conduct of Petroleum Operations by less than all parties" provisions of the joint operating

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agreement among the Persons participating in the Contractor (a copy of which has been provided to NOCAL) shall not be subject to any tax, levy or fee of any kind imposed by the State, and no taxes or other payments shall be due to the State on account of any gain or deemed gain relating to such sale, assignment, transfer, conveyance, redemption, contribution or other disposal as aforesaid.

- (f) Tax books and records will be kept in a location that is in accordance with the provisions of this Contract.

- 17.5 A royalty in the proportion of that shown in the table in this Article 17.5 and based on the water depth from which the production is located shall be paid by the Contractor to the State by deposit into the Consolidated Fund on the value of Total Production of Petroleum before the deduction of any costs. The value of Total Production shall be calculated in accordance with the provisions of Article 18 in the case of Crude Oil, and in accordance with Article 21 in the case of Natural Gas. The location of production shall be determined as provided in Article 15.8(b).

<u>Water Depth</u>	<u>Royalty rate</u>
0 meters to 1,500 meters	10%
1,501 meters and above	5%

The royalty shall be payable from the start of Commercial Production, in cash, thirty (30) days after the end of each calendar month on Total Production for that calendar month.

The royalty shall also be paid on any Petroleum sold by the Contractor prior to the start of Commercial Production. Notwithstanding Articles 15.8 and 18, the value of any such pre-Commercial Production sale shall be the actual selling price, as determined by the Contractor in good faith and notified to NOCAL, and the water depth shall be based on the depth of the well head at the sea floor without regard to the completion location. The royalty for each such pre-Commercial Production sale shall be paid within thirty (30) days of the date the Contractor receives payment for such Petroleum, and shall be adjusted to the extent any payment received by the Contractor is thereafter adjusted, except that any overpayment shall be adjusted only by deductions to future royalties coming due.

- 17.6 Surface rentals shall be payable to the Consolidated Fund per square kilometer of the area remaining at the beginning of each Calendar Year as part of the Delimited Area, in the amounts as set out below:

<u>Category of Operation</u>	<u>Surface Rentals Per Annum</u>
Second Exploration Period	US\$50 per sq. km
Third Exploration Period	US\$75 per sq. km
Development & Exploitation Perimeters	US\$100 per sq. km

For the purposes of determining the liability of the Contractor for surface rentals:

- (a) the second exploration period shall be deemed to continue until the earlier of the commencement of the third exploration period or the surrender by the Contractor of the entire Delimited Area,
- (b) the third exploration period shall be deemed to continue (with respect to areas not subject to a development and production plan) until such time as all of the Delimited Area has become subject to one or more Exploitation Perimeters, has been surrendered by the Contractor, or has been extinguished as a consequence of the termination of the third exploration period, and
- (c) the surface rental rate for any Appraisal Perimeter is the rate of the then current exploration period, and if the third exploration period terminates under circumstances in which the Contractor is permitted to continue appraisal activities with respect to an Appraisal Perimeter, surface rental shall continue to accrue at the third exploration period rate for such Appraisal Perimeter until the relevant area is surrendered or converted into an Exploitation Perimeter.

Exploitation Perimeters shall be subject to the development and exploitation period rate regardless of whether other areas still within the Delimited Area are subject to the relevant exploration period rate. In such case, the area subject to the relevant exploration period rate shall be the area of the Delimited Area less the area of all Exploitation Perimeters.

- 17.7 Notwithstanding any general exemption from import duties applicable to the Contractor under the Revenue Code and this Contract, the Contractor shall be subject to the Economic Community of West African States (ECOWAS) Trade Levy on all goods from non-ECOWAS states which it imports into Liberia at the rate established by applicable Law.
- 17.8 Notwithstanding any exclusion contained elsewhere in this Contract, this Contract does not exempt anyone from the payment of fees in relation to driver's licenses, vehicle registrations, corporate registration, employees' residency permits and

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work permits and other license, registrations and permits incidental to doing business or conducting activities in Liberia.

ARTICLE 18

VALUATION OF PETROLEUM

- 18.1 For the purposes of this Contract, the Crude Oil price basis shall be the FOB “**Market Price**” at the Delivery Point, expressed in Dollars per Barrel and payable within thirty (30) days after the date of the bill of lading, as determined hereinafter. Where sales of Crude Oil are made on bases other than FOB at the Delivery Point, all costs of delivery and shipment including freight, insurance, incremental interest on inventory in transit, and demurrage will be subtracted from payments received to arrive at an equivalent FOB Market Price.
- 18.2 The Market Price applicable to liftings of Crude Oil during a calendar month shall be calculated at the end of that calendar month and shall be equal to the volume-weighted average of the invoiced prices obtained by the Contractor for Crude Oil sold to independent purchasers during that calendar month, provided that the quantities so sold to Arm’s Length purchasers during that calendar month represent at least seventy percent (70%) of the Total Production of Crude Oil obtained from all the Fields under this Contract and sold during said calendar month.
- 18.3 In the event such sales to Arm’s Length purchasers are not made during the calendar month in question, or represent less than seventy percent (70%) of the Total Production of Crude Oil obtained from all the Fields under this Contract and sold during said month, the Market Price shall be determined as the Fair Market Value of such sales. Fair Market Value of Crude Oil shall be determined by taking into account the quality, volume, cost of transportation, terms of payment, and any other relevant conditions, including the prevailing market conditions for Crude Oil. Where different grades of Crude Oil are being produced from the Delimited Area, the Fair Market Value shall be determined and applied for each grade of such Crude Oil. In the event that different grades of such Crude Oil are blended together for sale then the price of such a blend shall prevail.

One (1) year prior to the anticipated start of Commercial Production, NOCAL and the Contractor shall meet to agree on a formula which will be used to determine the Fair Market Value of monthly sales volumes in the event that a Market Price cannot be established under the terms of Article 18.2. The following principles shall apply in determining the monthly Fair Market Value of Crude Oil:

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- (a) A marker crude commonly used to price crudes from the region (such as dated Brent) will be selected whose widely traded and transparent price is reported daily by major independent market publications. An average of such a marker crude price calculated over a period of five (5) days following the loading date will form the base value of the Fair Market Value for each cargo,
- (b) A basket of reference oils similar in quality to the Crude Oil to be valued and sourced from the same region (such as West Africa) shall be selected and the international market prices of these crudes, customarily quoted as a differential to the marker crude, shall be used to derive a differential to the marker crude for the Crude Oil to be valued. This differential will be established with due consideration for differences (versus the chosen basket) of known measures of crude oil quality (e.g. sulphur, API gravity, viscosity and total acid number) as well as refining value (derived from pre-production distillation assays and expected refinery yields of marketable fuels and calculated using the appropriate monthly average spot product prices) in the consuming markets,
- (c) In the event that one or more of the crude oils comprising an agreed basket no longer meets the requirements of Article 18.3(b), a replacement crude oil basket shall be determined by agreement between NOCAL and the Contractor.

The formula may also take into account other considerations deemed relevant by NOCAL and the Contractor.

If NOCAL and the Contractor cannot agree on an appropriate formula (or an appropriate replacement formula under clause (c) of this Article 18.3), such disagreement shall be subject to Expert Determination in accordance with Article 31.9.

At the request of NOCAL or the Contractor, the formula shall be reviewed quarterly in the first year of Commercial Production and every five (5) years thereafter.

18.4 The following transactions shall, inter alia, not be considered Arm's Length sales in determining the Market Price under the constraints of Article 18.2:

- (a) sales in which the buyer is an Affiliate of the seller;
- (b) sales between Persons participating in the Contractor;

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- (c) sales in exchange for other than payment in freely convertible currencies; and
 - (d) sales fully or partially made for reasons other than the usual economic incentives involved in Crude Oil sales on the international market, such as exchange contracts, sales from government to government or to government agencies.
- 18.5 Within fifteen (15) days following the end of each calendar month, the Contractor shall determine in accordance with the provisions of Article 18.2 and Article 18.3 the Market Price applicable for the liftings during that month, and shall notify NOCAL of that value, indicating the method of calculation and all data used in the calculation of that Market Price. Payments under Article 17.5, Article 16.8, and adjustments to the Petroleum Cost Account will be made using this Market Price.
- 18.6 Within fifteen (15) days following the end of each Calendar Quarter, the Contractor shall provide NOCAL with information regarding any adjustments to the invoiced prices paid by independent purchasers under Article 18.2 during that Calendar Quarter. Retrospective adjustments shall be made if needed to all payments made during the preceding Calendar Quarter under Article 17.5 and Article 16.8 and to the Petroleum Cost Account. In the event of an overpayment, it shall be adjusted as a credit against subsequent payments due under Article 17.5 and Article 16.8 of this Contract. If there is an underpayment, it shall be adjusted by payment by the Contractor to NOCAL or the State within thirty (30) days from such determination.
- 18.7 Within fifteen (15) days following receipt of the information referred to in Article 18.6, NOCAL shall notify the Contractor of its acceptance of or objections to the determination of the Market Price applicable to liftings made during that Calendar Quarter. Failing notification from NOCAL within that fifteen (15) day period, the Market Price provided for in the Contractor's Notice referred to in Article 18.5 and Article 18.6 shall be deemed to have been accepted by NOCAL.

If NOCAL has notified objections to the Market Price determined by the Contractor under Article 18.5 or Article 18.6 for the Calendar Quarter, NOCAL and the Contractor shall meet within ten (10) days following NOCAL's notification to mutually agree on the Market Price. If NOCAL and the Contractor fail to agree on the Market Price of the Crude Oil lifted for a given Calendar Quarter within thirty (30) days after the end of that Calendar Quarter, NOCAL or the Contractor may submit the determination of the Market Price for that Calendar Quarter to Expert Determination in accordance with Article 31.9.

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- 18.8 In the event of any adjustment to the prices paid to the Contractor for sales of Crude Oil to Arm's Length purchasers in a given Calendar Quarter which occur after adjustments under Article 18.6 have been made, NOCAL and the Contractor shall "true-up" any payment made under Article 16.8 and Article 17.5 and make appropriate adjustments to the Petroleum Cost Account. In the event of an overpayment, it shall be adjusted as a credit against subsequent payments due under Article 17.5 and Article 16.8 of this Contract. If there is an underpayment, it shall be adjusted by payment by the Contractor to NOCAL or the State within thirty (30) days from such determination.
- 18.9 All payments made under this Contract shall be made in accordance with protocols laid down by LEITI and shall be reported in the manner required under the rules and regulations of LEITI.

ARTICLE 19

BONUSES, STATE PARTICIPATION AND LIBERIAN CITIZEN PARTICIPATION

- 19.1 The Contractor shall pay to NOCAL the following bonuses:
- (a) Twenty one million two hundred and fifty thousand Dollars (US\$21,250,000) on the Trigger Event Date.
 - (b) Two million Dollars (US\$2,000,000) when the Total Production of Crude Oil from the Delimited Area first reaches the average rate of thirty thousand (30,000) Barrels per day during a period of thirty (30) consecutive days.
 - (c) Three million Dollars (US\$3,000,000) when the Total Production of Crude Oil from the Delimited Area first reaches the average rate of fifty thousand (50,000) Barrels per day during a period of thirty (30) consecutive days.
 - (d) Five million Dollars (US\$5,000,000) when the Total Production of Crude Oil from the Delimited Area first reaches the average rate of one hundred thousand (100,000) Barrels per day during a period of thirty (30) consecutive days.

Each of the amounts referred to in (b), (c) and (d) above shall be paid within thirty (30) days following the expiration of the reference period of thirty (30) consecutive days.

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- 19.2 These bonuses shall not be recoverable and shall therefore not be treated as Petroleum Costs.

19.3 HYDROCARBON DEVELOPMENT FUND

- (a) To stimulate research in the field of hydrocarbons, most especially in continental areas, and to assist the State in its overall goal of achieving energy sustainability, a Hydrocarbon Development Fund, to be managed by NOCAL, has been established. Within thirty (30) days of the Trigger Event Date of this Contract, the Contractor shall make a one-time contribution of five hundred thousand Dollars (US\$500,000) to this fund.
- (b) The contribution to the Hydrocarbon Development Fund referred to in Article 19.3(a) will not be recoverable and shall therefore not be treated as Petroleum Costs.

19.4 RURAL ENERGY FUND

- (a) In accordance with the National Energy Policy, a Rural Energy Fund (REFUND) has been established, inter alia, to integrate renewable energy technologies into rural development. Considering that oil is a finite resource, it is the policy of the State that oil resources be used to support the development of renewable energy resources in order to ensure energy security and sustainability upon cessation of petroleum production.

The Contractor shall therefore make an annual contribution of one hundred thousand Dollars (US\$100,000) during exploration and production through NOCAL to the REFUND. The first payment shall be made within thirty (30) days of the Trigger Event Date of this Contract and thirty (30) days after each subsequent anniversary of the Effective Date.

- (b) The amounts payable pursuant to Article 19.4(a) during the exploration and appraisal phase shall be adjusted annually for inflation for each payment after the initial payment in proportion to the change in Deflator over the Contract Year ending on the last day of the Calendar Quarter for which a Deflator has been published immediately prior to the due date of each payment. The contribution to the REFUND referred to in Article 19.4(a) will not be recoverable and shall therefore not be treated as Petroleum Costs.

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19.5 STATE PARTICIPATION

The State, through NOCAL, shall have the right to receive a ten percent (10%) transfer of the Contractor's interest in the Contract from the Persons then participating in the Contractor that are not wholly State-owned Persons (such NOCAL interest referred to as the "**State Carried Participation**" and such Persons, including their successors in interest, "**Non-State Parties**"). In order to exercise this right, NOCAL must give Notice of its decision to exercise such right to the Non-State Parties during the three (3) month period ending on the date on which Commercial Production begins within the Delimited Area. The Contractor shall keep NOCAL fully informed of the date on which Commercial Production from the Delimited Area is expected to begin such that NOCAL shall have at least one hundred and eighty (180) days' Notice of such anticipated date. If NOCAL elects to receive the State Carried Participation, NOCAL and any subsequent holder thereof shall be, with respect to the State Carried Participation, a Person participating in the Contractor for all purposes of the Contract.

The State Carried Participation shall be transferred to NOCAL at no charge to NOCAL. All costs allocable in accordance with the accounting procedure in Annex II to the State Carried Participation relating to exploration, appraisal or development of each Field developed, including satellite or deeper horizon developments in an approved development and production plan but not the subject of the initial development under the plan whether incurred before or after the transfer (herein called "**State Participation Carried Costs**"), shall be paid by the Non-State Parties. The State Participation Carried Costs shall accrue interest at the Liberian Interest Rate compounded annually from the time that such costs are paid until the time that such costs are recovered by the Non-State Parties ("**Interest on State Carried Costs**"). Such Interest on State Carried Costs, as it accrues, is recoverable as Petroleum Costs. The Non-State Parties that paid the State Participation Carried Costs shall recover such costs (in proportion to their payments) plus Interest on State Carried Costs from the share of the State Carried Participation in the portion of Total Production allocated to the recovery of Petroleum Costs in accordance with Article 16.3.

All costs of carrying out Petroleum Operations (other than State Participation Carried Costs and Interest on State Carried Costs) including Production costs for any Field, such as reservoir maintenance, production well work-overs, in-fill drilling after the completion of the initial development operations of the Field, general operating costs of the Field after the start of Commercial Production and cash advances paid into an Abandonment Fund are herein called "**State Participation Non-Carried Costs**". All State Participation Non-Carried Costs are to be borne by the State Carried Participation and shall be paid by NOCAL on behalf of the State in respect of the State Carried Participation whenever a cash

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call is made under the joint operating agreement provided for below in this Article 19.5 for the payment of such costs.

However, if NOCAL does not pay the amount due from it for State Participation Non-Carried Costs pursuant to any such cash call within forty-five (45) days' of Notice under such joint operating agreement of such cash call (it being understood that NOCAL on behalf of the State Carried Participation may honor such cash calls directly or indirectly through third party arrangements or as might be agreed between NOCAL and the Contractor), then the other Persons participating in the Contractor who are Non-State Parties shall provide the funding.

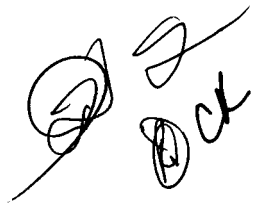
Any State Participation Non-Carried Costs paid by Non-State Parties shall accrue interest at the Liberian Default Interest Rate compounded annually from the time that such costs are paid until the time that such costs are recovered by the Non-State Parties ("**Interest on State Non-Carried Costs**"). Such Interest on State Non-Carried Costs, as it accrues, is a recoverable Petroleum Cost pursuant to the accounting procedure in Annex II. The Non-State Parties that paid State Participation Non-Carried Costs shall recover such State Participation Non-Carried Costs (in proportion to their payments) plus Interest on State Non-Carried Costs from the share of the State Carried Participation in the portion of Total Production allocated to the recovery of Petroleum Costs in accordance with Article 16.3.

The following additional principles govern the State Carried Participation:

- (a) Within sixty (60) days of the NOCAL Notice to the other Persons participating in the Contractor of its election to receive the State Carried Participation, it will enter into the then existing international joint operating agreement (including accounting procedures and the terms provided for in Article 19.5(c)) with the other Persons participating in the Contractor. Such agreement will be consistent with Good International Petroleum Industry Practice and the joint operating agreement between the Persons participating in the Contractor that is in force on the Trigger Event Date. A copy of the joint operating agreement in force on the Trigger Event Date has been provided to NOCAL.
- (b) Within sixty (60) days of the NOCAL Notice to the Non-State Parties of its election to receive the State Carried Participation, NOCAL shall enter into the lifting agreement provided for in Article 27.4 to provide for the handling of the State Carried Participation's share of Total Production. Until such time that NOCAL becomes party to the lifting agreement, the Operator shall market the State Carried Participation's share of Total Production and remit payment for production to NOCAL in accordance with the terms of Article 16.8.

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- (c) The joint operating agreement to be effective on the Trigger Event Date provides for the following:
- (i) governance of the above described relationship and the finances;
 - (ii) pro-rata cash calls based upon interests in the Contractor;
 - (iii) the voting rights for the State Carried Participation and Citizen Carried Participation to be maintained in one (1) voting block such that NOCAL Controls the vote for the full fifteen percent (15%) interest notwithstanding any sale or other transfer of any portion of or interest in the State Carried Participation or the Citizen Carried Participation;
 - (iv) the right of NOCAL to withdraw from any Field, provided any contribution made to the Abandonment Fund that is associated with the interest shall transfer to the Party accepting such interest and the right to recover previously paid Petroleum Costs associated with the interest shall remain with the Non-State Parties having paid such costs and that such right to recover shall also be on a no-recourse basis as provided in 19.5(f) below;
 - (v) the payment obligations of the Non-State Parties in regard to the State Participation Carried Costs and State Participation Non-Carried Costs; and
 - (vi) a provision adjusting the voting and participation rights of the Person holding the State Carried Participation to reflect Article 19.5(m).
- (d) There shall be no withholding, income tax, duty, levy, charge, fee or tax of any kind whatsoever due from the Contractor or the transferor relative to the initial Transfer of the State Carried Participation or in relation to future Transfers where the transferee is a one hundred percent (100%) State owned corporation or a ministry or other agency of the State.
- (e) NOCAL, on behalf of the State, shall be responsible for payment of income taxes and other taxes and all income tax return preparation and filing compliance obligations attributable to the State Carried Participation as required by Law.
- (f) Any funding of the State Carried Participation by the other Persons participating in the Contractor shall be on a no-recourse basis to the State or NOCAL. Repayment for all costs and expenses attributable to the State

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Carried Participation shall be paid exclusively from the portion of Total Production provided for recovery of Petroleum Costs under Article 16.3.

- (g) The State or NOCAL may not pledge, mortgage or otherwise encumber the State Carried Participation's portion of Total Production provided for the recovery of Petroleum Costs under Article 16.3.
- (h) NOCAL shall have the right to sell all or an undivided proportionate interest in the State Carried Participation to any Person not wholly State-owned subject to a right of first negotiation in favor of the Non-State Parties. If NOCAL wishes to sell any or all of the State Carried Participation to any Person not wholly State-owned, NOCAL shall provide Notice to the Non-State Parties of the desired sale including an indicative summary of the proposed terms of the sale. The indicative summary shall include all key terms of the proposed sale to enable a Person participating in the Contractor to decide whether to acquire such portion of the State Carried Participation. If a Person or Persons participating in the Contractor wishes to discuss the possibility of purchasing the indicated portion of the State Carried Participation from NOCAL, NOCAL and such Person(s) shall negotiate on an exclusive basis for a thirty (30) day period following such Notice to the Contractor to reach final agreement regarding the terms and conditions for such sale. If the sale is not consummated within thirty (30) days after the date of agreement between NOCAL and such Person(s) participating in the Contractor, or if no agreement is reached, NOCAL shall be free to dispose of such portion of the State Carried Participation within the following one hundred and eighty (180) days as long as such sale is at least the same price and on no more favorable terms and conditions to the buyer than those contained in the indicative summary.
- (i) The obligation of the Non-State Parties to pay the State Participation Carried Costs and any State Participation Non-Carried Costs to the extent such State Interest Non-Carried Costs are not funded by NOCAL shall cease on any portion of the State Carried Participation subject to a Transfer to a Person not wholly State-owned. Such Person shall thereafter have only the rights and obligations of a Person participating in the Contractor under the then-applicable joint operating agreement subject to the limitations provided for in this Article 19.5.
- (j) In the case of any future Transfer of all or any portion of the State Carried Participation, any State Participation Carried Costs, Interest on State Carried Costs, State Participation Non-Carried Costs and Interest on State Participation Non-Carried Costs attributable to the transferred portion of the State Carried Participation that were funded by the Non-State Parties prior to such Transfer shall continue to be recovered by such Non-State

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Parties from the transferred portion of the State Carried Participation share of the portion of Total Production allocated for the recovery of Petroleum Costs in accordance Article 16.3.

- (k) The State and NOCAL shall not permit either legal or beneficial title to the State Carried Participation or any part thereof to Transfer to any Person if such Transfer would cause another Person participating in the Contractor to be in violation of the laws of its home country or the laws of the home country of its ultimate parent company. The Contractor shall provide NOCAL with the information reasonably necessary for the day-to-day administration of this requirement by the State and NOCAL and any entity holding such interest on behalf of the State.
- (l) In the event of a breach of Article 19.5(k) with respect to any portion of the State Carried Participation, the State shall re-purchase at cost such portion or allow the other Persons participating in the Contractor to re-purchase such portion at cost. For the purpose of this provision, at cost shall mean the amount paid by the holder to the State for its portion of the State Carried Participation plus the amount of any unrecovered investment by such holder on account of the costs of Petroleum Operations properly allocable to such portion of the State Carried Participation.
- (m) The Person holding the State Carried Participation shall not participate in Contractor's decision to enter into arbitration proceedings or Expert Determination under Article 31 and shall have no part in the guidance of any such arbitration proceedings or Expert Determination, including any strategic or tactical planning as a member of Contractor; however, it shall bear its proportionate share of the benefit or burden of any decision made thereunder.

19.6 LIBERIAN CITIZEN PARTICIPATION

The State, through NOCAL, shall have the right to receive a five percent (5%) transfer of the Contractor's interest in the Contract from the Persons then participating in the Contractor that are not wholly State-owned Persons (such NOCAL interest referred to as the "**Citizen Carried Participation**" and such Persons, including their successors in interest, "**Non-State Parties**"). In order to exercise this right, NOCAL must give Notice of the State's decision to exercise such right to the Non-State Parties during the three (3) month period ending on the date on which Commercial Production begins within the Delimited Area. The Contractor shall keep NOCAL fully informed of the date on which Commercial Production from the Delimited Area is expected to begin such that NOCAL shall have at least one hundred and eighty (180) days' Notice of such anticipated date. If the State, through NOCAL, elects to receive the Citizen Carried Participation,

NOCAL and any subsequent holder thereof shall be, with respect to the Citizen Carried Participation, a Person participating in the Contractor for all purposes of this Contract.

The Citizen Carried Participation shall be transferred to NOCAL at no charge to NOCAL. All costs allocable in accordance with the accounting procedure in Annex II to the Citizen Carried Participation relating to exploration, appraisal or development of each Field developed, including satellite or deeper horizon developments in an approved development and production plan but not the subject of the initial development under the plan whether incurred before or after the transfer (herein called "**Citizen Participation Carried Costs**"), shall be paid by the Non-State Parties. The Citizen Participation Carried Costs shall accrue interest at the Liberian Interest Rate compounded annually from the time that such costs are paid until the time that such costs are recovered by the Non-State Parties ("**Interest on Citizen Carried Costs**"). Such Interest on Citizen Carried Costs, as it accrues, is recoverable as Petroleum Costs. The Non-State Parties that paid the Citizen Participation Carried Costs shall recover such costs (in proportion to their payments) plus Interest on Citizen Carried Costs from the share of the Citizen Carried Participation in the portion of Total Production allocated to the recovery of Petroleum Costs in accordance with Article 16.3.

All costs of carrying out Petroleum Operations (other than Citizen Participation Carried Costs and Interest on Citizen Carried Costs) including Production costs for any Field, such as reservoir maintenance, production well work-overs, in-fill drilling after the completion of the initial development operations of the Field, general operating costs of the Field after the start of Commercial Production and cash advances paid into an Abandonment Fund are herein called "**Citizen Participation Non-Carried Costs**". All Citizen Participation Non-Carried Costs are to be borne by the Citizen Carried Participation and shall be paid by NOCAL on behalf of the State in respect of the Citizen Carried Participation whenever a cash call is made under the joint operating agreement provided for below in this Article 19.6 for the payment of such costs.

However, if NOCAL does not pay the amount due from it for Citizen Participation Non-Carried Costs pursuant to any such cash call within forty-five (45) days' of Notice under such joint operating agreement of such cash call (it being understood that NOCAL on behalf of the Citizen Carried Participation may honor such cash calls directly or indirectly through third party arrangements or as might be agreed between NOCAL and the Contractor), then the other Persons participating in the Contract who are Non-State Parties shall provide the funding.

Any Citizen Participation Non-Carried Costs paid by Non-State Parties shall accrue interest at the Liberian Default Interest Rate compounded annually from the time that such costs are paid until the time that such costs are recovered by the

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Non-State Parties (“**Interest on Citizen Non-Carried Costs**”). Such Interest on Citizen Non-Carried Costs, as it accrues, is a recoverable Petroleum Cost pursuant to the accounting procedure in Annex II. The Non-State Parties that paid Citizen Participation Non-Carried Costs shall recover such Citizen Participation Non-Carried Costs (in proportion to their payments) plus Interest on Citizen Non-Carried Costs from the share of the Citizen Carried Participation in the portion of Total Production allocated to the recovery of Petroleum Costs in accordance with Article 16.3.

The following additional principles govern the Citizen Carried Participation:

- (a) Within sixty (60) days of the NOCAL Notice to the other Persons participating in the Contractor of the State’s election to receive the Citizen Carried Participation, it will enter into the then existing international joint operating agreement (including accounting procedures and the terms provided for in Article 19.6(c)) with the Non-State Parties. Such agreement will be consistent with Good International Petroleum Industry Practice and the joint operating agreement between the Persons participating in the Contractor that is in force on the Trigger Event Date. A copy of the joint operating agreement in force on the Trigger Event Date has been provided to NOCAL.
- (b) Within sixty (60) days of the NOCAL Notice to the other Persons participating in the Contractor of the State’s election to receive the Citizen Carried Participation, NOCAL shall enter into the lifting agreement provided for in Article 27.4 to provide for the handling of the Citizen Carried Participation’s share of Total Production. Until such time that NOCAL becomes party to the lifting agreement, the Operator shall market the Citizen Carried Participation’s share of Total Production and remit payment for production to NOCAL in accordance with the terms of Article 16.8.
- (c) The joint operating agreement to be effective on the Trigger Event Date provides for the following:
 - (i) governance of the above described relationship and the finances;
 - (ii) pro-rata cash calls based upon interests in the Contractor;
 - (iii) the voting rights for the State Carried Participation and Citizen Carried Participation to be maintained in one (1) voting block such that NOCAL Controls the vote for the full fifteen percent (15%) interest notwithstanding any sale or other transfer of any portion of

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or interest in the State Carried Participation or the Citizen Carried Participation;

- (iv) the right of NOCAL, on behalf of the Citizen Carried Participation, to withdraw from any Field, provided any contribution made to the Abandonment Fund that is associated with the interest shall transfer to the Party accepting such interest and the right to recover previously paid Petroleum Costs associated with the interest shall remain with the Person Participating in Contractor that paid such costs and that such right to recover shall also be on a no-recourse basis as provided in 19.6(f) below;
 - (v) the payment obligations of the Non-State Parties in regard to the Citizen Participation Carried Costs and Citizen Participation Non-Carried Costs; and
 - (vi) a provision adjusting the voting and participation rights of the Person holding the Citizen Carried Participation to reflect Article 19.6(m).
- (d) There shall be no withholding, income tax, duty, levy, charge, fee or tax of any kind whatsoever due from the Contractor or the transferor relative to the initial Transfer of the Citizen Carried Participation or in relation to future Transfers where the transferee is (i) a one hundred percent (100%) State owned corporation or a ministry or other agency of the State, or (ii) a trust company or other established fiduciary entity described in Article 19.6(h).
- (e) NOCAL, on behalf of the State, shall be responsible for payment of income taxes and other taxes and all income tax return preparation and filing compliance obligations attributable to the Citizen Carried Participation as required by Law.
- (f) Any funding of the Citizen Carried Participation by the Non-State Parties shall be on a no-recourse basis to the State or NOCAL. Repayment for all costs and expenses attributable to the Citizen Carried Participation shall be paid exclusively from the portion of Total Production provided for recovery of Petroleum Costs under Article 16.3.
- (g) The State or NOCAL may not, pledge, mortgage or otherwise encumber the Citizen Carried Participation's portion of Total Production provided for the recovery of Petroleum Costs under Article 16.3.

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- (h) The ownership of the Citizen Carried Participation shall be structured such that ultimate beneficial ownership of the Citizen Carried Participation can be made available to citizens of Liberia, and shall be administered in a manner that an inter-ministerial commission appointed by the President of the Republic of Liberia has determined will ensure a continuing broad participation of Liberian citizens in the benefits of the Citizen Carried Participation. So long as there is compliance with the preceding sentence, NOCAL may Transfer the Citizen Carried Participation (i) to a one hundred percent (100%) State owned corporation or a ministry or other agency of the State, or (ii) to a trust company or other established fiduciary entity with a well-established capacity to maintain and administer large numbers of shareholder or investor accounts pursuant to a program of facilitating the issuance through such entity to Liberian citizens of rights in the Citizen Carried Participation. If there is a separation of bare legal title from beneficial ownership, the rights of the legal titleholder shall not thereafter be transferred in any way that will adversely affect the ultimate beneficial ownership of the Citizen Carried Participation by citizens of Liberia. The State shall develop processes to reverse or rescind any transfer of a beneficial interest in the Citizen Carried Participation to any Person who is not a Liberian citizen, and to recover any such interest from any Person demonstrated to be holding such interest for the direct or indirect benefit of a Person who is not a Liberian citizen. Any interest in the Citizen Carried Participation so reversed, rescinded or recovered shall be held and applied in the manner required by the first sentence of this paragraph.
- (i) The obligation of the Non-State Parties to pay the Citizen Participation Carried Costs and any Interest on Citizen Non-Carried Costs to the extent such Citizen Participation Non-Carried Costs are not funded by NOCAL shall cease on the occurrence of a Transfer of any portion of the Citizen Carried Participation to a Person not permitted under clause (i) or clause (ii) of Article 19.6(h). Such Person shall thereafter have only the rights and obligations of Non-State Parties under the then-applicable joint operating agreement and shall be subject to the limitations provided for in this Article 19.6.
- (j) In the case of any future Transfer of all or any portion of the Citizen Carried Participation, any Citizen Participation Carried Costs, Interest on Citizen Participation Carried Costs, Citizen Participation Non-Carried Costs and Interest on Citizen Participation Non-Carried Costs attributable to the transferred portion of the Citizen Carried Participation subject to a Transfer that were funded by the Non-State Parties prior to such Transfer shall continue to be recovered by such Non-State Parties from the

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transferred portion of the Citizen Carried Participation share of the portion of Total Production allocated for the recovery of Petroleum Costs in accordance Article 16.

- (k) The State and NOCAL shall not permit either legal or beneficial title to the Citizen Carried Participation or any part thereof to Transfer to any Person if such Transfer would cause another Person participating in the Contractor to be in violation of the laws of its home country or the laws of the home country of its ultimate parent company. The Contractor shall provide NOCAL with the information reasonably necessary for the day-to-day administration of this requirement by the State and NOCAL and any entity holding such interest on behalf of the State.
- (l) In the event of a breach of Article 19.6(k) with respect to any portion of the Citizen Carried Participation, the State shall re-purchase at cost such portion or allow the other Persons participating in the Contractor to re-purchase such portion at cost. For the purpose of this provision, at cost shall mean the amount paid by the holder to the State for its portion of the Citizen Carried Participation plus the amount of any unrecovered investment by such holder on account of the costs of Petroleum Operations properly allocable to such portion of the Citizen Carried Participation.
- (m) The Person holding the Citizen Carried Participation shall not participate in Contractor's decision to enter into arbitration proceedings or Expert Determination under Article 31 and shall have no part in the guidance of any such arbitration proceedings or Expert Determination, including any strategic or tactical planning as a member of Contractor; however, it shall bear its proportionate share of the benefit or burden of any decision made thereunder.

ARTICLE 20

OWNERSHIP AND ABANDONMENT OF ASSETS

- 20.1 When each Field has reached fifty percent (50%) of productive capacity, which, for the sake of clarity means that fifty percent (50%) of the estimated recoverable Petroleum has been produced from such Field, the Contractor shall submit a revised Abandonment Plan and budget for such Field to be approved by NOCAL. Within ninety (90) days of said approval, the Contractor shall establish an abandonment fund in Dollars to be held in an interest-bearing escrow account with an escrow agent approved by the Ministry of Finance, NOCAL and the



Contractor ("**Abandonment Fund**"). The account shall be established at an international bank of good financial standing and a long term debt rating of not less than "AA" by Standard & Poor's Corporation or "Aa2" by Moody's Investor Service or a comparable rating by another mutually agreed rating service. The same Abandonment Fund shall receive the funds for all Fields.

Each year following the establishment of the Abandonment Fund, the Contractor will pay into the account a per unit of production assessment for each Field calculated by dividing the approved abandonment budget by the estimated units of production to be produced between the approval date and the anticipated date of abandonment. All monies paid into the Abandonment Fund shall be recoverable as Petroleum Costs. If there is any dispute as to the yearly amount to be funded into the Abandonment Fund, either NOCAL or the Contractor may submit the question as to the amount to be funded to Expert Determination in accordance with Article 31.9.

The Abandonment Fund shall be used solely for the purposes of paying for abandonment operations. No Party shall mortgage, pledge, encumber or otherwise use such Abandonment Fund for any purpose whatsoever except as expressly provided herein. The Abandonment Fund shall establish an investment policy approved by the Contractor and the Minister of Finance.

Following full decommissioning and abandonment of all of the Fields, any portion of the Abandonment Fund not required for the Abandonment Plan shall be transferred to NOCAL for the benefit of the State. If the Abandonment Fund is insufficient to complete the approved Abandonment Plan, then the Contractor shall pay all such additional required costs and these additional costs shall be recoverable as Petroleum Costs if there is available Petroleum provided for under the provisions of Article 16.3. If it is anticipated by the Contractor that there shall not be sufficient funds in the Abandonment Fund to fully decommission and abandon all of the Fields, the Contractor may request that the funding of the Abandonment Fund be increased, such request may not be unreasonably denied by NOCAL. If NOCAL elects to take ownership of assets pursuant to this Article, the Abandonment Fund shall be transferred to NOCAL, which shall assume responsibility for the assets and their decommissioning and abandonment, including all liability for reclamation of environmental damages which occur after the transfer of such assets as provided in Article 20.3.

- 20.2 Upon expiration, surrender or termination of this Contract, whatever the reason thereof, in respect of all or part of the Delimited Area, or at the end of exploitation of a Field, the Contractor shall offer in writing to transfer at no cost to NOCAL the ownership of all assets, movables and immovables, used for the requirements of the Petroleum Operations carried out in the area so surrendered, located whether inside or outside the Delimited Area, such as wells and their equipment,

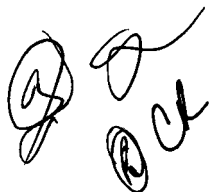
all other offshore equipment and facilities, buildings, warehouses, docks, lands, offices, plants, machinery and equipment, bases, harbors, wharfs, jetties, buoys, platforms, pipelines, roads, bridges, railroads and other facilities to including title to all such assets owned by the Contractor or any Person participating in the Contractor and sufficient rights to all leased property then used by the Contractor in the conduct of Petroleum Operations not then readily available in the West African marketplace and material to the continued conduct of Petroleum Operations with respect to the Delimited Area to permit NOCAL or a successor contractor to continue the use thereof on normal commercial terms and conditions for a reasonable period of time following such expiration, surrender or termination.

Such offer shall include:

- (a) identification of all licenses or use rights necessary to enable NOCAL or a successor contractor selected by NOCAL to operate such movables and immovables for their intended purposes;
- (b) the transfer of all such licenses or use rights to NOCAL or any such successor contractor, to the extent transferable under such licenses or use rights;
- (c) in the case of non-transferable licenses or use rights, information sufficient to enable NOCAL or any such successor contractor to acquire any such licenses or use rights, and the projected cost of acquiring such rights.

20.3 The Contractor shall seek to acquire any such licenses or use rights required for the conduct of Petroleum Operations on the basis that such rights are freely transferrable to any successor user of the related assets, and must do so if the marginal cost of acquiring such rights on such terms is not material in comparison to the cost of acquiring such rights solely for use by the Contractor and the conditions imposed in connection with the granting of such extended rights are not unduly burdensome to the Contractor. The Contractor shall have no obligation to supply license or use rights to the Contractor proprietary technology or know-how for the purpose above, and if such license or use rights to the Contractor proprietary technology would be required for the purpose above, the Contractor shall provide similar third party technology or an alternate movable or immovable asset with accompanying technology or know-how.

20.4 The written offer required in Article 20.2 shall be delivered at least sixty (60) days prior to the end of the term of this Contract through expiration or early surrender by the Contractor, or within sixty (60) days following the end of the term, in the case of termination for any other reason, and shall identify the assets involved in sufficient detail to permit NOCAL to form a reasonable opinion as to

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the utility to NOCAL of the various components thereof. NOCAL shall have sixty (60) days from the date of delivery of such written offer to elect by Notice delivered to the Contractor to retain any such property. Any property not specifically elected by NOCAL shall be removed or abandoned pursuant to Article 20.8. The Contractor shall transfer good title and possession to all such property to NOCAL by an instrument or instruments reasonably satisfactory to NOCAL at the time specified in NOCAL's Notice of election, which shall be not more than sixty (60) days after its delivery of such Notice.

- 20.5 Such transfer of ownership shall cause the automatic cancellation of any security or surety concerning those assets, or which those assets constitute, and any security or surety on any assets of the Contractor that does not by its terms so provide shall constitute a breach of this Contract unless NOCAL has otherwise agreed in writing.
- 20.6 The Contractor shall remain responsible for insuring and maintaining all assets to be taken by NOCAL until possession thereof is actually transferred to NOCAL, which expense shall be a recoverable Petroleum Cost until the Contract terminates and shall be reimbursed by NOCAL to the extent not recovered by the Contractor.
- 20.7 No surrender pursuant to this Article 20 shall excuse the Contractor from responsibility for any conditions existing at the time of transfer; provided that the Abandonment Fund shall be utilized to remediate any such environmental conditions that have caused or may cause environmental damage.
- 20.8 Not more than three (3) months prior to delivery of any written offer pursuant to Article 20.2, the Contractor shall commission an independent environmental audit to be performed with respect to all assets to be covered by such offer and with respect to the land on which, or the ocean around which, they are located. The results of such audit shall be furnished to NOCAL together with the Notice referred to in Article 20.3. The external audit shall be performed or supervised by an environmental engineer with at least ten (10) years of experience in making environmental compliance assessments and audits in the offshore petroleum industry. Such environmental engineer shall be selected by the Contractor and approved by NOCAL; failing such approval, the appointment of the environmental engineer shall be subject to Expert Determination in accordance with Article 31.9. The cost of the audit shall be paid from the Abandonment Fund by the Contractor (or if the Abandonment Fund is anticipated to be insufficient, from the Contractor who may recover such costs as Petroleum Costs). If there are sufficient funds in the Abandonment Fund after the anticipated cost of abandonment to rectify the environmental damage, the Contractor shall be released from any liability for same. If there are not sufficient funds in the Abandonment Fund to rectify the environmental damage after the anticipated cost of abandonment, the Contractor shall be liable for such shortfall.

- 20.9 If NOCAL for any reason accepts only some or none of the assets and other property offered to it under this Article 20, the Contractor shall in accordance with Good International Petroleum Industry Practice, perform abandonment operations in accordance with the Contractor's approved Abandonment Plan and to remove all such offered and unaccepted assets except as otherwise permitted in accordance with the Contractor's approved Abandonment Plan. The costs under this Clause 20.9 shall be taken from the Abandonment Fund, or if the Abandonment Fund is anticipated to be insufficient, from the Contractor who may recover such costs in advance of actual spend as Petroleum Costs. Contractor shall account to NOCAL for the expenditure of all such costs recovered in advance, and if actual costs incurred are less than the advance recovered costs, Contractor shall promptly pay to NOCAL the amount of such excess.

ARTICLE 21

NATURAL GAS

21.1 Provisions common to Associated and Non-Associated Gas

- (a) In the event of a Natural Gas discovery, the Contractor shall engage in discussions with NOCAL with a view to determining whether the appraisal and exploitation of said discovery is of a potentially commercial nature.
- (b) In addition, the Parties shall jointly evaluate the possible outlets for the Natural Gas, both on the local market and for export, together with the necessary means for its marketing, and they shall consider the possibility of a joint marketing of their shares of production in the event the Natural Gas discovery would not otherwise be commercially exploitable.
- (c) Following completion of appraisal work, in the event the Parties should jointly decide that the exploitation of that discovery is justified to supply the local market, or in the event the Contractor should undertake to develop and produce that Natural Gas for export, the Contractor shall submit prior to the expiration of the appraisal period an application for an exclusive exploitation authorization which NOCAL will grant under the terms provided by Article 12.1.
- (d) The Contractor shall have the right to dispose of its share of production of Natural Gas, in accordance with the provisions of this Contract. It shall also have the right to proceed with the separation of liquids from all Natural Gas produced, and to transport, store as well as sell on the local



market or for export its share of liquid Petroleum so separated which will be considered as Crude Oil for the purposes of their sharing between NOCAL and the Contractor under Article 16.

- (e) In order to encourage the exploitation of Natural Gas, NOCAL and the Contractor undertake to negotiate in good faith with a view to reaching agreement on terms for the commercialization of Natural Gas determined to be present in potentially commercial quantities. NOCAL shall consult with the Ministry of Finance and the Ministry of Justice regarding any revised terms for Natural Gas development. Any agreement regarding the terms for the commercialization of Natural Gas shall take into account the legitimate interest of the State as the resource owner.

21.2 Non-Associated Natural Gas

- (a) Pursuant to Article 11, if the Contractor has applied for and been granted an exclusive appraisal period for a Non-Associated Natural Gas discovery, then within the first ninety (90) days of the initial appraisal period NOCAL and the Contractor shall establish a consultative committee ("**Gas Committee**") which shall have the following responsibilities:
 - (i) to evaluate the possible outlets for Non-Associated Natural Gas, both on the local market and for export, together with the necessary means for its marketing;
 - (ii) to evaluate the merits of an integrated value chain approach to Natural Gas commercialization;
 - (iii) to determine whether joint marketing of their shares of Non-Associated Natural Gas production may be justified or if marketing of individual shares should be implemented;
 - (iv) to define the methodology for calculating the Natural Gas Market Price in accordance with Article 21.4(a)(ii);
 - (v) to ensure the coordination of the Natural Gas project value chain; and
 - (vi) to facilitate the project's evaluation and implementation.
- (b) Governance of the Gas Committee shall be conducted using the same principles in Article 5 that govern the Joint Operating Committee, except that the Contractor shall appoint the permanent chairperson of the Gas Committee.



- (c) If, despite their reasonable endeavors during the initial appraisal period, the Gas Committee is unable to define a commercially viable market for the exploitation of the Non-Associated Natural Gas discovery, the Contractor may, prior to the expiry of the term of the exclusive appraisal authorization, request a five (5) year extension of the exclusive appraisal authorization for the Appraisal Perimeter of the Non-Associated Natural Gas discovery and NOCAL will not unreasonably withhold its approval for said extension.
- (d) If the Contractor is of the view that the Non-Associated Gas Discovery in question is non-commercial as a standalone development but can demonstrate that there is sufficient prospectivity in the region to support a combined development of current discovered reserves and future exploration prospects, the Contractor may request a further three (3) year extension of the exclusive appraisal authorization for the Appraisal Perimeter of the Non-Associated Natural Gas discovery and NOCAL will not unreasonably withhold its approval for said further extension.
- (e) If the Contractor does not timely apply for an exclusive appraisal authorization for appraisal of the Non-Associated Natural Gas discovery concerned, NOCAL may require the Contractor to surrender its rights to all Non-Associated Natural Gas which could be produced from said discovery, with respect to the area encompassing said discovery.
- (f) Following completion of appraisal work for the Non-Associated Natural Gas discovery, in the event the Parties should jointly decide that the exploitation of the Non-Associated Natural Gas discovery is justified, the Contractor shall submit an application for an exclusive exploitation authorization which NOCAL will grant under the terms provided by Article 12.1.
- (g) So long as the Contractor is in compliance with applicable Law and the obligations under this Contract, the Contractor shall then have the right and obligation to proceed with the development and production of that Natural Gas in accordance with the approved development and production plan contemplated by Article 11.3 and the provisions of this Contract applicable to Crude Oil shall apply, mutatis mutandis, to Natural Gas, unless otherwise specifically provided.
- (h) However, if the Contractor, after completion of appraisal works, fails within twenty-four (24) months thereafter to declare the Non-Associated Natural Gas discovery to be commercial and does not timely submit a development and production plan, NOCAL may by Notice to the Contractor terminate the Contractor's rights to all Non-Associated Natural

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Gas which could be produced from said discovery, with respect to the area encompassing said discovery. The Contractor shall have one hundred and eighty (180) days from the date of receipt of said Notice from NOCAL to remove its property and equipment from the area encompassing such discovery, provided that if the Contractor is also appraising or developing a Crude Oil discovery in said area, the Contractor shall make arrangements (reasonably satisfactory to NOCAL) to ensure that a third party would have sufficient access to the area to appraise and develop such Non-Associated Natural Gas discovery provided such operations do not affect or prejudice in any material way the Contractor's operations to appraise or develop its Crude Oil discovery.

In either case, the Contractor shall forfeit its rights to all Non-Associated Natural Gas which could be produced from said discovery, and subject to the priority rights of any Crude Oil operations as aforesaid, NOCAL may then carry out, or cause to be carried out, all the appraisal, development, production, processing, transportation and marketing work relating to that discovery, without any compensation for the Contractor.

21.3 Associated Natural Gas

- (a) In the event of a commercial discovery of Crude Oil, the Contractor shall inform NOCAL if it considers that the production of Associated Natural Gas is likely to exceed the quantities necessary for the requirements of the Petroleum Operations related to the production of Crude Oil (including reinjection operations and field or platform use), and if it considers that such excess is capable of being produced in commercial quantities. In the event the Contractor shall have informed NOCAL of such an excess, the Parties shall jointly evaluate the possible outlets for that excess Associated Natural Gas, both on the local market and for export (including the possibility of joint marketing), together with the means necessary for its marketing.

If the Parties agree that the development of the excess Associated Natural Gas is justified, or in the event the Contractor wishes to develop and produce that excess Associated Natural Gas, the Contractor shall indicate in the development and production plan referred to in Article 11.3(c) the additional facilities necessary for the development and exploitation of that excess and estimate the costs related thereto.

The Contractor shall then have the right to proceed with the development and production of that excess in accordance with the development and production plan approved by NOCAL under the terms provided by Article 11.3(f), and the provisions of the Contract applicable to Crude Oil shall

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apply, mutatis mutandis, to the excess of Natural Gas, unless otherwise specifically provided by this Article 21.

A similar procedure shall be applicable if the sale or marketing of Associated Natural Gas is decided during the exploitation of a Field.

- (b) After NOCAL and the Contractor have decided that the development of excess Associated Natural Gas is justified pursuant to Article 21.3(a), if the Contractor does not submit a development and production plan providing for the development and production thereof or if the Contractor does not wish to participate in the development of excess Associated Natural Gas and therefore there has been no decision that the development of excess Associated Natural Gas is justified, and if NOCAL wishes to utilize such excess Associated Natural Gas, NOCAL shall notify the Contractor thereof, in which event:
 - (i) NOCAL shall present the Contractor with a development and production plan for such excess Associated Natural Gas. NOCAL shall use its best efforts to take into consideration any documented concerns of the Contractor regarding the technical feasibility of simultaneous operations or any additional costs to be incurred by the Contractor thereto, further subject to the requirement that such work or the operation of such facilities by NOCAL will not prejudicially affect (other than on a short term temporary basis attributable to the construction or placing of such facilities) the production, lifting and transportation of Crude Oil by the Contractor. If the Contractor has any concerns regarding such plan, NOCAL and the Contractor shall work together in good faith to resolve any outstanding concerns regarding the technical feasibility and risks of simultaneous operations and the additional costs to be incurred by the Contractor;
 - (ii) NOCAL and the Contractor may elect to convene the Gas Committee in order to facilitate the production of Associated Natural Gas by NOCAL;
 - (iii) the Contractor shall make available to NOCAL free of charge at the Crude Oil and Natural Gas separation facilities all or part of the excess Associated Natural Gas that NOCAL wishes to lift;
 - (iv) NOCAL shall be responsible for all the costs for the gathering, processing, compressing and transporting of the excess Associated Natural Gas from the Contractor's above mentioned separation

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facilities, and shall bear any additional costs related thereto separate to the provisions agreed to in this Contract; and

- (v) the design, placement and construction of NOCAL's facilities referred to above, together with the lifting of that excess by NOCAL, shall be carried out in accordance with Good International Petroleum Industry Practice, subject to the requirement that such work or the operation of such facilities will not prejudicially affect (other than on a short term temporary basis attributable to the construction or placing of such facilities) the production, lifting and transportation of Crude Oil by the Contractor.
- (c) Any excess of Associated Natural Gas which is not utilized under Article 21.3(a) and Article 21.3(b) shall be reinjected by the Contractor. However, the Contractor shall have the right to flare said gas in accordance with Good International Petroleum Industry Practice, provided that the Contractor furnishes NOCAL with a report demonstrating that said gas cannot be economically utilized by means of reinjection to improve the rate of recovery of Crude Oil pursuant to the provisions of Article 15.6. NOCAL's approval is required for said flaring, which approval shall not be unreasonably withheld. Flaring of gas shall be permitted for operational reasons only if the Contractor reasonably demonstrates that the failure to do so would prejudicially affect the production, lifting and transportation of Crude Oil.

21.4 Natural Gas Market Price and Sales

- (a) For the purposes of this Contract, "**Natural Gas Market Price**", expressed in Dollars per million BTU, shall be agreed by the Gas Committee as part of the preparation of the development and production plan for a Field, provided that if at the relevant time no Gas Committee has been formed, references to the "Gas Committee" in this Article 21.4 shall be deemed to refer to the JOC.
 - (i) With respect to Natural Gas export sales to Arm's Length purchasers, the Natural Gas Market Price shall be equal to the price obtained by the Contractor for quantities of Natural Gas sold to such purchasers in an invoiced transaction.
 - (ii) With respect to Natural Gas sales transactions that are non-Arm's Length, including all domestic sales, the Natural Gas Market Price shall be determined using the following considerations:

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- (i) publicly available information regarding international market prices of natural gas similar in quality to the gas to be valued;
 - (ii) the market destination of the Natural Gas;
 - (iii) the price of alternative Natural Gas at the final destination;
 - (iv) ancillary costs required to produce and market gas, such as gathering, treating or processing costs, distribution costs or taxes;
 - (v) an assumption of sound marketing practices;
 - (vi) an assumption of efficient operations;
 - (vii) provision for an economic return commensurate with that of international gas development projects; and
 - (viii) any other relevant considerations.
- (iii) At the request of one or more of the Parties, the formula used to determine the Natural Gas Market Price may be reviewed by the Gas Committee one (1) year prior to the commencement of Commercial Production and every five (5) years after the commencement of Commercial Production. In the event the Gas Committee cannot reach agreement within one hundred and twenty (120) days of the initiation of said price review, the disagreement shall be resolved by Expert Determination in accordance with the provisions of Article 31.9.
- (b) As provided in Article 16.1, the Contractor shall market NOCAL's allocation of Total Production of Natural Gas, except where provided otherwise pursuant to Article 16.7 or Article 21.3(b). At least one hundred and eighty days (180) days prior to the start of Commercial Production, the Contractor shall provide all Parties with a model Gas Sales and Purchase Agreement (GSPA) which shall be used as the template for a mutually agreed GSPA covering all such sales of Natural Gas. The GSPA shall be mutually agreed by the Parties. The GSPA shall contain contract terms for sales of Natural Gas, including the monthly invoicing and remittance process, an invoice review and dispute procedure, and a settlement provision to periodically "true-up" any overpayments or underpayments to NOCAL or the State and adjustments to the Petroleum Cost Account.

- (c) Payments under Article 16.8 and Article 17.5 adjustments to the Petroleum Cost Account shall be made using the Natural Gas Market Price. Whenever a re-determination of the Natural Gas Market Price has been completed pursuant to Article 21.4(a)(iii), the revised Natural Gas Market Price shall be used for future transactions.

ARTICLE 22

FOREIGN EXCHANGE CONTROL

- 22.1 The Contractor shall comply with the foreign exchange control regulations, subject to the provisions of this Article.
- 22.2 The Contractor shall have the right to retain abroad all currencies arising from sales of all Petroleum to which it is entitled under this Contract, or from assignments, as well as equity, incomes from loans and more generally, all assets acquired abroad by it, and to freely dispose of such foreign currencies or assets to the extent that they may exceed its requirements for its operations in Liberia.
- 22.3 No restriction shall be exercised on importation by the Contractor of funds intended for the performance of the Petroleum Operations.
- 22.4 For the purpose of facilitating transactions in connection with the performance of Petroleum Operations and in furtherance of the performance of its obligations under this Contract, the Contractor shall have the right with respect to transactions relating to Petroleum Operations to purchase currencies of Liberia with foreign currencies, and freely exchange into foreign currencies of its election any funds held by it in Liberia in excess of its local requirements at exchange rates which if directly or indirectly fixed by the State shall not be less favorable than those generally applicable to any other buyer or seller of foreign currencies.
- 22.5 The Contractor shall have the right to pay for services and assets for Petroleum Operations sourced from outside Liberia in foreign currency from accounts outside of Liberia.

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ARTICLE 23

APPLICABLE LAW

- 23.1 Except as explicitly provided in this Contract, the Contractor shall be subject to the Laws of the Republic of Liberia as in effect from time to time.
- 23.2 This Contract and the rights, obligations and duties of the Parties hereunder shall be governed by and construed and interpreted in accordance with the Laws of the Republic of Liberia.

ARTICLE 24

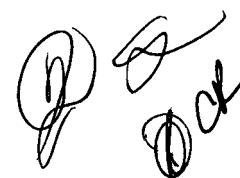
MONETARY UNIT

- 24.1 The registers and accounting books relating to this Contract shall be maintained and recorded in Dollars. Said registers and accounting books shall be used to determine the Petroleum Costs, gross income, exploitation costs and net profits for the purpose of the preparation of the Contractor's tax return; they shall contain, inter alia, the Contractor's accounts showing the sales of Petroleum under this Contract.
- 24.2 Whenever it is necessary to convert into Dollars expenses and incomes expressed in another currency, the exchange rates to be used shall be equal to the arithmetic average of the daily closing rates for the purchase and sale of said currency during the month when the expenses were paid and the income received.
- 24.3 The registers and accounting books relating to this Contract shall be supported by detailed documents with respect to receipts and Petroleum Costs.

ARTICLE 25

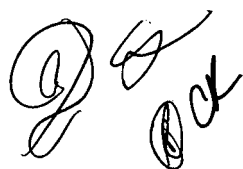
ACCOUNTING METHOD AND AUDITS

- 25.1 Each Person participating in the Contractor shall have all of its financial statements for each Calendar Year audited in accordance with international accounting and auditing standards by an internationally recognized independent auditor to be appointed by the Contractor. The audited financial statements for each such Person shall be delivered to NOCAL within one hundred and eighty (180) days after the end of each Calendar Year.

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- 25.2 Insofar as a charge from any of its Affiliates is included as a Petroleum Cost under this Contract or is otherwise relevant to the determination of the taxable income of the Contractor, each Person Participating in the Contractor shall make available to NOCAL the results of audits carried out in accordance with international accounting and auditing standards by an internationally recognized independent auditor of the books and records of each such Affiliate in relation to the work performed under this Contract, the costs incurred, the allocation of costs, and the quantity and value of all Petroleum produced and saved from the Delimited Area and not used in Petroleum Operations, in order to verify the accuracy of the Contractor's books and records and compliance with the terms of this Contract. An audit report from an accredited international auditor that such Affiliate's cost excludes any element of profit and any duplication of costs and that its profit and cost allocation principles are consistent in application to all of its activities shall be sufficient to fulfill this requirement. All costs of audit pursuant to this Article 25.2 that are requested by NOCAL and would not otherwise be incurred shall be Petroleum Costs.
- 25.3 The Contractor shall maintain its accounts in accordance with the regulations in force in Liberia and with the provisions of the accounting procedure set out in Annex II attached hereto forming an integral part of this Contract. The accounts shall be maintained for each Calendar Year in respect of Petroleum Operations, enabling in particular the establishment of a profit and loss account as well as a balance sheet showing both the results of said Petroleum Operations and the asset and liability items allocated or related thereto. The Contractor must maintain all books, records, and documents maintained under this Article and make the aforesaid available for inspection in accordance with the terms of this Article 25 until the later of:
- (a) three (3) years after the termination of each Calendar Year;
 - (b) if any cost or amount is under dispute, the time at which that dispute has been resolved; and
 - (c) such longer period as may be legally required.
- 25.4 The Contractor shall keep the registers and accounting books referred to in Article 24.1 at the location at which the Contractor has established regional or international group accounting operations from time to time. The Contractor shall maintain copies of such registers and accounting books in Liberia after the Operator has established a local office in accordance with the provisions of Article 1.3(d).

At any time, with sixty (60) days' Notice to the Contractor, NOCAL or the Ministry of Finance, at its sole expense except as provided in this Article 25.4 and

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in Article 25.5, may, acting in accordance with international accounting and auditing standards and through an internationally recognized independent auditor, cause an independent financial audit or review of the books and records of any Person participating in the Contractor (with respect to its interest in the Contractor) or of the Contractor. The Contractor or such Person will cooperate to provide copies of the information, books and records needed to complete the review or audit.

If NOCAL or the Ministry of Finance nonetheless determine it necessary for any part of such audit to be performed outside of Liberia, the cost of associated travel will be borne by the State except to the extent that the Contractor or such Person is unable to provide or procure the provision of the information, books or records needed to complete the audit in Liberia, in which case the Contractor or such Person, as the case may be, shall bear both the reasonable travel cost of a reasonable number of auditors to travel to the place where such information, books and records may be obtained and their accommodation costs for a reasonable amount of time necessary to complete their review, and such costs shall not be included in Petroleum Costs. Any request for the inspection of information, books or records outside of Liberia shall be reasonable and the justification thereof well-documented.

Except as expressly provided in this Article 25.4, costs incurred by the Contractor under this Article 25.4 are Petroleum Costs.

- 25.5 NOCAL and the Ministry of Finance shall have a period of three (3) years following the end of each Calendar Year to carry out those inspections or audits relating to said year and may submit its objections to the Contractor for any contradictions or errors found during such inspection or audits. If any such inspection or audit is finally determined to have overstated Petroleum Costs or understated revenue derived from Total Production by more than three percent (3%), all costs of the inspection or audit shall be borne or reimbursed by the Contractor and no portion of such costs of inspection or audit may be included in Petroleum Costs. Appropriate adjustments in payments and cumulative recoverable costs shall be made to adjust for all misstatements identified as a result of any such inspection or audit.

Should NOCAL and the Ministry of Finance fail to make any claim within the above-mentioned period of three (3) years, no further objection or claim shall be made by either for the Calendar Year concerned, provided however, that if in a subsequent period an issue or error is identified that indicates fraud or willful misconduct to have occurred in relation to any period, NOCAL shall have the right to re-examine reports and statements otherwise considered final or not previously audited.

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ARTICLE 26

IMPORT AND EXPORT

26.1 The Contractor and its contractors and subcontractors shall be exempt from all duties, taxes and fees on imports and exports as provided under Article 17.4(a).

- (a) The Contractor shall have the right to import into Liberia, in its own name or on behalf of its contractors and subcontractors, all the technical equipment, materials, machinery and tools, goods and supplies necessary for the proper conduct and achievement of the Petroleum Operations according to Good International Petroleum Industry Practice. Such imports include but are not limited to, drilling, exploration, development, production, transportation, sales and marketing, equipment, pipelines, tanks, geological and geophysical tools, boats, ships, launches, drilling barges, ships and platforms, production platforms, civil engineering and telecommunication equipment, power plants and all related equipment, aircraft, automotive equipment and other vehicles, instruments, tools, spare parts, alloys and additives, camping equipment, protective clothing and equipment, medical, surgical and sanitary equipment, supplies and instruments necessary for the installation and operation of hospitals and dispensaries, documentation equipment, construction materials of all types, lumber, office furniture and equipment, automobiles, explosives, chemicals, fuels, ship supplies, pharmaceutical products, and medicines.
- (b) The Contractor shall have the right to import into Liberia, in its own name or on behalf of its contractors or subcontractors, the furniture, clothing, household appliances and all personal effects for all the foreign employees and their families assigned to work in Liberia for the Contractor or its contractors or subcontractors.
- (c) However, subject to Article 29.9, the Contractor, its agents, contractors and subcontractors undertake not to proceed with the imports mentioned in Article 26.1(a) insofar as such items are available in Liberia under equivalent conditions of quantity, quality, price, delivery and terms of payment, unless specific requirements or technical emergencies are presented by the Contractor. For purposes of this Article 26.1(c), an imported item shall be taken as an entire shipment and not considered on a piece by piece basis where the purpose of the imported item is to function as a unit.
- (d) The Contractor, its agents, contractors and subcontractors shall have the right to re-export from Liberia any items imported under Article 26.1(a) and (b) that are no longer necessary for the Petroleum Operations unless



those items have become the property of the State under the provisions of Article 20.

- (e) In the event of a duly justified emergency, the equipment, materials, tools and machinery, goods and supplies will be placed at the disposal of the users as soon as they arrive in Liberia and the administrative regularization relating to their admission will be made later and as soon as possible.
- 26.2 The Contractor, its agents, contractors and subcontractors shall, provided that they inform the Ministry of Finance in advance of their intent to sell and subject to the provisions of Article 20, have the right to sell in Liberia, all equipment, materials, machinery and tools, goods and supplies which they have imported when they are considered as surplus and no longer necessary for the Petroleum Operations, except that they may not sell explosives, gasoline or diesel within Liberia to third parties without the consent of the Ministry of Finance after consulting the Ministry of Lands, Mines and Energy. If any such imported equipment, materials, machinery and tools, goods and supplies were exempted in all or part from taxes and duties on import into Liberia, then such items are deemed imported on the date of sale and the seller must upon their sale pay to the general revenue account of the State those taxes and duties payable on such items under applicable Law in effect on the date of sale calculated on the actual sales price on the date of sale and fulfill all formalities required by Law in connection with such sales. For purposes of determining the applicable taxes and duties, the sales price in regard to sales to Affiliates shall be deemed to be the Fair Market Value of the item.
- 26.3 During the term of this Contract, the Contractor, its customers and their carriers shall have the right to export freely at the export point selected for that purpose, free of all duties and taxes and at any time, the portion of Petroleum to which the Contractor is entitled in accordance with the provisions of this Contract, after deduction of all deliveries made to the State.

ARTICLE 27

DISPOSAL OF PRODUCTION

- 27.1 Each Calendar Year, up to a total of ten percent (10%) of the share of Crude Oil production to which the Contractor is entitled, shall be sold to NOCAL by the Contractor for the purpose of satisfying the needs of the domestic market of Liberia. Such contribution of the Contractor shall be in proportion of its share of production to the total Crude Oil production in Liberia.

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The quantity of Crude Oil the Contractor shall be obligated to sell to NOCAL shall be notified to it by NOCAL at least three (3) months prior to the beginning of each Calendar Quarter.

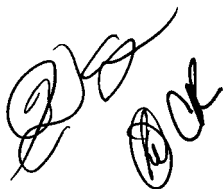
- 27.2 The price of the Crude Oil sold to NOCAL under Article 27.1 for the needs of the domestic market shall be the Market Price for the month in which the sale occurred as determined pursuant to Article 18.

That Crude Oil price shall be payable to the Contractor in Dollars not later than thirty (30) days after receipt of the invoice unless otherwise agreed between NOCAL and the Contractor. The provisions of 18.6 shall be applicable if payment is due under this Article 27.2 prior to the final determination of the Market Price for such sale under Article 18.

- 27.3 The transfer of title to, and risk of, the share of Petroleum production to which NOCAL and the Persons participating in the Contractor are entitled shall be made at the Delivery Point. The Contractor shall insure against risk of loss in regard to shipments of any Petroleum sold for the account of NOCAL or the State, other than when such risk of loss passes to the purchaser at the Delivery Point and such insurance costs shall constitute Petroleum Costs.

- 27.4 Except where NOCAL has elected or is deemed to have elected to receive cash as provided in Articles 16.7 and 16.8, NOCAL and each of the Persons participating in the Contractor shall have the right and obligation to dispose of and lift the share of Petroleum to which it is entitled under this Contract. Such share shall be lifted on as regular a basis as possible, it being understood that NOCAL and each of the Persons participating in the Contractor, within reasonable limits, will be authorized to lift more (overlift) or less (underlift) than its share of Petroleum produced and unlifted by the lifting day to the extent that such overlift or underlift does not infringe on the rights of the other Party and is compatible with the Field production rate and the storage capacity of the facilities.

In the establishment of the sequence of liftings, priority will be given to whichever of NOCAL and the Persons participating in the Contractor has the largest share of produced and unlifted quantity of Petroleum at a given time. At least ninety (90) days prior to the start of Commercial Production, NOCAL and the Persons participating in the Contractor shall meet to establish a lifting program on the basis of the principles above-described and taking into account the wishes of NOCAL and the Persons participating in the Contractor as regards to the dates and quantities of their liftings, provided that those wishes are compatible with said principles. Such lifting program shall include provisions permitting periodic adjustment compatible with said principles to reflect changing circumstances.

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ARTICLE 28

PROTECTION OF RIGHTS

- 28.1 The Contractor shall perform its duties and obligations under this Contract with that degree of skill, diligence and prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced Person engaged in the same type of activities under the same or similar circumstances and conditions.
- 28.2 NOCAL shall take all reasonable steps requested by the Contractor to assist, facilitate and expedite the implementation by the Contractor of the objectives of this Contract. The State shall take all reasonable steps to protect the property and operations of the Contractor, its employees and agents in the territory of Liberia.
- 28.3 If the Contractor has acquired (with the assistance of the State when requested under Article 9) reasonable buffer zones around areas that will contain hazardous materials or in which the Contractor will carry out hazardous activities, then at the request of the Contractor, the State shall prohibit the construction of new structures or the implementation of new uses in such zones including development operations in relation to Natural Gas by NOCAL and/or third parties pursuant to Article 21. If as a result of changed circumstances, greater buffer zones become appropriate, the State will assist the Contractor in providing for such zones when requested under Article 9. The State shall also take all reasonable precautions to prohibit anchoring in the vicinity of submerged pipelines at river passages, and to prohibit any hindrance to the use of any other installation necessary for the Petroleum Operations whether on land or offshore.
- 28.4 The Contractor shall take out and cause to be taken out by its contractors and subcontractors, in respect of the Petroleum Operations, all insurances of the type and for such amounts customarily carried in accordance with Good International Petroleum Industry Practice, including without limitation, third party liability insurance and insurances to cover damage to property, facilities, equipment and materials, without prejudice to such insurances which would be required under Law. Subject to the Contract and Law, the Contractor will be provided the opportunity to self-insure or underwrite any or all of the insurance required by this Article 28.4 through one or more insurance Affiliates of Persons participating in the Contractor or, if such direct insurance is not permitted, through reinsurance policies to such Affiliate insurance companies provided that the security and creditworthiness of such self-insurance or insurance arrangements have been disclosed to and are reasonably satisfactory to NOCAL. The Contractor shall furnish NOCAL with evidence of such coverage before Petroleum Operations begin and thereafter at least annually. The premiums paid for such insurance are recoverable and shall be treated as Petroleum Costs.

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ARTICLE 29

PERSONNEL AND TRAINING

29.1 The Contractor shall employ Liberian citizens in the performance of Petroleum Operations in Liberia whenever suitably qualified and available for employment. In furtherance of this requirement:

- (a) the Contractor shall hire only citizens of Liberia for unskilled labor positions within Liberia;
- (b) the Contractor shall provide skill training and employment opportunities to Liberians for semi-skilled and skilled labor positions; and
- (c) the Contractor shall give preference to the employment of competent and suitably qualified citizens of Liberia as managers, technicians, engineers, accountants, geologists, geophysicists, scientists, chemists, drillers, foremen, mechanics, skilled workers, secretaries and executive employees as and when such positions become available unless and to the extent that such competent and suitably qualified citizens are not available for such positions, in which case non-Liberians may be hired for such positions.

Employment practices of the Contractor, including number of working hours, working conditions, salaries and any other matters relating to employment conditions shall conform to the Law. The Contractor will require its contractors or subcontractors to comply with this Article 29.1 with respect to their own employment practices within Liberia.

29.2 Nothing in this Contract shall bar the Contractor from employing its own key personnel in appropriate positions.

29.3 Upon commencement of the Petroleum Operations, the Contractor shall provide funding for training programs and for that purpose the Contractor shall devote an annual training budget of:

- (a) One hundred thousand Dollars (US\$100,000) during each year of the exploration and appraisal period; and
- (b) Seven hundred and fifty thousand Dollars (US\$750,000) during each year of the exploitation period.

Additionally and subject to appropriate safeguards and confirmations as to the eventual destination and recipient of such funding, the Contractor shall make an annual contribution during the term of the Contract of one hundred and fifty

thousand Dollars (US\$150,000) to the University of Liberia for the enhancement of programs in geology, mining engineering and environmental studies.

29.4 Upon commencement of the Petroleum Operations, the Contractor shall provide funding for social and welfare programs in Liberia and for that purpose the Contractor shall devote an annual social and welfare budget of:

- (a) One hundred and fifty thousand Dollars (US\$150,000) during each year of the exploration and appraisal period; and
- (b) Five hundred thousand Dollars (US\$500,000) during each year of the exploitation period.

29.5 Pursuant to the Revenue Code, all funds referred to in Articles 29.3 and 29.4, except for the amount payable to the University of Liberia shall be paid into the Consolidated Fund and shall be held in separate training and education sub-accounts established for the purpose of holding the contributions made under this Contract. The Contractor, the Ministry of Finance and NOCAL shall agree on the standards for release of such funds and no such funds may be disbursed from such account until such standards are agreed and made public. Subject to the terms of Article 29.3, the annual contribution to the University of Liberia shall be paid directly to such institution. In addition, the Contractor may request that the University of Liberia demonstrate at least annually that the funds contributed for the prior calendar year have been used for the purpose stated in Article 29.3. If the University is unable to do so for two (2) consecutive Calendar Years, the Contractor may thereafter add such funds to the contributions required under clauses (a) and (b) of Article 29.3.

The training requirements shall be developed by NOCAL and the Contractor with the understanding that NOCAL shall provide seventy percent (70%) of the training candidates and the Contractor shall provide thirty percent (30%) of the candidates for approval by NOCAL and the Contractor.

The training and social and welfare programs shall be mutually agreed by NOCAL and the Contractor.

The training and social and welfare expenses borne by the Contractor shall be included in recoverable Petroleum Costs. Funding for the training and social and welfare programs shall be paid within thirty (30) days of the Trigger Event Date. Thereafter, payments shall be made within thirty (30) days of each anniversary of the Effective Date.

29.6 The amounts payable pursuant to Article 29.3 (a), 29.4 (a) and the exploration and appraisal phase contributions to the University of Liberia under Article 29.3 shall

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be adjusted annually for inflation for each payment after the initial payment in proportion to the change in Deflator over the year ending on the last day of the Calendar Quarter immediately prior to the due date of each payment.

- 29.7 Except to the extent any such Person may be disqualified by applicable Law, the State shall promptly furnish to each officer, director, employee and consultant of the Contractor, or of its Affiliates, contractors and subcontractors, who is not a citizen of Liberia, and to the spouse and minor children of each such Person, all documents and visas necessary to enable such Person to enter and to leave, or to work and travel within, the territory of Liberia for the purpose of assisting in the performance of the Petroleum Operations.

At the request of the Contractor, the State shall facilitate and as appropriate waive any immigration formalities with the Immigration Bureau, at the points of entry into and exit from Liberia, in respect of the Contractor's employees, contractors, subcontractors and agents, and their families, all without undue delays.

- 29.8 All the employees required for the conduct of the Petroleum Operations shall be under the Contractor's authority or that of its contractors, subcontractors and agents, in their capacity as employers. Subject to Article 29.1, their work, number of working hours, salaries and any other matters relating to their employment conditions shall be determined by the Contractor or its contractors, subcontractors and agents. The Contractor is a private business enterprise and contracts awarded by the Contractor or its subcontractors are not subject to applicable Law relating to procurement by ministries, agencies and departments of the Government of Liberia, such as the Amendment and Restatement of the Public Procurement and Concessions Act, 2005 and any similar successor legislation.
- 29.9 The Contractor and its subcontractors shall be obligated to give preference to enterprises and goods provided by Liberian citizens or business entities Controlled by Liberian citizens, if conditions of price, quality, delivery time and terms of payment are similar to those from other countries or from non-Liberian sources. When purchasing goods and services related to Petroleum Operations, the Contractor must organize its procurement practices to give meaningful opportunities to bid for contracts to those entitled to preference pursuant to this Article 29.9.
- 29.10 Within no more than one hundred and eighty (180) days following the Trigger Event Date, the Contractor shall provide NOCAL a project linkages plan (the "**Exploration Period Project Linkages Plan**") which:
- (a) identifies the potential for local suppliers, contractors and service providers to provide goods and services to Petroleum Operations;

- (b) identifies key interventions to grow Liberian services to the oil and gas sector;
- (c) sets out a local project purchase plan complying with the requirements of this Article 29 with clear milestones identified in terms of an increasing percentage of local purchases of goods and services, and providing for bidding preferences for local suppliers, contractors and service providers (provided that such Persons offer quality, terms, delivery, service, quantity and price at least comparable to those obtainable from other sources); and
- (d) sets forth reasonable goals within the context of such plan, provides procedures for regular monitoring and reporting of the Contractor's performance against such plan, and establishes reasonable economic sanctions for failures to achieve such goals.

The Contractor shall update the Exploration Period Project Linkages Plan for appraisal activities.

29.11 Concurrently with the filing of each development and production plan under Article 11.3, the Contractor shall provide NOCAL with a project linkages plan or an updated project linkages plan, as the case may be (The “**Development and Production Period Project Linkages Plan**”) which:

- (a) identifies the potential for local suppliers, contractors and service providers to provide goods and services to Petroleum Operations;
- (b) identifies key interventions to grow Liberian services to the oil and gas sector;
- (c) sets out a project local purchase plan complying with the requirements of this Article 29 with clear milestones identified in terms of an increasing percentage of local purchases of goods and services, and providing for bidding preferences for local suppliers, contractors and service providers (provided that such Persons offer quality, terms, delivery, service, quantity and price at least comparable to those obtainable from other sources);
- (d) sets out plans to train Liberian citizens (through, among other things, internal training and counterpart understudy programs) in the full range of managerial and technical activities involved in the performance by the Contractor of its obligations under this Contract, including without limitation, engineering design, information technology, petroleum geology technology (particularly relating to the obtaining, processing and interpretation of seismic and other geological data), production facility

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operations and maintenance, contract negotiation and contract management; and

- (e) sets forth reasonable goals within the context of such plan, provides procedures for regular monitoring and reporting of the Contractor's performance against such plan, and establishes reasonable economic sanctions for failures to achieve such goals.

29.12 The linkage plans required by Article 29.10 and 29.11 shall be subject to the review and approval of NOCAL, which may be given only after consultation with the Ministry of Labor but which shall not be unreasonably withheld.

29.13 The Contractor shall prepare and submit annually to NOCAL by the end of February each year, commencing in February 2014, a report setting forth:

- (a) the manner in which the Contractor has complied with the requirements of this Article 29 (other than those relating to the linkages plans required by this Article); and
- (b) a statement specifying the number of Operator's employees and workers, broken down by employment category, their qualification and their nationality, together with a report on the medical care and training provided to them.

At the time that the reporting requirements are to be established for a linkage plan, NOCAL and the Contractor shall seek to integrate the report requirements under this Article 29.13 with any annual reports required under such linkage plan.

29.14 The Contractor shall cause its major contractors to comply with the requirements of Article 29.9 and with the linkage plans required by Articles 29.10 and 29.11. A "major contractor" for the purposes of this Article 29 is a supplier or contractor or subcontractor who received in any year more than five million Dollars (US\$5,000,000) directly or indirectly from the Contractor for activities related to Petroleum Operations performed in Liberia in that year.

ARTICLE 30

ACTIVITY REPORTS IN RESPECT OF EXCLUSIVE EXPLOITATION AUTHORIZATIONS

30.1 The provisions of Article 8 shall apply, mutatis mutandis, to any exclusive exploitation authorizations. In addition, the following periodic activity reports

shall, inter alia, be furnished in respect of each Field, together with such other reports as may be reasonably required by NOCAL in regulations generally applicable to all offshore Petroleum operations:

- (a) daily production reports;
- (b) monthly reports stating the quantities of Petroleum produced and those sold during the previous month together with information on such sales;
- (c) monthly reports stating monthly allocated Crude Oil and Natural Gas production volumes at the well level along with the basis for the allocation;
- (d) half-yearly Field reservoir pressure report.

30.2 Unless NOCAL gives its written consent, the information which NOCAL and the Contractor agree is confidential information relating to a Field under exploitation, except statistical data about activity, shall be considered as confidential to the extent provided in Article 8. The Contractor shall cooperate with the LEITI initiative whenever appropriate, provided that all sensitive information of the Contractor of a technical and/or operational nature shall be kept secret and confidential at all times and shall not be subject to any LEITI disclosure, except as otherwise provided in Article 8.

30.3 The Contractor shall forthwith notify NOCAL of any material damage whatsoever caused to its Petroleum Operations or the Fields being developed or exploited pursuant to such operations, and shall take all necessary steps to terminate the cause thereof and carry out the necessary repairs.

30.4 From the year of granting an exclusive exploitation authorization, the annual report referred to in Article 8.2 shall also include the following:

- (a) information on all development and production operations carried out during the previous Calendar Year, including the quantities of Petroleum produced and those sold, if any; and
- (b) information on all transportation operations relevant to the determination of Petroleum Costs or the value of Petroleum production together with the location of the main facilities built by the Contractor, if any.

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ARTICLE 31

ARBITRATION AND EXPERT DETERMINATION

- 31.1 Any dispute, controversy, or claim arising out of, relating to, or in connection with this Contract, including with respect to the formation, applicability, breach, termination, validity or enforceability thereof (a “**Dispute**”), other than a Dispute that is required to be resolved by Expert Determination as provided in Article 31.9, shall, if not settled by negotiation as provided in Article 31.2, be finally settled by arbitration between the State (including NOCAL as appropriate and referred to as “**NOCAL**” for the purposes of this Article 31) and the Contractor (together the “**Parties to the Arbitration**”) as provided in Articles 31.3 through 31.8, provided that no Party may submit any Dispute to arbitration unless and until it has complied with its obligations under Article 31.2.
- 31.2 Where either NOCAL or the Contractor wish to submit any Dispute to arbitration, it shall first serve Notice on the other Party to the Arbitration setting forth a description of the Dispute and requesting that NOCAL and the Contractor meet to negotiate an amicable settlement. Following any such Notice, the Parties to the Arbitration shall use reasonable endeavors to reach such a settlement and, without limiting the generality of the foregoing, representatives of NOCAL and the Contractor shall meet and attempt in good faith to negotiate a settlement.
- 31.3 If within three (3) months from the date of Notice of a Dispute requesting negotiations in accordance with Article 31.2, NOCAL and the Contractor have not reached settlement, either NOCAL or the Contractor may by Notice to the other, commence arbitration under this Article 31 with respect to the Dispute which is the subject of such Notice, whether the meetings provided for in Article 31.2 have occurred or not. Any Dispute concerning the propriety of the commencement of arbitration shall be settled finally by arbitration pursuant to this Article 31.
- 31.4 Any arbitration commenced under this Article 31 shall be conducted in accordance with the UNCITRAL Arbitration Rules in effect at the Effective Date except as they may be modified herein or by mutual agreement of the Parties. The seat of the arbitration shall be in London, England, and the arbitration shall be conducted in the English language. Unless the Parties to the Arbitration agree that a Dispute shall be resolved by a single arbitrator, the number of arbitrators shall be three (3). In the event the Parties to the Arbitration cannot agree on a third arbitrator, or a party has not appointed its arbitrator, or the Parties to the Arbitration cannot agree on a single arbitrator and the Parties to the Arbitration continue to desire a single arbitrator to resolve the dispute, the appointing authority for such arbitrator shall be the London Court of International Arbitration

as provided in Articles Eight (8) to Ten (10) of the UNCITRAL Arbitration Rules 2010, as in effect at the Effective Date. All hearings shall be held in London, England or in such other location(s) as the Parties to the Arbitration may agree. The Parties to the Arbitration irrevocably submit to the jurisdiction of the English courts for the limited purpose of enforcing this Article 31. For the avoidance of doubt, the arbitrators shall, in accordance with Article 41 of the UNCITRAL Arbitration Rules, as in effect at the Effective Date, determine appropriate cost allocation for the arbitration, provided that such costs shall not be Petroleum Costs.

- 31.5 The chairman of the arbitral tribunal shall not have the same nationality as any of the Parties to the Arbitration, and for the purposes of this Article 31.5, the Contractor shall be deemed to have the nationality of the ultimate controlling entity of the Operator and of the ultimate controlling entity of each Person participating in the Contractor that has an interest of twenty percent (20%) or more in the Contractor. The arbitration award shall be final and binding on the Parties to the Arbitration. Each Party to the Arbitration agrees to carry out any award against it without delay and waives its right to any form of recourse based on grounds other than those contained in the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 insofar as such waiver can validly be made.
- 31.6 A Party's duty to perform any obligation under this Contract that is the subject matter of a Dispute submitted to arbitration under this Article or any obligation under this Contract which a Party cannot reasonably be expected to perform having regard to the commercial circumstances with such a Dispute outstanding shall be suspended during the arbitration proceedings until a final arbitration award is made by the arbitral tribunal and all time periods applicable to such obligations in the Contract shall be extended by the period of the arbitration proceedings. However, in the aggregate, the duration of the Contract shall not be extended by more than four (4) years. Any issue between the Parties as to whether a Party can reasonably be expected to comply with contractual time limits relating to an obligation under this Contract during the arbitration proceedings shall be referred to the arbitral tribunal formed for the Dispute to be dealt with in a final award in respect of the Dispute.
- 31.7 Each of the State and NOCAL agrees not to make, and hereby irrevocably waives, in relation to any Dispute, whether relating to acts of a sovereign or governmental nature or otherwise, all claims of immunity (sovereign or otherwise) by it or on its behalf from the jurisdiction of, and from the enforcement of any arbitral award rendered by, an arbitral tribunal constituted pursuant to this Contract as well as all claims of immunity from the service of process or the jurisdiction of any court in aid of the jurisdiction of such arbitral tribunal or in connection with the

enforcement of any such award. Notwithstanding the foregoing, no award may be enforced against assets of the State used to maintain national security or for military or diplomatic purposes. The Contractor must enforce an arbitral award against the State and/or NOCAL first against the assets of NOCAL, and if such assets are insufficient to fully satisfy such award or enforcement of the award against the assets of NOCAL does not take place within a reasonable time, then the award may also be enforced against the assets of the State, provided that, to the extent the award is enforced against the State, after the date on which Commercial Production has been reached under this Contract and all development expenditures have been recovered by or paid to the Contractor in accordance with the terms of this Contract, an award may be enforced only against the oil and gas assets and revenues of the State, including (i) royalties and income taxes paid by contractors of Liberian oil and gas blocks, (ii) cash in hand and liquid assets arising from oil and gas revenues, (iii) oil and gas production (iv) oil and gas infrastructure owned by the State; and (v) State participating interests or equity holdings in Liberian oil and gas blocks, all of which are within, arise out of or are under the jurisdiction of the Republic of Liberia.

31.8 All Notices required under this Article 31 shall be given as provided in Article 37.

31.9 **Expert Determination**

- (a) An Expert is a person appointed in accordance with this Article to resolve an issue subject to Expert Determination in accordance with this Contract.
- (b) Whenever an issue is subject to Expert Determination, NOCAL and the Contractor shall agree on the appointment of an independent Expert with the relevant qualifications and experience for the particular issue to be resolved by Expert Determination and shall agree on the terms of the Expert's appointment.
- (c) If NOCAL and the Contractor are unable to agree on an Expert or the terms of the Expert's appointment within twenty (20) days of either NOCAL or the Contractor serving details of a suggested expert and proposed terms of appointment on the other, either of them shall then be entitled to request the International Centre of Expertise of the International Chamber of Commerce (the "Centre") to appoint an Expert in accordance with its Rules of Expertise.
- (d) The Expert is required to prepare a written decision and give Notice (including a copy) of the decision to NOCAL and the Contractor within a maximum of thirty (30) days of the matter being referred to the Expert by NOCAL and the Contractor or such further period as may reasonably be requested by the Expert and (if more than fifteen (15) days) agreed to by

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NOCAL and the Contractor. If the Expert is appointed by the Centre under the Centre's Rules of Expertise, the time period in the previous sentence shall run from the establishment of the Expert's mission in accordance with such rules.

- (e) If the Expert dies or becomes unwilling or incapable of acting, or does not deliver the decision within the time required by this Article then:
 - (i) if NOCAL and the Contractor cannot agree on the discharge of such Expert and the appointment of a replacement Expert or if the original Expert was appointed by the Centre, then either NOCAL or the Contractor may apply to the Centre to discharge the Expert (if appointed by the Centre) and to appoint a replacement Expert in accordance with the Rules of Expertise; and
 - (ii) this Article 31.9 shall apply to the new Expert as if such Expert were the first Expert appointed.
- (f) All matters under this clause must be conducted and the Expert's decision shall be written in the English language.
- (g) NOCAL and the Contractor are each entitled to make submissions to the Expert, including oral submission if the Expert concludes that they will assist in reaching a determination, and each of them shall timely provide the Expert with such assistance and documents available to it as the Expert reasonably requires for the purpose of reaching a decision.
- (h) To the extent not provided for by this Article, the Expert may, in the exercise of reasonable discretion, determine such other procedures to assist with the conduct of the determination as the Expert considers just or appropriate.
- (i) Each of NOCAL and the Contractor shall with reasonable promptness supply the other with all documents and other information and material available to it on which it relies in support of its position on the matter to be determined.
- (j) The Expert shall act as an expert and not as an arbitrator. The Expert's written decision on the matters referred to the Expert shall be final and binding on the Parties in the absence of manifest error or fraud.
- (k) The costs in relation to the reference to the Expert shall be borne by the Contractor and shall constitute Petroleum Costs.

- (l) All matters concerning the process and result of the determination by the Expert shall be kept confidential among the Parties and the Expert.
- (m) Each of NOCAL and the Contractor shall act reasonably and co-operate to give effect to the provisions of this Article 31.9 and otherwise do nothing to hinder or prevent the Expert from reaching a determination.

ARTICLE 32

FORCE MAJEURE

- 32.1 No delay or default of a Party in performing any of its obligations under this Contract shall be considered as a breach of this Contract if such delay or default is caused by a case of Force Majeure.

If in the event of Force Majeure the performance of any of the obligations under this Contract is delayed, other than an obligation of the Contractor to make payments to the State, that delay extended by the period of time required to repair the damage caused during such delay and to resume the Petroleum Operations, shall be added to the period provided by this Contract for the performance of said obligation, and the exclusive exploration or exploitation authorizations shall be extended by that period as regards the area concerned by Force Majeure. However, the exploitation period shall be extended as a result of a Force Majeure event only if such event causes the interruption of a material component of Petroleum Operations during the exploitation period.

- 32.2 The term "**Force Majeure**" as used in this Contract shall mean acts of God, accidents, wars, acts of war, invasions, insurrections, riots, acts of public or foreign enemies, civil war, hostilities (whether war is declared or not), restrictions on trade or other activities imposed by any sovereign nation or state, embargoes, blockades, revolutions, riots, civil commotions, acts of terrorism, sabotage, nationwide official or unofficial strikes and/or other nationwide industrial, labor or employer-employee disputes including works to rule and go slows lockouts or other industrial unrest (if not cured for a period of more than two (2) months), fires, explosions, earthquakes, tempests, hurricanes, tidal waves, cyclones, tornados, lightening or any other natural disasters, expropriation of facilities or goods, ionizing radiations or contamination by radioactivity, radio-active toxic explosion, chemical or biological contamination, pressure waves caused by aircraft or other aerial devices travelling at supersonic speeds, epidemics, plagues, public health emergencies and any similar cause, provided any such cause was not within the reasonable control of the Party claiming the benefit of force majeure

and could not have been avoided or overcome by such Party through the exercise of due diligence.

- 32.3 Where a Party considers it is prevented from performing any of its obligations by the occurrence of Force Majeure, it shall forthwith notify the other Party thereof by specifying the grounds for establishing Force Majeure, and take all necessary and useful steps to ensure the normal resumption of the performance of the concerned obligations upon termination of the event constituting the Force Majeure.

Obligations other than those affected by Force Majeure shall continue to be performed in accordance with the provisions of this Contract.

- 32.4 Notwithstanding Article 32.2, for so long as one or more events of Force Majeure constituting or arising out of war, act of war, invasion, act of public enemies, hostilities (whether war is declared or not), revolution, riot, civil commotion, or acts of terrorism prevent the Contractor from carrying out Petroleum Operations and provided that such events have been continuing for a period of more than ninety (90) days, the Contractor shall be excused from the payment of surface rents or payments due under Article 19.3, 19.4, 29.3 or 29.4 during such period, and any previous payments of surface rent or such other payments allocated to the period of stoppage shall be credited to subsequent accruals of surface rent or other relevant payments.
- 32.5 Nothing in this Article 32 shall, in and of itself, be construed to require the Contractor to settle any strike, lockout or other labor or industrial dispute except as may be required by applicable Law.

ARTICLE 33

TERMINATION

33.1 Termination by the Contractor

The Contractor may (i) during the exploration period, on not less than ninety (90) days' prior Notice to NOCAL; or (ii) during the exploitation (development and production) period, on not less than one hundred and eighty (180) days' prior Notice to NOCAL, terminate this Contract, surrender all of its rights in respect of the then-existing Delimited Area, and be relieved of all of its obligations under this Contract, except as provided in Article 38.9.

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33.2 Termination by NOCAL

Subject to the provisions of Article 31, NOCAL shall have the right to terminate this Contract if any of the following events (hereinafter called “**Events of Default**”) shall occur and be continuing:

- (a) Where the Contractor shall fail to make any of the payments described in this Contract due to NOCAL or the State on the due payment date, and such default is not cured within thirty (30) days after Notice of such default by NOCAL to the Contractor or within such longer periods as may be specified in said Notice; or
- (b) Where the Contractor shall materially fail to comply with its work commitments and other material conditions in this Contract and such failure is not cured within ninety (90) days after Notice by NOCAL to the Contractor or such longer period of time as is reasonably required to accomplish such cure; or
- (c) Where
 - (i) the Operator: (i) enters into any agreement or composition with, or assignment for the benefit of its creditors generally, or otherwise seeks the benefit of any law for the reorganization or restructuring of a debtor to relieve it from or reduce its liabilities to creditors, (ii) files, or consents by answer or otherwise to the filing against it of a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (iv) is adjudicated as insolvent or to be liquidated, or (v) takes corporate action for the purpose of any of the foregoing; or
 - (ii) a court or state authority of competent jurisdiction enters an order appointing, without consent by Operator, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Operator, or any such petition shall be filed

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against the Operator and such petition shall not be dismissed within sixty (60) days; or

- (iii) any event occurs with respect to the Operator which under the laws of any jurisdiction is analogous to any of the events described in clause (i) or (ii) of this Article 33.2(c), provided that the applicable grace period, if any, which shall apply shall be the one applicable to the relevant proceeding which most closely corresponds to the proceeding described in clause (i) or (ii) of this Article 33.2(c);

and in any such case a new Operator is not appointed in accordance with the requirements of this Contract within one hundred and eighty (180) days thereafter; or

- (d) Where the Contractor fails to carry out exploration as required by Article 4, or ceases exploration work for a period of six (6) consecutive months or ceases production with respect to all production areas for a period of twenty four (24) consecutive months, unless such failure or cessation is consented to by NOCAL or is caused by an event of Force Majeure. Work includes studies and preparatory work to actual operations.

33.3 If an Event of Default has occurred and is continuing, NOCAL shall be entitled to give the Contractor and the Ministry of Justice a Notice in respect thereof (a “**Default Notice**”) setting forth therein the circumstances alleged to constitute such Event of Default, and offering the Contractor the opportunity within ten (10) days thereafter (or such longer period as the Contractor may request) to present its views and any actions it proposes to take. NOCAL may not terminate this Contract unless it has first given the Contractor Notice of intent to terminate and given the Contractor at least sixty (60) days to cure such Event of Default. The Notices referred to in the two (2) preceding sentences may but need not be combined into a single Notice. If such Event of Default is uncured and continuing at the end of the stated cure period and has not been permanently waived, NOCAL may give the Contractor a Notice (a “**Termination Notice**”) that the Contract will terminate effective no less than thirty (30) days following the date of such Notice and, subject to Article 33.4, this Contract will terminate on the day specified in such Notice.

33.4 **Disputes Regarding Events of Default**

At any time after NOCAL has delivered a Default Notice and prior to the thirtieth day following the date of a Termination Notice based on an Event of Default described in such Default Notice, the Contractor may refer to arbitration the question of whether such Event of Default in fact exists and, if it does exist, whether Contractor is liable. If the dispute is timely referred, then termination of

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this Contract shall not take effect until the finality of, and in accordance with, an arbitration award upholding NOCAL's right to terminate in respect of such Event of Default.

- 33.5 The Contractor shall deliver, with respect to the Delimited Area affected by any termination under this Article 33, all of the information, maps, reports and data required under Article 3.4 in connection with the surrender of any portion of the Delimited Area.

ARTICLE 34

REPRESENTATIONS AND WARRANTIES

- 34.1 NOCAL represents and warrants to the Contractor as follows:

- (a) On the Effective Date, the execution, delivery and performance of this Contract will have received all necessary governmental approvals and authorizations and will constitute the legal, valid and binding obligation of the State.
- (b) The State has not granted Petroleum rights with respect to Block LB-13 other than pursuant to the Original Contract entered into by NOCAL and Broadway Consolidated Plc.

- 34.2 The Operator, by executing and delivering this Contract, represents and warrants to the State as follows:

- (a) The Operator is a corporation duly organized, validly existing and in good standing under the laws of the Bahamas and duly authorized to do business in Liberia, and has the corporate power and authority to execute, deliver and perform its obligations under this Contract.
- (b) The Operator has the experience, financial capacity, expertise, technical know-how and systems required to carry out the obligations of the Contractor under this Contract, including the exploration of the Delimited Area and, if warranted, the appraisal and development of, and production from, any Fields discovered in such exploration.

- 34.3 ExxonMobil, COPL and each other Person that acquires rights under this Contract and thereby becomes a Person participating in the Contractor (in this Article 34, a "**Member**") represents to NOCAL as of the Effective Date and at the end of each quarter thereafter as follows:

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- (a) It is not a Prohibited Person, no officers or directors of the Member or other Persons having similar rights and powers with respect to such Member are Prohibited Persons, no Persons directly or indirectly Controlling such Member are Prohibited Persons, and no officers or directors or Persons having similar rights and powers with respect to any such Controlling Person are Prohibited Persons.
 - (b) Neither such Member, any Affiliate of such Member nor any Person acting on behalf of such Member or any Affiliate of such Member has made or promised to make any payment or transfer of anything of value, directly or indirectly, to or for the benefit of an Official or an Official's family member or to an intermediary for payment to or for the benefit of an Official or an Official's family member in connection with this Contract or the transactions contemplated hereby, where such payment or transfer is in violation of anti-corruption Law. (For the purposes of this paragraph, "Official" means (i) any employee or officer of the State, including any regional or local department or agency or instrumentality thereof, (ii) any employee or officer of any enterprise owned or Controlled by the State, (iii) any official of a political party in Liberia, (iv) any official or employee of a public international organization, (v) any other person acting in an official capacity for, or on behalf of, any of the entities described in clauses (i) through (iv), or (vi) any candidate for political office in Liberia).
 - (c) This Contract has been duly authorized by all necessary corporate action on the part of such Member, and this Contract constitutes a legal, valid and binding obligation of such Member enforceable against such Member in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).
- 34.4 The State represents and warrants to the Contractor that as of the Effective Date there are no regulations, rules, orders, directives, decrees, guidelines or other similar acts in force under or in connection with the Revenue Code that apply to Contractor for Petroleum Operations under this Contract.

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ARTICLE 35

ASSIGNMENTS, TRANSFERS AND CHANGES OF CONTROL

35.1 No Transfer may be made to any Person other than a Permitted Transferee. Other than as provided in Article 35.2, no Transfer is permitted unless the Transfer has received the prior written consent of NOCAL, which consent may not be unreasonably withheld if:

- (a) the transferring entity is the Operator and the Transfer would be in compliance with the applicable requirements of Article 1.3 of this Contract (compliance shall be deemed if the Transfer is a partial Transfer of the Operator's interest and the Operator will remain a participant in the Contractor and continue as the Operator); and
- (b) at the time of the consummation of such Transfer the transferor is not in default in payment of any amount over one hundred thousand Dollars (US\$100,000) due to NOCAL or the State under this Contract and is not otherwise in default in any material respect in the performance of its material obligations under this Contract (unless (w) the Transfer is a direct transfer of the right, title and interest in this Contract held by a Person participating in the Contractor to a Mortgagee or an entity nominated by a Mortgagee, (x) the Transfer is in the exercise of remedies by the Mortgagee, (y) the transferee has undertaken to cure any defaults then existing under the Contract within two hundred and seventy (270) days of the date of Transfer or such longer period of time as may reasonably be required to effect such cure and has reasonably demonstrated its capacity to effect such cure, and (z) the transferee has undertaken to participate in the Contractor and to provide for the continued use of the Mortgaged Property in connection with Petroleum Operations); and
- (c) prior to such Transfer, the transferee demonstrates to the reasonable satisfaction of NOCAL that after giving effect to such transaction, the Person that remains or has become a participant in the Contractor (or a parent company thereof) has adequate technical skills, experience, and financial resources to carry out its obligations under this Contract, and if a parent company or a third party is relied upon for financial resources, there is in effect a guarantee from such parent company or third party complying with the requirements of Article 39 guaranteeing the obligations of the Person that remains or has become a participant in the Contractor; and
- (d) in each case involving a transaction in which there is a direct Transfer of any right, title or interest in this Contract of a Person then participating in

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the Contractor, the transferee has delivered to NOCAL at or prior to the consummation of the Transfer an assumption of the rights and obligations of the Contractor in the form set out at Annex IV.

35.2 No prior consent of NOCAL for a Transfer to a Permitted Person shall be required if:

- (a) the Transfer is to one or more of the Persons participating in the Contractor and is the consequence of a default or exercise of a sole risk provision of the joint operating agreement governing the operations of the Contractor that transfers all or a prescribed portion of the rights, titles and interests of the transferor to one or more of the other Persons then participating in the Contractor; or
- (b) the transferor is a Wholly-Owned Subsidiary of a Person, and the Transfer is to another Wholly-Owned Subsidiary of such Person; or
- (c) the Transfer arises from a Transfer of the voting stock or rights of Control over a transferor the voting stock of which are listed on a recognized securities or stock exchange and that Transfer occurs by an approval of the Transfer by fifty percent (50%) or more of the holders of such shares or rights excluding from such approval those holders which at the time of such approval Controlled (individually or as a group) the issuer of the voting stock or rights involved;

Provided that for any of (a) to (c) above:

- (i) if the transferor was the Operator there is compliance with the applicable requirements of Article 1.3 of this Contract (unless the Transfer is a partial Transfer of the transferring entity's interest and the transferring entity will remain a participant in the Contractor and the Operator); and
- (ii) at the time of the consummation of such Transfer the transferor is not in default in payment of any amount over one hundred thousand Dollars (US\$100,000) due to NOCAL or the State under this Contract and is not otherwise in default in any material respect in the performance of its material obligations under this Contract; and
- (iii) to the extent required for compliance with Article 39, the amounts of the guarantees and the identities of the guaranteed parties shall be adjusted, and if a replacement guarantor is provided, such

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replacement guarantor shall satisfy the requirements of Article 39;
and

- (iv) there is compliance with Article 35.1(d).

The Contractor shall give NOCAL Notice of any Transfer permitted under this Article 35.2 other than a Transfer under Article 35.2(b) within thirty (30) days of the consummation of the Transfer. If any Transfer under Article 35.2 requires action to comply with clauses (iii) or (iv) above, the Contractor shall give NOCAL the evidence of such compliance within thirty (30) days of the consummation of the Transfer.

- 35.3 A Transfer for a period longer than one (1) year by a Person of its right, title and interest in Petroleum produced from the Delimited Area and to receive such Petroleum at the Delivery Point is a Transfer of a right, title and interest under this Contract subject to this Article 35.

Trades of securities in any parent company including an ultimate parent company of a Person participating in the Contractor on a recognized securities or stock exchange (other than pre-arranged trades which in the aggregate result in a Change of Control) as well as a formal takeover or merger offer subject to rules, regulations or codes of regulatory bodies in relation to such offers in any relevant jurisdiction (other than a takeover or merger in which prior arrangements have ensured that a Change of Control will occur) are not Transfers subject to this Article 35 and therefore there is no requirement for any approval, preferential rights or transfer fees under this Article 35.

- 35.4 If there is (a) a proposed direct Transfer of the right, title and interest of any Person in this Contract, or (b) a Transfer of any Person whose principal asset (excluding cash and other liquid assets) is, directly or indirectly, an ownership interest in a Person participating in the Contractor where such principal asset represents at least seventy five percent (75 %) of the value of the total assets (excluding cash and other liquid assets) of such Person, other than a Transfer exempted from NOCAL approval pursuant to Article 35.2 and other than a Transfer to a Mortgagee, then the State, acting through NOCAL shall have for a period not longer than thirty (30) days from the date the transferring Person requests NOCAL consent to the Transfer, the right to acquire any interest or Person to be Transferred under the same terms and conditions as those that were acceptable to the transferring Person. In such case the request for approval shall be accompanied by the terms and conditions of the proposed Transfer and an indicative summary including all key terms of the proposed sale. If NOCAL does not affirmatively notify the transferring Person within thirty (30) days after receipt of such Notice that it will accept those terms and conditions and does not acquire such interest on such terms and conditions within thirty (30) days after

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such Notice of acceptance, the State shall have no further right to pre-empt the Transfer and acquire the subject interest under this Article 35.4 and the proposed Transfer may proceed on the proposed terms and conditions. Any Transfer to the State under this Article 35.4 shall be for its own interest and the right, title and interest in or of the Contractor so acquired may not be Transferred to any non-State Person within five (5) years from the date of acquisition by NOCAL. This right may be exercised solely by NOCAL as the representative of the State under this Contract and not by any Person participating in the Contractor.

This Article 35.4 is in replacement of and supersedes any preference currently held by the State for the acquisition by the State of any interest Transferred by a Person participating in the Contractor other than as provided in Articles 19.5 and 19.6 and will have priority over and supersede any Law enacted in the future that is not of an equal hierarchy of Law.

35.5 Processing and Transfer Fees

- (a) For the duration of this Contract, there shall be no fees or charges assessed in relation to any Transfer other than those provided under this Article 35.5 and other than taxes or withholdings applicable under the Revenue Code.
- (b) Any request for a consent or approval required under Article 35.1 or for an agreement or agreements, as appropriate, with the holder of a Mortgage under the last sentence of Article 35.7(e) must be accompanied by a processing fee of twenty five thousand Dollars (US\$25,000).
- (c) There shall be no fees or charges assessed against any Transfer under Article 35.2 or the grant of a Mortgage as contemplated by Article 35.7(e).
- (d) Any Transfer (other than a Transfer pursuant to Article 35.2 or a Transfer in which NOCAL is the transferee under Article 35.4) shall be subject to a fee, paid upon written approval by NOCAL of the Transfer, of five hundred thousand Dollars (US\$ 500,000).

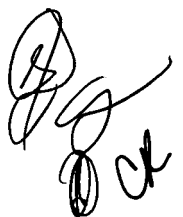
Nothing in this Article 35 is relevant to the determination of whether taxes or withholding are due with respect to any Transfer.

35.6 The provisions of this Article 35 shall apply to each Person participating in the Contractor notwithstanding a lack of knowledge by such Person of any Transfer affecting any of the Persons Controlling such Person.

35.7 The following provisions are generally applicable to this Article 35:

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- (a) Any request for approval of a transaction covered by this Article 35 and all other Notices or documentation required to be delivered under this Article 35 with respect to any such transaction shall be sent to the attention of the President of NOCAL, with copies to the attention of the Minister of Finance and the Minister of Justice.
- (b) Any requirement under this Article 35 that a Person demonstrate that it has the technical skills, experience, and financial resources necessary to perform its obligations under this Contract shall take into account whether or not such Person is or is to become the Operator.
- (c) If NOCAL questions whether a Transfer occurred with respect to a Person participating in the Contractor without a required consent, such Person shall have the initial responsibility for providing evidence that consent was not required.
- (d) If NOCAL does not act either affirmatively or negatively on a request for a consent or approval under this Article 35 within thirty (30) days of receipt by NOCAL of the requisite Notice and other documentation required by the applicable provisions of this Article 35, NOCAL shall be deemed to have granted the necessary consent or approval.
- (e) The Persons participating in the Contractor may collectively or individually enter into a Mortgage of all or part of their right, title and interest or property referred to in the definition of "Mortgage" as security for an obligation or indebtedness incurred for the purpose of financing their investment in the Contractor and provided NOCAL is given a copy of such Mortgage within thirty (30) days of its execution and delivery NOCAL hereby consents to its probation and registration in accordance with applicable Law. Subject to satisfaction of the Transfer requirements in Article 35.1 applicable to a Transfer by a Mortgagee, a Transfer in the exercise of remedies under a Mortgage to the Mortgagee or a Person nominated by the Mortgagee of any rights under this Contract including without limitation any right, title and interest in and to receive Petroleum thereunder in accordance with a Mortgage previously notified to NOCAL shall be permitted. If requested, NOCAL acting on behalf of the State shall enter into an agreement or agreements, as appropriate, with the holder of such Mortgage embodying the terms of this Article 35 as it applies to transfers to Mortgagees.

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ARTICLE 36

STABILITY OF CONDITIONS

36.1 Change in Law

- (a) This Contract is executed between the Parties in accordance with the Law in force at the Effective Date, as modified by this Contract as law, and on the basis of the provisions of said Law and the Contract, as regards the economic, fiscal and financial provisions of this Contract. This Contract, except as provided in Article 36.1(b), may only be amended, or modified or supplemented upon written agreement among the Parties.
- (b) Consequently, except as provided under Article 36.1(c), should any new Law modify the Law or the Contract in force at the Effective Date or the Contract immediately following the Trigger Event Satisfaction and should those modifications, individually or cumulatively, bring about a material change in the respective economic, fiscal and financial situation of the State and the Contractor arising from the provisions of this Contract immediately following the Trigger Event Satisfaction, the State and the Contractor shall enter into an agreement in order to restore the economic, fiscal and financial balance of the Contract as existing immediately following the Trigger Event Satisfaction, provided that the economic, fiscal and financial benefits to the Parties immediately following the Trigger Event Satisfaction shall not be reduced. If after discussions, the Parties cannot agree, then either the State or the Contractor may submit the matter for Arbitration in accordance with Article 31.
- (c) In respect of changes in Law which pertain to health, safety, security, labor and environment, and that are consistent with international standards and best practices and that are applied on a non-discriminatory basis, any additional costs that result from such changes shall not be considered a change to the economic, fiscal and financial balance as provided in Article 36.1(b).

36.2 Profound Change in Circumstances

- (a) The State and the Contractor shall meet if the State or the Contractor gives at least forty-five (45) days' Notice to the other that it reasonably considers a Profound Change in Circumstances to have occurred. At the meeting, the State and the Contractor shall review the relevant facts and circumstances and determine whether or not a Profound Change in Circumstances has occurred. To the extent that a Profound Change in Circumstances has occurred, the State and the Contractor shall enter into

good faith discussions to consider and shall make such modifications to this Contract as they may through good faith discussions propose as necessary or appropriate to restore the economic, fiscal and financial balance of the Contract.

- (b) For the purposes of this Article 36.2, “**Profound Change in Circumstances**” means such changes arising since the later of the Effective Date and the most recent Notice given pursuant to this Article 36.2 (the “**Relevant Date**”), in the economic conditions of the petroleum industry worldwide or in Liberia, or such changes in the economic, political or social circumstances existing in Liberia specifically or elsewhere in the world at large as to result in such a material and fundamental alteration of the conditions, assumptions and bases relied upon by the Parties at the Relevant Date that the overall economic, fiscal and financial balance reasonably anticipated by them will no longer as a practical matter be achievable.
- (c) In addition to the review provided for in Article 36.2(a), the State and the Contractor shall also meet once every five (5) years after the Effective Date, on at least forty five (45) days’ prior Notice at the request of either, to review and discuss in good faith issues deemed material to the rights and obligations of the State and the Contractor pursuant to this Contract by the requesting party. The Parties shall effect such modifications to this Contract that the Parties in good faith discussions agree are necessary.
- (d) In addition to the consultation and review provided by Articles 36.2(a) and 36.2(b), either the State or the Contractor may at any time request a consultation with the other Party with respect to any matter affecting the rights and obligations of the State and the Contractor pursuant to this Contract. The State and the Contractor shall meet reasonably promptly after such request for the requested consultation. Subsequent to such consultation, the Parties shall take such action, if any, that is in good faith discussions mutually agreed to address the matter.
- (e) Any Notice or request under Articles 36.2(a) through 36.2(d), inclusive, shall include a summary statement of the circumstances giving rise to such Notice or request.
- (f) For the purposes of Articles 36.2(a) through 36.2(d), “**good faith discussions**” and “**consultation**” shall not require a Party to agree to any modifications to this Contract and the lack of agreement is not subject to Article 31.

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- 36.3 Nothing in this Article 36 shall require a Party to provide such information as may cause such Party to violate the competition laws of its or its ultimate parent corporation's domicile.

ARTICLE 37

NOTICES

- 37.1 All orders, approvals, declarations and notices of any kind between the Parties (each referred to as a “**Notice**”) shall be in writing and delivered by hand, by fax, by electronic mail, by postage prepaid registered mail, by prepaid internationally recognized courier service, or by any other means of communication agreed upon in writing by the Parties. Notice by fax or electronic mail is valid under this Contract only to fax numbers or electronic email addresses set forth below or identified as acceptable to a Party by Notice to the other Party pursuant to this Article 37. A Notice other than an electronic mail shall bear an original or facsimile reproduction of the signature of a representative of the sending Party responsible for such Notice and all Notices shall indicate the identity of such representative and state how he or she may be reached by telephone and, if practical, electronic mail. A Notice under this Contract is not effective until delivery.
- 37.2 Subject to Article 37.9, delivery of a Notice to a Party shall be deemed to have occurred in any one of the following circumstances:
- (a) Fax confirmation of receipt is electronically issued to the sender by the fax receiving device if the recipient has indicated a fax number for Notices.
 - (b) Electronic mail confirmation of receipt originated by the recipient is received at the electronic mail address of the sender.
 - (c) Written confirmation of receipt is received by the postal or courier service delivering the Notice.
 - (d) The recipient has otherwise directly or indirectly acknowledged receipt of the Notice in writing.
 - (e) Verification of receipt of the Notice has been obtained in any other manner specifically agreed to in writing by the Parties.
- 37.3 All Notices from NOCAL or any other agency of the State, to the Contractor shall be addressed as follows:

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ExxonMobil
ExxonMobil Exploration and Production Liberia Limited
Attention: President
233 Benmar
Houston, Texas 77060 USA
Fax: +1(281) 654 5920

COPL
Canadian Overseas Petroleum (Bermuda) Limited
Clarendon House, 2 Church Street,
Hamilton, HM 11, Bermuda
Fax: +1 (441) 295-9528
Attention: CEO

- 37.4 Any Notice to the Contractor alleging (a) a failure of the Contractor or the Operator to comply with any requirement of this Contract or (b) that the Contractor or the Operator is not in compliance with any applicable law or regulation or proposing to invoke the provisions of Article 1.3(e) of this Contract shall in addition be given to each Person participating in the Contractor at such Person's address for Notices provided to NOCAL from time to time by the Contractor.

Subject to Article 1.3(d), for the purposes of receiving Notices under this Contract, each Person participating in the Contractor shall within the time period provided in Article 1.3(d) (or within ninety (90) days after it becomes a participant in the Contractor, if later than the Effective Date) establish and thereafter maintain an address in Monrovia, Liberia, for the receipt of Notices given under this Contract and shall provide such address to NOCAL.

- 37.5 All Notices from the State to any guarantor under a guarantee provided in accordance with the terms of this Contract shall be addressed as provided in such guarantee, with a copy to the Contractor.
- 37.6 All Notices from the Contractor or any Person participating in the Contractor to NOCAL shall be addressed by courier and by email as follows:

President and CEO
National Oil Company of Liberia
Episcopal Church Plaza, 3rd Floor
1000 Monrovia
10 Liberia
E-Mail: ceo@nocal.com.lr



And in the case of any such Notice concerned in any way with any financial obligation of the Contractor or any guarantee provided in accordance with the terms of this Contract, with a copy by courier to:

The Minister of Finance
Ministry of Finance
Broad Street
Monrovia, Liberia

- 37.7 A copy of any Notice alleging or relating to any failure of a Party to this Contract to comply with the terms of this Contract shall be given by courier to:

The Minister of Justice
Ministry of Justice
Ashmun & Center Street
Monrovia, Liberia

- 37.8 Any Person designated by name in this Article 37 or any Person that has subsequently become a participant in the Contractor and that has provided an address for Notices as contemplated by Article 37.4 may at any time, upon prior Notice to each Person then entitled to receive Notice under this Article 37, change the designation of any individual or official title named to receive Notices under this Contract, or the street, postal or electronic address or fax number of the office in Liberia or elsewhere authorized to receive such Notices.
- 37.9 All Notices, reports, applications, feasibility reports and related plans and documents, financial statements and similar materials furnished by the Contractor under this Contract shall be delivered to the required recipients in duplicate paper copies, and, if more than six (6) pages long, shall be accompanied by a reproducible electronic copy in Microsoft Word or Adobe PDF format that is compatible with versions of such program that have been readily available in Monrovia for at least thirty-six (36) months. NOCAL may change the required electronic data format for any such document to any other readily available format on at least sixty (60) days prior Notice to the Contractor.

ARTICLE 38

MISCELLANEOUS

- 38.1 The Parties shall cooperate in good faith to achieve the objectives of this Contract. On request by the Contractor, NOCAL shall provide assistance to the Contractor in identifying permits, licenses and approvals required to be obtained from other

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ministries or agencies of the State for the performance of the Contractor's obligations under this Contract, and the manner in which and the place at which applications should be filed. The Contractor shall observe the applicable procedures and formalities, and shall itself apply to the relevant ministries and/or agencies.

The Parties agree to respect the terms of this Contract and not to unilaterally abrogate any of the terms and conditions herein contained.

38.2 Unless this Contract expressly provides otherwise, all amounts payable by the Contractor to the State under this Contract save for payments under Article 40.5 must be paid to the Ministry of Finance by deposit in the Consolidated Fund. The Ministry of Finance shall deliver as soon as reasonably practical a receipt or other official document evidencing payment of the amount and the purpose for which paid.

38.3 Except as expressly provided in this Contract, any modification or amendment of or supplement to this Contract shall be by the mutual written agreement of the Contractor, on the one hand, and by NOCAL, the Minister of Finance, the Minister of Lands Mines and Energy, the Chairperson of the National Investment Commission, acting together, on the other hand, and shall not become effective until (i) attested by the Minister of Justice, (ii) approved by the President of the Republic of Liberia, (iii) ratified by the Legislature and (iv) signed into Law by the President of the Republic of Liberia.

Either NOCAL or the Contractor may (i) extend the time for the performance of any of the obligations of the other, (ii) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto, or (iii) waive any non-compliance by the other with, or default by the other under, any provision of this Contract, provided that such extension or waiver must be in writing. No waiver given by NOCAL under this Contract that affects the determination of amounts due from the Contractor under this Contract for amounts payable in to the Consolidated Fund or purports to delay the due date of any payment due from the Contractor under this Contract for amounts payable in to the Consolidated Fund by more than thirty (30) days is valid unless the Minister of Finance has agreed thereto in writing. Actions under this paragraph are not modifications or amendments of, or supplements to, this Contract.

38.4 The State and NOCAL hereby expressly exclude Articles 3.3, 3.4 and 3.7 of the Petroleum Law and Sections 17, 742(a) and (b), 753, and 754 of the Revenue Code from being applied to or having any effect under this Contract and waive any and all rights in relation thereto.

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- 38.5 The non-exercise or partial exercise by a Party of any of its rights under the terms of this Contract shall not in any case constitute a waiver of that right. Without prejudice to the generality of the foregoing sentence, the failure of NOCAL to make any inspection described in this Contract or provided for under applicable Law or to ascertain in any such inspection the existence of any breach by the Contractor of any of its obligations under this Contract or applicable Law shall not affect the ability of the State to require full compliance by the Contractor with such obligations.
- 38.6 This Contract, including the Annexes and Exhibits attached to it, represents the entire agreement between the Parties and shall from the Effective Date supersede all previous oral and written negotiations and agreements between the Parties.
- 38.7 Headings in this Contract are inserted for purposes of convenience and reference and in no event shall define, restrict or describe the scope of object of the Contract or of any of its clauses.
- 38.8 The terms and conditions of this Contract shall inure to the benefit of and be binding upon the successors by operation of Law and permitted assignees of the Parties including without limitation in the case of the State, all future manifestations or forms of public power exercising sovereign authority over all or part of the present territory of Liberia.
- 38.9 Notwithstanding termination of this Contract by any Party or for any reason, including a termination due to a finding that this Contract or a portion thereof is void, invalid, or unenforceable, Articles 1.1 (Definitions), 1.2 (Joint and Several the Contractor Member Liability), 2.1 (Scope of Contract), 6 (Environmental Obligations), 8 (Confidentiality), 9.3 (Use of Facilities), 17 (Taxation), 18 (Valuation of Petroleum), 20 (Abandonment), 23 (Applicable Law), 25 (Accounting Methods and Audits), 26 (Import and Export), 31 (Arbitration), 36 (Stability of Conditions), 37 (Notices), 38 (Miscellaneous) and 40.1 (Effective Date) of this Contract, all liabilities of any Party accruing prior to such termination and all abandonment and environmental remediation and restoration obligations of the Contractor under this Contract and any ESMP shall survive such termination. Moreover, any such termination shall be without prejudice to rights, duties and obligations of any Party that have accrued prior to termination and, notwithstanding such termination, such provisions of this Contract as are reasonably necessary for the full enjoyment and enforcement of such accrued rights, duties and obligations shall survive such termination for the period necessary.
- 38.10 Should any Article of this Contract, or any provision or term of any Article, be found pursuant to Article 31 to be void, invalid or unenforceable, in whole or in part, then the remaining Articles, and those unaffected provisions or terms of any

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other Articles which contain any void, invalid or unenforceable provision or term, shall nevertheless remain valid and subsisting and shall be construed as if this Contract had been executed without such void, invalid or unenforceable Articles, provisions or terms. Any otherwise void, invalid or unenforceable Article, term or provision of this Contract shall be so construed, or reformed, as to alter, amend or change any such term, provision or condition to the extent necessary to render it valid, lawful and enforceable, while also giving maximum effect to the Parties' originally intended purpose or result, short of creating any void, invalid or unenforceable provision, term or condition.

- 38.11 Apart from the State, NOCAL and the Contractor (and the Persons participating in the Contractor that have become Parties to this Contract), no Person shall have any rights under this Contract unless specifically stated in this Contract.
- 38.12 Specific performance or similar equitable remedies may not be awarded against any Party. Each of the Parties hereto expressly waives and forgoes any right to punitive, exemplary or similar damages. No Party shall have any liability under this Contract for any form of consequential loss; provided that, so long as appropriate adjustments are made for the time value of money and for future uncertainties, this exclusion of consequential loss does not apply to loss of profits or similar consequential loss in regard to a determination of the loss in value due to expropriation or a material breach of this Contract.
- 38.13 Nothing in this Contract is intended to exclude any Party's liability under any applicable anti-corruption law. The Parties hereby acknowledge that a violation of anti-corruption law will be subject to the appropriate remedies under the law, including Liberian penal law.

ARTICLE 39

GUARANTEE

- 39.1 Each Person participating in the Contractor shall provide adequate security, having regard to Good International Petroleum Industry Practice, to guarantee performance of the Contractor's obligations under this Contract in the exploration, appraisal and development phases under this Contract. The initial guarantee with respect to each such Person shall be delivered to NOCAL at the Trigger Event Satisfaction. The amount available under each guarantee prior to the grant of the initial exclusive exploitation authorization under this Contract shall be fifty million Dollars (US\$50,000,000) multiplied by such Person's percentage interest in the Contractor, and following the grant of such initial exclusive exploitation authorization until first Commercial Production of any Field, the amount available



under each guarantee shall be one hundred million Dollars (US\$100,000,000) multiplied by such Person's percentage interest in the Contractor, subject to reduction of the amount available under any guarantee pursuant to Article 39.4.

39.2 The adequate security shall be in the form of any of the following:

- (a) irrevocable standby letters of credit or commercial bank guarantees obtained by such Person from financial institutions meeting acceptable financial standards and having a net worth of at least five (5) times the secured amount, in each case in customary form reasonably acceptable to NOCAL;
- (b) irrevocable corporate or government guarantees from entities meeting acceptable financial standards and having a net worth of at least five (5) times the secured amount;
- (c) irrevocable guarantees from a Wholly Owned Subsidiary of the ultimate parent of such Person meeting acceptable financial standards provided that such subsidiary has a net worth of at least five (5) times the amount being secured and is an Affiliate of such Person; or
- (d) irrevocable guarantees from the ultimate parent of COPL, or from any other Person then participating in the Contractor if the credit of such other Person is otherwise acceptable to NOCAL under all the facts and circumstances.

Any guarantee provided under clause (b), (c) or (d) of this Article 39.2 shall be in substantially the form set forth in Annex III.

39.3 Entities meeting acceptable financial standards under Articles 39.2(a) to (c) shall have a sound financial reputation and a history of providing quality service and meeting the minimum financial criterion that would qualify it to receive a long-term debt rating of at least "AA" from Standard & Poor's or at least "Aa2" from Moody's Investors Service.

39.4 The security available under any such guarantee shall be reduced as amounts are paid under such guarantee. Such security shall not otherwise be reduced except to reflect changes in interests resulting from Transfers in accordance with the provisions of Article 35 of this Contract. Any reduction in the amount of a guarantee occurring as a result of a payment under such guarantee prior to the grant of the initial exclusive exploitation authorization under this Contract shall reduce the amount of such guarantee otherwise available both prior to and after such grant.



- 39.5 In the event any guarantee of the obligations of a Person having a participation in the Contractor provided under this Article 39 is no longer in full force and effect, or an event of the kind referred to in Articles 33.2(c)(i), (c)(ii) or (c)(iii) has occurred with respect to the obligor under such guarantee, or material indebtedness for money borrowed of such obligor has become immediately due and payable and has not been paid within thirty (30) days, such guarantee shall within sixty (60) days thereafter be replaced with a substantially similar guarantee from a guarantor satisfactory to NOCAL or qualified under Article 39.2(a) or (b). No guarantee is required or may be enforced after first Commercial Production from any Field within the Delimited Area or, if this Contract is terminated prior to such time, more than one hundred and twenty (120) days after the date of termination.

ARTICLE 40

EFFECTIVE DATE

- 40.1 The “**Effective Date**” is the date upon which this Contract has been executed by the Parties, attested by the Minister of Justice of the Republic of Liberia, signed by the President of the Republic of Liberia, ratified by the national legislature of the Republic of Liberia, approved into Law by the President of the Republic of Liberia, and published into handbills as part of the Laws. The Parties are bound by this Contract from and after the Effective Date, provided however that until the occurrence of the Trigger Event Satisfaction and save for the provisions of this Article 40, the Parties are not entitled to exercise their respective rights under, and shall not be required to perform any of their respective obligations under, this Contract and no Party shall have any cause of action under this Contract arising out of the failure of the Trigger Event Satisfaction to occur.
- 40.2 On the occurrence of all of the Trigger Events (the “**Trigger Event Satisfaction**”), the Original Contract shall terminate and be of no further force and effect and this restated and amended Contract shall be the sole instrument setting forth the rights and obligations of all of the Parties with respect to Block LB-13.
- 40.3 If the Trigger Event Satisfaction has not occurred by 5:00 p.m. New York time, on the thirtieth day following the Effective Date, or such later date as NOCAL, the Minister of Justice, ExxonMobil and COPL shall agree in writing (the “**Longstop Date**”), this Contract shall terminate and be of no further force and effect. It is further acknowledged and agreed that if this Contract terminates in accordance with the preceding sentence the Original Contract remains in full force and effect and the Original Contract shall remain with Peppercoast

Petroleum Plc and shall not transfer or shall be deemed never to have transferred to COPL or ExxonMobil.

- 40.4 Because ExxonMobil and COPL were unable to make arrangements for the 100% transfer from Peppercoast Petroleum Plc to COPL and the 80% transfer from COPL to ExxonMobil in a manner that would satisfy the requirements of each of ExxonMobil, COPL and NOCAL, ExxonMobil informed NOCAL that it would welcome any assistance NOCAL can provide to the realization of the contemplated transfers on the understanding that the completed transaction will have the same economic effect as the originally proposed transfers. NOCAL has agreed to assist in the transfers because there was no other workable alternative that was acceptable to all parties. This assistance involves the structuring of the transaction so that the transfer from Peppercoast Petroleum Plc to COPL and the transfer from COPL to ExxonMobil would occur without necessity of a COPL cash payment to Peppercoast or an ExxonMobil cash payment to COPL.

NOCAL proposed to all parties that (1) NOCAL would take on the responsibility for the cash payment to Peppercoast Petroleum Plc required to complete the transfer of the Original Contract to COPL, if (2) ExxonMobil would pay directly to NOCAL the entire amount that it would have paid in part to COPL (eighty-five million Dollars (US\$85,000,000) and in part to NOCAL (thirty-five million Dollars (US\$35,000,000)) under the transaction as originally contemplated. This change in the flow of payments will have the effect of leaving all of the parties, including NOCAL, in the same economic position as they would have been if the overall transaction had closed in the manner originally contemplated by ExxonMobil, COPL and NOCAL.

This proposal was acceptable to ExxonMobil, COPL and Peppercoast Petroleum Plc, and, aware that the proposal would entail NOCAL incurring considerable costs in obtaining financing for this payment, Peppercoast Petroleum Plc agreed to accept a reduced after-tax payment of sixty eight million five hundred thousand Dollars (US\$68,500,000), instead of the after-tax payment of seventy million Dollars (US\$70,000,000) that COPL had originally agreed to make to Peppercoast Petroleum Plc for the transfer to it of the Original Contract.

By agreement of all the parties and Peppercoast Petroleum Plc, the release from escrow of (i) the novation agreements making effective the 100% transfer of the Original Contract from Peppercoast Petroleum Plc to COPL and the 80% transfer of the Original Contract from COPL to ExxonMobil and (ii) the related guarantees, all as referred to in clauses (1) through (3) of Article 40.5, and the replacement of the Original Contract by this Contract, will occur upon Trigger Event Satisfaction.

As set forth in clause (6) of Article 40.5, the final component of Trigger Event Satisfaction is the confirmation by Citibank NA that it has transferred one hundred twenty million Dollars (US\$120,000,000), to the account of Ecobank Liberia Limited ("Ecobank") maintained at the New York office of Citibank NA with instructions for credit to the account of NOCAL maintained with Ecobank. ExxonMobil shall cause such transfer to be made following the occurrence of the Trigger Event set forth in clause (5) of Article 40.5. The making of such transfer to Ecobank with instructions for credit to the account of NOCAL, when confirmed by Citibank NA as contemplated by clause (6) of Article 40.5 of this Contract, shall be deemed to fully pay and discharge

- (1) the bonus payment obligation of the Contractor under Article 19.1(a) of this Contract,
- (2) any obligation of the Contractor, ExxonMobil or COPL to pay any transfer or similar fees or charges to NOCAL or the State in connection with the transfer of a 100% interest in the Original Contract to COPL, the transfer of an 80% interest in the Original Contract to ExxonMobil, or the restatement of the Original Contract,
- (3) any obligation of the Contractor, ExxonMobil or COPL to pay withholding tax or income tax to the State arising in connection with the transfer of a 100% interest in the Original Contract to COPL or the transfer of an 80% interest in the Original Contract to ExxonMobil, and
- (4) any obligation of COPL to pay income taxes to the State in respect of the transfer of an 80% interest in the Original Contract to ExxonMobil.

40.5 The Trigger Events are the following:

- (1) The execution and delivery into escrow of the novation agreement transferring one hundred percent (100%) of the Original Contract from Peppercoast Petroleum Plc to COPL.
- (2) The execution and delivery into escrow of the novation agreement transferring eighty percent (80%) of the Original Contract from COPL to ExxonMobil.
- (3) The execution and delivery into escrow of guarantees as required by Article 39 of this Contract.
- (4) Delivery by Speechly Bircham LLP (counsel for Peppercoast Petroleum Plc) ("Speechlys") to ExxonMobil, COPL and NOCAL of its undertaking, satisfactory in form and substance to ExxonMobil, COPL and NOCAL,

that upon receipt by Speechlys of the funds referred to in clause (5) below, it will immediately deliver the confirmation referred to in clause (5) below and release the documentation held by it providing for the release of liens upon the interest of Peppercoast Petroleum plc in the Original Contract.

- (5) Confirmation by Speechlys to ExxonMobil, COPL and NOCAL that it has received in its client account maintained with the Royal Bank of Scotland from or on behalf of NOCAL sixty eight million five hundred thousand Dollars (US\$68,500,000) and delivery by Speechlys to COPL of the documentation held by it providing for the release of liens upon the interest of Peppercoast Petroleum plc in the Original Contract.
- (6) Confirmation by Citibank NA that it has transferred on instruction from ExxonMobil one hundred twenty million Dollars (US\$120,000,000) to NOCAL to the account of Ecobank maintained with Citibank NA in New York City with instructions for credit to the account of NOCAL maintained with Ecobank.

40.6 NOCAL shall cause forty-five million Dollars (US\$45,000,000) of the one hundred twenty million Dollars (US\$120,000,000) payment referred to in Article 40.5(6) of this Contract to be transferred onward to the Central Bank of Liberia for credit to the Consolidated Fund immediately following NOCAL's receipt thereof. Such transfer represents:

- (a) fifteen million Dollars (US\$15,000,000) on account of withholding tax and/or any income tax on the COPL-Peppercoast Petroleum Plc transaction transferring one hundred percent (100%) of the Original Contract from Peppercoast Petroleum plc to COPL;
- (b) twelve million seven hundred and fifty thousand Dollars (US\$12,750,000) on account of withholding tax and/or any income tax on the ExxonMobil-COPL transaction transferring eighty percent (80%) of the Original Contract from COPL to ExxonMobil; and
- (c) seventeen million two hundred and fifty thousand Dollars (US\$17,250,000) in discharge of a portion of the obligation of the Contractor to make the bonus payment set out in Article 19.1(a) of this Contract.

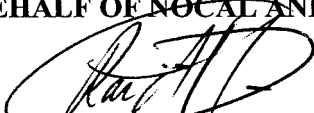
The balance of the payment to NOCAL referred to in Article 40.5(6) of this Contract, being seventy-five million Dollars (US\$75,000,000), represents the following amounts:

- (i) sixty eight million five hundred thousand Dollars (US\$68,500,000) to be applied to repayment of the loan taken by NOCAL to fund the payment by NOCAL referred to in Article 40.4

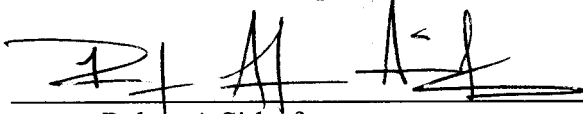
- (ii) one million Dollars (US\$1,000,000), representing the transfer fees agreed to be paid to NOCAL in connection with the COPL-Peppercoast Petroleum Plc transaction transferring one hundred percent (100%) of the Original Contract from Peppercoast Petroleum Plc to COPL and the ExxonMobil-COPL transaction transferring eighty percent (80%) of the Original Contract from COPL to ExxonMobil.
- (iii) four million dollars (US\$4,000,000) representing the remaining portion of the total agreed bonus of twenty one million two hundred and fifty thousand Dollars (US\$21,250,000) after giving effect to the allocation referred to in clause (c) of this Article 40.6; and
- (iv) one million five hundred thousand Dollars (US\$1,500,000), representing the difference between the cash payment originally to have been received by Peppercoast Petroleum Plc in consideration of the 100% transfer of the Original PSC to COPL (i.e., seventy million Dollars (US\$70,000,000)) and the reduced cash payment Peppercoast Petroleum Plc agreed to accept such transfer (i.e., sixty-eight million five hundred thousand Dollars (US\$68,500,000)), which is payable to NOCAL's lender for interest, fees and expenses associated with the loan.

IN WITNESS WHEREOF, the Parties have signed this Contract on the date first set forth above:

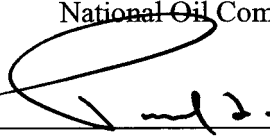
ON BEHALF OF NOCAL AND THE GOVERNMENT OF LIBERIA:



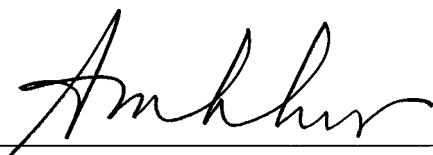
Randolph A. K. W. McClain
President/CEO
National Oil Company of Liberia



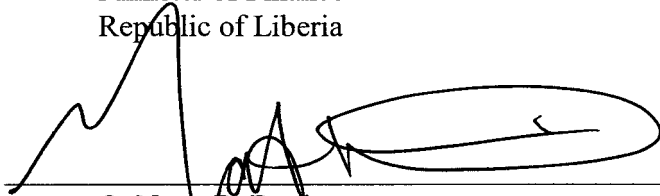
Robert A. Sirleaf
Chairman, Board Of Directors
National Oil Company of Liberia



Patrick Sendolo
Minister of Lands, Mines & Energy
Republic of Liberia



Amara Konneh
Minister of Finance
Republic of Liberia



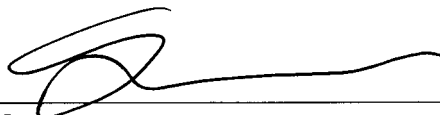
O. Natty B. Davis
Chairman, National Investment Commission
Republic of Liberia

**ON BEHALF OF EXXONMOBIL EXPLORATION AND PRODUCTION
LIBERIA LIMITED**



Name: Elijah White, Jr.
Title:
ExxonMobil Exploration and Production Liberia Limited

**ON BEHALF OF CANADIAN OVERSEAS PETROLEUM (BERMUDA)
LIMITED**



Name:
Title:
Canadian Overseas Petroleum (Bermuda) Limited

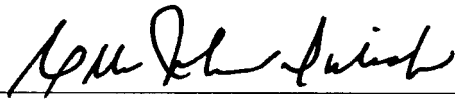


ATTESTED:



Hon. Christiana Tah
Minister of Justice
Republic of Liberia

APPROVED:



Her Excellency
Ellen Johnson Sirleaf
President of the Republic Of Liberia



ANNEX I

DESCRIPTION OF THE DELIMITED AREA

On the Effective Date, the Delimited Area, designated as Block LB-13, is formed by the area included inside the perimeter constituted by the points indicated on the map on the following page labeled “Block LB-13 Delimited Area”.

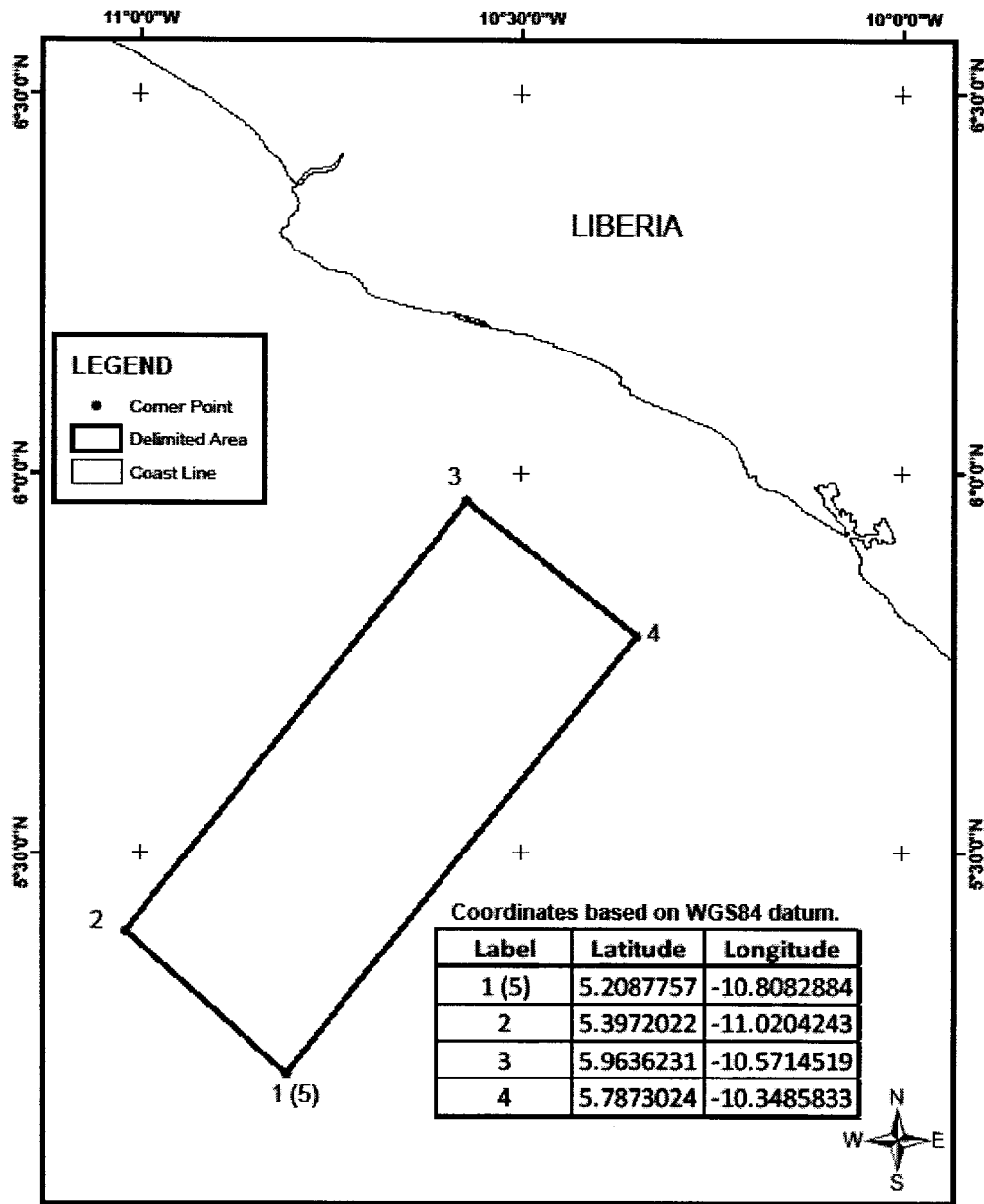
The geographic coordinates that define the Delimited Area are the following, based upon the WGS84 datum.

<u>Point</u>	<u>Latitude (degrees)</u>	<u>Longitude (degrees)</u>
1	5.2087757	-10.8082884
2	5.3972022	-11.0204243
3	5.9636231	-10.5714519
4	5.7873024	-10.3485833
5	5.2087757	-10.8082884

Those coordinates are only given for purposes of defining the Delimited Area and shall not be considered as the boundaries of the national jurisdiction of Liberia.

The surface of the Delimited Area above-defined is deemed to be approximately 2,540 square kilometers.

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BLOCK LB-13 DELIMITED AREA

Coordinate Reference System: WGS84
 Ellipsoid: WGS84
 Units: Degrees
 Semi-major Axis (a): 6378137 m
 Inverse Flattening (1/f): 298.257223563

0 5 10 20 Kilometers

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ANNEX II

ACCOUNTING PROCEDURE

Article I – General Provisions

I.1 Object

This Accounting Procedure shall be followed and observed in the performance of the obligations under the Contract to which this Annex is attached.

The purpose of this Accounting Procedure is to establish the principles of accounting which shall reflect the Operator's actual costs relating to Petroleum Operations undertaken on behalf of the Contractor to the end that the Operator shall subject to the processes of the Contract neither gain nor lose by reason of the fact that it acts as Operator.

I.2 Accounts and statements

The registers and accounting books of the Contractor shall be in conformity with accounting rules and regulations generally applicable to the petroleum industry in Liberia. However, the Contractor may apply Good International Petroleum Industry Practice accounting rules and procedures, insofar as none of these are contrary to the rules and regulations referred to above.

In accordance with the provisions of Article 25 of the Contract, accounts, books and registers shall be maintained and recorded in Dollars. These accounts shall be used, inter alia, to determine the amount of Petroleum Costs, the recovery of Petroleum Costs, the production sharing, as well as for the purposes of the Contractor's tax return.

The Contractor shall at all times maintain and keep true and correct records of the production and disposition of all Petroleum, and of all costs and expenditures, as well as other data necessary or proper for the settlement of accounts between the members of the Contractor to enable the Persons participating in the Contractor to comply with their respective applicable income tax and other laws.

The Contractor shall record all operations connected with the Petroleum Operations in accounts separate from those relating to any other activities which it may carry out in the Republic of Liberia.

All accounts, books, records and statements, together with documents supporting expenses incurred, such as invoices and service contracts, shall be kept in the

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Republic of Liberia or as otherwise determined by this Contract in order to be provided at the request of the competent authorities of Liberia.

I.3 **Interpretation**

The definitions of the terms used in this Annex II shall be the same as those of the same terms set forth in the Contract. In the event of a direct conflict between the provisions of this Accounting Procedure and the Contract, the provisions of the Contract shall prevail. In addition certain terms used herein are defined as follows:

“**Material**” shall mean the property, including but not limited to equipment and supplies, acquired and held for use in the Petroleum Operations.

I.4 **Modifications**

The provisions of this Accounting Procedure may be modified by mutual agreement between the Parties.

The Parties agree that if any provision of the Accounting Procedure proves inequitable to either Party, such provision shall be modified in good faith by the Parties.

Article II – Petroleum Costs

II.1 **Petroleum Costs Account**

The Contractor shall maintain a “**Petroleum Costs Account**” which will record in detail the expenses incurred by the Contractor directly relating to the Petroleum Operations carried out under this Contract. Properly recorded costs will be recoverable in accordance with the provisions of Article 16 of the Contract.

II.1.1

This Petroleum Costs Account shall, inter alia, record separately, by Appraisal Perimeter or Exploitation Perimeter if any, and also consolidate for the Delimited Area the following expenses:

- (a) exploration expenditures;
- (b) appraisal expenditures;
- (c) development expenditures;
- (d) exploitation expenses;

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- (e) financial costs;
- (f) overhead costs in Liberia;
- (g) overhead costs abroad.

II.1.2

The Petroleum Costs Account shall enable, inter alia, to identify:

- (a) the total amount of Petroleum Costs prior to the Effective Date;
- (b) the total amount of Petroleum Costs since the Effective Date;
- (c) the total amount of Petroleum Costs recovered;
- (d) the total amount credited to the Petroleum Costs Account pursuant to Article II.4(a) and II.4(b) below;
- (e) the total amount of Petroleum Costs which remain to be recovered.

II.1.3

For the purposes of Article 16 of the Contract, Petroleum Costs shall be recovered in the following sequence:

- (a) exploitation expenses in respect of a Field incurred and paid from the date of commencement of regular production;
- (b) subject to II.2.9 and II.3, financing costs;
- (c) other Petroleum Costs.

In addition, within each of the foregoing categories, the costs shall be recovered in the sequence in which they are incurred.

Unless otherwise expressly provided for in this Accounting Procedure the intent of the Parties is not to duplicate any item of the credit or debit of the accounts maintained under the Contract.

II.2 Items debited to the Petroleum Costs Account

The following non-exhaustive list of expenses and costs shall be debited to the Petroleum Costs Account and shall be considered ordinary expenses for producing income for income tax return purposes unless specifically excluded

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from the Revenue Code, but is not to be considered an exhaustive or complete list of deductible costs under Article 17.

II.2.1 Personnel expenses

Salaries, wages and related costs include everything constituting the employees' total compensation, as well as the cost to Operator of holiday, vacation, sickness, disability benefits, living and housing allowances, travel costs, travel time, bonuses, and other customary allowances applicable to the salaries and wages chargeable hereunder, as well as the costs of recruitment and relocation of local employees (including spouse and dependent children), as well as expatriate employee relocation (including spouse and dependent children), as well as the costs to Operator for employee benefits, including but not limited to employee group life insurance, group medical insurance, hospitalization, retirement, severance and other payments or other benefits required by Law. This list of personnel expenses is not exhaustive. The expenses incurred will be in accordance with Good International Petroleum Industry Practice.

II.2.2 Costs in Liberia

Costs in Liberia include personnel expenses under II.2.1 incurred by the Contractor for the Contractor's personnel directly engaged in the Petroleum Operations in the Republic of Liberia as well as costs of maintaining and operating in Liberia a main and administrative office and sub-offices necessary for the Petroleum Operations.

II.2.3 Overhead costs abroad

Indirect costs chargeable under this article represent the cost of general assistance and support services provided by Operator and its Affiliates. No cost or expenditure included under this article shall be included or duplicated in other charges. The charges under this article are not subject to audit other than to verify that the overhead percentages are applied correctly to the expenditure basis.

The expenditures used to calculate the monthly indirect charge shall not include the indirect charge (calculated either as a percentage of expenditures or as a minimum monthly charge), rentals on surface rights acquired and maintained for the Joint Account, guarantee deposits, pipeline tariffs, concession acquisition costs, bonuses paid in accordance with the Contract, royalties and taxes on production or revenue to the Joint Account paid by Operator, expenditures associated with major construction projects for which a separate indirect charge is established hereunder, payments to third parties in settlement of claims, and other similar items.

Credits arising from any government subsidy payments, disposition of Material, and receipts from third parties for settlement of claims shall not be deducted from total expenditures in determining such indirect charge.

The aggregate year-to-date indirect charges shall be a percentage of the year-to-date expenses charged to the Petroleum Costs Account, calculated on the following scale:

- (a) during the exploration period,

\$0 to \$5,000,000 of expenditures = 4%

next \$10,000,000 of expenditures = 2.5%

excess above \$15,000,000 of expenditures = 1.5%

- (b) during the exploitation (development and production) period:

Development expenses = 1.5%

The development phase for each Field will be deemed to cease at the completion of the scope of the initial development operations in the development and production plan approved by NOCAL. The development overhead rate shall also apply to satellite or deeper horizon developments in the approved development and production plan, but not the subject of the initial development.

Production expenses = 1%

For the avoidance of doubt, development and production operations may be ongoing at the same time at different places within the Delimited Area. In such cases, different areas within the Delimited Area will attract different overhead rates based on the type of operations ongoing.

- (c) As to major projects which include the engineering, construction and installation of fixed assets, the expansion of fixed assets and any other project clearly discernible as a fixed asset required for Petroleum Operations (such as, but not limited to, pipelines, gas reprocessing and processing plants, final loading and terminalling facilities, and dismantling for decommissioning of platforms and related facilities, but excluding drilling and workovers) when the estimated cost of each project amounts to more than twenty million Dollars (US\$20,000,000), a separate and lower indirect charge for such project shall be approved by NOCAL at the time of approval of the project in lieu of the amount of II 2.3 (a) – (b).

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- (d) A minimum amount of one hundred and twenty thousand Dollars (US\$120,000) shall be assessed each Calendar Year calculated from the Effective Date and shall be reduced pro rata for periods of less than a year.

II.2.4 Buildings

Construction, maintenance expenses, as well as rents paid for all offices, houses, warehouses and buildings of other types directly required for the performance of the Petroleum Operations, including housing for employees, and cost of equipment, furniture, and fittings necessary for the operation of those buildings.

II.2.5 Materials, equipment and rentals

Costs of equipment, Material, machinery, and facilities purchased or provided for use in the Petroleum Operations, as well as rentals or compensations paid or incurred for the use of any equipment or facilities required directly for the performance of the Petroleum Operations.

Materials and equipment purchased from third parties and directly necessary for the performance of the Petroleum Operations carried out under the Contract shall be charged to the Petroleum Costs Account at Net Cost incurred by the Contractor.

“**Net Cost**” shall include the cost of Materials equipment and rentals and items such as taxes, shipping agent fees, export broker fees, transportation costs, loading and unloading costs, export and import duties and fees and license fees related to the supply and procurement of Materials and equipment, as well as transit losses not recovered through insurance.

II.2.6 Services

Costs of services directly related to Petroleum Operations rendered by subcontractors and consultants, as well as any costs directly related to services rendered by the Government or NOCAL or any other authorities of the Republic of Liberia.

II.2.7 Insurance Premiums

Premiums paid including those paid to Affiliates, for insurances customarily taken out for the Petroleum Operations to be carried out by the Contractor. Losses not covered by the applicable insurance provisions including the relevant deductible amounts will also be debited to this Account.

II.2.8 Legal Expenses

All expenses of handling, investigation defending, protecting or recovering joint property and settlement of litigation or claims directly arising from or by reason of the Petroleum Operations.

II.2.9 Financial Costs

All interests paid by the Contractor in respect of the loans from third parties and advances obtained from Affiliates, provided that those loans and advances shall be for the purpose of the financing of Petroleum Costs related to development operations in accordance with an approved development and production plan. For the avoidance of doubt, financing costs related to satellite or deeper horizon developments in the approved development and production plan, but not the subject of the initial development, shall also be Petroleum Costs. In the event such financing is provided by an Affiliate, the allowable interest rates shall not exceed the rates customarily used in the international financial markets for loans of a similar nature.

With respect to costs related to development operations which are funded by members of the Contractor on behalf of NOCAL under Article 19.5 and 19.6, the interest payments will be determined and recovered as specified under Article 19.5 and 19.6. No other interest charges associated with the funding of these costs by members of the Contractor shall be chargeable to the Petroleum Costs Account.

II.2.10 Other Expenses

Any other expenses incurred and paid by the Contractor for the purposes of the necessary and proper conduct of the Petroleum Operations under the approved Annual Work Programs and Budgets or otherwise approved by NOCAL, other than the expenses covered and dealt with by the foregoing provisions of this Article and other than the expenses excluded from the Petroleum Costs.

II.2.11 Ecological and Environmental Charges

All costs incurred for the benefit of Petroleum Operations and other property under the Contract as a result of governmental or regulatory requirements and/or Operator's policies to comply with environmental rules applicable to Operations. These costs may include periodic environmental audits, ecological or archaeological surveys and pollution control procedures required by the applicable Laws and regulations.



II.2.12 Abandonment Operations

Costs incurred, cash balances or amounts paid into the Abandonment Fund for abandonment operations as contemplated in Article 20. Cash balances or reserves set aside in excess of actual abandonment costs and not recovered by the Contractor in accordance with Article 16.3 shall be shared between NOCAL and the Contractor in proportion with each Party's contribution to the Abandonment Fund. Cash balances or reserves set aside in excess of the actual abandonment costs and which have been recovered by the Contractor in accordance with Article 16.3 shall be distributed to NOCAL. Actual abandonment costs in excess of cash balances or amounts paid into the Abandonment Fund for abandonment operations shall be shared between NOCAL and the Contractor according to each Party's share of Remaining Oil Production during the final year of the Contract.

II.2.13 Interest on NOCAL Carried Costs

Interest incurred at the Liberian Interest Rate or the Liberia Default Interest Rate on all payments made on NOCAL's behalf under Article 19.5 and 19.6.

II.2.14 Past Costs

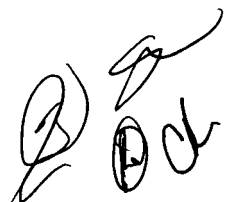
All amounts accrued as Petroleum Costs during the First Exploration Period. The Petroleum Costs account balance as of the Effective Date shall be deemed twenty five million three hundred and twenty thousand seven hundred and eighty Dollars (US\$25,320,780), and shall not be increased by any costs or expenses occurring after the Effective Date and attributable to the First Exploration Period or otherwise incurred under the Original Contract. Recovery for one hundred percent (100%) of all such costs shall be allocated to COPL or their assignee.

II.3 Expenses not chargeable to the Petroleum Costs Account

The expenses which are not directly necessary for the performance of the Petroleum Operations, and the expenses excluded by the provisions of the Contract or this Accounting Procedure as well as by the regulations in force in Liberia, are not chargeable to the Petroleum Costs Account and shall therefore not be recoverable.

Such expenses shall include:

- (a) except as provided in II.2.14, expenses relating to the exploration period before the Effective Date;



- (b) any expenses relating to the operations carried out beyond the Delivery Point, such as transportation and marketing costs except as provided in Article 27.3;
- (c) costs relating to the financing of Petroleum Operations prior to the approval of a development and production plan within the Delimited Area, except as recovered under II.2.13 above;
- (d) bonuses defined in Article 19 of the Contract;
- (e) expenditure incurred in obtaining, furnishing and maintaining the guarantees required under the Contract;
- (f) fines and penalties imposed by any Government agency;
- (g) except with the consent of NOCAL, costs incurred in respect of Petroleum after it has passed the Delivery Point; and
- (h) costs established to have been incurred as a result of Gross Negligence / Willful Misconduct by the Contractor's Senior Supervisory Personnel.

For the purposes of this Annex II II.3(h), the following terms shall have the following meanings:

"Gross Negligence / Willful Misconduct" means any act or failure to act (whether sole, joint or concurrent) by any Person which was intended to cause, or which was in reckless disregard of or wanton indifference to, harmful consequences such Person knew, or should have known, such act or failure would have on the safety or property of another Person.

"Senior Supervisory Personnel" means, with respect to the Persons participating in the Contractor, any individual who functions as its senior resident manager who directs all operations and activities of the Persons participating in the Contractor in the country or region in which he is resident, and any manager who directly reports to such senior resident manager in such country or region and responsible for exploration, appraisal, development or production operations; and any individual who functions for the Persons participating in the Contractor or one of their Affiliates at a management level equivalent to or superior to the above specified senior resident manager or direct report positions and is responsible for exploration, appraisal, development or production operations, or any officer or director of the Persons participating in the Contractor or one of their Affiliates.

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II.4 Items credited to the Petroleum Costs Account

The following incomes and proceeds shall, inter alia, be credited to the Petroleum Costs Account:

- (a) income arising from the marketing of the quantity of Petroleum to which the Contractor is entitled under Article 16 of the Contract for the purpose of recovery of the Petroleum Costs;
- (b) any other incomes or proceeds related to the Petroleum Operations, specifically those arising from:
 - sales of related substances;
 - any services rendered to third parties using the facilities dedicated to the Petroleum Operations, including, but not limited to, processing, transportation and storage of products for third parties in those facilities.

Article III Cost Evaluation Basis For Services, Materials and Equipment Used in the Petroleum Operations

III.1 Technical services

A reasonable rate shall be charged for the technical services rendered by the Contractor or its Affiliated Companies for the direct benefit of the Petroleum Operations carried out under the Contract, such as gas, water, core analyses and any other analyses and tests. Where comparable, the charges for such services shall not exceed those currently prevailing if performed by non-affiliated third parties, considering the quality and availability of such services.

III.2 Purchase of Materials and equipment

Materials and equipment purchased from third parties and directly necessary for the performance of the Petroleum Operations carried out under the Contract shall be charged to the Petroleum Costs Account at Net Cost incurred by the Contractor.

III.3 Use of equipment and facilities owned exclusively by the Contractor

Charges for exclusively owned equipment, facilities, and utilities of Operator or any of its Affiliates shall be at Net Cost paid by the Contractor. Exclusively owned drilling tools and other equipment lost in the hole or damaged beyond repair may be charged at replacement cost less depreciation plus transportation costs to deliver like equipment to the location where used.

III.4 Inventories

The Contractor shall keep an inventory both in quantity and value of all normally controllable materials used for the Petroleum Operations and shall proceed at reasonable intervals with the physical inventories as required. A Notice of intention to take an inventory shall be sent to NOCAL at least ninety (90) days prior to the commencement of said inventory so that NOCAL may be represented at its own expense during the inventory operations. In the event that NOCAL is not represented at an inventory, NOCAL shall be bound to accept the inventory taken by the Contractor. A copy of such inventory shall be provided to NOCAL by the Contractor.

Article IV – Financial and Accounting Statements

The Contractor shall furnish the STATE and NOCAL with all the reports, records and statements provided by the provisions of the Contract and the applicable regulations and, inter alia, the following financial and accounting statements:

IV.1 Statement of exploration work obligations

Such annual statement shall be submitted prior to the end of February of each Calendar Year in respect of the exploration periods.

It shall present with details the exploration work and expenditures carried out by the Contractor to fulfill its obligations set forth in Article 4 of the Contract, excluding specifically appraisal wells and related appraisal expenditures as well as development expenditures, exploitation expenses, overhead costs and bonuses.

IV.2 Statement of recovery of Petroleum Costs

A quarterly statement shall be submitted not later than thirty (30) days after the end of each Calendar Quarter. It shall present the following items of the Petroleum Costs Account:

- (a) the amount of Petroleum Costs which remain to be recovered at the beginning of the quarter;
- (b) the amount of Petroleum Costs in respect of that quarter and recoverable under the provisions of the Contract;
- (c) the quantity and the value of the production of Petroleum taken by the Contractor during the quarter for the purpose of recovery of the Petroleum Costs;

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- (d) the amount of incomes or proceeds credited for the purpose of Article II.4(b) above during the quarter;
- (e) the amount of Petroleum Costs which remain to be recovered at the end of the quarter.

In addition, an annual statement of the recovery of Petroleum Costs shall be submitted prior to the end of February of each Calendar Year.

IV.3 **Statement of production**

After commencement of production, such monthly statement shall be submitted not later than ten (10) days after the end of each month.

It shall present for each month the detailed production of each Exploitation Perimeter and, inter alia, the quantities of Petroleum:

- (a) stored at the beginning of the month;
- (b) lifted during the month;
- (c) lost and used for the requirements of the Petroleum Operations;
- (d) stored at the end of the month.

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ANNEX III

FORM OF GUARANTEE

*This Annex is an integral part of this Contract
between the Republic of Liberia and the Contractor.*

THIS GUARANTEE is made on this [insert day] of [insert month and year] BETWEEN:

- (1) [NAME OF GUARANTOR], a company organized and existing under the laws of [insert jurisdiction], and having its registered office at [insert address] (the “**Guarantor**”); and
- (2) THE REPUBLIC OF LIBERIA (the “**State**”), represented for the purposes of this Guarantee by the National Oil Company of Liberia (“**NOCAL**”) and the Ministry of Justice.

RECITALS

WHEREAS, the Guarantor is the parent or an Affiliate of [insert name of Company] organized and existing under the laws of [insert jurisdiction], and having its registered office at [insert address] (the “**Company**”);

WHEREAS, the Company has entered into a production sharing contract (the “**Contract**”) with, among others, the State, represented by NOCAL, in respect of the Contract Area;

WHEREAS, the Company has a Participation Interest under the Contract;

WHEREAS, the State desires that the execution and performance of the Contract by the Company be guaranteed by the Guarantor and the Guarantor desires to furnish this Guarantee as an inducement to the State to enter into the Contract and in consideration of the rights and benefits inuring to the Company under the Contract; and

WHEREAS, the Guarantor is fully familiar with and understands the contractual obligations of the Company under the Contract.

NOW THEREFORE, it is hereby agreed as follows:

1. Definitions and Interpretation

All capitalized words and expressions in this Guarantee have the same meaning as in the Contract, unless otherwise specified to herein.



2. Scope of this Guarantee

The Guarantor hereby guarantees to the State the timely payment and performance of any and all indebtedness and obligations whatsoever of the Company to the State arising under or in relation to the Contract as amended, modified or supplemented from time to time, including the payment of any amounts required to be paid by the Company to the State when the same become due and payable under the Contract (the “**Guaranteed Obligations**”); provided, however, that the aggregate liability of the Guarantor to the State hereunder shall not exceed the lesser of:

- (a) the liabilities of the Company to the State under the Contract;
- (b) _____ million Dollars (US\$ __,000,000) prior to the grant of the initial exclusive exploitation authorization under this Contract; and
- (c) _____ million Dollars (US\$ __,000,000) following the grant of the initial exclusive exploitation authorization until first Commercial Production of any Field.

3. Waiver of Notice, Agreement to All Modifications

The Guarantor hereby waives notice of the acceptance of this Guarantee and of the state of indebtedness of the Company at any time, and expressly agrees to any extensions, renewals, modifications or acceleration of sums due to the State under the Contract or any of the terms of the Contract, whether occurring with or without notice thereof to the Guarantor, all without relieving the Guarantor of any liability under this Guarantee, provided any such extensions, renewals, modifications or acceleration are undertaken in accordance with the terms of the Contract. The State has no obligation to notify the Guarantor of any amendments or modifications of or supplements to the Contract, but NOCAL and the Ministry of Justice shall keep the Guarantor informed of any change in their respective addresses for Notice under the Contract.

4. Absolute and Unconditional Guarantee

The obligations of the Guarantor under this Guarantee shall be an absolute, unconditional and (except as provided in Article 2 above) unlimited guarantee of payment and performance to be performed strictly in accordance with the terms hereof, and shall remain in full force and effect until the entire Guaranteed Obligations shall have been performed or paid,. Such obligations of the Guarantor shall not be affected, modified or impaired upon the happening from time to time of any event, including without limitation any of the following, whether or not with notice to, or the consent of the Guarantor:

- (a) the waiver, surrender, compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the Company under the Contract;



- (b) the failure to give notice to the Guarantor of the occurrence of a default under the Contract;
- (c) an extension of the time for any payment of the Guaranteed Obligations or of the time for performance of any other obligations, covenants or agreements under or arising out of the Contract;
- (d) the modification, amendment or alteration (whether material or otherwise) of any obligation, covenant or agreement set forth in the Contract;
- (e) the taking or the omission of any of the actions referred to in the Contract;
- (f) any failure, omission, delay or lack on the part of the State to enforce, assert or exercise any right, power or remedy conferred on it in the Contract;
- (g) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshaling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment of, or other similar proceedings affecting the Guarantor or the Company or any of the respective assets of either of them, or any allegation or contest of the validity of this Guarantee in any such proceeding;
- (h) any defense based upon any legal disability of the Company or, to the extent permitted by law, any release, discharge, reduction or limitation of or with respect to any sums owing by the Company or any other liability of the Company to the State;
- (i) to the extent permitted by law, the release or discharge by operation of law of the Guarantor from the performance or observance of any obligation, covenant or agreement contained in this Guarantee; or
- (j) the default or failure of the Guarantor fully to perform any of its obligations set forth in this Guarantee.

If any payment by the Company to the State is rescinded or must be returned by the State as a consequence of any matter referred to in clause (g) above, the obligations of the Guarantor shall be reinstated with respect to such payment.

No set off, counterclaim, reduction, or diminution of any obligation, or any defense of any kind or nature which the Guarantor has or may have against the State shall be available hereunder to the Guarantor against the State to reduce the payments due to the State under this Guarantee save that the Guarantor shall have the ability to assert any claims or defenses available to the Company other than those available to the Company

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as a consequence of any matter applicable to the Company referred to in clause (g) of this Article 4 or as a consequence of any legal disability of the Company.

In the event of a default in the performance or payment of the Guaranteed Obligations when and as the same shall become due, the State shall have the right to proceed first and directly against the Guarantor under this Guarantee without proceeding against the Company or exhausting any other remedies which it may have.

The Guarantor assumes responsibility for being and remaining informed of the financial condition of the Company and of all other circumstances bearing upon the risk of nonperformance of obligations or nonpayment of amounts owing under the Contract that diligent inquiry would reveal and agrees that the State has no duty to advise the Guarantor of any information regarding such condition or any such circumstances.

5. No Discharge of Guarantor

The obligations of the Guarantor hereunder shall not in any way be released or otherwise affected by: a release or surrender by the State or NOCAL of any collateral or other security it may hold or hereafter acquire for payment of any obligation hereby guaranteed; by any change, exchange or alteration of such collateral or other security; by the taking of or the failure to take any action with respect thereto either against the Company or against the Guarantor; or by any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor.

6. No Prior Action Required

The State shall not be required to make demand for payment or performance first against the Company or any other Person or to proceed against any collateral or other security which might be held by the State or otherwise to take any action before resorting to the Guarantor hereunder or exhausting any other remedies which it may have.

7. Cumulative Rights

All rights, powers and remedies of the State hereunder shall be cumulative and not alternative, and shall be in addition to all rights, powers and remedies given to the State by law or otherwise.

8. Continuing Guarantee

This Guarantee is intended to be and shall be considered as a continuing guarantee of payment and performance and shall remain in full force and effect until first Commercial Production of any Field.

Guarantor covenants that so long as it has any outstanding obligations under this Guarantee, it will maintain its and its subsidiaries' corporate existence, will not dissolve,

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sell or otherwise dispose of all or substantially all of its assets (including its subsidiaries) and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; provided that Guarantor may, without violating the covenants contained in this Section 8, consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation all or substantially all of its assets as an entirety and thereafter dissolve, if the surviving, resulting or transferee corporation, as the case may be, (i) assumes, if such corporation is not Guarantor, all of the obligations of Guarantor hereunder, (ii) is not, after such transaction, otherwise in default under any provisions hereof, and (iii) is immediately after giving effect to such transfer satisfies the requirements for a guarantor under Article 39.2 of the Contract.

9. Notice of Demand

Upon default in the performance of any of the obligations of the Company guaranteed hereunder, the State or its duly authorized attorney, in order to make a claim hereunder, must give written notice to the Guarantor at its principal office in [insert jurisdiction] of the amount due, and the Guarantor, within a period of ten (10) Business Days of receipt of such notice, will make, or cause to be made, payment of such amount as notified, in Dollars, at such bank or other place in [insert jurisdiction] as the State shall designate and without set-off or reduction whatsoever of such payment in respect of any claim the Company or any of its Affiliates may then have or thereafter might have against the State or NOCAL.

10. Assignment

Save as set out in Clause 8 above, the Guarantor shall not in any way effect, or cause or permit to be effected, the assignment or transfer of any of its obligations hereunder without the express prior written consent of NOCAL and the Ministry of Justice on behalf of the State.

It is understood that NOCAL and the Ministry of Justice will adjust the amount guaranteed hereunder to reflect changes in interests resulting from Transfers approved in accordance with the provisions of Article 35 of the Contract, and the parties will use best efforts to execute any appropriate amendments requested by one of the parties to reflect such adjustments, and such amendments shall be consistent with Article 39 of the Contract.

11. Subrogation

Until all obligations of the Company under the Contract have been performed and discharged in full, the Guarantor shall have no right of subrogation to any security, collateral or other rights which may be held by the State.

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12. Payment of Expenses

The Guarantor shall pay to the State all reasonable costs and expenses, including attorney's fees, incurred by it in collecting or compromising any indebtedness of the Company hereby guaranteed or in enforcing this Guarantee.

13. Governing Law

This Guarantee shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice of law principles of the law of the State of New York that would permit the application of the laws of a jurisdiction other than the State of New York.

All disputes or claims arising out of or relating to this Guarantee shall be finally settled by arbitration, in accordance with Article 31 of the Contract.

If in connection with a claim under this Guarantee there is a question as to whether a liability or obligation of the Company has in fact been performed or discharged, any prior determination of such question in an arbitration proceeding under the Contract shall be binding upon any arbitration panel convened with respect to such claim.

If an arbitration with respect to a claim against the Guarantor under this Guarantee is commenced while an arbitration is pending under the Contract with respect to a liability or obligation of the Company that is the subject of such claim, the arbitration commenced hereunder shall be consolidated with the arbitration commenced under the Contract and the arbitration panel appointed hereunder shall be the same arbitration panel appointed pursuant to the Contract.

If an arbitration is commenced under the Contract with respect to a liability or obligation thereunder the discharge or performance of which is the subject of a pending arbitration with respect to a claim under this Guarantee, the arbitration commenced under this Guarantee shall be stayed pending the outcome of the arbitration under the Contract, and the determination of the arbitration panel under the Contract shall thereafter be binding upon the arbitration panel hearing the arbitration commenced under this Guarantee as to any matters decided therein with respect to the discharge or performance of such liability or obligation.

If other parties to the Contract have also provided substantially similar guarantees of the discharge or performance of any liability or obligation of the Contractor under the Contract, the Guarantor and such other Persons may be joined as defendants by the State in a single arbitration proceeding to enforce this Guarantee and such other guarantees, and in any such case the Guarantor and such other Persons shall agree upon themselves as to the arbitrator to be chosen by them. Failing such an agreement, the State may request the London Court of International Arbitration to designate the arbitrators.

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14. Notices

All notices and other communications of any kind between the Guarantor, on the one hand, and the Ministry of Justice or NOCAL, on behalf of the State, on the other hand (each referred to as a “**Notice**”) shall be in writing and delivered in the manner described in this Article 14.

Any Notice to the Guarantor from NOCAL or the Ministry of Justice, on behalf of the State, shall be addressed as follows:

[Insert Guarantor information]

Any Notice from the Guarantor to the State hereunder shall be made to NOCAL or the Ministry of Justice and shall be addressed in the manner provided in the Contract.

Any such Notice shall be in writing and delivered by hand, by postage prepaid registered mail, by prepaid internationally recognized courier service, by facsimile, by electronic mail, or by any other means of communication agreed upon in writing by the State and the Company. Notice by facsimile or electronic mail is valid under this Guarantee only to fax numbers or electronic email addresses set forth above (or in the case of the Ministry of Justice and NOCAL in the Contract), and is not valid in connection with an initial demand on the Guarantor for payment hereunder. A Notice other than an electronic mail shall bear an original or facsimile reproduction of the signature of a representative of the sending Party responsible for such Notice and all Notices shall indicate the identity of such representative and state how he or she may be reached by telephone and, if practical, electronic mail.

Delivery of a Notice under this Guarantee shall be deemed to have occurred in any one of the following circumstances:

- (a) Electronic mail confirmation of receipt originated by the recipient is received at the electronic mail address of the sender.
- (b) Facsimile confirmation of receipt is electronically issued to the sender by the facsimile receiving device if the recipient has indicated a facsimile number for notices.
- (c) Written confirmation of receipt is received by the Person, postal service or courier service delivering the Notice.

15. Severability of Provisions, etc.

If for any reason any provision hereof may prove illegal, unenforceable or invalid, the validity or enforceability of the remaining provisions hereof shall not be affected.

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This Guarantee may be amended only in writing executed and delivered by the Guarantor and by the State, represented by the Ministry of Justice and NOCAL.

A person who is not a party to this Guarantee shall have no rights to enforce or enjoy the benefit of any provision of this Guarantee.

For the purposes of this Guarantee, references to “NOCAL” shall mean and include any ministry or agency of the State that may from time to time succeed to the regulatory functions of NOCAL under the Contract.

[GUARANTOR]

By:

Title:

FOR THE REPUBLIC OF LIBERIA

THE NATIONAL OIL COMPANY OF LIBERIA

By:

Title:

MINISTRY OF JUSTICE

By:

Title:

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ANNEX IV

FORM OF ASSUMPTION OF RIGHTS AND OBLIGATIONS

THIS Assumption of Rights and Obligations (the “**Agreement**”) is dated [date]

PARTIES

(1) [full company name] incorporated and registered in [place of incorporation] with company number [number] whose registered office is at [registered office address] and which is authorized to do business in Liberia (the “**Transferor**”).

(2) [full company name] incorporated and registered in [place of incorporation] with company number [number] whose registered office is at [registered office address] and which is authorized to do business in Liberia (the “**Transferee**”).

(3) The Republic of Liberia, represented for the purposes of this Contract by the National Oil Company of Liberia (“**NOCAL**”), a statutory entity established under the laws of the Republic of Liberia.

Each a “**Party**” and together the “**Parties**”.

THE PARTIES AGREE AS FOLLOWS:

1. Words and expressions used in this Agreement shall, unless otherwise stated and unless the context expressly requires otherwise, have the meaning given to them in the Contract, and the following terms shall have the following meanings:

- (a) “**Contract**” means the Restated and Amended Production Sharing Contract and its annexes dated [date 2012] among the Republic of Liberia and [other parties] relating to Liberia Block LB-13, together with any extension, renewal, replacement, amendment, supplement or modification thereto.
- (b) “**Member**” has the meaning given to it in Article 34.3 of the Contract.
- (c) “**Participating Interest**” means an interest in the rights and obligations of the Contractor under the Contract.

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- (d) “**Participation Date**” means the later of the date of this Agreement or the date upon which the assignment of rights and obligations under the Contract from Transferor to Transferee becomes effective under the terms of the Transfer Agreement.
- (e) “**Transfer Agreement**” means the agreement whereby the Transferor has agreed to assign rights and obligations under the Contract to the Transferee.
2. *[If the Transferor does not retain a Participating Interest:* The Transferor and Transferee attach to this Agreement as Appendix 1 a copy of the Transfer Agreement whereby Transferor assigns to Transferee all of Transferor’s [list percentage to be assigned] Participating Interest. NOCAL confirms receipt of the Transfer Agreement.
- [If the Transferor retains a Participating Interest:* The Transferor and Transferee attach to this Agreement as Appendix 1 a copy of the Transfer Agreement whereby Transferor assigns to Transferee a [percentage to be assigned] Participating Interest and the Transferor retains a [percentage to be assigned] Participating Interest. NOCAL confirms receipt of the Transfer Agreement.]
- [If the Transfer is other than a Participating Interest across the entire Contract:* The Transferor and Transferee attach to this Agreement as Appendix 1 a copy of the Transfer Agreement whereby Transferor assigns to Transferee [describe the transaction]. NOCAL confirms receipt of the Transfer Agreement.]
3. The Transferee hereby becomes a Person participating in the Contractor as at the Participation Date and undertakes and covenants and as a separate covenant with and for the benefit of each of the other Persons participating in the Contract and NOCAL to assume, observe, perform, discharge and be bound by all liabilities and obligations arising under the Contract (whether actual, accrued, contingent or otherwise and whether arising on, before or after the Participation Date) and to be bound by the Contract as a Person participating in the Contractor as if the Transferee had at all times been a Person participating in the Contractor under the Contract.
4. The Transferee, hereby agrees to perform and to discharge all of the Transferor’s various covenants, undertakings and other obligations in the Contract and from all claims and demands whatsoever in respect of the Contract arising subsequent to the Participation Date.
5. As of the Participation Date and thereafter as required by Article 34.3 of the Contract, the Transferee makes to NOCAL and each of the other Persons

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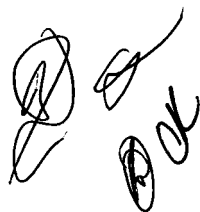
participating in the Contract each of the representations and warranties to be made by a Member under Article 34.3 of the Contract.

6. *[If the Transfer is a Transfer under Article 35.1:* NOCAL has consented to the assignment of the rights and obligations of the Participating Interest assigned under the Transfer Agreement.]

[If the Transfer is a Transfer under Article 35.2: The Transferor warrants to NOCAL that the transfer to the Transferee is permitted without the prior consent of NOCAL under Article 35.2 of the Contract.]

7. This Agreement (including non-contractual disputes or claims) shall be governed by, and construed in accordance with, the law of the Republic of Liberia.
8. The provisions of article 31 (Arbitration) and 37 (Notice) of the Contract shall apply *mutatis mutandis* to this Agreement. In regard to Article 37, any Notice to Transferee as a Person participating in the Contractor under the Contract sent by NOCAL may be sent to:

[provide address even if same as address above]

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IN WITNESS whereof the parties have caused this Agreement to be executed and delivered the day and year first written above.

Transferor

Transferee

NOCAL

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