

PRODUCTION SHARING CONTRACT

for

PETROLEUM EXPLORATION, DEVELOPMENT AND PRODUCTION

relating to

BLOCK ... OFFSHORE SURINAME

between

STAATSOLIE MAATSCHAPPIJ SURINAME N.V.

and

...

MODEL

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MODEL

This Contract is entered into this ____ day of _____ 20.., by and between:

STAATSOLIE MAATSCHAPPIJ SURINAME N.V. (hereinafter referred to as "Staatsolie")
a corporation organized and acting under the laws of the Republic of Suriname;

and

..., (hereinafter referred to as "Contractor"), a corporation organized and acting under the
laws of ...

WITNESSETH:

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

WHEREAS, the Republic of Suriname wishes to ensure the sustainable exploitation of these
'non-renewable resources' in a prudent and environmentally sound manner in accordance
with accepted international standards; and

WHEREAS, Staatsolie, in accordance with the Mining Decree, Official Gazette 1986 No. 28,
has been granted mining rights including in Block .. as described in Annex 1; and

WHEREAS, Staatsolie acts as agent of the Republic of Suriname with respect to the
petroleum industry; and

WHEREAS, Staatsolie has been granted the exclusive rights to explore for, develop and
produce Petroleum including in Block ..; and

WHEREAS, in accordance with the Petroleum Law of 1990, Official Gazette 1991, No. 7,
Staatsolie has the right, power and authority to enter into this Contract; and

WHEREAS, Contractor represents that it possesses the financial ability, technical
competence and professional skills necessary to perform operations for the Exploration,

Development, Production, transportation and marketing of petroleum and is prepared to utilize such technical competence and financial ability as is necessary to fulfill its obligations under this Contract; and

WHEREAS, the Parties hereto have agreed that Contractor shall have the exclusive right to carry out all Petroleum Operations in Block .. pursuant to the provisions of this Contract; and

WHEREAS the Minister of Natural Resources after referral to and approval to do so by the Cabinet of Ministers has given Staatsolie permission to sign this Contract.

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

MODEL

ARTICLE 1. DEFINITIONS

In this Contract the following terms shall have the following meanings:

- 1.01** “Abandonment Fund” is a fund as set out in Sub-Article 30.2.
- 1.02** “Accounting Procedure” means the procedures and reporting requirements defined in Annex 2.
- 1.03** “Addendum - Gas” shall have the meaning set forth in Sub-Article 21.4.
- 1.04** “Affiliate” means any entity directly or indirectly effectively controlling, or effectively controlled by, or under direct or indirect effective common control with a Party. For the purposes of this definition "control", when used with respect to any specified entity, means the power to direct, administer and dictate policies of such entity (it being understood and agreed that it is not necessary to own directly or indirectly fifty percent (50%) or more of such entity's voting securities to have effective control over such entity, but ownership, direct or indirect, of fifty percent (50%) or more of such entity's voting securities shall automatically indicate effective control), and the terms "controlling" and "controlled" have meanings corresponding with the foregoing.
- 1.05** “Applicable Law” means decrees, regulations and other legal provisions having the force of law in the Republic of Suriname, as these may be amended from time to time.
- 1.06** “Appraise” or “Appraisal” means work (being part of Exploration) carried out following a Discovery for the purpose of delineating a Petroleum Field and determining whether or not such Petroleum Field merits Development.
- 1.07** “Appraisal Well” means any well whose purpose at the time of commencement of drilling such well is the determination of the extent, volume or recoverability of a Discovery.
- 1.08** “Arbitration Notice” has the meaning given such term in Sub-Article 42.2.2.

- 1.09** “Arm’s Length Transaction” means a transaction (purchase, sale, exchange or swap) in conformity with the market (or “determined by market forces”), between a seller and a willing buyer not being Affiliates in the international market, valued in US Dollars.
- 1.10** “Associated Gas” means Natural Gas produced from any well in the Contract Area, the predominant production of which is Crude Oil and which is separated from Crude Oil in accordance with normal oilfield practice including Natural Gas produced from a free gas cap, but shall exclude any liquid hydrocarbon extracted from such gas either by normal field separation, dehydration or in a gas plant.
- 1.11** “Authorized Representative” is the representative authorized to cast a vote on behalf of Staatsolie or Contractor, as the case may be, in the Operations Committee
- 1.12** “Basket” is a collection of at least two (2) but no more than four (4) representative crude oils, quoted for pricing purposes that are comparable to the Crude Oil and that are freely traded in international markets.
- 1.13** “Budget” means the annual income and expenditure plan for each Work Program or Calendar Year, prepared in a form acceptable to the Operations Committee pursuant to Article 9.
- 1.14** “Calendar Month” means a month of a Calendar Year.
- 1.15** “Calendar Quarter” means a period of three (3) consecutive Calendar Months commencing on the 1st of January, the 1st of April, the 1st of July, or the 1st of October, respectively in a Calendar Year.
- 1.16** “Calendar Year” means a period of twelve (12) Calendar Months commencing on the 1st of January and ending on the following December 31st according to the Gregorian calendar.
- 1.17** “CIF” means Cost Insurance Freight as described in Sub-Article 18.3

- 1.18** “Commercial Field” means an area delineated on the surface as described in the approved Development Plan for Petroleum Field(s).
- 1.19** “Company Performance Guarantee” means a written assurance by an Affiliate of Contractor to be approved by Staatsolie, or in the case of multiple Contractor Parties, an Affiliate of each Contractor Party to be approved by Staatsolie, for the satisfactory performance and discharge of Contractor’s obligations during the term of this Contract and, in the event of withdrawal by Contractor, to make payment as specified in Sub-Article 5.7.1(i).
- 1.20** “Confidential Information” has the meaning given such term in Sub-Article 23.1.
- 1.21** “Contract” means this instrument and its annexes attached.
- 1.22** “Contract Area” means on the Effective Date, the area described in Annex 1 and includes all depths and strata within such area and, thereafter, the whole or any part of such area in respect of which, at the relevant time, the Contractor continues to have rights and obligations under this Contract.
- 1.23** “Contract Year” means a period of twelve (12) consecutive Calendar Months according to the Gregorian calendar, commencing on the first day of the month following the Effective Date or on each anniversary thereof.
- 1.24** “Contractor” means ... or, in the event of assignment of Contractor participating interest or participation by Staatsolie pursuant to Article 12, all Contractor Parties collectively at the time of reference.
- 1.25** “Contractor Party (ies)” means any party with a participating interest in Contractor's rights and obligations under this Contract.
- 1.26** “Cost Oil” means the amount of produced Crude Oil allocated to Contractor for recovery of expenditures pursuant to Sub-Articles 14.2, 14.3, 14.4 and 14.5.
- 1.27** “Cost Recovery” means the approval by Staatsolie by which Contractor is allocated Cost Oil pursuant to Article 14 and Article 27 and the Accounting Procedure.

- 1.28** “Crude Oil” means all hydrocarbons, which are solid or liquid under normal atmospheric conditions of temperature and pressure, and includes any liquid hydrocarbon extracted from Natural Gas either by normal field separation, dehydration or in a gas plant.
- 1.29** “Crude Oil Basket Price” shall be the average price of the Basket as determined from the prices of the representative crude oils in the Basket as published by a mutually acceptable independent oil publication.
- 1.30** “Date of Declaration of a Commercial Field” means the date on which Contractor has received approval of Staatsolie of the delineation of the Commercial Field pursuant to Sub-Article 10.4.
- 1.31** “Date of Establishment of a Commercial Field” means the date on which Contractor has received approval from the Operations Committee for the Development Plan of a Commercial Field pursuant to Sub-Article 10.5.
- 1.32** “Date of Initial Commercial Production” means the date on which the regular production of Crude Oil, excluding production from the testing of wells, starts from the first Commercial Field.
- 1.33** “Day” means a period of one (1) twenty-four (24) hour calendar day commencing at 00:00 hours.
- 1.34** “Delivery Point” for Petroleum means the custody transfer point where Petroleum is measured and delivered to Parties, and where ownership and risk of loss of the Petroleum is transferred to the lifting Party, the location of which is specified in the approved Development Plan.
- 1.35** “Development and Production Area” means that part of the Contract Area containing a Commercial Field, as defined in the Development Plan pursuant to Sub-Article 10.5.

- 1.36** “Development and Production Period” in respect of each Commercial Field, commences on the Date of Establishment of a Commercial Field and shall terminate at the expiration of this Contract pursuant to Sub-Article 3.1.
- 1.37** “Development” or “Development Operations” means all work, whether inside or outside the Republic of Suriname, associated with:
- i. planning, procurement, design, and execution related to the drilling and completion of Development Wells; and
 - ii. planning, design, construction, installation and commissioning of facilities for the Production of Petroleum including purchase or leasing of all materials and equipment which are required for Production, treatment, waste disposal, transport, storage and lifting of Petroleum and for reservoir pressure maintenance, injection, recycling and secondary and tertiary recovery projects for the execution of this Contract.
- 1.38** “Development Expenditures” means all costs and expenses, excluding interest, incurred for Development Operations as determined in accordance with the Accounting Procedure.
- 1.39** “Development Plan” means the plan for Development of a Commercial Field pursuant to Sub-Article 10.5.
- 1.40** “Development Well” means any Production, injection or observation well drilled as part of the Development Plan or subsequent expansion, infill drilling or enhanced recovery program in an existing Commercial Field. This also includes re-entering of suspended Exploration and/or Appraisal Wells.
- 1.41** “Discovery” means the penetration by a well of a Petroleum Reservoir, within the Contract Area, which was previously unknown and which could indicate the existence of a Commercial Field.
- 1.42** “Discovery Area” means, that portion of the Contract Area, reasonably determined by Contractor, on the basis of the available seismic and well data to cover the areal extent of the geological structure in which the Discovery is made. A Discovery Area may be

modified by Contractor, if justified on the basis of data or information, but may not be modified after the date of completion of the Appraisal program.

- 1.43** “Dispute” means any and all disputes, controversies or claims arising out of, relating to or in connection with this Contract or the scope, breach, termination or validity thereof.
- 1.44** “Domestic Supply Requirement” means Crude Oil consumed in Suriname and shall include only Crude Oil which is subsequently refined into petroleum products, or burned for development of electricity, within the national borders of Suriname.
- 1.45** “Effective Date” means the date on which this Contract comes into force pursuant to Sub-Article 38.2.
- 1.46** “Environmental Damage” means any damage, disturbance or hindrance of the environment such as significant soil erosion, removal of vegetation, destruction of wildlife, marine organisms, pollution of groundwater, pollution of surface water, land or sea contamination, air pollution, noise pollution, bush fire, disruption of water supplies, disruption of natural drainage, damage to archaeological, paleontological and cultural sites.
- 1.47** “Expatriate Employee” means a person, who at the start of his/her employment contract, did not reside in the Republic of Suriname and who is employed by Contractor or a Sub-Contractor for purposes of this Contract.
- 1.48** “Exploration Expenditures” means all costs and expenses paid for Exploration Operations during the Exploration Period or afterward pursuant to Sub-Article 3.5 as determined in accordance with the Accounting Procedure.
- 1.49** “Exploration” or “Exploration Operations” means all activities carried out in the search for Petroleum, Appraisal of Discoveries and subsequent activities leading to the decision of whether or not to submit a Development Plan and any subsequent preparation of a Development Plan. This includes, whether inside or outside of the Republic of Suriname, planning, preparation and conduct of geological and geophysical studies, drilling and well testing activities and technical and economic

evaluations. Exploration Operations shall include all plugging, abandonment, and rehabilitation activities associated with Exploration Wells.

- 1.50** “Exploration Period” means the period specified in Sub-Article 3.2 hereof including any extension of such period in accordance with Sub-Article 3.3, during which Contractor is to carry out Exploration Operations.
- 1.51** “Exploration Well” means any well, which upon commencement is intended to explore for any accumulation of Petroleum previously unconfirmed.
- 1.52** “Force Majeure” means any event, beyond the reasonable control of a Party including, but not limited to, war, insurrection, civil commotion, riots, civil unrest, coup d’état, acts of war, acts attributable to war, storm, hurricane, terrorism, tidal wave, flood, epidemic, fire or earth quakes..
- 1.53** “Government” means the government of the Republic of Suriname.
- 1.54** “Government Authority” means the Government and any subdivision thereof, including any local government or other representative authority or agency, which has the authority to govern, legislate, regulate and collect taxes or duties, grant licenses and permits, approve or otherwise impact (whether financially or otherwise) directly or indirectly, any of Staatsolie’s rights and or Contractor’s rights, obligations or activities under this Contract.
- 1.55** “Gross Negligence or Willful Misconduct” means an intentional and conscious or reckless disregard of a duty regarding good and prudent international oil industry practices, but shall not include (i) any act or inaction required, in the opinion of the Party acting or failing to act based upon the circumstances known to such Party at the time, to meet emergency conditions including, but not limited to, the safeguarding of life, property and Petroleum Operations, or (ii) any error of judgment or mistake made in the exercise of good faith of any function, authority, or discretion conferred upon the Party.

- 1.56** “Gross Production” means all Crude Oil produced and saved during the Development and Production Period of a Commercial Field, and delivered to the Delivery Point, excluding water, sediments and any Petroleum used in Petroleum Operations.
- 1.57** “HSE” means Health, Safety, Security and Environment.
- 1.58** “LIBOR” means interest at the rate per annum equal to the one (1) month term, London Interbank Offered Rate (LIBOR rate) for US Dollar deposits, as published in London by the Financial Times or if not published, then by the Wall Street Journal, applicable on the first Business Day of the month in which such interest commences to accrue and thereafter on the first Business Day of each succeeding Calendar Month. For the purpose of this definition “Business Day” means a day on which the Financial Times or the Wall Street Journal (as the case may be) published the LIBOR rate for US Dollar deposits.
- 1.59** “Minimum Work Obligations” means those work obligations set forth in Sub-Articles 5.2.1, 5.2.2 and 5.2.3 for each respective phase of the Exploration Period.
- 1.60** “Mining Decree” means Decree E-58 of May 8, 1986, Official Gazette 1986 No. 28 of the Republic of Suriname
- 1.61** “Natural Gas” means all hydrocarbons produced from the Contract Area, which at a temperature of sixty (60) degrees Fahrenheit and pressure of fourteen point seven (14.7) p.s.i., are in a gaseous phase, including wet mineral gas, dry mineral gas, wet gas and residue gas remaining after the extraction, processing or separation of both liquid hydrocarbons and non-hydrocarbon gas or gasses produced in association with liquid or gaseous Petroleum.
- 1.62** “Operating Expenditures” means all costs and expenses, excluding interest expenditures incurred for Production Operations, as determined in accordance with the Accounting Procedure.
- 1.63** “Operations Committee” means the committee established pursuant to Sub-Article 8.1.

- 1.64** “Operator” means the Contractor Party responsible for the conduct of Petroleum Operations as determined in Article 7.
- 1.65** “Party” or “Parties” means Staatsolie and/or Contractor, as the case may be.
- 1.66** “Petroleum” means as the context requires, Crude Oil and/or Natural Gas.
- 1.67** “Petroleum Expenditures” means Exploration Expenditures, Operating Expenditures and Development Expenditures.
- 1.68** “Petroleum Expenditures Account” shall mean the account showing the charges and credits accrued as Petroleum Expenditures.
- 1.69** “Petroleum Field” means one (1) or more Petroleum Reservoirs, which have been identified by one (1) or more Exploration Wells or Appraisal Wells.
- 1.70** “Petroleum Law of 1990” means the law of March 6, 1991, Official Gazette 1991 No. 7 of the Republic of Suriname as amended by Official Gazette 2001 No. 58 of the Republic of Suriname.
- 1.71** “Petroleum Operations” means all activities (both in and outside the Republic of Suriname), relating to Exploration, Development and Production in the Contract Area carried out by Contractor.
- 1.72** “Petroleum Reservoir” means a single continuous deposit of Petroleum in the pores of a formation, which has a single pressure system and does not communicate with other zones.
- 1.73** “Production” or “Production Operations” means all activities, up to the Delivery Point, other than Development Operations, performed in or outside Suriname during the Development and Production Period for the ongoing and continuous production, treatment, gathering, transport, storage and lifting of Petroleum and includes all works and activities connected therewith, including enhanced recovery operations such as recycling, recompression, pressure maintenance, treatment of discharged water, water flooding and abandonment.

- 1.74** “Profit Oil” means the Crude Oil remaining after deduction of Royalty and Cost Oil from Crude Oil produced and saved from a Commercial Field and delivered to the Delivery Point, calculated in accordance with the provisions of Sub-Article 14.7.
- 1.75** “Proven Reserves” are those quantities of Crude Oil which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known Petroleum Reservoirs and under current economic conditions, operating methods, and government regulations, as described in the “2007 Petroleum Resources Management System” adopted by the Society of Petroleum Engineers and the World Petroleum Congress, or as updated from time to time, and mutually agreed upon between Parties.
- 1.76** “Realized Price” shall mean the price of Crude Oil FOB, actually realized in freely convertible currency at Arm’s Length Transaction for each transaction at the Delivery Point.
- 1.77** “Royalty” means the fee or delivery in kind to the Republic of Suriname as described in Article 13.
- 1.78** “Signing Date” means the date on which the Parties sign this Contract.
- 1.79** “Site Restoration” means all activities required to return a site to its near natural state or to render a site compatible with its intended future use by the Republic of Suriname, after cessation of and in relation to Petroleum Operations, and to repair any Environmental Damage to the extent reasonably feasible. These activities shall include, where appropriate, removal of equipment, structures and debris, pipelines, establishment of compatible contours and drainage, replacement of top soil, re-vegetation, slope stabilization, filling of excavations, or any other appropriate actions, consistent with good international petroleum industry practices.
- 1.80** “Sub-Contractor” means a natural person or legal entity, providing services to Contractor directly connected with and typically related to Petroleum Operations.

- 1.81** “Tax” or “Taxes” means all levies, duties, payments, fees, taxes or contributions payable to or imposed by any Government Authority.
- 1.82** “Work Program” means the annual plan for the conduct of Petroleum Operations, prepared in accordance with Article 9.

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ARTICLE 2. SCOPE OF THE CONTRACT

2.1 Scope

This Contract is a production-sharing contract in accordance with the provisions contained herein. Its objective is the Exploration, Development and Production of Petroleum in the Contract Area by Contractor, carried out in consultation with and under supervision of the Operations Committee for the mutual benefit and profit of the Parties.

For the avoidance of doubt, all references to Staatsolie in this Contract refer to Staatsolie as agent of the Republic of Suriname with respect to the petroleum industry, except when explicitly stated that Staatsolie is a Contractor Party.

2.2 Grant of Exclusive Right

Staatsolie grants to Contractor the sole and exclusive right to conduct Petroleum Operations within the Contract Area. Except for the rights expressly provided for herein, this Contract shall not include rights for any activity other than Petroleum Operations.

Notwithstanding the above, upon sixty (60) Days prior notice to Contractor, Staatsolie shall have the right to obtain regional gravity, magnetic, geological and 2D seismic data for its own purpose and on its sole risk, cost and liability during the term of the Contract, ensuring that this will not interfere or interrupt Contractor's Petroleum Operations. In the event that Staatsolie exercises this right to obtain regional gravity, magnetic, geological and 2D seismic data, then the Contractor shall be entitled to a copy of such data within the Contract Area at zero costs.

2.3 Petroleum Operations and Expenditures

Contractor is hereby exclusively designated to carry out Petroleum Operations in the Contract Area and shall be responsible for rendering the technical and operational services required for the management and performance of Petroleum Operations. In particular, but not by way of limitation, Contractor shall:

2.3.1 carry out all Exploration, Development, Production and Abandonment in the Contract Area;

2.3.2 bear all costs necessary for Exploration Operations;

2.3.3 if one or more Commercial Fields are established in the Contract Area, bear all costs for the Development and Production of such Commercial Fields, except if Staatsolie, at its sole option, decides to participate in such Development and Production pursuant to Article 12.

2.3.4 be entitled to recover its Petroleum Expenditures from its share of Petroleum produced from the respective Commercial Field in accordance with Article 14; and

2.3.5 be entitled to Profit Oil from Petroleum produced from the respective Commercial Field in accordance with Article 14.

2.4 Sole risk

2.4.1 Exploration, Development and Production shall be carried out at the sole cost and risk of Contractor except if Staatsolie participates in Development and Production for any Commercial Field in the Contract Area pursuant to Article 12.

2.4.2 If no Commercial Field is established in the Contract Area, or if the Cost Oil is insufficient to fully reimburse Contractor in accordance with the terms of this Contract, Contractor shall bear its own loss and Staatsolie shall have no obligation to reimburse Contractor for such loss.

2.4.3 Notwithstanding anything to the contrary contained herein, and subject to the provisions of Article 40, nothing contained in this Contract shall be construed or interpreted to require Contractor to develop or produce or continue to produce Petroleum from a Commercial Field, which, in Contractor's opinion, does not provide it with an acceptable rate of return.

2.5 Approval for Cost Recovery

Staatsolie, as agent of the Government, shall approve Petroleum Expenditures for Cost Recovery in accordance with Article 27 (Accounting and Auditing) and Annex 2 (the Accounting Procedure).

2.6 Other Rights

This Contract does not, and is not to be construed by either Party to create a partnership, joint venture or any other legal entity or structure between the Parties. Each Party shall be solely responsible for its own acts and omissions (and the acts and omissions of its employees, consultants, and agents). Neither Party shall have any authority to act for the other Party, and no act of one Party shall bind the other Party to any third party.

ARTICLE 3. TERM OF THE CONTRACT

3.1 Term

This Contract shall remain in force for a term of thirty (30) Contract Years from the Effective Date or twenty five (25) years starting from the date on which Contractor has received written approval of the Development Plan of the first Commercial Field, whichever occurs later. The Contract may be extended upon mutual agreement of the Parties.

The term of this Contract shall be divided in one (1) Exploration Period and one (1) or more Development and Production Period(s).

3.2 Exploration Period

3.2.1 The Exploration Period shall be ...e (...) years divided into three (3) phases as follows:

- (i) Phase 1 of the Exploration Period shall have a duration of ... (..) years commencing on the Effective Date of this Contract; and
- (ii) Phase 2 of the Exploration Period shall have a duration of ... (..) years immediately following Phase 1.
- (iii) Phase 3 of the Exploration Period shall have a duration of ... (..) years immediately following Phase 2.

3.2.2 Contractor shall have the right to withdraw from this Contract at the end of each phase of the Exploration Period, provided that, subject to Sub-Article 5.4, the Minimum Work Obligations for such phase have been fulfilled, by notifying Staatsolie of its election, pursuant to Sub-Articles 5.2.1, 5.2.2 or 5.2.3, as applicable.

3.3 Extension of Exploration Period

In case of unforeseen delays which are not an event of Force Majeure, Contractor may, at least sixty (60) Days prior to the expiration of any phase of the Exploration Period, request Staatsolie to extend the duration of such phase for a maximum of one (1) Calendar Year in order to complete ongoing drilling operations, including logging and drill stem testing of wells. Approval of any such application shall not be unreasonably withheld or delayed. In case the Minimum Work Obligation is exceeded by drilling of additional wells, then application for extension of Exploration Period shall be granted.

For any Discovery made at any point during the Exploration Period, Contractor shall have the right to retain such Discovery and its resulting Discovery Area in order to Appraise and submit a Development Plan, all in accordance with Article 10. The Exploration Period of the resulting Discovery Area will be extended in order to complete such work.

3.4 Commercial Field during Exploration Period

If during the Exploration Period a Commercial Field has been established pursuant to Article 10, the Exploration Period for that Commercial Field shall terminate. Exploration Operations shall continue in the remaining portion of the Contract Area until the end of the Exploration Period, subject to ring fencing per Commercial Field.

3.5 Exploration in Development and Production Areas

During the entire term of this Contract, Contractor may conduct exploratory activities in all Development and Production Areas, at all depths and strata, until Contractor relinquishes these areas or this Contract is terminated. These exploration expenditures, which are the result of the above mentioned exploration activities, after expiration of the Exploration Period, shall not be cost recovered through existing Commercial Fields, but shall only be recoverable from production from the newly discovered reservoirs established as the result of such exploratory activities.

3.6 Development and Production Period

3.6.1 The Development and Production Period of a Commercial Field shall commence on the Date of Establishment of a Commercial Field and shall terminate at the expiration of this Contract.

3.6.2 If Production Operations in a Commercial Field are permanently ceased during the Exploration Period, the Commercial Field shall continue to be part of the Contract Area to the end of the Exploration Period.

3.6.3 Contractor may, upon at least three hundred and sixty-five (365) Days prior notice to Staatsolie, elect to abandon a Commercial Field. Within one hundred eighty (180) Days of receipt of Contractor's notice, Staatsolie may, upon notice to Contractor, elect to assume responsibility for such Commercial Field. In such case, Contractor shall, acting as a reasonable and prudent Operator, transfer and deliver the Commercial Field and all associated facilities to Staatsolie in working order and as a going concern ("as is, where is")

whereupon Contractor shall be released from all liability and responsibility concerning such Commercial Field including but not limited to all liability and responsibility pursuant to Article 30 accruing after such assignment.

3.6.4 When such transfer and delivery of a Commercial Field has taken place, a) the custody of the Abandonment Fund allocated to such Commercial Field and facilities in accordance with Article 30 shall be transferred to Staatsolie and b) unrecovered costs associated with such Commercial Field at the moment of transfer, will no longer be recoverable from the said Commercial Field. However in the event that the Contractor abandons one or more Petroleum Field(s) within a Commercial Field then any unrecovered costs from said Commercial Field can still be recovered through Cost Recovery from such Commercial Field and in the event that Staatsolie elect to assume responsibility for such Petroleum Field(s) pursuant to Sub-Article 3.6.2, the portion of the Abandonment Fund in accordance with Article 30 allocated to such abandoned Petroleum Field(s) shall be transferred to Staatsolie pursuant to Sub-Article 30.8.

3.6.5 If Staatsolie fails to make an election within the one hundred and eighty (180) Day period or provides notice to Contractor that it does not wish to assume responsibility for the Commercial Field, Contractor may abandon such Commercial Field in accordance with Article 30.

3.7 Further Agreement

On expiration of this Contract, the Parties may negotiate the terms and conditions of a revised agreement with respect to the Contract Area or part of it, if they wish to continue Petroleum Operations. Failure to reach an agreement shall not give rise to a dispute and shall not be subjected to arbitration in accordance with Article 42 and marks the end of the Contract.

ARTICLE 4. CONTRACT AREA

4.1 Location and Size

The Contract Area comprises ... (...) square kilometers, as delineated by the map and coordinates set out in Annex 1.

4.2 Rights Granted

The Contract Area has been delimited for the purpose of determining the surface area for the conduct of Petroleum Operations; no rights to the soil or sub-soil or to any natural resources existing therein are granted to Contractor, except the rights expressly granted by this Contract.

MODEL

ARTICLE 5. MINIMUM EXPLORATION PROGRAM

5.1 Exploration Operations

Contractor shall commence Exploration Operations within ninety (90) Days of the Effective Date.

5.2 Work Obligations during the Exploration Period

The Minimum Work Obligations of Contractor shall be as follows:

5.2.1 Exploration Period - Phase 1

The Minimum Work Obligations for phase 1 of the Exploration Period shall be:

- (i) _____
- (ii) _____

At the end of phase 1 Contractor will have the option to enter into phase 2 or withdraw from the Contract. Contractor will, at least sixty (60) Days prior to the end of phase 1, report its election to Staatsolie in writing.

5.2.2 Exploration Period - Phase 2

The Minimum Work Obligations for phase 2 of the Exploration Period shall be:

- (i) _____
- (ii) _____...

At the end of phase 2 Contractor will have the option to enter into phase 3 or withdraw from the Contract. Contractor will, at least sixty (60) Days prior to the end of phase 2, report its election to Staatsolie in writing.

5.2.3 Exploration Period - Phase 3

The Minimum Work Obligations for phase 3 of the Exploration Period shall be:

- (i) _____

Subject to Sub-Article 3.3, at the end of phase 3 Contractor shall either relinquish all of the Contract Area except Development and Production Areas and areas for which a declaration of a Commercial Field is pending before Staatsolie, or withdraw from the Contract and relinquish all of the Contract Area with no further obligations under this Contract for either Party, except for Site Restoration obligations of Contractor.

5.3 Minimum Work Obligations - Carried Forward

Work performed in excess of the Minimum Work Obligations during any phase of the Exploration Period shall be carried forward into subsequent phases of the Exploration Period. This work shall be credited against the Minimum Work Obligations of subsequent phases.

5.4 Drilling Problems - Well Obligation Deemed Fulfilled

If, during drilling of an Exploration Well and prior to reaching the targeted depth, drilling problems are encountered which, after all reasonable efforts (in accordance with good practices generally observed in the international petroleum industry) have been made to drill deeper, render further drilling of the said Exploration Well impossible, impractical or unsafe, Contractor may plug and abandon or complete the well and the work obligation for such well shall be deemed fulfilled.

5.5 Company Performance Guarantee

On or before entering into any phase of the Exploration Period, Contractor shall provide Staatsolie with a Company Performance Guarantee guaranteeing the execution of the Minimum Work Obligation, for the relevant phase as described in Annex 6.

5.6 Contractor's Obligation to Make Payment

Subject to Sub-Article 3.3, if at the end of each Exploration phase the Minimum Work Obligations for such phase of the Exploration Period have not been fulfilled, as set out in Sub-Article 5.2, Contractor shall be deemed to have withdrawn from the Contract at the end of such phase. Contractor or, in the event Contractor defaults in its obligation herein, the company that issued the Company Performance Guarantee shall then pay Staatsolie the difference between (i) and (ii) below:

(i) The estimated cost of the Minimum Work Obligation for each Exploration phase being :

- for phase 1, ... million US Dollars (US\$...,000,000)
- for phase 2, ... million US Dollars (US\$...,000,000)
- for phase 3 ... million US Dollars (US\$...,000,000)

(ii) the Exploration Expenditures attributable to such phase of the Exploration Period, incurred by Contractor.

5.7 Withdrawal during Exploration Period

If Contractor elects to withdraw and has made the payment required by Sub-Article 5.6, all its obligations under this Contract shall end and be deemed completely fulfilled, except for Site Restoration obligations of Contractor. Contractor shall not be responsible for any Environmental Damage caused or existing in the Contract Area prior to Effective Date.

5.8 Completion of Minimum Work Obligations – Contractor Notice

5.8.1 Within sixty (60) Days following completion of the Minimum Work Obligations for each phase of the Exploration Period, Contractor shall notify Staatsolie that it has fulfilled the Minimum Work Obligations under Sub-Article 5.2 regarding the respective phase of the Exploration Period.

5.8.2 Staatsolie shall within thirty (30) Days of receiving such notice, confirm in writing that Contractor has fulfilled such Minimum Work Obligations of the relevant phase of the Exploration Period.

5.9 Completion of Minimum Work Obligations - Staatsolie Verification

5.9.1 If Staatsolie does not dispute in writing, within thirty (30) Days of receipt of Contractor's notice pursuant to Sub-Article 5.8, that Contractor has fulfilled its Minimum Work Obligations with respect to such phase, Contractor shall be deemed to have completed its Minimum Work Obligations with respect to the relevant phase.

5.9.2 If Staatsolie does dispute in writing that Contractor has fulfilled its Minimum Work Obligations, such objections shall set forth the full details of Staatsolie's objections. Parties shall discuss disputes in an effort to reach an amicable solution. Either of the Parties may refer the matter to dispute resolution, pursuant to Article 42, should they remain unable to agree.

ARTICLE 6. RELINQUISHMENT

6.1 Relinquishment

Contractor may at any time relinquish voluntarily all or any part of the Contract Area.

Contractor shall surrender and relinquish its rights to portions of the Contract Area as follows:

6.1.1 Upon fulfilling the Minimum Work Obligations for phase 1 of the Exploration Period under Sub-article 5.2.1, Contractor shall either:

- (i) relinquish .. percent (..%) of the Contract Area and enter into phase 2 of the Exploration Period, or
- (ii) relinquish all rights to the Contract Area if Contractor elects not to enter into phase 2 of the Exploration Period.

6.1.2 Upon fulfilling the Minimum Work Obligations for phase 2 of the Exploration Period under Sub-article 5.2.2, Contractor shall either:

- (i) relinquish twenty- five percent (25%) of the initial Contract Area and enter into phase 3 of the Exploration Period, or
- (ii) relinquish all rights to the Contract Area if Contractor elects not to enter into phase 3 of the Exploration Period.

6.1.3 Upon fulfilling the Minimum Work Obligations for phase 3 of the Exploration Period under Sub-article 5.2.3, Contractor shall either:

- (i) relinquish all of the Contract Area except Development and Production Areas and all areas for which a Declaration of a Commercial Field is pending before Staatsolie; or
- (ii) relinquish all rights to the Contract Area.

6.2 Shape and Size of Relinquished Area

Every relinquished area shall, to the extent possible, be contiguous to other relinquished areas, and of a size and shape which allows petroleum activities to be carried out by third parties in the relinquished areas. All areas to be relinquished shall be proposed by Contractor to Staatsolie for its approval; such approval shall not be unreasonably withheld.

6.3 Site Restoration

Upon relinquishment of any area, Contractor shall within the timeframe agreed by Parties and according to international standards and generally accepted good oil field practice, perform

Site Restoration and take other action necessary to prevent hazards to human life, or to the environment and where appropriate to prevent damage to the properties of third parties.

MODEL

ARTICLE 7. OPERATOR

7.1 Responsibilities and Authority of Operator

The Operator is responsible for the management, coordination, implementation and conduct of the day-to-day Petroleum Operations on behalf of the Contractor Parties under this Contract.

7.2 Operator

7.2.1 ... is hereby designated to be the Operator. There shall only be one (1) Operator at any given time. Only Contractor or one of the Contractor Parties shall be Operator. .

7.2.2 If Operator resigns or the Contractor Parties agree upon a replacement for Operator, it shall continue to serve as Operator in a temporary capacity until another Operator assumes its responsibilities. Parties agree to deal in good faith with one another in selecting a replacement Operator. In no event shall Operator be required to serve in a temporary capacity for more than twelve (12) consecutive months. Staatsolie must consent to any changes in Operator, and such consent shall not be unreasonably withheld.

7.3 Status of Operator

Operator shall not receive any payments acting as Operator according to this Contract, except as otherwise provided in the Accounting Procedure.

7.4 Non-commercial role Operator

The books and accounts of Operator will record all financial flows or other transactions passing through Operator to/from the Contractor Parties or to Staatsolie in accordance with this Contract as though Operator did not exist as a commercial entity separately from its status as Contractor (or as a Contractor Party).

ARTICLE 8. OPERATIONS COMMITTEE

8.1 Operations Committee

In order to enable Staatsolie and Contractor to carry out Petroleum Operations in mutual cooperation at all times, Parties shall, within sixty (60) Days after the Effective Date, form an Operations Committee, consisting of three (3) representatives from each of Staatsolie and Contractor. Parties shall notify each other of the names of its representatives and alternates within the time prescribed above. The senior representative of Staatsolie shall be the chairperson of the Operations Committee.

Consultants and/or advisors may accompany the representatives to the meetings of the Operations Committee. Such representatives, consultants and advisors shall have no voting rights and shall be subject to the confidentiality restrictions of Article 23.

8.2 Voting

8.2.1 Staatsolie and Contractor shall each have one (1) undivided vote to cast on any matter submitted to the Operations Committee for approval. For this purpose, both Staatsolie and Contractor shall give notice to each other, specifying the identity of the Authorized Representative, which may be changed by written notice to the other Party.

8.2.2 All decisions required by this Contract to be made by the Operations Committee shall require the unanimous vote of both Staatsolie and Contractor.

8.2.3 If the Operations Committee fails to reach a decision on disputed matters, then Contractor shall proceed with Petroleum Operations to fulfill its obligations, responsibilities, and duties under this Contract in accordance with good international oil field practices. Any Party may submit such matter to expert determination or to arbitration, as applicable, in accordance with Article 42.

8.2.4 A quorum of the Operations Committee shall, for regular meetings, consist of at least two (2) representatives from each of Staatsolie and Contractor, including the respective Authorized Representatives.

8.2.5 Proposal(s) other than those of Work Program(s) and Budget(s) shall be considered rejected if no action is taken by the Operations Committee within thirty (30) Days of receipt

of Contractor's proposal(s), provided always that the Contractor may proceed as contemplated in Sub-Article 42.3. To the degree possible, and if acceptable to the Parties, all undisputed portions of the proposal shall be approved and promptly take effect.

8.3 Meetings

Unless otherwise agreed by the Parties, the Operations Committee shall meet two (2) times per Calendar Year in Paramaribo, Suriname or another mutually accepted venue.

Additional meetings of the Operations Committee may be called by either Party as deemed necessary, with at least twenty (20) Days prior notice to the other Party, which period may be waived by mutual agreement of the Parties, specifying the proposed agenda, time and venue of the meeting.

8.4 Attendance at Meetings

All regular meetings shall be attended in person by at least two (2) representatives from each Party. Additional meetings shall also be attended by at least one (1) representative from each Party. If a maximum of one (1) representative of a Party is unable to attend a regular meeting and any representative of a Party is unable to attend an additional meeting in person, such representative of a Party may attend such meeting by teleconference or phone, so long as he or she can be heard by all attendees and can hear all discussions during the meeting. If the Authorized Representative attends a meeting by teleconference or phone, his or her voice vote shall be confirmed in writing, and immediately sent to the chairperson either by courier, emailed PDF or by facsimile.

8.5 Written Response in Lieu of Meeting

Subject to a Party's right to call an additional meeting, when one Party is of the opinion that an action of the Operations Committee can be taken without holding a physical meeting, the Authorized Representative of that Party shall give written notice to that of the other Party providing sufficient information to permit the other Party to determine whether to agree to such action. All such notices shall clearly state the proposed action and contain a place for the Authorized Representative of each Party to sign the notice approving the action. Failure of the other Party to respond in writing within twenty (20) Days of receiving such notice shall be deemed a rejection of the proposed action by the receiving Party, unless such proposal(s) are specifically deemed approved in this Contract. The signed original(s) of all such notices approved by the Parties under this Sub-Article shall be placed in the minute books of the Operations Committee.

8.6 Agenda and Minutes

Operator and Staatsolie, through the chairperson, shall be responsible for preparation of the draft agenda and supporting documents for each meeting of the Operations Committee and also for keeping records of the meetings. Responsibility for taking and distribution of minutes will be assigned by the chairperson at the start of the meeting. A copy of all minutes shall be distributed to each representative within ten (10) Days following the meeting. Within thirty (30) Days of receipt, all minutes shall be reviewed and either approved or corrected and the chairperson advised thereof. If corrected, the minutes shall then be redistributed to each representative Party and shall be considered formally approved within the next thirty (30) days.

8.7 Responsibilities during entire Contract Period

The Operations Committee shall:

- 8.7.1 review and advise on Contractors Budget and Work Program and operations during the Exploration Period;
- 8.7.2 approve Work Programs and Budgets in accordance with Sub-Article 9.4 during the Development and Production Period;
- 8.7.3 monitor Petroleum Operations carried out by Contractor in accordance with the Work Programs and Budgets;
- 8.7.4 approve the Contractor's insurance for Petroleum Operations;
- 8.7.5 review audited accounts of Petroleum Operations;
- 8.7.6 approve training programs and projects aimed at the community at large in accordance with Article 33 and the amounts budgeted for such programs;
- 8.7.7 establish subcommittees for matters within the jurisdiction of the Operations Committee;
- 8.7.8 review of Contractor's Appraisal work program;
- 8.7.9 approve Development Plans and adjustments and modification of these plans;
- 8.7.10 approve Work Programs and Budgets for operations relating to secondary recovery and the enhancement of Production;
- 8.7.11 approve expenditures in excess of the amount provided in the Budget, concerning Development Operations and Production Operations, subject to the provisions of Article 9;
- 8.7.12 approve a detailed abandonment plan for each Commercial Field;
- 8.7.13 approve the disposal of Material and Equipment from Contractor as described in the Accounting Procedure;

8.7.14 decide on all other issues which may be expressly delegated to the Operations Committee by agreement of the Parties.

8.8 Responsibilities during Exploration Period

Except where it is specifically stated that the Operations Committee shall approve a proposal, the responsibility of the Operations Committee during the Exploration Period shall be to review and advise on the Exploration Operations of Contractor.

8.9 Responsibilities during Development and Production Period

During the Development and Production Period(s), the responsibility of the Operations Committee shall be to review, comment on and, with respect to those items set forth in this Contract that require the approval of the Operations Committee, approve Petroleum Operations of Contractor.

8.10 Communication to Operations Committee

All documents and communication intended for the Operations Committee should be addressed to the chairperson of this committee and shall be distributed to all representatives of Parties prior to Operations Committee meeting.

ARTICLE 9. WORK PROGRAM AND BUDGET

9.1 General Obligations Contractor

Contractor shall be responsible for the conduct of the Petroleum Operations. Contractor shall carry out the Petroleum Operations in the Contract Area diligently, expeditiously, efficiently, and with the objective to economically maximize the ultimate recovery of Crude Oil and Natural Gas from the Commercial Field(s) in accordance with good international petroleum industry practice, and in consultation with or after approval of, as applicable, the Operations Committee.

9.2 Initial Work Program and Budget

Contractor shall, within ninety (90) Days after the Effective Date, submit to the Operations Committee a Work Program and Budget for the Exploration Operations for the remainder of the first Calendar Year of the Exploration Period. If the Effective Date is less than one hundred thirty-five (135) Days before the end of the first Calendar Year, Contractor shall submit a Work Program and Budget for the Exploration Operations for the remainder of the first Calendar Year and the subsequent Calendar Year of the Exploration Period.

9.3 Annual Work Program and Budget

9.3.1 Exploration Operations

Except for the initial Work Program and Budget (addressed in Sub-Article 9.2), during the Exploration Period Contractor shall submit to the Operations Committee a Work Program and Budget for the subsequent Calendar Years at least sixty (60) Days before the commencement of each Calendar Year. Submission of the Work Program(s) and Budget(s) shall not be considered a decision by Contractor to enter the subsequent phases of the Exploration Period in accordance with Sub-Article 5.2.

The Work Program(s) submitted by Contractor for each Calendar Year shall be accompanied by an indicative schedule for operations for the remainder of the then current phase in accordance with Article 5.

9.3.2 Development and Production Operations

During the Development and Production Period Contractor shall submit for review and approval, which approval shall not be unreasonably withheld, a Work Program and Budget

for each Commercial Field for each Calendar Year to the Operations Committee at least sixty (60) Days prior to the commencement of such Calendar Year.

9.4 Review and Approval of Work Program and Budget

9.4.1 After the submission of each Work Program and Budget in accordance with Sub-Article 9.3, the Operations Committee will meet within thirty (30) Days. The Parties shall review and either i) advise (for Exploration Operations) or ii) approve, propose modifications to, or reject the proposed Work Program and Budget (for Development Operations or Production Operations).

9.4.2 Following review and consideration of any modifications to the Work Program and Budget proposed by Staatsolie, the Contractor shall, within fifteen (15) Days of the proposed changes, re-submit the final Work Program and Budget for the subject Calendar Year.

9.4.3 For Work Programs and Budgets related to Exploration Operations, the Work Program and Budget re-submitted by Contractor as described in Sub-Article 9.4.2 shall be deemed final.

9.4.4 For Work Programs and Budgets related to Development Operations or Production Operations, within fifteen (15) Days following the receipt of the re-submitted Work Program and Budget as described in Sub-Article 9.4.2 Staatsolie shall notify Contractor of its Operations Committee vote of approval or rejection of the re-submitted Work Program and Budget and, if a vote of rejection, propose modifications with detailed reasons for such modifications. Approval of the Work Program and Budget shall not be unreasonably withheld. In case Staatsolie fails to respond to the re-submitted Work Program and Budget within fifteen (15) Days from its receipt thereof, the resubmitted Work Program and Budget shall be deemed approved by the Operations Committee.

The Work Program and Budget re-submitted by Contractor as described in Sub-Article 9.4.2, approval of such proposal shall not be unreasonably denied by Operations Committee.

9.4.5 In the event that Staatsolie rejects such re-submitted Work Program and Budget, the Contractor may either accept the modifications to such Work Program and Budget proposed by Staatsolie or Parties will meet, within the following thirty (30) Days of such rejection, to seek a mutually acceptable solution, which may include amendments to the such Work Program and Budget proposed by Staatsolie. If Parties have not reached a mutually

acceptable solution within such thirty (30) Days, either Party may refer such Work Program and Budget to expert determination in accordance with Sub-Article 42.5. The decision of the expert shall be limited to approval or rejection of the Work Program and Budget submitted by Contractor. Pending receipt of the final decision of the independent expert, Contractor shall have the right (but not an obligation) to continue operations in any manner that is not inconsistent with Staatsolie's proposed modifications to the Work Program and Budget.

9.5 Modifications to Work Program and Budget

9.5.1 During the Exploration Period and for any subsequent Exploration, Contractor shall implement the Work Program and Budget that was reviewed by the Operations Committee. Modification to or revision of the details of such a Work Program and Budget may be conducted at the discretion of Contractor. Contractor shall inform the Operations Committee in advance of these modifications or revisions.

9.5.2 For Development Operations and Production, Contractor shall implement the Work Program and Budget approved by the Operations Committee. Modification or revision of the details of the Work Program or Budget is permitted subject to the following:

9.5.2.1 For approved Development Operations and Production Operations, Contractor may incur expenditures in excess of those in the Budget, but not exceeding ten percent (10%) of the expenditure approved for a line item, and cumulatively not exceeding ten percent (10%) of the applicable annual Budget. In such cases, Contractor shall report in writing any such over expenditure to the Operations Committee within fourteen (14) Days after the over expenditures are known to Contractor.

9.5.2.2 In case of emergency, Contractor may incur expenditures deemed necessary for prudent Operations. Contractor shall report such expenditures to the Operations Committee in accordance with Sub-Article 9.5.2. Unless such emergency is due to Gross Negligence or Willful Misconduct on the part of Contractor, such expenditures shall be deemed approved by the Operations Committee, and shall automatically be included in the approved Budget.

9.5.3 The aggregate of excess expenditures made under Sub-Article 9.5.2 shall not exceed ten percent (10%) of the expenditures authorized in the approved Budget. Excess expenditures shall become part of the approved Budget after approval by the Operations Committee.

ARTICLE 10. COMMERCIALITY

10.1 Discovery and Appraisal Notifications

10.1.1 If Petroleum Operations carried out by Contractor result in a Discovery, Contractor shall inform Staatsolie within twenty four (24) hours of such Discovery, followed by a written notification within thirty (30) Days of the Discovery (the "Discovery Notice"), including all technical information data and interpretations available.

10.1.2 As soon as possible after the analysis of the data and information from such Discovery but no later than one hundred twenty (120) Days from the date of the Discovery Notice, Contractor shall by further notice inform Staatsolie whether or not in the opinion of Contractor the Discovery merits Appraisal and if Contractor indicates that the Discovery does merit Appraisal, Contractor shall simultaneously submit its Appraisal work program and delineation of the Discovery Area to the Operations Committee.

10.1.3 Where Contractor indicates, within one hundred and twenty (120) Days from the date of the Discovery Notice, that the Discovery does not merit Appraisal, Contractor shall unless otherwise agreed between Contractor and Staatsolie, surrender the said Discovery Area corresponding to such Discovery and forfeit any rights relating to Development and Production there from.

10.1.4 The Operations Committee shall review and provide advice on the Appraisal work program to be carried out by Contractor in respect of such Discovery. The Operations Committee shall provide any proposed modifications within thirty (30) Days of receipt of Contractor's proposal. Contractor will consider such modifications and re-submit the final Appraisal work program within thirty (30) Days of receipt such proposed modifications and such re-submission shall be deemed final.

10.2 Assessment of Commerciality

10.2.1 Contractor shall commence the Appraisal work program, which may include conducting studies, within thirty (30) Days from the date of the final submission of the Appraisal work program pursuant to Sub-Article 10.1.4, failing which the Discovery Area shall be deemed to have been relinquished, except as set out in Sub-Article 3.3.

10.2.2 Contractor shall have a maximum period of two (2) years from the date of final submission of, in accordance with Sub-Article 10.2.1, the Appraisal work program to complete the Appraisal work program.

10.3 Appraisal Report

10.3.1 Contractor shall submit to the Operations Committee for review and advice a detailed Appraisal Report for such Discovery Area, no later than sixty (60) Days or a longer period if mutually agreed by the Parties following the completion of the Appraisal work program pursuant to Sub-Article 10.2.2 (the "Appraisal Report"). Such report shall include all available technical and economic data relevant to a determination of potential commerciality.

10.3.2 To the extent such data is available, this Appraisal Report shall include, but not be limited to:

- a. geological and geophysical conditions;
- b. areal extent, thickness and depth of pay zones; pressure, volume and temperature of the reservoir fluid;
- c. Crude Oil and Natural Gas reserve estimates;
- d. fluid characteristics, including, gravity, sulfur percentage, sediment and water percentage of the fluid;
- e. anticipated production performance;
- f. an assessment of the commerciality of the field.

10.4 Date of Declaration of a Commercial Field

Staatsolie has thirty (30) Days after receipt of the Appraisal Report to decide whether it approves or rejects the proposed delineation of the Commercial Field. In the event Staatsolie fails to approve the re-submitted delineation within then thirty (30) Days, the Parties will meet within the following thirty (30) Days to seek a mutually acceptable solution, which may include amendments to Contractor's proposed delineation of the Commercial Field. If the Parties have not reached a mutually acceptable solution within such thirty (30) Day period, Contractor may either withdraw the proposed delineation of the Commercial Field and submit a new one or submit it for expert determination to the reservoir engineering expert pursuant to Sub-Article 42.5. During the expert determination period, the Contract Area may not be withdrawn by any Party or relinquished without the written consent of the Parties and the Exploration Period shall be extended pursuant to Sub-Article 3.3.

10.5 Development Plan

10.5.1 No later than one hundred and eighty (180) Days after the Date of Declaration of a Commercial Field, Contractor shall, with respect to each Commercial Field, submit a Development Plan to the Operations Committee for approval. The date on which the Operations Committee approves a Development Plan shall be the Date of Establishment of a Commercial Field. The Development Plan shall include, but not be limited to:

- a) the surface outline of the area in which Development Operations and Production Operations will be conducted (“Development and Production Area”);
- b) all relevant maps and a calculation of proven, probable and possible Petroleum reserves;
- c) a detailed and substantiated description of the techniques and equipment for Development; the Commercial Field
- d) a production profile for the Commercial Field, based upon production rates that ensures optimal ultimate recovery in accordance with best petroleum industry practice;
- e) a description of the goods, labor and services to be acquired from the Republic of Suriname in compliance with Article 32;
- f) details of the proposed drilling programme, including the type of wells, drilling equipment intended for use, number, location, and completion methods; details of the proposed production facilities, including production platforms, if any, and production, separation and storage facilities, and measurement facilities;
- g) details of the proposed transport system, with the proposed Delivery Point;
- h) where any Petroleum Field(s) extend beyond the Contract Area, a suggested unitization or joint development plan;
- i) details of onshore installations such as terminal and office facilities;
- j) a proposal of the crude oils to be included in the Basket in accordance with Sub-Article 1.13
- k) a detailed scheme for the protection of the environment, along with an environmental and social impact assessment study and an environmental management plan covering the life of the Commercial Field;
- l) a report outlining the Contractor’s estimates for an Abandonment Plan;
- m) details of any proposed injection of Natural Gas or Associated Natural Gas;
- n) a description of the technical and economic feasibility of optional methods of Development, including the impact of enhanced oil recovery (EOR) techniques;

- o) (l) an estimate of annual Development and Operating Expenditures and, a forecast of organizational structure, manpower requirements, and local content.
- p) a project work program, time line and budget for Development work leading to production

10.5.2 Copies of all studies regarding the proposed Development Plan shall be submitted both in paper and in digital format to the Operations Committee.

10.6 Rejection of Development Plan

The Operations Committee has ninety (90) Days of its receipt to decide whether it approves or rejects the Development Plan. In the event that the Operations Committee fails to approve the proposed Development Plan, the objecting Party shall provide arguments for its rejection. Contractor may submit a revised Development Plan for the same Commercial Field no later than sixty (60) Days or such longer period if mutually agreed between Parties for the re-submission after the date of notice of such rejection of the previously proposed Development Plan. If Contractor does not submit the revised Development Plan within sixty (60) Days of receipt of such notice or such longer period if mutually agreed between Parties, it will lose all rights related to that Commercial Field and shall relinquish that part of the Contract Area containing such Commercial Field.

10.7 Failure to Approve Resubmitted Development Plan

10.7.1 In the event the Operations Committee fails to approve the re-submitted Development Plan within thirty (30) Days of its receipt, Parties will meet within the following thirty (30) Days to seek a mutually acceptable solution, which may include amendments to the Development Plan.

10.7.2 If Parties have not reached a mutually acceptable solution within such thirty (30) Days, Contractor may withdraw the Development Plan. If not withdrawn, either Party shall have the right to refer such proposed Development Plan to an independent expert in accordance with Sub-Article 42.5. The period pending resolution by the independent experts shall be considered Force Majeure, pursuant to Article 34.

10.8 Petroleum Discovered after Declaration of a Commercial Field

The Discovery of Petroleum after the Date of Declaration of a Commercial Field, outside but nearby the delineated area of such Commercial Field and not included in a submitted Development Plan, shall either be considered an expansion of an existing Petroleum Field or

a new Petroleum Field, to be decided with regard to each Commercial Field by the Operations Committee using good international petroleum industry standards. If the Discovery is determined to be a part of the existing Petroleum Field, the delineation of the existing Commercial Field shall be adjusted to include the portion of the Petroleum Field not included in such Commercial Field. Alternatively, if the Discovery is determined to be a new Petroleum Field, the provisions of Sub-Articles 10.1.2 and 10.1.3 shall then apply thereto. Any dispute between the Parties regarding the above may be submitted by either Party for resolution by expert determination in accordance with Sub-Article 42.5.

10.9 Unitization

10.9.1 If the recoverable reserves of a Commercial Field extend into adjacent contract area(s), Staatsolie may require the respective contractors to co-operate in developing and producing Petroleum from such adjacent commercial field.

10.9.2 If Staatsolie so requires, the Contractor shall, in co-operation with the contractor of the adjacent area, submit within six (6) months of receiving Staatsolie's request, unless otherwise agreed, a proposal for the joint exploitation of the deposits, for the approval of Staatsolie, such approval not to be unreasonably withheld.

10.9.3 If the proposal is not submitted or approved, Staatsolie may prepare or cause to be prepared, for the account of Contractor and the other entities involved a reasonable plan for common Development and Production, in accordance with good international petroleum industry practice.

10.9.4 Where one or more of the entities object to the program prepared by Staatsolie under Sub-Article 10.9.3 Contractor may, within twenty-eight (28) days of receipt of the program submit the matter for arbitration in accordance with the procedure set out in this Contract.

10.10 Joint Operations

Where otherwise non-commercial volumes of Petroleum in the Contract Area would, if exploited together with deposits in an area adjacent to the Contract Area, be commercial, subject to Sub-Article 2.4.3, Staatsolie may require Contractor and the contractor of that adjacent area to share facilities, provided always that such sharing does not compromise operational integrity the commerciality of operations in the Contract Area, or economics associated with a Development.

10.11 Relinquishment Petroleum Field

Where the Contractor does not consider that a Petroleum Field warrants declaration of a Commercial Field in accordance with Sub-Article 10.4, the Petroleum Field shall be relinquished by Contractor at the expiry of the Exploration Period or any extensions Exploration Period as provided for in this Contract.

MODEL

ARTICLE 11. PETROLEUM EXPENDITURES

Petroleum Expenditures shall be paid in accordance with Work Program(s), Budget(s) and the provisions of the Accounting Procedure, as follows:

11.1 Exploration Expenditures

All Exploration Expenditures shall be paid by Contractor.

11.2 Development Expenditures

All Development Expenditures with respect to each individual Commercial Field shall be paid by Contractor, and to the extent that Staatsolie participates in accordance with Article 12, Staatsolie shall pay its participating interest share of such expenditures.

11.3 Operating Expenditures

All Operating Expenditures with respect to each individual Commercial Field shall be paid by Contractor, and to the extent that Staatsolie participates in accordance with Article 12, Staatsolie shall pay its participating interest share of such expenditures.

ARTICLE 12. PARTICIPATION OF STAATSOLIE

12.1 Right of Participation

Staatsolie has the right to participate in the Development Operations and Production Operations of each Commercial Field on a Commercial Field by Commercial Field basis, such right to be exercised by notice to Contractor no later than three hundred and sixty (360) Days after the Date of Establishment of a Commercial Field. for which the election is to be made and failure to exercise such right shall be deemed an election not to participate in the Development Operations and Production Operations. Staatsolie shall automatically become a Contractor Party upon its first election to participate in a Commercial Field.

12.2 Percentage of Participation

12.2.1 Staatsolie's participation may be in any percentage not more than .. percent (..%).

12.2.2 Staatsolie shall, automatically upon its election to participate in accordance with Sub-Article 12.1, become a Contractor Party. Staatsolie, as a Contractor Party, shall bear its share of all Operating Expenditures and Development Expenditures related to the Commercial Field in which it elects to participate as from the Date of Establishment of such Commercial Field. Within ninety (90) Days of its election date, Staatsolie shall pay to Operator its share of all Operating and Development Expenditures incurred by Contractor since the Date of Establishment of a Commercial Field. If Staatsolie is in default of the above payment obligation the provisions in Sub-Article 12.2.3 will apply.

12.2.3 If Staatsolie elects to participate, Staatsolie and Contractor shall promptly conclude a mutually acceptable joint operating agreement based on the then current AIPN model form, or, in case of an existing joint operating agreement among the Contractor Parties, will promptly conclude a mutually acceptable amendment, whereby Staatsolie would become a party to such agreement. Included in the joint operating agreement will be terms which allow Contractor to take and sell up to one hundred percent (100%) of Staatsolie's Cost Oil and one hundred percent (100%) of Staatsolie's participating interest share of Profit Oil, in order to pay the amount then due from Staatsolie in the event that Staatsolie does not pay its participating interest share of costs within thirty (30) Days of the date of receipt of any joint billing statement. Contractor shall be reimbursed by Staatsolie for agreed marketing fees and transportation costs incurred by Contractor to sell the abovementioned Staatsolie's Cost and Profit Oil. Any funds received by Contractor for Staatsolie's entitlement in excess of the

amounts due by Staatsolie will be refunded to Staatsolie within 30 Days of receipt of such funds by Contractor.

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ARTICLE 13. ROYALTY

13.1 Pursuant to the lifting procedure of Sub-Article 14.9, Contractor shall, on Staatsolie's instructions, deliver to Staatsolie at the Delivery Point six and one quarter percent (6.25%) of the Gross Production as Royalty which is equal to Staatsolie's royalty obligations to the Republic of Suriname pursuant to Article 65 of the Mining Decree. The Royalty rate as mentioned herein between Staatsolie and Contractor shall not change during the term of the Contract.

13.2 If taken in cash, the amount of the Royalty payment obligation shall be based upon the Market Price calculated in accordance with Article 15 and be paid per Calendar Month.

13.3 Contractor shall be released from and indemnified by Staatsolie for any obligation for payment to any Government Authority of any Royalty referenced in Article 65 of the Mining Decree or in any other law, decree, regulation or order in existence as of the Effective Date or any time thereafter during the term of this Contract.

ARTICLE 14. COST REIMBURSEMENT AND PROFIT SHARING

Reporting on costs, revenues and production shall be on a monthly basis on a Commercial Field by Commercial Field basis. Settlement of obligations of Contractor and Staatsolie under this Article will be on a quarterly basis.

Petroleum Expenditures recorded in the Petroleum Expenditures Account shall be recoverable subject to Cost Recovery in accordance with Article 14, subject to Article 27 and Sub-Article 3.5.

14.1 Ownership of Petroleum

14.1.1 In accordance with the Mining Decree, the Petroleum Law of 1990 and Article 5 of Decree E-8B, Petroleum produced and saved and not used in Petroleum Operations or re-injected shall belong to Staatsolie up to the Delivery Point.

14.1.2 Crude Oil shall be distributed from the Contract Area in the sequence and quantities determined in this Article. Contractor Parties and Staatsolie each have the right and obligation to separately take, dispose of, market and freely sell their share of Crude Oil according to this Article 14 subject to Sub-Article 12.2.3.

14.2 Operating Expenditures

After delivery of Royalty in accordance with Article 13, Contractor Party(ies) (including Staatsolie where applicable pursuant to Article 12, and subject to Article 20) shall be entitled to an amount of Crude Oil proportionate to their respective participating interest share from the Commercial Field. Such amount(s), when valued at the Market Price, equal(s) the proportionate share of Operating Expenditures approved through Cost Recovery of such field in such Calendar Quarter and carried forward pursuant to Sub-Article 14.6.

14.3 Development Expenditures

After delivery of Royalty in accordance with Article 13 and reimbursement of Operating Expenditures in accordance with Sub-Article 14.2, Contractor Party(ies) (including Staatsolie where applicable pursuant to Article 12, and subject to Article 20) shall be entitled to an amount of Crude Oil proportionate to their respective participating interest share from the Commercial Field. Such amount(s), when valued at the Market Price, equal(s) the proportionate share of Development Expenditures approved through Cost Recovery for such field and carried forward pursuant to Sub-Articles 14.5.

14.4 Exploration Expenditures

After delivery of Royalty in accordance with Article 13, and reimbursement of Operating Expenditures in accordance with Sub-Article 14.2 and Development Expenditures in accordance with Sub-Article 14.3, Contractor Party(ies) (excluding Staatsolie) shall be entitled to an amount of Crude Oil proportionate to their respective participating interest share from the Contract Area. Such amount(s), when valued at the Market Price, equal(s) the Exploration Expenditures approved through Cost Recovery and those carried forward pursuant to Sub-Articles 14.5 and 14.6 in proportion to their respective participating interest in the Commercial Field. Exploration Expenditures which are attributable to a Commercial Field shall be reimbursed from that Commercial Field subject to Sub-Articles 3.4, 3.5 and 3.6.3.

14.5 Cost Oil ceiling - Percentage of Production

In any Calendar Quarter the amount of Crude Oil distributed in accordance with Sub-Articles 14.2, 14.3 and 14.4 shall not exceed .. percent (..%) of Gross Production after all Royalties have been paid, denoted as the Cost Oil ceiling.

14.6 Carry Forward

The amounts of unrecovered Operating Expenditures, Development Expenditures and Exploration Expenditures that cannot be reimbursed from Cost Oil pursuant to Sub-Article 14.5 shall be carried forward for recovery in the succeeding Calendar Quarter(s) until fully recovered or until this Contract terminates.

14.7 Profit Oil

After distribution of the amounts of Crude Oil as required pursuant to Article 12 and Sub-Articles 14.2, 14.3 and 14.4, any remaining Crude Oil (i.e. Profit Oil) produced from the Commercial Field shall be distributed between Contractor and Staatsolie as agent of the Republic of Suriname as a function of the value of the “R- factor” defined herein.

The R-factor shall be calculated for each Commercial Field on a Calendar Quarterly basis. Because the precise value for the R-Factor for a Calendar Quarter cannot be determined with certainty until after the end of that Calendar Quarter, the estimated R-factor shall be made available by the Operator in the last week of such Calendar Quarter.

The R-Factor shall be equal to the cumulative gross revenue minus the cumulative Royalty minus the cumulative income tax, divided by the cumulative recoverable Petroleum

Expenditures on a Commercial Field basis. Subject to the above, the R-factor shall be applied to Profit Oil produced during the relevant Calendar Quarter in calculating the Crude Oil to which each Party is entitled.

$$R = \frac{(\text{cumulative gross revenue} - \text{cumulative royalty} - \text{cumulative income tax})}{(\text{cumulative petroleum expenditures})}$$

For purposes of this calculation:

“cumulative gross revenue” means the total value of all Gross Production from the Effective Date to end of the respective Calendar Quarter, with Gross Production being valued at the Market Price.

“cumulative royalty” means 6.25% of the cumulative gross revenue;

“cumulative income tax” means the total of all income taxes calculated as the income tax rate multiplied by total Profit Oil from both Contractor and Staatsolie’s share related to this Commercial Field, from the Effective Date to the end of the respective Calendar Quarter; and

“cumulative petroleum expenditures” means the sum of all recoverable Petroleum Expenditures related to the Commercial Field from the Effective Date to the end of the respective Calendar Quarter.

R- Factor Slices	Staatsolie Share (%)	Contractor Share (%)
0 - 1		
1 - 1.25		
1.25 - 1.50		
1.50 - 1.75		
1.75 - 2		
2-3		
>3		

For the avoidance of doubt, Staatsolie’s Share in the above table is the amount received by Staatsolie acting as agent of the Republic of Suriname with respect to the Contract.

The Contractor Share in the above table is the amount received by Contractor Parties including Staatsolie where applicable.

Allocation of Profit Oil with respect to such Calendar Quarter shall be made on a prospective basis in the last week of such Calendar Quarter based upon the Contractor's good faith estimates of the information required for the calculation of the R-Factor pursuant hereto.

The adjustments to provisional R-Factor mentioned in this Sub-Article 14.7 shall be made before the end of the following Calendar Quarter.

Settlement of Profit Oil shall be pursuant to the procedures agreed by the Parties in the lifting procedures.

14.8 Transfer of Title

Title to the Crude Oil and Natural Gas, which Contractor is entitled to in accordance with this Contract, shall be transferred to Contractor at the Delivery Point.

14.9 Lifting Procedures

Not later than one-hundred and twenty (120) Days or any longer period to be mutually agreed by Parties prior to the anticipated Date of Initial Commercial Production, the Parties shall enter into supplementary contracts concerning Crude Oil transfer of title, lifting procedures and delivery, lifting and tanker schedules, loading conditions, Crude Oil metering, statistics and classification of the lifting responsibility. If such contracts are not agreed by all within the time period specified, the Parties agree to use the AIPN Model Crude Oil Lifting Agreement to govern such activities until such a time as an alternative lifting agreement may be agreed.

ARTICLE 15. MEASUREMENT AND VALUATION OF PETROLEUM

15.1 Measurement

15.1.1 Contractor shall recommend sampling, measuring and testing equipment, and procedures for controlling measurement of Crude Oil produced to the Operations Committee for approval.

15.1.2 Contractor shall give written notice to Staatsolie fourteen (14) Days prior to any testing and calibration of the appliances used in the measurement and determination of the quality and quantity of Petroleum. Staatsolie, at its cost and risk, shall be entitled to have witnesses present at such testing and calibration.

15.1.3 Where the appliances used in connection with Petroleum measurement have caused an overstatement or understatement of production, the error shall be presumed to have existed since the date of the last calibration of such appliance, unless proven otherwise. Contractor shall appropriately correct the error by:

- a) amending the volume of the Petroleum delivered in the relevant period; and
- b) adjusting the entitlements of each Party to take into account the correction.

15.1.4 Petroleum produced from each Commercial Field shall be measured at the Delivery Point in accordance with generally accepted practices and standards of the international petroleum industry. All measurements for all purposes in this Contract shall be adjusted to standard conditions of pressure and temperature (sixty (60) degrees Fahrenheit and 14.7 p.s.i.a.).

15.2 Production Forecast

No later than sixty (60) Days prior to the Date of Initial Commercial Production and thereafter before the beginning of each Calendar Quarter, Contractor shall present a production forecast to Staatsolie. The forecast will estimate Gross Production for the next four (4) Calendar Quarters on a Commercial Field by Commercial Field basis, based on the production rates designed to maximize the ultimate recovery of Crude Oil (maximum efficient rate) from the Commercial Field in accordance with good and prudent petroleum industry practices and field conservation principles. Contractor shall give due consideration to any comments or recommendations made by Staatsolie in respect of such forecast.

15.3 Market Price

The Market Price of Crude Oil shall be equal to the Realized Price or the Crude Oil Basket Price as determined in accordance with Sub-Article 15.4 at the time of sale, whichever is highest. If the Crude Oil Basket Price is higher than the Realized Price and the difference is equal to or greater than US Dollars twenty five-cents (US\$0.25), then the Market Price shall be determined by the Operations Committee. In the event the Operations Committee cannot resolve the issue within seven (7) Days, the Market Price to be used pending final resolution of the issue shall be the Realized Price plus US Dollars twenty five-cents (US\$0.25).

15.4 Crude Oil Basket

15.4.1 Staatsolie and Contractor shall, at least six months before the projected start-up date of a Commercial Field, agree upon the Basket. In the event Staatsolie and Contractor have been unable to determine the crude oil Basket within such period, the Basket will be determined through expert opinion in accordance with Sub-Article 42.5, at least two months prior to the projected startup date of such Commercial Field. If said publication or any adequate succeeding publication ceases to be published, Staatsolie and Contractor must agree in writing on a substitute publication.

15.4.2 In the absence of a quotation of one (1) or more of the agreed representative crude oils in the Basket, or to reflect changes in the Crude Oil produced, Staatsolie and Contractor shall meet and use reasonable endeavors to agree on a replacement representative crude oil for the Basket. In case of failure the representative crude oil shall be determined by expert determination in accordance with Sub-Article 42.5.

15.4.3 The Basket may be revised periodically but no more than once each Calendar Quarter within the three (3) years following the start-up date of a Commercial Field and no more than once during a Calendar Year thereafter, if required, by written agreement between Staatsolie and Contractor to reflect any change in the quality of the Crude Oil produced from the Contract Area or if one of the oils in the Basket is no longer representative in accordance with Sub-Article 1.13.

15.4.4 Each Party shall notify the Operator of the volumes, prices, sales dates, points of sale for all its transactions within fifteen (15) Days before the end of such Calendar Month. Operator shall promptly give Staatsolie and any other Contractor Parties notice of the volumes and Market Price for each transaction. If any Party objects to Market Price of such

transaction, within thirty (30) Days of such notice to Staatsolie, such Market Price shall be determined by expert determination in accordance with Sub-Article 42.5.

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ARTICLE 16. FOREIGN CURRENCY AND BANKING

16.1 Bank Accounts in Suriname

Contractor shall be authorized to open and hold bank accounts in Suriname denominated in foreign and local currencies for the conduct of Petroleum Operations.

16.2 Bank Accounts General

16.2.1 Contractor shall be responsible for reporting any deposits and withdrawals in respect of the foreign currency accounts to the Central Bank of Suriname in accordance with Applicable Law.

16.2.2 Contractor shall have the right to open, operate and freely maintain in its name with financial institutions in and/or outside Suriname, bank accounts and other credit and deposit accounts or banking arrangements in any unit currency and use these accounts for the purpose of Petroleum Operations, including, without limitation, for general corporate purposes, and to pay any and all Petroleum Expenditures or other expenditures, receive revenues or sales proceeds from any source, and finance Petroleum Operations, including any external or intercompany loans, equity contributions, or dividends (“Foreign Currency Accounts”) and in compliance with Applicable Law, including with those of the country’s monetary authorities

16.2.3 Contractor shall have the right to receive and retain abroad its proceeds and payments under this Contract received in Foreign Currency Accounts including but not limited to the proceeds of sale of Petroleum hereunder, and dispose freely of the same without any obligation to repatriate the same or any part thereof to Suriname.

16.2.4 The Contractor shall have rights to pay directly outside Suriname foreign Sub Contractors for purchase of goods and services necessary to carry out Petroleum Operations and freely repatriate abroad all proceeds from Contractor’s Petroleum Operations within Suriname.

16.2.5 Foreign Sub-Contractors of the Contractor shall have the same rights and obligations specified above as the Contractor.

16.3 Foreign Currencies

No restriction will be imposed on importation by the Contractor of the funds intended for the performance of the Petroleum Operations or exportation of funds or distribution of proceeds to accounts outside of Suriname. The flow of incoming and outgoing funds (investment and dividends) shall comply with the Applicable Law, including with those of the country's monetary authorities.

16.4 Purchase or Exchange of Suriname Dollars

Suriname Dollars shall be purchased by Contractor from The Central Bank of Suriname or a local commercial bank. The applicable conversion rate for these transactions shall be the rate published by the Central Bank of Suriname for conversion of the US Dollars into Suriname Dollars at the time of purchase.

16.5 Export Profit Oil and Cost Oil

In accordance with the Petroleum Law of 1990, and subject to the provisions of Article 19, Contractor shall be entitled to freely (a) export all of its share of Cost Oil and Profit Oil from Suriname and sell, assign or otherwise transfer such Crude Oil in or outside Suriname, and record and retain in foreign currency accounts, all sales proceeds as income without restriction and (b) receive revenues from Cost Oil and Profit Oil into Foreign Currency Accounts. Contractor shall not be obligated to remit or repatriate such proceeds to Suriname with the exception of those proceeds, at Contractor's option, as may be needed to meet Contractor's expenses in Suriname. With the exception of the statistics and consent duties pursuant to State Decree of 4 May 2005 Official Gazette of the Republic of Suriname 2005 No 52, no further export duty, stamp duty, or other provision fee or Tax will be levied against Contractor or due in connection with the export of Crude Oil.

16.6 Information for Foreign Exchange Commission

Contractor shall be subject to the Foreign Exchange Act of 1947 as amended from time to time and, in accordance with the provisions thereof, shall submit to the Foreign Exchange Commission at the commission's request, all information the commission deems necessary. Notwithstanding the foregoing, in case of any conflict between the provisions of the Petroleum Law of 1990 and the provisions of the Foreign Exchange Act of 1947, the provisions of the Petroleum Law of 1990 shall prevail.

ARTICLE 17. PAYMENTS

17.1 Currency of Payments to Staatsolie and the Republic of Suriname

All cash payments of Contractor to Staatsolie or the Republic of Suriname shall be in US Dollars or, if agreed by the Parties in writing, any other currency, to a bank account to be designated in writing by Staatsolie or the Republic of Suriname, as appropriate.

17.2 Currency of Payments to Contractor

All cash payments of Staatsolie to Contractor shall be made in US Dollars or, if agreed by the Parties in writing, any other currency, to bank accounts to be designated in writing by Contractor.

17.3 Due Date of Invoices

Unless otherwise provided elsewhere in this Contract or in the Accounting Procedure, all payments shall be made within thirty (30) Days after receipt of the invoice for such payments.

17.4 Interest on Overdue Payments

Any overdue payment pursuant to this Contract shall bear an interest equal to LIBOR, plus two percentage points (2%), per annum. Interest shall be calculated on a quarterly compounded basis from the due date until paid in full.

17.5 Payment of Disputed Obligations

If the owing Party disputes an amount due, including payments in kind, under an invoice or other documented obligation to pay under this Contract, it shall, within the payment period of the invoice or other documented obligation to pay, inform the invoicing Party in writing of its objection, setting forth with specificity the amount disputed and the reasons therefore. The owing Party shall pay the undisputed amount when due. If Parties fail to amicably resolve the dispute with regard to the disputed amount, either Party may seek expert determination in accordance with Sub-Article 42.5 and withhold payment of such disputed amount until the dispute is resolved. Interest shall accrue as per article 17.4 on any disputed amount from the date the owing Party provides notice to the invoicing Party until the dispute is finally resolved. The owing Party shall pay the amount, including interest accrued thereon, pursuant to the expert determination award within fifteen (15) Days of the expert award.

ARTICLE 18. IMPORT DUTIES

18.1 Import and Export Duties

Contractor, and its Sub-Contractors, shall be exempted from import and export duties in accordance with the Petroleum Law of 1990. The waiver described herein shall not apply to items listed in Annex 5.

18.2 List of Sub-Contractor(s)

Contractor shall, twice every Calendar Year, submit to Staatsolie a list of Sub-Contractors who are engaged in its Petroleum Operations.

18.3 Withdrawal of Import and Export Duties Exemption

If Contractor or its Sub-Contractors sell or transfer ownership of imported goods to a party other than the Government, Staatsolie or another exempt third party, then Contractor or its Sub-Contractors shall be liable to pay all duties, Taxes and levies on such goods imported under the exemption provided by this Contract. The duties, Taxes and levies payable shall be calculated on the CIF value of the goods at the day of import, as determined by the Surinamese customs authority.

18.4 Re-Export of Imported Goods

Industrial means, materials, goods and equipment imported by Contractor or its Sub-Contractors pursuant to this Article may be re-exported by Contractor or its Sub-Contractors, provided that the terms and conditions of this Article have been complied with.

18.5 Household Objects for Expatriate Employees

Household objects for personnel and domestic use imported by the Contractor's and its Sub-Contractors' Expatriate Employees relevant to activities concerning Petroleum Operations on the occasion of their change of residence will be admitted duty-free, provided however that such property is imported for the sole use of the Expatriate Employee and his family and have been imported within six (6) months after the arrival of the Expatriate Employee. Items imported under this Article and exempt from custom duties may be exported without the payment of custom duties.

ARTICLE 19. TAXATION AND STABILIZATION

19.1 General

Each Contractor Party shall pay its own income tax in accordance with Sub-Article 19.2.

19.2.1 Income Tax

Each Contractor Party will be subject to the Income Tax Act of 1922 (Government Gazette of 1921 no. 112, as last amended by State Decree of 1995 no. 52) and the Petroleum Law of 1990 at the rate of 36% as referenced in the Petroleum Law of 1990. Subject to the preceding, the income tax calculation will take into account the following revenues and expenses:

Revenues:

- (a) the value of each Contractor Party's share of Cost Oil and Profit Oil according to Article 15 and
- (b) all other income of Contractor Party derived from Petroleum Operations properly included in gross income under Applicable Law, related to or as a consequence of this Contract.

Expenses:

- (a) the value of each Contractor Party's share of expenditures which shall not be limited by the Cost Oil ceiling according to Article 14, and
- (b) expenditures, related to or as a consequence of this Contract, by Contractor which are not eligible for Cost Recovery. These will be treated in accordance with the Income Tax Act of 1922.

19.2.2 Turnover Tax

Pursuant to Article 18 of the Turnover Tax Act 1997, the turn over tax is zero (0) percent in case of export of Crude Oil

19.3 Payment

All Taxes payable by Contractor or a Contractor Party shall be paid and all income tax returns shall be calculated and filed in US Dollars or currency as agreed in Sub-Article 17.1. Losses or credits for income tax purposes may be carried forward in accordance with Applicable Law.

19.4 Stabilization

19.4.1 A Contractor, pursuant to the Income Tax Law of 1922 (Government Gazette 1921 no. 112, as lastly amended by Official Gazette 2000 no. 123) and the Petroleum Law of 1990, shall be subject to Income Tax pursuant to the rates as specified in Sub-Article 19.2.1. In case the Income Tax rates are adjusted, such adjustment shall not be applicable to the Contractor and shall have no influence on his liability to pay taxes pursuant to the Income Tax Law of 1922.

MODEL

ARTICLE 20. DOMESTIC SUPPLY REQUIREMENT

20.1 Supply by Government and Staatsolie

Domestic Supply Requirement shall, to the extent possible, be supplied from the entitlements of the Government and Staatsolie under this Contract, and from other entitlements of the Government and any entity owned or controlled by the Government.

20.2 Supply by Contractor

If Crude Oil available to the Government and Staatsolie pursuant to Sub-Article 20.1 is insufficient for fulfilling the Domestic Supply Requirement, at any time, at least twelve (12) Calendar Months after the Date of Initial Commercial Production, Staatsolie may request in writing that Contractor make available a quantity of Crude Oil to which Contractor is entitled hereunder. Beginning with its first such request and every thirty (30) Calendar Days thereafter, Staatsolie shall include data indicating the total production from each contract area then producing within Suriname. In response to such request, Contractor shall supply at the Delivery Point from the Contractor's entitlement, that portion of the Domestic Supply Requirement, in excess of the entitlements of the Government and Staatsolie described in Sub-Article 20.1, on a pro rata basis with other crude oil producers except Staatsolie, in Suriname, but not exceeding twenty-five percent (25%) of Contractor's entitlement, which portion the Contractor shall be paid at the Crude Oil Basket Price. Contractor's obligations to fulfill this obligation shall take effect ninety (90) Days from the date of the request from Staatsolie. If the request from Staatsolie is the result of Force Majeure conditions, which do not permit Staatsolie to wait until such quantities become available following expiry of Contractor's long-term commitments, Staatsolie shall reimburse Contractor its actual costs incurred in covering such commitments.

20.3 Payment for Purchased Crude Oil

If the request for deliveries from Contractor is the result of a Force Majeure event under Sub-Article 20.2, Staatsolie shall settle the payment in cash within sixty (60) Days from the date of delivery, otherwise payment to Contractor shall be made in accordance with Article 17. In all events that Staatsolie fails to pay any amount owed to Contractor for received Crude Oil when due, Contractor shall have the right to take and sell such quantity of Staatsolie's (as agent of the Government of Suriname) Profit Oil abroad or in Suriname in satisfaction of any unpaid balance. Contractor shall be reimbursed by Staatsolie for any marketing fees or transportation costs incurred by Contractor to sell mentioned above Staatsolie's Profit Oil.

Any amount due under the provisions of this Article shall accrue interest provided under Sub-Article 17.4 until fully settled. In the event Contractor is not able to recover all amounts due together with interest from sale of Staatsolie's Profit Oil herein within six (6) months, Parties shall meet and discuss to resolve the issue, failing which, supply obligations of Contractor under Sub-Article 20.2 shall cease.

MODEL

ARTICLE 21. NATURAL GAS

21.1 Use of Associated Gas

Associated Gas produced in the Contract Area shall in first instance be utilized for conducting Petroleum Operations, including but not limited to secondary recovery operations, re-pressuring and recycling, and power generation.

21.2 Excess Associated Gas

21.2.1 Associated Gas in excess of amounts used pursuant to Sub-Article 21.1 shall be designated as excess Associated Gas. If Contractor considers the Development of excess Associated Gas to be economic, then Contractor shall include the Development of such excess Associated Gas in the Development Plan submitted for the Development of Crude Oil.

21.2.2 If Contractor considers the excess Associated Gas not to be economic, Staatsolie shall have the right to collect, transport and utilize without any payment to Contractor this excess Associated Gas at its sole cost and risk. In that case, the Parties shall mutually agree on the operational aspects of Staatsolie's utilization of such Associated Gas. Production of such excess Associated Gas shall not hinder Contractor's operations.

21.2.3 Contractor shall re-inject into the subsurface any excess Associated Gas, which is not developed under this Sub-Article 21.2, subject to international petroleum standards and Staatsolie's explicit permission; provided that Contractor is not required to re-inject any excess Associated Gas if such re-injection would, in Contractor's opinion, cause damage to the reservoir or negatively affect the efficiency of production of Crude Oil or the ultimate recovery of Crude Oil.

21.2.4 Contractor is not allowed to flare excess Associated Gas, except in the event it cannot be sold or re-injected in accordance with Sub-Articles 21.2.1 or 21.2.3. Any such flaring is only allowed with the prior written approval of Staatsolie or the designated Government Authority.

21.3 Discovery of Significant Non-Associated Gas

21.3.1 In the event of the Discovery of significant amounts of non-Associated Gas Staatsolie and Contractor shall meet to consider how such Discovery may be appraised, developed and

produced. They shall consider whether a market exists for the non-Associated Gas and how such market may be supplied.

21.3.2 If no market exists at the time of Discovery of non-Associated Gas, the Parties shall consider how a market may best be created and Contractor shall have the right to retain the Discovery Area for a period not exceeding five (5) Calendar Years from the notice by Contractor to Staatsolie, or a longer period to be mutually agreed between Parties. Contractor may request Staatsolie for an extension at least sixty (60) Days prior to the expiration of said period. During such time, Staatsolie shall not enter into an agreement with third parties concerning such Discovery Area.

21.4 Non-Associated Gas Addendum

Subject to the provisions of Sub Article 21.3.2, within ninety (90) Days of the Contractor determining that there is a market for a non-Associated Gas, which in the written opinion of Contractor may be commercial, the Parties shall initiate negotiations for an addendum to this Contract for non-Associated Gas (“Addendum”), which shall establish the procedures and conditions by which Contractor may Appraise, develop and produce such Discovery. The principles for the Addendum shall be the same as those for Crude Oil, and the terms may be negotiated in order to make such development and production not less profitable to Parties than would be realized for Crude Oil of a similar magnitude. The Addendum shall include, among others, provisions to:

- a) govern the orderly Appraisal, Development and Production of such Discovery;
- b) determine the expected market price for Natural Gas in relation to its location, volume and potential customers;
- c) address Staatsolie’s direct participation; and
- d) address cost reimbursement and payment to Contractor and profit sharing between Parties.

21.5 Disagreement on Non-Associated Gas

If, following the process set out in this Article 21, Contractor does not agree that the resulting terms of the Addendum support the commercialization of the Discovery, then subject to Sub-Articles 3.2 and 21.3.2, Contractor shall relinquish its rights to that part of the Contract Area that contains the non-Associated Gas Discovery.

21.6 Extension of the Term of the Exploration Period during Addendum Negotiation

Subject to Sub-Article 21.3.2, in the event of a non-Associated Gas Discovery, the Exploration Period for the non-Associated Gas Discovery Area shall automatically be extended at the end of the Exploration Period, by such period of time as it may take for the Parties to mutually agree to the Addendum. During any such extension, Exploration Operations shall be limited to such area delineated by the Discovery of non-Associated Gas to be approved by Staatsolie. The remaining Contract Area shall be relinquished, except for Crude Oil Development and Production Areas and areas for which a declaration of a Commercial Field is pending before Staatsolie, as required by this Contract.

21.7 Crude Oil Priority

Notwithstanding the foregoing provisions of this Article 21, the Production of Crude Oil shall not be unduly delayed or hindered by any evaluation or indecision with regard to the possible Development of a Discovery of Associated Gas or non-Associated Gas.

ARTICLE 22. INFORMATION

22.1 Reports, Data and Information from Contractor

In accordance with good international petroleum industry practice, Contractor shall keep Staatsolie promptly and fully informed of Petroleum Operations being carried out by it and its Sub-Contractors and shall promptly, provide Staatsolie with all data, samples, information, interpretations and reports, including progress and completion reports, which are related to this Contract, and which shall include, but not be limited to:

22.1.1 raw and processed seismic data and interpretations thereof including digital horizon files, velocity models used for depth conversion in formats specified by Staatsolie;

22.1.2 well data, including, but not limited to, daily drilling reports, electric logs and other wire line surveys, mud logging reports and logs, samples of cuttings and cores and analyses made thereof;

22.1.3 all reports prepared from drilling data, geological or geophysical data, including all maps or illustrations derived therefrom;

22.1.4 all original well completion and well testing reports;

22.1.5 all reports dealing with location surveys and all other reports regarding wells, treating plants or pipeline locations;

22.1.6 all reports dealing with reservoir investigations and reserve estimates, field outlines and economic evaluations relating to current and future Petroleum Operations;

22.1.7 all quarterly reports on Petroleum Operations as determined by the Operations Committee or requested by the Government;

22.1.8 all final reports upon completion of each specific project or operation; contingency programs and reports dealing with health, safety, and the environment;

22.1.9 all design drawings, criteria, specifications and construction records;

22.1.10 all reports of technical audits and studies relating to Petroleum Operations;

22.1.11 all reports of all other technical data relevant to the performance of Petroleum Operations in the Contract Area;

22.1.12 all reports which may be required by the Accounting Procedure or which may be requested by Staatsolie and are otherwise required by the terms of this Contract; and

22.1.13 all audit reports issued in accordance with the Accounting Procedure regarding the Petroleum Operations and its accounting.

Upon approval by Staatsolie, Contractor may cease submitting any or all of the above items and maintain them for the review by Staatsolie, as either hard copy in Contractor's offices in

Suriname or as a digital electronic version, provided that originals of scanned documents can be presented, upon request of Staatsolie.

22.2 Reports, Data and Information from Staatsolie

Staatsolie shall make available to Contractor all technical data and information in its possession or under its control, relating to the Contract Area and relevant to the performance of Petroleum Operations by Contractor. This information shall include but not be limited to, seismic data and all logs and records of wells, well cuttings, samples, cores, sidewall cores, and oil samples regarding the Contract Area. However, Staatsolie shall not be obliged to disclose data and information which it is unable to release due to confidentiality restrictions in force and effect at the time of Contractor's request.

22.3 Ownership of Data

22.3.1 All original and copied data and samples collected by Contractor during Petroleum Operations shall be the property of Staatsolie. Contractor may export, use and retain the collected data and samples outside Suriname and shall, on behalf of Staatsolie and in furtherance of Petroleum Operations, manage the use of such data, subject to the provisions of this Article. Contractor shall be responsible to store all samples and data and shall inform Staatsolie of their location. Notwithstanding the foregoing, Staatsolie shall have the option to relocate and store a copy of all data and (part of the) samples at its cost.

22.3.2 Prior to the destruction of any data or samples, Contractor shall notify Staatsolie in writing and Staatsolie may elect to further store or relocate such data and samples, at its cost. During the Term of this Contract, Parties shall have access to all data and samples.

22.3.3 On termination of this Contract, Contractor shall turn over all original and copied data, samples and information obtained during or in relation to its Petroleum Operations in Suriname still in its possession to Staatsolie, provided that Contractor may retain its evaluation materials which shall remain the property of Contractor.

22.3.4 Contractor shall maintain accounting records, returns, books and accounts as required under the Accounting Procedure and shall be entitled to retain and use at least one (1) copy of all data for any purpose during the term of this Contract and after this Contract's termination, so long as Contractor complies with its confidentiality obligations set forth in Article 23.

22.4 Annual Reports

No later than ninety (90) Days following the end of each Calendar Year, Contractor shall submit to Staatsolie a report covering Petroleum Operations performed in the Contract Area during such Calendar Year. Such report, as applicable, shall include but not be limited to:

22.4.1 a statement of all wells drilled, the summary of each such well, and a map on which drilling locations are indicated;

22.4.2 a statement on any Petroleum encountered during Petroleum Operations, as well as a statement of any fresh water layers encountered;

22.4.3 a statement of quantities of Petroleum, water and any significant quantities of other minerals produced therewith from the same reservoir or deposit;

22.4.4 a summary of the nature and extent of all Exploration Operations in the Contract Area;

22.4.5 a general summary of all Petroleum Operations in the Contract Area;

22.4.6 a statement of the number of employees engaged in Petroleum Operations in Suriname, identified by nationality to the extent providing such information does not cause Contractor to violate any laws to which it is subject;

22.4.7 a statement on the estimated Petroleum reserves remaining to be recovered and the underlying analysis related to this statement; and

22.4.8 a summary of the disposals or sales pursuant to Sub-Article 28.5.

ARTICLE 23. CONFIDENTIALITY

23.1 Confidentiality of Information and Data

23.1.1 Each Party agrees that all information and data of a technical, geological or commercial nature, acquired or obtained from and/or related to Petroleum Operations on or after the Effective Date and not (i) in the public domain; (ii) already known to each Party or its respective Affiliates as of the Effective Date; (iii) acquired independently from a third party who has the right to disseminate such information at the time it is acquired by either Party or an Affiliate of such Party; (iv) developed by a Party or its respective Affiliates wholly independently of the information and data received from a disclosing party; or (v) otherwise legally in the possession of such Party or its respective Affiliates without restriction on disclosure, shall be considered and kept confidential (the “Confidential Information”) (subject to Contractor's right to use and to trade such data and information in accordance with this Article 23), and shall not be disclosed, sold, offered to any third party or published, except:

- (a) to employees, officers and directors of each Party, and to an Affiliate of each Party and its respective employees, officers and directors, provided such Affiliate maintains confidentiality as provided in this Contract;
- (b) to any Government Authority when required by this Contract;
- (c) to the extent such Confidential Information is required to be furnished in compliance with Applicable Laws, or pursuant to any legal proceedings or because of any order of any court binding upon a Party or its Affiliates;
- (d) subject to Sub-Article 23.1.3, to potential Sub-Contractors, consultants and attorneys contracted by any Party where disclosure of such Confidential Information is essential to such Sub-Contractor's, consultant's or attorney's work;
- (e) subject to Sub-Article 23.1.3, to a bona fide prospective transferee of all or a portion of a Party's participating interest (including an entity with whom a Party is conducting bona fide negotiations directed toward a merger, consolidation or the sale of a majority of its or an Affiliate's shares);
- (f) subject to Sub-Article 23.1.3, to a bank or other financial institution or entity to the extent appropriate to a Party's arranging for funding or proposing to fund for its obligations under this Contract, including any consultant retained by such bank, financing institution or entity;

- (g) to the extent such Confidential Information must be disclosed pursuant to any laws, rules, orders, decrees or requirements of any government or stock exchange having jurisdiction over such Party or its Affiliates;
- (h) where any Confidential Information which, through no fault of a Party, becomes a part of the public domain;
- (i) to a mediator, in accordance with Article 21.6, or experts and arbitrators, in accordance with Article 42; or
- (j) to the extent such Confidential Information is required to be furnished in connection with any unitization of all or part of the Contract Area.

23.1.2 Each Party shall take customary precautions to ensure that such Confidential Information on Petroleum Operations is kept confidential by its respective employees, officers, directors, consultants, agents or other parties to whom each Party is responsible.

23.1.3 Prior to any disclosure not otherwise permitted in this Article, the disclosing Party must obtain a written undertaking from the recipient third party to keep the Confidential Information strictly confidential from other third parties, with exceptions similar to those set out in Sub-Article 23.1.1 and with the conditions that the data and information not to use or disclose the data and information except for the express purpose for which disclosure is to be made.

23.1.4 Subject to Sub-Article 23.1.6, the confidentiality obligations of the Parties shall terminate:

- (a) on the termination of this Contract; or
- (b) as to data from areas relinquished, on the date of such relinquishment.

Data related to the Petroleum Operations in areas not relinquished in accordance with the terms of this Contract, may be released by Staatsolie at the end of the fifth (5th) year from the date of acquisition.

23.1.5 Any Contractor Party ceasing to own a participating interest in this Contract, during the term of this Contract, shall nonetheless remain bound by the obligations of confidentiality set forth above and any disputes shall be resolved in accordance with Article 42.

23.1.6 Notwithstanding the provisions of Sub-Article 23.1.4 of this Contract, the confidentiality obligations of Contractor with respect to geological, geophysical data and information acquired or obtained from and related to Petroleum Operations shall remain in force and effect throughout the life of the Contract and a period of five (5) Calendar Years thereafter.

23.2 Disclosure in Reports and Public Announcements

Notwithstanding any other provisions in this Article 23, each Contractor Party may make disclosures in annual reports, all regulatory filings related to corporate securities (including, but not limited to, annual and quarterly reports) required by applicable law or stock exchange regulations.

If a Party wishes to issue or make any public announcement or statement regarding this Contract or the Exploration, Production, and Development Operations, it shall not do so unless, before the release of the public announcement or statement, such Party furnishes all the Parties with a copy of such announcement or statement for review and comment.

23.3 Right to Use

23.3.1 No Party shall make available to any third parties any technology, including patent information or proprietary know-how, acquired from any other Party without the written consent of such other Party.

23.3.2 Subject to Sub-Article 23.1, any Party has the right to freely use all geological, geophysical, reservoir, engineering, drilling engineering, facilities engineering, and project data and information regarding the Contract Area for other petroleum activities in and outside Suriname.

ARTICLE 24. INSPECTIONS

24.1 Inspections

Staatsolie shall with reasonable notice to Contractor, have the right of access, at Staatsolie's sole risk and liability, to all sites and offices of Contractor in Suriname and the right to inspect all buildings, facilities and installations used by Contractor and to inspect and audit the books and accounts of Contractor relating to Petroleum Operations. In this regard, Contractor shall provide facilities to a reasonable number of duly authorized representatives of Staatsolie to perform their duties and obligations in relation to this Contract. All costs for providing such facilities incurred by Contractor during the Exploration Period and Development and Production Period, shall be subject to Cost Recovery in accordance with Article 14. All representatives of Staatsolie shall abide by the posted or published safety rules of Contractor during such inspections and audits. To the extent possible, such inspections and audits shall take place at such times and in a manner not to unduly interfere with the operations of Contractor.

ARTICLE 25. HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION

25.1 General HSE requirements

25.1.1 It shall be Contractor's continuing responsibility to ensure that personnel of Contractor and their Sub-Contractors are fit for employment.

25.1.2 The Contractor is responsible for providing and obtaining appropriate medical and emergency assistance on the worksite.

25.1.3 All relevant Contractor's personnel shall be trained in survival and fire fighting in accordance with good oilfield practice.

25.1.4 Contractor shall work together with Staatsolie in the execution of a Staatsolie contingency plan should the need arise to put it into effect.

25.2 Conduct of Operations

25.2.1 Contractor shall conduct Petroleum Operations in an expedient, diligent, safe and efficient manner in accordance with good international petroleum industry practice, standards adopted by the Surinamese authorities current International Finance Corporation's Environmental, Health, and Safety Guidelines for Offshore Oil and Gas Development and International Finance Corporation's Policy on Social & Environmental Sustainability and shall take all reasonable actions in accordance with said standards to protect people, environment, assets, property and reputation.

25.2.2 Contractor shall comply and be accountable for Sub-Contractor compliance at all times with all Applicable Law requirements, as well as any HSE standards and requirements agreed between the Parties.

25.2.3 Contractor shall keep Staatsolie and all relevant Government Authorities informed, without delay, of any circumstances which may indicate a dangerous situation and execute the appropriate measures consistent with safety rules and good international petroleum industry practices to correct this situation. Contractor shall keep Staatsolie informed, without delay, of any serious bodily injury occurring with respect to or in the conduct of Petroleum Operations.

25.2.4 Contractor's HSE standards will contain but not be limited to:

- a. Environmental Impact and Social Assessments
- b. Environmental Management Plans
- c. Contingency Plans

25.2.5 In the event of an emergency or major accident, Staatsolie shall, at its sole discretion and at Contractor's request, make available to Contractor such equipment and personnel as it has reasonably available to assist Contractor in any emergency situation. Contractor shall reimburse Staatsolie all of its reasonable costs associated with such assistance.

25.3 Disposal of Waste and Completion of Wells

Contractor shall provide an effective and safe system for disposal of water, waste oil and other waste, consistent with good international petroleum industry practice and shall provide for the safe completion of all bore holes and wells before they are abandoned in accordance with Article 30.

25.4 Prevention of Damage to Environment and Health

Contractor shall, in carrying out its responsibilities under this Contract, use good international petroleum industry practice and standards to:

25.4.1 avoid any actions, which could endanger the health and safety of persons;

25.4.2 minimize Environmental Damage;

25.4.3 control the flow and prevent the avoidable waste of Crude Oil and Natural Gas discovered in or produced from the Contract Area;

25.4.4 prevent excessive damage to Crude Oil, Natural Gas and fresh water bearing strata; and

25.4.5 prevent excessive entrance of extraneous water through boreholes and wells to Crude Oil, Natural Gas and fresh water-bearing strata, except for the purpose of secondary recovery.

25.5 Clean-up of Pollution

Subject to Sub-Articles 3.6.2 and 25.8 if in spite of Contractor's prudent conduct of Petroleum Operations, damage to environment or health occurs, Contractor shall in accordance to good international petroleum industry practice and standards promptly take all prudent measures to control and clean up the pollution, and/or to remediate, to the extent reasonably practicable, and/or to compensate and mitigate any material damage resulting from such circumstances. The cost of such control, clean-up, remediation and/or compensation and mitigation activities shall be borne by Contractor, and shall be subject to Cost Recovery unless due to the Gross Negligence or Willful Misconduct on part of Contractor or failure to adhere to the standards of Sub-Article 7.1. A designated Surinamese Government authority will duly inform neighboring sovereign nations of pollution events.

25.6 Decommissioning and Abandonment

Subject to Sub-Articles 3.6.2 and 25.8 Contractor shall be liable and shall bear the cost and expenses for all claims, damages or losses arising out of or related to Environmental Damages resulting from suspended and abandoned wells and other facilities for a period of five (5) Calendar Years following the relinquishment of a portion of the Contract Area or the relinquishment of a Development and Production Area that includes such wells or facilities unless Contractor can demonstrate that the pollution and damages are caused by acts of nature or by actions or omissions of others.

25.7 Clean-up by Staatsolie

Subject to Sub-Articles 3.6.2, 25.8 if Contractor does not act promptly to control, clean up, remediate or compensate and mitigate any Environmental Damage referenced in Sub-Article 25.5, Staatsolie may, after reasonable notice to Contractor take any actions and execute any works necessary thereto. All documented costs and expenses incurred by Staatsolie, including all penalties and claims, shall be borne by Contractor and shall be subject to Cost Recovery, unless due to Gross Negligence or Willful Misconduct on the part of Contractor.

25.8 Conditions Prior to Effective Date

Contractor shall not be responsible and shall bear no cost, expense or liability for claims, damages or losses arising out of or related to any environmental pollution and other damage to the environment, health and safety condition or problems which it did not cause, including but not limited to those in existence prior to the Effective Date of this Contract. Staatsolie shall indemnify, release, and hold harmless Contractor, its Affiliates, their respective officers, consultants, employees, agents, and directors from any liabilities, losses, damages, costs or expenses relating thereto.

25.9 Water Source Usage

Contractor shall have the right to use available water sources in the Contract Area for Petroleum Operations, which usage shall not interfere with the rights of other water users in the Contract Area, and provided that Contractor conducts such Petroleum Operations consistent with the international petroleum industry good practices and standards.

ARTICLE 26. INSURANCE, LIABILITIES AND INDEMNITIES

26.1 Insurance

Contractor shall not self-insure or insure through Affiliates without the specific prior approval of Staatsolie.

Contractor shall provide all insurance and cause its Sub-Contractors to provide all insurance with respect to Petroleum Operations, of the types and for such amounts customarily used in the international petroleum industry for similar operations. Such insurance cover shall include but not be limited to:

26.1.1 Loss or damage to all installations, equipment and other assets for so long as they are used in the Petroleum Operations.

26.1.2 Sudden and unintentional pollution caused in the course of the Petroleum Operations for which Contractor would be liable;

26.1.3 Property loss, damage or bodily injury suffered by any employee or third party or death of any employee or third party in the course of the Petroleum Operations, for which Contractor would be liable.

26.2 Insurance Coverage

Contractor has the freedom to select its insurance provider, provided that Contractor selects reinsurers of international standing with a minimum rating of "A" with A.M. Best or "AA" with ISI Standard & Poor's. Contractor shall furthermore use its reasonable efforts to ensure that its insurers /international re-insurers agree to arrangement such that Staatsolie shall be permitted to make claims under the reinsurance policies directly against such re-insurers. All policies of insurance, with respect to the Petroleum Operations of Contractor shall name Staatsolie as additional insured and all insurances entered into by Contractor for the Petroleum Operations, shall contain an express waiver of subrogation against Staatsolie.

To the extent that any such insurance is not available, or is not obtained or does not include Staatsolie as an additional insured, or does not contain an express waiver of subrogation against Staatsolie or does not cover part or all of any claims or damage caused by or resulting from the Petroleum Operations of Contractor, Contractor shall remain fully responsible and shall defend, indemnify and hold Staatsolie harmless against all such claims, losses and damages.

Contractor shall actively pursue any claims against insurers. Any amount received from insurance settlements shall be applied and accounted for in accordance with the Accounting Procedure.

Contractor shall submit Contractor's insurance program for Petroleum Operations to the Operations Committee. Contractor shall submit Contractor's certificates of insurance confirming any insurance programs providing coverage with respect to Petroleum Operations or procured pursuant to Sub-Article 26.1. This insurance program shall include amongst others the identity of the insurers, types and amounts of coverage limits, deductibles and premiums to be paid.

All insurance policies required by this Agreement shall provide that the same shall not be modified or terminated without at least sixty (60) days prior written notice to the Operation Committee. Within 60 days of each third anniversary of the Effective Date, Contractor shall provide the Operations Committee with a report of an independent insurance consultant reasonably acceptable to Staatsolie to the effect that insurance complies with the requirements of this clause.

26.3 Liability for Damages

26.3.1 Where a Contractor consists of more than one Contractor Party their liability toward the Government or any other Government Authority or Staatsolie in its role as agent, shall be joint and several; provided always that if Staatsolie elects to become a Contractor Party pursuant to Article 12, the other Contractor Parties shall in no event assume joint liability for Staatsolie (or its successors or assigns of all or any portion of this Contract). For the avoidance of doubt Staatsolie as a Contractor party shall in no event assume joint and several liability for the other Contractor Parties.

26.3.2 Contractor is liable for any loss or damage resulting from the Gross Negligence or Willful Misconduct of Contractor, of Contractor's Sub-Contractors or their employees, acting in the scope of their employment in the performance of Petroleum Operations, or any other persons for whom Contractor is responsible with regard to Petroleum Operations.

26.4 Indemnity for Personnel

Notwithstanding the other provisions of this Contract:

26.4.1 Contractor shall release, indemnify and hold harmless: Staatsolie and its Affiliates and their respective consultants, agents, employees and directors against all losses, damages, liabilities, costs and expenses arising under any claim, demand, action or proceeding against Staatsolie or its Affiliates or their respective, consultants, agents employees or directors for the personal injury, industrial illness or death or the loss/damage of personal property of any of Contractor's employees or for the loss or damage to any personal property of any of Contractor's employees when such loss, damage or liability arises out of or in connection with Contractor's performance or non-performance of this Contract, regardless of the fault or negligence, in whole or in part, of any legal entity, individual or party.

26.4.2 Staatsolie shall release, indemnify and hold harmless Contractor and its Affiliates and their respective consultants, agents, employees and directors against all losses, damages, liabilities, costs and expenses arising under any claim, demand, action or proceeding against Contractor or its Affiliates or their respective consultants, agents, employees or directors for the personal injury, industrial illness or death or the loss/damage of personal property of any of Staatsolie's employees or for the loss or damage to any personal property of any of Staatsolie's employees when such loss, damage or liability arises out of or in connection with the performance or non-performance of this Contract, regardless of the fault or negligence, in whole or in part, of any legal entity, individual or party.

26.5 Indemnity during Petroleum Operations

Subject to and expressly limited by Sub-Articles 26.3, 26.4 and 26.6, Contractor shall release and indemnify Staatsolie and its Affiliates and their respective consultants, agents, employees and directors from, and hold harmless Staatsolie and its Affiliates against all losses, damages, liabilities, costs and expenses arising under any claim, demand, action or proceeding instituted against Staatsolie or its Affiliates or their respective consultants, agents, employees or directors for any death, expense, injury, liability, loss or damage of any kind incurred or sustained in connection with or arising out of the activities of Contractor or its Sub-Contractors in respect of Petroleum Operations under this Contract.

26.6 Indemnity for Surrendered Areas and Staatsolie Operations

Staatsolie shall release and indemnify Contractor and its Affiliates and their respective consultants, agents, employees and directors from, and hold harmless Contractor and its Affiliates against all losses, damages, liabilities, costs and expenses arising under any claim, demand, action or proceeding instituted against Contractor or its Affiliates or their respective

consultants, agents, employees or directors arising out of or in any way connected with any injury, death or damage of any kind sustained in connection with or arising from activities related to any portion of the Contract Area surrendered by Contractor and any use of any equipment or assets, and/or the abandonment of any facilities for which Staatsolie has assumed control and responsibility from Contractor pursuant to Articles 28 or 30 when such loss, damage or liability has accrued after the date of such surrender and/or Staatsolie's assumption of the use of any such equipment or assets and abandonment of any such facilities.

MODEL

ARTICLE 27. ACCOUNTING AND AUDITING

27.1 Records at Local Office

Operator and/or Contractor shall maintain, at its office in Suriname, purchase and service agreements, complete books of accounts, original or copies of invoices, proof of payments, sales records and supporting documents, Tax returns to the Government of Suriname and other financial documents in accordance with this Contract. In any case original documents and records shall be available to Staatsolie upon its request.

27.2 Accounting Standards

Accounts shall be kept in accordance with the requirements of the Accounting Procedure and, where not covered by such requirements, in accordance with generally accepted international petroleum industry standards and Applicable Law.

27.3 Annual Report and Audit

27.3.1 Contractor shall prepare, for each Calendar Year, a financial report reflecting the operations under the Contract. Accounting methods, rules and practices applied for determining revenue and expense shall be consistent with generally accepted international petroleum industry practice, standards and Applicable Law. Each financial statement shall be subject to audit by an independent, internationally recognized firm of chartered certified accountants and shall be submitted, along with the auditor's report, to Staatsolie within one hundred twenty (120) Days after the end of the Calendar Year to which it pertains. Audits should be conducted in accordance with the International Standards on Auditing (ISAs).

27.3.2 It is expressly understood and agreed that the audits described in Sub-Article 27.3.1 shall have no implications on Cost Recovery, such process being provided for in Sub-Articles 14, 27.5, 27.6, 27.7 and 27.8 hereof.

27.4 Currency of Accounts

The accounts and underlying documentation required by Sub-Article 27.2 shall be kept in the English language and in US Dollars.

27.5 Approval of the Petroleum Expenditures and Revenue Statements

Contractor, or Operator acting on behalf of Contractor Party(ies), shall submit the Petroleum

Expenditures eligible for reimbursement and revenue statements as required in the Accounting Procedure. Staatsolie shall signify its approval or disapproval hereof within thirty (30) Days of receipt of such statements and necessary supporting documentation, subject to Sub-Article 27.8. If Staatsolie indicates its disapproval of any such item, Parties shall meet within thirty (30) Days of Contractor's receipt of Staatsolie's notice of disapproval to review the matter. Failure of Staatsolie to disapprove of any item submitted for Cost Recovery within the allotted time shall be deemed an approval subject to Sub-Article 27.8, and its cost shall be reimbursed to Contractor in accordance with Article 14.

27.6 Substantiation Disapproval

Should Staatsolie disapprove any item(s) in cost and revenue statements submitted by Contractor, it shall notify Contractor within the period allotted for approval or disapproval in Sub-Article 27.5, with supporting reason(s), such as but not limited to:

- (i) the costs and/or revenues recorded in the statements are not correct; and/or
- (ii) the costs of goods or services in the statements are not in line with international market prices for goods and services of similar quality supplied on similar terms prevailing at the time such goods or services were supplied; and/or
- (iii) the condition of the materials furnished by Contractor does not tally with their prices; and/or
- (iv) the costs incurred were not reasonably required for Petroleum Operations.

Any disapproval by Staatsolie shall be itemized and shall not apply to an entire cost statement. If Staatsolie and Contractor have not resolved the disputed items within sixty (60) Days of Contractor's receipt of Staatsolie's notification of disapproval, either Party may refer such dispute to the Operations Committee for resolution. If agreement is not reached by the Operations Committee, the item(s) in dispute shall be referred to Dispute Resolution pursuant to Article 42.

27.7 Staatsolie's Cost Recovery Audit

Staatsolie shall have the right to audit, in accordance with Accounting Procedure, with sixty (60) Days advance notice to Contractor, in order to approve or disapprove of costs incurred by Contractor for Cost Recovery, (a "Staatsolie Audit") the books and accounts of Contractor relating to Petroleum Operations within two (2) years from receipt by Staatsolie of all documentation needed for Cost Recovery. In carrying out such audit, Staatsolie shall not unreasonably interfere with the conduct of Petroleum Operations. Contractor shall provide all

necessary facilities for auditors appointed by Staatsolie, including working space and access to all relevant personnel and information requested by Staatsolie. The costs of any such audits commissioned by Staatsolie shall be borne by Staatsolie. Such audits shall be undertaken by an independent, internationally recognized auditing firm or by Staatsolie, and copies of such audit reports shall be provided to Contractor free of cost. Subject to any adjustments resulting from such audits, Contractor's accounts and cost and revenue statements shall be considered to be correct as of two (2) years from the date of their submission.

27.8 Adjustment as Result of Audit

All adjustments resulting from an audit will be recorded in the Petroleum Expenditures Account as soon as possible after agreement is reached between Contractor Parties and Staatsolie. Any unresolved dispute arising in connection with an audit shall first be referred to the Operations Committee for resolution. If agreement is not reached by the Operations Committee, the item(s) in dispute shall be submitted to Dispute Resolution in accordance with Article 42 of this Contract.

27.9 Financial Year Period

The financial year is equal to the Calendar Year.

ARTICLE 28. OWNERSHIP TO AND CONTROL OF GOODS AND EQUIPMENT

28.1 Ownership of Petroleum, Assets and Information

Staatsolie shall be the owner of:

28.1.1 Petroleum produced and recovered as a result of Petroleum Operations, subject to Article 14 and Sub-Article 21.1;

28.1.2 all data; well logs, all maps, drill samples and other geological and geophysical information obtained by Contractor as a result of Petroleum Operations, and all geological, technical, financial, and economic reports, studies and analyses prepared by or for Contractor relating to Petroleum Operations; and

28.1.3 all assets, other than those to which Sub-Article 28.3 applies, which are purchased, installed, constructed and/or used by Contractor in Petroleum Operations, provided that Staatsolie's ownership of such assets shall only become effective upon the earlier of full Cost Recovery of such assets pursuant to Article 14 or the termination of this Contract.

28.2 Use of Assets

Contractor shall have the free and exclusive use and control of the assets referred to in Sub-Article 28.1.3 for purposes of its operations under this Contract, subject to the provisions in Sub-Article 28.5.

28.3 Rented or Leased Assets

Equipment or any other assets rented or leased by Contractor or owned or leased by Sub-Contractors, in connection with Petroleum Operations shall not be deemed to be owned by Staatsolie.

28.4 Transfer of Ownership on Contract Termination

On termination of this Contract, Contractor shall, subject to and in accordance with Article 30, leave all assets (such as wells, equipment, plants and machinery purchased, installed or constructed), which are owned and used in Petroleum Operations in good working order on a as is where is basis, except for wear and tear normal to oil industry use for that type of equipment under the particular conditions in which it was used. Contractor shall at no cost, transfer ownership, if applicable, and control of such assets to Staatsolie.

28.5 Selling of Assets

Subject to the Operations Committee's approval, Contractor shall have the right to sell or dispose of surplus material and equipment utilized in the conduct of Petroleum Operations in the Contract Area. Contractor shall notify Staatsolie three (3) Months prior to any disposals or sales in accordance with the Accounting Procedure. In all sales, Staatsolie will have first right of refusal, which right must be exercised within thirty (30) Days of such notification. The value of assets will be based on an Arm's Lengths Transaction and be at least in accordance with depreciation schedules agreed by the Parties. The proceeds of such sales shall be distributed as follows:

28.5.1 The costs of removing, reconditioning and selling the equipment will be cost recoverable.

28.5.2 The net proceeds of the sale shall be credited to the Petroleum Expenditures Account, according to the Accounting Procedure.

ARTICLE 29. USE OF LAND AND SEA BEDS

29.1 Surface rental

Contractor is released, from payment to Staatsolie or any Government Authority of any surface rentals or charges referenced in Article 63 of the Mining Decree.

29.2 Land and Sea Beds

Within the limits of its authority, Staatsolie shall use its best lawful endeavors to make available to Contractor the use of land and sea beds necessary to carry out Petroleum Operations. Contractor shall pre-pay Staatsolie for any expenditure payable by Staatsolie to third parties for the right to use such land or seabed and such expenditure shall be cost recoverable.

29.3 Right to Construct Facilities

Contractor shall have the right to construct and the duty to maintain, above and below any such lands and sea beds, the facilities necessary to carry out Petroleum Operations, including but not restricted to, roads, pipelines, production and treatment facilities, landing fields, bridges and telecommunication facilities. Location of facilities constructed by Contractor on such land shall be in accordance with Surinamese legislation regarding land use.

29.4 Use of excess capacity by other producers

29.4.1 Where Staatsolie and Contractor agree that a mutual economic benefit can be achieved by constructing and operating common facilities, the Contractor shall use its utmost efforts to reach agreement with other producers on the construction and operation of such common facilities.

29.4.2 Where there exists excess capacity, third parties may only use the facilities of the Contractor on payment of a reasonable compensation, based on an Arm's Length Transaction, guaranteeing reasonable return on investment to the Contractor and provided the use does not unreasonably interfere with the Contractor's Petroleum Operations.

29.4.3 The laying of pipelines, cables and similar lines in the Contract Area by other persons is allowed, but those lines and related work shall not unreasonably interfere with the Petroleum Operations of Contractor.

ARTICLE 30. ABANDONMENT

30.1 Scope of Abandonment Obligation

Contractor shall, in accordance with the abandonment plan as referenced in Sub-Article 30.9, on termination of the Contract or relinquishment of part of the Contract Area, except for those facilities and assets, which Staatsolie has notified Contractor should not be removed pursuant to the provisions of this Article 30:

30.1.1 remove from the Contract Area or part of the Contract Area or abandon in place, in accordance with good international petroleum industry practice, all wells, facilities and assets used in the conduct of Petroleum Operations, including, without limitation, pipelines, equipment, production and treatment facilities, electrical facilities, landing fields, and telecommunication facilities;

30.1.2 perform all necessary Site Restoration and remediation.

30.2 Abandonment Fund

To finance the activities under Sub-Article 30.1, Parties shall open an escrow account in US Dollars (the "Abandonment Fund") to finance abandonment activities for each Commercial Field, at a bank of good international repute located outside of Suriname that is rated A or better by Standard & Poor's and A2 or better by Moody's, to be agreed between Staatsolie and Contractor. The structure of the Abandonment Fund and the terms for the administration of the Abandonment Fund shall be mutually agreed between Staatsolie and Contractor. Staatsolie may at its sole discretion access funds from the escrow account in the event that Contractor (i) fails to effect environmental clean-up during the term of this Contract, or (ii) fails to properly abandon wells, or decommission facilities to the satisfaction of Staatsolie upon termination of this Contract. Where Staatsolie accesses the escrow account as aforementioned Contractor shall be required to pay into the account the sum used for said purposes within sixty (60) days.

All funds allocated to the Abandonment Fund shall be recoverable as Operating Expenditures.

30.3 Contributions to Abandonment Fund

30.3.1 The Parties shall exercise their good faith judgment to set the amounts of contribution(s) for the Abandonment Fund so that it shall be of sufficient size to cover the expenses to be incurred under Sub-Article 30.1.

30.3.2 Contractor shall commence making contributions to the Abandonment Fund, based on the formula as established in Sub-Article 30.4, from the date of first Production.

30.4 Formula

On a Calendar Quarter basis, Contractor shall transfer funds to the Abandonment Fund according to the following formula:

$$\text{FTA} = \text{ECA} \times (\text{CPP}/\text{PR}) - \text{AFB}$$

where:

- FTA is the amount of funds to be transferred to the escrow account.
- ECA is the total current estimated cost of abandonment operations to be revised and adapted yearly and in accordance with the abandonment plan pursuant to Sub-Article 30.9, when available.
- CPP is the cumulative production of Crude Oil from the beginning of the Calendar Quarter in which the Abandonment Fund was opened.
- PR is the Proven Reserves at the beginning of the Calendar Quarter in which the Abandonment Fund was opened and adjusted according to material changes in these reserves, but not adjusted for cumulative production.
- AFB is the Abandonment Fund balance at the end of the previous Calendar Quarter.

30.5 Abandonment Prior to Termination of Contract

If Contractor recommends abandonment of facilities, assets and wells prior to the termination of this Contract, Staatsolie may elect to continue using such facilities, assets and wells by giving Contractor notice of such decision within four (4) Calendar Months of Staatsolie's receipt of Contractor's recommendation to abandon. Upon such notification, Staatsolie shall be responsible for abandoning such facilities, assets and wells and shall be entitled to such

funds in the Abandonment Fund accrued at the time of Staatsolie's election necessary to abandon such facilities, assets or wells, pursuant to Sub-Article 30.10.

30.6 Abandonment upon Termination of Contract

Concurrent with the notice of termination in accordance with Article 40 of this Contract, Contractor shall notify Staatsolie of all facilities, assets and wells used in Petroleum Operations that Contractor intends to abandon. Staatsolie may elect to continue to use any such facilities, assets or wells by giving Contractor notice of such election within ninety (90) Days of receipt of Contractor's notice. Any facilities, assets or wells noted in Contractor's notice, which Staatsolie has not elected to continue to use, shall be abandoned by Contractor pursuant to Sub-Article 30.1 and Contractor shall use the Abandonment Fund for such purpose pursuant to Sub-Article 30.10. The Contractor shall remain liable to contribute to all the necessary Abandonment costs, including in cases where the Abandonment Fund is insufficient to meet the costs of Abandonment. Staatsolie shall be responsible for abandoning the remaining facilities, assets or wells without further cost to Contractor and shall be entitled to the funds in the Abandonment Fund equal to the estimated abandonment cost for such facilities accrued at the time of termination of the Contract. In case Contractor and Staatsolie cannot agree on the estimated abandonment cost then this matter shall be referred to expert determination in accordance with Sub-Article 42.5.

30.7 Abandonment Operations

Any abandonment under Sub-Article 30.1 shall be carried out in accordance with good international petroleum industry practice and Applicable Law and shall be subject to the provisions of Sub-Article 45.6. If funds in the Abandonment Fund are insufficient for activities under Sub-Article 30.1, additional funds for these abandonment activities shall be provided through Cost Oil or by Contractor.

30.8 Facilities, Assets and Wells that Staatsolie Continues to Use

With respect to any facilities, assets or wells which Staatsolie elects to continue to use pursuant to Sub-Articles 30.5 and 30.6:

30.8.1 Staatsolie shall conduct such continued use in accordance with good international petroleum industry practice and in such a manner that does not interfere with Contractor's Petroleum Operations;

30.8.2 Staatsolie will abandon such facilities, assets and wells as and when Staatsolie decides and in such a manner that does not interfere with Contractor's Petroleum Operations;

30.8.3 Contractor shall be released from all responsibility and liability whatsoever pertaining to such facilities, assets and wells and abandonment thereof; and

30.8.4 Staatsolie shall indemnify Contractor from and against any loss, damage and liability whatsoever, as well as any claim, action or proceeding instituted against Contractor, or any Contractor Parties, by any person or entity, arising from, or in any way connected with:

- (a) the continued use of such facilities, assets and wells and their ultimate abandonment; or
- (b) any failure by Staatsolie to properly abandon or use any such facilities, assets and wells.

30.9 Abandonment Plan

No later than one (1) year prior to first production Contractor shall prepare detailed abandonment plan for each Commercial Field, detailed per Petroleum Field, including the estimated date of abandonment, and an estimate of the cost of abandonment for approval by the Operations Committee. Annually thereafter, Contractor shall examine the estimated costs of abandonment operations and, if appropriate, propose a revision for approval to the Operations Committee.

30.10 Disbursements from Abandonment Fund

Subject to Sub-Article 30.11, the portion of the Abandonment Fund attributable to the abandonment of a specific facility, asset or well or a part of a facility shall be transferred:

- a) to Contractor at the time Contractor commences abandonment of such facility, asset or well; or
- b) to Staatsolie at the moment of the transfer of such facility, asset or well, if Staatsolie elects to continue to use the facility, asset or well, as provided for in Sub-Articles 30.5 and 30.6. The funds transferred to Staatsolie shall be placed in an escrow account and shall only be used for abandonment.

The bank where the Abandonment Fund is held shall be provided with instructions regarding disbursement. Such instructions shall be in the form of a certified request for disbursement (i) by Contractor, in the event the Contractor is undertaking abandonment obligations as

specified in this Contract (ii) by Staatsolie in the event abandonment obligations are transferred to Staatsolie in accordance with this Contract. Contractor shall only request disbursement from the bank in accordance with the approved abandonment plan pursuant to Sub-Article 30.9. The bank shall be authorized to disburse funds upon receipt of such letter, without the need to confirm any facts.

30.11 Excess Amounts in Abandonment Fund

If excess funds remain in the Abandonment Fund following completion of all abandonment and such funds have not been subject to full Cost Recovery, such excess funds shall be distributed to Contractor. If excess funds remain in the Abandonment Fund following completion of all abandonment and such funds have been subject to full Cost Recovery, then such excess funds shall be transferred to Staatsolie.

30.12 No Taxes on Abandonment Fund

No Taxes, levies, duties or fees shall be imposed on the amounts paid into, received or earned by or held in the Abandonment Fund. Any excess amounts distributed in accordance with Sub-Article 30.11 will be included in Parties' gross revenues.

ARTICLE 31. IMMIGRATION AND EXPATRIATE EMPLOYEES

31.1 Permits and Income Tax Liability for Expatriate Employees

Staatsolie shall assist Contractor with all necessary permissions, permits, visas, approvals and licenses related to immigration of personnel for the purposes of Petroleum Operations. All Expatriate Employees shall be liable to pay Suriname personal income tax pursuant to the Income Tax Act of 1922 (Government Bulletin of 1921 no. 112, as last amended by State Decree of 1995 no. 52), provided such Taxes are of a non-discriminatory nature; otherwise such increase in Taxes shall either not be payable or, if payable, shall be reimbursed by Staatsolie within 90 Days of payment by Contractor.

31.2 Employment of Expatriates

Subject to the requirements to hire Surinamese nationals, in accordance with Article 32, Contractor and its Sub-Contractors may employ persons who are not nationals of Suriname, to work in Petroleum Operations, for such periods as Contractor and its Sub-Contractors shall determine.

31.3 Immigration

Contractor and its Sub-Contractors shall comply with Applicable Law with respect to the employment and the immigration of Expatriate Employees.

31.4 Applicable Law and Respect of National Heritage and Customs

Contractor and its Sub-Contractors are responsible for and shall ensure that their Expatriate Employees comply with Applicable Law and respect the Suriname national heritage and customs.

ARTICLE 32. LOCAL CONTENT

32.1 Preference for Materials Produced in Suriname

In the acquisition of plant, equipment, supplies and services for Petroleum Operations, Contractor shall give preference for materials, services and products produced in Suriname if these materials, services and products can be supplied at prices, grades, qualities, delivery dates and other commercial terms equivalent to or more favorable than those at which similar materials, services and products can be supplied from elsewhere. A list of local purchases must be submitted quarterly to Staatsolie.

32.2 Purchase of Materials and Services

All purchases shall be made in accordance with the relevant provisions of the Accounting Procedure.

32.3 Personnel during Contract Period

32.3.1 Contractor and its Sub-Contractors shall, to the maximum extent practicable, employ with priority nationals of Suriname in all aspects of Petroleum Operations. For this purpose, along with each Work Program & Budget, Contractor and its Sub-Contractors shall submit to Staatsolie a report showing the number of persons and the required professions and technical capabilities Contractor contemplates hiring within the following Calendar Year.

32.3.2 A list of the number of Contractor's and Sub-Contractors' local hires and associated titles must be submitted quarterly to Staatsolie.

32.4 Local Enterprises

Contractor and its Sub-Contractors shall, to the greatest extent possible, give preference to local firms in Suriname (including companies incorporated in Suriname) to carry out any works for, supply materials to, or provide services for, Contractor by ensuring access to all tender invitations and by including weighting on local value added in the tender evaluation criteria.

Prior to the commencement of any contract, Contractor shall provide Staatsolie with all necessary information covering each Subcontractor including an executed copy of any contract and related agreements.

Contractor shall, twice every Calendar Year, submit to Staatsolie a list of Sub-Contractors engaged in its Petroleum Operations.

32.5 Training for Nationals

32.5.1 Contractor shall use its best efforts to train nationals of Suriname with respect to its Petroleum Operations, including technical, administrative, executive and management positions. Cost for such training pursuant to this Article shall be considered as cost recoverable.

32.5.2 Contractor shall implement a program of training for nationals of Suriname in the Petroleum Operations. Contractor shall provide to Staatsolie full details of such training programmes.

32.6 Reporting

Each Calendar Year the Contractor shall provide to Staatsolie a report demonstrating the evolution of local content involvement in its Petroleum Operations and a plan of action to increase the level of local content.

ARTICLE 33. SOCIAL RESPONSIBILITY AND TRAINING

33.1 Training Obligation and Social Responsibility

33.1.1 (A) During each phase of the Exploration Period and up to first production in the Contract Area, Contractor shall allocate one hundred thousand US Dollars (US\$100,000) per Calendar Year to train representatives of Staatsolie or to provide programs of social responsibility. Upon first production in the Contract Area, Contractor shall allocate four hundred thousand US Dollars (US\$ 400,000) of the Budget per Calendar Year to train representatives of Staatsolie or to provide programs of corporate social responsibility

33.1.1(B) The training programs shall be in any of Staatsolie's operations. The programs of social responsibility shall support community-based development in areas like environment, health, education, culture and sports. Contractor's expenditures pursuant to this Sub-Article 33.1.1 shall not be eligible for Cost Recovery. The Operations Committee shall determine the allocation of Contractor's expenditures pursuant to this Sub-Article 33.1.1.

33.1.2 If so requested by Staatsolie, Parties shall mutually agree on a number of employees of Staatsolie nominated by Staatsolie to be seconded for on-the-job training or attachment in all phases of its Petroleum Operations under a mutually agreed secondment contract. Such secondment contract may include continuing education and short industry courses mutually identified as beneficial to the secondee. Cost and other expenses excluding salaries and benefits of such employees of Staatsolie connected with such assignment shall be borne by the Contractor and considered as costs recoverable.

33.2 As part of the obligations in Sub-Article 33.1.1, Contractor shall reasonably assist Staatsolie personnel to acquire knowledge and skills in all aspects of the Petroleum industry.

ARTICLE 34. FORCE MAJEURE

34.1 Excused Non-Performance

Failure of a Party to fulfill any of the terms and conditions of this Contract shall not be considered as a default of this Contract if such inability arises from Force Majeure, provided that such Party has taken appropriate precautions and exercised due care, to carry out the terms and conditions of this Contract. If the Force Majeure restrains the performance of an obligation or the exercise of a right under this Contract only temporarily, but for a period of at least seven (7) Days, then the time given in this Contract for:

- a) the performance of such obligation or the exercise of such right and
- b) the performance or exercise of any right or obligation dependent thereon,

shall be suspended until the restoration of the status quo prior to the occurrence of the event(s) constituting Force Majeure, provided that such event is relevant to the performance of such right or obligation. Provided however, there shall be no seven (7) Days requirement, if the Force Majeure event occurs during the last thirty (30) Days of any Exploration phase or Development and Production Period. Nothing in this Article 34 shall be construed to relieve any Party of its indemnity obligations contained in this Contract.

34.2 Affected Party

A Party affected by Force Majeure shall take reasonable measures to remove such Party's inability to fulfill the terms and conditions of this Contract with a minimum of delay. The settlement of strikes or other labor stoppages shall be entirely at the discretion of the affected Party and the above-mentioned requirement that any Force Majeure shall be remedied with reasonable dispatch.

34.3 Notice of Force Majeure

A Party affected by an event of Force Majeure shall notify the other Parties of such event as soon as possible and shall similarly give notice of the restoration of normal conditions or remedial situations as soon as possible.

34.4 Measures to Minimize Consequences

34.4.1 Parties shall take reasonable measures to minimize the consequences of any event of Force Majeure.

34.4.2 When a Force Majeure situation lasts more than sixty (60) Days, the Parties will meet to examine the situation and implication for Petroleum Operations, in order to establish the course of action appropriate for the fulfillment of the provisions of this Contract.

MODEL

ARTICLE 35. LOCAL OFFICE AND PRESENCE

35.1 Local Office and Legal Representative

Pursuant to Article 19 of the Petroleum Law of 1990, Contractor and/or Operator shall have a legal representative in Suriname and maintain an office in Suriname for the purpose of carrying out Contractor's responsibilities under this Contract. Any such office and/or representative(s) shall be registered as required by Applicable Law.

35.2 Contractor's Right to Establish Local Presence, Conduct Petroleum Operations

Each Contractor Party, its Affiliates and Contractor's Sub-Contractors shall have the right throughout the term of this Contract to establish such branches and permanent establishments, and to conduct any business in Suriname as may be necessary to conduct or participate in Petroleum Operations, including the purchase, lease or acquisition of any property required for Petroleum Operations.

ARTICLE 36. NOTICES

36.1 Delivery of Notice

Any notice, application, request, agreement, approval, consent, instruction, delegation or waiver required to be given hereunder shall be in writing, in English, and delivered to the address set out below for each Party:

- 36.1.1 in person to an authorized representative of the Party to whom such notice is directed;
- 36.1.2 by registered mail;
- 36.1.3 by courier service;
- 36.1.4 by fax; or
- 36.1.5 by emailed PDF.

36.2 Notice given under any provision of this Contract shall be deemed delivered when received by the Party to whom such notice is directed, and the time for such Party to respond to such notice shall run from the date the notice is received. Receipt by a Party of any notice shall be confirmed in case of delivery under Sub-Articles 36.1.1, 36.1.2 or 36.1.3, by a delivery receipt from the receiving entity or person, or in the case of delivery under Sub-Article 36.1.4, a fax receipt which provides confirmation of complete transmission or in the case of delivery under Sub-Article 36.1.5 and when a read-receipt has been received by the sender. Each Party may change its address at any time and/or designate that copies of all notices be directed to another person at another address, with fourteen (14) Days prior notice to the other Party. Oral communication does not constitute notice for purposes of this Contract, and telephone numbers for the Parties are listed below as a matter of convenience only.

For Staatsolie:

Staatsolie Maatschappij Suriname N.V.

Dr.Ir. H.S. Adhinstraat 21

Paramaribo, Suriname

Telephone : 597-499649

Fax : 597-491105

Attention : Managing Director

Email : relias@staatsolie.com

For Contractor:

Paramaribo, Suriname

Telephone : 597-

Fax : 597-

Attention :

Email :

ARTICLE 37. GOOD FAITH

The Parties shall act in good faith with respect to each other's rights and shall adopt all reasonable measures to ensure the realization of the objectives of this Contract.

MODEL

ARTICLE 38. EFFECTIVE DATE

38.1 Binding on Parties

This Contract shall be binding upon the Parties on and after the Effective Date.

38.2 Conditions Precedent

The Effective Date shall be the date when all of the following conditions precedent have been satisfied:

38.2.1 unrestricted approval of this Contract by the Minister of Natural Resources, (in accordance with Article 5 of the Petroleum Law of 1990) and delivery by Staatsolie of such approval to Contractor;

38.2.2 signing of this Contract by Staatsolie and _____;

38.2.3 receipt by Staatsolie of the Company Performance Guarantee for the fulfillment of the obligations of the Work Program for phase1 of the Exploration Period.

38.3 Pre-Effective Date Petroleum Operations

Notwithstanding the provision of Sub-Article 38.2, Contractor may, with the prior approval of Staatsolie, conduct Petroleum Operations between the signing date of this Contract and the Effective Date and such expenditures related to such Petroleum Operations shall be cost recoverable. Notwithstanding the provisions of Sub-Article 38.2, all Petroleum Operations undertaken by Contractor pursuant to this Sub-Article shall be governed by the terms and conditions of this Contract.

ARTICLE 39. REPRESENTATIONS, WARRANTIES, COVENANTS AND UNDERTAKINGS

39.1 Contractor's Representations and Warranties

Contractor hereby represents and warrants to Staatsolie:

39.1.1 that it is a corporate body duly organized and validly existing in accordance with the terms of its foundation documents and has the corporate power and authority to own its property and conduct its business as presently conducted;

39.1.2 that it has the capacity to enter into and perform this Contract and all transactions contemplated herein, and that all corporate and other actions necessary to permit it to enter into and perform this Contract have been properly and validly taken, and all necessary approvals for such purposes have been obtained and remain in effect;

39.1.3 that by entering into or performing its obligations under this Contract, it shall breach neither any other contract or arrangement nor any provisions of its foundation documents, by-laws or administrative resolutions;

39.1.4 that no "asserted claims", rights or encumbrances of any nature exist, which in any material way may affect Contractor's ability to perform Petroleum Operations and that to the best of its knowledge, no existing unasserted or potential claims, rights or encumbrances of any nature exist which, in any material way may affect the ability to perform Petroleum Operations by Contractor. For the purposes of this Article, "asserted claim" means a claim contained in a notice and filed by appropriate procedures with a competent judge or arbitration panel;

39.1.5 that it is authorized, subject to governmental authorizations, to establish and maintain the branches and representative offices in the Republic of Suriname and elsewhere necessary to conduct Petroleum Operations in accordance with the terms and conditions of this Contract;

39.1.6 that this Contract has been duly signed and delivered by it and is valid, binding and enforceable against it in accordance with its terms; and

39.1.7 that, to the best of its knowledge and belief, no material fact or circumstance relevant to this Contract exists which has not been previously disclosed to the Government or

Staatsolie, as the case may be, and which should have been disclosed to prevent materially misleading representations from being made in this Contract.

39.2 Staatsolie's Representations and Warranties

Staatsolie hereby represents and warrants to Contractor:

39.2.1 that it is legally organized and exists in accordance with the laws of the Republic of Suriname and in accordance with the terms of its foundation documents;

39.2.2 that it has the right, power and authority to enter into and perform this Contract, to grant the rights and interests to Contractor as provided under this Contract and to fulfill its obligations under this Contract;

39.2.3 that this Contract has been duly signed and delivered by it and is valid, binding and enforceable against it in accordance with its terms;

39.2.4 that it shall not breach any other contract or arrangement by entering into or performing under this Contract;

39.2.5 that it has exclusively been granted all rights, title and interest to explore, develop and produce Petroleum in and from the Contract Area and that it owns all rights, title and interest in the Contract Area with respect to conducting Petroleum Operations;

39.2.6 that no asserted claims, rights or encumbrances of any nature exist which in any material way may affect Contractor's ability to perform Petroleum Operations and that, to the best of its knowledge, no unasserted or potential claims, rights or encumbrances of any nature exist which in any material way may affect Petroleum Operations by Contractor; and

39.2.7 that all corporate and other action necessary to permit it to enter into and perform this Contract has been properly and validly taken, and all necessary approvals for such purposes have been obtained and remain in effect.

39.3 General Obligations of Staatsolie

39.3.1 In furtherance of Petroleum Operations and upon Contractor's timely request, Staatsolie shall, within the limits of its authority, use its best lawful efforts to assist Contractor to obtain:

- a) any necessary approvals from governmental agencies;
- b) customs clearances, the matters described in Article 16, visas, work permits, residence permits, access to communication facilities, licenses to enter land or water, licenses with respect to any and all equipment and materials, the opening of bank accounts, the acquisition of office space and employee accommodation, as may be necessary for efficient implementation of Petroleum Operations.

39.3.2 Upon its timely request Staatsolie shall provide Contractor with all non-confidential geological, geophysical, geochemical and technical data and information, including well data, in the possession or control of Staatsolie or its Affiliates of relevance to the Contract Area. Staatsolie does not warrant the accuracy or completeness of such data or information.

39.3.3 Staatsolie shall use all means at its disposal to prevent activities performed by its sub-contractors within the Contract Area which would unduly or unreasonably interfere with, hinder or delay the conduct of Petroleum Operations.

39.3.4 Staatsolie shall, within the limits of its authority, use its best endeavors to assist Contractor to have access to pipeline and other transportation, export and infrastructure facilities owned or controlled by any Government Authority.

39.3.5 Staatsolie shall, within the limits of its authority, also use its best lawful efforts to assist Contractor in all other relevant matters as may be necessary for the efficient implementation of Petroleum Operations.

39.4 Foreign Investment Incentives under Current Suriname Law

Contractor, its Affiliates or its Sub-Contractors shall under no circumstances be entitled to any investment incentives, tax holidays or accelerated depreciation allowances available under Applicable Law, including but not limited to the Investment Act (Official Gazette 2002 no. 42), or under any amendments thereto as of the Effective Date, other than the provisions expressly awarded in this Contract, and those provisions provided in the tax rulings issued by the Tax authorities.

39.5 Cure of a Breach of Representation, Warranty, Covenant or Undertakings

The representations, warranties, covenants and undertakings of the Parties set forth in this Article shall remain in effect throughout the duration of this Contract and shall be in addition

to, and not in substitution for, any other representations, warranties, covenants and undertakings set forth in this Contract. Each Party shall immediately, upon receipt of notice from the other Party undertake to cure a breach of any representation warranty, covenant or undertaking, and shall indemnify and hold harmless the other Party, its respective employees, agents, representatives, and shareholders, from and against all suits for injury or claims for damages to persons or property resulting from or arising out of such breach.

MODEL

ARTICLE 40. BREACH, TERMINATION, AND REMEDIES

40.1 Default

Any Party may inform the other Party of a breach of this Contract and, specifying the nature of the breach in notice, request the breaching Party to take action to correct the breach. If the action to correct the default is not substantially completed within ninety (90) Days of such notice, unless a longer period is reasonably necessary and the defaulting Party is diligently and without delay pursuing such correction, the complaining Party may institute proceedings.

40.2 Termination Events

This Contract shall, subject to Sub-Article 40.4, terminate:

40.2.1 on relinquishment of the entire Contract Area;

40.2.2 if Contractor does not submit an application for the declaration of a Commercial Field pursuant to Sub-Article 10.3, at the end of the Exploration Period, unless otherwise agreed to by Staatsolie;

40.2.3 if, at the end of the Exploration Period, Contractor does not submit a Development Plan pursuant to Sub-Article 10.5 after the Date of Declaration of the first Commercial Field, unless agreed to by Staatsolie;

40.2.4 if, at the end of the Exploration Period, Contractor does not commence Development Operations related to the first Commercial Field within ninety (90) Days following the Date of Establishment of such first Commercial Field, unless agreed to by Staatsolie;

40.2.5 if, at the end of the Exploration Period, construction and installation activities related to the first Development Operations are suspended for a continuous period in excess of three hundred and sixty five (365) Days, except where such interruption is caused by Force Majeure or agreed to by Staatsolie;

40.2.6 sixty (60) Days from receipt by Staatsolie of a notice from Contractor that it has elected to withdraw or from the date of Contractor's deemed withdrawal from this Contract during any phase of the Exploration Period, and one hundred and eighty (180) Days as to all other periods, or

40.2.7 on expiration of the term of this Contract pursuant to Article 3.

40.3 Termination by Staatsolie

Staatsolie may, subject to Article 34 and Sub-Articles 40.4, 40.5 and 40.6, terminate this Contract:

40.3.1 immediately if all Contractor Parties become insolvent or bankrupt or enters into any agreements or compositions with its creditors or takes advantage of any law for the benefit of debtors or goes into liquidation or receivership, whether compulsory or voluntary;

40.3.2 upon intentional extraction by Contractor of any minerals other than as authorized by this Contract, except for such extractions as may be unavoidable as a result of Petroleum Operations conducted in accordance with generally accepted international petroleum industry practice and which are approved by Staatsolie as soon as possible;

40.3.3 upon failure of Contractor to pay any undisputed sum due to Staatsolie under this Contract within sixty (60) Days after receiving a notice of arrears from Staatsolie;

40.3.4 upon failure of Contractor to comply with any final decisions from any arbitration proceeding conducted pursuant to Article 42.

40.4 Right to Cure

In the event conditions as described in Sub-Articles 40.2.2, 40.2.3, 40.2.4, or 40.3 exist, Staatsolie must, prior to termination of this Contract by Staatsolie based upon such conditions, provide Contractor notice setting forth in detail the existence of such conditions. Upon the receipt of such notice, Contractor shall have a period of sixty (60) Days, or such longer period as the Parties may agree, to undertake action designed to cure such conditions.

40.5 Failure to Cure

If Contractor fails to cure an event specified in Sub-Articles 40.2 or 40.3 as described above within the period provided for in Sub-Article 40.4 or within such longer period, as Staatsolie may consider reasonable under the circumstances, Staatsolie may terminate this Contract by notice to Contractor.

40.6 Dispute

If Contractor disputes whether an event or condition as specified in Sub-Articles 40.2 or 40.3 has occurred or exists, or claims that an event or condition has been remedied in accordance with Sub-Article 40.4, Contractor may, within thirty (30) Days following receipt of notice of termination from Staatsolie, institute proceedings pursuant to Article 42, and Staatsolie shall not terminate this Contract except in accordance with the terms of any arbitration decision. Petroleum Operations and the activities which are the subject of the arbitration proceeding shall continue during such proceedings.

40.7 Damages for Breach

40.7.1 For the purposes of this Contract, a Party shall be deemed to institute or to have instituted proceedings or contested proceedings under this Sub-Article 40.7, upon serving notice to the other Party under the provisions of Article 42, and by continuing to avail itself to such provisions.

40.7.2 A Party hereto shall be entitled to damages if the other Party is found to be in breach of this Contract under the procedures of the provisions of Article 42.

40.8 Staatsolie's Right to Terminate

Staatsolie may terminate this Contract only under the circumstances and in the manner described in this Article.

40.9 Contractor's Termination

Contractor may terminate this Contract only as provided in Sub-Articles 40.2.1 or 40.2.6. Upon termination of this Contract under any circumstance or in any manner described in this Article, Contractor shall:

40.9.1 pay any outstanding amounts due pursuant to this Contract hereunder up to the time the termination becomes effective; and

40.9.2 submit all reports and evaluations, maps, assays, samples, drilling, well tests and other files in accordance with Article 22.

40.10 Rights and Obligations of the Parties on Termination

All rights and obligations of Parties shall, subject to Sub-Article 45.6, cease upon termination of this Contract, except for any obligation or liability imposed or incurred under this Contract prior to the date of termination.

40.11 Other Remedies

If either Contractor or Staatsolie terminates this Contract pursuant to this Article, the rights of Parties to pursue damages or other actions one against the other shall, in addition to other limitations which may be contained here, be limited to the dispute resolution provisions of Article 42.

MODEL

ARTICLE 41. APPLICABLE LAW AND OFFICIAL LANGUAGE

41.1 Applicable Law

This Contract shall be governed by and construed in accordance with the laws of the Republic of Suriname.

41.2 Official Language

This Contract will be executed in the English and Dutch languages, and both will have equal force and effect. In case of a dispute and arbitration between the Parties, except for a manifest error or misprint, the Dutch version shall prevail.

MODEL

ARTICLE 42. DISPUTE RESOLUTION

42.1 Consultation

42.1.1 Notice of Dispute

In the event of a Dispute, the parties shall, in first instance, endeavor to resolve the Dispute through amicable consultations. To initiate consultation, a Party shall deliver to the other Party a written notice ("Notice of Dispute") which, (a) describes the Dispute; and (b) designates a person with authority to represent such Party in negotiations relating to the Dispute. Within fifteen (15) Days of receipt of the Notice of Dispute, the receiving Party shall advise in writing who will represent it in these consultations.

42.1.2 Consultation Process

The consultation process, in which the parties shall attempt to amicably resolve the Dispute set forth in the Notice of Dispute, shall last for a period of thirty (30) Days from the date the responding Party advises who its designated representative shall be. During this thirty (30) Day period neither Party may resort to any other means of dispute resolution, except that, before, within or after such thirty (30) Day period, any party may seek such interim or temporary relief in aid of arbitration, or to preserve its rights under this Contract, as may be available from an emergency arbitrator as provided in the ICC Rules (as defined below) or local remedies.

42.2 Arbitration

42.2.1 Agreement to Arbitrate

Subject to Sub-Article 42.5, any Dispute that is not, for any reason, amicably resolved in writing within forty-five (45) Days of the date of delivery of the Notice of Dispute, or such other period set forth in any other Article of this Contract according to the terms therein, shall be finally and exclusively resolved, in a binding manner, by arbitration conducted in accordance with the Rules of Arbitration of the International Chamber of Commerce ("ICC Rules") and administered by the International Court of Arbitration of the International Chamber of Commerce ("ICC"). The arbitration shall be heard by three arbitrators. Claimant, or claimants jointly, shall nominate one arbitrator in accordance with the ICC Rules and respondent, or respondents jointly, shall nominate another, in each case within thirty (30) Days of the date of delivery of the request for arbitration. The two party-nominated arbitrators shall nominate a third arbitrator in accordance with the ICC Rules within thirty (30) Days of the date of the confirmation of the appointment of the second arbitrator. In the

event that any arbitrator is not timely appointed, or the two party-nominated arbitrators fail to timely nominate a third arbitrator, the appointment(s) shall be made by the ICC.

The seat and place of arbitration shall be The Hague, the Netherlands. The language of the arbitration shall be English. Supporting documents must be transmitted and/or submitted to the arbitration panel in English, or in their original language with a translation into English.

The arbitral tribunal shall have the competence and authority to resolve any and all challenges to its jurisdiction, including challenges to the existence of a valid arbitration agreement and the scope of this Contract. The Parties agree that any such challenges shall be submitted for exclusive resolution by the arbitral tribunal.

The award of the arbitral tribunal shall be final and binding upon the parties. The parties may seek to enforce the award against parties thereto, and judgment thereon may be entered or enforced in any court of competent jurisdiction, and any court where a party is located or has assets (to whose jurisdiction the parties consent for the purposes of entering and enforcing the award).

Any pending or contemplated arbitration under this Sub-Article 42.2 may be consolidated with any prior arbitration arising under this Sub-Article 42.2 or under the agreement to arbitrate set forth in the Contractor Company Performance Guarantee; provided that such arbitrations (i) involve common questions of law or fact and (ii) any party to the pending or contemplated arbitration which did not join an application for consolidation, or does not consent to such an application, is sufficiently related to the parties in the prior arbitration that its interests were sufficiently represented in the appointment of the tribunal for the prior arbitral tribunal. Prior to the signing of the Terms of Reference (as defined in the ICC Rules) in any prior arbitration, an application for such consolidation may be made by any party to this Contract or the Contractor Company Performance Guarantee to the ICC. After the signing of the Terms of Reference in any prior arbitration, an application for such consolidation may be made by any party to this Contract or the Contractor Company Performance Guarantee to the tribunal for the prior arbitration. The ICC or the tribunal to the prior arbitration, as applicable, shall, after providing all interested parties the opportunity to comment on such application, and considering the conditions for consolidation set forth in this Sub-Article 42.2, determine whether any such pending or contemplated arbitration be consolidated into a prior arbitration. Except as provided in this Sub-Article 42.2, arbitrations

conducted in accordance with this Sub-Article 42.2 may not be consolidated with any other arbitration proceeding. Arbitrations conducted in accordance with this Sub-Article 42.2 may not be consolidated with any other arbitration proceeding involving any party that is not a party to this Contract or the Contractor Company Performance Guarantee.

42.2.2 Scope of Award

Any monies awarded by the arbitral tribunal shall be stated and paid in US Dollars, without any Tax or other deductions being withheld from the award (without prejudice to the tribunal's authority to consider, as necessary, taxation or other deductions in the calculation of its award for damages). The award may include money damages, interest thereon (compounded quarterly from the date of the breach for which such damages were awarded) and/or injunctive relief. The panel shall set the rate of interest to be the maximum rate permitted by Applicable Law.

42.2.3 Award of Costs

The prevailing party or parties in the arbitration, as determined by the arbitral tribunal, shall be reimbursed for reasonable legal fees and other costs and expenses incurred in connection with any arbitration pursuant to this Article 42.

42.2.4 Limitation of Liability

Notwithstanding anything herein to the contrary, the Parties shall not be liable for, and hereby waive, any damages (i) in excess of compensatory damages, including punitive or exemplary damages and (ii) arising out of (A) damage to a formation or pay zone, (B) loss of production, reserves, formations or wells, or (C) an impossibility or inability to produce Petroleum.

42.3 Obligation to Perform

Unless the Contract expires or is terminated, each Party shall continue to exercise its rights and perform its obligations in good faith under this Contract pending final resolution of any Dispute.

42.4 Survival

The Parties' obligation to resolve Disputes under this Article 42 shall survive the expiration or termination of this Contract.

42.5 Expert Determination

42.5.1 The parties agree that the following Disputes shall be submitted for determination by an independent and impartial expert as set forth in this Sub-Article 42.5.1:

42.5.1.1 any Dispute referred to an expert as set forth in Sub-Article 15.4 or Sub-Article 15.5;
or

42.5.1.2 any other Dispute that the Parties agree, in writing, to submit to an expert within forty-five (45) Days of the date of delivery of the Notice of Dispute set forth in Sub-Article 42.1.1.

Notwithstanding the preceding Sub-Article 42.5.1, any expert determination, once issued, may be challenged in an arbitral proceeding as set forth in Sub-Article 42.5.2 below. All other Disputes, except those provided in Sub-Articles 42.5.1.1 and 42.5.1.2, shall be referred to arbitration as set forth in Sub-Article 42.2.

42.5.2 The expert shall act as an expert and shall not be deemed to act in an arbitral capacity, and shall be deemed to be acting and seated in The Hague, Netherlands. The expert shall be independent and impartial. The expert's determination shall be final and binding on the parties to the Dispute, and judgment thereon may be entered in any court of competent jurisdiction, unless the determination is challenged in an arbitration pursuant to Sub-Article 42.2 within sixty (60) Days of the date the expert's final determination is received by the parties to the Dispute. In such arbitration (i) the expert determination on the specific matter shall be entitled to a rebuttable presumption of correctness, and (ii) the expert shall not (without the written consent of the parties to the Dispute) be appointed to act as an arbitrator or as adviser or counsel to the parties to the Dispute.

ARTICLE 43. WAIVER OF IMMUNITY

43.1 Waiver of Immunity

The Parties agree that the activities contemplated in this Contract are an investment and are commercial in nature. Each Party irrevocably waives, to the fullest extent permitted by the laws of applicable jurisdiction, any defense of or right of immunity (including sovereign immunity) (a) in respect of arbitration proceedings or the enforcement of any award, including (without limitation) immunity from service of process or from the jurisdiction of any court or tribunal, or (b) as to it or its property in respect of the enforcement and execution of any arbitration award rendered under this Contract, and expressly consents to any legal action or proceeding (including pre-judgment attachment) in relation to the enforcement and execution of such arbitration award including in respect of any property held by such Party, whether for commercial purposes or otherwise.

ARTICLE 44. ASSIGNMENT

44.1 Assignment of Participating Interest

44.1.1 Contractor shall not directly or indirectly sell, assign, transfer, convey or otherwise dispose of its rights or interests related to this Contract to third parties prior to the Effective Date.

44.1.2 A Contractor Party shall not sell, assign, transfer, convey or otherwise dispose of its rights or interests or obligations under this Contract to any third party, directly or indirectly, without the prior written consent of Staatsolie, which consent shall not be unreasonably withheld.

44.1.3 Notwithstanding the foregoing, a Contractor Party may assign all or a portion of its rights under this Contract to an Affiliate or to another Contractor Party without the prior consent of Staatsolie. The Contractor Party shall promptly notify Staatsolie of any assignment to an Affiliate or another Contractor Party.

44.1.4 When assigning to any third party, such third party shall:

- (a) be financially and technically competent; and
- (b) have adequate expertise and experience, or access to same, in petroleum operations similar to the Petroleum Operations.

Sub-Articles 44.1.1 and 44.1.2 shall not apply in the event of any direct or indirect change in control of a Party (whether through merger, 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.

Where a Contractor Party is taken over by another company or merges, or is acquired by another company either by acquisition or exchange of shares, including a change of control of a parent company, it shall be subject to the terms and conditions of this Contract.

Any assignment pursuant to this Article shall be fully disclosed to Staatsolie.

44.1.5 Notwithstanding the foregoing, no Contractor Party shall make an assignment which creates a Participating Interest which is less than 10%, whether such interest is in the assignee or in the assignor. This limitation does not apply to transfers to Staatsolie pursuant to its right of participation under Sub-Article 12.1.

44.2 Binding Effect

Any assignment of this Contract shall bind the assignee to all the terms and conditions hereof. Such requirement shall be included in any contract of assignment.

44.3 Legal Successor to Staatsolie

If Staatsolie Maatschappij Suriname N.V., as the Government's representative, is replaced in the future by another entity with respect to this Contract and such entity is granted by the Government the exclusive rights currently held by Staatsolie to Explore for, Develop and Produce Petroleum in Block 58 Offshore Suriname, any and all references to "Staatsolie" in this Contract shall refer to such legal successor.

MODEL

ARTICLE 45. MISCELLANEOUS

45.1 Headings and Language

Headings in this Contract are for convenience of reading only and shall not affect the construction or interpretation of this Contract.

45.2 Entire Contract

This Contract constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all previous contracts and understandings, oral or written, relating thereto.

45.3 Severability

If any part of this Contract is held to be invalid, the remainder of this Contract shall remain in effect and the Parties agree that the part so held to be invalid shall be deemed to have been stricken here from and the remainder shall have the same force and effect as if such part had never been included herein.

45.4 Amendment

This Contract may not be altered, amended, or modified except by a written instrument signed by the duly authorized representatives of each of the Parties.

45.5 Waiver

A Party shall not be deemed to have waived any provision hereof unless, and then only to the extent that, such waiver is in writing. A Party's waiver of any breach of any provision of this Contract shall not be construed as a waiver of any subsequent breach, nor will a Party's delay or non-success to exercise any right such Party has hereunder operate as a waiver of such right.

45.6 Survival

All rights and obligations hereunder that expressly or by their nature extend beyond the term of this Contract shall survive and continue to bind the Parties, their legal representatives, legal successors and legal assigns after any termination or expiration of this Contract until such rights and obligations are satisfied in full or expire.

45.8 Conflict of Interest

45.8.1 Each Party agrees that no director, employee or agent of such Party shall give or receive any commission, fee, rebate, gift or entertainment of significant cost or value in connection with this Contract or enter into any business arrangement with any director, employee or agent of either of the Parties or any Affiliate.

45.8.2 Neither Party nor their employees, agents or Sub-Contractors shall make any payment or give anything of significant value to an official of any government (including any officer or employee of any government department, agency or instrumentality or the employee, officer, director or agent of a government owned entity) to influence his, her or its decision, or to gain any other advantage for the Parties in connection with the performance of this Contract, which would be in violation of the Foreign Corrupt Practices Act of the United States of America or the OECD Anti-Bribery Convention of 1997, or the substance thereof, or any similar applicable Suriname anti-corruption statute or regulation.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have signed this Contract on the day and year written above by their duly authorized representatives.

For and on behalf of:

For and on behalf of:

Staatsolie Maatschappij Suriname N.V.

By:

By:

Name: R.T. Elias

Name:

Title: Managing Director

Title:

MODEL

ANNEX 1. MAP AND COORDINATES OF CONTRACT AREA

The boundary of Block .. Offshore Suriname is defined by the following geographical coordinates in terms of the WGS 84 geodetic datum, WGS 84 spheroid.

Geographic Coordinate System of the coordinates

Region	South America, Suriname
Datum	World Geodetic System 1984 (WGS 84)
Spheroid	World Geodetic System 1984
Semi-Major Axis	
Semi Minor Axis	
First Eccentricity Squared	
Inverse Flattening	

The boundary follows lines of equal latitude or longitude.

The Contract Area, to an accuracy of 1km², is ...km² calculated on the WGS484 spheroid.

[map with coordinates]

ANNEX 2. ACCOUNTING PROCEDURE

The purpose of this Accounting Procedure is to establish a fair and equitable method for determining charges and credits with respect to the Petroleum Operations under the Contract and to provide a method for controlling expenditure within the budgets approved by the Operations Committee.

1. General Provisions

1.1 Words and phrases used in this Annex but not defined below shall have the same meaning in this Annex as is given to them in the Contract.

1.2 The Parties shall, in good faith, endeavor to unanimously agree on such changes as are necessary to correct any unfairness or inequity if such method proves to be unfair or inequitable to any of the Parties.

1.3 In the event of any inconsistency or conflict between the provisions of this Accounting Procedure and the provisions of the Contract, then the provisions of the Contract shall prevail.

2. Additional Definitions

The following terms shall have the following meanings:

- i. "Accounting Procedure" means the accounting principles, practices and procedures set forth in this Annex.
- ii. "Accrual Basis" means the basis of accounting, under which costs and benefits are regarded as applicable to the period in which the liability for the cost is incurred, or the right to benefits arises regardless of when invoiced, paid or received.
- iii. "Material and Equipment" means goods, including, without limitation, all Exploration, Appraisal, Development and Production facilities together with supplies and equipment, acquired and held for use in Petroleum Operations.
- iv. "Petroleum Expenditures Account" shall mean the account showing the charges and credits accrued as Petroleum Expenditures.
- v. "Joint Property, Material and Equipment" means all tangible assets that are acquired and held by the group of Contractor Parties for use in Petroleum Operations.

Where the term Contractor is used in this Accounting Procedure, if there is more than one Contractor Party, then the term shall, where appropriate to the context, mean the Operator who will be acting on behalf of the Contractor Parties.

3. **Accounting Manual, Procedures and Reports**

Contractor shall, within ninety (90) Days after the Effective Date of this Contract, present to Staatsolie a chart of accounts, procedures, and outline of reports. Staatsolie will have the opportunity to give a documented reaction within sixty (60) Days after receipt of these documents. The Parties must agree on mutually acceptable documents within sixty (60) Days after receipt of the documentation by Staatsolie. The documentation, including reports, may be revised by mutual agreement of the Parties.

4. **Petroleum Expenditures per Commercial Field**

Contractor shall separately identify and charge Petroleum Expenditures to each Commercial Field. Contractor shall specify the method of allocation of shared Petroleum Expenditures in accordance with the Contract.

4.1 Petroleum Expenditures Account and Currency Exchange

Contractor shall provide the Parties with the accounting data and information necessary for such Party to fulfill any statutory obligation in regard to Petroleum Operations, to which it may be subjected, to the extent that such data and information could reasonably be expected to be available from the accounting records maintained by the Contractor.

4.2 Contractor shall at all times maintain and keep true and correct records of the production and disposition of Petroleum, and all revenues, costs and expenditures under the Contract, as well as other data necessary or proper for the settlement of accounts between the Parties hereto in connection with their rights and obligations under the Contract.

4.3 Contractor shall open and maintain separately identifiable accounting records to record Petroleum Expenditures incurred and all receipts obtained by the Contractor in connection with the Petroleum Operations.

4.4 Contractor shall maintain accounting records on an Accrual Basis in accordance with the accounting requirements of the Contract and any applicable statutory obligation of the Government, and in accordance with generally accepted accounting standards, provided however that Petroleum Expenditures eligible for Cost Recovery will be based on invoices.

4.5 The Petroleum Expenditures Account records shall be maintained in US Dollars. Costs incurred in currencies other than US Dollars shall be converted into US Dollars in accordance with the applicable buying rates of the prior business day published by the

Central Bank of Suriname. In the event the buying rates are not available by Central Bank of Suriname for certain currencies, then the Contractor may refer to the rates published by Central Bank of the country where its headquarters are located.

5 Cost Recovery audit

5.1 Staatsolie, as agent of Government, with at least sixty (60) Days advance notice to Contractor, shall have the right at its sole cost to audit the Petroleum Expenditures Account and records of Contractor relating to any Calendar Year within a twenty-four (24) month period from the date of the submission of such Petroleum Expenditures Account

5.2 The right of audit includes the right of access, during normal business hours at Contractor's office in Suriname, to all accounts and records pertaining to the Petroleum Expenditures and revenues Account maintained by Contractor.

5.3 Contractor shall produce information from Contractor's Affiliates reasonably necessary to support charges from those Affiliates to the Petroleum Expenditures Account.

5.4 If an Affiliate considers such information confidential or proprietary or if such Affiliate will not allow the Contractor Party to audit its accounts, the auditor prescribed by the statutes of the Affiliate shall be used to confirm the details and facts as required, provided such auditor prescribed by the statutes is an internationally recognized firm of public accountants. Should the auditor prescribed by the statutes of the Affiliate decline to act in such capacity, or not be an internationally recognized independent firm of public accountants, the auditing Party shall select an internationally recognized independent firm of public accountants to carry out such confirmation. The cost of such audit by the chartered certified auditor or the independent firm of public accountants, as the case may be, shall be borne by the Party who requested such audit; and

5.5 At the conclusion of each audit, the Parties shall endeavor to settle all outstanding matters. If Staatsolie conducting said audit, as applicable, desires to object to any of the Petroleum Expenditures Accounts or any other files audited, it shall submit, within ninety (90) Days following the completion of the audit, a written report to Contractor that identifies all objections arising from such audit. If Contractor has not received an audit report within said period, it will be deemed that the auditing Party(ies) have not identified any items to which to make objection.

5.6 The Contractor shall reply in writing to the report as soon as possible and not later than ninety (90) Days following the receipt of the report. Thereafter, subsequent communications between the Parties shall be on a thirty (30) Days from receipt basis. However, any Party involved in the audit, may at any time refer any remaining unresolved

dispute arising in connection with an audit to the Operations Committee for resolution. If a Party does not refer an unresolved item to the Operations Committee within sixty (60) Days after receiving the most recent communication on the unresolved item from the other Party, then the item shall be deemed to have been accepted by said Party in accord with such last or most recent communication. If unanimous agreement is not reached at the Operations Committee within thirty (30) Days of the receipt of such matter by the chairman of that committee, the item or items in dispute shall be submitted to arbitration in accordance with Article 42 of the Contract.

5.7 All adjustments resulting from an audit will be recorded in the Petroleum Expenditures Account as soon as possible after agreement is reached between Contractor and Parties, the matter is decided by the Operations Committee or the dispute is resolved by arbitration, as applicable.

5.8 All accounting records, tax returns, books and accounts relating to Petroleum Operations shall be maintained by Contractor for a minimum of ten (10) years following the end of the Calendar Year to which they relate.

5.9 Without limiting any other obligations of confidentiality arising under the Contract, any information obtained by Staatsolie under the provisions of this Section 5 which does not relate directly to the Petroleum Operations shall be kept confidential and shall not be disclosed to any third party other than as permitted by Article 23 of the Contract.

5.10 In the event that the Contractor is required by law or by the provisions of the Contract to employ a public accounting firm to audit the Petroleum Expenditures Account and records of the Contractor relating to the accounting hereunder, the cost thereof shall be charged against the Petroleum Expenditures Account, and a copy of the audit report shall be furnished to each Party.

6 Allocations

If it becomes necessary to allocate any costs or expenditures to or between Petroleum Operations and any other operations, such allocation shall be made on an equitable basis. Contractor shall furnish to the other Contractor Parties hereto a description of the allocation procedures and allocation methods pertaining to these costs and expenditures.

7. Charges and Expenditures eligible for Cost Recovery

Contractor shall charge the Petroleum Expenditures Account for all costs incurred after the Effective Date in compliance with the terms of this Contract and expenses accrued between

the Signing Date and the Effective Date in accordance with Sub-Article 38.3 of this Contract. Petroleum Expenditures eligible for Cost Recovery are limited to the following:

7.1 Labor and Related Costs

- (a) Gross salaries and wages, including amounts imposed by engaged government, in respect of all employees of Contractor who are directly engaged in the conduct of Petroleum Operations, whether temporarily or permanently assigned within Suriname or located in Contractor's offices elsewhere; as well as personal expenses incurred in connection therewith. For Contractor's personnel located outside of Suriname, time sheets which record the man-hours dedicated to the Petroleum Operations and a detailed, calculated, auditable, internal rate assigned to each of such personnel according to its category shall be used.
- (b) Costs of all holiday, vacation, sickness, disability, disability benefits, living and housing allowances, travel time, bonuses, dependent schooling, language courses, company cars, hardship allowances and other customary allowances applicable to the salaries and wages chargeable hereunder, as well as the costs to Contractor for employee benefits, including but not limited to employee group life insurance, group medical insurance, hospitalization, retirement, and severance payments all of which shall be in accordance with Contractor's usual practice.
- (c) Reasonable expenses (including related travel costs) of those employees whose salaries and wages are chargeable under 7.1(a) and for which expenses the employees are reimbursed under the usual practice of Contractor. Relocation costs at the end of the assignment shall be chargeable to the Petroleum Expenditures Account if the place of assignment is the point of origin of the employee. Such relocation costs shall include transportation of employees, families, personal and household effects of the employee and family, transit expenses, and all other related costs in accordance with Contractor's usual practice.
- (d) Expenses or contributions imposed under Applicable Laws to Contractor's cost of salaries and wages chargeable under Section 7.1(a) or other costs chargeable under this Section 7.1.
- (e) Costs incurred by Contractor for training which are of direct benefit to the Petroleum Operations pursuant to its training policy or as required by Suriname regulations for employees permanently assigned to Petroleum Operations.
- (f) If employees are engaged in other activities in addition to the Petroleum Operations, the cost of such employees shall be allocated on an equitable basis.

7.2 Material and Equipment

Material and Equipment purchased or furnished by Contractor or Sub-Contractor for use in Petroleum Operations as provided under Section 10 of this Accounting Procedure. To the extent reasonable, practical and consistent with efficient economical operation, only such Material and Equipment shall be purchased or transferred for use in Petroleum Operations as may be required for immediate use or prudent contingent stock. The accumulation of surplus stocks shall be avoided.

7.3 Transportation and Employee Relocation Costs

- (a) Costs for transportation of Material and Equipment and other related costs such as expediting, crating, dock charges, air and ocean freight.
- (b) Costs incurred for transportation of personnel as required in the conduct of Petroleum Operations.
- (c) Costs for relocation of employees permanently or temporarily assigned to Petroleum Operations at the beginning of their assignment to Petroleum Operations in accordance with Contractor's usual practice. Relocation costs at the end of the assignment shall be chargeable to the Petroleum Expenditures Account if the place of assignment is the point of origin of the employee. Such relocation costs shall include transportation of employees, families, personal and household effects of the employee and family, transit expenses, and all other related costs in accordance with Contractor's usual practice.

7.4 Services

- (a) The actual price paid for contract services for professional consultants and other services procured from outside sources other than services covered by Section 7.13.
- (b) Costs for use of equipment and facilities furnished by Contractor or Sub-Contractors at rates commensurate with the cost of ownership and operation if such use is economically justifiable. Rates shall include costs of maintenance, repairs, other operating expenses, insurance and Taxes. Such costs shall be computed in line with Contractor's usual accounting policy such that no gain or loss accrues to Contractor, and provided that such costs are competitive with comparable third party services.
- (c) The cost of services provided or performed by the technical and professional staff of the Contractor, Contractor's Affiliates, Operator and/or Operator's Affiliates, Examples of such services include, but are not limited to the following:

Geological Studies and Interpretation;

Seismic Data Processing;

Well Log Analysis, Correlation and Interpretation;
Well Site Geology;
Laboratory Services;
Ecological and Environmental Engineering;
Abandonment Studies;
Project Engineering;
Source Rock Analysis;
Petrophysical Analysis;
Geochemical Analysis;
Drilling Supervision;
Development Evaluation;
and, if provided in-country in Suriname:
Executive and Administrative
Communications and Data Processing;
Human Resources;
Professional Services, including accounting, and legal services; and
Safety and Security.

Such services pursuant to Section 7.4 (a), (b), and (c), shall be charged at cost plus any income or withholding tax, excluding profit, provided that these services result in accurate and complete reports, presented to Parties and supported by time records and any other relevant information. The records thereof shall be made available for audit by the Parties in accordance with Section 5.

7.5 Damages and Losses to Property

- (a) All costs or expenses necessary for repair or replacement of property resulting from damages or losses incurred by fire, flood, storm, theft, accident, or any other cause, provided that these expenses are not due to Gross Negligence or Willful Misconduct on the part of Contractor or recoverable from insurance.
- (b) Contractor shall furnish Staatsolie with written notice of such damages or losses in excess of two hundred thousand US Dollars (\$200,000) per incident as soon as reasonably practicable but within two weeks.

7.6 Insurance

(a) All premiums paid for insurance carried for the Petroleum Operations, provided that if such insurance is wholly or partially placed with an Affiliate of Contractor, such premiums and costs shall be recoverable only to the extent not in excess of those generally charged by competitive insurance companies other than Affiliate ;

(b) All expenditures incurred and paid in the settlement of any and all losses, claims, damages, judgments and any other expenses, not recovered from insurance, provided that these expenses are within the provisions of Article 26 of the Contract and not due to Gross Negligence or Willful Misconduct on the part of Contractor.

7.7 Legal Expenses

Costs necessary for handling, investigating and settling litigation or claims arising from Petroleum Operations or necessary to protect or recover property, including, but not limited to, lawyers' fees, court costs, cost of investigation or procuring evidence and amounts paid in settlement or satisfaction of any such litigation or claims, except if such legal expenses are due to Gross Negligence or Willful Misconduct on the part of Contractor.

7.8 Duties and Taxes

Taxes, except for income tax as described in Sub-Article 19.2 of the Contract, charges, levies, duties, fines, payments and penalties imposed by the Government or any other governmental entity against Contractor in connection with Petroleum Operations, except if the imposition of such tax, levy, duty, fine, payment or penalty is due to Gross Negligence or Willful Misconduct on the part of Contractor.

7.9 Offices, Camps, and Miscellaneous Facilities

The cost of maintaining and operating any offices, sub-offices, camps, warehouses, housing and other facilities directly serving the Petroleum Operations.

7.10 Energy Expenses and water

Costs of fuel, electricity or other energy and water used for the Petroleum Operations.

7.11 Communication Charges

Costs of acquiring, leasing, installing, using, repairing and maintaining communication systems, used for the Petroleum Operations.

7.12 Environmental Charges

Costs of environmental programs undertaken with respect to Petroleum Operations, including but not limited to Environmental and Social Impact Assessment, Environmental Impact Assessments, Environmental Baseline Study, Environmental Management Plan, ongoing monitoring programs, remediation except if such remediation is due to Gross Negligence or Willful Misconduct on the part of Contractor, and mitigating activities.

7.13 Administrative Overhead Costs

7.13.1 Contractor's administrative overhead outside Suriname applicable to Petroleum Operations under the Contract prior to the Date of the Declaration of Commercial Field in the Contract Area shall be charged in accordance with the following rate with respect to all Petroleum Expenditures approved for Cost Recovery other than administrative overhead, Royalties and other Taxes imposed by the Government and shall not be subject to audit:

One percent (1%) of the amounts of such expenditures paid during the Calendar Year.

7.13.2 Contractor's administrative overhead outside Suriname applicable to Petroleum Operations under the Contract after the Date of the Declaration of Commercial Field in the Contract Area shall be charged in accordance with the following rate with respect to all expenditures allowable for Cost Recovery other than administrative overhead:

One-tenths of one percent (0.1%) of the amounts of such expenditures paid during the Calendar Year.

7.13.3 Contractor shall make provisional quarterly charges to the accounts based on the above rates.

7.13.4 Such overhead charges shall be considered full compensation to Contractor for work carried out by Contractor and Affiliates wherever located for the following types of assistance provided:

- (A) Executive - Time of executive officers
- (B) Exploration, Production and Engineering - Directing, Managing advising and controlling the entire project.
- (C) Services –provided by other departments such as legal, employee relations, personnel recruiting, purchasing and procuring, administrative, accounting and audit, treasury, financial and exchange advice and payment of invoices, which contribute time, knowledge and experience to the operation.

7.14 Abandonment Fund

All contributions made by Contractor to the Abandonment Fund.

7.15 Licenses, Permits, etc.

All costs attributable to the acquisition, maintenance, renewal or relinquishment of licenses and permits acquired for Petroleum Operations in accordance with the Contract when paid by Contractor in accordance with the provisions of the Contract.

7.16 Other Expenditures

Any other expenditures not covered or dealt with in the foregoing provisions which are incurred by Contractor for the necessary and proper conduct of the Petroleum Operations.

8. Cost and expenses not qualifying for Cost Recovery

The following costs and expenses do not qualify for Cost Recovery:

- (a) any payments made to Staatsolie for failure to fulfill the Minimum Work Obligations in accordance with Sub-Article 5.6.1 of the Contract;
- (b) costs incurred before the Signing Date including the purchase of seismic data;
- (c) costs of marketing or transportation of Crude Oil beyond the Delivery Point;
- (d) attorney's fees and other costs of proceedings in connection with dispute resolution under Article 42 of the Contract or expert determination as provided in the Contract or this Accounting Procedure;
- (e) fines and penalties imposed under the Applicable Law or under this Contract to the extent that the imposition of such fines or penalty is due to Gross Negligence or Willful Misconduct on the part of Contractor;
- (f) expenditures made in accordance with Sub-Article 33.1.1 of the Contract concerning training to Staatsolie personnel and financing of community based programs;
- (g) Interest incurred on loans raised by the Contractor;
- (h) any other expenditures not covered or dealt with in the foregoing provisions which are incurred by Contractor, which are not necessary for the proper conduct of the Petroleum Operations.
- i) Cost of any bank guarantee under the Contract.

9. Credits

Credits in favor of the Contractor as a result of the Petroleum Operations shall be credited to the respective accounts and be included in the statement of expenditures. Such credits shall include, but not be limited to, the following transactions:

- (a) The net proceeds of any successful damage claim and any type of discount with an insurance in connection with Petroleum Operations for claims with respect to operations or assets that were insured and where the insurance premium with respect thereto has been charged to the Petroleum Expenditures Account.
- (b) Any credits received by Contractor from suppliers/manufacturers, or their agents, in connection with defective Material and Equipment, or services deemed unsatisfactory, the cost of which was previously charged by Contractor to the Petroleum Expenditures Account.
- (c) The net proceeds of sale for disposal of assets used in or acquired for the Petroleum Operations.
- (d) The net proceeds received from third parties and/or Staatsolie in relation to the use of Contractor's facilities.
- (e) the proceeds received from inventory materials previously charged to the Petroleum Expenditures Account and subsequently exported from Suriname or transferred or sold to third parties without being used in the Petroleum Operations;
- (f) the proceeds from the sale of any petroleum information derived from Petroleum Operations under the Contract.

10. Material and Equipment

10.1 Acquisitions

Material and Equipment purchased for the Petroleum Operations shall be charged at net cost paid by Contractor. The price of Material and Equipment purchased shall include, but shall not be limited to export broker's fees, portion of storage fees directly related to the Joint Operations, all Taxes, insurance, transportation charges, loading and unloading fees, import duties, license fees and demurrage (retention charges) associated with the procurement of Material and Equipment and applicable Taxes, less all discounts taken. Contractor shall make its best endeavors to timely dispose of idle and/or surplus Joint Property, Material and Equipment, such disposal being made through sale to a third party or by transfer from Petroleum Operations pursuant to section 10.5 below.

10.2 Pricing of acquired Material and Equipment

Pricing of acquired Material and Equipment shall be as follows:

- (a) Material and Equipment which is purchased from a third party shall be charged at the net cost incurred by Contractor. Cost shall include, but shall not be limited to, such items as procurement cost, transportation, duties, license fees and applicable taxes.

(b) New, unused, Material and Equipment which is owned by Contractor and transferred to Petroleum Operations under this Contract, shall be classified as Condition “A” and priced at an invoice price determined in accordance with (a) above.

(c) Material and Equipment which is owned by Contractor and transferred to Petroleum Operation under this Contract and is in sound and useful condition and suitable for re-use without reconditioning, shall be classified as Condition “B” and priced at a fair market price not exceeding seventy-five percent (75%) of that of new Material and Equipment as specified in (b) above.

(d) Material and Equipment which is owned by Contractor and transferred to Petroleum Operation under this Contract and is not in sound and useful condition but which is suitable for re-use after reconditioning, shall be classified as Condition “C” and priced at a fair market price with a maximum of fifty percent (50%) of new Material and Equipment as specified in (b) above.

(e) The cost of reconditioning shall also be charged to the Petroleum Expenditures Account provided that the Condition C price, plus the cost of reconditioning, does not exceed the Condition B price and provided that Material and Equipment as classified meets the requirements for Condition B Material and Equipment upon being repaired and reconditioned.

(f) Material and Equipment which is owned by Contractor and transferred to Petroleum Operation under this Contract and is no longer suitable for its original use, excluding junk, but usable for some other purpose which cannot be classified as Condition “B” or Condition “C” shall be priced at a fair value commensurate with its use.

(g) Material and Equipment which is owned by Contractor and transferred to Petroleum Operation under this Contract and is junk shall be priced at prevailing prices.

10.3 Premium Prices

Whenever Material and Equipment is not readily obtainable at published or listed prices because of national emergencies, strikes or other unusual causes over which the Contractor and/or Operator has no control, Contractor may charge the Petroleum Expenditures for the required Material and Equipment at the Contractor's actual cost incurred in providing such Material and Equipment, in making it suitable for use, and in moving it to the Joint Property; provided notice in writing is furnished to Contractor Parties of the proposed charge prior to billing Contractor Parties for such Material and Equipment. Provided however, that if the premium exceeds two hundred thousand US Dollars (US\$200,000) of the cost under normal circumstances, Operations Committee shall be informed of such acquisition.

10.4 Warranty of Material and Equipment furnished by Contractor

Contractor does not give a warranty for the Material and Equipment charged to the Petroleum Expenditures Account beyond the manufacturer's or supplier's guarantee, express or implied. In case such Material and Equipment is defective, a credit shall not pass to the Petroleum Expenditures Account before an adjustment has been received by Contractor from the manufacturer or supplier.

10.5 Disposal of Material and Equipment

10.5.1 To the extent permitted under the terms of the Contract, Contractor shall have the right to dispose of surplus Material and Equipment but shall advise and secure prior approval of the Operations Committee of all proposed dispositions and method of disposal of surplus Material and Equipment.

10.5.2 Subject to Sub-Article 28.5 each Party shall have thirty (30) Days from receipt of the notice to notify, in writing, to Contractor whether it wishes to acquire any of the surplus Material and Equipment under the terms and conditions proposed. Failure by any Party to respond within the thirty (30) Day notice period shall be deemed a notification of no interest.

10.5.3 If more than one Party has indicated its wish to acquire some surplus Material and Equipment, subject to Sub-Article 28.5 of the Contract, Contractor shall promptly, in respect of each item, notify each such Party in writing of the name of the other Party who wishes to acquire that item. Such Parties shall be allowed fourteen (14) Days from the date of such notification to agree upon a division or allocation of each such item.

10.5.4 If the Parties concerned are unable to agree upon a split or allocation of any surplus Material and Equipment, Contractor shall request a competitive bid from the Parties concerned in respect of that item and shall accept the highest bid. Where the Operator bids in competition with other Parties it shall arrange the bidding procedure so that it gains no advantage from acting as the Contractor.

10.5.5 If no Party has indicated within said period of thirty (30) Days its intention to purchase any or all surplus Material and Equipment, the Contractor shall, unless the nature or value of an item makes tendering impracticable or uneconomic, prepare a list of the items for sale and bids shall be requested from the Parties and from third parties. The Contractor will ordinarily accept the highest bid but shall reserve the right to accept or refuse any offer. All documentation concerned with such bids and all subsequent sales shall be retained as part of the records available for audit.

10.5.6 Credits for surplus Material and Equipment sold by Contractor shall be made to the Petroleum Expenditures Account in the month in which the sale of surplus Material and Equipment is settled or formalized. Any surplus Material and Equipment sold or disposed of under this Section shall be without guarantees or warranties of any kind or nature. Costs and expenditures incurred by Contractor in the disposition of surplus Material and Equipment shall be charged to the Petroleum Expenditures Account.

10.6 Inventories

The Contractor shall maintain detailed records of Material and Equipment, subject to the following:

- (a) Periodic inventories shall be taken by Contractor of all Material and Equipment: annually with respect to moveable assets and once every three years for immovable assets. Contractor shall give thirty (30) Days written notice of intention to Staatsolie and any other Contractor Party prior to taking such inventories to allow them to be represented. If any such party does not succeed in being represented shall bind it to accept the inventory taken by Contractor.
- (b) Reconciliation of inventory with the Petroleum Expenditures Account shall be made by Contractor based on the inventory report as required by the Parties.
- (c) Adjustments to the Petroleum Expenditures Account resulting from the reconciliation of a physical inventory shall be made within six (6) months following the taking of the inventory. Inventory adjustments shall be made by Contractor to the Petroleum Expenditures Account for overages and shortages.

10.7 Special Inventories

Special inventories may be taken whenever there is any sale, change of interest, or change of Contractor in the Joint Property. It shall be the duty of the Party selling to notify all other Parties as quickly as possible after the sale of interest takes place. In such cases, both the seller and the purchaser shall be governed by such inventory. In cases involving a change of Contractor, all Parties shall be governed by such inventory.

10.8 Expense of Conducting Inventories

The expense of conducting special inventories shall be charged to the Parties requesting such inventories, except inventories required due to change of Contractor in which cases shall be charged to the Petroleum Expenditures Account.

11. Statements to be provided by Contractor

11.1 Monthly Statements

Within thirty (30) Days from the end of the relevant Calendar Month Contractor shall supply Staatsolie with the following informative statements:

- (a) an expenditure statement;
- (b) a copy of the Joint Venture expenditure statement;
- (c) a statement of receipts;
- (d) a production statement and
- (e) a statement of Local Content in accordance with Articles 32 and 33 of the Contract.

11.1.1 Statement of expenditures

The statement of expenditures shall include the following:

- (a) the Petroleum Expenditures (less credits) accrued during the period in question;
- (b) the cumulative Petroleum Expenditures (less credits) to date for the relevant budget year;
- (c) the cumulative non-recoverable expenditures to date for the relevant budget year;
- (d) the expenditure contemplated for the budget year;
- (e) the latest forecast of cumulative expenditure for year end; and
- (f) variations between budget (as amended by sub-section(c) hereof, where applicable) and latest forecast and reasonable explanations thereof.

11.1.2 Statement of receipts

The statement of receipts shall include the following:

- (a) The estimated value and volume of Cost Oil lifted by Parties for the period in question;
- (b) The cumulative volume and value of Petroleum produced, used in Petroleum Operations, available for lifting, and actually lifted by the Parties, at the end of the preceding period in question.

11.1.3 Production statement

Contractor's Production Statement shall contain the following information and shall be prepared in accordance with the following principles:

- (a) The production sharing shall be determined on the basis of all Petroleum produced and saved from the Commercial Field and measured at the Delivery Point or points during the respective Calendar Month in accordance with Article 15 and Annex 3

of the Contract.

- (b) The volumes of grades of Crude Oil and Natural Gas produced and sold will be determined separately at the Delivery Point.
- (c) The volumes of Crude Oil shall be corrected for water and sediments, and shall be determined on the basis of standard temperatures and pressures (sixty (60) degrees Fahrenheit and 14.7 p.s.i.a.). The gravity, sulphur content, and other quality indicators of the Crude Oil shall be determined and registered regularly.
- (d) The volumes of Natural Gas produced and sold shall be determined on the basis of standard temperatures and pressures (sixty (60) degrees Fahrenheit and 14.7 p.s.i.a.). The energy content, sulphur content and other quality indicators of the Natural Gas shall be determined and registered regularly.

11.2 Quarterly Statements

Within thirty (30) Days from the end of the relevant Calendar Quarter, Contractor shall supply Staatsolie with the following settlement statements:

- a) a statement for Cost Recovery;
- b) a production statement;
- c) a statement of receipts;
- d) a Profit Oil and control statement;
- e) an inventory statement; and
- f) details of all equipment disposed and sold.

Consolidated annual summaries of each of these statements shall also be provided to Staatsolie within ninety (90) Days after the end of the relevant Calendar Year.

11.2.1 Quarterly Cost Recovery statement

The Cost Recovery statement shall consist of:

- (a) Petroleum Expenditures in accordance with article 27.5, based on paid invoices, for the Quarter in question;
- (b) Recoverable Petroleum Expenditures up to the end of the preceding Calendar Quarter.
- (c) quantity and value of Crude Oil and/or Natural Gas available for Cost Recovery in the Calendar Quarter.
- (d) amount of costs recovered from the Crude Oil and/or Natural Gas available for Cost Recovery up to the end of the preceding Calendar Quarter.
- (e) cumulative amount of recoverable costs up to the previous Calendar Quarter; and

(f) quantities of Crude Oil allocated to Contractor and Staatsolie, respectively, during the Calendar Quarter as Cost Recovery Crude Oil and Profit Oil.

The expenditures included in such Cost Recovery statement will be cost recoverable after approval by Staatsolie in accordance with Article 27 of the Contract.

11.2.2. Quarterly Profit Oil and Control statement

Contractor shall provide each Calendar Quarter a Profit Oil and Control statement showing the accumulated accounts of costs and revenues for verification by Staatsolie. The statement shall include information in respect of the following:

- (a) The cumulative amount of recoverable costs and Petroleum Expenditures
- (b) The cumulative amount of cost recovered and yet to be recovered
- (c) The cumulative amount Royalties paid
- (d) The cumulative quantity and value of Crude Oil allocated to the Contractor for Cost Recovery; and
- (e) The cumulative quantity and value of Profit Oil and/or Natural Gas allocated to Staatsolie and Contractor, respectively, under this Contract.
- (f) The cumulative amount of income tax; and
- (g) The cumulative gross revenues.

11.2.3 Quarterly Inventory statement

Contractor shall maintain detailed records of property acquired for Petroleum Operations. On a Quarterly basis, Contractor shall provide Staatsolie with an Inventory Statement containing:

- (a) description and codes of all assets and Material and Equipment;
- (b) amounts charged to the accounts for each asset;
- (c) date on which each asset was charged to the account;
- (d) whether the costs of such asset has been recovered pursuant to Article 14 of the Contract; and
- (d) the book value of all assets, in accordance with Sub-Article 27.2 of the Contract.

To the extent practicable, all assets shall be identified for easy inspection with the respective codes specified in manuals.

ANNEX 3. CRUDE OIL AND NATURAL GAS MEASUREMENT PROCEDURES

1 Crude Oil Measurement

(a) Calibrated Title Transfer Meters.

Contractor shall have (a) calibrated title transfer meter(s) permanently installed at the Delivery Point(s). The custody transfer meter(s) shall be capable of accurately measuring the quantity of Crude Oil at the Delivery Point(s). The title transfer meter(s) shall be comprised of all necessary meters, meter testing devices, instruments and other associated equipment necessary to measure, evaluate and record the quantity of the Crude Oil at the Delivery Point(s).

(b) Crude Oil Quality Measurement.

Contractor shall also provide the necessary equipment, tools and instruments to measure base sediment and water ("BS&W"), American Petroleum Institute ("API") gravity and any other characteristics the Parties mutually deem appropriate in accordance with industry practices for crude oils similar to the Crude Oil and shall store such tools and instruments in an appropriate laboratory. Equipment provided by Contractor shall include, but not be limited to, an automatic sampler to collect representative samples of each cargo loaded at the Delivery Point(s). Contractor shall test and calibrate (for accuracy) the equipment being used in accordance with generally accepted international petroleum industry practice whenever necessary and in any event at least once per month. Both Staatsolie and each Contractor Party shall have the right to witness all testing and calibration of the meters and shall receive detailed reports thereof.

2 Frequency of Crude Oil Measurement

For accounting purposes, official meter readings shall be read by Contractor not less than weekly for purposes of providing production and shipment data of Crude Oil. Information obtained from these readings shall be reported, promptly, to Staatsolie and each Contractor Party. The actual times of such meter readings shall be determined by Contractor with timely notification to Staatsolie and if, applicable, any other Contractor Party. Staatsolie and each Contractor Party shall have the right, but not the obligation, to have two representatives present to witness meter readings and sign meter results.

3 Natural Gas Measurement

In the event of the Development of Natural Gas reserves in the Contract Area, the quantity and quality of Natural Gas delivered under the Contract shall be determined from data obtained from orifice or ultrasonic meter runs using API standards and procedures. The type of Natural Gas metering equipment to be installed shall be determined by Contractor. The Natural Gas measurement and evaluation system shall be consistent with international petroleum industry practice. The Natural Gas meter shall be calibrated at least once every Calendar Year, witnessed by representatives of both Staatsolie and Contractor, with the calibration records signed by such representatives.

4 Petroleum Measurement Procedures

Unless Contractor and Staatsolie agree otherwise, API standards and procedures shall be used to measure and evaluate Petroleum flowing through the equipment. The API standards and procedures shall be taken from or provided by the API's standard Method of Sampling and Manual of Petroleum Measurement Standards. A copy of these standards and procedures (and updates and reviews thereof) shall be provided by Contractor and shall be available both to Staatsolie and to Contractor at all times.

ANNEX 4. ENVIRONMENTAL STANDARDS AND PRACTICES

Conduct of Petroleum Operations

Contractor shall conduct the Petroleum Operations in a careful, expedient, safe and efficient manner in accordance with Sub-Article 25.1 of the Contract.

Environmental and Social Impact Assessments

1. General. Contractor shall prepare an Environmental and Social Impact Assessment for any Environmental Impact Activity that is reasonably anticipated to occur in the Contract Area during the Petroleum Operations.
2. Environmental Impact Activity. An "Environmental Impact Activity" means an activity undertaken by Contractor in connection with Petroleum Operations in the Contract Area which will, or is reasonably foreseeable to, have a significant negative effect on the environment.
3. Timing. Contractor shall prepare and submit an Environmental and Social Impact Assessment to the relevant Government Authorities, with a copy to Staatsolie, for all phase of a Work Program before undertaking, directly or indirectly - through a Sub-Contractor, any phase of a Work Program that will include an Environmental Impact Activity. An Environmental and Social Impact Assessment may be written in such manner to incorporate multiple Environmental Impact Activities that result from that phase of a Work Program.
4. Classification of Environmental and Social Impact Assessment. Contractor shall make each Environmental and Social Impact Assessment in accordance with the form of outline attached hereto as Annex 4B or in accordance with Applicable Law. The Environmental and Social Impact Assessment shall include an Environmental Impact Assessment. An "Environmental Impact Assessment" means the assessment of the effects of the relevant Environmental Impact Activity on the environment.
5. Environmental Management Plan. Contractor shall, as part of an Environmental and Social Impact Assessment, prepare an environmental management plan based on the results of the Environmental Impact Assessment ("Environmental Management Plan"). The Environmental Management Plan shall provide detailed information about Petroleum Operations that will be utilized to minimize environmental impacts. An Environmental Management Plan shall include, but not be limited to, a detailed description of atmospheric emission, waste management systems, and oil spill and fire prevention and response plan.

Contingency Plans

1. Objective. The objective of the Contingency Plan is:
 - (i) to ensure the health and safety of personnel and the public; and
 - (ii) to protect both the environment and Contractor's investment.
2. Development of Contingency Plan. The Contingency Plan will be developed as a logical extension of any relevant present plans used by Contractor in other offshore projects. The process for developing the Contingency Plan will include:
 - (a) risk analysis;
 - (b) hazard identification and assessment;
 - (c) environmental sensitivities;
 - (d) consultation with Government Authorities;
 - (e) incorporation of petroleum industry codes of practice;
 - (f) consultation with local and other emergency resources; and
 - (g) emergency response plans.
3. Coordination. Contractor's Contingency Plan will incorporate the appropriate government agencies and other organizations in planning and coordinating exercises and drills (exercises).
4. Types of Emergency Response Plans. Contractor shall develop emergency response plans ("ERPs") for:
 - (i) oil spill;
 - (ii) incidents such as fire, well management, natural disasters; and
 - (iii) medical emergency.

Existing ERPs will be reviewed and updated on an "as needed" basis.
5. Structure of ERP. Each ERP will provide information on:
 - (a) levels of alert;
 - (b) notification structure;
 - (c) key duties of the response team;
 - (d) emergency support teams;
 - (e) emergency telephone lists;
 - (f) various forms and checklists; and
 - (g) procedures and accountabilities to update these lists.

ANNEX 4A. FORM OF ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT

1. The Project
 - 1.1 Project overview
 - 1.2 Project activities
 - 1.3 Emissions and waste removal
 - 1.4 Accidental spills
 - 1.5 Accidental loss experiences
2. Approach and Methodology
 - 2.1 Approach
 - 2.2 Methodologies
 - 2.3 Identification of relevant regulatory approvals and permits
3. Environmental Setting and Data Collection
 - 3.1 Marine physical environment
 - 3.2 Marine biological environment
 - 3.3 Protected areas and special places
 - 3.4 Fisheries and aquaculture
 - 3.5 Atmospheric Environment
4. Environmental and Social Impact Assessment
 - 4.1 Introduction
 - 4.2 Approach
 - 4.3 Offshore facilities
 - 4.4 Underwater pipeline
 - 4.5 Cumulative effects
 - 4.6 Environmental evaluation and monitoring plan
5. Mitigation Measures and Residual Impacts
 - 5.1 Introduction
 - 5.2 Offshore facilities
 - 5.3 Underwater pipelines
 - 5.4 Cumulative effects
 - 5.5 Environmental Management Plan

ANNEX 4B. OUTLINE OF HEALTH AND SAFETY PLAN

At least but not limited to

1. Hazard register
2. Evaluation and risk assessment of activities
3. Hazard management including a description of the means of control of identified hazards
4. Emergency response plan, including medical evacuation arrangements

MODEL

ANNEX 4C. OUTLINE OF CONTRACTOR HSE MANAGEMENT SYSTEM MANUAL

At least but not limited to

- a. Leadership and Commitment
- b. Policy and Strategic Objectives
- c. Organization, Resources, Competency and Documentation
- d. Suppliers and Contractors HSE Management
- e. Hazard and Effects Management
- f. Planning and Procedures
- g. Implementation and Monitoring
- h. HSE Assurance
- i. Management Review

MODEL

ANNEX 5. DUTIABLE ITEMS

The following items shall not be subject to the exemption described in Article 18 of the Contract:

- (a) Foodstuffs and alcoholic and non-alcoholic beverages intended for human consumption.
- (b) Fuels and lubricants,
- (c) Timber and wood products.
- (d) Textiles, textile goods, clothing, shoes, with the exception of those which are used /commonly used during the Petroleum Operations.
- (e) Firearms and ammunition therefore.
- (f) Office furniture.
- (g) Unused air conditioners, other than for use in Contractor's offices.
- (h) Gunpowder and explosives, with the exception of those which are used to be/commonly used during Petroleum Operations.
- (i) Sports and pleasure boats and engines for these.
- (j) Unused furniture and other mechanical or non-mechanical appliances and equipment.

ANNEX 6. FORM OF CONTRACTOR COMPANY PERFORMANCE GUARANTEE

To: Staatsolie Maatschappij Suriname N.V.

P.O. Box 4069

Paramaribo, Suriname

COMPANY PERFORMANCE GUARANTEE

We the undersigned company, _____ having the registered office at _____ (the "Guarantor"), a legal entity organized and existing under the laws of _____, being an affiliate of _____ (the "Company") which on _____ has entered into a Production Sharing Contract for the Petroleum Exploration, Development and Production of Offshore Suriname, Block (the "Contract"), with Staatsolie Maatschappij Suriname N.V. ("Staatsolie") hereby, as primary obligor unconditionally and irrevocably guarantees to Staatsolie, from and after the Effective Date (as defined in the Contract), the due and timely performance by the Company of its obligations of the Exploration period for its participating interest in the rights and obligations under this Contract.

The Guarantor further guarantees that the Company shall have all technical support and specialist personnel necessary for the Subsidiary to fulfill its Minimum Work Obligations under the Contract.

This Guarantee is a continuing Guarantee for the applicable phase of the Exploration Period and shall enter into force on the Effective Date of this Contract and shall remain in force until all obligations of the Company under the Contract have been discharged in full or the obligations of the Company have been terminated.

This Guarantee shall be governed by the same law as provided under the Applicable Law provision in Article 41 of this Contract. Any dispute under this Guarantee shall be resolved by dispute resolution Article 42 of the Contract.

Dated the ____ day of _____, 2015, at _____.