

CONGO

Model Joint Operating Agreement Of 1987

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TRANSLATION OF
JOINT OPERATING AGREEMENT

AMONG

(hereinafter sometimes referred to as _____), a société nationale with registered offices at Brazzaville, represented by _____, duly authorized to that effect,

of the first part,

(hereinafter sometimes referred to as _____), a corporation with registered offices at _____, represented by _____, duly authorized to that effect,

of the second part,

as _____), a corporation with registered offices at _____ (hereinafter sometimes referred to as _____), represented by _____, duly authorized to that effect,

of the third part,

PREAMBLE

WHEREAS, _____ is the holder of the Type "A" hydrocarbon exploration permit known as " _____ " described below;

WHEREAS, this permit was granted to _____ with the option for it to associate with the other signatories of this agreement to pursue the working thereof, which the parties wish to do;

WHEREAS, in order to realize this goal, the parties to this agreement are signing on this day with the _____ a convention governing their relations with the _____ and _____

WHEREAS, the parties wish hereby to set forth the terms and conditions which shall govern the relations among themselves;

NOW THEREFORE IT IS HEREBY AGREED AS FOLLOWS:

Article 1 - Definitions

Whenever the following terms are used in this Agreement, they will have the meaning set forth below:

1.01 "AGREEMENT": This joint operating agreement for exploration and exploitation of hydrocarbons.

1.02 "PARTY" or "PARTIES": The Parties to the AGREEMENT and their respective successors and assigns.

1.03 "PERMIT": The type "A" exploration permit known as " _____ " granted to _____ by the Decree, a copy of which is attached hereto as Exhibit 1, and all its extensions, amendments, variations or renewals, if any, as well as any exploitation permits which may be granted over any part of its surface.

1.04 "ACCOUNTING PROCEDURE": The accounting procedure attached hereto as Exhibit 2.

1.05 "CALENDAR YEAR": Twelve (12) consecutive months beginning on January 1st of any year.

1.06 "QUARTER": A consecutive three-month period beginning on the first day of January, April, July or October of any CALENDAR YEAR.

1.07 "_____": The Republic of

1.08 "CONVENTION": The instrument entered into between the _____, _____ and _____ to define and govern their respective rights and obligations within the scope of their operations for working the PERMIT.

1.09 "DOLLARS": The currency of the United States of America.

1.10 "FISCAL YEAR": A CALENDAR YEAR, except for the first fiscal year which begins upon the effective date of the AGREEMENT.

1.11 "FRENCH FRANCS" - The Currency of Republic of France.

1.12 "HYDROCARBONS": Solid, liquid and gaseous hydrocarbons discovered and/or produced on the PERMIT.

1.13 "NATURAL GAS": Gaseous HYDROCARBONS produced by the PARTIES on the PERMIT, but excluding condensates which by normal field methods of processing are separated and recovered as a liquid.

1.14 "LIQUID HYDROCARBONS": HYDROCARBONS produced by the PARTIES on the PERMIT, but excluding NATURAL GAS.

1.15 "OPERATOR": The PARTY designated in accordance with paragraph 4.01 hereof to conduct the PETROLEUM WORKS, as this term is hereinafter defined in paragraph 1.19 below, on the PERMIT for the joint benefit of the PARTIES.

1.16 "NON-OPERATOR": Each of the PARTIES other than OPERATOR.

1.17 "PARTICIPATING INTEREST": The percentages, as determined in accordance with Article 3 below, in which the PARTIES participate at any given time in the expenses, rights and obligations under the PERMIT and the AGREEMENT, and share at any given time in the production of HYDROCARBONS in accordance with Article 10 below.

1.18 "COMPANIES": The PARTIES, except

1.19 "AFFILIATED COMPANY":

1.19.1 Any company in which more than 50% of the voting rights in ordinary shareholders' meetings are held directly or indirectly by one of the COMPANIES;

1.19.2 Any company which holds, directly or indirectly, more than 50% of the voting rights in the ordinary shareholders' meetings of one of the COMPANIES;

1.19 .3 Any company whose voting rights in ordinary shareholders' meetings are subject to more than 50% control by a company which itself holds, directly or indirectly, more than 50% of the voting rights in the ordinary shareholders' meetings of one of the COMPANIES;

1.19 .4 Any company in which more than 50% of the voting rights in ordinary shareholders' meetings are held directly or indirectly by several COMPANIES, or by several companies as described in sub-paragraphs 1.18.1 to 1.18.3 above.

1.20 "PETROLEUM WORKS": All the activities, wherever carried out, relating to exploration, development, exploitation, transportation, storage and disposition, in the CONGO or for export, of HYDROCARBONS.

1.21 "EXPLORATION WORKS": That part of the PETROLEUM WORKS which is undertaken with the purpose of discovering one or several hydrocarbon deposits, including:

- (i) The aeromag survey realized before the granting of the PERMIT but included on common acceptance by the and the COMPANIES in the EXPLORATION WORKS, and its interpretation, and
- (ii) seismic surveys and the discovery well and all subsequent works on the same anomaly, undertaken until the date on which the Operating Committee provided for in the JOINT OPERATING AGREEMENT decides, pursuant to Article 5 of the JOINT OPERATING AGREEMENT, that a discovered deposit of HYDROCARBONS is commercially exploitable.

1.22 "DEVELOPMENT AND EXPLOITATION WORKS": All PETROLEUM WORKS other than EXPLORATION WORKS, including the transportation of HYDROCARBONS to the point of offlifting by the PARTIES.

1.23 "JOINT ACCOUNT": The account or accounts maintained by OPERATOR in accordance with the ACCOUNTING PROCEDURE, to which shall be charged the costs and expenses of PETROLEUM WORKS performed under the AGREEMENT, and which are to be borne by the PARTIES, proportionally to their respective PARTICIPATING INTERESTS.

1.24 "ADVANCE ACCOUNT": The accounts maintained by the OPERATOR for each COMPANY to record entries respecting to advances made by the COMPANIES to the OPERATOR on the behalf of and the reimbursements made by and so in accordance with the provisions of Article 9 below.

1.25 "BARREL": Unit equal to 42 U.S. gallons (one U.S. gallon being equal to 3.78541 litres) measured at 60° Fahrenheit.

Article 2 - Purpose, effective date and term

2.01 The purpose of the AGREEMENT is to set forth the terms and conditions under which the PARTIES shall jointly

work the PERMIT, which is hereby made available to them for this purpose of . It shall become effective on the date of the Act having the force of Law approving the PERMIT and the CONVENTION and, subject to the other provisions of the AGREEMENT, it will remain in full force and effect for the duration of the PERMIT and, in any event, until the assets acquired hereunder shall have been disposed of and a final settlement of the accounts among the PARTIES shall have been made.

Article 3 - PARTICIPATING INTERESTS of the PARTIES

The PARTICIPATING INTERESTS of the PARTIES shall be as follows:

<u>Name of the PARTY</u>	<u>PARTICIPATING INTEREST</u>
	20.00%
	50.00%
	30.00%
	<u>80.00%</u>
	20.00%

Article 4 - OPERATOR

4.01 Appointment of OPERATOR

4.01.1 ESSO is hereby appointed OPERATOR. However, upon expiration of a ten (10) year period commencing upon the Date of Completion of the Development Works on the PERMIT, may request to act as OPERATOR on all or part of the PERMIT, provided that it has previously reimbursed the COMPANIES, in accordance with the provisions of the AGREEMENT, for all the COMPANIES' contributions made pursuant to Article 9 below and that it demonstrates its ability to perform the functions of OPERATOR, both from a technical standpoint and with respect to undertakings toward money lenders and equipment suppliers. In such case, it shall give three (3) months' prior notice thereof to the COMPANIES. The Operating Committee will consider 's request at its very next meeting and, after having determined that the two conditions set forth above in this sub-paragraph 4.01.1 have been met, will determine the date and practical conditions for the transfer of OPERATOR's functions to

4.01.2 For the purpose of this paragraph 4.01, the phrase "Date of Completion of the Development Works"

shall mean the date of completion of the last development well drilled on the first commercial deposit of HYDROCARBONS discovered on the PERMIT.

4.02 Exclusive right to operate

In accordance with approved programs and budgets and subject to instructions which may be given to it from time to time by the Operating Committee, OPERATOR shall have exclusive charge of and shall conduct all PETROLEUM WORKS.

All PETROLEUM WORKS will be conducted by OPERATOR or by its duly authorized agents or by independent contractors engaged by it.

4.03 Employees and contractors

The number of employees, the selection of such employees, the hours of work and the compensation to be paid to all employees in connection with PETROLEUM WORKS shall be determined by OPERATOR, and all employees and contractors employed or used in PETROLEUM WORKS shall be employees or contractors of OPERATOR.

4.04 Conduct of PETROLEUM WORKS

In the conduct of PETROLEUM WORKS, OPERATOR shall:

(a) carry out diligently all operations in accordance with practices generally followed by the petroleum industry, conform to good oil field and engineering practices and perform such operations in an efficient and economical manner. All operations shall be conducted in compliance with the provisions of the PERMIT and applicable laws and regulations.

(b) Permit the representatives of any of the PARTIES to have free access, at their own risk and expense, to the locations where PETROLEUM WORKS are carried out at all reasonable times with the right to observe any and all operations being conducted for the joint account of the PARTIES and to inspect all materials, equipment and other property jointly owned by the PARTIES. Each PARTY through its duly authorized agents or employees shall be permitted to examine and have access to, at all reasonable times, any and all data and interpretations thereof, including but not limited to, cores, samples, logs and surveys concerning PETROLEUM WORKS. OPERATOR shall furnish to the PARTIES upon request a copy thereof, the cost of which will be charged to the JOINT ACCOUNT.

(c) Keep the premises and property jointly-owned by the PARTIES free from any liens, charges and encumbrances arising out of the PETROLEUM WORKS.

(d) Promptly pay all costs and expenses incurred by it in its operations for the PETROLEUM WORKS when due and payable.

(e) Make for the account of the PARTIES all payments (other than taxes which are measured by the income of the PARTIES and the Mining Royalty - subject for this later to the provisions of the subparagraph 4.11 below) as provided under the CONVENTION and applicable laws. OPERATOR will not be held responsible for and will not be liable for any default or delay of payment of any other PARTY when such PARTY is directly assessed and such delay or default is unknown to OPERATOR. In the event OPERATOR is aware of or has been notified of a default or delay in payment, OPERATOR may, after consultation with the PARTIES, make such immediate expenditures as may be necessary to protect the PERMIT from being forfeited; such expenditures shall be reported promptly to the PARTIES by OPERATOR and the provisions of paragraph 8.05 below shall apply.

(f) Provide and maintain in force any and all insurance as may be required of OPERATOR by applicable laws, and provide such additional insurance as may be mutually agreed upon by the PARTIES pursuant to Article 16 below.

(g) Prepare and furnish to the PARTIES progress reports on the PETROLEUM WORKS, including geological and geophysical reports, daily drilling reports, well logs, surveys, reports on pressure and production tests and reports which OPERATOR is required to furnish to the and such reports, data, statements and information as may be prescribed from time to time by the Operating Committee.

4.05 Expenditures

OPERATOR shall carry out each program of operations adopted by the PARTIES within the limits of the approved budget therefor and shall neither undertake any operations not included in an approved program nor make any expenditures during a FISCAL YEAR in excess of the budgeted amounts approved therefor, subject to the following:

(a) If necessary to carry out an approved program, OPERATOR is authorized to make expenditures in excess of the budget adopted therefor up to but not exceeding ten percent (10%) of such budget item, provided, however, that no cumulative total of such excess expenditures shall

exceed five percent (5%) of the total budget. Such excess expenditures shall be reported promptly to the Operating Committee by OPERATOR.

(b) OPERATOR is also authorized to make unforeseen expenditures within the scope of PETROLEUM WORKS during any CALENDAR YEAR not included in (but related to) an approved program and not provided for in an adopted budget, limited, however, to a total not exceeding one hundred thousand DOLLARS (\$100,000) or the equivalent thereof in another currency; provided that such expenditures shall not be for purposes theretofore rejected by the Operating Committee and provided further that OPERATOR shall promptly submit to the Operating Committee a report relating to such expenditures. When such expenditures have been approved by the Operating Committee, the amount authorized shall be again set at one hundred thousand DOLLARS (\$100,000) or the equivalent thereof in any other currency, it being the intention of the PARTIES that OPERATOR shall have authority permanently to expend said amount under the terms and conditions set forth above.

(c) Notwithstanding the provisions of sub-paragraph (b) above, in case of emergency within the scope of the PETROLEUM WORKS, OPERATOR may make such immediate expenditures as it deems necessary for the protection of life and property and such emergency expenditures shall be reported promptly to the Operating Committee by OPERATOR.

(d) Unless otherwise decided by the Operating Committee, OPERATOR shall invite competitive bids for materials or services estimated to cost more than two hundred and fifty thousand DOLLARS (\$250,000) per bid. The PARTIES shall be free to submit bids.

4.06 Claims

Any and all claims and suits arising out of the PETROLEUM WORKS, to the extent not covered by insurance, may be compromised, settled or shall be defended by OPERATOR provided, however, that OPERATOR shall not pay more than the equivalent of twenty five thousand DOLLARS (\$25,000) in the settlement of any claim or suit without obtaining the prior approval of the Operating Committee. Any claim or suit for any amount shall be promptly reported to the Operating Committee. OPERATOR shall follow the instructions of the Operating Committee with respect to claims and suits which exceed the equivalent of twenty five thousand DOLLARS (\$25,000). Each PARTY hereto shall have the right to be represented by its own counsel and at its expense in the settlement, compromise or defense of claims and suits in amounts in excess of the

equivalent of twenty five thousand DOLLARS (\$25,000) or which, in the opinion of the PARTY in question, involve an issue of principle. In such a case, the PARTY desiring to be represented by its own counsel shall notify the other PARTIES of such representation.

4.07 Liability

OPERATOR shall not be liable to the other PARTIES hereto for anything done or omitted to be done by OPERATOR in the conduct of PETROLEUM WORKS hereunder, except in cases of material breach of the AGREEMENT, willful misconduct, willful failure to act or such wanton and reckless conduct as constitutes in effect an utter disregard for harmful, foreseeable and avoidable consequences.

4.08 Resignation or removal of OPERATOR

OPERATOR may resign as such at any time by written notice to each NON-OPERATOR. OPERATOR may be removed as such if it has failed in a substantial manner to perform its duties and obligations hereunder as determined by the affirmative vote of the Operating Committee. In this case, the decision of the Operating Committee shall be arrived at by a unanimous vote of NON-OPERATORS. Resignation or removal of OPERATOR shall not become effective until six (6) months after the date of notice of such resignation or removal unless prior thereto a new OPERATOR takes over.

4.09 Appointment of new OPERATOR

Upon resignation or removal of OPERATOR, a PARTY which is willing to serve as such shall be designated as the successor OPERATOR by a vote of the Operating Committee. The PARTY which has been removed may not, in voting for its successor OPERATOR, vote to reinstate itself.

4.10 Transfer of duties and obligations

Immediately after notice of resignation or removal of OPERATOR is given, the PARTIES, at their expense, shall arrange for the taking of an inventory of the equipment, materials and supplies acquired by OPERATOR. From the date OPERATOR ceases to act as such, it shall turn over to the new OPERATOR or the PARTIES in the case a new OPERATOR has not been selected, all materials, equipment and supplies and all records and documents in its possession or custody as OPERATOR. The accounts of the resigning or removed OPERATOR relating to PETROLEUM WORKS for the current calendar year and a period

of twenty four (24) months preceding such CALENDAR YEAR shall remain subject to potential audit and correction in accordance with the ACCOUNTING PROCEDURE for twenty four (24) months after the date the resignation or removal has taken effect.

In case of resignation or removal of OPERATOR, the personnel of _____ citizenship employed by such OPERATOR for the purpose of the PETROLEUM WORKS shall be taken in the new OPERATOR's employ under the same terms.

4.11 Payment of Mining Royalty

OPERATOR shall deliver to the _____ on behalf and pursuant to instructions of the PARTIES any mining royalty in kind due to the _____. The mining royalty payable in cash or quantities of HYDROCARBONS offlifted by a PARTY shall be paid separately to _____ by such a PARTY, or by the OPERATOR on the behalf of this PARTY with a formal agency agreement ("mandat") which may be revoked at any time.

4.12 Vocational training and employment of _____ personnel

Upon determination by the Operating Committee that a commercial discovery has been made OPERATOR shall carry out the vocational training, in accordance with vocational training programs approved by the OPERATING COMMITTEE, and the recruiting, under the conditions set forth in the CONVENTION, of _____ personnel with the objectives (i) of permitting the gradual replacement of OPERATOR'S foreign personnel assigned to the PETROLEUM WORKS by _____ personnel, and (ii) of gradually placing _____ in the position of taking over the role of OPERATOR. To this end, OPERATOR shall carry out the above-mentioned vocational training programs and shall have _____ personnel assigned to OPERATOR participate in the PETROLEUM WORKS. OPERATOR shall keep the PARTIES informed of the progress of these vocational training programs and of the integration of _____ personnel into the PETROLEUM WORKS.

Article 5 - Operating Committee

5.01 Overall Supervision

Immediately after execution of the AGREEMENT, there shall be established an Operating Committee, composed of a representative of each PARTY with full authority to represent and bind the PARTY by whom

appointed in all matters arising under the AGREEMENT. Each PARTY shall appoint one representative and one alternate by written notice to OPERATOR and all other PARTIES. The alternate appointed by a PARTY shall only act in the event the representative appointed by such PARTY is not available. Each PARTY shall have the right to change its representative and alternate at any time by notifying in writing the other PARTIES to that effect. Except as otherwise provided in the AGREEMENT, the Operating Committee shall administer, supervise, direct and control all operations hereunder.

5.02 Decisions of the Operating Committee

Subject to the provisions of paragraphs 4.08 and 4.09 above and of subparagraph 11.03(c) below, decisions of the Operating Committee shall be made by an unanimous vote of the PARTIES, each PARTY having one vote. This paragraph shall be modified by a common agreement between the PARTIES in case of transfer by a PARTY of all or part of its PARTICIPATING INTEREST.

5.03 Operating Committee meetings

The Operating Committee shall meet whenever requested by OPERATOR by the giving of fifteen (15) days prior written notice, which notice shall include the proposed agenda, the date, time and place of the meeting. Each PARTY may at any time require OPERATOR to call a meeting, in accordance with the procedure set forth above, to discuss specific questions which shall then be part of the agenda of said meeting.

The Operating Committee shall meet at least once in each CALENDAR YEAR to consider and approve the work program and budget referred to in Article 6 below. The decisions of the Operating Committee shall be binding on all PARTIES except as herein otherwise specifically provided. No decision on any matter not included on the proposed agenda of a meeting shall be taken, unless representatives of the PARTIES unanimously agree to the contrary.

5.04 Chairman

shall preside over the meetings of the Operating Committee. OPERATOR shall act as secretary.

5.05 Operating Committee minutes

Written minutes of each meeting shall be prepared by OPERATOR with copies sent to the PARTIES as soon as possible thereafter for approval or comment within thirty (30) days of receipt. Failure to respond within the thirty (30) day period shall constitute approval of such minutes.

5.06 Decisions without a meeting

Any matter may be submitted to the Operating Committee for decision without actually holding a meeting, provided that such matter is submitted in writing to all PARTIES by OPERATOR. In such a case, each PARTY shall, within ten (10) days from receipt, communicate its written vote to OPERATOR; any matter which receives the affirmative vote provided for in paragraph 5.02 above shall be deemed adopted in the same manner as if a formal meeting had been held. OPERATOR shall retain written minutes of each such vote and shall advise each PARTY of the results of each such vote.

5.07 Technical sub-committees

5.07.1 The Operating Committee shall establish any necessary sub-committees and at least one technical sub-committee, each composed of a representative of each PARTY. The functions and powers of such sub-committees shall be determined by the Operating Committee.

5.07.2 The meeting's rules and the procedure for calling the meetings of the sub-committees shall be the same as those provided for the Operating Committee. The representative of OPERATOR shall preside over each meeting of a sub-committee and shall act as secretary.

5.07.3 When entrusted by the Operating Committee with the power to make decisions, sub-committees shall decide by unanimous vote; failing which, they shall refer the matters to the Operating Committee.

5.08 The Operating Committee and any sub-committee may decide to hear any person for whom a hearing is requested by a PARTY. Each PARTY may, in addition, have experts of its choice attend the meetings of the Operating Committee or of any sub-committee.

Article 6 - Work programs and budgets

6.01 Submittal of yearly work program and budget

On or before the thirtieth (30th) day of September of each CALENDAR YEAR, OPERATOR shall submit to

the PARTIES the work program which it proposes to carry out on the PERMIT during the subsequent CALENDAR YEAR as well as the budget relating thereto. However, OPERATOR shall, within sixty (60) days from the effective date of the AGREEMENT, as defined in paragraph 2.01 above, submit the work program which it proposes to carry out on the PERMIT during the current and next CALENDAR YEARS, as well as the budgets respectively relating thereto.

This work program shall include as a minimum the work required to be performed under the provisions of the PERMIT during such CALENDAR YEAR. At the time this CALENDAR YEAR's program and budget are submitted, a provisional work program and budget for the next two (2) succeeding CALENDAR YEARS shall be presented by OPERATOR. OPERATOR shall submit a work program and budget as soon as possible after the execution of this AGREEMENT for the then current year.

6.02 Approval of yearly work program and budget

On or before the twentieth (20th) of December of each CALENDAR YEAR the Operating Committee shall agree upon and adopt the work program and budget for the subsequent CALENDAR YEAR. At the time of agreeing upon and adopting a work program and budget, the Operating Committee shall, only on a provisional basis, consider, but shall not adopt, a work program for the next two (2) succeeding CALENDAR YEARS. As soon as possible after the adoption of a work program and budget, OPERATOR shall mail a copy thereof to each PARTY.

6.03 Revision of work program and budget.

Each yearly budget shall contain an itemized estimate on a quarterly basis of the costs of the PETROLEUM WORKS provided for in the related work program during each QUARTER of the period and an itemized estimate of all other expenditures to be made by OPERATOR including (but not necessarily limited to) rentals, taxes (other than taxes measured by the income of the PARTIES) and other payments. Each work program and budget shall be subject to review and revision by the Operating Committee from time to time and at least once a year on or about the thirtieth (30th) day of June.

6.04 Cash advances

OPERATOR shall have the right to require each PARTY to advance its share of anticipated cash requirements within the limits of the amounts provided for

in approved budgets. Such cash advances shall be effected in accordance with the provisions of the ACCOUNTING PROCEDURE-

6.05 Authorization for expenditure

Unless otherwise agreed by the Operating Committee, OPERATOR shall submit to the Operating Committee, for prior approval, an authorization for expenditure (hereinafter "AFE") covering each individual expenditure in excess of one million DOLLARS (\$1,000,000) within the approved work program and budget. Said AFE shall be submitted thirty (30) days in advance of the proposed expenditure. Expenditures of one million DOLLARS (\$1,000,000) or less shall be approved by OPERATOR without further action by the Operating Committee and an AFE shall be furnished to the PARTIES for information.

6.06 Form of AFE

Each AFE shall include the following information:

- (a) A brief description of the proposal.
- (b) A concise statement summarizing the procedure or method to be followed and the anticipated results.
- (c) Estimated cost broken down by major components.
- (d) In the case of drilling of a well, the location, the anticipated depth and all other pertinent data.

Article 7 - Confidential information

7.01 Information

Each PARTY shall have the right to examine and make copies of all geological, geophysical and other technical data relating to the PERMIT and to the PETROLEUM WORKS, including all charts, maps, interpretations and all other records obtained and/or prepared by OPERATOR.

7.02 Disclosure of confidential information

All information acquired by any PARTY hereto with respect to the PETROLEUM WORKS shall be considered as confidential and, subject to the terms of the PERMIT, shall not be divulged to any third party (except to AFFILIATED COMPANIES) except with the unanimous approval of the PARTIES. The provisions of this paragraph 7.02 shall not be applicable to any disclosure required by any laws, rules or regulations of any governmental agency or stock exchange.

7.03 Trades of well and other data

OPERATOR may, with the approval of the Operating Committee, make well data trades and other data trades with third parties for the benefit of the PARTIES with any data so obtained to be available to all PARTIES. OPERATOR shall enter into an undertaking with any such third party to keep such information confidential.

Article 8 - Costs, expenses, materials and equipment

8.01 Ownership

All materials and equipment acquired by OPERATOR for PETROLEUM WORKS shall be owned by the PARTIES in undivided shares in the proportion of their PARTICIPATING INTERESTS at any given time. However, in the event that prior to the commencement of commercial production the PARTIES decide to surrender the PERMIT, it is agreed that all the assets acquired for the PETROLEUM WORKS and which can be saved and removed from the PERMIT, and which have been paid by the COMPANIES through their contributions made in accordance with Article 9 below, shall belong exclusively to the PARTIES that have paid for them.

OPERATOR agrees that in no case it will have any rights to these assets, no matter what these may be. To this end, OPERATOR shall execute and deliver to the other PARTIES all instruments necessary to transfer its undivided share in these assets, and the COMPANIES receiving them shall not be liable for any payment for any tax, duties or other charges whatsoever which may be attached to this transfer.

8.02 Costs and expenses

All costs and expenses of PETROLEUM WORKS, including the costs and expenses borne for the acquisition of all materials and equipment acquired for the benefit of the PARTIES, shall be borne by the PARTIES in proportion to their respective PARTICIPATING INTERESTS at the time when such costs and expenses are incurred. Similarly, all liabilities arising out of the PETROLEUM WORKS shall be shared among the PARTIES in proportion to their respective PARTICIPATING INTERESTS.

8.03 ACCOUNTING PROCEDURE

All costs and expenses of whatever kind that are incurred in the conduct of PETROLEUM WORKS shall be determined and settled in the manner provided for in the ACCOUNTING PROCEDURE, and OPERATOR shall keep its records of costs and expenses in accordance with such ACCOUNTING PROCEDURE. In the event of conflict between the AGREEMENT

and the ACCOUNTING PROCEDURE, the provisions of the AGREEMENT shall prevail.

8.04 Audit

The books and accounting entries of OPERATOR pertaining to the PETROLEUM WORKS shall be maintained in accordance with the ACCOUNTING PROCEDURE and shall be subject to audit and periodic inspection by any or all of NON-OPERATORS in accordance with the ACCOUNTING PROCEDURE.

8.05 Default and lien

(a) If any PARTY shall fail to advance to OPERATOR its share of expenditures, or to make its contribution to the costs and expenses of the PETROLEUM WORKS, as provided for in the AGREEMENT, such PARTY shall be in default and OPERATOR shall immediately so notify such PARTY (hereinafter referred to as the "Defaulting PARTY"). A copy of such notice, which will name the bank or banks, and specify the account of the OPERATOR, shall be simultaneously forwarded to each of the other PARTIES to acquaint them with the facts constituting such default. Each non-defaulting PARTY shall, within twenty (20) days of receiving a copy of such notice, advance to OPERATOR a share of the amount in respect of which the Defaulting PARTY is in default, in the proportion that its PARTICIPATING INTEREST bears to the aggregate of all the PARTICIPATING INTERESTS of the non-defaulting PARTIES. Each non-defaulting PARTY shall continue to advance to OPERATOR an identical share of the sums due in the future in respect of which the Defaulting PARTY is in default until the Defaulting PARTY has reimbursed the sums due, or the Defaulting PARTY's PARTICIPATING INTEREST shall have been assigned, or until operations shall have been abandoned pursuant to sub-paragraph 8.05(c) below. The amounts so advanced by a non-defaulting PARTY shall thereupon become a debt due by the Defaulting PARTY, payable on demand and bearing interest; as hereinafter provided. OPERATOR shall have the right to bring suit to enforce the collection of all sums payable by a Defaulting PARTY to any non-defaulting PARTY.

(b) The Defaulting PARTY may remedy its default by depositing, within ninety (90) days following the notice provided for in sub-paragraph 8.05 (a) above, the amount in default to the account of OPERATOR in the bank or banks stipulated in such notice. If the Defaulting PARTY chooses to remedy its default, it shall deposit at the same time and in the same manner an additional amount equal to the interest due and computed as set forth in sub-paragraph 8.05 (e) below.

Upon the payment by a Defaulting PARTY of any amount in default, the amount so paid shall be distributed and paid to the other non-defaulting PARTIES proportionately to the contributions theretofore made by them. In the event that the Defaulting PARTY has failed to remedy such default within such ninety (90) day period, that PARTY shall automatically be deemed to have elected to withdraw from the AGREEMENT and shall, notwithstanding any other provisions of the AGREEMENT, forfeit all rights hereunder, including its right to HYDROCARBONS, effective as of the last day of said ninety (90) day period.

(c) The Defaulting PARTY withdrawing as provided above shall share in the obligations and liabilities which have been incurred by the PARTIES prior to the effective date of its withdrawal in accordance with the provisions of the AGREEMENT as if such default had not occurred. In addition to the other legal remedies available to them, each non-defaulting PARTY shall have the option (but only after consultation with the other non-defaulting PARTIES) exercisable by notice in writing within thirty (30) days after the expiry of the said ninety (90) day period to require the Defaulting PARTY to assign to it, at the expense of the Defaulting PARTY, the entire PARTICIPATING INTEREST of the Defaulting PARTY free of charge and free of all liens and encumbrances, except those arising in favor of one or several of the other non-defaulting PARTIES. If the said option is exercised by more than one non-defaulting PARTY, the Defaulting PARTY shall assign its PARTICIPATING INTEREST to such non-defaulting PARTIES exercising such option in the proportion that the PARTICIPATING INTEREST of each of them bears to the sum of their PARTICIPATING INTERESTS prior to such assignment. The Defaulting PARTY shall execute and deliver at its cost any and all documents and take at its cost any and all action necessary to effect the assignment of its PARTICIPATING INTEREST in the PERMIT to such non-defaulting PARTIES. If the non-defaulting PARTIES (or any of them) have not elected by the end of the said thirty (30) day period to acquire all of the Defaulting PARTY's PARTICIPATING INTEREST, no assignment of the Defaulting PARTY's PARTICIPATING INTEREST shall be made and, in that event, the PETROLEUM WORKS hereunder shall thereupon be abandoned at the earliest possible date and each PARTY, including the Defaulting PARTY, shall pay its PARTICIPATING INTEREST share of all costs of abandoning the PETROLEUM WORKS.

(d) Until such time as the assignment of its said total PARTICIPATING INTEREST has been completed, and to the extent that such joinder may be necessary or appropriate, the Defaulting PARTY shall remain obligated to join with the other PARTIES to perform any action which

the remaining PARTIES wish to perform within the scope of the AGREEMENT to protect the rights and benefits of the PARTIES under the PERMIT.

(e) All unpaid amounts owed by the Defaulting PARTY shall bear interest monthly at the rate, determined as set forth below, in effect on the respective due dates. The applicable interest rate will be the arithmetic average of the high and low interest rate per annum applicable for one-month DOLLAR deposits on the London interbank market (rounded, if necessary, to the nearest one-sixteenth per cent (1/16%)), as published on the respective due dates in the Euro-currency interest rate table of the Financial Times, plus a two and a half (2 1/2%) margin. Such interest rate shall be applied to any unpaid amounts on a month-by-month basis, a new interest rate being computed and applied to any unpaid amounts on the monthly anniversary date of any due date.

(f) Each PARTY, in addition to its other rights and remedies, shall have and is hereby given a lien on the PARTICIPATING INTEREST of each of the other PARTIES severally in the PERMIT, and in all jointly-owned assets and in all the production obtained from the PERMIT and the income deriving therefrom. The non-defaulting PARTIES shall be entitled to enforce such lien in accordance with the laws of the jurisdiction where the assets are located. All monies recovered from the exercise of the lien on a Defaulting PARTY's property and PARTICIPATING INTEREST shall, after deduction of all costs incurred in connection with such recovery, be credited against all amounts due from such Defaulting PARTY under the terms of the AGREEMENT and any excess funds remaining shall be paid over to the Defaulting PARTY. Any deficiency remaining due after application of the foregoing procedure shall remain the obligation of the Defaulting PARTY and may be collected as any other debt. Notwithstanding the foregoing provisions, if at the date of exercising the lien against the property and the PARTICIPATING INTEREST of a Defaulting PARTY, there has been produced as much as ninety percent (90%) of the estimated recoverable reserves from a reservoir located on the PERMIT (based upon estimates approved by the Operating Committee), the Defaulting PARTY shall not be entitled to any payment for its PARTICIPATING INTEREST in the jointly-owned assets, the production from such reservoir and the income deriving therefrom until abandonment of production from such reservoir, and upon abandonment, such Defaulting PARTY shall be required to bear its prorata share of the cost of abandonment to the extent that abandonment costs exceed the value of salvage.

8.06 Non-applicability to HYDRO-CONGO

As long as the COMPANIES' obligation to finance its PARTICIPATING INTEREST share of the expenses and investments relating to PETROLEUM WORKS on a given commercial field has not terminated in accordance with paragraph 9.06 below, any failure by a COMPANY to make a payment to OPERATOR, as provided for in paragraph 8.05 above, of any advance or contribution relating to PETROLEUM WORKS on a given commercial field, shall be deemed to be a default by such COMPANY and not by

8.07 Work to Which All Parties Have Not Consented

8.07.1 For the purpose of the present paragraph 8.07:

(i) An exploration well (hereinafter designated "exploration well") designates:

- either a well drilled on the Permit upon any surface outside the interpreted closure of any geological structure or the interpreted limits of a reservoir located in a stratigraphic trap upon which a well has been drilled in which hydrocarbons in quantities which are probably commercial are present; or
- a well drilled or deepened on the Permit on any surface which is inside the interpreted closure of any geological structure or the interpreted limits of a reservoir located in a stratigraphic trap upon which a well has been drilled in which hydrocarbons in quantities which are probably commercial are present, such well being drilled or deepened to a depth which is either above or below the stratigraphic level in which said hydrocarbons are present in the interpreted limits of such closure or of such reservoir and which is not completed in a geologic stratum in which such hydrocarbons are present.

(ii) A step-out well (hereinafter designated "step-out well") means any well drilled to the same field of hydrocarbons located on a geologic structure or in a stratigraphic trap on which an exploration well has discovered hydrocarbons, provided that these fields have not yet been declared commercial by the Operating Committee at the date on which the drilling of the step-out well is proposed in the form of an additional program upon the conditions set forth in paragraph 8.07.2 hereinafter.

8.07.2 In addition to the work provided for in approved programs by the Operating Committee, each Party (subject to the provisions of Article 8.07.1 hereinbelow) may request the Operator to carry out an additional program or work of exploration and delineation of a field on the following conditions:

(a) For each budgetary year, each Party may request the drilling of an exploration well or the drilling of two step-out wells or the deepening of any exploration or step-out well;

(b) The Party wishing to carry out an additional program (hereinafter called the "Requesting-Party") must notify the other Parties in writing no later than:

within thirty (30) days of the approval or the revision of the annual program and budget of exploration for the year in question as concerns the drilling of a well;

not later than forty-eight (48) hours after the completion of drilling operations by the Operator as concerns the deepening of a well in the course of drilling.

This notification must indicate the operations to be carried out for the realization of the additional program as well as the estimate of the cost of such program.

(c) Subject to the provisions of paragraph 8.07.9 (a) hereinafter, the Parties other than the Requesting Party may notify the Requesting Party of their intention to participate in the additional program. Such notification must be made no later than:

(i) thirty (30) days as regards the drilling of a well;

(ii) forty-eight (48) hours as regards the deepening of a well;

following the notification provided for under paragraph 8.07.2 (b).

(d) No additional program may be undertaken if a Party, other than the Requesting Party, shows that such operations would be likely to cause delay or unusual hindrance to the carrying out of a work program previously decided upon by the Operating Committee.

8.07.3

(a) If all of the Parties have not chosen to participate in the cost of such well, the petroleum operations related to the well will be carried out for the account of the Party or Parties who have chosen to participate in such cost (hereinafter called the "Consenting Parties").

The risk and cost involved in the carrying out of such work will be borne by each of the Consenting Parties in proportion to the percentage of participation of all Consenting Parties taken together (hereinafter called the "Percentage of Consent").

(b) The Consenting Parties will inform the non-Consenting Parties of the carrying out of each of the operations undertaken in accordance with the present Article, including their cost and the data obtained. After the completion of each well the Consenting Parties will notify the non-Consenting Parties of the results of the well within ten (10) days following the date when the results are known. The non-Consenting Parties may consult or obtain all documents concerning the well in due course.

8.07.4 Work not resulting in a commercial well.

If the work in question results in a dry well, each of the Consenting Parties will bear the entirety of the costs and risks of plugging and abandoning up to his Percentage of Consent.

8.07.5 Work resulting in a commercial well

(a) If work related to an exploration well or step-out well or if deepening operations carried out upon an exploration well or upon a step-out well result in a well which the Consenting Parties decide to complete as a productive well (or in the event that they should decide not to complete as a productive well but to drill into the reservoir of hydrocarbons which is thus discovered by drilling one or several development wells), the non-Consenting Parties will have the possibility of joining in such discovery upon the conditions set forth in paragraph 8.07.5 (b) and (c) below, subject to notifying the Consenting Parties within thirty (30) days following notification of the results as contemplated in paragraph 8.07.3 (b) above.

(b) The work of completing and equipping the drilled well, the drilling operations and equipping operations respecting all other development wells as well as the construction of all supplementary installations, will be financed by the Consenting Parties and the non-Consenting Parties who join in the discovery (all of these Parties taken together being hereinafter called the "Taking Parties") in the proportion that percentage of participation of each one of them represents in proportion to the percentage of participation of all of them taken together.

(c) The Consenting Parties will freely dispose, up to the limit of their percentage of consent respectively, of the production of a well completed as productive until the value of the hydrocarbons produced from such well and sold, valued as is provided hereinbelow after deduction of all royalties due upon such quantities shall be equal to the sum of the following amounts:

- (i) the total on the one hand of the drilling cost and cost of testing the well up to and including the Christmas tree and on the other hand the development cost of such well;
- and

(ii) one thousand percent (1000%) in case of the drilling or deepening of an exploration well or eight hundred percent (800%) in the case of the drilling or deepening of a step-out well of the share corresponding to the percentage of participation of the non-Consenting Parties who joined in the discovery in the drilling cost and the cost of testing the well in question, subject to the provisions of paragraph 8.07.9 (a) hereinafter.

In the event that a well drilled in the framework of an additional program shall have not been completed as a productive well but shall have led to the drilling of one or several other development wells or in the event that the mean production of the wells of a field thus discovered shall be greater than that of the well in question, the cumulative value of the production will be that of the production of the well done under the additional program shall be that of the putative well whose production shall be deemed the average production of the wells of the field discovered.

8.07.6 Valuation of Hydrocarbons

The liquid of hydrocarbons produced and sold shall be valued, for the purpose of the present paragraph 8.07, at the price effectively realized by the Consenting Parties in selling such liquid hydrocarbons, or, in event of sale to affiliates, at the price calculated by using the commercial reference value FOB as defined in Annex 3 of the Contract.

In the event that natural gas shall be discovered in quantities judged commercial by the Operating Committee, the Parties shall determine by common agreement the details of valuation of natural gas for the purposes of the present paragraph 8.07.

8.07.7 End of Operations

Beginning the first day of the month which follows the month in the course in which the value of production is equal to the amounts to be recovered, as defined hereinabove, the development well or wells in question will be produced for the account of all Taking Parties in performance with the provisions of the Contract, and thereafter the costs of producing such wells shall be borne and paid by the Parties as provided for the Contract.

8.07.8 Accounting/Audit

The accounting for the additional work will be done in accordance with the provisions of the Accounting Agreement and the Books of Account of the Operator respecting such operations shall be open for inspection by the Parties at any reasonable time. The Parties shall have the right to examine the Books of the Operator in accordance with the provisions of paragraph 8.04 hereinabove.

8.07.9 Consenting Parties/Requesting Parties

(a) As long as the advances made by the Companies in accordance with Article 9 hereinbelow to cover the share corresponding to

the percentage of participation of _____ in the costs and investments relating to the petroleum operations shall not have been reimbursed entirely by _____ as provided for in Article 9 hereinbelow:

shall not be a Requesting Party

- _____ will be deemed to be a Consenting Party only if the additional program of work results in placing into development and exploitation of a field:

(i) _____ remaining indebted to the other Consenting Parties for its share in the additional work in accordance with the terms provided for in Article 9 hereinafter.

(ii) but without being the beneficiary of the amounts provided for in paragraph 8.07 5 (c) (ii) hereinabove, such sums being owed only to the Consenting Parties other than _____

(b) When _____ can become a Requesting Party, she will participate in the additional work on the same terms and conditions as the other Parties.

Article 9 - Financing of PETROLEUM WORKS -- Advances of funds

9.01 General

Advances of funds relating to the PETROLEUM WORKS shall be made by the PARTIES pro rata to their respective PARTICIPATING INTERESTS, subject however to the following provisions of this Article 9.

9.02 Advances by the COMPANIES

9.02.1 Advances by the COMPANIES relating to EXPLORATION WORKS

Subject to the provisions of sub-paragraph 9.03.1 below, the COMPANIES shall contribute all of the funds necessary to cover expenses and investments corresponding to EXPLORATION WORKS.

9.02.2 Advances by the COMPANIES relating to DEVELOPMENT AND EXPLOITATION WORKS

Subject to the provisions of sub-paragraph 9.03.2 below, the COMPANIES shall contribute all of the funds necessary to cover expenses and investments corresponding to DEVELOPMENT AND EXPLOITATION WORKS

9.03 Advances by

9.03.1 Advances by towards EXPLORATION WORKS

- (a) In case of discovery of a commercial field on the PERMIT, s PARTICIPATING INTEREST share in the COMPANIES' past and future expenses and investments for EXPLORATION WORKS shall be charged to in the ADVANCE ACCOUNTS and offset by in accordance with the provisions of paragraphs 9.04 and 9.05 below.

- (b) Amounts so recorded shall bear interest at the rate of six and one-half percent (6.5%) per annum, computed from the first day of the calendar month following the date of advance of the corresponding amount by a COMPANY to OPERATOR. Interest amounts shall be charged quarterly by OPERATOR and shall be exclusive of any other cost, whether financial or other agio or commission on such amounts.

9.03.2 Advances by _____ towards
DEVELOPMENT AND EXPLOITATION WORKS

- (a) _____ may elect to contribute all or part of its PARTICIPATING INTEREST share of investments for the DEVELOPMENT AND EXPLOITATION WORKS on each commercial field. As soon as possible after the date when the OPERATING COMMITTEE decided that the field in question is commercial, _____ shall notify the COMPANIES of the extent to which _____ elects to contribute its PARTICIPATING INTEREST share of such funds for the DEVELOPMENT AND EXPLOITATION WORKS.
- (b) In case _____ elects not to contribute all or part of its PARTICIPATING INTEREST share of funds necessary for the DEVELOPMENT AND EXPLOITATION WORKS, the COMPANIES shall advance these funds on the basis of the proportion between each of their PARTICIPATING INTEREST and the sum of PARTICIPATING INTERESTS of all the COMPANIES.

_____ 's PARTICIPATING INTEREST share of the COMPANIES advance towards DEVELOPMENT AND EXPLOITATION WORKS shall be recorded in the ADVANCE ACCOUNTS, as set forth in paragraph 9.04 below, and offset by _____ in accordance with the provisions of paragraph 9.05 below. Each such amount advanced by the COMPANIES shall, bear interest from the first day of the calendar month which follows the month during which such amount was advanced until the date of corresponding offset contribution, at the Interest Rate per annum, plus a one percent (1%) margin, defined in Exhibit 4 to the AGREEMENT. Such rate shall be exclusive of any other cost, whether financial or other, agio or commission on amounts so advanced by the COMPANIES.

9.04 ADVANCE ACCOUNTS

OPERATOR shall keep an ADVANCE ACCOUNT between _____ and each COMPANY. The ADVANCE ACCOUNTS shall be opened by OPERATOR as soon as possible after the Operating Committee shall have declared the first discovery of a commercial field of LIQUID HYDROCARBONS on the Permit. OPERATOR shall record in each COMPANY's ADVANCE ACCOUNT, in accordance with each COMPANY's respective advances, the following entries:

9.04.2 To be credited to _____ :

Any reimbursement made by _____ in accordance with paragraph 9.05 below.

9.05 _____ 's reimbursements

9.05.1

Amounts charged to _____ in each ADVANCE ACCOUNT shall be reimbursable by _____, not only the capital but financial expenses and interest incurred, from the date of the first regular marketing of LIQUID HYDROCARBONS from the PERMIT.

9.05.2

The reimbursement by _____ of the debit balance on ADVANCE ACCOUNTS and the payment of the mining royalty due by _____ on its PARTICIPATING INTEREST share of production of LIQUID HYDROCARBONS in accordance with the provisions of the CONVENTION shall be made by allocation of a part of _____'s PARTICIPATING INTEREST share of production which _____ is entitled to, valued if necessary at the price defined in Exhibit 3 hereto.

9.05.3

The computation of amounts to be contributed by _____ referred to in sub-paragraph 9.05.2 above, as well as their allocation, shall be made each quarter, except in special cases for which the PARTIES will define by common agreement the appropriate adjustments to the procedure defined in sub-paragraphs 9.05.2 to 9.05.5.

9.05.4

In the event that, for such quarter, the sum of:

- (i) amounts due by _____ as mining royalty on its part of production of LIQUID HYDROCARBONS
- (ii) debit balance of each ADVANCE ACCOUNT exceed 75% of _____'s PARTICIPATING INTEREST share of production which _____ is entitled to for the quarter in question, any excess of such amounts over 75% shall be carried forward and reimbursed in the same manner and under the same limitation from the PARTICIPATING INTEREST share of production to which _____ will later be entitled to;

However in the event that, at any time, the part of LIQUID HYDROCARBONS received by _____ after any and all allocation is inadequate to allow HYDRO-CONGO to comply with its obligation for payment of corporate tax hereto, the PARTIES shall meet to determine a new rate for LIQUID HYDROCARBONS to be allocated to _____ in order that _____ could pay the said corporate tax.

9.05.5

For the purpose of applying sub-paragraph 9.05.1 to 9.05.4 above, the payment made by _____ will be allocated in the following manner and in the following order:

- 1) payment of the mining royalty due by _____ on its PARTICIPATING INTEREST share of production of LIQUID HYDROCARBONS.
- 2) _____'s offset contributions to the ADVANCE ACCOUNTS of the COMPANIES by way of reimbursement of the advances made by the COMPANIES, in the following manner and in the following order:
 - a) Amounts charged to _____ as interest on the COMPANIES' advances toward EXPLORATION WORKS in accordance with sub-paragraph 9.03.1 above;
 - b) Amounts charged to _____ and representing the COMPANIES' advances toward expenses and investments for EXPLORATION WORKS in accordance with paragraph 9.03.1 (a) above;
 - c) Other amounts charged to _____ in the ADVANCE ACCOUNTS beginning - if any - by the amounts charged to _____ as interest on the COMPANIES' advances toward DEVELOPMENT AND EXPLOITATION WORKS in accordance with paragraph 9.03.2 above.

9.05.6

Except in the case provided for the procedure defined under paragraph 9.05.2 to 9.05.5 above, _____ may freely reimburse in cash all or part of the amounts registered on debit balance of the ADVANCE ACCOUNTS and do so simply by bank transfer to the account of the OPERATOR who shall credit _____ in the ADVANCE ACCOUNTS as of the last of the current quarter at the date of valuation of the transfer.

In case of reimbursement in cash and as so far as possible, this reimbursement shall be made by _____ in the same currency as the one used by the COMPANIES for the advances thus reimbursed.

In the opposite case the OPERATOR shall make or cause to be made the CONVENTION in money or monies desired at the best possible terms for the account of _____

9.06 End of COMPANIES' obligation to contribute
's PARTICIPATING INTEREST share
of expenses and investments relating to
PETROLEUM WORKS

When all advances made by the Companies to _____ under the present Article have been reimbursed, the obligation of the Company to advance the share of _____ in the financing of petroleum works end, and _____ will assume itself the whole of the financing of its share petroleum operations in accordance with its percentage of participation.

9.07 Supplying LIQUID HYDROCARBONS to the COMPANIES

For the purpose of the application of paragraph 9.05 above, _____, hereby gives the Operator power to supply to the COMPANIES every Quarter that part of its PARTICIPATING INTEREST share of production of LIQUID HYDROCARBONS to which _____ is entitled for such Quarter and which is allocated to reimbursement of the advances of the COMPANIES in accordance with paragraph 9.05 above.

10. Disposition of Production

10.01 Liftings

10.01.1 Each Party has the right each calendar year in accordance with the provisions of this Article to receive in kind and to lift separately the quantities of hydrocarbons corresponding to its percentage of participation times the amount of available oil as determined for each field for the year in question as well as to have the free right of disposal of such quantity. This right of each Party as defined is designated under the term Lifting Right in the present Article.

The "available oil" as used in this Article 10 is equal to the capacity of optimum production for each field for each calendar year in the conditions provided for in Article 10.02 hereinabove diminished by the amount taken by Operator for carrying out the PETROLEUM WORKS subject to the Contract.

10.01.2 Provisions of the present Article do not apply in the event of discovery of gas or in case of production of hydrocarbons resulting from the application Clause 8.07.

10.02 Available Oil

(a) Before the first of July of year A, Operator will advise each Party the estimated volume of available oil for each field and for each one of the calendar years following: A+1, A+2, and A+3.

(b) Before the first of October of year A, the Operating Committee will determine for each field the volume of available oil for each one of the three following calendar years.

The volume of available oil of each field will be set firmly quarter by quarter for year A+1 and by way of estimate for years A to A+2 and A+3.

The volume of available oil thus fixed shall be immediately notified in writing by the Operator to each of the Parties.

10.03 Lifting Requests

Before the first of November of each year the Parties after having mutually consulted each other will notify the Operator in writing of their requests for liftings of liquid hydrocarbons for each field for the three calendar years following.

10.03.1 For year A+1 they will be segregated for each field by quarter taking into account the quarterly division of the volume of available oil of each field for the year in question; also they will be as equally as possible spread out over the year, provided the Parties do not agree otherwise.

10.03.2 For determination of the lifting requests for the year A+1, the Parties have agreed that if the lifting request of a Party for a given field and for year A+1 is less than his lifting right (such Party is called an underlifter) a Party or several Parties provided that their original lifting requests were equal to their lifting rights, may buy from the underlifter and lift (such Parties being deemed to be overlifters) all or part of the quantities of liquid hydrocarbons corresponding to the difference between the lifting right and the lifting request of the underlifter for the field in question and for year A+1.

10.03.3 To this end, before the November 30 of the year A, the underlifter must advise the other Parties of the quantities of liquid hydrocarbons by field and by quarter which he will not lift and which is thus placed at their disposition in the course of year A+1.

Within fifteen (15) days following the notice given by the underlifter, each Party if desirous of overlifting all or part of the quantities of liquid hydrocarbons not lifted, must notify the underlifter of his intention to purchase such quantities. The conditions of sale (the term, the price the delay for payment ...) of the liquid hydrocarbons overlifted will be fixed by common agreement between the overlifter and underlifter in a separate contract.

10.03.4 The lifting request of each Party will show as the case may be if need be, the quantities of liquid hydrocarbons by field which will be the subject of the overlifting, as well as segregation by quarter in the course of the year A+1.

10.03.5 The lifting request of the Parties notified to the Operator will:

- be firm for year A+1; they may not be modified for any reason and in particular in the event of default of lifting by one of the Parties except, in the event of unanimous agreement of the Parties, or in the event of a change in the volume of available oil for a field

for year A+1, and or in case of a change in the division of the percentage of participation amongst the Parties. and the lifting requests of the Parties notified to the the Operator will be estimated only for the years A+2 and A+3.

10.03.6 As long as shall not have completely reimbursed the advances which had been made to it by the companies in conformance with Article 9 hereinabove,

- a) will be deemed for each calendar year to have given a lifting request equal to its lifting right for such year and,
- b) may not acquire from the underlifter, on the terms set forth in paragraph 10.03 and sub-paragraph 10.03.4 of the present Article all or part of the quantities of liquid hydrocarbons corresponding to the difference between the lifting right

10.03.7 For a given field the sum of the lifting requests of the Parties for a given year may not be in excess of the sum of the lifting rights of all of the Parties, that is to say the volume of available oil in accordance with the provisions of the second paragraph hereinabove.

10.03.8 For year A+1 the Operating Committee will determine before December 31 the production for each of the fields which will be equal to the sum of the firm lifting requests of the Parties with regard to the field, as

10.04 Apportionment

The Operator will do his best to produce in the course of each quarter the quantities of available oil sufficient, following deduction of the quantities used for petroleum operations, to provide the Parties with petroleum up to the amounts subject of their request in the course of the quarter in question as contemplated hereinabove..

10.04.1 In the event that the actual capacity of production of a field for a period of year A+1 is seen to be different from the volume of available petroleum fixed for such period, the Operator must notify without delay the Parties of the differences thus determined; the Operating Committee will decide in such case a new volume of available petroleum for this period of year A+1.

10.04.2 In the event that the actual capacity of production of a field for a period of year A+1 is less than the sum of the lifting requests of all Parties all the firm lifting requests of the Parties shall be reduced in same proportion. as the reduction in the volume of available oil of such field for the period in question.

10.04.3 In the event that the real capacity of production of a field for a period of year A+1 is in excess of the sum of the lifting requests of the Parties for such period, the excess of production which results will be divided between the Parties on the basis of their respective lifting rights concerning the field in question; it being understood that if a Party request less than

his lifting right, the other Parties may buy all or part of the quantities of available liquid hydrocarbons thus not requested, in accordance with the provision: the third paragraph hereinabove.

The request of a Party concerning the excess of production for a given field will be added to his original firm lifting request to constitute the new firm lifting request of such Party for year A+1.

10.05 Failure to Offtake

10.05.1 If, following insufficient liftings during the year A+1 and in spite of the flexibility at the end of the year defined under paragraph 10.06 hereinbelow, the actual lifting of liquid hydrocarbons of a Party from a given field during the year A+1 are less than his firm lifting request for such field, such Party will lose his right to lift the difference between the two quantities.

10.05.2 The quantities of liquid hydrocarbons in question, corresponding to the difference thus defined, whether stored in tanks or left in the ground, shall serve to fulfill the lifting requests of the Parties for the following year.

10.06 Offtake Procedure

10.06.1 As long as shall not have fully reimbursed the advances made by the Companies to under Article 9 above, the Companies shall be obligated to offlift that portion of's available oil under paragraphs 9.05 and 9.06 above to which they are entitled.

10.06.2 Subject to the foregoing the distribution of available oil produced during any quarter to the Party shall be such that each Party shall receive available oil in like grade, gravity and quality to that received by each other Party and, to the extent that distribution on such basis is impracticable because of unavailability of facilities or offlifting schedules, a method of making periodic adjustments shall be determined by the Parties. If there is more than one field terminal, Operator shall attempt to have available oil nominated by a Party delivered to it, or the Party it will designate, at the field terminal of its choice provided that such delivery does not cause any additional charges to be incurred and utilization by such Party of such field terminal facilities in excess of its participating interest share is not detrimental to the other Parties. The quantity of available oil that any Party is entitled to offlift during a quarter shall be offlifted by reasonably regular intervals, and in such manner as not to interfere unreasonably or unnecessarily with the offlifting by any other Party of the quantity of available oil it is entitled to offlift during such quarter. In no event may a Party lift quantities of hydrocarbons in excess of his lifting rights.

10.06.3 For the purpose of making adjustment to the greatest extent possible as between the real liftings for adjustments to the greatest extent possible as between the real liftings for a year of each Party and his firm lifting request for such year, the Parties shall agree by a separate contract upon the flexibility as to the quantities to be retained for producing reasons at the end of each year. For the determination of this flexibility as to quantities the Parties will take into consideration the storage capacities and transportation capabilities as well as the characteristics of the ships loading at the terminal.

10.06.4 This same contractual document hereinabove mentioned shall adopt reasonable rules for regulating the lifting of available oil in conformance with the preceding provisions of this Article. Such rules must include adequate provisions concerning prior notice to be given to the Operator with respect to the scheduling of liftings, the use of installations for loading and at the terminal belonging to the Parties, the responsibility for demurrage and all related questions. Such rules may be modified from time to time by the Parties to extent judged desirable.

10.06.5 For the first year of production of a field the provisions of the present Article will apply insofar as possible.

10.07 Risk of Loss

All risk of loss as regards available oil lifted from a storage tank owned in common shall be borne by the Party who lifted the available oil in question, beginning from the moment when such available oil flowed beyond the connecting flange of the loading installations owned in common.

The loss of available oil occurring upstream of such flange will be borne by each of the Parties in proportion to his respective percentage of participation

10.08 Payments Owed to the

Each Party will be solely responsible for all the payments due to and imposed on the basis of the quantities produced of Liquid Hydrocarbons, such quantities being calculated on the basis of the available oil lifted by each Party, and not on the basis of its PARTICIPATING INTEREST.

10.09 Obligations Regarding the National Market

In order to contribute to the supply of the National market, notwithstanding any contrary provision in the AGREEMENT, each PARTY shall be considered as having regularly called for and lifted its share of Liquid Hydrocarbons delivered; the OPERATOR shall produce and deliver all necessary Liquid Hydrocarbons for that purpose.

10.10 Natural Gas

If the Parties decide to produce natural gas upon the Permit, they will negotiate adequate and mutually acceptable details with regard to the production and the disposition of such natural gas. The details thus negotiated must have so far as possible the same economic effect amongst the Parties as would be produced by the application of the principles set forth in the Convention and in the present Article 10.

10.11 Purchase by the Companies

The Companies are required at the request of to purchase or to cause to be purchased in proportion to their respective percentages of participation all or part of the production of which is at the disposition of after allocation of a part of such production in accordance with paragraph 9.05 hereinabove. To this end:

- (a) must for each calendar year during which it wishes such purchase to be made, to so give notice no later than the first of November of the previous calendar year, to the other Parties and specify the quantities it asks other Parties to purchase. The other Parties will divide such quantities among themselves.
- (b) The price of purchase of Liquid Hydrocarbons is the price determined in conformance with Exhibit 3 of the Contract.
- (c) The price of purchase of Natural Gas shall be fixed timely, by common Agreement between Parties.

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Article 11 - Permits - Surrender and Withdrawal

11.01 Permits

(a) After any discovery of a commercial field of hydrocarbons the Operating Committee will define the areas which shall be applied for for development purposes.

will apply for in its own name and for the account of the Parties participating in the development of the field, for the exploitation permits and any other administrative authorizations required; will give to the Companies concerned their share of the benefits in conformance with the provisions of the Contract and of the Decrees granting the mining titles.

(b) undertakes to maintain the Permit in force, including exploitation permits, and to request the renewal thereof as provided for in the Code Minier of the , in accordance with the decisions of the Operating Committee.

(c) Upon request of any one of the Parties, Operator shall call a meeting of the Parties at least one hundred and twenty (120) days before the expiration of the initial term or any extension of the Permit, or of each exploration permit for hydrocarbons deriving therefrom, in order to decide whether the Parties wish to extend such permits. In the event that at least one of the Parties (hereinafter referred to as the "Extending Party") wishes to so extend a permit, it shall so request , and will do whatever is necessary for this purpose. The PARTICIPATING INTERESTS of the Extending Parties shall be revised proportionally to take into account the absence of the non-extending Parties.

(d) However in the event that all of the Parties are not in agreement as to the commercial character of the field, those which shall not have recognized it as such must ipso facto renounce all right and interest in the production of the field and proceed with the authorities of the Government to carry out all formalities which may be necessary for the transfer of their rights over the area in question to the Parties who have accepted the commercial character of such area, and to permit them thus to carry out the contemplated producing operations.

will apply for in its own name and for the account of the Parties participating in the development of the field, for the exploitation permits required. will give to the Parties concerned their share of the benefits in conformance with the provisions of the Contract and the Permit.

11.02 Surrender

In the event it becomes necessary to surrender any portion of the PERMIT, will at least one hundred and twenty (120) days in advance notify the Operating Committee of the date upon which such surrender has to be made. The Operating Committee will then decide which portion or portions to surrender, and will then take the appropriate steps to effect such surrenders.

11.03 Right to withdraw

Subject to the following provisions, each PARTY (hereinafter referred to as the "Withdrawing PARTY") shall have the right to surrender its entire PARTICIPATING INTEREST in the exploration permit or in any exploitation permit arising out of the PERMIT and to withdraw to this extent from the AGREEMENT, by giving written notice

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thereof to the other PARTIES, provided that the minimum work requirements set forth in the exploration or exploitation permit with respect to which the Withdrawing PARTY wishes to withdraw are fully satisfied or the minimum work requirements that are not fulfilled may be avoided by a surrender on the effective date of the withdrawal. The effective date of such withdrawal shall be the date upon which the notice of withdrawal has been received by all PARTIES. The other PARTIES shall have thirty (30) days after receipt of said notice to elect whether to take over or not the Withdrawing PARTY's PARTICIPATING INTEREST. If none of the other PARTIES elects within the said thirty (30) days to take over the Withdrawing PARTY's PARTICIPATING INTEREST, the AGREEMENT shall terminate as soon as it is reasonably possible as to the exploration or exploitation permit in question and all PARTIES shall request to relinquish the same, and each PARTY shall pay its PARTICIPATING INTEREST share of all costs of abandoning the PETROLEUM WORKS and of such relinquishment of said permit.

In the event any of the non-withdrawing PARTIES notifies the Withdrawing PARTY within the said thirty (30) days of their desire to take over the Withdrawing PARTY's PARTICIPATING INTEREST, the PARTICIPATING INTEREST of the Withdrawing PARTY shall be divided among the non-withdrawing PARTIES in proportion to their respective PARTICIPATING INTERESTS, unless otherwise agreed.

Such right of withdrawal shall be subject to the following provisions:

(a) The Withdrawing PARTY shall without compensation of any kind and at its sole risk and expense, prepare and execute all necessary documents to assign its PARTICIPATING INTEREST and take any and all steps necessary to obtain the consent of the _____ and deliver such documents to the non-withdrawing PARTIES. The latter shall, on or before the expiration of thirty (30) days after the receipt of such document, pay to the Withdrawing PARTY the reasonable salvage value of its PARTICIPATING INTEREST in any equipment, facilities and wells on the exploration or exploitation permit in question as of the effective date of withdrawal, determined in accordance with the provisions of the ACCOUNTING PROCEDURE, less (i) the estimated cost of salvaging as determined by competitive bids, and (ii) the estimated cost of plugging and abandoning any then existing wells. If the cost of salvaging is in excess of the value of the salvage, the Withdrawing PARTY shall pay its share of such excess in cash concurrently with the delivery to the non-withdrawing PARTIES of documents referred to above.

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(b) The Withdrawing PARTY shall, concurrently with the delivery to the non-withdrawing PARTIES of documents referred to above, pay all amounts due and any expenses incurred by the PARTIES hereto in connection with its withdrawal, including, but not limited to, any taxes or other fees on the transfer of any equipment, facilities and wells mentioned in sub-paragraph (a) above as well as any taxes or other fees on the assignment of the PARTICIPATING INTEREST. Any and all obligations of the Withdrawing PARTY shall, however, be reduced to the extent that they can be reduced or cancelled under the provisions of the exploration or exploitation permit in question, and the Withdrawing PARTY shall pay all of any amounts due and expenses incurred to obtain such reduction or cancellation; if any or all of the other PARTIES join in the withdrawal, then such PARTIES shall pay any such amounts due and expenses incurred in proportion to their respective PARTICIPATING INTERESTS.

(c) On the effective date of withdrawal, the Withdrawing PARTY shall cease to be a PARTY to the AGREEMENT insofar as the same covers the exploration or exploitation permit from which it withdraws. The Withdrawing PARTY shall continue to be responsible for its PARTICIPATING INTEREST share of the claims, costs and expenses incurred by OPERATOR and costs and expenses included in work programs and budgets approved by the Operating Committee prior to the date of notice of withdrawal, even though the works may be completed later. If a PARTY did not approve a particular project decided upon by the Operating Committee and elects to withdraw because of such project by notice of withdrawal to the other PARTIES prior to the date on which such project is deemed adopted, such PARTY shall incur no obligation in connection with expenditures and commitments pursuant thereto. For the purpose of this sub-paragraph, a program and budget relating to a project which is not unanimously approved shall not be deemed as adopted until the fifteenth (15th) day following its approval by vote of the Operating Committee. If notice of withdrawal is given as aforesaid, then each of the non-withstanding PARTIES shall have the right to request that another vote on such project shall be taken by all non-withdrawing PARTIES. Notice that such vote is requested shall be given by any non-withdrawing PARTIES to the other non-withdrawing PARTIES within seven (7) business days subsequent to the expiration of the aforesaid fifteen (15) day period, and the votes shall be cast by notice to the OPERATOR within seven (7) business days following such notice being given. The affirmative votes of all non-withdrawing PARTIES shall be required to re-adopt the project. If a second vote does not re-adopt the project, it shall be abandoned, and, at the election of the Withdrawing PARTY,

its notice of withdrawal may be cancelled, within seven (7) business days from the date of receipt of OPERATOR's notice of the result of such second vote, by notice given to all the other PARTIES. If the project is re-adopted (or if no second vote thereon is requested), the Withdrawing PARTY shall assign its PARTICIPATING INTEREST in the exploration or exploitation permit in question to the non-withdrawing PARTIES who shall accept such assignment. The assignment shall be made conditional upon the commencement of work on the project in question by the non-withdrawing PARTIES within two hundred and seventy (270) days from the date on which the Operating Committee first voted and adopted the project, and diligent prosecution thereof.

(d) Until such time as a valid assignment of withdrawing PARTY's interest is completed, the Withdrawing PARTY shall remain obligated to join in any action required of the PARTIES hereto for the maintenance in force of the exploration and exploitation permit concerned, it being understood that the Withdrawing PARTY shall not by such joinder or participation in any action following the effective date of withdrawal incur any financial responsibility or obligation accruing after the effective date of withdrawal other than as provided in this paragraph 11.03.

(e) Each non-withdrawing PARTY shall share in the benefits, obligations and rights attributable to the Withdrawing PARTY's PARTICIPATING INTEREST in the proportion that each non-withdrawing PARTY's PARTICIPATING INTEREST bears to the total PARTICIPATING INTERESTS of all non-withdrawing PARTIES, or in such other proportions as may be mutually agreed.

(f) shall have no right to withdraw pursuant to the provisions of this paragraph 11.03.

Article 12 - Assignment

12.01 Principle

The PARTIES shall not have the right to assign, transfer, convey, encumber, hypothecate or otherwise dispose of its PARTICIPATING INTEREST or part thereof except in accordance with the provisions of the CONVENTION and of paragraph 11.03 and paragraphs 12.02 through 12.04 of the AGREEMENT.

This Article shall not apply:

- (a) to any assignment which is required to be made between the PARTIES hereto under the AGREEMENT;
- (b) to any assignment to an affiliate Company.

(c) to a mortgage, pledge, hypothecation, production payment or the like, provided that:

- (i) any required Government approval is obtained, and,
- (ii) the PARTICIPATING INTEREST of the other PARTIES under the PERMIT and the AGREEMENT, and in any joint assets, the production therefrom and the income thereof is in no way affected in any manner whatsoever, and,
- (iii) all costs and expenses incurred by the PARTY granting a security interest or in connection with the creation of same shall be borne by such PARTY and should any other PARTY incur any costs and expenses in connection therewith, the PARTY - creating the security interest shall reimburse the other PARTIES for same.

12.02 Condition of Assignment

Within prejudice of the provisions of the CONVENTION and of the paragraph 12.03 below:

12.02.1 Each Party may freely assign all or part of its percentage of participation with respect to one or more mining titles, to one or more Companies with which it is affiliated.

12.02.2 Each Party may assign to a third Party all or part of its percentage of participation with respect to one or more mining titles subject to the provisions of Articles 12.02.3 and 12.03 hereinafter.

12.02.3 In the event of an assignment by a Party to a third Party of all or part of its percentage of participation, the assignee must have previously been approved in writing by the other Parties, such approval not to be withheld without valid reason.

12.03 Preferential right of acquisition

12.03.1 In the event any PARTY wishes to dispose of all or any part of its PARTICIPATING INTEREST, it shall notify each of the other PARTIES of its intention to do so stating the price and all terms upon which it is offering to dispose of such PARTICIPATING INTEREST or part thereof and give to each of them thirty (30) days within which to accept such offer. If such terms and conditions include consideration which is not entirely in cash, then the offering PARTY shall stipulate the fair market value in cash of such consideration.

12.03.2 If a PARTY accepts such offer, then the PARTICIPATING INTEREST of the offering PARTY and that of the accepting PARTY shall be adjusted accordingly and if more than one PARTY accepts such offer the PARTICIPATING INTEREST being offered shall be divided among the accepting PARTIES in the proportion that their respective PARTICIPATING INTERESTS bear to the sum of the

PARTICIPATING INTERESTS of the accepting PARTIES, unless otherwise agreed. The preferential right of acquisition may be exercised by the accepting Parties only as regards the total of the participating interest offered. If the PARTICIPATING INTEREST offered is not accepted in full by the other PARTIES or any of them within the thirty (30) days period, then the offering PARTY may assign such PARTICIPATING INTEREST or part thereof, provided that such assignment shall be at a price no lower and upon terms no more favorable to the third party than the price and terms upon which the PARTICIPATING INTEREST was offered to the other PARTIES, and such assignment shall have been completed within one hundred and eighty (180) days from the date upon which the offer was made to the PARTIES.

12.03.3 When the advances made by the Companies under Article 9 hereinabove to cover the share of _____ equal to its percentage of participation in the cost and investments related to petroleum operations shall have been reimbursed entirely by _____ as provided in such Article 9, _____ will then have the benefit of the preferential right of acquisition provided for under paragraph 12.03.1 hereinabove.

12.04 Effective date of assignment

No assignment and no transfer shall be effective until the first day of the calendar month following that in which the assignor or assignee shall have furnished OPERATOR with (i) an executed or certified photostatic copy of the assignment or transfer deed thereof, (ii) an executed or certified photostatic copy of all required government approvals, (iii) the post office address of assignee, and, in addition, assignee shall have properly ratified the AGREEMENT and shall assume and agree in writing with the PARTIES at the time of the assignment to take over and perform all obligations and liabilities hereunder attributable to the interest assigned. No assignment shall operate to relieve any PARTY of any obligations hereunder which accrued or were incurred prior to the effective date of such assignment.

Article 13 - Relationships of the PARTIES

13.01 The rights, duties, obligations and liabilities of the PARTIES under the AGREEMENT shall be several and not joint, and each PARTY shall be responsible only for its obligations as set out herein, it being the express purpose and intention of the PARTIES that the AGREEMENT shall not be construed as creating a corporation, a corporate body, an association, or a partnership among them.

14 United States Income Tax Election

14.01 In view of the fact that all hydrocarbons produced and saved the Operator hereunder shall be owned by the Parties separately in proportion to their respective Participating Interests, the Parties recognize that the amount each Party realizes from the sale or other disposition of its share of hydrocarbons produced and saved under the terms of this Contract shall be the individual and separate income of such Party.

- (d) Deduction for legal depletion under the Section 613 of the Internal Revenue Code shall be calculated separately by each Party subject to U.S. income tax laws, in taking into account the hydrocarbons lifted or sold by the Party subject to U.S. income tax laws and the costs and expenses connected with.

The deduction for depletion of costs under the Section 611 of the Internal Revenue Code of 1954 shall be allocated - if necessary - to each Party subject to the U.S. income tax laws, in proportion with its contribution in the duly adjusted depletion basis of the property.

- (e) Gains and losses from each sale, abandonment or other disposition of property (other than hydrocarbons) shall be attributed to the Parties subject to U.S. income tax laws in such manner as to reflect the gains and losses that would have been includable in their respective Income Tax Returns if such property were held by the Parties subject to U.S. income tax laws outside this Contract. The computation shall take into account each Party's share of the proceeds derived from each sale or other disposition of such property during the year, selling expenses and the Parties' respective contributions to the unadjusted cost basis of such property, less any allowed or allowable depreciation, depletion, amortization, credits or other deductions which have been allocated to each Party subject to U.S. income tax laws with respect to such property as provided in this Article 14.
- (f) All other classes of costs, expenses and credits not falling within paragraph (a), (b), (c), (d) and (e) of paragraph 14.04, shall be allocated to and accounted for by each Party subject to U.S. income tax laws in accordance with its respective contributions to such cost, expenses and credits.

14.04.1 As used in paragraph 14.04, the words "adjusted basis" or "adjusted cost" shall mean the "adjusted basis" as defined under Section 1011 of the Internal Revenue Code of 1954 of the U.S., as amended.

14.05 Upon termination of this Contract, if the capital accounts of the Parties subject to U.S. income tax laws, as finally adjusted to reflect all contributions of property and cash and all distributions of income, gain or loss, costs, expenses and deductions, (1) are not in the ratio of the Parties ownership interest of the properties covered by this Contract or (2) do not each have a zero balance, the Parties subject to U.S. income tax laws agree to make such adjustments to the extent necessary to cause the capital accounts to be in the same ratio as the participating interests of the Parties or to each have a zero balance.

14.06 It is the intent of the Parties subject to U.S. income tax laws to this Contract that the foregoing provisions of this Article 14 shall be limited to their application to matters relating to United States income taxes and shall not in any way change, amend, or affect the rights, obligations or liabilities of the Parties otherwise contained in this Contract or the Legislation of the People's Republic of the Congo, and it is agreed that nothing contained in this Contract shall be construed as creating an association or corporation of any kind.

14.07 Each Party shall be liable for the payment of its own income taxes to the State authorities to which it may be subject to and for the execution of its share of contractual responsibilities for which it is liable. It will compensate each other Party and will hold them harmless from any loss, costs and liabilities connected herewith.

Article 15 - Arbitration

15.01 All disputes arising in connection with the AGREEMENT which cannot be resolved amicably shall be finally settled by arbitration.

15.02 Arbitration will be in accordance with the Rules of Conciliation and Arbitration of the International Chamber of Commerce, unless the petitioner prefers that the arbitration take place in accordance with the rules of the International Centre for the Settlement of Investment Disputes (the "Centre") set up by the Convention for the

Settlement of Investment Disputes between States and citizens of other States (ICSID); for this purpose, agrees to cause to write to the Centre as soon as possible after the execution hereof (i) to designate to the Centre, in accordance with paragraph 1 of Article 25 of the ICSID, that, for purposes of the arbitration, is an agency of, and (ii) to give its approval to 's consent to this arbitration clause, in accordance with paragraph 3 of Article 25 of the said ICSID.

15.03 Each party to a dispute shall be entitled to appoint one arbitrator and such parties shall agree on another arbitrator, if necessary, to achieve an odd number of arbitrators. In the event that agreement upon another arbitrator cannot be reached, such arbitrator shall be appointed by the Court of Arbitration of the International Chamber of Commerce, or by the chairman of the Administrative Council of the Centre, as the case may be.

15.04 Arbitration shall take place in Paris, France. The award which will be rendered in English and French with both texts having equal validity shall be final and binding upon the parties to the arbitration. Judgment upon the award rendered may be entered in any court or other authority for a judicial acceptance of the award and an order of enforcement, as the case may be.

15.05 The costs of arbitration shall be borne equally by the parties to said arbitration.

16 Insurance

The Operator will procure and maintain in effect the usual and legally required policies of insurance, in the name and for the account of the Parties and shall inform the Parties of same. Each Party retains the exclusive responsibility in proportion to the participation that it holds for the consequences of all risks not covered by the policies procured by the Operator for the common account and to this end, the Operator will advise the other Parties of all necessary facts relating to the procuring and the management of the policies as well as of any indemnification of losses, whether it pertains to policies procured separately or for the common account.

Article 17 - Applicable law

The AGREEMENT is governed by the laws of

Article 18 - Force Majeure

18.01 In the event one of the PARTIES find it impossible, either partially or totally, to carry out one or more of its obligations contemplated by the AGREEMENT or arising therefrom by reason of force majeure, an unforeseeable circumstance (cas fortuit) or any event which may be assimilated to force majeure (hereinafter collectively referred to as "FORCE MAJEURE"), the PARTY who invokes FORCE MAJEURE shall so notify the other PARTIES as soon as possible.

18.02 Said notice shall be given as promptly as possible in accordance with Article 19 below and shall set forth those circumstances which establish the FORCE MAJEURE.

18.03 There shall be considered as FORCE MAJEURE, a events independent of the will or control of the PARTY claiming the FORCE MAJEURE, which result in the total or partial obstruction, or significant delay, in the performance of the obligations of such PARTY without its being able reasonably to control or avoid the same. For the purpose of the AGREEMENT, FORCE MAJEURE shall include but not be limited to: war, serious civil unrest,

insurrection, strikes, earthquake, fire, explosion, other catastrophes and all hindrances resulting from orders or prohibitions of governmental authorities or which are the result or the consequence of a delay by such authority in issuing an authorization or a requested opinion.

18.04 FORCE MAJEURE shall, however, not be validly invoked if the events, acts or occurrences involved are reasonably foreseeable and could be remedied by the exercise of reasonable diligence or by recourse to more onerous measures than those which were taken.

18.05 The period for performance of the obligations affected by FORCE MAJEURE shall be extended automatically for a period equivalent to the delay caused by said FORCE MAJEURE, it being understood (i) that such extension shall not give rise to any penalty for the account of the PARTY responsible for performing these obligations, and (ii) that obligations other than those affected by FORCE MAJEURE shall continue to be performed in accordance with the provisions of the AGREEMENT.

18.06 In all cases, the PARTY concerned shall, in agreement with the other PARTIES, take all appropriate measures to assure the normal resumption of the performance of the obligations affected by FORCE MAJEURE. If, as a result of FORCE MAJEURE, one of the PARTIES is unable to perform its obligations as set forth in the AGREEMENT during a period of three (3) consecutive months as from the notification hereinabove provided, the PARTIES shall meet as soon as possible to examine the consequences of the events involved, and in particular the delays in the performance of the respective obligations of each of the PARTIES. If the PARTIES cannot reach an agreement regarding such consequences, they shall submit their dispute to arbitration in accordance with the provisions of Article 15 above.

Article 19 - Notices

19.01 All notices and other communications provided for in the AGREEMENT shall be in writing and may be given (i) by personal delivery to an authorized representative of the PARTY to whom the notice is addressed or (ii) by registered mail return receipt requested, or by (iii) telex, telecopier, or telegram to the PARTY to be notified at the appropriate following address:

For

Telex:

attention:
The General Manager

For ESSO:

Telex:

attention:

For: _____

Telex: _____

Attention: _____

19.02 Such notices and communications shall be deemed to have been given on the day on which they are delivered to the PARTY to be notified. All notices given by telex, telecopier or telegram shall be confirmed as soon as possible in writing as provided in (i) or (ii) above. Any PARTY may, at any time and from time to time, change its address under paragraph 19.01 by giving the other PARTIES ten (10) days' notice in writing thereof.

Article 20 - Miscellaneous

20.01 Topical headings

The topical headings used herein are for convenience only and shall not be construed as having any substantive significance or as indicating that all of the provisions of the AGREEMENT relating to any topic are to be found in any particular article or paragraph bearing such topical heading.

20.02 Language of the AGREEMENT

The AGREEMENT is made in French, the French text is the only authentic one. However an English translation shall be prepared and initialed for approval by the Parties. In case of difficulty in the interpretation of the AGREEMENT, reference shall be made to the English text for the purpose of clarification.

Article 21 - Amendments

At the request of any of the PARTIES, amendments may be made to any one or several clauses of this AGREEMENT, with the mutual agreement of the PARTIES.

IN WITNESS WHEREOF, the AGREEMENT has been
executed in _____, on _____,

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EXHIBIT I

MAP OF THE " _____ " PERMIT

EXHIBIT II

MINIMUM WORK PROGRAM

/To be completed_