

MINISTRY OF PETROLEUM RESOURCES

PETROLEUM RESOURCES DEPARTMENT

44, ERIC MOORE ROAD, SURULERE, LAGOS

P.M.B. No..... 12650

Telegrams..... PETRES

Telephone..... 802490-4

Telex



REF: BAL/3717/S.399/V.1/3

Date: 29th April, 1998

The Chairman,
Malabu Oil and Gas Limited,
35 Kingsway Road,
Ikoyi,
Lagos.

Dear Sir,

APPLICATION FOR DISCRETIONARY ALLOCATION OF OPLS 214 AND 245

We refer to your letter in respect of the above subject matter.

The Hon. Minister of Petroleum Resources has approved the allocation of OPLs 214 and 245 to your organisation subject to the fulfilment of the following conditions:-

- i. that you pay the application and bidding fees of fifty thousand naira (=N=50,000) and United States ten thousand dollars (US\$10,000) per block respectively;
- ii. that you pay the signature bonus and reserved value per block of US\$20million;
- iii. that the allocated blocks would be operated on 'Sole risk' basis but with the understanding that the Government reserves the right to a participating interest at any time in the life of any subsequent Oil Mining Lease when it so wishes;

QPL 245
NIGER DELTA (OFFSHORE)

DESCRIPTION:

All that parcel of land on the submarine area in the Territorial waters of the Federal Republic of Nigeria verged Red on PLAN NO. TH.97/411 (prepared by Pentler E. Awani Licenced and Chartered Surveyor) attached to this schedule for OPL 245 containing an approximate area of 1958.317Sq km. with a datum vertex 245 - 1 with co-ordinates 359617.47mN, 120543.49mE on {zone 31 central meridian 09° E of the Projection Clarke 1880 UTM SYSTEM} and whose boundaries run in straight lines, the bearings and lengths of which are as follows:

FROM VERTEX	BEARINGS	LENGTHS (m)	TO VERTEX
245 - 1	090° 00' 00"	77609.71	245 - 2
245 - 2	180° 00' 00"	25000.00	245 - 3
245 - 3	269° 42' 37"	77834.33	245 - 4
245 - 4	00° 30' 16"	25394.72	245 - 1

All bearings are UTM grid bearings in the UTM zone 31 (central meridian 09° E).

The co-ordinates of vertex points describing the boundary of the said OPL 242 are listed here under in UTM co-ordinates, zone 31 (central meridian 09° E) Clarke 1880 ellipsoid and in geographicals:

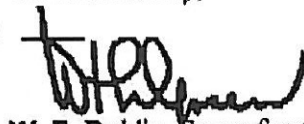
VERTICES	UTM CO - ORDINATES		GEOGRAPHICAL CO-ORDINATES	
	NORTHINGS(m)	EASTINGS (m)	LATITUDE	LONGITUDE
245 - 1	359617.47	120543.49	03° 14' 52".932	05° 35' 11".59
245 - 2	359617.47	198153.20	03° 15' 00".592	06° 17' 02".776
245 - 3	334617.47	198153.20	03° 01' 27".205	06° 17' 04".876
245 - 4	334223.74	120319.87	03° 01' 07".254	05° 35' 07".035

UTM Zone 32 (Central Meridian = 09° E)

- iv. that, in addition to the terms of Petroleum (Drilling and Production) Regulations 1969, (as amended) the following guidelines will govern the operation of the licensed areas:-
- a. Your company must be a fully registered Nigerian company.
 - b. Foreign participation interest in the blocks shall not exceed 40%, (i.e. 60/40 indigenous to foreign).
 - c. The Managing Director of your company who could be an expatriate or Nigerian, must be an employee of the company.
 - d. Your company is not allowed to enter into any joint venture agreement with any foreign company which is currently engaged in exploration and production activities in the country.
- v. that you pay the statutory fees listed in (i) and (ii) and confirm the acceptance of this offer within thirty (30) days of the date of this letter, (if the amount due is not paid by that date, i.e. 28th May, 1998, the acreage may be re-allocated without further reference to you);
- vi. that you make payments in favour of "Federal Government of Nigeria - P.T.D.F. Account", giving also the details of the reason(s) for the payment; and
- vii. that you advise us of the details after the payment has been made.

For further enquiries on the allocation, please contact the undersigned.

Yours faithfully,



W. F. Dublin Green, fnape, fnmgs
Director of Petroleum Resources
for Hon. Minister of Petroleum Resources



FEDERAL REPUBLIC OF NIGERIA

Oil Prospecting Licence No. 745

THIS LICENCE is hereby granted for a term of XXXXXXXXX (TEN) XXXXXXXXX years

commencing on the 29TH day of APRIL 1998

to MALABU OIL AND GAS LIMITED

(Name of Company)

of 35, KINGSWAY ROAD, IKOYI, LAGOS

(Address of Company)

to prospect for petroleum in, upon and under the lands described in the schedule hereto and delineated in red in the plan attached.

2. This licence is granted subject to the Petroleum Act 1969 and the regulations thereunder now in force or which may come into force during the continuance of this licence (and also subject to the special terms and conditions in the Annex attached hereto)

Minister

3. In witness hereof the Secretary of Petroleum and Mineral Resources has hereunto set his hand

and seal this

15th day of May 2007

[Signature]

SECRETARY OF PETROLEUM AND MINERAL RESOURCES

for and on behalf of the Minister of Petroleum Resources

MINISTRY OF PETROLEUM RESOURCES

PETROLEUM RESOURCES

DEPARTMENT

7, KOFO ABAYOMI STREET, V/ISLAND LAGOS

P.M.B. No. 12850
Telegrams PETRES
Telephone 3200440-9
Telex 27478 NG



PI. BAL/3717/S.399/V.1/18
Ref. No.
Date 9th April, 2001

The Chairman,
Malabu Oil and Gas Limited,
35 Kingsway Road,
Ikoyi, Lagos

Dear Sir,

GRANT OF OIL PROSPECTING LICENCE:
AUTHORISATION TO COMMENCE OPERATION IN OPL 245

We refer to our letter reference No.PI.BAL/3717/S.399/V.1/3 of April 29, 1998. Following your compliance with Sections 1(2)(a) and 1(2)(d) of the Petroleum (Drilling and Production) Regulations 1969, and our receipt of your bank draft in respect of signature bonus and reserved value of the block, I write to inform you that you may now mobilize your resources to commence operations in the allocated OPL.

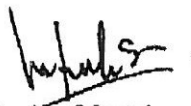
A deed document of the OPL which includes a map on scale 1:100,000 and which gives the adequate survey description of boundaries of the licence area will be forwarded to you soonest.

In due course, you will be invited to present your 2002 work programme as it is required that all operating oil companies present to the Department of Petroleum Resources every first quarter of the year, the proposed work programme for the year and their performance in the preceding year.

Your attention is also drawn to Section 30(b) of Petroleum (Drilling and Production) Regulations 1969 which states that "within six months of the date of the grant of the licence; the licensee shall commence (in so far as he has not already begun to do so) seismic investigations which shall continue until, the relevant area has been fully investigated". Please, note that the commencement date of allocation of the block remains 29th April, 1998 as contained in our above referenced letter.

Please accept my felicitations and hearty welcome to the country's petroleum prospecting sector.

Yours faithfully,


M. A. Ofurhio
Director of Petroleum Resources

MINISTRY OF PETROLEUM RESOURCES

PETROLEUM RESOURCES DEPARTMENT

44, ERIC MOORE ROAD, SURULERE, LAGOS

12650

PETRES

802490-4



PI: BAL/3717/S.399/V.1/5

29th April, 1998

The Chairman,
Malabu Oil and Gas Limited,
35 Kingsway Road,
Ikoyi,
Lagos.

Dear Sir,

RE: OPLS 214 AND 245

Further to our letter PI: BAL/3717/S.399/V.1/5 of 29th April, 1998 on the above subject, please be informed that the Hon. Minister has granted his approval in principle. The following terms which require amendments in the existing Petroleum laws would be applicable and enforceable in respect of OPLs 214 and 245 located in our deep waters.

- i. The OPLs shall be for a term of five (5) years in the first instance and shall be followed by another term of five (5) years;
- ii. The Petroleum Profit Tax (PPT) for petroleum operations shall be 50% flat;
- iii. The Investment Tax Credit (ITC) in respect of petroleum operations shall be 50% flat;
- iv. Royalty Rates shall be as follows

	<u>RATE</u>
a. In areas up to 200 meters depth	16.67%
b. In areas from 201 to 500 meters water depth	12%

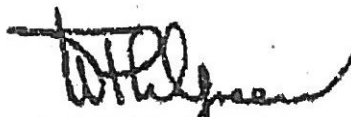
- 17
- c. From 501 to 800 metres 8%
 - d. From 801 to 1000 metres 4%
 - e. In areas in excess of 1000 metres water depth 0%

v. Computation and payment of estimates and final PPT are to be made in US dollars on the basis of the US dollar returns.

I am to inform you also that commercial arrangement is best negotiated with your Technical Partners, provided the final agreement is in line with the guidelines issued to the indigenous E & P companies.

Finally, you are to note that the above terms will remain valid until the applicable laws are amended.

Yours faithfully,



W. F. Dublin, Green, Inape, fangs
Director of Petroleum Resources
for Hon. Minister of Petroleum Resources

MINISTRY OF PETROLEUM RESOURCES

PETROLEUM RESOURCES DEPARTMENT
7, KOFO ABAYOMI STREET, VICTORIA ISLAND, LAGOS

P.M.B. No. 12650
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2618228
Tel. phone.
Telex. 27478 NG



PI. BAL/371WS/399/vol. 1/Temp/5

Date. 24th May, 2001

The Managing Director,
Malabu Oil and Gas Limited
35, Kingsway Road,
Ikoyi - Lagos

Dear Sir,

RE: TITLE DEEDS FOR OPL 245

We are pleased to inform you that the title deeds for OPL 245 have been signed by the Presidential Adviser on Petroleum and Energy Matters for and on behalf of the Honourable Minister of Petroleum Resources.

Further to the above, we wish to forward a copy of the title deeds for your records.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'M. A. Ofurhie'.

M. A. Ofurhie
Director of Petroleum Resources



MINISTRY OF PETROLEUM RESOURCES
OFFICE OF THE PERMANENT SECRETARY

Federal Secretariat Complex,
Shehu Shagari Way,
Maitama,
P. M. B. 449, Abuja.
Telephone: 09 - 5230926 Fax:

Ps/001/019:

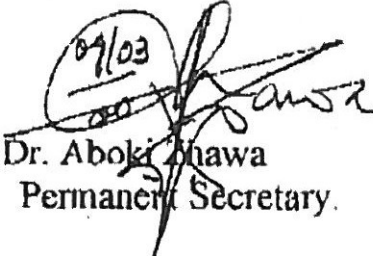
Date:
9th March, 2000

The Company Secretary,
Malabu Oil & Gas Limited,
35, Kingsway Road,
Ikoyi - Lagos.

RE: BLOCK 245 ALLOCATED TO MALABU OIL AND GAS LIMITED

Reference is made to your letter dated 2nd February, 1999.

2. I am directed to inform you that Block 245 which was allocated to Malabu Oil and Gas is not among the Blocks revoked as the allocation was done before January 1999. You are therefore free to go ahead with plans to develop it in accordance with the Provisions of the Petroleum Decree No. 51 of 1969.

09/03

Dr. Aboki Adhawa
Permanent Secretary.