

Model as of May 29, 2025

PRODUCTION SHARING CONTRACT

BETWEEN

THE REPUBLIC OF LIBERIA

AND

LIBERIA OFFSHORE BLOCK LB

TABLE OF CONTENTS

	Page
ARTICLE 1 DEFINITIONS	1
ARTICLE 2 SCOPE OF THE CONTRACT	8
ARTICLE 3 EXPLORATION PERIOD AND SURRENDERS	9
ARTICLE 4 EXPLORATION WORK COMMITMENTS	11
ARTICLE 5 APPRAISAL OF A PETROLEUM DISCOVERY, DEVELOPMENT AND EXPLOITATION	13
ARTICLE 6 ANNUAL WORK PROGRAMS AND BUDGETS AND JOINT OPERATIONS COMMITTEE	19
ARTICLE 7 CONTRACTOR'S OBLIGATIONS IN RESPECT OF PETROLEUM OPERATIONS	22
ARTICLE 8 CONTRACTOR'S RIGHTS IN RESPECT OF PETROLEUM OPERATIONS	28
ARTICLE 9 DATA, REPORTS AND CONFIDENTIALITY	29
ARTICLE 10 OCCUPATION OF LAND AND USE OF NATURAL RESOURCES	34
ARTICLE 11 USE OF FACILITIES	36
ARTICLE 12 LIABILITY, INDEMNIFICATION AND INSURANCE	37
ARTICLE 13 PERSONNEL, PROCUREMENT, TRAINING, AND RELATED CONTRIBUTIONS	38
ARTICLE 14 RECOVERY OF PETROLEUM COSTS AND PRODUCTION SHARING..	42
ARTICLE 15 TAXATION AND ROYALTY	46
ARTICLE 16 SURFACE RENTALS, BONUSES AND MANAGEMENT FEES	49
ARTICLE 17 CARRIED INTEREST PARTICIPATION	51
ARTICLE 18 VALUATION OF CRUDE OIL	58
ARTICLE 19 DISPOSAL OF CRUDE OIL PRODUCTION	60
ARTICLE 20 MEASUREMENT OF PETROLEUM	62
ARTICLE 21 NATURAL GAS	63
ARTICLE 22 ABANDONMENT AND TRANSFER OF ASSETS	67
ARTICLE 23 FOREIGN EXCHANGE CONTROL	74
ARTICLE 24 ACCOUNTING METHOD AND AUDITS	75
ARTICLE 25 IMPORT AND EXPORT	77
ARTICLE 26 TRANSFERS AND CHANGES OF CONTROL	78
ARTICLE 27 APPLICABLE LAW	82
ARTICLE 28 STABILITY OF CONDITIONS	82
ARTICLE 29 FORCE MAJEURE AND SUSPENSIONS OF WORK	82
ARTICLE 30 TERMINATION	84

ARTICLE 31 ARBITRATION AND EXPERT DETERMINATION	86
ARTICLE 32 REPRESENTATIONS, WARRANTIES AND COVENANTS	88
ARTICLE 33 SECURITY FOR CONTRACTOR'S PERFORMANCE	91
ARTICLE 34 NOTICES	92
ARTICLE 35 MISCELLANEOUS.....	94
ARTICLE 36 EFFECTIVE DATE	96
ANNEX I.....	I
ANNEX II ACCOUNTING PROCEDURE	I
ANNEX III FORM OF PARENT COMPANY FINANCIAL AND PERFORMANCE GUARANTEE.....	I

PRODUCTION SHARING CONTRACT

This Contract, dated as of ____

BETWEEN

The Republic of Liberia, hereinafter referred to as the "**State**", represented for the purposes of this Contract by the Liberia Petroleum Regulatory Authority, a statutory entity established under the laws of Liberia;

AND

_____, a company organized and existing under the laws of _____, having its headquarters at _____, hereinafter referred to as the "**Contractor**".¹

WITNESSETH

WHEREAS all petroleum resources in Liberia, including in the Contract Area defined hereafter, belong to the State;

WHEREAS the State wishes to promote the exploration and production of the potential petroleum resources within the Contract Area;

WHEREAS the Contractor desires to contract with the State for the purpose of exploring, developing and producing such potential petroleum resources;

WHEREAS in accordance with the Petroleum (Exploration and Production) Act, 2014 of the Republic of Liberia, published by authority of the Ministry of Foreign Affairs on 10 October 2016, as amended in 2019, agreements in the form of production sharing contracts may be entered into by the State;

WHEREAS, The National Oil Company of Liberia, a corporation wholly owned by the Republic of Liberia, is a party to this Contract as an entity participating in the Contractor subject to the terms of Article 17 of this Agreement;

NOW, THEREFORE, in consideration of the undertakings and covenants herein contained, the Parties agree as follows:

ARTICLE 1

DEFINITIONS

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

Abandonment Fund has the meaning given in Article 22.2(b).

Abandonment Plan has the meaning given in Article 7.12.

¹ Additional Parties to be added as necessary.

Affiliate means, with respect to any entity, (i) any Person that directly or indirectly Controls or is Controlled by such entity, or (ii) any Person that is under direct or indirect common Control with such entity.

Annual Work Program and Budget has the meaning given in Article 6.1.

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

Arm's Length Sale(s) means a sale between a willing and non-Affiliated buyer and seller on the international market in exchange for payment in freely convertible currencies, excluding sales involving barter, sales from government to government and other transactions motivated in whole or in part by considerations other than the usual economic incentives involved in Petroleum sales on the international market.

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.

Authority means the Liberia Petroleum Regulatory Authority established pursuant to the Petroleum Law or any successor entity.

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

Board means the board of the Liberia Petroleum Regulatory Authority established pursuant to Section 7 of the Petroleum Law/

Business Day means any day other than Saturday or Sunday that is not a legal holiday in Monrovia, Liberia.

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.

Carried Interest Participation has the meaning given in Article 17.1

Centre has the meaning given in Article 31.8(c).

Change in Control means a direct or indirect change in Control of a Party, other than one under which the same ultimate parent that previously Controlled such Party continues to Control such Party as its ultimate parent, (whether through merger, spin-off, sale of shares or other equity interests, or otherwise) through a single transaction or series of related transactions, from one or more transferors to one or more transferees.

Citizen Participation has the meaning given in Article 17.1.

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 there is no Commercial Production.

Consolidated Fund means the fund so named established under the Liberia Public Finance Management Act of 2009 or any successor general revenue account maintained by the Ministry of Finance and Development Planning.

Contract means this Production Sharing Contract, including all annexes hereto, as from time to time hereafter amended, modified or supplemented.

Contract Area means the area in respect of which the State grants to the Contractor an exclusive exploration right, as described and delineated in Annex I and as reduced by surrenders made in accordance with this Contract, including any portion of such area subject to exclusive appraisal or exploitation authorizations during the term thereof.

Contract Interest Rate means interest at SOFR plus 3 percentage points (3%). The Contract Interest Rate shall be applied to the relevant amount on a compounded basis in respect of each day for which the Contract Interest Rate must be paid divided by 360. Where, in respect of any day, SOFR (i) is negative, SOFR shall be deemed to be zero or (ii) is not published on that day, SOFR from the last day of publication shall apply to such day. If the resulting Contract Interest Rate is contrary to any applicable usury law, then the amount of interest to be applied shall be the maximum amount permitted by applicable law.

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

Contractor means any entity designated as such in the preamble hereof and its successors and permitted assigns, or, in the event the Contractor comprises more than one entity, all of such entities collectively and its or their respective successors and permitted assigns including without limitation any entity that becomes a participant in the Contractor pursuant to the operation of Article 17.

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, management or operations of, 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 twenty five percent (25%) of the rights to select or direct the policies, management or operations of such first Person and no third Person or group holds or can direct the exercise of a greater percentage of such rights.

Crude Oil means a naturally occurring liquid consisting of a mixture of hydrocarbons and other organic compounds found beneath the earth's surface, and condensates and natural gas liquids obtained from natural gas by condensation or extraction.

Delivery Point means (i) with respect to waterborne export sales of Crude Oil, the FOB point at which the loading storage facilities connect to the loading manifold of the vessel, and (ii) with respect to pipeline sales of Crude Oil and pipeline sales or waterborne export sales of Natural Gas, the custody transfer point(s) as designated in an approved development and production plan or as otherwise mutually agreed between the Authority and the Contractor.

Director General means the Director General of the Authority.

Dispute has the meaning given in Article 31.1.

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

Effective Date means the date this Contract comes into full force and effect, as provided in Article 36.1

Eligible Transferee is a company organized under the laws of Liberia.

- (a) that is not a Prohibited Person and does not have an officer or director who is a Prohibited Person, and
- (b) that is not Controlled by a Prohibited Person or an entity having an officer or Director who is a Prohibited Person.

Environment Protection Law means the Liberia Environment Protection and Management Law 2002, and the regulations duly adopted thereunder, as such law or regulations are from time to time thereafter amended, modified or supplemented.

EPA means the Environmental Protection Agency of Liberia established under the Liberia Environment Protection Agency Act or any successor entity.

EPA Guidelines means the Environment Impact Assessment Procedural Guidelines 2006 issued by the EPA, as from time to time thereafter amended, modified or supplemented.

ESIA means an Environmental and Social Impact Assessment described in Article 7.11.

ESMP means an Environmental and Social Management Plan described in Article 7.11.

Expert has the meaning given in Article 31.8(a).

Expert Determination means the decision of an Expert in accordance with the provisions of Article 31.8.

Exploitation Area means any part of the Contract Area in respect of which the State has granted to the Contractor an exclusive exploitation authorization.

Exploration means the undertaking of operations, whether on land or water, for the purpose of discovering petroleum and includes geological, geophysical and geochemical surveys, the drilling of wells, and activities connected therewith.

Fair Market Value means the price of Crude Oil determined in accordance with Article 18.3.

Field means a geological structure or feature which hosts one or more reservoirs from which Petroleum production may be commercially undertaken through a defined set of facilities.

Force Majeure has the meaning given in Article 29.2.

Gas Committee has the meaning given in Article 21.1(a).

GDP Implicit Price Deflator means the GDP Implicit Price Deflator as published from time to time by the U.S. Department of Commerce, Bureau of Economic Analysis, as the "revised" GDP Implicit Price Deflator for the specified Quarter. If such index is no longer published, the Parties shall agree on adjustments that will substantially preserve the economic impact and timing of the periodic adjustments in this Contract based on such index.

Good International Petroleum Industry Practice means all those uses and practices that are, at the time and under the technical circumstances in question, generally accepted in the international petroleum industry as being good, prudent, safe, economical, diligent, environmentally sound and efficient in exploring for, developing, producing, processing and transporting Petroleum, and shall include petroleum industry environmental practices and procedures generally required or generally accepted, in a physical environment similar to that found in Liberia's offshore blocks, as prudent practice by diligent and prudent international oil companies with significant experience in deep water offshore operations. 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 Contractor in other global operations.

Government of Liberia means the national government of the Republic of Liberia, including all branches, divisions, ministries, directorates, departments, state companies, national institutes, commissions or agencies thereof.

Governmental Authority means any individual or organization exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, the referenced jurisdiction.

Gross negligence, reckless behavior or willful misconduct shall be construed to include 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.

JOA means the joint operating agreement among the entities participating in the Contractor binding said entities and establishing their respective rights and obligations in relation to the conduct of Petroleum Operations under this Contract.

JOC means the Joint Operations Committee composed of representatives of the Authority and the Contractor established in accordance with Article 6.5.

Law means the Constitution of the Republic of Liberia, ratified treaties, laws and regulations adopted thereunder, and other binding sovereign acts of the Republic of Liberia.

LEITI means the Liberia Extractive Industries Transparency Initiative established by the Liberia Extractive Industries Transparency Initiative (LEITI) Act of 2009 (the "**LEITI Act**"), as such act is from time to time thereafter amended, modified or supplemented.

major contractor has the meaning given in Article 13.10.

Market Price means (i) if used with reference to Crude Oil, the Market Price of Crude Oil determined in accordance with Article 18, and (ii) if used with respect to Natural Gas, the Market Price of Natural Gas determined in accordance with the applicable provisions of Article 21.

Ministry of Finance and Development Planning includes any successor ministry succeeding to the responsibility for managing the finances of Liberia, and "Minister of Finance and Development Planning" means the minister of the Ministry of Finance and Development Planning or any such successor ministry.

Model JOA means the 2023 Association of International Energy Negotiator's Model Joint Operating Agreement.

Natural Gas means all hydrocarbons which are in a gaseous state at 60 degrees F and 14.696 psi and includes wet gas, dry gas and residue gas remaining after the recovery of liquid hydrocarbons from wet gas.

Net of Royalty Production has the meaning given in Article 14.2.

NOCAL means the National Oil Company of Liberia, a statutory entity established under the laws of Liberia wholly owned by the Republic of Liberia, and its successors by operation of law.

NOCAL Participation has the meaning given in Article 17.1.

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

Non-State Parties means the entities participating in the Contractor that are not wholly owned by the State. For the avoidance of doubt, no holder of the Citizen Participation permitted under Article 17 shall be deemed a Non-State Party.

Operator means the Contractor or, if the Contractor is comprised of several entities, the entity designated as Operator pursuant to Article 2.8.

Parties mean the State, as the grantor of Petroleum rights under this Contract, and each entity participating from time to time in the Contractor, and **Party** means any of these entities.

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 subdivision, instrumentality, authority or agency of any government or state (unless the context clearly requires a more limited meaning).

Petroleum means Crude Oil or Natural Gas, or a combination of both.

petroleum agreement has the meaning given in the Petroleum Law.

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

Petroleum Costs Account has the meaning given in Article II of the Accounting Procedure.

Petroleum Law means the Petroleum (Exploration and Production) Act, 2014 of the Republic of Liberia, published by authority of the Ministry of Foreign Affairs on 10 October 2016, as amended in 2019, or any successor law, as either may be amended from time to time.

Petroleum Operations means all Petroleum Exploration, appraisal, development, production, handling, storage, processing and upstream transportation and marketing operations, and more generally, any other operations directly associated with any of the foregoing, that are carried out by or on behalf of the Contractor under this Contract pursuant to an approved Annual Work Program and Budget. Petroleum Operations do not include reconnaissance operations carried out under a reconnaissance license issued by the Authority.

Prohibited Person is a Person (i) who is or is Controlled by a Person who is identified in published and readily available regulations issued under the authority of the Ministry of Finance and the Ministry of Justice as being prohibited from conducting business in Liberia, or (ii) who has been identified as being subject to sanctions by the United Nations or any other 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, or is ultimately owned by a Person that issues, bearer shares or similar instruments to evidence ownership of such Person that do not permit such Person to identify the owners of such shares or other instruments.

Quarter means a period of three (3) consecutive calendar 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.

Remaining Natural Gas Production has the meaning given in Article 14.4.

Remaining Oil Production has the meaning given in Article 14.4.

Revenue Code means the Revenue Code of Liberia of 2000 as amended by the Consolidated Tax Amendments Act of 2010 and the regulations duly adopted thereunder, as such code or regulations may from time to time be modified, amended or supplemented.

SOFR means the Secured Overnight Financing Rate administered by the Federal Reserve Bank of New York (or any successor administrator) and provided on the New York Fed's Website.

Successor has the meaning given in Article 22.1.

Total Production means the total production of Crude Oil or the total production of Natural Gas obtained from an Exploitation Area (or the total production of both Crude Oil and Natural Gas obtained from an Exploitation Area, if both are produced in such area) less (i) the quantities used for the requirements of Petroleum Operations, (ii) any unavoidable losses, (iii) excess Associated Natural Gas taken by the State pursuant to Article 21.2(b), and (iv) re-injected Petroleum and permitted flared Natural Gas.

Unassociated Petroleum Costs means Petroleum Costs that are not directly associated with any approved Exploitation Area. For the avoidance of doubt, Petroleum Costs directly associated with the exploration for and appraisal of a Field that is subsequently designated as an Exploitation Area are to be treated as directly associated with that Exploitation Area, and are not Unassociated Petroleum Costs.

- 1.2 All references to an "Article" are to an Article of this Contract, and all references to an "Annex" are to an Annex to this Contract.

ARTICLE 2

SCOPE OF THE CONTRACT

- 2.1 This Production Sharing Contract is a petroleum agreement as provided for under the Petroleum Law.
- 2.2 The State authorizes the Contractor to carry out Petroleum Operations at its own risk in the Contract Area on an exclusive basis in accordance with the provisions of this Contract and shall comply with Good International Petroleum Industry Practice.
- 2.3 The Contractor shall supply all financial and technical means which are necessary for the proper performance of Petroleum Operations.
- 2.4 The Contractor shall bear alone the financial risk associated with the performance of Petroleum Operations. The Petroleum Costs related thereto shall be recoverable by the Contractor only in accordance with the provisions of Article 14 and Annex II.
- 2.5 The Total Production obtained from any Exploitation Area during the term of this Contract shall be shared between the Parties according to the terms set forth in this Contract.
- 2.6 *[Intentionally Omitted]*²
- 2.7 Where the Contractor consists of several entities, one of the entities shall be designated with the approval of the Authority as the "**Operator**" responsible for the day-to-day management of Petroleum Operations, but all of said entities are jointly and severally liable for all obligations and liabilities of the Contractor under this Contract and the Petroleum Law except as may be expressly provided in Article 17 with respect to NOCAL. Whether the Contractor consists of one entity or of multiple entities, each of such entities that is a Non-State Party must be a company organized under the laws of Liberia.

Where the Contractor consists of several entities, a copy of the JOA designating the "Operator", and each amendment thereof, shall be provided to the Authority within thirty (30) days from execution thereof.

- 2.8 The Operator shall at all times

² Note: In a final review and clean up intentional omissions will be deleted and all references will be hyperlinked so they will automatically update during negotiations.

- (a) hold an undivided participating interest in the Contractor equal to at least twenty five percent (25%) of the aggregate interest of the Non-State Parties; and
- (b) be an international oil company or a wholly owned subsidiary of an international oil company with established experience as an operator of deep water drilling operations,

The initial Operator is _____.

Any change in the identity of the Operator shall be subject to the prior written consent of the Authority, which consent shall not be unreasonably withheld if the new Operator satisfies the requirements set forth in this Article 2.8 and the change otherwise complies with Article 26.

- 2.9 The Operator shall establish and throughout the term of this Contract maintain an office under its name in Monrovia, Liberia, headed by an authorized representative employed by the Operator to whom any notice under this Contract may be served, and shall keep the Authority informed of the location and telephone number of such office, and the identity, telephone number and email address of the representative. The initial Operator shall have a grace period of sixty (60) days after the Effective Date to establish the required office and during such period notices to the Contractor shall be addressed as follows:
- 2.10 For all purposes of this Contract the Operator shall represent the Contractor, and the Authority may look solely to and rely solely upon the Operator for performance of all of the obligations and discharge of all of the liabilities of the Contractor under this Contract, including the taking of all actions required or permitted to be taken by the Contractor under this Contract, provided that any amendment or modification of or supplement to this Contract may become effective only upon the consent of all the entities participating in the Contractor or such lesser portion of such entities as may be specified in the JOA at the time in effect among such entities. Notwithstanding the foregoing, (a) the obligations, liabilities, actions and omissions of the Operator shall constitute the obligations, liabilities, acts and omissions of the Contractor and (b) this Article 2.10 does not in any way limit the joint and several liability of the entities participating in the Contractor as provided in Article 2.7.

ARTICLE 3

EXPLORATION PERIOD AND SURRENDERS

- 3.1 An exclusive exploration authorization for the Contract Area is hereby granted to the Contractor for a period of seven (7) consecutive Contract Years from the Effective Date consisting of three (3) consecutive exploration phases. The first exploration phase shall be two (2) Contract Years in respect of the entire Contract Area which may be extended, on request, as permitted by section 21.2 of the Petroleum Law.
- 3.2 If, during the first exploration phase set forth above, the Contractor has fulfilled the exploration work commitment for such phase set forth in Article 4, the exclusive exploration authorization shall, at the Contractor's request, be renewed for a second

exploration phase of two (2) Contract Years which may be extended, on request, to the extent then permitted by section 21.2 of the Petroleum Law.

- 3.3 If during the second exploration phase set forth above the Contractor has fulfilled the exploration work commitments for such phase set forth in Article 4, the exclusive exploration authorization shall, at the Contractor's request, be renewed for a third exploration phase of three (3) Contract Years which may be extended, on request, to the extent then permitted by section 21.2 of the Petroleum Law.
- 3.4 If the drilling of an exploratory well is in progress at the expiry of an exploration phase, or if an exploratory well has been plugged and the rig released less than ninety (90) days prior to the expiration of that exploration phase, then the Authority shall, at the request of the Contractor made prior to the end of the then-current exploration phase, grant the Contractor an extension of that exploration phase in order (a) to complete and evaluate the results of the well and determine whether to make a request under Article 3.2 or 3.3 and (b) to file the reports and any notification with respect to a discovery referred to in Articles 5.2 and 5.3. Such extension shall in any event expire ninety (90) days after the exploratory well is plugged and the rig released. If the Contractor reports as discovery as contemplated by Article 5 and elects to proceed to the appraisal procedure described in Article 5, the exploration phase with respect to the Appraisal Area shall be deemed to continue until the Contractor declares a Commercial Discovery or abandons the Contract Area.
- 3.5 The requests referred to in Articles 3.2 and 3.3 shall be made in writing to the Authority at least forty-five (45) days prior to the expiration of the then-current exploration phase as it may have been extended by operation of either or both of Articles 3.4 and 3.12. If the Contractor fails timely to make a request under Article 3.2 or Article 3.3, and has not cured such defect within five (5) days thereafter, this Contract shall automatically terminate at the end of the then-current exploration phase.
- 3.6 The Contractor shall surrender (a) at the expiration of the first exploration phase at least twenty-five percent (25%) of the surface of the Contract Area as it existed on the Effective Date, and (b) at the expiration of the second exploration phase at least twenty-five percent (25%) of the surface of the Contract Area as it existed on the Effective Date, or such lesser amount as may be necessary to avoid surrender of surfaces entitled to be retained by operation of Article 3.11.

Each surrender shall constitute a single area delimited by north-south and east-west line segments or by the boundaries of the Contract Area, with no segment less than two (2) kilometers long, provided that the Contractor may with the prior written consent of the Authority surrender separate areas, each complying with the boundary orientation and length requirements set forth in this sentence, in order to preserve within the remaining Contract Area locations that the Contractor reasonably believes are prospective. Such consent shall not be unreasonably withheld.

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

- 3.7 At the expiration of the third exploration phase, the Contractor shall surrender the whole remaining surface of the Contract Area except as provided in Article 3.11 and shall comply with Article 3.8.

- 3.8 The Contractor shall furnish the Authority not less than thirty (30) days prior to the end of each exploration phase 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 the Authority does not object within twenty (20) days. Within sixty (60) days after the Authority's acceptance or deemed acceptance of the proposed surrender areas, the Contractor shall deliver to the Authority (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, (iii) all information and material with respect to the surrendered areas required by Articles 9.2, 9.3 and 9.4, and (iv) a technical evaluation of the surrendered areas performed by the Contractor, in each case to the extent not previously delivered to the Authority.
- 3.9 The Contractor may at any time, on not less than sixty (60) days' prior notice to the Authority, surrender any part of the Contract 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 Contract Area, the shape of the surrendered area shall comply with the requirements of Articles 3.6 and 3.7. Any area optionally surrendered pursuant to this Article 3.9 shall be credited against the area required to be surrendered under the next mandatory surrender requirement applicable under Article 3.6.
- 3.10 No surrender during or at the expiration of any exploration phase shall reduce the minimum work commitment set forth in Article 4 for that exploration phase, nor the amount of the corresponding guarantee required by Article 33.
- 3.11 At the expiration of the second or third exploration phase, the right of the Contractor to retain beyond such expiration surface areas in the Contract Area relating to a discovery of Petroleum are as set forth in Article 5.1. As such time as the Contractor is no longer entitled to retain any such surface area the Contractor shall surrender such surface area and comply with Article 3.8 and, to the extent relevant, Article 22 with respect thereto.
- 3.12 In addition to any other provision for the extension of an exploration phase contained in this Contract, the Authority may at any time extend any exploration phase for good technical cause shown by up to twelve (12) months so long as the total exploration period available under this Contract is not extended pursuant to this Article 3.12 by more than twelve (12) months plus the term of any extension pursuant to Article 3.4.
- 3.13 This Contract shall terminate at such time as the Contractor has no further rights with respect to any surfaces included in the original Contract Area, or at such earlier time as termination may be expressly provided for in this Contract.

ARTICLE 4

EXPLORATION WORK COMMITMENTS

- 4.1 During the first exploration phase defined in Article 3.1, the Contractor shall carry out the following Exploration work commitment: G&G studies (FTG acquisition and drop core campaign and studies) plus the acquisition of acquisition, processing and interpretation of 3D seismic, The total minimum expenditure commitment for this

first exploration phase is four million Dollars (US\$4,000,000), of which not more than one million dollars (US\$1,000,000) may be for G&G studies .

- 4.2 During the second exploration phase defined in Article 3.2, the Contractor shall continue to perform acquisition, processing and interpretation of 3D seismic and shall drill at least one exploratory well. The minimum expenditure commitment for this exploration phase is two million Dollars (US\$2,000,000) for 3D seismic work and fifty million Dollars (US\$50,000,000.00) of drilling costs. Expenditures in the first exploration phase for 3-D seismic work that exceed the minimum requirement set forth in Article 4.1 may be used in satisfaction of the 3-D seismic work minimum expenditure requirement for the second exploration phase.
- 4.3 During the third exploration phase defined in Article 3.3, the Contractor shall drill at least one exploratory well. The minimum expenditure commitment for this exploration phase is fifty million Dollars (US\$50,000,000.00).
- 4.4 Each of the exploratory wells mentioned above 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 continuation of drilling performed in accordance with Good International Petroleum Industry Practice is prevented for any of the following reasons:
- (a) 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.

Notwithstanding any provision in this Article 4 to the contrary, the Authority 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.

- 4.5 If the number of exploratory wells drilled by the Contractor during any exploration phase exceeds the number of wells provided for in the minimum work commitment for that phase, as specified in this Article 4, the number of additional exploratory wells drilled during such exploration phase may be carried forward and treated as a credit towards the exploratory wells contained in the minimum work commitment for the following exploration phase.
- 4.6 For purposes of Articles 4.1 to 4.5, 3-D seismic acquired from TGS ASA covering areas within the Contract Area may be counted against the 3-D seismic expenditure requirements set forth above, and appraisal wells drilled under an appraisal work program with respect to a discovery shall not be considered as exploratory wells.
- 4.7 The Contractor shall certify to the Authority within thirty (30) days after the end of an exploration phase (or the earlier termination of an exploration phase attributable to a

complete surrender or termination of this Contract) the amount of Exploration expenditures constituting recoverable Petroleum Costs attributable to Exploration work performed during such exploration phase in accordance with approved Exploration work programs and budgets or otherwise authorized under Article 6.3. The certification shall include a detailed breakdown of all such expenditures and their relation to the relevant work program and budget.

- (a) If the amount of Exploration expenditures set forth in such certificate constituting recoverable Petroleum Costs attributable to Exploration work performed during such exploration phase in accordance with approved work programs and budgets or otherwise authorized under Article 6.3 is not at least equal to the minimum Dollar expenditure commitment for that exploration phase, as set forth in Article 4.1, 4.2 or 4.3 above, then the Contractor shall pay to the Ministry of Finance and Development Planning, for credit to the Consolidated Fund, within seven (7) days after the delivery of such certificate, the amount by which the minimum Dollar expenditure commitment exceeded such expenditures.
- (b) Notwithstanding any election by the Contractor to move to a subsequent exploration phase permitted by Article 3, if the certification required by this Article 4.6 is not delivered within the prescribed thirty (30) day period the Contractor may not conduct any Exploration work related to such exploration phase within the Contract Area or elsewhere in Liberia until such certification has been delivered and any amount due under Article 4.7(a) has been paid in full. Contractor shall not be entitled to any extension of the term of an exploration phase or this Contract as a result of the operation of this Article 4.7(b).
- (c) The information submitted with the Contractor's certificate is subject to audit and review by the Authority. Any additional amounts determined to be due in compliance with Article 4.7(a) shall be payable by the Contractor twenty (20) days after demand is made.

ARTICLE 5

APPRAISAL OF A PETROLEUM DISCOVERY, DEVELOPMENT AND EXPLOITATION

- 5.1 This Article 5 sets forth, among other things, the steps to be taken to move from a discovery of Petroleum to the approval of a development and production plan and the granting of an exclusive exploitation authorization. So long as the Contractor timely takes each of the steps provided in this Article 5 with respect to reporting a discovery, submitting and obtaining approval of an appraisal plan, conducting the appraisal, and submitting and obtaining approval of a development and production plan, the rights of the Contractor with respect to the discovery and the surface area with respect thereto as it may be modified during such steps and the obligation to pay surface rent at the rate applicable to the third exploration phase shall survive any termination of the relevant exploration phase referred to in Article 3, or prior required surrenders of the original surface area provided for in this Contract. If the Contractor fails timely to submit a required plan or other documentation required under this Article 5, or an appraisal plan or a development and production plan shall have been finally withdrawn

or rejected, the Contractor shall surrender all such surface area and comply with Article 3.8 with respect thereto unless the exploration period is otherwise still in effect with respect to such surface area.

The Contractor shall estimate the surface area related to a discovery based on the geological and geoseismic data available at the time and the Authority shall accept any such estimate that is not patently unwarranted by such evidence.

The rights of the Contractor to extensions of time under the force majeure provisions of this Contract are not limited by this Article 5.1.

- 5.2 If the Contractor discovers Petroleum, it shall promptly notify the Authority of such discovery, and shall within fourteen (14) days of the initial discovery (or such longer period as the Authority may on application by the Contractor allow) deliver to the Authority a report setting forth (i) all relevant information then available on the discovery and (ii) an outline of any testing program which the Contractor proposes to carry out in accordance with Good International Petroleum Industry Practice to evaluate any Petroleum shows encountered during drilling. The Contractor shall provide the details of its proposed testing program as promptly as practicable thereafter. If the notice does not propose a testing program, it shall state the reasons why the Contractor believes that such program should not be carried out.

Within thirty (30) days after the date of the temporary plugging or abandonment of the discovery well (but not later than one hundred and eighty (180) days after the initial report), the Contractor shall submit to the Authority a second report including all available information relating to said discovery, including the results of all tests performed, the conclusions the Contractor believes may be drawn from such discovery and its initial views as to whether the discovery merits appraisal.

- 5.3 The Contractor shall as promptly as practicable after the filing of such second report, and in any event within sixty (60) days thereafter, notify the Authority of its determination as to whether the discovery merits appraisal and the estimated surface area related thereto. If the Contractor has determined that the discovery merits appraisal, it shall diligently prepare a detailed appraisal plan and budget which it shall submit within six (6) months after the date of notification of said determination to the Authority for approval. The Authority shall not unreasonably withhold such approval. The appraisal plan shall specify the presumed geographic extension of said discovery (the proposed Appraisal Area), and shall include all seismic, drilling, testing and appraisal operations necessary to carry out an appropriate evaluation of the discovery according to Good International Petroleum Industry Practice. The provisions of Article 5.10 shall be applicable *mutatis mutandis* to said program as regards its submission, review and approval or deemed approval.

- 5.4 No later than thirty (30) days from the date of approval or deemed approval of the appraisal plan, the Director General shall issue and deliver to the Contractor an exclusive appraisal authorization over the Appraisal Area specified in the approved appraisal plan for the duration specified in said plan, provided that such duration shall not exceed two (2) years from the later of the date of approval or deemed approval of said plan.

- 5.5 The Contractor shall diligently carry out the approved appraisal plan, and in particular shall drill the appraisal wells, acquire the seismic data and carry out the production tests specified in the approved appraisal plan.
- 5.6 Extensions of the appraisal period may be granted by the Authority for a maximum period of six (6) months each, if the Contractor has so far diligently performed its appraisal obligations and demonstrates that further geological, geophysical, subsurface, facilities or commercial work is justified. Any request by the Contractor for such an extension must be made at least thirty (30) days prior to the expiration of the appraisal period as it may then have been extended. Requests by the Contractor for further extensions of the appraisal period in connection with a Non-Associated Natural Gas discovery are governed by the terms of Article 21.1(c).
- 5.7 As soon as practical after the completion of appraisal evaluation, and in any event within sixty (60) days after the end of the appraisal period, the Contractor shall provide the Authority for approval by the Director General with a detailed report giving (a) all the then-available information relating to the discovery and the appraisal thereof, including all technical and economic data relevant to a determination of commerciality and the Contractor's opinion as to whether the discovery is commercial, and (b) if the discovery includes Associated Natural Gas, all additional information required under Article 21.2.

For the purposes of the preceding paragraph, the Contractor shall make a determination as to whether a discovery is commercial on the basis of whether that discovery can be produced commercially, after consideration of all pertinent operating and financial data collected in the course of the appraisal work program, including recoverable reserves, sustainable production levels and other relevant technical and economic factors, in accordance with Good International Petroleum Industry Practice.

If the Contractor makes discoveries of several Fields in the Contract Area, each such discovery shall require a separate initial evaluation, appraisal and development and production plan under this Article 5 and shall give rise to a separate exclusive exploitation authorization each corresponding to a separate Exploitation Area unless two (2) or more Fields are to be developed using substantially common production facilities. The number of exclusive exploitation authorizations and related Exploitation Areas within the Contract Area shall not be limited.

- 5.8 If the Contractor's report provided pursuant to Article 5.7 is not timely provided or concludes that the discovery is not commercial, the Contractor shall surrender the Appraisal Area and comply with Article 3.8 with respect thereto.

If the Contractor's report delivered pursuant to Article 5.7 concludes that the discovery is commercial, the Contractor shall submit with the report a projected development plan in reasonable detail, and within one (1) year thereafter shall submit an application to the Authority for an exclusive exploitation authorization accompanied by a detailed development and production plan. The Contractor may request a postponement of up to twelve (12) months of the due date for the delivery of such plan showing in such request a technical justification for the delay. Any such extension may be issued by the Board on recommendation of the Authority technical staff. The Board will not unreasonably deny any such recommended request.

- 5.9 The development and production plan shall specify or include, as the case may be, at least:
- (a) the planned delimitation of the Exploitation Area 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;
 - (b) an estimate of the Crude Oil and/or Natural Gas reserves in place, the proven and probable recoverable reserves, together with a study on the methods of recovery;
 - (c) the manner in which the plan will comply with Article 5.16, setting forth the projected maximum economic efficient rate of production and expected annual production levels for Crude Oil and/or Natural Gas;
 - (d) the projected valuation of Crude Oil and Natural Gas to be produced;
 - (e) the proposed Delivery Point(s) for Crude Oil and/or Natural Gas;
 - (f) the procedures for measuring Total Production at the Delivery Point(s);
 - (g) item-by-item description of the facilities, equipment and work necessary for production, such as the number of development wells, the number and nature of platforms, pipelines, production, processing, storage and loading facilities together with their specifications;
 - (h) 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);
 - (i) a schedule for plan implementation and the projected date of production start-up;
 - (j) estimates of all capital expenditures and operating costs, including necessary infrastructure, together with a financing plan showing projected sources and uses of funds and the projected costs associated with raising such funds; and
 - (k) an ESIA and a ESMP as required by Article 7.11, including in the ESMP the Abandonment Plan required by Article 7.12; and
 - (l) an economic study demonstrating the commercial nature of the Field.
- 5.10 If the initial plan submitted by the Contractor is a preliminary plan, the Authority shall review and comment on the plan reasonably promptly. The final plan may be implemented only upon the approval of the Director General, which approval shall not be unreasonably withheld. Within ninety (90) days after the submission of the proposed final plan, the Authority may propose revisions or modifications to the Contractor's proposed plan by notifying the Contractor of the substance of, and its justification for, the proposed revision(s) or modification(s). In that event, the Authority and the Contractor shall meet as soon as possible in order to consider the

proposed revisions or modifications in light of Good International Petroleum Industry Practice. Promptly after such meeting, the Contractor shall submit to the Authority a second proposed plan including any mutually agreed revisions or modifications. The Authority shall notify the Contractor of the approval or disapproval of the second proposed plan within sixty (60) days of the date of submission of said plan.

Should the Authority fail to notify the Contractor of a request for revision or modification of the initially proposed plan, or of the second plan, or of its approval of the initially proposed plan, or of the second plan, within the above-mentioned ninety (90) day or sixty (60) day period (as the case may be), the plan submitted by the Contractor shall be deemed to be approved at the expiration of said period.

If the second proposed plan is not approved, and if the Authority and the Contractor agree that the issue relates to technical, engineering or budgetary matters appropriate for resolution by an Expert, they shall submit the issue to Expert Determination in accordance with Article 31.8.

- 5.11 Within thirty (30) days from the date of approval or deemed approval of a development and production plan and delivery to the Authority of any guaranty or other surety with respect to such plan that may be required by the terms of Article 33, the Director General shall grant and the Board shall issue to the Contractor an exclusive exploitation authorization covering the related Exploitation Area.
- 5.12 If, in the course of work carried out after the grant of an exclusive exploitation authorization, the Contractor reasonably demonstrates to the Authority that the area defined by the seismic closure(s) of the Field concerned is larger than originally estimated pursuant to Article 5.9(a), the Authority 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 Area unless such area is within an area as to which a third party holds rights under a petroleum agreement, in which case section 5.13 applies.
- 5.13 Where the area defined by the seismic closure(s) of the Field is determined to extend beyond the boundaries of the Exploitation Area granted with respect to such Field into one or more areas subject to other petroleum agreements or production sharing contracts (as such terms are defined in the Petroleum Law), and where the Authority establishes, after consultation with the relevant contractors, that the joint development of the Field or the Field together with adjacent separate reservoirs would be more efficient and advantageous, the relevant contractors shall within ninety (90) days or such longer time limit prescribed by the Authority (in light of the time periods allowed for the submission of a development and production plan under Article 5.8), prepare and submit to the Director General for approval, a plan for the joint development and operation for the petroleum reservoir or reservoirs in accordance with Article 5.9 of this Contract and section 28 of the Petroleum Law. If the contractors fail to submit a joint development plan within the time provided, the Director General may set the terms for and enforce a joint development agreement between the contractors.

If a Field is determined to extend into the territory of another state, or the development and production of a Field requires the construction of facilities extending to another State, the State shall take the actions provided for in section 29 of the Petroleum Law and the Contractor shall reasonably facilitate such actions.

- 5.14 The duration of an exclusive exploitation authorization during which the Contractor is authorized to carry out the exploitation of the Field covered by such authorization is twenty-five (25) years from the date upon which such authorization is granted.

If between twelve (12) and eighteen (18) months prior to the end of the exploitation period the Contractor reasonably believes that commercial exploitation of the Field remains feasible following the end of the initial exploitation period, the Contractor may seek an extension of the exploitation period for up to five (5) years by a request submitted to the Authority. The Authority may, after consultation with the Minister of Finance and Development Planning, grant such request if the Contractor has fulfilled all its obligations during the current exploitation period.

If between twelve (12) and eighteen (18) months prior to the end of the extended exploitation period the Contractor reasonably believes that commercial exploitation of the Field remains feasible following the end of such extended period, the Contractor may seek a further extension of the exploitation period by a request submitted to the Authority. The Authority may, after consultation with the Minister of Finance and Development Planning, grant such request but may condition such grant upon the amendment of this Contract.

If the Contractor has timely filed an extension request under this Article 5.14, the term of the exclusive exploitation period shall extend until the requested extension is granted or finally refused by the Authority.

- 5.15 The Contractor shall proceed diligently to implement the approved development and production plan and shall commence development work, including the detailed engineering and design work, in accordance with the development and production plan, but in no event later than six (6) months after receipt of the grant and approvals referred to in Article 5.11. For the purposes of this Article 5.15, "development work" includes work necessary to carry out the development program performed outside of the Exploitation Area including, by way of example and not limitation, letting of development work contracts, design and engineering work, construction and fabrication, and transportation, assembly and installation.

- 5.16 The Contractor shall at all times conduct its operations in accordance with the following:

- (a) Development wells shall be spaced in a manner so as to ensure, in accordance with Good International Petroleum Industry Practice, the maximum efficient recovery of Petroleum from each individual Field or group of combined Fields.
- (b) The Contractor shall produce Crude Oil from each Field at the maximum economic efficient rate ("**MER**") in accordance with Good International Petroleum Industry Practice consistent with the goal of total maximum efficient recovery and avoidance of wastage of reservoir energy. The Authority and the Contractor shall establish the initial MER in conjunction with the adoption of the development and production plan.
- (c) During the exploitation authorization, the Contractor shall carry out enhanced recovery studies and use such recovery processes if they can be economically justified by an increase in Petroleum recovery. The MER shall be reviewed

annually at the time of submission of the Annual Work Program and Budget by the Contractor pursuant to Article 6.1 and revised, if necessary, by mutual agreement.

- 5.17 No later than September 30 of each Calendar Year following the start of Commercial Production, the Contractor shall prepare and furnish to the Authority for approval a forecast statement setting forth by Quarters the total quantity of Crude Oil (by quality, grade and gravity) and Natural Gas that the Contractor estimates can be produced, saved and transported hereunder during the next following Calendar Year, together with estimates, if available, of recoverable reserves of Petroleum, broken into "proven" and "proven plus probable". The Contractor shall endeavor to produce in each Calendar Year the forecast quantity. All produced Petroleum shall be run to storage facilities procured or constructed, maintained and operated by the Contractor in accordance with the development and production program.
- 5.18 Interruption of production from a Field which has commenced Commercial Production for a consecutive period of at least six (6) months without the consent of the Authority (other than as a result of Force Majeure or suspension authorized under section 58 of the Petroleum Law) may be deemed by the Authority a material default for the purposes of Article 30 but only with respect to the rights of the Contractor to the exclusive exploitation authorization relating to such Field. For the purposes of the preceding sentence, 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 therefor, is being performed in accordance with the development and production plan or an approved Annual Work Program and Budget and is consistent with Good International Petroleum Industry Practice.
- 5.19 The Contractor shall immediately notify the Authority of any significant deviation from the assumptions and preconditions on which a development and production plan has been approved and which require any significant alteration in the design, size, cost and other specifications of the facilities. Any such significant alteration or resulting significant amendment to the development and production plan shall be subject to the prior written approval of the Director General given after consultation with the Minister of Finance and Development Planning as to the potential fiscal impact of the changes.
- 5.20 The Contractor may at any time fully or partially surrender any exclusive exploitation authorization by giving at least one hundred and eighty days (180) days' prior notice. Any such surrender shall be subject to the provisions of Articles 3.8 and 22.
- 5.21 If not earlier terminated in accordance with its terms, this Contract shall terminate upon expiration, surrender or withdrawal of the last exclusive exploitation authorization granted to the Contractor hereunder.

ARTICLE 6

ANNUAL WORK PROGRAMS AND BUDGETS AND JOINT OPERATIONS COMMITTEE

- 6.1 At least three (3) months before the beginning of each Calendar Year, or for the first year, within one (1) month from the Effective Date, the Contractor shall prepare and

submit for approval to the Authority a detailed annual work program and budget (such work program and budget, an "**Annual Work Program and Budget**") for the entire Contract Area, specifying 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. No seismic surveys or drilling or other operations that could impact the environment or the livelihoods or residences of individuals may be conducted during any exploration, appraisal or development and production component of Petroleum Operations under this Contract unless an ESIA and an ESMP covering such work and complying with the requirements of Article 7.11 and applicable Law have been approved by the Authority and the EPA. The Authority shall on request by the Contractor assist the Contractor in dealing with the EPA. The Contractor shall diligently seek such approvals.

Each Annual Work Program and Budget during the exploration period shall be broken down into the various Exploration operations and the corresponding budget for each such operation. If an Annual Work Program and Budget will also encompass work related to an appraisal plan or a production and development plan, it shall present the operations relating to each appraisal plan or development and production plan separately and for each such plan shall reflect in reasonable detail the various categories of work involved and the corresponding budget. Each Annual Work Program shall reflect the actions required under the then current ESIA and ESMP.

- 6.2 If the Authority determines that an Annual Work Program and Budget proposed by the Contractor does not satisfy the requirements of Article 6.1 or wishes to propose any revisions or modifications to the Petroleum Operations specified in any Annual Work Program and Budget, it shall, within thirty (30) days after receipt of that Annual Work Program and Budget, so notify the Contractor, presenting all justifications it deems useful. In that event, the Authority 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 Budget in its final form, in accordance with Good International Petroleum Industry Practice.

If the Authority fails to notify the Contractor of a request for revision or modification of the initial submission of an Annual Work Program and Budget within the thirty (30) day period provided above, then such Annual Work Program and Budget submitted by the Contractor shall be deemed approved by the Authority for all purposes of this Contract.

- 6.3 The Contractor may not spend more than one hundred and ten percent (110%) of the budgeted amount originally allocated to any line item in an approved Annual Work Program and Budget, or more than one hundred and five percent (105%) of the total budgeted amount set forth in an approved Annual Work Program and Budget without a prior approved amendment to the approved Annual Work Program and Budget, unless the increased expenditure is required to respond to health, safety or environmental protection concerns or to mitigate the adverse effects of a Force Majeure event. The Contractor has the burden of reasonably demonstrating the applicability of the circumstances set forth in the preceding sentence. Increased expenditure not authorized by this Article 6.3 will not constitute recoverable Petroleum Costs unless authorized under Article 6.4.

- 6.4 Whenever the Contractor desires to make changes to an approved Annual Work Program and Budget not permitted under clause (i) or (ii) of Article 6.3, it shall submit the proposed changes and their justification to the Authority. If the Authority fails to object to the proposed changes within twenty-one (21) days after receipt of the proposed changes and their justification, the changes shall be deemed approved by the Authority. However, if (a) it is commercially impractical or technically imprudent to wait twenty-one (21) days for a decision, (b) the change involves only an increase in the budget for a line item in an approved Annual Work Program and Budget, (c) the expenditure is in accordance with Good International Petroleum Industry Practice, (d) the Contractor in the exercise of reasonable diligence could not have submitted the requested change at an earlier date, and (e) the submission on its face satisfies the preceding requirements and is conspicuously labelled "High Priority. Prompt Response Required", the expenditure shall be deemed approved if the Authority does not respond within the greater of five (5) Business Days after receipt of the proposal and the time period for response requested in such submission.
- 6.5 Within sixty (60) days after the Effective Date, the Authority and the Contractor shall form a Joint Operations Committee ("JOC") consisting of not more than three (3) members appointed by the Authority and not more than three (3) members appointed by the Contractor, including at least one (1) representative of the Operator. The purpose of this JOC is to provide a forum for communication and cooperation between the Contractor and the Authority and to allow the Contractor to seek the advice, recommendations and assistance of the Authority in the conduct of Petroleum Operations.
- 6.6 The JOC shall meet twice every Calendar Year (or as otherwise agreed by the Authority and the Contractor) in Monrovia or at such other locations as may be agreed by the Authority and the Contractor. No meeting of the JOC shall be held unless one (1) member appointed by the Operator and one (1) member appointed by the Authority are present. Each of the Operator and the Authority shall cause at least one of the members appointed by it to attend a scheduled JOC meeting. Notwithstanding the foregoing, at such time as NOCAL is a participant in the Contractor, at least one (1) representative of the Contractor satisfactory to NOCAL shall attend the meeting.
- 6.7 The Contractor shall appoint the first chairperson of the JOC who shall hold office until the second anniversary of the Effective Date. Thereafter, the Authority and the Contractor shall have the alternating right to designate 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.
- 6.8 The Contractor and the Authority will each bear any travel and lodging costs of their respective JOC members and any accompanying staff, which shall not be Petroleum Costs, provided that the cost of having qualified technical or other experts attend any such meeting on behalf of the Contractor or the Authority for the purpose of advising the JOC on issues properly before the meeting shall be borne by the Contractor and shall constitute Petroleum Costs.

ARTICLE 7

CONTRACTOR'S OBLIGATIONS IN RESPECT OF PETROLEUM OPERATIONS

- 7.1 The Contractor shall provide all the necessary funds, equipment, facilities and materials, and all necessary technical expertise (including personnel), required to carry out Petroleum Operations.
- 7.2 The Contractor shall conduct Petroleum Operations diligently in accordance with this Contract, the applicable Law and Good International Petroleum Industry Practice. In furtherance thereof:
- (a) The Contractor shall conduct Petroleum Operations in a prudent manner and shall prevent and limit harm to the people, property and the environment (including minimizing pollution and the effective of Petroleum Operations on land adjacent to the Contract Area and safeguarding natural resources, particularly fishery resources), and to that effect, shall comply with the laws and regulations governing health, safety and the protection of the environment and with Good International Petroleum Industry Practices.
 - (b) The Contractor shall cause its subcontractors, consultants and agents to comply with the requirements of clause (a) of this Article 7.2.
 - (c) The Contractor shall ensure that any person engaged in petroleum operations shall possess the necessary qualifications to perform the work assigned to such person in a prudent manner.
- 7.3 In the performance of Petroleum Operations, the Contractor shall have the right to select qualified subcontractors in accordance with Good International Petroleum Industry Practice, provided that no such subcontracting shall relieve the Contractor of any of its obligations or liabilities under this Contract, and that the acts and omissions of any such subcontractor shall be deemed the acts and omissions of the Contractor.
- 7.4 All works and facilities erected by the Contractor hereunder shall, according to their nature and to the circumstances, be built, placed, signalled, marked, fitted and preserved so as to allow, at any time and in safety, free passage to navigation. 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.
- Upon request of the Contractor to the Authority, the Authority will establish in consultation with the Liberia Maritime Authority reasonable safety zones surrounding the facilities constructed and used by the Contractor in the conduct of Petroleum Operations and shall take all reasonable precautions to prohibit within the zones in question the entry of vehicles, vessels or persons, or the conduct of activities or the construction of structures presenting a safety risk or potentially interfering with Petroleum Operations.
- 7.5 In the exercise of its rights to build, carry out work and maintain all onshore facilities necessary for the purposes hereof, the Contractor shall not disturb any existing

graveyard or building used for religious purposes or Poro or Sande grounds or any government or public buildings or facilities except, in any such case, with the prior consent of the officials authorized to administer or control the affairs of such lands, buildings or facilities, and subject to such special terms and reasonable conditions as may be prescribed for the protection of such lands, buildings or facilities and the users thereof. The Contractor shall make good any loss or damage caused by it to any such land, building or facility or to the users thereof.

- 7.6 The Contractor is responsible for preparing and implementing health, safety and security management plans applicable to the conduct of Petroleum Operations in Liberia or Liberian waters in accordance with the requirements of this Article 7.6.
- (a) The Contractor shall prepare and implement, prior to the commence of any Petroleum Operations in Liberia or Liberian waters, a health and safety management plan setting out health and safety requirements, objectives and standards consistent with applicable Law and Good International Petroleum Industry Practice to the design, operation and maintenance of any installation or equipment used in the petroleum operations to prevent or mitigate hazards and risks to any person employed or otherwise present at or in the vicinity of any installation. Any such plan shall include regulations on hygiene and occupational safety, and shall be regularly updated.
 - (b) The Contractor shall submit the health and safety management plan and any revisions thereof to the Authority for approval in consultation with the Ministry of Health and Social Welfare, the Ministry of Labor and other relevant governmental agencies.
 - (c) The Contractor shall:
 - (i) at all times maintain efficient preventative security and emergency preparedness measures to deal with emergencies and accidents in an effective manner to prevent injury, loss of life, pollution or major damage to property;
 - (ii) take necessary measures in the event of an emergency or accident to prevent or reduce harmful effects, including the measures required in order, to the extent possible, to return the environment to the condition it had been in before the emergency or accident occurred;
 - (iii) initiate and maintain security measures to minimize attacks against facilities and shall at all times have contingency plans to deal with such attacks;
 - (iv) place facilities at the disposal of the relevant authorities for emergency and security drills and shall where necessary participate in such drills; and
 - (v) cooperate with other contractors to ensure efficient emergency preparedness through the sharing of emergency resources.

- (d) The Contractor shall ensure that all persons present at or residing in the vicinity of each installation or site in which Petroleum Operations are conducted are duly informed of the potential hazards and of precautionary measures related thereto.
- 7.7 The Contractor shall establish and implement a program for regular assessments of the health and safety systems and procedures, including actual practice and performance, to verify that the health and safety plans are being implemented in accordance with the policies and standards specified therein. The schedule for such assessments shall be provided to the Authority and other relevant authorities, which shall have the right to participate in such assessments upon reasonable notice given to the Contractor. The Authority and the relevant authorities may from time to time review details of the Contractor's health and safety plans, any such assessments, and the Contractor's implementation thereof. The Contractor will on request discuss with the Authority or the relevant authorities any changes the Authority or the relevant authorities recommend or believe necessary to comply with applicable Law.
- 7.8 The Contractor shall establish and enforce rules consistent with Good International Petroleum Industry Practice and applicable Law concerning the control of the use of drugs, alcohol, ammunition, explosives, firearms and other weapons.
- 7.9 The Contractor undertakes to take all reasonable and practical steps to:
- (a) ensure the protection of water-bearing strata encountered during its work;
 - (b) dispose of any product used in Petroleum Operations strictly in accordance with applicable Law, including the Environment Protection Law, and in the absence of discharge regulations or licensing requirements, in accordance with Good International Petroleum Industry Practice;
 - (c) avoid losses, spills and unplanned discharges of Petroleum, produced waters, chemicals or any other product used in Petroleum Operations;
 - (d) without prejudice to its obligations under any ESMP or Abandonment Plan then in effect, take preventive and corrective measures in accordance with Good International Petroleum Industry Practice to avoid pollution resulting from the conduct of Petroleum Operations and otherwise to protect the environment and living resources; and
 - (e) evaluate any pollution, contamination or other unanticipated impact on the environment resulting from Petroleum Operations and consult with the EPA and other State agencies having jurisdiction over environmental matters relating to the affected areas on the actions to be taken to comply with Article 7.10.
- 7.10 In the event of pollution damage in relation to Petroleum Operations, the Contractor shall immediately take all prudent and necessary measures in accordance with Good International Petroleum Industry Practice to remedy the damages to the environment and all damages suffered and expenses incurred by third parties as a result of the pollution and of any necessary and reasonable corrective measures taken in connection therewith, subject to the limitations on Contractor's liability set forth in Article 35.12.

Any damages, costs and expenses incurred by the Contractor arising out of or related to any claim, action or proceeding brought against the Contractor on account of any pollution damage, as well as the cost of any remediation and clean-up work undertaken by the Contractor on account of any pollution damage shall each be included in the Petroleum Costs, unless such damage results from the Contractor's gross negligence, reckless behaviour or willful misconduct.

7.11 The Contractor shall submit to the Authority and the EPA for their approval an Environmental and Social Impact Assessment ("ESIA") and Environmental and Social Management Plan ("ESMP") for each exploration well, appraisal program and development and production plan satisfying the following requirements:

- (a) All ESIA's and all ESMPs shall comply with the Environment Protection and Management Law, the EPA ESIA Guidelines, and Good International Petroleum Industry Practice in relation to the Petroleum Operations covered thereby.
- (b) Each ESMP must at a minimum set forth (i) 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) detailed plans or procedures for limiting adverse socio-economic consequences from the Exploration, appraisal or development and production program, as the case may be.
- (c) 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 businesses or the taking of subsistence agricultural land, the socio-economic component of the ESMP must include a resettlement action plan developed in consultation with representatives from the affected individuals, which shall provide for suitable area(s) of resettlement with key emphasis on the provision of substantially equivalent shelter, access to community services and facilities and livelihood continuity (which in the case of agricultural land means substantially equivalent land and water resources), together with full compensation.
- (d) The Contractor shall submit to the Authority and the EPA for approval amendments to the then-current ESIA or ESMP whenever necessary to reflect material changes in conditions not anticipated in the assessment or plan in question or material changes in Good International Petroleum Industry Practice.
- (e) All ESIA's and ESMPs, and any amendments thereto, shall be public documents and shall be published on the Authority website and in accordance with EPA requirements.

An ESIA and ESMP with respect to seismic surveys or exploratory drilling proposed by the Contractor shall be submitted no later than ninety (90) days prior to the proposed commencement of the operations covered thereby. The ESIA and ESMP for an appraisal plan or a development and production plan shall be submitted with those plans when filed as required in Article 5. The development and production ESIA and

ESMPs for a Field shall include an assessment of all components of the development and production plan, including transportation operations, support and export plans. If requests for ESIA or ESMP revisions or modifications are made by the Authority or by the EPA, the Parties shall cooperate in good faith in processing such requests to avoid delays in the work.

7.12 Each ESMP filed by the Contractor providing for the conduct of drilling operations or otherwise providing for the installation of physical facilities shall include an abandonment plan ("**Abandonment Plan**") that:

- (a) complies with the Petroleum Law and the Environment Protection and Management Law and is consistent with Good International Petroleum Industry Practice; and
- (b) addresses the abandonment of any wells or other facilities installed in the Contract Area or elsewhere in Liberia whether at the end of the useful life of the field or otherwise, and the remediation or restoration of such areas upon abandonment, whether at the termination of the operations covered by such ESMP or earlier.

Each Abandonment Plan must include an assessment of risks and any uncertainties associated with the abandonment operations, identify the alternative and the preferred abandonment options, provide an estimated cost for each of the options, summarize the reasons for the selection of the preferred abandonment option, and address the social aspects of abandonment and remediation or restoration.

An Abandonment Plan may permit the Contractor to abandon offshore installations in place only if such installations will not endanger navigation and leaving them in place is otherwise in compliance with subparagraph (a) of this Article 7.12. It is the responsibility of the Authority to consult with and obtain the concurrence of the Liberian Maritime Authority with respect to navigational issues posed by any offshore installations proposed to be left in place.

If there is more than one Exploitation Area granted in a block, each Exploitation Area must have a separate ESIA, ESMP and Abandonment Plan complying with the requirements of this Contract and applicable Law. Public hearings and public consultations in support of the ESIA and the ESMP process, including with respect to any proposed material amendment to an approved ESIA or ESMP, shall be in accordance with the Environment Protection and Management Law and the EPA Guidelines. In any event, the Contractor shall make and publish a record of (i) the means taken to publicize the hearings, (ii) the persons who speak at or file a submission in connection with 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 or ESMP, such a hearing shall be held in Monrovia, and in the county seat of any county in which significant onshore installations are expected to be located or which may reasonably be expected to be affected in any material respect by Petroleum Operations.

- 7.13 The Contractor shall conduct regular internal environmental audits, and shall commission external environmental audits at least once every thirty-six (36) months to ensure compliance of the Contractor with the environmental aspects of each ESMP. External environmental audits shall be performed in accordance with the Environment Protection Law and Good International Petroleum Industry Practice and 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. The environmental engineer shall be selected by the Contractor and approved by the EPA and the Authority; failing such approval, the appointment of the environmental engineer shall be subject to Expert Determination in accordance with Article 31.8. The completed audit shall be delivered promptly to the Authority and the EPA and shall be a public document.

The Contractor shall also commission external audits of the social aspects of each ESMP at least once every thirty-six (36) months. The entity and individuals conducting the audit and the scope and methods of each audit shall be reasonably satisfactory to the Authority. The completed audit shall be delivered promptly to the Authority and shall be a public document.

The Contractor shall bear the cost of audits performed pursuant to this Article 7.14 and such costs shall constitute Petroleum Costs.

- 7.14 The Contractor shall require its subcontractors, consultants, agents and suppliers to comply with the requirements of this Article 7, and all health and safety plans, all relevant ESIAs, ESMPs and other associated plans, such as emergency preparedness, waste management plans and oil spill response plans.
- 7.15 The Authority may appoint authorized representatives who shall have the right at any time, upon reasonable notice to the Contractor, to carry out any of the activities referred to in Article 70.2 of the Petroleum Law, including without limitation review the Contractor's compliance with the safety, health and security management plans and practices and Contractor's performance of any then-effective ESIA or ESMP. To the extent the EPA or other departments or agencies of the State have a legal duty to make inspections in relation to health, safety, emergency preparedness or security matters that would require their access to facilities of the Contractor, the Authority may nominate personnel of such other agencies qualified to make such inspections as its representatives for the purposes of this Article. All such representatives shall use the Contractor's transportation to offshore facilities within the Contract Area, and during such inspections the Contractor shall provide food and housing at the relevant locations to all such representatives under the same conditions as it provides such food and housing to its own personnel. Such transportation, food and housing costs shall be considered Petroleum Costs.
- 7.16 The Contractor shall engage in and comply with the requirements of LEITI in accordance with the LEITI Act and the directives and guidelines approved by the LEITI multi-stakeholder steering group. In particular, the Contractor shall disclose to the LEITI reconcilers on an accurate and timely basis and in the required manner all payments by the Contractor made to the State, including any government agency and State-owned company, and shall provide said reconcilers with such information and documents as the reconcilers may reasonably require for the purposes of investigating any discrepancies and preparing the LEITI reports.

ARTICLE 8

CONTRACTOR'S RIGHTS IN RESPECT OF PETROLEUM OPERATIONS

- 8.1 Subject to the provisions of and during the term of this Contract, the Contractor shall have the following rights:
- (a) the exclusive right to explore for Petroleum in the Contract Area and to carry out such operations and execute such works as may be necessary for that purpose;
 - (b) the exclusive right to apply for and obtain an exclusive exploitation authorization, in the event of a discovery of Petroleum in the Contract Area which, following appraisal, has been shown to be commercial; and
 - (c) exclusive rights to carry out development and production operations in the exploitation perimeter, directly and through Affiliates and subcontractors, and to transport, sell or otherwise dispose of the Contractor's share of Petroleum in accordance with this Contract and the relevant field development and production plan.
- 8.2 The right to conduct Petroleum Operations shall include the right to clear the ground, dig, perforate, drill, 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, together with generator units, power plants, high voltage lines, telephone, radio and other communication facilities, factories, warehouses, offices, employees' housing, hospitals, ports, docks, harbors, jetties, piers and other facilities, ships, vehicles, railways, warehouses, workshops, and all the auxiliary services which are necessary for or useful to 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 Petroleum Operations. Article 10 is applicable to the acquisition by the Contractor of rights in land for the purpose of carrying out any of the foregoing activities.
- 8.3 For any Field in respect of which an exclusive exploitation authorization has been granted, the Contractor shall have the right to build, use, operate and maintain within and outside the Contract Area 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 the development and production plan and the related ESMP.
- 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 that is under the waters within the jurisdiction of the State and is necessary for Petroleum Operations pursuant to the conditions specified in the relevant development and production plan and related ESMP. 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.
- 8.4 The employees, representatives and agents of the Contractor and its subcontractors shall have the right, for the purposes of Petroleum Operations, to enter into or leave

the Contract Area and shall have free access to all the facilities set up by the Contractor, subject to the provisions of Article 10.

- 8.5 The State shall take reasonable steps requested by the Contractor to assist, facilitate and expedite the conduct by the Contractor of Petroleum Operations permitted under this Contract. Such steps may include the provision of assistance to the Contractor in identifying and securing permits, licenses and approvals required to be obtained from other ministries or agencies of the State for the performance of the Contractor's obligations under this Contract.
- 8.6 Except to the extent any such person may be disqualified by applicable Law, the State shall on request within a reasonable timeframe furnish to each officer, director, employee and consultant of the Contractor (and each of the entities participating in 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 Petroleum Operations. At the request of the Contractor (and each of the entities participating in the Contractor), the Authority shall take all reasonable steps to facilitate the completion of any immigration formalities with the Immigration Bureau.

ARTICLE 9

DATA, REPORTS AND CONFIDENTIALITY

- 9.1 The State shall own all the original data obtained by the Contractor as a result of Petroleum Operations, such as, but without limitation, well logs, maps, magnetic tapes, cores, cuttings, samples and other geological, geophysical and petro-physical information. The Contractor shall have the right to use such original data and documents throughout the term of this Contract. Both the State and the Contractor are subject to the restrictions on disclosure provided in this Article 9.
- 9.2 The Contractor shall furnish the Authority with the following periodic reports together with such other reports as may be required under regulations generally applicable to Petroleum Operations issued by the Authority, identifying, as applicable, the Contract Area, Appraisal Area or Exploitation Area and Field to which such information relates:
- (a) daily reports on drilling operations;
 - (b) weekly reports on seismic operations;
 - (c) in accordance with the provisions of Annex II,
 - (i) quarterly statements of Petroleum Costs, recoverable and non-recoverable, incurred, by Appraisal Area or Exploitation Area where applicable, in such form as will enable the determination when necessary of Unassociated Petroleum Costs, and, as from the start of commercial production, quarterly statements of recovered Petroleum Costs, in accordance with the provisions of Annex II;

- (ii) prior to the end of February of each Calendar Year, an annual report on the Petroleum Operations carried out during the previous Calendar Year, together with a detailed statement of Petroleum Costs incurred, by Appraisal Area or Exploitation Area and Field where applicable, in such form as will enable the determination when necessary of Unassociated Petroleum Costs, and
- (iii) as from the start of commercial production and by Exploitation Area, the quantities of Crude Oil and Natural Gas produced and sold and the Petroleum Costs recovered in respect of the preceding Calendar Year; and
- (d) daily and monthly statements by Exploitation Area and Field of production and forecasts, in accordance with Annex II, showing the quantities of Petroleum produced, consumed, processed and lost, and, in respect of Natural Gas, the quantities re-injected, vented or flared.

9.3 In addition, to the extent not required to be delivered pursuant to Article 9.2, a copy of each of the following reports or documents prepared or acquired pursuant to Petroleum Operations shall be furnished to the Authority as soon as it is prepared or obtained:

- (a) all geophysical surveys, measurements and interpretation reports, maps, map profiles, sections or other documents related thereto, as well as, at the Authority's request, the originals or a true copy of all recorded seismic data;
- (b) the drilling location and completion report for each well together with a complete set of recorded logs;
- (c) all drill tests or production tests and reports including all studies relating to the flow or production of a well;
- (d) all reports relating to core analyses;
- (e) all reports on discoveries, including test results;
- (f) all Petroleum quality analyses and reports, all reports on investigations of Petroleum reserves, Field limits, reservoir pressure reports, work-over reports, and related economic evaluations;
- (g) production reports and forecasts, including quantities of petroleum produced, re- injected, consumed, processed and, in respect of natural gas, vented or flared;
- (h) price obtained and other particulars of all petroleum sales transactions; and
- (i) all other information in the possession of Contractor appropriate for the proper application of the provisions of this Contract relating to the determination of the entitlements of the State, the Authority or NOCAL to Petroleum produced under this Contract.

9.4 The Contractor shall also submit to the Authority and to the relevant ministries and government agencies such reports on health and safety performance of each

installation at which, and each site on which, Petroleum Operations are conducted, as are required under applicable Law and as may be specified in regulations issued by the Authority.

All reports, maps, documents and other compilations of information required to be provided to the Authority by the Contractor under this Contract shall be supplied to the Authority in an electronic format reasonably acceptable to the Authority unless the Authority has otherwise agreed. The Authority may also require duplicate paper copies of any such item (except to the extent that such item consists of geological or other technical data that is customarily maintained and exchanged only in electronic format).

- 9.5 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 be supplied to the Authority within a reasonable period after the materials involved become available to the Contractor. The Contractor shall provide the Authority with a regularly updated inventory of the cores and cuttings removed from each well, as well as samples of fluids produced during drill tests or production tests. The Contractor shall supply the Authority with additional representative portions of any or all such cores, cuttings and samples on request by the Authority.
- 9.6 The Contractor shall maintain the original cores, cuttings, samples and data related to Petroleum Operations in its custody and shall provide access to the Authority or a representative of the Authority upon its request at reasonable times and locations. If such materials and data are not stored in Liberia, the cost of access shall be at the cost of the Contractor which costs shall not be recoverable. As such time as the Contractor surrenders any portion of the Contract Area, or determines that a Crude Oil or Natural Gas discovery is not commercial (either prior to or after conducting an appraisal in accordance with this Contract) or determines that it will not participate in the development of a development and production program for a Natural Gas discovery (whether Associated or Non-Associated Natural Gas), all such original materials and data and all reports, studies, analyses and conclusions made by or for the Contractor in connection with such portion of the Contract Area or such discovery not already provided to the Authority shall be provided to the Authority in Liberia at the cost of the Contractor. The Contractor may redact from such materials information relating to the Contractor's desired rate of return, desired length of amortization period, available funding and similar confidential financial parameters affecting its investment decisions.
- 9.7 The Contractor shall forthwith notify the Authority of any accident involving any material damage to the facilities and equipment used in Petroleum Operations and any death or bodily injury.
- 9.8 The Contractor shall keep the Authority informed of all projected Petroleum Operations, such as any geological surveys, seismic surveys, drilling or installation of a platform, at least fifteen (15) days prior to the commencement of any such operation. If the Contractor decides to abandon a drilling operation, it shall notify the Authority thereof within at least forty-eight (48) hours prior to such abandonment, unless operational safety demands a lesser notice period.

- 9.9 Each Party agrees that all information and data of a technically, geologically or commercially sensitive nature acquired or obtained from the other party relating to Petroleum Operations and which on the Effective Date is not in the public domain or otherwise legally in the possession of such Party without restriction on disclosure shall, during the term of this Contract and for a period of three (3) years following the termination of this Contract, be considered confidential and be kept confidential and not be disclosed to any third party without the prior written consent of the other Party, except:
- (a) to an Affiliate provided that such Affiliate maintains confidentiality as provided in this Contract (and for the avoidance of doubt, NOCAL is an Affiliate of the Authority);
 - (b) to any Governmental Authority of the State when required by this Contract or applicable Law, and, subject to Article 9.12, to the consultants of any such Governmental Authority where such disclosure of such data or information is essential to such consultant's work in relation to this Contract;
 - (c) to firms appointed as reconcilers under LEITI to prepare, according to the EITI Standard then in effect or any successor principles, LEITI reconciliation reports in respect of financial data relating to payments made by the Contractor to any Governmental Authority of the State under or in relation to this Contract;
 - (d) subject to Article 9.12, to subcontractors, consultants and attorneys employed by any entity participating in the Contractor, where such disclosure of such data or information is essential to such subcontractor's, consultant's or attorney's work;
 - (e) subject to Article 9.12, to a bona fide prospective transferee of a participating interest in the Contractor hereunder (including an entity with whom such Party or a parent entity of such Party is conducting bona fide negotiations directed toward a merger, consolidation or other transfer of Control);
 - (f) subject to Article 9.12, to banks or other financial institutions to the extent appropriate for a Party arranging for funding of its obligations under this Contract;
 - (g) subject to Article 9.12, to insurers as needed to underwrite policies and process claims related to Contractor assets within the Contract Area;
 - (h) to the arbitrators or to any Expert in any proceeding under Article 31;
 - (i) to the extent such data or information must be disclosed pursuant to a final order of a court of competent jurisdiction or to any rules or requirements of any government or stock exchange having jurisdiction over such Party or a Person Controlling such Party;
 - (j) where such data or information relates to portions of the Contract Area surrendered by the Contractor, to discoveries that Contractor has declined to

appraise, or to discoveries that the Contractor has, after appraisal, declined to develop, and the disclosing Party is the State;

- (k) where such data or information was obtained by the Contractor in the conduct of Petroleum Operations five (5) years or more before the disclosure and the disclosing Party is the State, provided this exception shall not extend to commercially sensitive information as to the income, profits or rate of return of the Contractor; and
- (l) where such data or information becomes part of the public domain, through no fault of the disclosing Party.

- 9.10 Each Party shall take customary precautions to ensure that data and information on Petroleum Operations described in Article 9.9 are kept confidential by its employees. Disclosure pursuant to paragraph (d), (e), (f) and (g) of Article 9.9 or to consultants pursuant to paragraph (b) of Article 9.9 shall not be made unless prior to any such disclosure the disclosing Party has obtained a written undertaking from the recipient to keep the data and information confidential (except for data which is at the time of disclosure or has become in the public domain) with the same standard of care as it would use for its own internal confidential information and not to use or disclose the data and information except for the express purpose for which disclosure is to be made without the prior written consent of the disclosing Party.
- 9.11 Any entity participating in the Contractor ceasing to own a participating interest in this Contract during the term of this Contract shall nonetheless remain bound by the confidentiality obligations set forth in this Article for so long as they are applicable to the Contractor.
- 9.12 Each Party may, notwithstanding any provisions in this Article, make disclosures in corporate annual reports, government reports, employee and stakeholder newsletters, magazines, websites and the like, of summarizations of a general nature relating to Petroleum Operations which are customarily described or reported in such publications.
- 9.13 This Contract and all amendments and modifications of and supplements to this Contract are public documents. In the event there is a Joint Operating Agreement, that agreement shall not be a public document. All financial information required to be disclosed under LEITI may be disclosed to the public by the Contractor, by the Authority or by the State. The Contractor may, and the Authority and the State expect to, make public information relating to the timing and amount of the State's share of petroleum production, 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 otherwise confidential hereunder) that is reasonably necessary in computing the amount of such royalties, taxes, fees and other levies due or expected to become due becoming due within two (2) years from publication. The Contractor does not under this Article 9.13 have any obligation to make available for publication by the Authority or the State its estimates of production, revenues, royalties, taxes, fees and other levies becoming due more than two (2) years in advance.

- 9.14 The Contractor acknowledges that the Authority may make available to the public, on its website or otherwise, any or all of the following:
- (a) the pre-qualification guidelines and the register of pre-qualified applicants, the tender protocol, the bid assessment report and the winning bidder announcement;
 - (b) all ESIA's and ESMPs, and amendments thereto; and
 - (c) all other documents required to be published by applicable Law.
- 9.15 The Contractor acknowledges that the Authority may be subject to audit or investigation by other bodies of the State, including but not limited to the General Audit Commission and the Liberia Anti-Corruption Commission. The Contractor shall provide information requested by the Authority in furtherance of such audits and investigations so long as such information is not Proprietary Data or information otherwise agreed to be confidential under this Article 9.

ARTICLE 10

OCCUPATION OF LAND AND USE OF NATURAL RESOURCES

- 10.1 The Contractor may acquire land for the purposes of constructing, installing and operating petroleum production and transportation facilities and such other buildings, structures and installations as may be necessary for the conduct of Petroleum Operations under this Contract.
- 10.2 For the purposes of Article 10.1, the State shall make available to the Contractor on request any land which it owns that is suitable for the activities intended to be carried out thereon provided that use of the land does not conflict with any existing land use rights already granted to third parties. The Parties agree that the use of State-owned land shall be determined by its actual use at the time or, if different, the use prescribed in a budget or land development plan published by the State prior to the Contractor's request for the use of such land. The Contractor shall have the right to utilize such land to build the facilities necessary for the carrying out of Petroleum Operations and the obligation to maintain, above and below the ground, such facilities in good working order.
- 10.3 The State shall authorize the Contractor on request 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 (a) does not conflict with land use rights already granted to third parties, the existing use by the State of such land, or the use prescribed in a budget or development plan published prior to Contractor's request for the use of such land, and (b) complies with applicable environmental, health and safety Law.

The State reserves the right on reasonable notice to the Contractor to construct and operate or cause the operation of roads, railroads, power and telephone lines within any onshore portion of the Contract Area or any land acquired by or for the Contractor for its petroleum operations, provided that the State takes account of the reasonable

concerns of the Contractor and seeks to minimize any disruption in the conduct of Petroleum Operations.

10.4 Rights on land held by private owners 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 person or persons concerned as follows:

- (a) "Private owners" shall be deemed to include both holders of formal land rights and farmers or occupants who are traditional holders of rights to the land concerned.
- (b) The Contractor shall seek in good faith to reach an agreement with the person or persons concerned. If a rights holder, farmer or occupant is not literate in English, the Contractor must provide effective means of communication with and translation for such person. Any such agreement shall provide fair and reasonable compensation for title to or use of the land, or any crops or improvements thereon or any long-term loss in value of the land caused by Petroleum Operations. If no such agreement can be reached, the Contractor may request the Authority to facilitate the process of negotiation between the person or persons involved and the Contractor for the acquisition of the necessary rights with fair compensation.
- (c) If the State acquires rights or interests in land for use by the Contractor, such rights or interests shall be held or registered, as the case may be, in the name of the State, but the Contractor shall be entitled to the use thereof for the purposes of Petroleum Operations during the term of this Contract.
- (d) All costs incurred by the Authority or any other instrumentality of the State in connection with assisting the Contractor in the acquisition of rights or interests under this Article 10.4 shall be borne by the Contractor and may be recovered as Petroleum Costs.

10.5 The Contractor is responsible for the payment of all generally applicable taxes and other levies on rights or interests in land acquired by the Contractor or acquired by the State for use by the Contractor and on the improvements constructed or installed by the Contractor thereon.

10.6 By constructing, installing and operating improvements on rights or interests in land acquired by the Contractor with the assistance of the State, made available to the Contractor by the State, or acquired by the State for use by the Contractor, the Contractor assumes the obligation to maintain all such improvements, whether above or below the ground, in good working order and in compliance with applicable Law, and to remove them at the end of the term of this Contract if they are not acquired for further use by a replacement Contractor pursuant to a new petroleum sharing contract. The Contractor's Abandonment Plan shall take into account this removal obligation.

10.7 The Contractor shall indemnify the State for any damage caused to its land or any improvements thereon by the construction, use and maintenance of its facilities on land provided by the State and 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 in accordance with applicable Law. 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. Except where damage referred to in this Article is caused by the Contractor's gross negligence, reckless behavior or willful misconduct, the costs and expenses of the Contractor incurred pursuant to this Article 10 shall be considered as Petroleum Costs.

- 10.8 The Contractor shall have no rights over mineral resources in the Contract Area other than Petroleum. If, in the course of Petroleum Operations, the Contractor discovers mineral resources other than Petroleum in the Contract Area that may be of economic value and may be capable of being developed, it shall within thirty (30) days inform the Authority of the minerals discovered and their location, and shall thereafter provide such other information and samples as the Authority may reasonably request.
- 10.9 The State reserves the right to grant within the Contract Area (a) reconnaissance licenses and (b) licenses authorizing prospecting for, exploration for or mining of any mineral resources other than Petroleum, in which event the Contractor shall use reasonable efforts to avoid obstruction or interference with such licensees' operations within the Contract Area. The State shall use its best efforts to ensure that operations of such licensees do not obstruct or interfere with the Contractor's Petroleum Operations within the Contract Area, and will require each such licensee to agree with Contractor (i) to keep the Contractor notified of the areas in which it proposes to work and the nature of such work and to (ii) that if it obstructs or interferes with the Contractor's Petroleum Operations within the Contract Area, such licensee will promptly compensate the Contractor for the adverse consequences of such obstruction or interference.

ARTICLE 11

USE OF FACILITIES

- 11.1 For the purposes of carrying out Petroleum Operations, the Contractor shall have the right to use in accordance with applicable Law (i) any public railroad, road, airport, landing strip, supply base, port facility, waterway and any telephone 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 similar third parties for similar services, and (ii) 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.
- 11.2 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), the Authority and the Contractor (and such similarly situated users) shall in good faith consider together with the owner and operator of such facilities whether and 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 if there is agreement upon adding such capacity, the Contractor shall pay its agreed 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.

- 11.3 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 by the Contractor to third parties for the provision of similar services provided that such use does not unreasonably interfere with Petroleum Operations.

ARTICLE 12

LIABILITY, INDEMNIFICATION AND INSURANCE

- 12.1 The Contractor shall be liable in accordance with applicable Law for any damage or loss or bodily injury which the Contractor, its subcontractors or any other person acting on its or their behalf may cause to any other persons or their property in connection with the carrying out of Petroleum Operations, subject to reduction in the circumstances contemplated by section 59.3 of the Petroleum Law.
- 12.2 The Contractor is liable for all damages and losses incurred as a result of pollution damage or other environmental harm from its Petroleum Operations and for the cost of reasonable measures to avert, limit or remedy such damages or losses without regard to fault. Damages may be established as provided in section 61 of the Petroleum Law.
- 12.3 The Contractor shall, at all times indemnify and hold harmless the State and the Authority against all actions, claims and demands that may be brought or made against the Authority or the State by reason of anything done by the Contractor in the conduct of Petroleum Operations.
- 12.4 Costs imposed on (or otherwise incurred by) the Contractor or any of its subcontractors, employees, or other Persons under the direction of the Contractor as a consequence of gross negligence, reckless behavior or wilful misconduct or as a result of any breach of a legally required standard of care or duty shall not be recoverable Petroleum Costs.
- 12.5 The Contractor shall, during the term of this Contract, maintain and obtain insurance coverage for and in relation to Petroleum Operations (whether such operations are carried out by Contractor or any of its subcontractors, employees, agents or other Persons under the direction of the Contractor) for such amounts and against such risks as are customarily or prudently insured against by experienced operators in the international petroleum industry in accordance with Good International Petroleum Industry Practice, subject to such limits and deductibles as are customarily applied, without prejudice to any other insurance required under applicable Law.

No later than thirty (30) days after the Effective Date and at least thirty (30) days prior to the commencement of any Petroleum Operations not covered by, or the renewal date of, any policy then in effect, the Contractor shall furnish to the Authority certificates evidencing that such coverage is in effect and all premiums due thereon have been paid, specifying the period of effectiveness of such paid insurance. Such insurance policies shall include the State and the Authority as additional insureds as

their interests may appear and shall waive subrogation against the State and the Authority.

12.6 The said insurance shall, without prejudice to the generality of the foregoing, cover at least the following:

- (a) loss or damage to all installations, equipment and other assets for so long as they are used in or in connection with Petroleum Operations;
- (b) loss, damage or injury caused by pollution or other environmental harm in the course of or as a result of Petroleum Operations;
- (c) loss of property or damage or bodily injury suffered by any third party in the course of or as a result of Petroleum Operations for which the Contractor may be liable;
- (d) any claim for which the State, the Authority or NOCAL may be liable relating to the loss of property or damage or bodily injury suffered by any third party in the course of or as a result of Petroleum Operations for which the Contractor is liable to indemnify the State;
- (e) with respect to Petroleum Operations offshore, the cost of clean-up operations and removing wrecks following any accident in the course of or as a result of Petroleum Operations; and
- (f) the Contractor's and/or the Operator's liability to its employees engaged in Petroleum Operations.

12.7 The Contractor will be provided the opportunity to self-insure or underwrite any or all of the insurance required by this Article 12 through one or more insurance Affiliates of entities participating in the Contractor or, if such direct insurance is not permitted, through reinsurance policies to such Affiliate insurance companies, provided that (i) the terms and conditions of and premiums charged for such reinsurance policies are on commercially reasonable, arms-length terms, and (ii) the security and creditworthiness of such self-insurance or insurance arrangements have each been disclosed in writing to and are reasonably satisfactory to the Authority.

12.8 The premiums paid for any insurance required by this Article 12 shall be treated as recoverable Petroleum Costs.

12.9 The Contractor shall require its contractors to obtain and maintain insurance against the risks referred to in this Article.

ARTICLE 13

PERSONNEL, PROCUREMENT, TRAINING, AND RELATED CONTRIBUTIONS

13.1 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 or on-board vessels or equipment stationed in Liberian waters; and
- (b) the Contractor and its subcontractors shall give preference to qualified Liberian citizens for employment in all levels of their Liberian operations; and
- (c) in addition to the formal training programs required by Article 13.6, each development and production plan shall include plans to train Liberian citizens in the full range of managerial and technical activities involved in the performance by the contractor of its obligations under the petroleum agreement, including without limitation engineering design, information technology, petroleum geology technology, production facility operations and maintenance, contract negotiation and contract management.

Employment practices of the Contractor in connection with Petroleum Operations in Liberia or in the territorial waters of Liberia, including number of working hours, working conditions, salaries and any other matters relating to employment conditions, shall conform to applicable Law. The Contractor will require its contractors or subcontractors to comply with this Article 13.1 with respect to their own employment practices within Liberia or in the territorial waters of Liberia.

- 13.2 Nothing in this Contract shall bar the Contractor from employing its own key personnel in appropriate managerial and supervisory positions so long as it has complied with clauses (b) and (c) of Article 13.1.
- 13.3 All employees required for the conduct of 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 13.1, 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 in compliance with generally applicable labor Law. 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.
- 13.4 The Contractor and its subcontractors shall give preference to services and goods provided by Liberian citizens or business entities controlled by Liberian citizens if conditions of price, quality, delivery time, service and terms of payment are substantially similar to those from other countries or from non-Liberian sources. When purchasing goods and services related to Petroleum Operations, the Contractor and its subcontractors must organize their procurement practices to give meaningful opportunities to bid for contracts to those entitled to preference pursuant to this Article 13.4.
- 13.5 Concurrently with the filing of the initial detailed development and production plan under Article 5.8, the Contractor shall deliver to the Authority a project linkages plan for the development and production period, 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 increase local participation in the provision of goods and services to Petroleum Operations;
- (c) sets out a project local purchase plan complying with the requirements of this Article 13 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 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.

The linkage plans and updates thereof required by this Article 13.5 shall be subject to the review and approval of the Authority, which may be given only after consultation with the Ministry of Labor and other relevant agencies but which shall not be unreasonably withheld.

The Contractor shall provide the Authority with an updated plan under this section 13.5 every three years after the delivery of the initial plan. The update shall take into account any subsequent development and production plan related to a new exclusive exploitation authorization.

The Contractor shall cause its major contractors to comply with the linkage plan required by this Article 13.5.

13.6 Upon spudding of its first exploration well, the Contractor shall provide training programs for employment in various levels of the Liberian operations of the Contractor and its subcontractors (including both skilled and semi-skilled positions) and for that purpose the Contractor shall devote an annual training budget of:

- (a) two hundred thousand Dollars (US\$200,000) during each remaining year of the exploration and appraisal period; and
- (b) one million Dollars (US\$1,000,000) during each year following the initial approval of a development and production plan.

- 13.7 Upon spudding of its first exploration well, 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 seventy-five thousand Dollars (US\$175,000) during each remaining year of the exploration and appraisal period; and
 - (b) five hundred thousand Dollars (US\$500,000) during each year following the initial approval of a development and production plan.
- 13.8 To stimulate research in identification and exploitation of hydrocarbon reserves, and to assist the State in its overall goal of achieving energy sustainability and electric energy availability in rural areas, the Contractor shall provide annual funding in the amount of five hundred thousand Dollars (US\$500,000) for an Energy Development Fund, managed by the Authority and the Ministry of Finance and Development Planning. The first such payment shall be made within thirty (30) days after the commencement of commercial production, to such subaccount of the Consolidated Fund or other recipient as shall be designated by the Authority and the Ministry of Finance and Development Planning.
- 13.9 The payments required by sections 13.6, 13.7 and 13.8 shall be subject to the following requirements.
- (a) The Contractor shall have no responsibility for the application of such funds.
 - (b) Payments shall be due on the first day of each Calendar Year, provided that if the obligation to commence making any such payments does not commence on the first day of a Calendar Year, the amount of such payment shall be pro-rated in proportion to the portion of the Calendar Year remaining on the commencement date and shall be due within 30 date of the commencement date.
 - (c) If the Contractor so requests, the Authority shall furnish the Contractor within sixty (60) days after receipt of such request, a report that sets forth how funds provided by the Contractor with respect to the prior Calendar Year under any or all of Articles 13.6, 13.7 and 13.8 were distributed or are planned to be distributed.
 - (d) The contributions required by Articles 13.6, 13.7 and 13.8 for each be subject to inflationary adjustment in accordance with changes in the GDP Implicit Price Deflator as follows: effective on January 1 of each Calendar Year, commencing with the January 1 next occurring following the initial approval of a development and production plana under this Contract, the stated amount in each of such Articles shall be increased or decreased based on the ratio of the value of the GDP Implicit Price Deflator for the third Quarter of the immediately preceding Calendar Year to the value of the GDP Implicit Price Deflator for the third Quarter of the Calendar Year in which the Effective Date occurred. The Authority's determination of such change in value shall be final, absent manifest error. Any question as to the existence of "manifest error" may be submitted by the Contractor to Expert Determination under Article 31.8.

- (e) Except as provided in Article 13.8, all such payments shall be made into such subaccount of the Consolidated Fund or other recipient wholly owned by the State as shall be designated by the Authority and the Ministry of Finance and Development Planning.
- 13.10 The Contractor shall prepare and submit annually to the Authority by the end of February in each year, commencing with the first February following the Calendar Year in which an exclusive exploitation authorization is to the Contractor under this Contract:
- (a) the manner in which the Contractor and its major contractors have complied with the requirements of Articles 13.1 through 13.8 during the immediately preceding Calendar Year; and
 - (b) a statement specifying the number of employees of the Operator and of the Operator's major contractors during the immediately preceding Calendar Year, broken down by employer, employment category, qualification and nationality, together with a report on the medical care and training provided to them (with partial year and temporary employees to be recorded in the manner reasonably prescribed by the Authority).

A "**major contractor**" for the purposes of this Article 13 is a supplier or subcontractor who received in any year more than one million Dollars (US\$5,000,000) from the Contractor for activities related to Petroleum Operations performed in Liberia in that year.

ARTICLE 14

RECOVERY OF PETROLEUM COSTS AND PRODUCTION SHARING

- 14.1 From the start of Commercial Production, the Contractor shall market the Total Production of Crude Oil and Natural Gas obtained from each Exploitation Area in accordance with the provisions hereinafter defined, subject to the right of the State under Article 14.7 to elect to take certain production in kind.
- 14.2 The Contractor shall pay a royalty to the State in accordance with Article 15.3 and shall be entitled to take at the Delivery Point each calendar month a quantity of Crude Oil and/or Natural Gas, as the case may be, having a value equal to such royalty. The remaining quantity of Total Production after deduction of the quantity allocated to royalty under this Article 14.2, hereinafter referred to as the "**Net of Royalty Production**", shall be allocated in accordance with Articles 14.3 and 14.4.
- 14.3 For the purposes of recovery of Petroleum Costs with respect to any Exploitation Area, the Contractor may freely take each calendar month from the Net of Royalty Production of Crude Oil or the Net of Royalty Production of Natural Gas, as the case may be, during such calendar month a quantity of Crude Oil or Natural Gas having a value of up to seventy percent (70%) of such Net of Royalty Production, provided that the Contractor may never take any amount in excess of that necessary and sufficient to recover Petroleum Costs remaining unrecovered with respect to such Exploitation Area. Petroleum Costs which are directly associated with an Exploitation Area will be allocated for the purposes of this Article 14.3 to the Exploitation Area to which they

are associated. Any Petroleum Costs which are not directly associated with an Exploitation Area will be allocated for the purposes of this Article 14.3 to an Exploitation Area in the manner provided in Article 14.6.

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 of Article 21.3(b) in the case of Natural Gas.

If during a Calendar Year Petroleum Costs with respect to an Exploitation Area not yet recovered by the Contractor under the provisions of this Article 14.3 exceed the equivalent in value of seventy percent (70%) of the Net of Royalty Production of Crude Oil and seventy percent (70%) of the Net of Royalty Production of Natural Gas, as calculated above, the excess shall be carried forward to the following Calendar Year or Calendar Years until full recovery of Petroleum Costs with respect to such Exploitation Area or until the expiration of this Contract.

- 14.4 The quantity of Crude Oil and Natural Gas from an Exploitation Area remaining after the Contractor has taken from the Net of Royalty Production the portion permitted under Article 14.3 to be allocated to the recovery of Petroleum Costs, hereinafter referred to as “**Remaining Oil Production**” or, as applicable, “**Remaining Natural Gas Production**,” shall be shared between the State and the Contractor according to the Contractor’s nominal pre-tax rate of return from the conduct of Petroleum Operations with respect to an Exploitation Area.

Nominal pre-tax rate of return for the Exploitation Area	State’s share of Remaining Oil Production or Remaining Natural Gas Production	Contractor’s share of Remaining Oil Production or Remaining Natural Gas Production
19% or less	25%	75%
Greater than 19% to 30%	45%	55%
Greater than 30%	50%	50%

- 14.5 For the purpose of determining the State’s and the Contractor’s share of Remaining Oil Production or Remaining Natural Gas Production, the Contractor’s nominal pre-tax rate of return with respect to any Exploitation Area is determined as provided in this Article 14.5 and in Article 14.6.

Nominal pre-tax rate of return for an Exploitation Area is based on a comparison of the Contractor’s cash outflows to cash receipts for such Exploitation Area, calculated by the following formula, where “t” refers to the Calendar Year for which such determination is being made:

$$ANCP_t = (ANCP_{t-1})(M) + NCF_t$$

ANCP means “Accumulated Net Cash Position”. ANCP is computed for each Contract Year. When ANCP is negative, it signifies that the Contractor’s cumulative expenditures, adjusted to allow for a specified return on funds to the Contractor (the

“M” factor), exceed the Contractor’s cumulative receipts. No Petroleum Costs incurred prior to the Effective Date shall be included in the determination of ANCP.

ANCP shall be computed both for $M = 1.19$ and $M = 1.30$.

NCF for any Calendar Year “t” is equal to

- (1) the sum of (x) the Contractor’s receipts from the Petroleum allocated to it for the purposes of recovery of Petroleum Costs, plus (y) the Contractor’s receipts from the Petroleum allocated to it from Remaining Oil Production and from Remaining Natural Gas Production, in each case for that Calendar Year and attributable pursuant to Articles 14.3 and 14.6 to the relevant Exploitation Area

less

- (2) the sum of the Contractor’s Petroleum Costs for that Calendar Year attributable pursuant to Articles 14.3 and 14.6 to the relevant Exploitation Area, plus the sum of the Contractor’s Petroleum Costs from prior Calendar Years not theretofore attributed to a specific Exploitation Area that, by operation of Article 14.6, became allocated to the relevant Exploitation Area in that Calendar Year, plus, in the case of the initial Exploitation Area, expenditures of the Contractor for that Calendar Year pursuant to Articles 16.2(b), 16.2(c), 16.2(d), 16.3 and 16.4.

NCF for any year before revenues start to flow will be a negative number, and ANCP for any such year will also be a negative number. ANCP will remain negative until sometime after Commercial Production. Significant capital expenditure in subsequent years could again result in a negative ANCP.

If ANCP for any Calendar Year “t”, determined in accordance with the above formula when $M = 1.19$ is zero or a negative number, then (i) for the purpose of determining the State’s share of Remaining Oil Production or Remaining Natural Gas Production the Contractor’s nominal pre-tax rate of return is considered to be nineteen percent (19%) or less, with a sharing ratio of twenty-five percent (25%) State and seventy-five percent (75%) Contractor, and (ii) for the following Calendar Year, when computing with $M = 1.19$, $ANCP_{t-1}$ shall be deemed to be zero.

If ANCP for any Calendar Year “t”, determined in accordance with the above formula when $M = 1.30$ is a positive number, then (i) for the purpose of determining the State’s share of Remaining Oil Production or Remaining Natural Gas Production, the Contractor’s nominal pre-tax rate of return is considered to be greater than thirty percent (30%), with a sharing ratio of fifty percent (50%) State and fifty percent (50%) Contractor, and (ii) for the following Calendar Year, when computing with $M = 1.30$, $ANCP_{t-1}$ shall be deemed to be zero.

If ANCP for any Calendar Year “t”, determined in accordance with the above formula, is zero or a negative number when $M = 1.30$ but is a positive number when $M = 1.19$, then (i) for the purpose of determining the State’s share of Remaining Oil Production

or Remaining Natural Gas Production, the Contractor's nominal pre-tax rate of return is considered to be greater than nineteen percent (19%) and not more than thirty percent (30%), with a sharing ratio of forty-five (45%) State and fifty-five percent (55%) Contractor, and (ii) for the following Calendar Year, when computing on the basis of $M = 1.19$, $ANCP_{t-1}$ shall be deemed to be zero.

The foregoing requirement shall be administered as follows. For any Calendar Year after the commencement of Commercial Production, $ANCP_t$ and the relevant sharing ratio shall be provisionally determined thirty (30) days following the end of each of the first three Quarters using the actual NCF for the Quarter then ended, and for this purpose, $M = 1.30$ shall be replaced by $M = 1.0667$ for the first, second and third Quarters, and $M = 1.19$ shall be replaced by $M = 1.0444$ for the first, second and third Quarters. The sharing ratio thus determined shall be the applicable sharing ratio for the current Quarter. Within sixty (60) days after the end of each Calendar Year, $ANCP_t$ and the relevant sharing ratio shall be determined for the full year then ended. Appropriate adjustments shall be made during the year to reflect any cumulative over-allocation or under-allocation to the Contractor of Remaining Oil Production or Remaining Natural Gas Production, and a further adjustment shall be made as promptly as practicable after the full year determination to reflect any cumulative over-allocation or under-allocation determined to exist as a consequence of the full year computation.

14.6 For the purposes of Articles 14.3 and 14.5, the method of allocation of any Petroleum Costs which are not directly associated with any approved Exploitation Area ("**Unassociated Petroleum Costs**") shall be as follows:

- (a) all Unassociated Petroleum Costs existing at the expiry of the exploration period, including any extensions thereof, shall be allocated at that time to the first approved Exploitation Area.
- (b) Notwithstanding foregoing, in the event that at the expiry of the exploration period, including any extensions thereof, the Contractor is engaged in the appraisal of a discovery or has applied for but not received approval for an Exploitation Area, then the allocation of all Unassociated Petroleum Costs, including the Petroleum Costs associated with said appraisal or subsequent Exploitation Area application, will be deferred until it is determined by operation of Article 5 whether said appraisal program has led to an approved Exploitation Area. In the event that said appraisal program results in an approved Exploitation Area then such Unassociated Petroleum Costs will be allocated to that Exploitation Area or an earlier approved Exploitation Area, whichever has the larger expected recovery pursuant to an approved plan of development. In the event that said appraisal program does not result in an approved Exploitation Area then such Unassociated Petroleum Costs will be allocated as provided in paragraph (a) above.

14.7 The State may receive its share of production as defined in Articles 14.4 and 14.5 either in kind or in cash.

- (a) If NOCAL elects after consultation with the Minister of Finance that the State should receive in kind all or part of the State share of Remaining Oil Production for any Quarter, NOCAL shall notify the Contractor of such

election in writing at least ninety (90) days prior to the beginning of the Quarter concerned, specifying the precise quantity that it wishes to receive in kind during said Quarter. NOCAL shall receive such Remaining Oil Production in kind on behalf of the State 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 after consultation with the Ministry of Finance that the State should 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 5.7, specifying the percentage share that the State wishes to receive in kind during the exploitation period for the subject Natural Gas Field.
- (c) All election notices pursuant to this Article 14.7 shall be promptly published on the website of NOCAL.

ARTICLE 15

TAXATION AND ROYALTY

- 15.1 The Contractor shall, in respect of its Petroleum Operations, be subject to income tax which shall be assessed and payable in accordance with the provisions of the Revenue Code, as amended, subject to Article 28.1 and Article 15.2. Tax return filing requirements, tax records, Liberia Revenue Authority audit rights and other tax administration and procedural matters shall be governed by the Revenue Code. If the Contractor comprises several entities, each of said entities shall individually be subject to income tax pursuant to the Revenue Code, subject to Article 28.1 and Article 15.2.
- 15.2 The following provisions of the Revenue Code as in Effect on the Effective Date are deemed modified as provided below for the purposes of the application of the Revenue Code to the Contractor and to the entities participating in the Contractor:
 - (a) The Contractor or any contractors and subcontractors are exempt from payment of import, export or re-export duties, fees or levies under the Revenue Code for goods identified in Article 25.1 except as provided in the last sentence of Article 25.1.
 - (b) The Contractor will pay a lump sum annual payment of three hundred thousand Dollars (US\$300,000.00) in lieu of customs user fees under the Revenue Code to the Consolidated Fund within thirty (30) days of the Effective Date of this Contract and thirty (30) days after the start of each Contract Year thereafter. The annual lump sum payment due for each Contract Year beginning with the first Contract Year commencing after the grant of an exclusive exploitation authorization for any portion of the Contract Area pursuant to Article 5.11 of this Contract shall be increased to five hundred thousand Dollars (US\$500,000.00), is not subject to reduction if the actual customs user fees for a year would have been less than the amount of such lump sum payment, and shall be escalated as provided in Article 13.9(d).

- (c) 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 an entity participating in the Contractor and its Affiliates which are wholly owned directly or indirectly by that entity's ultimate parent (except for director's qualifying shares), or
 - (ii) between entities participating in the Contractor which occur by reason of operation of any default provisions set forth in the JOA that have the substantive effect of Articles 8.4.D.1 and 8.4.E of the Model JOA or
 - (iii) between entities participating in the Contractor which occur by reason of operation of "conduct of Petroleum Operations by less than all parties" provisions set forth in the JOA that have the substantive effect of transferring a portion or all of the interest of one or more participants in the Contractor to other participants in the Contractor in the manner provided in Article 7 of the Model JOA,

the taxable income of the transferred interest shall continue to be determined using the cost and other tax attributes applicable to such interest immediately prior to such transfer and the transfer 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.

- (d) For the purposes of this Contract, Section 744(c) of the Revenue Code shall be deemed to state that notwithstanding any other provision of the Revenue Code, a petroleum project shall be entitled to recover the cost of tangible fixed property and intangible property on an asset-by-asset basis using the straight-line method over a five-year period at the rate of twenty percent (20%) per year.
- (e) The rights granted under this Contract constitute interests in real property for the purposes of Sections 805 and 806 of the Revenue Code and any other provisions of the Revenue Code relating to the taxation of transfers of property.

15.3 Royalties on Petroleum production shall be paid as follows.

- (a) A royalty at the rate shown below shall be paid by the Contractor to the State by deposit into the Consolidated Fund on the value of Total Production of Crude Oil before the deduction of any Petroleum Costs. The value of Total Production shall be calculated in accordance with the provisions of Article 18 in the case of Crude Oil, provided that the value of any pre-Commercial Production sale shall be the actual selling price, as determined by the Contractor in good faith and notified to the Authority.

<u>Water Depth (at mean high water)</u>	<u>Royalty rate</u>
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0 meters ≤1,500 meters	10%
greater than 1,500 meters	5%

For the purposes of determining the rate(s) applicable, the Contractor shall carry out well directional surveys and measure completion depths to determine the locations from which production is actually occurring. 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). All such measurements shall be conducted in accordance with Good International Petroleum Industry Practice.

The Contractor shall provide the Authority 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.

- (b) The royalty rate for Associated and Non-Associated Natural Gas shall be five percent (5%). No royalty for Natural Gas is due from the Contractor under this Contract if the Natural Gas is Non-Associated Natural Gas and Contractor has not participated in the development and production of such Natural Gas as contemplated by Article 21.1(h), or if the Natural Gas is Associated Natural Gas and the State or its designee has taken on the responsibility for the processing and marketing of such Natural Gas at the Contractor's separation facilities as contemplated by Article 21.2(b).
- (c) Royalties due under this Article 15.3 shall be payable by the Contractor directly to the Consolidated Fund in Dollars thirty (30) days after the end of each calendar month based on Total Production and the Market Prices for that calendar month, as such Market Prices are preliminarily determined pursuant to Article 18 or Article 21.3(b), as the case may be, subject to subsequent adjustment as provided in such Articles.

15.4 Notwithstanding the provisions of Article 15.2(a) above, the Contractor shall be subject to the Economic Community of West African States (ECOWAS) Trade Levy or any similar levy on all goods which it imports into Liberia at the rate established by applicable Law, provided that this Article 15.4 shall not be interpreted (a) to bar the Contractor from applying from time to time to the appropriate ministry or agency of the State for a complete or partial exemption from such levy to the extent then permitted under ECOWAS rules, regulations and guidelines, or (b) to prohibit the Contractor from benefitting from any exemption so granted.

15.5 Notwithstanding any exclusion contained elsewhere in this Contract, this Contract does not exempt any Person from the payment of fees in relation to driver's licenses,

vehicle registrations, corporate registration, employees' residency permits and work permits and other licenses, registrations and permits incidental to doing business or conducting activities in Liberia.

- 15.6 The Contractor agrees that section 7.14 of the Petroleum Law permits the Authority to authorize by regulation and assess processing fees generally applicable to all holders of petroleum sharing contracts for the amendment of the terms of petroleum rights after they are granted, for the approval under petroleum agreements of appraisal programs and development and production plans and amendments thereto, for the review and approval of transfer requests under petroleum rights, and for the taking of other comparable actions at the request of a holder of petroleum rights. All such fees are payable to the Authority.

ARTICLE 16

SURFACE RENTALS, BONUSES AND MANAGEMENT FEES

- 16.1 The Contractor shall pay surface rentals each Contract Year for the area subject to this Contract as provided in section 16.2. As provided in section 7.13(d) of the Petroleum Law, the surface rental for each Contract Year shall be paid to the Authority for each Contract Year beginning prior to the start of commercial production, and shall thereafter be paid into the Consolidated Fund.
- 16.2 Surface rental for each Contract Year shall be determined pursuant to the table below, based on the area remaining subject to this Contract on the first day of such Contract Year. The initial payment shall be made within thirty (30) days after the Effective Date, and the amount due for each subsequent Contract Year shall be made within five (5) days of the first day of such Contract Year. No surface rental payment will be adjusted for reductions in the Contract Area occurring during a Contract Year.

Category of Operation	Surface Rentals per annum
First exploration phase	US\$50 per sq. km
Second exploration phase	US\$75 per sq. km
Third exploration phase	US\$100 per sq. km
Exploitation Areas	US\$150 per sq. km

For the purposes of determining the amounts due by the Contractor on account of surface rentals:

- (a) the third exploration phase shall be deemed to continue (with respect to areas for which Contractor has not been granted an exclusive exploitation authorization under Article 5 until such time as all of the Contract Area is subject to one or more exclusive exploitation authorizations, has been surrendered by the Contractor, or has been extinguished as a consequence of the termination of the third exploration phase,

- (b) the surface rental rate for any Appraisal Area is the rate of the then-current exploration phase (without regard to when the Authority granted an exclusive appraisal authorization for such area), and if the third exploration phase terminates under circumstances in which the Contractor is permitted to continue appraisal activities with respect to an Appraisal Area, surface rental shall continue to accrue at the third exploration phase rate for such Appraisal Area until the relevant area is surrendered or is the subject of an exclusive exploitation authorization, and
- (c) if the aggregate annual surface rental payable for the second or third exploration period or following the authorization of an exploitation area is greater than the aggregate annual amount payable during the prior period, and such period does not begin on the first day of a Contract Year, Contractor shall pay within thirty (30) days of the beginning of such period an amount such that the Authority will have received for the prior portion of the Contract Year a pro rata portion of the aggregate annual surface rental applicable to the prior period, and for the remaining portion of such Contract Year the pro rata portion of the aggregate annual surface rental applicable to the new period. Thus, if the aggregate surface rental was US\$100,000 for the prior period and US\$124,000 for the current period, the Contract Year began on January 1, and the new period commenced on May 1, within thirty (30) days after May 1, the Contractor is required to pay an additional $(2/3 * (124,000 - 100,000))$, or US\$16,000.

16.3 The Contractor shall pay the following signature and production bonuses:

- (a) to the Authority, five million Dollars (US\$5,000,000) within thirty (30) days of the Effective Date as signature bonus,
- (b) to the Consolidated Fund, ten million Dollars (US\$10,000,000) when the combined Total Production of Crude Oil from all Exploitation Areas within the Contract Area first reaches the average rate of thirty thousand (30,000) Barrels per day during a period of thirty (30) consecutive days,
- (c) to the Consolidated Fund, fifteen million Dollars (US\$15,000,000) when the combined Total Production of Crude Oil from all Exploitation Areas within the Contract Area first reaches the average rate of fifty thousand (50,000) Barrels per day during a period of thirty (30) consecutive days, and
- (d) to the Consolidated Fund, twenty million Dollars (US\$20,000,000) when the combined Total Production of Crude Oil from all Exploitation Areas within the Contract Area first reaches the average rate of one hundred thousand (100,000) Barrels per day during a period of thirty (30) consecutive days.

The bonus due under clause (a) of this Section shall be recoverable as a Petroleum Cost. Each of the amounts referred to in clauses (b) through (d) above shall be paid within thirty (30) days following the expiration of the reference period of thirty (30) consecutive days and shall not be recoverable as a Petroleum Costs.

16.4 For each Contract Year beginning on the Effective Date the Contractor (or Operator on behalf of the Contractor, where appropriate) shall pay to the Authority, by wire

transfer of immediately available funds to such bank account in the name of the Authority as the Authority may specify from time to time by notice to the Operator, an administrative fee equal to Five Hundred Thousand Dollars (US\$500,000) per Contract Year, payable on the first day of each Contract Year (within thirty (30) days after the Effective Date, in the case of the first Contract Year) and escalated as provided in Article 13.9(d). Such amount shall be recoverable as a Petroleum Cost.

ARTICLE 17

CARRIED INTEREST PARTICIPATION

- 17.1 NOCAL shall have the right to receive two separate and distinct undivided interests in the Contractor's rights and obligations under this Contract (such interests being referred to collectively as the "State Participations"). The two components of the State Participation are called the "NOCAL Participation" and the "Citizen Participation." The NOCAL Participation shall be a ten percent (10%) undivided interest in the Contractor's rights and obligations under this Contract and the Citizen Participation shall be a five percent (5%) undivided interest in the Contractor's rights and obligations under this Contract. Each such interest shall be accounted for separately on the books and records of the Contractor. Each such interest shall be held by NOCAL on the terms and conditions set forth in this Article 17.
- (a) If within 180 days after notice from the Contractor to NOCAL, the Authority and the Minister of Finance and Development Planning of a Commercial Discovery in an Exploitation Area stating that that the time for accepting the participation option under Article 17 of this Contract has started to run
 - (i) NOCAL does not notify the Contractor that it is exercising the right of the State to receive the NOCAL Participation, the right to receive the NOCAL Participation shall lapse.
 - (ii) the Director General of the Authority does not notify the Contractor that it is exercising the right of the State to receive the Citizen Participation, which shall be held in the name of, and managed as to operational and technical decisions by, NOCAL, the right to receive the Citizen Participation shall lapse.
- 17.2 To receive the NOCAL Participation and/or the Citizen Participation, NOCAL shall become a party to this Contract and enter into a JOA prepared by the Contractor based on the 2023 Model JOA form of the Association of International Energy Negotiators, including the AIEN 2012 Model Form International Accounting Procedure, containing the principles as agreed between the Contractor and the Authority contemporaneously with signing of this Contract. Such JOA may be a JOA previously entered by the Contractor with a third party becoming a participant in the Contract if it complies or has been modified to comply in all respects with the previous sentence. If there is a conflict between the terms of this Contract and the JOA, the terms of this Contract shall prevail.
- (a) The JOA shall comply with any specific requirements of this Contract applicable to such Joint Operating Agreement.

- (b) The NOCAL Participation and the Citizen Participation shall be held as separate participation under the JOA, but each shall be held in the name of and managed by NOCAL as to all operational matters.
- (c) Cash calls on the NOCAL Participation shall be issued to NOCAL at its address for notices established pursuant to this Contract. Cash calls on the Citizen Participation shall be issued to the Minister of Finance and Development Planning at the address for notices for that Ministry provided pursuant to this Contract.
- (d) All amounts distributable by the Contractor under this Contract on account of the NOCAL Participation shall be distributed by wire transfer to such account of NOCAL as NOCAL may direct pursuant to the terms of the JOA.
- (e) All amounts distributable by the Contractor on account of the Citizen Participation shall be distributed by wire transfer to the account of such entity of the State as shall be directed by the Minister of Finance and Development Planning by notice to the Contractor as provided in this Contract.
- (f) The NOCAL Participation and the Citizen Participation may not be transferred in whole or in part except as provided in Article 17.4 and 17.5. No such transfer may cause any other participant in the JOA to be in violation of applicable Trade Control Laws. There is no right to transfer the NOCAL Participation interest or the Citizen Participation interest in an individual Exploitation Area.
- (g) If the NOCAL Participation or the Citizen Participation is transferred to a Non-State Party pursuant to this Article 17, it is no longer a "NOCAL Participation" or a "Citizen Participation" for any purposes of this Contract, and the acquirer of such participation shall have only the rights and obligations of a Non-State Party under the JOA and under this Contract. The release provisions of Article 26.8 are applicable to NOCAL upon completion of a transfer of the NOCAL Participation or the Citizen Participation in compliance with this Article 17.
- (h) At such time as NOCAL becomes a participant under this Contract with respect to either or both of the NOCAL Participation or the Citizen Participation, it shall accept and assume in a form reasonably satisfactory to the Authority and the Non-State Parties all of the terms and conditions of this Contract applicable to such Participation.

17.3 The provisions of this Article 17.3, including the right of the Contractor to recover costs incurred, apply separately to each Exploitation Area identified in accordance with this Contract.

- (a) All exploration, appraisal and development costs incurred in the conduct of Petroleum Operations in connection with an Exploitation Area prior to the start of Commercial Production shall be paid by the Non-State Parties. The portion of such costs allocable to each of the NOCAL Participation and the Citizen Participation paid by the Non-State Parties shall be recovered by the Non-State Parties that paid such share (with interest at the Contract Interest Rate compounded annually from the time that such costs are incurred until the time

that such costs are recovered by the Non-State Parties) from such Participation's share of Crude Oil and Natural Gas Net of Royalty Production arising from such Exploitation Area allocated to the recovery of Petroleum Costs under Article 14.3, which the Non-State Parties shall be entitled to lift and dispose of.

- (b) Subject to clause (c) immediately below, each of the NOCAL Participation and the Citizen Participation shall bear, and pay in accordance with cash calls pursuant to the JOA referred to in Article 17.5, its share of all costs incurred in the conduct of Petroleum Operations in the Exploitation Area concerned from the start of Commercial Production, including without limitation costs relating to reservoir maintenance, production well work-overs, in-fill drilling after the completion of the initial development operations of the Exploitation Area, general operating costs of such Exploitation Area and amounts paid into the Abandonment Fund on account of such Exploitation Area. Payments made by or on behalf of the NOCAL Participation or the Citizen Participation under this paragraph may be recovered only after the Non-State Parties have recovered all amounts to which they are then entitled under clauses (a) and (c) of this Article 17.3.
- (c) If the Operator does not timely receive on account of either the NOCAL Participation or the Citizen Participation any amount due from such participation pursuant to a cash call referred to in clause (b) of this Article 17.3 on the due date thereof pursuant to the JOA or, if later, the date that is 30 days after the date on which NOCAL or the Minister of Finance and Development Planning, as the case may be, has received notice of such cash call (i) the Non-State Parties shall advance the amount due, (ii) the amounts so advanced by the Non-State Parties shall accrue interest at the default interest rate as provided in the JOA from the date referred to above in this sentence until the time that such costs are recovered by the Non-State Parties, and (iii) the Non-State Parties shall recover such amounts, including interest as above, from such Participation's share of Crude Oil and Natural Gas Net of Royalty Production allocated to the recovery of Petroleum Costs under Article 14.3 attributable to such Participation which the Non-State Parties shall be entitled to lift and dispose of.
- (d) Any failure of NOCAL to fund a cash call on the NOCAL Participation or failure of the State to fund a cash call on the Citizen Participation not required to be funded by the Non-State Parties under this Article 17 shall not constitute a basis for forced disposition or forfeiture of the NOCAL Participation's interest and/or the Citizen Participation's interest under the JOA or this Contract, but all other default remedies provided for in the JOA shall apply until the default is cured.

17.4 This Article 17.3 is solely applicable to the NOCAL Participation.

- (a) NOCAL may transfer all its rights in and to the NOCAL Participation to another entity wholly owned by the State that assumes all of the obligations of NOCAL with respect to the NOCAL Participation under this Contract and the JOA. In any such case, NOCAL or the Minister of Finance and Development Planning shall give at least forty-five (45) days prior notice to the Contractor

and the Authority of the identity of the proposed transferee, together with evidence reasonably satisfactory to the Contractor and the Authority of the legal and technical capacity of the proposed transferee to hold and administer the NOCAL Participation and perform its duties under this Contract and the JOA, and the transferee shall execute such documents as may be reasonably requested by the Contractor and the Authority to indicate its succession to the NOCAL Participation under this Contract and the JOA.

Any transferee under this Article 17.3(a) shall be substantially as credit-worthy as NOCAL at the time of such transfer.

- (b) NOCAL, with the prior consent of the Minister of Finance and Development Planning, may transfer all its rights in and to the NOCAL Participation to a third party, other than a wholly State-owned entity, that is an Eligible Transferee and that assumes all of the obligations of NOCAL with respect to the NOCAL Participation under this Contract and the JOA. NOCAL shall give at least forty-five (45) days prior notice to the Contractor and the Authority of the identity of the proposed transferee, together with evidence reasonably satisfactory to each other participant in the Contractor and the Authority of the legal, financial and technical capacity of the proposed transferee to hold and administer the NOCAL Participation, to perform its duties under this Contract and the JOA and to comply with the warranties and covenants of the anti-corruption clause under the JOA. Such reasonable satisfaction by the legal, financial and technical capacity of the proposed transferee shall be evidenced by the written consent of each other participant in the Contractor and the Authority.
- (c) If NOCAL proposes to transfer the NOCAL Participation to a third party, other than a wholly State-owned entity, the Non-State Parties shall have the preferential right to purchase the NOCAL Participation on the terms and conditions that NOCAL has agreed to transfer such Participation in the manner provided in the JOA. If the proposed transfer is agreed to be made for a consideration other than cash or involves other properties included in a wider transaction, NOCAL shall state its proposed cash value for a separate acquisition of the NOCAL participation by the Non-State Parties, and if NOCAL and the Non-State Parties cannot agree, either may refer the dispute to Expert Determination by an investment banker satisfactory to NOCAL and the Non-State Parties.
- (d) If the Non-State Parties do not elect to purchase the NOCAL Participation pursuant to Article 17.4(c), NOCAL may complete the proposed transfer subject to the following.
 - (i) If a Non-State Party has delivered to the Authority and NOCAL either:
 - (1) an opinion of internationally recognized counsel that the occurrence of the transfer to the proposed transferee can reasonably be expected to cause such Non-State Party to be in violation of (w) the laws of its home country or (x) the laws of the home country of its ultimate parent company or (y) the Trade Control Laws or (z) the listing requirements of the

principal stock exchange upon which its ultimate parent company is listed or the laws of the country in which such exchange is located applicable to companies listed upon such exchange, or

- (2) an opinion of an internationally recognized investment banking firm that the proposed transferee has failed to demonstrate that it has significant experience in offshore oil exploration and development activities outside of its home country or the financial capacity to discharge its expected obligations with respect to its proposed interest in the Contract as they accrue.

then no transfer may occur unless (x) the Authority, the Ministry of Finance and Development Planning, and the Non-State Parties agree on the terms of the transfer and the identity of the transferee, or (y) the investment banking firm or counsel referred to above has in writing withdrawn its opinion.

- (ii) The transfer may not occur until at least one of the following conditions is satisfied:

- (1) the Non-State Parties have recovered their share of costs previously funded on behalf of the NOCAL Participation under Article 17.3(a) or Article 17.3(c), plus accrued and unpaid interest thereon, or
- (2) the transferee has agreed in a manner satisfactory to the Non-State Parties that funded such costs that they may continue to recover from Crude Oil Production and Natural Gas Production allocable to the transferred participation in the manner contemplated by Article 17.3(a) or Article 17.3(c), or
- (3) both (x) any costs allocable to the transferred NOCAL Participation funded by the Non-State Parties pursuant to Article 17.3(a) (increased by all accrued and unpaid interest under such Article) that remains unrecovered at the time of such transfer, and (y) any advances made by the Non-State Parties pursuant to Article 17.3(c) (increased by all accrued and unpaid interest under such Article) that remain unrecovered at the time of such transfer are paid to the Non-State Parties at the time of the transfer.

- (iii) The proposed purchaser has complied to the satisfaction of the Authority with the transfer requirements under Article 26 of this Contract as though the transfer was being made by a Non-State Party and has acceded to the terms of the JOA as then in effect.

- (e) The obligation of the Non-State Parties to provide funding under Articles 17.3(a) or (c) to the transferred NOCAL Participation shall cease on the occurrence of such transfer.

- (f) The NOCAL Participation is subject to the additional principles provided in Articles 17.6 and 17.7.

17.5 This Article 17.5 applies solely to the Citizen Participation.

- (a) If directed to do so by the Minister of Finance and Development Planning, NOCAL shall transfer all its rights in and to the Citizen Participation to another entity wholly owned by the State that assumes all of the obligations of NOCAL with respect to the Citizen Participation under this Contract and the JOA. The Minister of Finance and Development Planning shall give at least forty-five (45) days prior notice to the Contractor and the Authority of the identity of the proposed transferee, together with evidence reasonably satisfactory to the Contractor and the Authority of the legal capacity of the proposed transferee to hold and administer the Citizen Participation and perform its duties under this Contract and the JOA, and the transferee shall execute such documents as may be reasonably requested by the Contractor and the Authority to indicate its succession to the Citizen Participation under this Contract and the JOA.
- (b) If directed to do so by the Minister of Finance and Development Planning, NOCAL shall transfer all its rights in and to the Citizen Participation to a third party, other than wholly State-owned entity, that is an Eligible Transferee and that assumes all of the obligations of NOCAL with respect to the Citizen Participation under this Contract and the JOA. The Minister of Finance and Development Planning shall give at least forty-five (45) days prior notice to the Contractor and the Authority of the identity of the proposed transferee, together with evidence reasonably satisfactory to each other participant in the Contractor and the Authority of the legal, financial and technical capacity of the proposed transferee to hold and administer the Citizen Participation, to perform its duties under this Contract and the JOA and to comply with the warranties and covenants of the anti-corruption clause under the JOA, and the transferee shall execute such documents as may be reasonably requested by the Contractor and the Authority to indicate its succession to the Citizen Participation under this Contract and the JOA. Such reasonable satisfaction by the legal, financial and technical capacity of the proposed transferee shall be evidenced by the written consent of each other participant in the Contractor and the Authority.
- (c) Any proposed transfer of the Citizen Participation pursuant to Article 17.5(b) shall be dealt with in the same manner as a transfer of the NOCAL Participation under Articles 17.4(c) through 17.4(f), which each reference therein to the NOCAL participation being deemed to refer to the Citizen Participation.
- (d) Pending any law to the contrary, the Minister of Finance and Development Planning shall direct the application of amounts distributable under the Citizen Participation in accordance with a plan of distribution determined by a commission appointed by the Minister of Finance and Development Planning in consultation with the Ministry of Labor, the Ministry of Health and Social Welfare and representatives of civil society that ensures the benefits of such funds are broadly available to all citizens from both urban and rural areas

within the Republic through one or more mechanism that will ensure that the benefits are extended to the neediest and most vulnerable groups of citizens.

- (e) The Non-State Parties have no duty to see that any funds creditable to the Citizen Participation are dealt with in compliance with Article 17.5(d).
- (f) For so long as NOCAL continues to hold the Citizen Participation, NOCAL has no right to transfer, pledge, mortgage or otherwise encumber any of its rights under the Citizen Participation except for the limited purpose of funding the cash contribution obligations of the Citizen Participation under the JOA, and then only as instructed by the Minister of Finance and Development Planning and in accordance with Article 26 and this Article 17. Any such pledge, mortgage, or other encumbrance with respect to the Citizen Participation shall be expressly subject to the rights of the Non-State Parties to recover in accordance with this Article 17 amounts paid by them on account of such participation.
- (g) The Citizen Participation is subject to the additional principles provided in Article 17.6 and 17.7.

17.6 The respective shares of Remaining Oil Production and Remaining Natural Gas Production attributable to the NOCAL Participation and the Citizen Participation shall be dealt with as set forth below.

- (a) With the consent of the Minister of Finance and Development Planning, NOCAL may receive the NOCAL Participation's share of Remaining Oil Production (after giving effect to the right of the Non-State Parties under Article 17.2 (a) to be reimbursed for carried costs for, and under Article 17.2(c) to be reimbursed for advances made to fund cash calls on, the NOCAL Participation) in kind and market for the benefit of NOCAL all or part of the NOCAL Participation's share of Remaining Oil Production for any calendar month concerned, and in any such case, the procedures set forth in Article 14.7(a) and (b) shall apply as though they referred to the NOCAL Participation. NOCAL shall receive the NOCAL Participation's share of Remaining Natural Gas Production in kind only to the extent the State's share of such production is to be received in kind pursuant to Article 14.7., and then only to the extent provided in the preceding sentence for Remaining Oil Production.
- (b) With the consent of the Minister of Finance and Development Planning, NOCAL may receive all or part of the Citizen Participation's share of Remaining Oil Production for any calendar month concerned (after giving effect to the right of the Non-State Parties under Article 17.2 (a) to be reimbursed for carried costs for, and under Article 17.2(c) to be reimbursed for advances made to fund cash calls on, the Citizen Participation) and market it for the benefit of the Citizen Participation, and in any such case, the procedures set forth in Article 14.7(a) and (b) shall apply as though they referred to the Citizen Participation. NOCAL shall receive the Citizen Participation's share of Remaining Natural Gas Production in kind only to the extent the State's share of such production is to be received in kind pursuant to Article 14.7, and then only to the extent provided in the preceding sentence for Remaining Oil Production. All proceeds of such marketing shall be applied by NOCAL in

such manner as shall be directed by the Minister of Finance and Development Planning.

- (c) Operator shall market on behalf of each of the NOCAL Participation and the Citizen Participation such participation's share of all Remaining Oil Production and Remaining Natural Gas Production allocable to such participation not taken in kind pursuant to clause (a) of (b) of this Article 17.5, shall make payment, net of applicable taxes and fees, as provided in Articles 17.2(d) and (e), and report with respect thereto as provided in Article 14.8, except that the report referred to in the last sentence of Article 14.8 shall also be given to the Authority and NOCAL. In the case of the NOCAL Participation, NOCAL may by notice from time to time to the Operator require payment for such sales by the Operator to be made in Dollars or in the foreign currency in which the sale has been made. In the case of the Citizen Participation, payment shall be made in Dollars.
- (d) NOCAL does not have an economic interest in the revenues allocable to the Citizen Participation and shall not be subject to tax on, based on or measured by such revenues realized from the Citizen Participation, except to the extent of its right to receive cost reimbursement.
- (e) So long as NOCAL holds both the voting rights for the NOCAL Participation and the Citizen Participation, it shall vote such rights separately for the purpose of deciding matters under the JOA that are to be decided by the participants in the Contractor voting in proportion to their respective participating interests. NOCAL shall consult with the Minister of Finance and Development Planning before the vote the outcome of which could adversely affect the Citizen Participation interest to a greater extent than the NOCAL Participation, and shall vote the interest as instructed by the Minister.

ARTICLE 18

VALUATION OF CRUDE OIL

- 18.1 For the purposes of this Contract, the "**Market Price**" for Crude Oil shall be the FOB 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 such Market Price is determined in this Article 18. A Market Price shall be established for each type of Crude Oil or Crude Oil blend for each Exploitation Area.
- 18.2 The Market Price applicable to liftings of a type of Crude Oil or Crude Oil blend during a Quarter shall be calculated at the end of that Quarter and shall be equal to the volume-weighted average of the prices obtained by the Contractor for Crude Oil sold to third parties in Arm's Length Sales during that Quarter, provided that the quantities so sold in Arm's Length Sales during that Quarter for such type of Crude Oil or Crude Oil blend represent at least seventy percent (70%) of the Total Production of such type of Crude Oil or Crude Oil blend obtained from all the Fields in an Exploitation Area and sold during said Quarter.

18.3 If no such Arm's Length Sales are made during the Quarter in question, or such Arm's Length Sales for any type of Crude Oil or Crude Oil blend sold from such Exploitation Area represent less than seventy percent (70%) of the Total Production of Crude Oil of such type or blend obtained from all the Fields in an Exploitation Area and sold during said Quarter, the Market Price shall be determined as the Fair Market Value of such sales. "**Fair Market Value**" shall be determined by taking into account the quality, gravity, quantity, delivery conditions and terms of payment, and any other relevant conditions, including the prevailing market conditions for Crude Oil, all in accordance with the principles set forth below. One (1) year prior to the anticipated start of Commercial Production, the Authority and the Contractor shall meet to agree on a formula which will be used to determine the Fair Market Value of quarterly sales volumes if a Market Price cannot be established under the terms of Article 18.2. The following principles shall apply in determining the quarterly Fair Market Value of any type of Crude Oil or Crude Oil blend:

- (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) If the Authority and the Contractor cannot agree on an appropriate formula within sixty (60) days after either Party has submitted, following a declaration of commercial feasibility, following a declaration of commercial feasibility, either of them may submit such disagreement to arbitration in accordance with Article 31.8.

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

- (c) If the Contractor must make a payment for Crude Oil under Article 14.8, 15.3 or 17 of this Contract prior to the determination of the Market Price or Market Prices applicable to the Quarter in which the Crude Oil was sold, the Contractor shall make an estimate in good faith of the applicable Market Price or Market Prices.
- (d) Within fifteen (15) days following the end of each Quarter, the Contractor shall determine, in accordance with the provisions of Articles 18.2 and this 18.3, the Market Price or Market Prices applicable for the Crude Oil liftings during that Quarter and shall notify the Authority of the values so determined, indicating the method of calculation and all data used in the calculation of such Market Price or Market Prices.
- (e) Within thirty (30) days following the end of each Quarter, the Contractor shall notify the Authority of all payment adjustments required to be made as a result of any differences between the estimated Market Prices used by the Contractor in making payments during such Quarter and the Market Prices notified to the Authority pursuant to Article 18.5 and of all resulting adjustments to the Petroleum Costs Account. If there is an overpayment, it shall be adjusted as a credit against subsequent payments due under Article 14.8, 15.3, or 17 of this

Contract. If there is an underpayment, it shall be adjusted by payment by the Contractor to the recipient of the underpayment within thirty (30) days from such determination in the manner required for the initial payment.

- (f) Within twenty (20) days following any adjustment to any Arm's Length Sale or other invoiced price used to determine a Market Price for any Quarter, the Contractor shall notify the Authority of such adjustment and the increase or decrease in such Market Price attributable to such adjustment, and shall make appropriate adjustments to all payments made by the Contractor during the relevant Quarter under Articles 14.8, 15.3 and 17, and to the Petroleum Costs Account. If there was an overpayment, it shall be adjusted as a credit against subsequent payments due under the relevant Article or Articles of this Contract. If there is an underpayment, it shall be adjusted by payment by the Contractor to the recipient of the underpayment within twenty (20) days from such determination in the manner required for the initial payment.

- 18.4 Within thirty (30) days following receipt of any information referred to in Article 18.3, the Authority shall notify the Contractor of its objections to (a) the determination of, or any adjustments to, the Market Price or Market Prices applicable to liftings made during the relevant Quarter or (b) the calculations by the Contractor of any resulting payment and Petroleum Costs Account adjustments.

If the Authority has notified objections to the Market Price determined by the Contractor under Article 18.3 for the Quarter, the Authority and the Contractor shall meet in Monrovia or as otherwise agreed within ten (10) days following the Authority's notification to mutually agree on the Market Price. If the Authority and the Contractor fail to agree on the Market Price of the Crude Oil lifted for a given Quarter within thirty (30) days after the end of that Quarter, the Authority or the Contractor may submit the determination of the Market Price for that Quarter for arbitration in accordance with Article 31.

No notification of objection by the Authority under this Article 18.4 shall postpone the obligation of the Contractor to make any payments stated to be due in a notice of Contractor provided under Article 18.3.

- 18.5 All payments by Contractor shall be reported in the manner required under the rules of LEITI.

ARTICLE 19

DISPOSAL OF CRUDE OIL PRODUCTION

- 19.1 If the shares of Remaining Oil Production available to the State under Article 14.4 are insufficient to cover the needs of the domestic market of Liberia (directly or through the swap of Crude Oil for refined products), the Ministry of Finance and Development Planning on recommendation of the Authority shall have the right to request, upon six (6) months prior notice to the Contractor, that a quantity of Crude Oil up to a total of ten percent (10%) of the Contractor's Remaining Oil Production entitlement shall be sold by the Contractor in the following Calendar Year to a company wholly owned by the State for the purpose of satisfying the needs of the domestic market of Liberia. Such contribution of the Contractor shall be in proportion to its share of production to

the total Crude Oil production in Liberia. In addition, in the event of war, threat of war, or natural disaster, the Authority and the Ministry of Finance and Development Planning may, with the approval of the President, jointly direct the Contractor and all other Petroleum producers under the jurisdiction of the Authority to place petroleum at the disposal of the State. The Authority shall apportion the burden of any such direction as equitably as practicable among all such producers.

- 19.2 The price of the Crude Oil sold under Article 19.1 for the needs of the domestic market and the price of Crude Oil placed at the disposal of the State by the Contractor pursuant to Article 19.1 shall be the Market Price for the Quarter in which the sale occurred as preliminarily determined and subsequently adjusted 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 Contractor's invoice unless otherwise agreed between the Contractor and the purchaser. The price shall be subject to subsequent adjustment in the manner and at the times provided in Article 18.

- 19.3 The transfer of title to, and the transfer of risk of loss to, the share of Petroleum production to which the State and the entities participating in the Contractor are entitled shall occur on delivery at the Delivery Point. The Contractor shall insure against risk of loss in regard to shipments of any Petroleum sold for the account of the State or for the account of the Citizen Participation or the NOCAL Participation so long as it is held by or for the benefit of the State or its citizens unless such risk of loss passes to the purchaser at the Delivery Point by the terms of the relevant purchase agreement, and such insurance costs shall constitute Petroleum Costs.

- 19.4 Except as otherwise provided in this Contract, each entity participating in the Contractor shall have the right and obligation to separately own, take in kind, lift and dispose of the share of Petroleum to which it is entitled under this Contract. The State and each of the entities participating in the Contractor shall lift their Petroleum entitlements on as regular a basis as possible, it being understood that the State and each of the entities 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 the State and the entities participating in the Contractor has the largest share of produced and unlifted quantity of Petroleum at a given time.

- 19.5 At least ninety (90) days prior to the start of Commercial Production from an Exploitation Area producing Crude Oil, the Authority (in consultation with NOCAL) and all of the entities participating in the Contractor shall in good faith negotiate and conclude a lifting program on the basis of the AIEN Model Form Lifting Procedure and the principles above-described, taking into account their respective wishes 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 adjustments compatible with said principles to reflect changing circumstances. If a lifting program has not been concluded by the date of the first delivery of Crude Oil, the State and each entity participating in the Contractor shall

nonetheless be obligated to take and separately dispose of such Crude Oil as to which it is entitled under this Contract (excluding Crude Oil which the Contractor has agreed to market on behalf of the Citizen Participation, which shall be lifted and marketed by the Contractor for the account of the Citizen Participation as provided in Article 17.4), and in addition will be bound by the terms set forth in the AIEN Model Form Lifting Procedure until a lifting program is executed.

The manner in which the State and the entities participating in the Contractor shall deal with the lifting, taking and disposal of Natural Gas production shall be established in connection with the decisions on the manner in which Natural Gas production shall be carried out, as provided in Article 21.

ARTICLE 20

MEASUREMENT OF PETROLEUM

20.1 The Contractor shall measure the volume and quality of Total Production for each Exploitation Area at the Delivery Point and as necessary for compliance with Article 20.2, using 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 the Authority. The Contractor shall periodically calibrate the measurement appliances and the period for calibration shall be agreed with the Authority.

20.2 The Parties recognize that the required measurements may occur on the seafloor and that the location of the devices may introduce practical limits with regard to periodic inspection. Subject to this limitation, the Authority'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. The Authority shall have the right to authorize an internationally recognized inspection company to conduct such inspections and examinations.

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

20.3 If a measuring error is discovered by either the Authority 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 the Authority'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 Party

benefitting from such error. Retrospective adjustments to related payments and Petroleum Costs Account balances shall be made within thirty (30) days of the determination of the amount of the error. If there was an overpayment, it shall be adjusted as a credit against subsequent payments due under the relevant Article or Articles of this Contract. If there is an underpayment, it shall be adjusted by payment by the Contractor within twenty (20) days from such determination in the manner required for the initial payment.

If the Authority and the Contractor disagree over a measurement issue, either one may submit the issue to Expert Determination in accordance with Article 31.8.

- 20.4 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 20 shall be considered Petroleum Costs.

ARTICLE 21

NATURAL GAS

21.1 Non-Associated Natural Gas

- (a) If the Contractor has applied for and been granted an exclusive appraisal authorization for a Non-Associated Natural Gas discovery in accordance with Articles 5.3 and 5.4, then within the first ninety (90) days of the initial appraisal period the Authority 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 21.3(b);
 - (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 6 that govern the JOC, except that the Contractor shall appoint the permanent chairperson of the Gas Committee.
- (c) If, despite their reasonable endeavors during the 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,

by notice to the Authority prior to the expiry of the term of the exclusive appraisal authorization, request an extension of the exclusive appraisal authorization for the Appraisal Area of the Non-Associated Natural Gas discovery of up to five (5) years to allow the definition of a commercially viable market, either as a stand-alone development, or as a combined development of current discovered reserves and future exploration prospects. The Authority will not unreasonably withhold its approval for said extension.

- (d) If the Contractor does not timely apply for an exclusive appraisal authorization for appraisal of the Non-Associated Natural Gas discovery concerned or for an extension thereof pursuant to Article 5.6 or Article 21.1(c), the Authority may by notice to the Contractor terminate the Contractor's rights to all Non-Associated Natural Gas which could be produced from said discovery without any compensation for the Contractor.
- (e) Following completion of appraisal work for the Non-Associated Natural Gas discovery, if the Parties should jointly decide that the exploitation of the Non-Associated Natural Gas discovery is justified to supply the local market, or if the Contractor should decide to develop and produce Natural Gas for export, the Contractor shall submit to the Authority in accordance with Articles 5.8 and 5.9 a development and production plan and an application for an exclusive exploitation authorization, which shall be dealt with by the Authority under the terms provided, *mutatis mutandis*, in Articles 5.10 to 5.13.
- (f) Upon the granting to the Contractor of an exclusive exploitation authorization for the Non-Associated Natural Gas discovery, 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 and the provisions of this Contract.
- (g) If the Contractor's rights have been terminated as provided in Article 21.1(d) or the Contractor fails to submit to the Authority a timely application for an exclusive exploitation authorization in accordance with Article 21.1(e), the Authority may by notice to the Contractor terminate the Contractor's rights to all Non-Associated Natural Gas which could be produced from the Field relating to said discovery without any compensation for the Contractor. The Authority is thereafter free to offer the rights to the discovery in accordance with the Petroleum Law.

21.2 Associated Natural Gas

- (a) If there is a commercial discovery of Crude Oil with Associated Natural Gas, the Contractor shall state in the report to the Authority delivered pursuant to Article 5.7 whether 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 for the purpose of enhancing Petroleum Operations and field or platform use), and if it considers that such excess is capable of being produced in commercial quantities. If the Contractor shall have informed the Authority 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 if the Contractor wishes to develop and produce that excess Associated Natural Gas, the Contractor shall indicate in a development and production plan of the scope referred to in Article 5.9 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 approved development and production plan, and the provisions of the Contract.

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

- (b) If the Contractor does not consider that the development of excess Associated Natural Gas is justified, the Authority is free to make arrangements with a third party to take on the responsibility for the utilization of such Associated Natural Gas. In any such case:
 - (i) the Contractor shall put such excess Associated Natural Gas at the disposal of the entity designated by the Authority free of charge at the Crude Oil and Associated Natural Gas separation facilities;
 - (ii) such entity shall be responsible for all the costs for the receiving, processing, compressing and transporting of the excess Associated Natural Gas from the Contractor's above mentioned separation facilities, and shall bear any additional costs and liabilities related thereto; and
 - (iii) the design, placement and construction of the facilities utilized by such entity in receiving, processing, compressing and transporting the excess Associated Natural Gas 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 adversely affect the production, lifting and transportation of Crude Oil by the Contractor (other than on a short term temporary basis attributable to the construction, placing or maintenance of such facilities).

21.3 Provisions Common to Associated and Non-Associated Gas

- (a) 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 by Contractor, and to transport, store and 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 the sharing between the State and the Contractor under Article 14.
- (b) For the purposes of this Contract, the "**Market Price**" for Natural Gas shall be equal to:

- (i) With respect to Natural Gas export sales, the invoiced price obtained by the Contractor for Natural Gas in Arm's Length Sales to third parties, or absent Arm's Length Sales, the value at which such Natural Gas could be sold on similar terms, at similar times and at a similar location by parties in Arm's Length Sales.
- (ii) With respect to Natural Gas sales transactions on the domestic market, a Natural Gas sales price determined on the basis of a formula which shall be mutually agreed between the State and the Contractor using the following considerations:
 - (iii) publicly available information regarding international market prices of natural gas similar in quality to the gas to be valued;
 - (iv) the market destination of the Natural Gas;
 - (v) the price of alternative Natural Gas at the final destination;
 - (vi) ancillary costs required to produce and market gas, such as gathering, treating or processing costs, distribution costs or taxes;
 - (vii) an assumption of sound marketing practices;
 - (viii) an assumption of efficient operations;
 - (ix) provision for an economic return commensurate with that of international gas development projects; and
 - (x) any other relevant considerations.
 - (xi) Adjustments for any differences between an estimated Natural Gas Market Price and the Natural Gas Market Price as finally determined shall be provided for in a manner consistent with the adjustments for Crude Oil Market Prices set forth in Article 18.
- (c) If the Contractor participates in the development, production and marketing of Natural Gas under Articles 21.1 and/or 21.2, the Contractor shall market the State's allocation of the Net of Royalty Production of Natural Gas, as well as the shares of Remaining Natural Gas Production applicable to the NOCAL Participation and the Citizen Participation except as expressly provided otherwise in the applicable development and production plan.
- (d) All facilities shall be planned and constructed so as to avoid any natural gas flaring or venting under normal operating conditions. Any excess of Natural Gas which is not marketed or utilized in Petroleum Operations shall be reinjected by the Contractor unless the Authority has authorized it to be flared
 - (i) during production testing operations,
 - (ii) when necessary for the safety of operations in accordance with Good International Petroleum Industry Practices, and/or
 - (iii) when re-injection is incompatible with good reservoir management or petroleum engineering practice and the Director General is reasonably satisfied that the Natural Gas cannot be marketed or otherwise utilized in a manner that would avoid material interference with Crude Oil production. In

case of an emergency, the Contractor may undertake flaring or venting of Natural Gas without the prior approval of the Director General, but the Contractor shall ensure that flaring or venting is kept at the lowest possible level, shall notify the Authority promptly of such occurrence and as soon as practicable thereafter shall submit to the Authority a technical report detailing the nature and circumstances that caused the emergency and the steps taken to eliminate the need for such flaring or venting.

ARTICLE 22

ABANDONMENT AND TRANSFER OF ASSETS

- 22.1 This Article 22 deals with the funding of each Abandonment Plan required of the Contractor, the right of the Authority to direct the disposition of certain assets of the Contractor used in carrying out Petroleum Operations to Successor that will step into the operation of such assets, and the manner in which the Abandonment Fund relating to that Abandonment Plan shall be utilized upon the end of the term of this Contract to fund the environmental remediation or restoration and abandonment obligations of the Contractor and any Successor.

The Contractor's obligations under this Contract with respect to removal, abandonment and environmental remediation are not limited by the available or non-availability of funds under any Abandonment Fund established pursuant to this Article, and the Contractor shall retain all responsibility for removal, abandonment and environmental remediation required by this Contract except with respect to assets taken by a Successor pursuant to this Article 22.

- 22.2 Six (6) years prior to the end of an exclusive exploitation authorization covering the related Exploitation Area, or when all Fields located in such Exploitation Area have remaining recoverable petroleum (based on then-current recoverability estimates) only fifty percent (50%) of their highest estimated cumulative productive capacity, whichever first occurs, the Contractor shall submit to the Authority and the EPA a proposed revised Abandonment Plan and budget for such Exploitation Area.

- (a) The proposed revised Abandonment Plan shall include the Contractor's recommendations in accordance with Good International Petroleum Industry Practice and applicable Law for the dismantlement and removal or abandonment of the production facilities in the Exploitation Area and any related remediation or restoration requirements, together with a budget covering all such work. The budget shall include such allowance for inflation between the time of funding and the projected time of expenditure as is reasonable under the circumstances then existing. The revised plan and budget shall be subject to review and approval by the Authority and the EPA. The principles of Articles 5.10 and 7.12 shall govern the review and approval by the Authority. If there is any dispute as to whether the Abandonment Plan is in accordance with Good International Petroleum Industry Practice or as to the related budget or the yearly amount to be funded into the Abandonment Fund, either the Authority or the Contractor may submit the question to Expert Determination in accordance with Article 31.8.

- (b) Within ninety (90) days of approval by the Authority and the EPA of a revised Abandonment Plan and budget for an Exploitation Area, the Contractor shall establish an abandonment fund in Dollars to be held in an interest-bearing account (hereinafter called the “Abandonment Fund”) 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 and satisfactory to both the Ministry of Finance and Development Planning and the Contractor. There shall only be one Abandonment Fund for an Exploitation Area even if there are multiple Fields subject to exploitation in such area, but the Abandonment Plan for, and the amounts to be contributed to the such Abandonment Fund shall be based upon the assumption that each individual Field may be separately abandoned. The terms and conditions on which funds may be withdrawn from an Abandonment Fund shall be established by agreement among the Authority, the EPA and the Contractor consistent with the terms of this Article 22. The investment guidelines for each Abandonment Fund shall be established by the Contractor with the approval of the Authority after consultation with the Ministry of Finance and Development Planning, which approval shall not be unreasonably withheld.

Notwithstanding the foregoing, if agreement is not reached on a revised Abandonment Plan and related funding requirements within ninety (90) days of the submission of Contractor’s revised plan pursuant to this Article 22.2, Contractor shall create and begin funding the related Abandonment Fund in the amounts proposed under Contractor’s proposed revised Abandonment Plan, such funding to be on the basis set forth in Article 22.2(c).

- (c) As from the establishment of an Abandonment Fund, the Contractor will pay a per unit of production assessment for the Fields located in the Exploitation Area calculated by dividing the abandonment budget for such Fields by the estimated cumulative units of recoverable petroleum from the Exploitation Area between the approval date of the revised Abandonment Plan and the end of an exclusive exploitation authorization covering the related Exploitation Area. Thus, if remaining recoverable petroleum from the Fields located in the Exploitation Area is estimated at 60,000,000 Barrels, and the most recently adjusted budget for abandonment and remedial or restoration operations is US\$45,000,000, US\$0.75 shall be paid into the fund for each Barrel produced. The remaining recoverable petroleum from the Fields within each Exploitation Area shall be re-estimated at the beginning of each Calendar Year, and the per-barrel payment requirements into the related Abandonment Fund for that year shall be adjusted accordingly, taking into account any interim budget adjustments. Payments shall be made by the Contractor into each Abandonment Fund within thirty (30) days after the end of each calendar month, based on the number of barrels lifted during such month.
- (d) All monies paid into the Abandonment Fund by the Contractor shall be recoverable as Petroleum Costs.
- (e) In the case of an Exploitation Area with multiple Fields, the Contractor’s Abandonment Plan must take into account the existence of, and provide for the abandonment or removal of, or appropriate remediation or restoration with

respect to, any assets used in connection with the conduct of Petroleum Operations in that Exploitation Area and not uniquely associated with a specific Field.

- (f) Payments by the Contractor into an Abandonment Fund shall be treated as payments to the State subject to LEITI disclosure rules, and the Authority shall establish procedures for the regular reporting and publication on its website of such payments and of withdrawals from such fund.

- 22.3 At least thirty (30) months but not more than thirty-six (36) months prior to the expiration or surrender of this Contract (or if earlier, at least one year prior to the projected surrender or abandonment by the Contractor of any Field), the Contractor shall commission an independent environmental audit of the assets and operations to be affected by such action and the area in which they are located or occur in order to determine any removal, abandonment or environmental remediation or restoration required under applicable Law or Good International Petroleum Industry Practice and not already provided for in the current Abandonment Plan for such Field. The audit shall be performed by an environmental audit firm reasonably satisfactory to the Authority in accordance with the provisions of Article 7.14, and shall be commissioned, conducted and completed within such timeframe as will result in the audit report being furnished to the EPA, the Authority and NOCAL no later than two years prior to the proposed date of abandonment, surrender or termination. The cost of the audit shall constitute Petroleum Costs. All additional work recommended by the audit and approved by the EPA shall be added to the relevant Abandonment Plan to the extent not already included therein, the budget for such plan shall be increased to the extent necessary to fund any portion of such work not already included in such budget, and the Contractor's per-barrel funding requirement (determined as in Article 22.2(b)) shall be increased to the extent necessary to fund the additional estimated costs by the date of the proposed abandonment, surrender or termination.
- 22.4 The Contractor shall regularly review the compliance of each Abandonment Plan with the applicable requirements of this Contract and the adequacy of the available and projected funding to carry out such Abandonment Program. If it is anticipated by the Contractor that there will not be sufficient funds in an Abandonment Fund to fully perform all removal and abandonment operations and environmental remediation or restoration required by the Abandonment Plan for an Exploitation Area, as such plan shall have been modified by operation of Article 22.3, or to ensure compliance with Article 22.2c), the Contractor shall implement appropriate increases in the per-barrel funding requirement applicable to such Abandonment Plan.
- 22.5 The Abandonment Fund shall be established on terms permitting withdrawals therefrom only against presentation of evidence reasonably satisfactory to the Authority that amounts for which withdrawal is sought are for amounts due and payable on account of removal or abandonment operations or environmental remediation or restoration with respect to assets and operations of the Fields located in the Exploitation Area for which such Abandonment Fund was created. The Authority may require that amounts withdrawn be paid directly to the Person or Persons entitled to receive payment for the performance of such work. No Party shall mortgage, pledge, encumber its rights in any Abandonment Fund except in connection with a pledge or mortgage permitted by Article 26.5 or otherwise seek to use such Abandonment Fund for any purpose other than as expressly provided herein,

22.6 When the Contractor proposes to surrender a Field or an Exploitation Area, prior to the surrender or expiration of this Contract, the Contractor shall offer to a Successor (as defined below) in accordance with Article 22.8 the opportunity to acquire at no cost the assets used in Petroleum Operations with respect to such Field or Exploration Area (or with respect to all Fields and Exploration Areas within the Contract Area in the case of surrender or expiration of this Contract).. A termination of this Contract by agreement of the Parties is a surrender for the purposes of this Article 22.

- (a) The Authority may designate NOCAL, acting on its own or through a successor contractor composed of NOCAL and one or more third parties, or one or more third parties (in any such case, the “**Successor**”), as the entity to acquire such assets in accordance with this Article 22. The acquisition must occur concurrently with or after the execution of a petroleum agreement between the Successor and the Authority pursuant to which the Successor will continue Petroleum Operations with such assets. Such petroleum agreement is expected to set forth the terms on which the Successor will operate such assets, share the revenue arising therefrom with the State, and take responsibility for the abandonment or removal of such assets and related environmental remediation or restoration. The Contractor shall be relieved of all its liabilities under this Contract with respect to the assets being acquired and the operations relating thereto arising from and after the date of the acquisition. The Contractor acknowledges that that a principal purpose of the Successor provisions in this Article 22 is to facilitate the ability of the Authority to secure continuing delivery of petroleum from the Field or Exploitation Area involved.
- (b) Such offer shall, subject to section 22.7 include all assets, movable and immovable, used in the production of Petroleum from the or from the Field or Exploration Area involved located in Liberia either inside or outside the relevant Exploration Area, including without limitation, 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 as well as machinery and equipment which are inextricably linked of such facilities.
- (c) In the case of owned assets, the Successor shall receive good title to such assets, free and clear of encumbrances of any kind. In the case of leased assets, the Contractor shall use reasonable efforts to ensure that leased assets not readily available in the local market are leased on terms such that any Successor will be able to continue the use thereof on normal commercial terms and conditions for at least five (5) years, subject to actual useful life constraints. In the case of assets the utility of which depends access to on associated intellectual property rights or know-how, the Contractor shall use its best efforts to make such rights available to the Successor on commercially reasonable terms and conditions, provided that if any such rights are held by a Non-State Party such rights must be made available to the Successor on commercially reasonable terms and conditions at least as favorable as made available by such Party to third parties.

22.7 If any assets relating to a Field proposed for surrender are at the time used in the conduct by the Contractor of other Petroleum Operations within the same or other

Exploitation Area that will continue after such surrender, the Contractor shall identify such assets in its offer notice pursuant to Article 22.8 and specify that such assets are not offered for acquisition. If the Successor elects to acquire those assets that are available for acquisition pursuant to such notice and continue Petroleum Operations with respect to such Field, Contractor shall enter into good faith negotiations with the Successor as to the terms on which the assets not available for acquisition can be utilized for the benefit of both the Successor and the Contractor on a fair and equitable basis. The Contractor may require that it remain responsible for the management, operation and maintenance of any such assets during the time of their use on terms that apportion such use and the associated costs on a fair and equitable basis for the benefit of both the Successor and the Contractor. If the Successor and the Contractor are unable to agree on such terms, either Party may submit the matter to Expert Determination in accordance with Article 31.8.

- 22.8 No later than two hundred and seventy (270) days prior to the abandonment of a Field or Exploration Area by the Contractor, or the expiration or surrender of this Contract, the Contractor shall provide NOCAL and the Authority with notice setting forth (i) a list of the assets (including leased property, where possible) that will become available for transfer to the Successor, including a description and the condition of each item in sufficient detail to permit NOCAL to form a reasonable opinion as to its utility to the Successor, (ii) an identification of intellectual property and knowhow necessary for the effective use of such assets and not generally publicly available, and (iii) a list of the assets that the Contractor proposes to retain but make available for use by the Successor in accordance with Article 22.7.
- (a) The Operator shall make itself reasonably available to NOCAL or a proposed Successor from time to time following delivery of the notice required by this Article 22.8 to respond to questions concerning the nature of the assets available, the manner in which common use assets may be dealt with, and other matters relevant to the achievement of a transfer that maintains the productivity of the Field.
 - (b) The Successor shall have one hundred and thirty-five (135) days from the date of delivery of such notice to indicate that it wants to pursue the acquisition of the assets identified in such notice. Any offered assets rejected by the Successor shall not be part of the transfer and shall be removed or abandoned by the Contractor pursuant to the applicable provisions of this Contract.
 - (c) The Contractor shall promptly seek to negotiate with the Successor and the Authority in good faith a transfer agreement with respect to the assets to be transferred, having due regard to common precedents within the industry for end-of-contract transfers of exploitation rights and related assets. Unless Contractor agrees to a later date, any such agreement shall be entered into, and the closing thereunder shall occur, no later than a business day in Monrovia not more than two hundred seventy (270) days after delivery to the Authority of the available asset notice required by this Article 22.8. The transfer agreement shall include acceptance by the Successor of the terms of this Contract applicable to the transfer process except as the Authority and the Contractor may otherwise agree.

- (d) The Contractor may not remove any assets from Liberia required to be listed under this Article 22.8 unless they were in fact listed in the notice provided for in this Article 22 and either (i) such assets were not included in the Successor's election, or (ii) the Successor failed timely to make such election. Any property rejected by the Successor shall be deemed refused by the Successor and shall be dealt with by the Contractor as provided in the relevant Abandonment Plan.
- (e) The Contractor shall transfer all assets elected by the Successor (including all related intellectual property and knowhow rights referred to in Article 22.6(c)) to the Successor upon the scheduled closing date under the asset transfer agreement.
- (f) The Contractor shall continue to bear the risk of loss or damage to assets and all liabilities accruing to the Contractor under this Contract:
 - (i) with respect to assets (and related operations) that are transferred to the Successor pursuant to this Article 22, until the occurrence of such transfer; and
 - (ii) as to all other assets (and the related operations), as provided in this Contract.
- (g) If this Contract has been terminated by the Authority under Article 30, (i) the list of assets referred to above in this Article 22.8 shall be delivered by Contractor within ninety (90) days after the date of the notice of termination from the Authority, or if such notice was contested by the Contractor as provided in Article 30, within ninety (90) days of the final resolution of such contest if it results in termination, (ii) the term of the Successor's election right under Article 22.6(a) shall run from the later of the date of delivery of such list and the date of such final resolution, (iii) the provisions of Articles 22.6, 22.7 and this Article 22.8 shall otherwise be applicable, *mutatis mutandis*, and (iv) the Contractor shall continue to be responsible for the abandonment and removal and related environmental remediation or restoration with respect to all assets not transferred to the designated Successor.
- (h) If (i) a designated Successor has agreed to take over the assets relating to a Field (or Exploitation Area) and continue production from such Field (or Exploitation Area), (ii) the transfer of possession of the assets to a Successor under this Article 22 cannot be carried out on the proposed abandonment date or at the end of the term of this Contract, as the case may be, in a manner that enables the production of Petroleum to continue safely and without interruption through the transfer, and (iii) a stoppage of production might significantly reduce the value of the assets or the Field proposed to be transferred, the Authority, the Successor and the Contractor shall engage in good faith discussions to seek agreement on terms that would permit the delay of the transfer for up to six (6) months (and would include any necessary concurrent extension of the term of this Contract) to facilitate a transfer at a time that does not interrupt production, during which the Contractor will continue production. In any such case the Authority shall agree to such modification of the fiscal terms of this Contract applicable during the extension period as it reasonably

determines to be necessary to ensure that the Contractor at least recovers the Petroleum Costs incurred by it during the extension period.

- 22.9 If the Contractor failed to list any assets as required by Article 22.6(b) then, unless such assets were actually taken by the Successor, the Contractor shall remain responsible for the removal, abandonment or required remediation or restoration with respect to such assets pursuant to the Abandonment Plan applicable to the relevant Field or Exploration Area and the provisions of this Contract. If any assets not taken by a Successor were not covered by an Abandonment Plan, the Contractor shall remain responsible for removal, abandonment and environmental remediation or restoration in accordance with applicable Law and good International Petroleum Industry Practice.
- 22.10 If a Successor takes over the assets of and the responsibility for an entire Exploitation Area, it shall succeed to the rights and duties of the Contractor with respect to the Abandonment Plan and Abandonment Fund relating to such Exploitation Area, provided that if such Abandonment Fund was fully funded by the Contractor in the amount required by this Article 22 at the time of the takeover, the Contractor shall be entitled to recover from the transferred Fund any amounts properly paid by the Contractor in discharge of any of its liabilities with respect to the removal, abandonment or environmental remediation or restoration with respect to such Exploitation Area accrued at the time of transfer, disclosed at such time, and not previously reimbursed or otherwise recovered as a Petroleum Cost, subject to the audit rights of the Authority under this Contract.
- 22.11 If a Successor takes over less than all of the assets of and the responsibilities for an entire Exploitation Area, the Authority, the Contractor and the Successor shall in good faith seek to agree on the allocation between the Contractor and the Successor of the rights and obligations of the Contractor with respect to the relevant Abandonment Plan and Abandonment Fund, and any modifications thereto needed to reflect the new allocation of responsibilities and the separate funding and financial responsibilities of the Contractor and the Successor, including any future contribution obligations relating to assets remaining with the Contractor. The allocation to the Contractor shall reflect any disclosed liabilities of the Contractor with respect to its removal, abandonment or environmental remediation or restoration with respect to such Exploitation Area accrued at the time of the transfer to the extent not previously reimbursed or otherwise recovered as a Petroleum Cost ("Carryover Liabilities"),
- (a) If they cannot agree on the allocation, the Authority may require Expert Determination of the matter as contemplated by Article 31.8 and the decision of the expert shall be binding on the Authority, the Contractor and such Successor.
 - (b) If the relevant Abandonment Fund was fully funded by the Contractor in the amount required by Article 22 at the time of the takeover, the Contractor shall be entitled to recover from its allocation of the Abandonment Fund any payments on account of Carryover Liabilities, subject to the approval and audit rights of the Authority under this Contract.
- 22.12 Following both (a) full performance by or on behalf of the Contractor of all abandonment operations and environmental remediation or restoration for which

Contractor is responsible under this Contract and (b) payment by Contractor of all amounts due from it under this Contract, any portion of an Abandonment Fund remaining available to fund the Contractor's responsibility for such operations under this Article 22 but not utilized for such purpose shall be applied as follows:

First, if the Contractor did not recover in accordance with the cost recovery provisions of this Contract all amounts paid into an Abandonment Fund by the Contractor, to the Contractor to the extent of the shortfall, and

Second, the balance thereafter remaining shall be added to any portion of such Abandonment Fund allocated to fund the removal, abandonment and environmental remediation or restoration obligations of any Successor (proportionately allocated if there were multiple Successors), and applied as provided in Article 22.13, provided that in the absence of any Successors, such balance shall be paid into the Consolidated Fund.

- 22.13 Following full performance by or on behalf of a Successor of all removal, abandonment environmental remediation or restoration obligations for which such Successor became responsible, any portion of the Abandonment Fund remaining available to fund such Successor's responsibility for such activities under this Article 22 but not utilized for such purpose shall be applied as agreed with the Successor.

ARTICLE 23

FOREIGN EXCHANGE CONTROL

- 23.1 The Contractor shall comply with the applicable foreign exchange control regulations, provided that:
- (a) the Contractor shall have the right to retain abroad all funds arising from sales of all Petroleum to which it is entitled under this Contract and all funds acquired or borrowed abroad in relation to its operations under this Contract, and to freely dispose of such funds to the extent that they may exceed its requirements for its operations in Liberia;
 - (b) no restriction shall be exercised on importation by the Contractor of funds for use in the performance of Petroleum Operations under this Contract;
 - (c) 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 other foreign investors; and
 - (d) the Contractor shall pay suppliers and service providers based in Liberia from bank accounts maintained with banks operating in Liberia, and 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.

ARTICLE 24

ACCOUNTING METHOD AND AUDITS

- 24.1 The Contractor shall at all times maintain true and correct books, records and accounts of the production and disposition of all Petroleum, of all receipts, costs and expenditures incurred in connection with performance by Contractor under this Contract, and of all other data necessary or proper for compliance with the regulations in force in Liberia and with the provisions of this Contract (including the accounting procedure set out in Annex II). The accounts shall be maintained for each Calendar Year in respect of Petroleum Operations, enabling in particular (i) the establishment of statements of Petroleum Costs and profit and loss accounts as well as balance sheets showing both the results of said Petroleum Operations and the asset and liability items allocated or related thereto, (ii) the determination of the Contractor's recoverable Petroleum Costs, the allocation of Crude Oil and Natural Gas production under Article 14 and Article 17, the determination of royalties due under Article 15.3, and the determination by each of the participants in the Contractor of its Liberian tax liabilities arising out of Petroleum Operations under this Contract, and (iii) the allocation of revenues and Petroleum Costs to Exploitation Areas in accordance with the requirements of this Contract..
- 24.2 The books, records and accounts relating to this Contract shall be maintained and recorded in Dollars. Whenever it is necessary to convert into Dollars expenses and incomes expressed in another currency, the exchange rates to be used for currency translation shall be equal to the arithmetic average of the daily closing rates for the purchase and sale of said currency during the month preceding the current accounting period as published by the Financial Times; for currency conversion at the rate actually experienced in the conversion when the expenses were paid or the income received
- 24.3 The books, records and accounts relating to this Contract shall be supported by detailed documents with respect to receipts and Petroleum Costs.
- 24.4 The Operator shall keep the books, records and accounts referred to in Article 24.1 and the related supporting documents referred to in Article 24.3 at a location at which the Operator generally maintains its regional or international group accounting operations from time to time. The Operator shall maintain duplicate copies of such books, records, accounts and supporting documents (which may be in electronic form) in Liberia after the Operator has established a local office in accordance with the provisions of Article 2.9.
- 24.5 The Operator must make all books, records, accounts and supporting documents required to be maintained under this Article 24 available for inspection as provided in this Article, until the later of:
- (a) in the case of books, records, accounts and supporting documents relating to all periods from the Effective Date to the end of the Calendar Year in which Commercial production commences, until the end of the fourth Calendar Year following the date upon which all entities participating in the Contractor have filed complete Liberian tax returns for all Calendar Years through the Calendar Year in which commercial production commenced, and for each Calendar Year

thereafter, until the end of the third Calendar Year following the Calendar Year in which all entities participating in the Contractor have filed complete Liberia income tax returns for the Calendar year in question;

- (b) if any cost or amount is under dispute at the end of the relevant period pursuant to clause (a) of this Article 24.5, the time at which that dispute has been resolved; or
- (c) such longer period as may be required by the Revenue Code or otherwise by Law.

On at least thirty (30) days' notice to the Contractor, the Authority or the Liberia Revenue Authority, at its sole expense except as provided below in this Article 24.5, 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, records, accounts and supporting documents of any entity participating in the Contractor (with respect to its interest in the Contractor and its Liberian tax liabilities relating thereto) or of the books, records, accounts and supporting documents maintained by the Operator with respect to operations under this Contract. The Operator and each such other entity will cooperate to provide copies of the books, records, accounts and supporting documents needed to complete the review or audit (subject to the record-retention limitations in this Article 24.5). The results of any such audit shall be delivered to the Authority and the Liberia Revenue Authority.

If the Operator or such entity is unable to cause the appropriate books, records, accounts or supporting documents needed to complete the audit to be available to the auditors in Liberia, the Contractor shall bear both the reasonable travel cost of a reasonable number of auditors to travel to the place where such materials 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.

Except as expressly provided in Article 24.6 and in Article 24.7, costs incurred by the Contractor or any entity participating in the Contractor in complying with this Article 24 are Petroleum Costs.

- 24.6 Except as provided in Article 24.7, if any inspection, audit or review pursuant to Article 24.5 finally determines that Petroleum Costs have been overstated, or that the entitlements of the State, the NOCAL Participation or the Citizen Participation to Petroleum or revenue accruing under this Contract have been understated, by more than three percent (3%) for any Calendar Year, all costs of the inspection, audit or review 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 Petroleum Costs shall be made to adjust for all misstatements identified as a result of any such inspection or audit.

Should the Authority and the Ministry of Finance and Development Planning fail to make any claim within thirty-six (36) months after the completion of any audit or review conducted pursuant to Article 24, no further objection or claim shall be made in respect of the returns and statements concerned, provided that if in a subsequent period an issue or error is identified that indicates material fraud or willful misconduct

occurred in relation to any period, the Authority or the Ministry of Finance and Development Planning shall have the right to re-examine reports and statements otherwise considered final or not previously audited and shall not be precluded from bringing any claim based thereon.

- 24.7 Insofar as a charge from any Affiliate of a participant in the Contractor is included as a Petroleum Cost under this Contract or is otherwise relevant to the determination of the taxable income of such participant, such charge may not include any element of profit and any duplication of costs, determined on the bases that such Affiliate's profit and cost allocation principles are consistent in application to all of its activities and that its profit and cost allocation principles are consistent in application to all of its activities. Each entity participating in the Contractor shall make available to the Authority and the Ministry of Finance and Development Planning 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.
- 24.8 An audit report from an accredited international auditor carried out in accordance with the second sentence of Article 24.7 demonstrating that that such Affiliate's costs are determined in accordance with the requirements of the first sentence of Article 24.4 shall be *prima facie* evidence that this requirement is satisfied, without prejudice to the audit rights of the Authority and the Liberia Revenue Authority under Article 24.5. Notwithstanding the initial paragraph of Article 24.6, all costs of an audit commissioned by the Authority or the Liberia Revenue Authority under Article 24.5 to determine compliance with the first sentence of Article 24.7, to the extent such costs do not exceed amounts found to be improperly charged, shall be borne by the Contractor and shall not constitute recoverable Petroleum Costs.

ARTICLE 25

IMPORT AND EXPORT

- 25.1 The Contractor shall have the right to import into Liberia, in its own name or on behalf of its subcontractors, in exemption of import duties as provided in Article 15.2(a)(x) all the technical equipment, materials, machinery and tools, goods and supplies necessary for the proper conduct of Petroleum Operations according to Good International Petroleum Industry Practice, and (y) 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 subcontractors, and to re-export the same, in exemption of custom duties under the conditions and subject to the limitations provided in the Revenue Code to the extent those items are no longer necessary for Petroleum Operations and have not become the property of a Successor pursuant to Article 22. Notwithstanding the foregoing, the Contractor, its agents and subcontractors are not permitted to import such items referred to in clause (x) of this Article 25.1 in exemption of import duties insofar as such items are available in Liberia under equivalent conditions of price, quality, delivery time, service and terms of payment, and the Contractor is not exempt from payment of the ECOWAS Trade

Levy on all goods from non-ECOWAS states which it imports into Liberia at the rate established by applicable Law.

Upon 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.

- 25.2 The Contractor, its agents and subcontractors shall have the right to sell in Liberia upon notice to the Ministry of Finance and Development Planning all equipment, materials, goods and supplies which they have imported when they are considered as surplus and no longer necessary for the Petroleum Operations (a) unless those items have become the property of a Successor pursuant to Article 22 upon surrender, expiration or termination of this Contract or at the surrender of a Field under this Contract, and (b) except that they may not sell explosives, gasoline or diesel within Liberia to third parties without the consent of the Ministry of Finance and Development Planning. If any such imported equipment, materials, 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 into the Consolidated Fund 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.
- 25.3 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 26

TRANSFERS AND CHANGES OF CONTROL

- 26.1 Neither the Contractor nor any entity participating in the Contractor may sell, assign, mortgage, pledge or otherwise encumber (for the purposes of this Article 26, any of the foregoing is called a "**transfer**") any of its rights and obligations arising under this Contract or any of its property in or outside Liberia used in carrying out Petroleum Operations other than in accordance with the provisions of this Article 26. Any transfer not consented to in advance by the Authority and permitted by this Article 26 to occur without such consent constitutes a material default under Article 30 of this Contract and will not be recognized by the Authority. This Article 26 does not apply to the creation or subsequent transfer of a participation in the Contractor pursuant to Article 17 of this Contract, does not apply to dispositions in the ordinary course of business of property used primarily in carrying out Petroleum Operations, and is independent of any transfer or similar restrictions contained in the JOA.
- 26.2 For purposes of this Article 26, a direct or indirect change in Control of an entity participating in the Contractor through a single transaction or series of related transactions requires the prior consent of the Authority unless otherwise provided in this Article 26. The consent requirement in the preceding sentence does not apply to a

change in Control of an entity participating in the Contractor occurring through a tender offer for securities of a parent company of such entity listed on a major stock exchange (as defined from time to time in regulations of the Authority) that is actively opposed by the board of directors or similar management authority of such parent company. A violation of this Article 26.2 by any participant in the Contractor other than the operator will be deemed cured for all purposes by the acquisition in compliance with clause (b), (c) and (d) of Article 26.3 by one or more of the other entities participating in the Contractor of the entire participating interest in the Contractor held by the entity as to which such breach occurred.

26.3 The Authority will consent to a proposed transfer by an entity participating in the Contractor of all or part of its undivided participating interest in the Contractor under this Contract to any third party if such participation interest did not arise under Article 17 of this Contract and such third party is a company organized under the laws of Liberia that:

- (a) has in the reasonable judgment of the Authority the technical and financial ability commensurate with the responsibilities and obligations which would be imposed on it hereunder;
- (b) accepts and assumes in a form reasonably satisfactory to the Authority all of the terms and conditions of this Contract and all the obligations of the transferor under this Contract with respect to the transferred interest;
- (c) makes in writing for the benefit of the State the representations, warranties and covenants set forth in Article 32.2 and 32.4(b);
- (d) is a Eligible Transferee; and

satisfies the Authority that if the transferor has provided a guarantee or other security under Article 33, such instrument will remain in full force and effect following the transfer, or any adjustments proposed to the amount secured by such instrument and/or any replacement instrument to be provided in support of the transferred participating interest have the prior consent of the Ministry of Finance and Development Planning under the standards set forth in Article 33. A violation of this Article 26.3 by any participant in the Contractor other than the operator will be deemed cured for all purposes by the acquisition in compliance with clause (b), (c) and (d) of Article 26.3 by one or more of the other entities participating in the Contractor of the entire participating interest in the Contractor held by the participant as to which such breach occurred, provided that such acquisition will not release the defaulting party from any of its obligations to the Authority under this Contract.

Transfers of the NOCAL Participation and the Citizen Participation are governed by the applicable terms of Article 17. Except in the case of an entity participating in the Contractor assigning all of its undivided participating interest, no entity participating in the Contractor (including any entity holding a participation arising under Article 17) may assign less than a five percent (5%) undivided participating interest to any entity that is not already an entity participating in the Contractor.

26.4 The Authority will consent to a proposed change in Control of an entity participating in the Contractor if prior to the effectiveness of such change in Control:

- (a) the Authority reasonably determines that such change in Control will not materially adversely affect the financial and technical ability of the entity participating in the Contractor to perform its responsibilities and obligations under this Contract;
- (b) the Authority is satisfied that if such entity has provided a guarantee or other security under Article 33, such instrument remains in full force and effect following the change in Control, or any adjustments proposed to the amount secured by such instrument and/or any replacement instrument to be provided in support of the transferred participating interest have the prior consent of the Ministry of Finance and Development Planning under the standards set forth in Article 33; and
- (c) such change in Control would not result in such entity becoming an entity that would not qualify as an Eligible Transferee.

A change in Control of an entity participating in the Contractor is also permitted without other consent if (i) the new Controlling entity establishes to the satisfaction of the Authority that it is an established international petroleum company engaged (directly or through wholly owned subsidiaries) as an operator in deep water petroleum exploration for at least ten years that is listed on a major international stock exchange and (ii) clause (b) and (c) of this Article 26.4 are satisfied.

26.5 Prior consent of the Authority is not required for an entity participating in the Contractor to encumber, through a mortgage, pledge or other grant, its undivided participating interest in the Contractor or in any of its properties used primarily for Petroleum Operations as security for advances made to it for the purpose of funding the cost of Petroleum Operations if:

- (a) any such encumbrance (i) is by its terms expressly subject to the terms of this Contract and subordinated to the rights of the other entities participating in the Contractor under this Contract and the JOA, and (ii) expressly acknowledges that each of the enforcement of remedies under such encumbrance and a voluntary transfer by the grantor of the encumbered properties in lieu of such enforcement constitutes a transfer requiring the prior consent of the Authority under this Article 26, and
- (b) the Authority has reasonably determined that the instrument creating such encumbrance complies with the requirements of this Article 26.5.

Any transfer or change in Control arising from the enforcement of such encumbrance other grant or from a voluntary transfer by the grantor of the encumbered properties in lieu of such enforcement must be consented to by the Authority in accordance with Article 26.3.

This Article 26.5 does not prohibit an entity participating in the Contractor from encumbering its share of Remaining Oil Production or Remaining Natural Gas Production if the encumbrance attaches such production only when lifted by such entity in accordance with the terms of this Contract and the JOA, and if such encumbrance does not entitle the holder thereof to direct the actions of, or to act in the name and stead of, such entity under this Contract or the JOA.

- 26.6 Any proposed assignment of rights and obligations or change in Control arising under this Contract by an entity participating in the Contractor to a third party shall require the prior approval of the Authority. If within ninety (90) days following notification to the Authority by a participant in the Contractor of a proposed transfer or change in Control accompanied by the relevant information the Authority has not consented to or refused consent to of the proposal, such transfer or change in Control shall be deemed consented to by the Authority. The Authority may reasonably request additional information to evaluate the proposal within forty-five (45) days after receipt of the request, and such request shall toll the running of the ninety (90) day period until such information is delivered.
- 26.7 An entity participating in the Contractor shall be entitled at any time with prior notice to the Authority to take any of the following actions:
- (a) assign its participating interest in the Contractor to a direct or indirect wholly owned subsidiary of its ultimate parent company if such subsidiary is a company organized under the laws of Liberia and satisfies the requirements of clauses (b) through (d) of Article 26.3 (but no such transfer shall adversely affect the enforceability of any guaranty or other surety delivered pursuant to Article 33), or
 - (b) transfer all or a portion of its participating interest in the Contractor to one or more other participants in the Contractor if such transfer results from the operation of the JOA as a consequence of (i) a failure of the participant to discharge its obligations under the JOA or this Contract or (ii) the opt-out provisions of the JOA.
- 26.8 If an entity participating in the Contractor has transferred all or any part of its participating interest in the Contractor in a transaction permitted under this Article 26 and is not otherwise in default in the performance of any of its obligations under this Contract, it shall, to the extent of the interest transferred, be released from all further obligations and liabilities arising under this Contract after the effective date of such transfer.
- 26.9 Any transfer or change in Control relating to the participating interest of the Operator in the Contractor must be permitted both under this Article 26 and under Article 2.8 of this Contract.
- 26.10 Any request for consent to a transfer or a change in Control or for review of an encumbrance under this Article shall be accompanied by a processing fee set forth in regulations adopted by the Authority.
- 26.11 Any transaction contemplated by this Article shall be subject to tax as and to the extent provided in the Revenue Code. Notwithstanding the foregoing, any indirect transfer of an equity interest in the Contractor resulting from a direct or indirect transfer of an equity interest in a Participant in the Contract that is not otherwise a taxable transfer under the Revenue Code that is made to an entity other than an entity that is wholly owned by the entity that at that time the direct or indirect owner of all of the equity securities of such Participant is permitted only upon prior disclosure to the Authority of the transfer, the identity of the transferor and transferee and the compensation to be received by the transferee, and the payment to the Authority by the

Participant of a fee equal to fifteen percent (15%) of the compensation. In the event of a dispute as to the value of the compensation, either Party may seek Expert Determination by an investment bank reasonably satisfactory to both Parties. For the purposes of this Article 26.11, equity securities shall include any preferred shares or similar securities entitling the holder to a share of the earnings of the issuer.

ARTICLE 27

APPLICABLE LAW

This Contract and the rights, obligations and duties of the Parties hereunder shall be governed by, and construed and interpreted in accordance with, the Law of the Republic of Liberia.

ARTICLE 28

STABILITY OF CONDITIONS

28.1 Change in Law.

- (a) Notwithstanding any amendment, modification or replacement of or supplement to the Law in force at the Effective Date, this Contract shall continue in full force and effect in accordance with its terms until the expiry of this Contract according to its terms and conditions.
- (b) Consequently, except as provided under Article 28.1(c), should any new Law modify the Law in force at the Effective Date 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 as in effect immediately prior to such new Law, the State and the Contractor shall enter into an agreement modifying this Contract in order to restore the economic, fiscal and financial balance of the Contract. 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 that pertain to health, safety, security, labor or environment, that are consistent with international standards or recognized best practices where accepted standards do not exist 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 28.1(b).

ARTICLE 29

FORCE MAJEURE AND SUSPENSIONS OF WORK

- 29.1 No delay or default of a Party in performing any of its obligations under this Contract or the Petroleum Law, except for obligations of the Contractor to make payments due under this Contract to any Governmental Authority of the State, shall be considered as a breach of this Contract if and to the extent that such delay or default is attributable to Force Majeure.

To the extent delay in the performance by a Party of any of its obligations under this Contract, other than an obligation of the Contractor to make payments to any Governmental Authority of the State, is caused by Force Majeure, the period of such delay, extended in the case of the Contractor by any period of time reasonably required to repair the damage caused during such delay and any additional time reasonably required to resume Petroleum Operations, shall be added to the period provided by this Contract for the performance of said obligations, provided that the duration of such extension shall be determined assuming Contractor compliance with the last sentence of Article 29.3.

In addition, an exploration phase, an appraisal period or an exclusive exploitation authorization shall be extended to the extent that Force Majeure materially adversely affects the ability of the Contractor timely to complete Petroleum Operations under an approved exploration phase Annual Work Program and Budget or an approved appraisal program or to the extent that Force Majeure interrupted the performance of Petroleum Operations during an exploitation period such that the flow of revenues to the Contractor was materially delayed or interrupted, in each case determined assuming Contractor compliance with the last sentence of Article 29.3.

- 29.2 The term "**Force Majeure**" as used in this Contract shall mean acts of God, accidents, wars, acts of war, invasions, insurrections, revolutions, riots, civil commotions, restrictions on trade or other activities imposed by any sovereign nation or state, embargoes, blockades, acts of terrorism, sabotage, a strike or industrial dispute extending 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, radioactive, chemical or biological contamination, epidemics, public health emergencies and any similar cause or event, provided that any such cause or event 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.
- 29.3 If a Party considers it is prevented from performing any of its obligations in a timely manner by the occurrence of Force Majeure, it shall give prompt notice of such occurrence to the other Party. As soon as practicable thereafter, but in no event later than fifteen (15) days after such initial notice, the affected Party shall provide the other Party with a second notice giving full particulars of the claimed Force Majeure, the obligations affected thereby, and the estimated duration thereof, together with a statement of the actions the affected Party believes necessary to cure the consequences of such Force Majeure and the time it will take to carry out such actions. The affected Party shall promptly update the second notice whenever the information previously provided has changed in any material respect. Obligations other than those the performance of which is adversely affected by such Force Majeure shall continue to be performed in accordance with the provisions of this Contract. A Party claiming Force Majeure shall take all necessary and useful steps with all reasonable dispatch to ensure the prompt resumption of the performance of the affected obligations.
- 29.4 Notwithstanding Article 29.1, for so long as Force Majeure prevents the Contractor from carrying out Petroleum Operations generally and provided that such events have theretofore been continuing for a period of at least one hundred and eighty (180) days, the Contractor shall be excused from the payment of surface rentals.

- 29.5 Where an accident or an emergency occurs, the Operator shall, to the extent necessary, suspend Petroleum Operations for as long as the requirement of prudent operations warrants, and shall notify the Authority promptly of any such suspension. The Operator shall consult with the Authority as to the duration of such suspension if it determines that a suspension of more than 72 hours is necessary.
- 29.6 The Director General may after consultation with the Board order that Petroleum Operations be suspended to the extent necessary to avoid imminent and material risks to health, safety or the environment, or may impose particular conditions permitting the continuation of petroleum activities, in each case in accordance with Good International Petroleum Industry Practice.
- 29.7 If the accident or emergency giving rise to a suspension of Petroleum Operations under Article 29.4 or 29.5 constitutes Force Majeure, such suspension shall be taken into account in determining the delay adjustments authorized by Article 29.1.

ARTICLE 30

TERMINATION

- 30.1 This Contract may be terminated at any time by the Authority if the Contractor is in material default in the performance of its obligations under this Contract and fails to cure or remedy such default within ninety (90) days following notice to the Contractor describing such default in reasonable detail (within thirty (30) days in the case of a default that is a material payment default described in Article 30.2).

If the Contractor within said thirty (30) or ninety (90) day period refers to arbitration in accordance with the provisions of Article 31 the question of whether a default under this section 30.1 or an event permitting termination under Article 30.4 exists or constitutes a material default, then termination of this Contract may not occur unless and until (i) the arbitration proceeding results in an arbitral award determining that a material default in fact exists, and (ii) the Contractor has thereafter been afforded the full cure period otherwise provided by this Article 30.1 (or such lesser cure period as the arbitral award shall allow as fair and reasonable under all the facts and circumstances) and has failed to cure such default within such period. The arbitration tribunal's award shall be final and binding on the Parties and shall be immediately enforceable.

For the avoidance of doubt any of (v) the failure of the Contractor to spud an exploration well during an exploration phase in which the drilling of an exploratory well is required, or (w) the failure of the Contractor to deliver a certificate required by this Article 4.7 within thirty (30) days after the due date of such certificate under this Article 4.7, or (x) the failure of the Contractor timely to make any payment due under Article 4.7(a), or (y) a delivery by the Contractor of a certificate due under Article 4.7 that over-states allowable Exploration expenditures incurred during an exploration phase more than 10% as determined by an audit pursuant to Article 4.7(c), or (z) any failure to make a submission required under Article 5.2 or 5.3 within thirty (30) days of the due date thereof shall constitute a material default for the purposes of this Article 30 and shall not be subject to arbitration.

- 30.2 A failure of the Contractor to make any payment or payments or payments due to the Authority or the State under this Contract in excess of fifty thousand Dollars (US\$50,000) in the aggregate shall be deemed to constitute a material default for the purposes of giving notice under Article 30.1 (i) if the payment is due on a date and in an amount determinable solely by reference to the terms of this Contract and is more than twenty (20) days overdue, or (ii) in any other case, if the payment has not been made within twenty (20) days from notice from the Authority of the amount due, setting forth the computation of the payment, the source of the obligation to make the payment and the required payee, and stating that the payment is overdue and unpaid.
- 30.3 This Contract shall automatically terminate if any payment required by Article 16.2(a) or the payment required by Article 16.4 is not made by or on behalf of the Contractor within twenty (20) days of the due date thereof, in either case without requirement of action by or prior notice from the Authority or any other Governmental Authority of the State.
- 30.4 This Contract may also be terminated by the Authority by giving ninety (90) days' prior written notice to the Contractor in any of the following events:
- (a) if the Contractor has not replaced a guarantee or letter of credit provided under Article 33 as and when required under Article 33.5 with a substantially similar undertaking (i) in a form reasonably acceptable to the Minister of Justice and the Minister of Finance and Development Planning, and (ii) the Minister of Finance and Development Planning has reasonably determined that the obligor under such undertaking has the financial capacity to meet its obligations under such instrument; or
 - (b) if, for reasons other than Force Majeure, production of Petroleum in commercial quantities shall have ceased for more than twelve (12) months with no acceptable reasons under Good International Petroleum Industry Practice, provided that if there are at the time multiple authorized Exploitation Areas under this Contract, the Contract may be terminated only with respect to the Exploitation Area or Areas for which production has so ceased; or
 - (c) any representation or warranty made by a participant in the Contractor pursuant to Article 32.2(b), (c), (d) or (e) is incorrect in any way material to the performance by such participant of its obligations (or the enforceability of such obligations) under this Contract and is not made correct to the reasonable satisfaction of the Authority within ninety (90) days of notice thereof by the Authority to the Contractor, or"
 - (d) if any representation or warranty made by a participant in the Contractor set forth in Article 32.2(a) or Article 32.4 is incorrect in any material respect and notice thereof is given by the Authority to the Contractor, unless within sixty (60) days after the date of such notice the entire participating interest of such participant in this Contract has been acquired and assumed in compliance with clauses (b), (c) and (d) of Article 26.2 by one or more of the other entities participating in the Contractor (not itself or themselves in default under this Article 30).

- 30.5 Without prejudice to any rights of the Authority against NOCAL under this Contract for any failure of NOCAL to perform any of its obligations under this Contract expressly stated in this Contract as an obligation of NOCAL, a default by NOCAL in the performance of or compliance with any of such obligations is not a default for the purposes of this Article 30 if the obligation is not also stated to be an obligation of other participants in the Contractor, and neither the Operator nor any other participant in the Contractor shall have any liability for such non-performance or non-compliance by NOCAL so long as it has not contributed to such non-performance or non-compliance of NOCAL. Such a contribution by the Contractor shall only be determined by the Contractor's failure to perform or comply with the obligations of the Contractor expressly set forth in this Contract.

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 31.8, shall, if not settled by negotiation as provided in Article 31.2, be finally settled by arbitration between the State and the Contractor (together, the "**Parties to the Arbitration**") as provided in Articles 31.3 through 31.7, provided that no Party may submit any Dispute to arbitration unless and until it has complied with its obligations under Article 31.2. Notwithstanding the foregoing, the Contractor may commence an arbitration with respect to the subject matter of a notice from the Authority of an alleged material default under Article 30 without first seeking negotiation under Article 31.2.
- 31.2 If either the State, acting through the Authority, or the Contractor wishes to submit any Dispute to arbitration, it shall first serve notice on the other Party setting forth a description of the Dispute and requesting that the Authority and the Contractor meet promptly to negotiate an amicable settlement. Following any such notice, the Parties shall use reasonable endeavors to reach such a settlement and, without limiting the generality of the foregoing, representatives of the Authority 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, the State and the Contractor have not reached settlement, either the State 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 time the Notice as provided in Article 31.3 is provided, except as they may be modified herein or by mutual agreement of the Parties. The seat of the arbitration shall be New York, United States, and the arbitration shall be conducted in the English language. The appointing authority for the arbitration shall be the Permanent Court of Arbitration. All hearings shall be held in the City of New York, United States or in such other location(s) as the

Parties to the Arbitration may agree. For the avoidance of doubt, the arbitrators shall determine appropriate cost allocation for the arbitration, provided that such costs shall not be Petroleum Costs.

- 31.5 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 Notwithstanding the foregoing, no award may be enforced against assets of the State that are protected by sovereign immunity, including military property, property (including bank accounts) used for diplomatic and consular purposes, maritime property, central bank accounts, property forming part of the cultural heritage of the State, and property forming part of an exhibition of objects of scientific, cultural or historical interest.
- 31.7 All notices required under this Article 31 shall be given as provided in Article 34 except as the arbitral panel may otherwise determine after hearing from the parties.
- 31.8 Expert Determination
- (a) An "**Expert**" is an individual 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, the Authority 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 and the submission required by clause (d) of this Article 31.8.
 - (c) If the Authority and the Contractor are unable to agree on an Expert or the terms of the Expert's appointment within thirty (30) days of either the Authority 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 the Authority and the Contractor within a maximum of thirty (30) days of the submission to the Expert by the Authority and the Contractor of an explanation of the issue, the relevant Contract provisions and the nature of the required resolution or such further period as may reasonably be requested by the Expert and (if more than fifteen (15) days) agreed to by the Authority 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 the Authority 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 the Authority 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 31.8 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) The Authority and the Contractor are each entitled to make independent submissions to the Expert, including oral submissions 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. The Expert shall establish a schedule for and the format of any such submissions.
- (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 the Authority 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 of the determination by the Expert shall be kept confidential among the Parties and the Expert.
- (m) Each of the Authority and the Contractor shall act reasonably and cooperate to give effect to the provisions of this Article 31.8 and otherwise do nothing to hinder or prevent the Expert from reaching a determination.

ARTICLE 32

REPRESENTATIONS, WARRANTIES AND COVENANTS

32.1 The State represents to the Contractor as follows:

- (a) On the Effective Date, the execution, delivery and performance of this Contract will have received all necessary approvals and authorizations of the Government of Liberia and will constitute the legal, valid and binding obligation of the State.
- (b) There is no other petroleum agreement outstanding and no production sharing agreement (as such terms are defined in the Petroleum Law) outstanding with respect to the Contract Area.

32.2 Each Non-State Party participating in the Contractor represents to the State as of the Effective Date or as of such later date on which it becomes a party to this Contract as follows:

- (a) As of such date it would constitute an Eligible Transferee.
- (b) It is a corporation duly organized and validly existing under the laws of Liberia.
- (c) It is not a Prohibited Person, none of its officers or directors (or other individuals or entities having similar rights and powers with respect to such entity) are Prohibited Persons, no individuals or entities that directly or indirectly Control such entity are Prohibited Persons, and no officers or directors of (or other individuals or entities having similar rights and powers with respect to) such Controlling entity are Prohibited Persons.
- (d) The execution, delivery and performance of this Contract by such entity do not conflict with, or result in a breach of, or constitute a default under, its certificate of incorporation, bylaws, articles of association, or under any agreement among the shareholders or other owners of such entity, or under any agreement or instrument in respect of borrowed money to which it is subject.
- (e) No authorization or approval or other action by, and no notice to or filing with, any non-Liberian Governmental Authority is required for the due execution, delivery and performance by such entity of this Contract other than those that have been duly obtained.
- (f) This Contract has been duly authorized by all necessary corporate action on the part of such entity, and this Contract constitutes a legal, valid and binding obligation of such entity enforceable against it 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).
- (g) If such entity is the Operator, it has directly or through the corporate group of which it is a part 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, development and exploitation of any Fields discovered in such Exploration.

32.3 Each Non-State Party participating in the Contractor has provided with Authority with the following information in writing and represents that such information is true and correct as of the date such Party executed this Contract:

- (a) the name, place of incorporation or organization and registered office of all companies and entities having Control over the reporting entity, up to and including its ultimate parent entity;
- (b) the stock exchange or exchanges, if any, on which the equity securities of such ultimate parent entity are listed, and an English language copy of the most recent annual report and financial statements filed by it with each of such exchanges;
- (c) the full name and title of each of the directors and officers of the entity participating in the Contractor and of all directors and senior officers of its ultimate parent entity (or persons having comparable responsibilities in the case of such ultimate parent entity that is not a corporation);
- (d) as to any class of equity securities of the ultimate parent entity that are publicly traded, the report shall identify each Person holding legal title to at least five percent (5%) of such class and the beneficial owner or owners of such securities (i) as set forth in publicly available filings as of a date not more than ten (10) days prior to the date of such report required to be made by such owners by applicable law or the rules of the primary stock exchange on which such securities are traded, and (ii) any such Person not so identified actually known to the chairperson of the board of directors or similar management body, the chief executive officer, the treasurer or the chief legal officer or the reporting entity;
- (e) as to any class of equity securities of the ultimate parent entity that are not publicly traded, the report shall identify each Person holding legal title to at least five percent (5%) of such class (or a statement that there are no such holders) and the certification of each such identified holder that it is the beneficial owner of such securities or setting forth the beneficial owner of such securities; and
- (f) if any entity intervening between an entity participating in the Contractor and its ultimate parent entity is not directly or indirectly wholly owned by the ultimate parent entity (other than director's qualifying shares), the shareholders of such entity, the full name and title of all of the directors and officers of such entity, the precise nature of the equity interests in such entity not owned directly or indirectly by the ultimate parent entity, and whether such equity interests collectively represent more than a five percent (5%) interest in the income or profits of the entity participating in the Contractor,

32.4 Each of the Parties represents and warrants to and covenants with each other Party as follows:

- (a) If such Party is the State, neither the State nor any person acting on behalf of the State has made, promised to make, and covenants that it will not 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 laws..

- (b) If such Party is an entity participating in the Contractor, such entity has not made, promised to make or covenants that it will not make any payment or transfer of anything of value, directly or indirectly (including through any of its Affiliates or and/or the directors and officers of such Party or its Affiliates), 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 laws.
- (c) For the purposes of this Article 32.4,

"official" means (1) any employee or officer of the State, including any regional or local department or agency or instrumentality thereof, (2) any employee or officer of any enterprise owned or Controlled by the State, (3) any official of a political party in Liberia, (4) any official or employee of a public international organization, and (5) any candidate for political office in Liberia, together with any Person acting for, or on behalf of, any of the individuals described in clauses (1) through (5); and

"anti-corruption laws", means (i) for all Parties the laws, statutes, rules and regulations governing the Contract which prohibit bribery and corruption, and, where applicable, the principles described in the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed in Paris on December 17, 1997, which entered into force on February 15, 1999, and such Convention's Commentaries and (ii) for each Party the laws prohibiting bribery and corruption in the countries of such Party's place of incorporation, principal place of business, or place of registration as an issuer of securities, and/or in the countries of such Party's ultimate parent company's place of incorporation, principal place of business, and/or place of registration as an issuer of securities..

ARTICLE 33

SECURITY FOR CONTRACTOR'S PERFORMANCE

- 33.1 The Contractor shall provide adequate security for the performance of the Contractor's obligations under this Contract as provided in this Article 33.
- 33.2 The adequate security shall be an irrevocable guarantee from the ultimate parent company of an entity participating in the Contractor or from a creditworthy wholly-owned subsidiary of the ultimate parent of such entity substantially in the form set forth in Annex III (with such changes as are acceptable to the Ministry of Justice and the Ministry of Finance and Development Planning) in an initial amount equal to US\$[___],000,000, which amount shall increase to US\$[___],000,000 when the Contractor's first development and production plan is approved under Article 5.

- 33.3 At the time of the approval of the Contractor's first development and production plan, the Contractor may request that the aggregate liability under the guarantee be allocated among those Non-State Parties that are or are owned by international petroleum companies participating in the Contractor (or their respective wholly-owned subsidiaries) in proportion to their respective percentage participations in the Contractor. In any such case, the liabilities under such guarantees maybe adjusted from time to time as the participating shares in the Contractor change, but downward adjustments will be permitted only concurrently with upward adjustments in other guarantees or the delivery of new guarantees on behalf of entities newly participating in the Contract. The initial guarantee, all new guarantees and all upward adjustments in the amount of a guarantee will be subject to a favorable determination of the Ministry of Finance and Development Planning as to the financial capacity of the obligor under such guarantee to meet its obligations thereunder.
- 33.4 A stand-by letter of credit issued by a creditworthy internationally recognized bank in so-called "evergreen" format may be substituted for any guarantee otherwise required under this Article 33. Any such letter of credit must permit a draw to be made thereunder for at least one year after its issue date, provide that it will be automatically renewed for an additional year unless notice of non-renewal is given to the beneficiary at least sixty (60) days prior to the stated expiration date, and permit the beneficiary to draw the full amount at the time available under such letter of credit if notice of renewal is not given (or a satisfactory replacement letter of credit is not delivered) at least sixty (60) days prior to the stated expiration date. Any draw under such letter of credit contemplated by the preceding sentence must include an undertaking by the beneficiary that the amount so drawn will be held solely for the purposes of providing security for the performance by the Contractor of its obligations under this Contract.
- Any such letter of credit or replacement thereof shall be in form and substance reasonably satisfactory to the Ministry of Finance and Development Planning and the Ministry of Justice, and the Ministry of Finance and Development Planning shall have determined that the obligor under such guarantee or letter of credit has the financial capacity to meet its obligations under such instrument. The Contractor shall pay the fees and expenses of international counsel retained by the Authority to review and comment on the terms of any such letter of credit
- 33.5 If any guarantee or letter of credit provided under this Article 33 is no longer in full force and effect, or the entity obligated under such undertaking has become insolvent or has sought the benefit of or been placed into any bankruptcy, insolvency, liquidation or similar proceeding, or material indebtedness of such entity for money borrowed or any material amount guaranteed by or due under a letter of credit issued by such entity has become immediately due and payable and has not been paid within thirty (30) days, the Contractor shall within sixty (60) days thereafter replace such guarantee with a substantially similar guarantee satisfying the requirements set forth in Article 30.4(a).

ARTICLE 34

NOTICES

- 34.1 All notices, including all requests, applications, approvals or other communications authorized or required between the Parties by any of the provisions of this Contract (a)

shall be in writing, (b) shall be in the English language, (c) shall conspicuously refer to the date of and the Block covered by this Contract and to the provisions of this Contract to which such notice relates, and (d) shall be delivered by hand, by facsimile, by a PDF attachment to an electronic mail, by postage prepaid registered mail (if the recipient of such communication is located in a jurisdiction in which registered mail is regularly delivered by the local postal service), by prepaid internationally recognized courier service, or by any other means of communication agreed upon in writing by the Parties.

Notice by facsimile or electronic mail is valid under this Contract only to facsimile numbers or electronic email addresses set forth below or identified as acceptable to a Party by notice to the other Parties pursuant to this Article \34. If a communication is in the form of a PDF attachment to an electronic mail message, the information required by the following sentence shall appear in both the electronic mail message and in the attachment. A notice shall bear a legible original signature (or a legible electronic 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.

- 34.2 Delivery of a notice to a Party shall be deemed to have occurred in any one of the following circumstances:
- (a) Facsimile 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 individual or postal or courier service delivering the notice and returned to the sender.
 - (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.
- 34.3 All notices under this Contract from the Authority, or any other ministry or agency of the State, to the Contractor or to the Operator shall be addressed as follows:
- [●] *[insert Operator address for notices]*
- 34.4 Each entity participating in the Contractor other than the Operator shall within sixty (60) days from the Effective Date, or within sixty (60) 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 the Authority.
- 34.5 All notices on behalf of the Contractor or any entity comprising the Contractor:

- (a) to the Authority shall be delivered by hand or courier and by email and addressed as follows:

Liberia Petroleum Regulatory Authority
LIBTELCO Building
Sinkor 18th Street
Monrovia, Liberia

Email: [to be provided]

- (b) to the Ministry of Finance and Development Planning shall be delivered by hand or by courier to

The Minister of Finance and Development Planning
Ministry of Finance and Development Planning
Broad Street
Monrovia
Liberia

- 34.6 A copy of any notice under this Contract alleging or relating to any failure of a Party to this Contract to comply with the terms of this Contract or with any applicable Law shall be delivered by hand or by courier to:

The Minister of Justice
Ministry of Justice
14th Street, Payne Ave, Sinkor
1000 Monrovia, 10 Liberia

ARTICLE 35

MISCELLANEOUS

- 35.1 All amounts payable by the Contractor to the State or the Authority under this Contract (a) must be paid by wire transfer of immediately available funds, indicating the provision of this Contract under which the payment is made and the purpose of the payment, and (b) must be made to the Consolidated Fund unless this Contract expressly otherwise provides. The Authority shall use its best efforts to cause the Ministry of Finance and Development Planning to deliver as soon as reasonably practical a receipt or other official document for each payment made to the Consolidated Fund evidencing the amount paid and the nature of such payment. Because the account number for payments into the Consolidated Fund may change from fiscal year to fiscal year, it is the responsibility of the Contractor to request the Ministry of Finance and Development Planning for relevant payment instructions prior to the commencement of each new fiscal year (July 1 to June 30). The payment instruction for the current fiscal year appears in Article 36.3.
- 35.2 Any amendment of or supplement to this Contract shall be by the mutual written agreement of the Contractor, on the one hand, and by the Authority and the Minister of Finance and Development Planning acting together on behalf of the State, on the other hand, and shall not become effective until (i) attested by the Minister of Justice, (ii)

signed by the President of the Republic of Liberia, (iii) approved by the Legislature, and (iv) published by the Authority on its website.

- 35.3 Either the Authority 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 of the other contained herein or in any document delivered pursuant hereto, or waive any noncompliance 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 or extension of time given by the Authority under this Contract that affects the determination of amounts due from the Contractor under this Contract for amounts payable to the Consolidated Fund or purports to delay the due date of any payment due from the Contractor under this Contract for amounts payable to the Consolidated Fund by more than thirty (30) days is valid unless the Minister of Finance and Development Planning has agreed thereto in writing. Actions under this paragraph are not subject to Article 35.2.
- 35.4 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 unless this Contract requires that such action be taken within a specified time period or before a specified day. Without prejudice to the generality of the foregoing, the failure of any agency of the State 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 unless otherwise specified in applicable Law.
- 35.5 This Contract, including the Annexes 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.
- 35.6 Headings in this Contract are inserted for purposes of convenience and reference and in no event shall define, restrict or describe the scope or object of the Contract or of any of its clauses.
- 35.7 The terms and conditions of this Contract shall inure to the benefit of and be binding upon the successors by operation of Law and each entity the recipient of a Permitted Transfer under this Contract, 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.
- 35.8 Any amount due the State (by deposit to the Consolidated Fund or otherwise) or the Authority hereunder and not paid within ten (10) days of the date on which it was otherwise due shall bear interest at the Contract Interest Rate from the due date until paid in full.
- 35.9 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, all liabilities of any Party accruing prior to such termination, all abandonment and environmental remediation and restoration obligations of the Contractor under this Contract, and all other obligations of the Contractor under Article 22 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.

- 35.10 Should any Article of this Contract, or any provision or term of any Article, be found to be void, invalid or unenforceable, in whole or in part, then the remaining Articles, and those unaffected provisions or terms of any 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.
- 35.11 Apart from the State, the Authority and the Contractor (and the entities participating in the Contractor), no person shall have any rights under this Contract.
- 35.12 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 (including without limitation under Articles 7.10 or 12.1) for any form of consequential loss.
- 35.13 Nothing in this Contract is intended to limit or 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 36

EFFECTIVE DATE

- 36.1 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, approved by the national legislature of the Republic of Liberia, and published by the Authority on its website. No Party may enforce any provision of this Contract other than this Article 36 (and any other provision of this Contract expressly referred to in this Article 36) if the Effective Date has not occurred by , 202_ (as such date may be extended by agreement between the Authority and the Contractor, but not beyond , 202_).
- 36.2 Notwithstanding Article 36.1, if the text of this Contract as approved by the Legislature and published by the Authority does not match the text of this Contract signed by the Parties (other than mechanical or typographical inconsistencies that could not be thought to have substantive significance), either the Contractor or the Authority, by notice to the other given within ten (10) days after it has received a copy of this Contract as approved by the Legislature, may cancel this Contract without

liability to the other Party, and the Effective Date shall conclusively be deemed not to have occurred.

- 36.3 If this Contract does not become effective because of the failure of the Effective Date to occur within the time provided pursuant to Article 36.1 or is cancelled pursuant to Article 36.2, no Party shall have any further obligation under this Contract except that (i) the confidentiality obligations of the Parties under Article 9 of this Contract shall survive, (ii) each Party shall promptly identify to the other Party any information provided by it that it deems confidential under the provisions of such Article, and (iii) the Authority shall promptly return any guarantee or letter of credit delivered under Article 33 to the Party delivering the same.
- 36.4 If this Contract becomes effective and then is terminated pursuant to Article 30.3, the participants in the Contractor shall remain jointly and severally liable for the payment of all the amounts referred to in such Article, such amounts shall be immediately due and payable, and neither Party shall have any further liabilities under this Contract except as set forth in Article 36.3.

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

ON BEHALF OF THE AUTHORITY AND THE REPUBLIC OF LIBERIA

Marilyn T. Logan, Director General
Liberia Petroleum Regulatory Authority

Minister of Finance and Development Planning Republic of Liberia

ON BEHALF OF CONTRACTOR

[Names of Contractor Parties]

ATTESTED:

Minister of Justice Republic of Liberia

APPROVED:

His Excellency
Joseph Nyumah Boakai, Sr.
President of the Republic of Liberia

ANNEX I

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 manner in which the Petroleum Costs shall be classified and determined, and the Contractor's books and accounts shall be prepared and maintained.

I.2 Accounts and statements

The registers and accounting books of the Contractor shall be in conformity with accounting rules and regulations generally applicable 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 24 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, and the production sharing, as well as for the purposes of the Contractor's income tax returns.

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 entities comprising the Contractor to comply with their respective obligations under applicable income tax and other laws.

The Contractor shall record all operations connected with 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 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 any 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 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 this 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 by Appraisal Area or Exploitation Area if any (i) the expenses incurred by the Contractor in relation to the Petroleum Operations carried out under this Contract and allowed to be recovered out of production as Petroleum Costs pursuant to the provisions of Article 14.3 of the Contract and of this Annex II, and (ii) the amounts required to be deducted from Petroleum Costs.

II.1.1

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

- (a) Exploration expenditures;
- (b) appraisal expenditures;
- (c) development expenditures;
- (d) exploitation expenses;
- (e) overhead costs in Liberia; and
- (f) overhead costs abroad.

II.1.2

The Petroleum Costs Account shall enable, *inter alia*, the identification by Appraisal Area or Exploitation Area if any at any time of:

- (a) the total amount of Petroleum Costs since the Effective Date;
- (b) the total amount of Petroleum Costs recovered;
- (c) the total amount credited to the Petroleum Costs Account pursuant to Clauses II.4(a) and II.4(b) below; and

- (d) the total amount of Petroleum Costs which remain to be recovered.

II.1.3

For the purposes of ARTICLE 14 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; and
- (b) other Petroleum Costs.

In addition, within each of the foregoing categories, the costs shall be recovered in the sequence in which they are incurred. There shall be no duplication of any item credited or debited in 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 from the Revenue Code.

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 Clause II.2.1 incurred by the Contractor for the Contractor's personnel directly engaged in 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 Clause represent the cost of general assistance and support services provided by Operator and its Affiliates. No cost or expenditure included under this Clause shall be included or duplicated in other charges. The charges under this Clause 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 Contractor, guarantee deposits, pipeline tariffs, concession acquisition costs, bonuses paid in accordance with the Contract, royalties and taxes on production or revenue to the Contractor 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:

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

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

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

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

Development expenses = 1.5%

Production expenses = 1%

- (c) The development phase for each Exploitation Area will be deemed to cease at the completion of the scope of the initial development operations in the development and production plan approved by LPRA. 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.

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

- (d) 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 LPRA at the time of approval of the project in lieu of the amount otherwise applicable under Clause II.2.3(a) or (b).

- (e) 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 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 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 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 of Liberia or LPRA or any other authorities of the Republic of Liberia.

II.2.7 Insurance Premiums

Premiums paid including those paid to Affiliates in accordance with Article 12.2, 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 Petroleum Operations.

II.2.9 Other Expenses

Any other expenses incurred and paid by the Contractor for the purposes of the necessary and proper conduct of Petroleum Operations under the approved Annual Work Programs and Budgets or otherwise approved by LPRA, 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.2.10 Ecological and Environmental Charges

All costs (other than any fines, penalties, and damages) incurred for the benefit of Petroleum Operations and other property under the Contract as a result of requirements under the Environment Protection Law and/or Operator's policies to comply with Good International Petroleum Industry Environmental Practice in relation to Petroleum Operations.

II.2.11 Abandonment Operations

Costs incurred, cash balances or amounts paid into the Abandonment Fund for abandonment operations as contemplated in Article 22 of the Contract. If the Contractor did not recover in accordance with Article 14.3 of the Contract all amounts paid into the Abandonment Fund by the Contractor, the balance remaining in the Abandonment Fund after full decommissioning and abandonment of all the Fields shall be shared between the State and the Contractor in proportion to each Party's contribution to the Abandonment Fund. Otherwise such balance remaining shall be distributed to the State. Actual abandonment costs in excess of cash balances or amounts paid into the Abandonment Fund for abandonment operations shall be shared between the State and the Contractor according to each Party's share of Remaining Oil Production during the final year of the Contract.

II.3 Expenses not chargeable to the Petroleum Costs Account

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

Such expenses shall include in particular:

- (a) expenses incurred prior to the Effective Date, other than approved geologic and geoseismic data expenditures, which shall be treated as incurred on the Effective Date;
- (b) any payment made to the State for failure to fulfill the minimum exploration work obligations pursuant to ARTICLE 4 of the Contract;
- (c) any expenses relating to any operations carried out beyond the Delivery Point, such as transportation and marketing costs, except as provided in Article 19.3 of the Contract;
- (d) costs relating to the financing of Petroleum Operations, provided that this provision does not prohibit the Contractor from recovering in the manner provided in Article 17 costs related to the funding by members of the Contractor on behalf of the NOCAL Participation and the Citizen Participation;
- (e) bonuses defined in Articles 16.3(b), (c) and (d) of the Contract;

- (f) expenditure incurred in obtaining, furnishing and maintaining the guarantees required under the Contract;
- (g) costs incurred in relation to arbitration proceedings under the Contract;
- (h) fines, penalties, or damages imposed by the State;
- (i) except with the consent of LPRA, costs incurred in respect of Petroleum after it has passed the Delivery Point;
- (j) costs incurred as a result of non-compliance by the Contractor with the provisions of this Contract or of applicable Law;
- (k) costs established to have been incurred as a result of gross negligence, reckless behavior, or willful misconduct by the Contractor;
- (l) audit costs paid by the Contractor in relation to audits carried out under a joint operating agreement amongst entities participating in the Contractor;
- (m) expenses incurred in connection with meetings and studies carried out in the context of such joint operating agreement if the purpose of such meeting or studies is not related to the proper conduct of Petroleum Operations;
- (n) costs incurred without the consent or approval of LPRA where such consent or approval is required;
- (o) foreign exchange losses;
- (p) costs which are not adequately supported and documented;
- (q) costs incurred under contracts that do not comply the procurement procedures approved by the Joint Operating Committee;
- (r) inventory purchases or disposals in excess of Good Petroleum Industry Practice; and
- (s) costs not incurred (i) in connection with an approved Annual Work Program or (ii) in accordance with Articles 6.3 and 6.4.

II.4 Items credited to the Petroleum Costs Account

The following incomes and proceeds shall, *inter alia*, be credited to the Petroleum Costs Account by Appraisal Area or Exploitation Area, if any:

- (a) income arising from the marketing of the quantity of Petroleum to which the Contractor is entitled under ARTICLE 14 of the Contract for the purpose of recovery of the Petroleum Costs; and
- (b) any other incomes or proceeds related to Petroleum Operations, specifically those arising from:
 - sales of related substances; and

- any services rendered to third parties using the facilities dedicated to 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 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 Petroleum Operations in accordance with Good International Petroleum Industry Practice and shall proceed at reasonable intervals with the physical inventories as required. Contractor shall send a notice of intention to take an inventory to LPRA at least ninety (90) days prior to the commencement of said inventory. A copy of each such inventory shall be provided to LPRA by the Contractor. LPRA may be represented at its own expense during any inventory operation.

Article IV– Financial and Accounting Statements

The Contractor shall furnish LPRA with all the reports, records and statements provided by the provisions of the Contract, the Petroleum Law and other applicable Law and, *inter alia*, the following financial and accounting statements:

IV.1 Statement of exploration work

A statement presenting with details the Exploration work performed during a Calendar Year shall be submitted prior to the end of February of the following Calendar Year.

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 Quarter. It shall present the following items of the Petroleum Costs Account by Appraisal Area or Exploitation Area, if any:

- (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;
- (d) the amount of incomes or proceeds credited for the purpose of Clause II.4(b) above during the Quarter; and
- (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 Area and, *inter alia*, the quantities of Petroleum:

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

ANNEX III

FORM OF PARENT COMPANY FINANCIAL AND PERFORMANCE GUARANTEE

(To be furnished pursuant to ARTICLE 33 of the Contract)

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 Liberia Petroleum Regulatory Authority (the "**Authority**").

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 with the Authority, in respect of the Contract Area;

WHEREAS, the Company has a participating interest in the Contractor's rights and obligations under the Contract;

WHEREAS, the Authority 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 Authority 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 herein.

2. Scope of this Guarantee

The Guarantor hereby guarantees to the Authority the timely payment and performance of any and all indebtedness and obligations whatsoever of the Company to the Authority 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 Authority when the same become due and payable under the Contract (the "**Guaranteed Obligations**"); provided, however, that the aggregate liability of the Guarantor under this Guarantee is limited as follows:

- (a) during the first exploration phase, but subject to clause 2(d) below, to _____ [first exploration phase minimum expenditure commitment];
- (b) during the second exploration phase, assuming the Contractor elects to go forward with the second exploration phase under this Contract but subject to clause 2(d) below, to _____ [second exploration phase minimum expenditure commitment];
- (c) during the third exploration phase, assuming the Contractor elects to go forward with the third exploration phase under this Contract but subject to clause 2(d) below, to _____ [third exploration phase minimum expenditure commitment]; and
- (d) regardless of which exploration phase is then in effect, to _____ from and after the point in time at which the first well to be drilled under the Contract is spudded, in whatever exploration phase that well is drilled.

Payments made under this Guarantee during any exploration phase do not limit the liability of the guarantor under this Guarantee in a subsequent exploration phase or after a well is spudded.

The liability of the Guarantor under this Guarantee may be adjusted as provided in ARTICLE 33 of the Contract. The Guarantor shall have no liability under this Guarantee as a consequence of any event or condition occurring or existing in connection with any activity undertaken by the Contractor in connection with any development or production plan approved or deemed approved under Article 5.8 of the Contract.

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, or the performance of the obligations of, the Company at any time, and expressly agrees to any extensions, renewals, modifications or acceleration of sums due to the Authority 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 Authority has no obligation to notify the Guarantor of any amendments or modifications of or supplements to the Contract, but the Authority shall keep the Guarantor informed of any change in its 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 Authority 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 Authority;
- (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 Authority is rescinded or must be returned by the Authority 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 Authority shall be available hereunder to the Guarantor against the Authority to reduce the payments due to the Authority 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 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 Authority 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 non-performance of obligations or nonpayment of amounts owing under the Contract that diligent inquiry would reveal and agrees that the Authority 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 Authority 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 Authority 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 Authority 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 Authority hereunder shall be cumulative and not alternative, and shall be in addition to all rights, powers and remedies given to the Authority 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 the 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, 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 the Guarantor may, without violating the covenants contained in this Article 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 the Guarantor, all of the obligations of the Guarantor hereunder, (ii) is not, after such transaction, otherwise in default under any provisions hereof, and (iii) immediately after giving effect to such transfer satisfies the requirements for a guarantor under ARTICLE 33 of the Contract.

9. Notice of Demand

In order to make a claim hereunder upon default in the performance of any of the obligations of the Company guaranteed hereunder, the Authority must give written notice to the Guarantor at its office identified in or pursuant to Article 14 hereof of the amount due, and the Guarantor, within a period of fourteen (14) 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 London or New York City as the Authority 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 Authority.

10. Assignment

Save as set out in Article 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 the Authority.

It is understood that the Authority with the concurrence of the Ministry of Finance and Development Planning may adjust the amount guaranteed hereunder as contemplated by ARTICLE 33 of the Contract to reflect changes in interests resulting from Transfers approved in accordance with the provisions of ARTICLE 26 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 Authority.

12. Payment of Expenses

The Guarantor shall pay to the Authority all reasonable costs and expenses, including attorney's fees, incurred by it in collecting or compromising any of the Guaranteed Obligations 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, as though the Guarantor were named therein in lieu of the Contractor.

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 parties may be joined as defendants by the Authority in a single arbitration proceeding to enforce this Guarantee and such other guarantees, and in any such case the Guarantor and such other parties shall agree upon themselves as to the arbitrator to be chosen by them. Failing such an agreement, the Authority may request the Permanent Court of Arbitration to designate the arbitrators.

14. Notices

All notices and other communications of any kind between the Guarantor, on the one hand, and the Authority, 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 the Authority shall be addressed as follows:

[Insert Guarantor notice address information]

Any Notice from the Guarantor to the Authority hereunder shall be made shall be addressed as follows:

Liberia Petroleum Regulatory Authority
LIBTELCO Building
Sinkor 18th Street
Monrovia, Liberia

Email: [to be provided]

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 Authority 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, 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.

Each of the Guarantor and the Authority may change its address for Notices by giving Notice to each of the others in the manner provided in this Article.

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.

This Guarantee may be amended only in writing executed and delivered by the Guarantor and by the Authority.

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.

[INSERT NAME OF GUARANTOR]

By: _____

Title:

LIBERIA PETROLEUM REGULATORY AUTHORITY

By: _____

Title: