

PETROLEUM AGREEMENT

BETWEEN

THE MINISTER RESPONSIBLE FOR PETROLEUM

REPRESENTING

THE GOVERNMENT OF THE REPUBLIC OF GUYANA

AND

NABI OIL AND GAS INC.

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: July 4 2013

[Faint, illegible text, possibly a stamp or signature]

TABLE OF CONTENTS

Article 1 - Definitions	7
Article 2 - Agreement, the Operator, Liabilities and Indemnities.....	15
Article 3 - Petroleum Prospecting Licence and Guarantee	17
Article 4 - Exploration Programme and Expenditure Obligation	19
Article 5 - Relinquishment of Areas	24
Article 6 - Delegation; Co-operation between Contractor and GGMC	27
Article 7 - Annual Work Programme and Budget	30
Article 8 - Discovery and Development.....	31
Article 9 - Records, Reports and Information; Confidentiality.....	34
Article 10 - Annual Licence Rental Charge.....	38
Article 11 - Cost Recovery and Production Sharing	39
Article 12- Associated and Non - Associated Natural Gas	42
Article 13 - Valuation of Crude Oil	48
Article 14 - Disposal of Production	52
Article 15 - Taxation and Royalty.....	55
Article 16 - Contracts and Assignments.....	60
Article 17 - Domestic Supply Obligation.....	61
Article 18 - Guyana Resources	63
Article 19 - Employment and Training	64

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Signature]*
Date: *July 4 2013*

TABLE OF CONTENTS (Cont.)

Article 20 - Rights to Assets and Insurance66

Article 21 - Import Duties74

Article 22 - Foreign Exchange Control76

Article 23 - Accounting and Audits78

Article 24 - Force Majeure79

Article 25 - Assignment81

Article 26 - Sole Expert, Conciliation and Arbitration83

Article 27 - Applicable Law86

Article 28 - Protection of the Environment87

Article 29 - Termination and Cancellation89

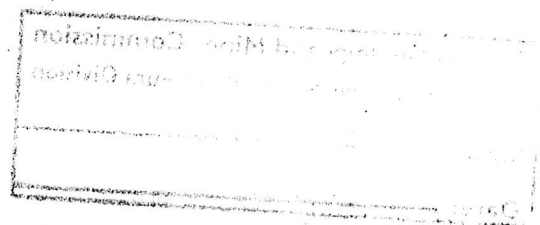
Article 30 - Effective Date91

Article 31 - Miscellaneous92

Article 32 - Stability of Agreement94

Article 33 - Notices95

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Signature]*
Date: July 4 2013



778/2012

R.N. 216013

Att. Fee: \$ 80.00

Reg Fee: \$ 20.00

Stamp Duty \$ 100.00

Copy(s) \$ 20.00

\$ 190.00

\$ 20206/20

PETROLEUM AGREEMENT

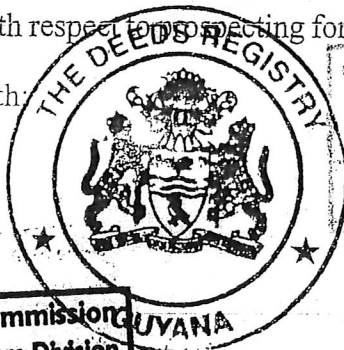
This Agreement is made on the 4th day of June 2012, between the Government of the Republic of Guyana, represented herein by the Minister (hereinafter referred to as the "Minister" or the "Government" as the case may be) of the One Part

and

Nabi Oil And Gas Inc. (hereinafter referred to as "Nabi" or "Licensee") a Company incorporated in the Republic of Guyana with its registered office at Lot 63 Brickdam Stabroek, Lacytown, Georgetown Guyana and registered in Guyana under the Companies Act 1991 with its registered address in Guyana situated at Lot 63 Brickdam, Stabroek, Georgetown, Guyana of the Other Part

WHEREAS

- (1) By virtue of the Petroleum (Production) Act, Cap. 65:05, Petroleum existing in its natural condition in strata in Guyana is vested in the State; the Petroleum (Exploration and Production) Act, No. 3 of 1986 (hereinafter referred to as the "Act" and the Petroleum (Exploration and Production) Regulations 1986 (hereinafter referred to as the "Regulations" make provision with respect to prospecting for and production of Petroleum, and for matters connected therewith;



Guyana Geology and Mines Commission
 Assistant Commissioner - Petroleum Division
 Signature: *[Handwritten Signature]*
 Date: July 4 2013

- (2) The Guyana Geology and Mines Commission (hereinafter referred to as "GGMC") a body corporate established under the Guyana Geology and Mines Commission Act (No. 9 of 1979) has been seized with the responsibility, inter alia, of planning and securing the development, exploitation and management of Petroleum, as defined in the Act, in Guyana so as to ensure for the people of Guyana the maximum benefits therefrom and for doing such things in relation thereto;
- (3) With respect to prospecting for and producing Petroleum and for matters connected therewith the Act and Regulations, subject to certain limitations and conditions contained therein authorize the Minister to grant Petroleum Prospecting Licences and Petroleum Production Licences;
- (4) Section 10 of the Act authorizes the Minister to enter into an agreement with any person with respect to, inter alia, the grant of a Licence, the conditions to be included in a Licence, the procedure to be followed by the Minister while exercising any discretion conferred upon him by or under the Act and the manner in which the discretion shall be exercised and any matter incidental to or connected therewith;
- (5) Nabi has submitted to the delegatee a proposal ("the proposal") for a Production Sharing Agreement in respect of a certain coastal area of Guyana, on terms and conditions specified

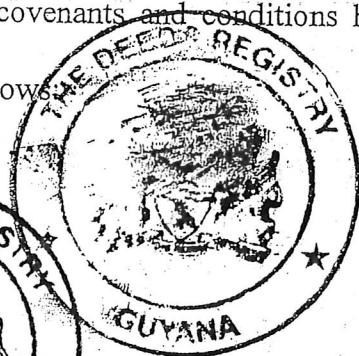


Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*

- (6) GGMC has been authorized by the Minister to negotiate this Agreement subject to the provisions of the Act and Regulations and to the final written approval of the Minister of its contents and execution thereof and to assist in the administration and implementation thereof;
- (7) Nabi will have, or will acquire, the financial resources, the managerial, technical and industrial competence and the experience to carry out Petroleum Operations and will provide an affiliate company guarantee, in accordance with section 13 of the Act;
- (8) Pursuant to the aforesaid recitals, Nabi made an application to the Minister for a Petroleum Prospecting Licence in accordance with regulation 13 of the Regulations (as hereinafter defined), over the area described in Annex A and shown on the map attached as Annex B, subject to the terms and conditions herein set forth and subject to the provisions of the Act and Regulations and Nabi has agreed by execution of this Agreement to accept the said Licence on the said terms and conditions and provisions.

NOW, THEREFORE, in consideration of the premises and covenants and conditions herein contained, IT IS HEREBY AGREED between the Parties as follows:

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Signature]*
Date: *July 4 2013*



Article 1 - Definitions

1.1 In this Agreement, unless the context otherwise requires:

“Accounting Procedure” means the procedure set out in Annex C;

“Act” means the Petroleum (Exploration and Production) Act No.3 of 1986;

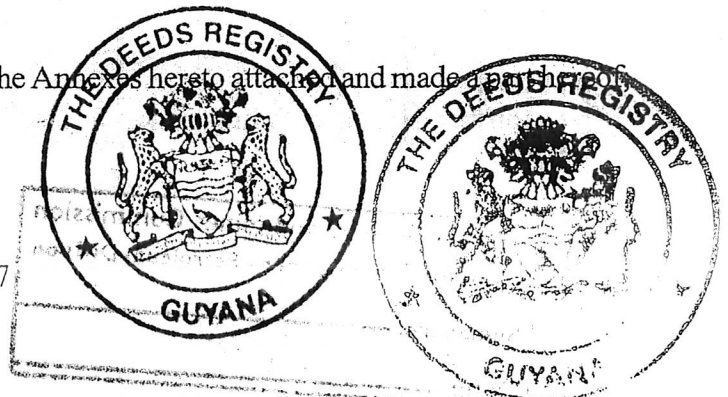
“Affiliated Company” in relation to the Contractor means, a company or corporation;

- (i) which is, directly or indirectly controlled by the Contractor; or
- (ii) which directly or indirectly, controls the Contractor; or
- (iii) which is, directly or indirectly, controlled by a company or corporation that also, directly or indirectly, controls the Contractor. For the purpose of this definition “control” means the right to exercise a vote of fifty per cent (50%) or more of all the voting shares;

“Agreed Interest Rate” means interest compounded daily ($1/365 \times \text{rate}$) at an annual rate equal to the average London Interbank Offer Rate (LIBOR) for six (6) months United States dollars quoted at 11:00 hours (11:00 a.m.) London time on the first business day of such month by the London Office of the Bank of America or as the Parties may agree, plus three (3) percentage points;

“Agreement” means this Agreement and the Annexes hereto attached and made a part of

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Signature]*
Date: July 4 2013



“Appraisal Programme” means a programme carried out following a discovery of Petroleum in the Contract Area for the purpose of delineating the Petroleum Reservoir, as defined in the Act, to which that discovery relates in terms of thickness and lateral extent and estimating the quantity of recoverable Petroleum therein prior to declaration of commerciality;

“Appraisal Well” means a well drilled for the purpose of an Appraisal Programme;

“Article” means an Article of this Agreement;

“Associated Gas” means all Natural Gas produced from any Petroleum Reservoir of which the predominant production is Crude Oil and includes the gas-cap which overlies and is in contact with Crude Oil;

“Barrel” means a quantity consisting of forty-two (42) United States gallons, liquid measure, measured at standard conditions of atmospheric pressure and temperature (14.7 lbs./sq. inch absolute or 1 Kg/sq. cm. absolute and corrected to a temperature of sixty (60) degrees Fahrenheit or fifteen (15) degrees Celsius);



“Calendar Month” or “Month” means any of the twelve months of the Calendar Year;

“Calendar Quarter” or “Quarter” means a period of three (3) consecutive months beginning on the first day of January, April, July or October;

“Calendar Year” or “Year” means a period of twelve (12) consecutive Months commencing on January 1 and ending on the succeeding December 31 provided however that a Year of a term of a Licence shall be the period specified in section 2 (2) (b) of the

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



“Commercial Discovery” means any discovery, which the Contractor in its sole judgement, considers economic to develop and produce pursuant to the terms of the Agreement;

“Contract Area” means:

- (i) on the Effective Date the area described in Annex A and shown on the map in Annex B and the subject of the Petroleum Prospecting Licence granted to the Contractor pursuant to Article 3; and
- (ii) thereafter any areas which at any particular time are subject to the Petroleum Prospecting Licence or Petroleum Production Licence(s) granted to the Contractor under Article 8;

“Contract Costs” means Exploration Costs, Development Costs, Operating Costs, Service Costs, General and Administrative Costs and Annual Overhead Charge;

“Contractor” means Nabi and includes its successors and permitted assignees;

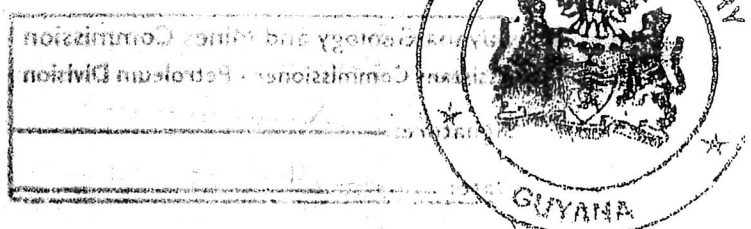


“Cost Oil” has the meaning assigned in Article 11;

“Crude Oil” or “Oil” means crude mineral oil, asphalt, ozokerite, distillates, condensates and all kinds of hydrocarbons and bitumens, both in solid and liquid forms, whether in their liquid state at the well head or field separator or liquefied from produced Natural Gas by chemical treatment, condensation or extraction;

“Delivery Point” means a point that shall be in the Discovery Area if the parties agree or any

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *Xenell*
Date: *July 4 2013*



other economically viable point for export of Petroleum in the Cooperative Republic Of Guyana which shall be agreed to by the Contractor and the Minister;

“Development Costs” means the expenditure so categorized in Annex C;

“Development Plan” means the plan referred to in Article 8.4;

“Development Well” means any well drilled as part of a Development Plan;

“Discovery Area” means an area which is part of a Prospecting Area consisting of a Discovery Block or Blocks in respect of which the Minister has been informed under section 30 of the Act;

“Discovery Block” means that as defined in the Act;

“Discovery of Petroleum” means that as defined in the Act;

“Effective Date” means the date on which this Agreement comes into force pursuant to Article 30;

“Expatriate Employee” means any employee (other than a Guyanese citizen) not permanently resident in Guyana who is engaged under a contract of service for the purpose of Petroleum Operations;

“Exploration Costs” means those expenditures so categorized in Annex



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: [Handwritten Signature]
Date: July 4 2013

“Exploration Period” means the initial period, and/or the first renewal period and/or the second renewal period referred to in Article 4.1, as the case may be;

“Exploration Well” means a well drilled, which is not a Development Well, with the objective of exploring for Petroleum on a geological entity (be it of structural, stratigraphic, facies or pressure nature) to a depth or stratigraphic level specified in the work programme for the exploration work programme;

“Field” means an area within the Contract Area consisting of a Petroleum Reservoir or multiple Petroleum Reservoirs all grouped on, or related to, the same individual geological structural features or stratigraphic conditions from which Petroleum may be produced commercially;

“General and Administrative Costs” and “Annual Overhead Charge” means the expenditures so categorised in Annex C;



“Geologic Basement” means any igneous or metamorphic rock or any stratum in and below which the geological structure or physical characteristics of the rock-sequence do not have the properties necessary for the accumulation of petroleum in commercial quantities and which reflects the maximum depth at which any such accumulation can be reasonably expected;

“Government” means the Government of the Cooperative Republic of Guyana and its ministries and agencies;



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*

“GGMC” means the Guyana Geology and Mines Commission, established under section 3 of the Guyana Geology and Mines Commission Act 1979;

“GGMC Act” means the Guyana Geology and Mines Commission Act 1979;

“Licence” means the Petroleum Prospecting Licence and/or the Petroleum Production Licence(s) or both as the context requires;

“Lifting Entitlement” means the quantity of Crude Oil to which a Party shall be entitled in any given period pursuant to Article 11;

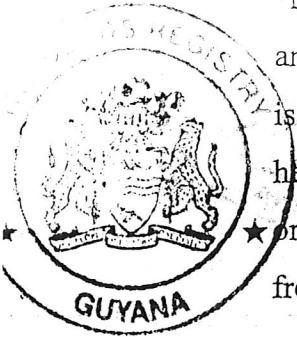
“Minister” means the Minister assigned responsibility for Petroleum or where there is no such Minister, the President;

“Natural Gas” or “Gas” means all hydrocarbons which at standard conditions of temperature and pressure (60 degrees Fahrenheit or 15 degrees Celsius and 14.7 lbs/sq. in or 1 Kg/sq. cm) is in a gaseous state including but not limited to wet mineral gas, dry mineral gas and casing head gas, all substances contained therein including helium, which are produced from an oil or gas well, in their natural state or residue gas remaining after extraction of liquid Crude Oil from wet gas;

“Non-Associated Gas” means Natural Gas or Gas other than Associated Gas;

“Operating Costs” means those costs so categorized in Annex C;

“Operator” shall have the meaning assigned to it in Article 2.2(a);



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*

“Parties” means the Government, Nabi and includes its successors and permitted assignees, and a Party shall mean any of the Parties;

“Petroleum Operations” means Prospecting Operations and/or Production Operations, as defined in the Act;

“Petroleum Prospecting Licence” means a Licence issued by the Government under the Act and the Regulations to Nabi for carrying out Prospecting Operations and set forth in Form C of the schedule as specified in the Regulations;

“Petroleum Production Licence” means a Licence to be issued by the Government under the Act and the Regulations to Nabi for carrying out Production Operations and set forth in Form D of the schedule as specified in the Regulations;

“Profit Oil” has the meaning assigned in Article 11;

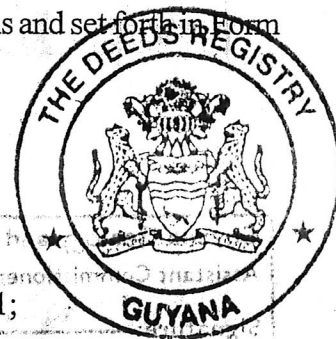
“Recoverable Contract Costs” has the meaning assigned in Article 11;

“Regulations” means the Petroleum (Exploration and Production) Regulations 1986;

“Service Costs” means the expenditures so categorized in Annex C;

“Sub-Contractor” means any company or entity which provides services to the Contractor in connection with Petroleum Operations;

“Third Party Sales” means third party arms length sales transacted in foreign exchange;



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



- 1.2 The words and terms used in this Agreement but not defined herein shall, if meanings have been assigned to them under section 2 of the Act, have, for the purposes of this Agreement, the same meanings.
- 1.3 The provision of this Agreement relating to the Petroleum Prospecting Licence shall be read as part of the provisions of such Licence.
- 1.4 The provision of this Agreement relating to any Petroleum Production Licence shall be read as part of the provisions of such Licence.
- 1.5 The provisions in the Act and Regulations dealing with rights and obligations of the Contractor shall be read as part of but not limited by the provisions of this Agreement and any Licence issued to the Contractor.



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: [Handwritten Signature]
Date: July 4 2013



[Faint, illegible text in a rectangular box at the bottom right of the page]

Article 2 - Agreement, the Operator, Liabilities and Indemnities

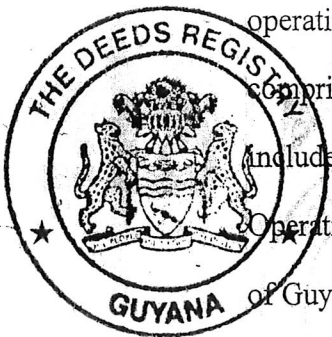
2.1 Agreement

This Agreement constitutes an agreement made under section 10 of the Act consistent with the Act and the Regulations, and is a production sharing agreement, the objective of which is the exploration for development and production of Petroleum in the Contract Area by the Contractor subject to the terms hereof and the provisions of the Act and Regulations under which the Contractor shall have an economic interest in the development of Petroleum from the Contract Area.

2.2 The Operator

(a) Nabi shall be the Operator charged with conducting the day to day activities of the Contractor under this Agreement. No transfer of operatorship to another Party not comprising the Contractor shall take effect unless it has been approved by the Minister which approval shall not be unreasonably withheld. The Minister shall be notified of any change of operatorship to another Party comprising the Contractor in writing.

(b) The Contractor shall provide the Minister with a memorandum summarizing the operating arrangements between the Operator and the Contractor, including any Party comprising the Contractor for the conduct of Petroleum Operations which will include, inter alia, a provision whereby the Operator agrees to conduct the Petroleum Operations in accordance with this Agreement, the Licences and any applicable laws of Guyana.



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*

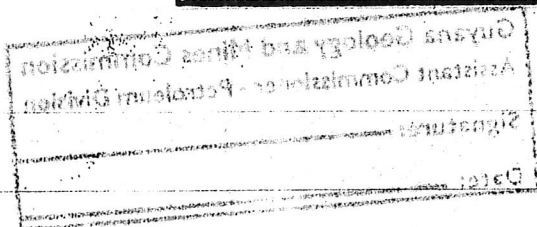
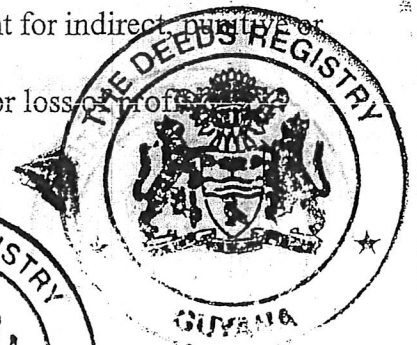
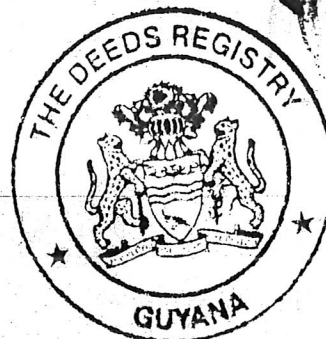
2.3 Liability

The duties, obligations and liabilities of the Parties comprising the Contractor under this Agreement and under any Licence issued pursuant hereto shall be joint and several.

2.4 Indemnity

The Contractor shall, at all times, keep Government indemnified against all actions, claims and the demands that may be brought or made against Government by a third party by reason of negligence (any act or omission or reckless disregard of harmful consequences which results in damage to a third party) by the Contractor or the Operator in the exercise or purported exercise of the rights of the Contractor under the Act or the Licence, provided however, that nothing in this Article shall require the Contractor to give the said indemnity for any claim or demand in respect of Petroleum taken by the Minister pursuant to Article 11 after title has passed to the Minister at the Delivery Point or in respect of assets acquired by the Minister pursuant to Article 20 from and after the date of acquisition. Liability by the Contractor to the Government for damages in respect of Petroleum Operations under this Agreement is limited to insurance required in accordance with Article 20.2 (a), provided however, that the Contractor shall not be liable to the Government for indirect, punitive or consequential damages, including but not limited to, production or loss of profits.

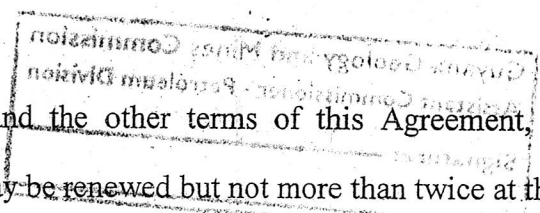
Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



Article 3 - Petroleum Prospecting Licence and Guarantee

3.1 Petroleum Prospecting Licence

- (a) On the date of this Agreement, the Minister, in accordance with the Act, the Regulations and the terms of this Agreement, shall grant to the Contractor the Petroleum Prospecting Licence for an initial period of four (4) years from the Effective Date over the area described in Annex A and shown on the map attached as Annex B hereto.
- (b) Subject to Article 4 and the other terms of this Agreement, such Petroleum Prospecting Licence may be renewed but not more than twice at the election of the Contractor for consecutive periods of up to four (4) years each in accordance with the provisions of the Act and the Regulations.



3.2 Guarantee

The Contractor shall on or before the sixtieth (60th) day from the Effective Date during year one (1) of phase one (1) of the initial period in accordance with Article 4.1 (a)(i) hereunder, and thereafter, no later than ninety (90) days after the commencement of all subsequent work commitment periods as specified in Article 4.1, provide an affiliate company guarantee or other form of guarantee acceptable to the Minister in the amount of ten percent (10%) of the budget submitted by the Contractor, pursuant to Article 7.1, for each specific work commitment period. Notwithstanding the foregoing, if the Contractor exceeds its minimum work commitment in any phase specified in Article 4.1, the completion of such work commitment shall constitute a waiver of such proportion of the requirement of the guarantee by the Minister which is the equivalent of the excess work previously completed but not



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Signature]*
Date: *July 4 2013*

applicable to the subsequent work commitment phase.

If the guarantees are Affiliate Company guarantees they shall be in lieu of and satisfy any obligation to provide a guarantee and/or bond pursuant to the Act, Regulations or this Agreement on the part or on behalf of the Contractor.



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: [Handwritten Signature]
Date: July 4 2013



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: _____
Date: _____

Article 4 - Exploration Programme and Expenditure Obligation

4.1 Exploration Programme

Subject to the provisions of this Agreement, in discharge of its obligations to carry out Prospecting Operations in the Contract Area, the Contractor shall carry out the minimum work described herein, during the periods into which Prospecting Operations are divided hereunder:-

(a) The initial period of four (4) years shall be divided into three (3) phases. Phase one (1) will consist of twelve (12) months duration while phase two (2) will consist of eighteen (18) months duration and phase three(3) will consist of eighteen months duration

(i) Phase One - (12 months)

During phase one of the initial period, the Contractor shall drill one (1) Exploration Well to basement in the Contract Area.

At the end of phase one (1) of the initial period the Contractor shall either relinquish Contract Area except for any discovery Area in respect of which the Minister is informed under section 30 of the Act, the area contained in any Petroleum Production License and any other portion of the Contract Area Minister agrees to permit the Contractor to conduct further exploration activity or the enter phase two (2) of the initial period.



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*

THE DEEDS REGISTRY
Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: _____
Date: _____

(ii) Phase Two - (18 months)

During phase two (2) of the initial period, the Contractor shall conduct studies to determine the cause(s) for any dry holes encountered during exploration drilling in phase 1, as well as either conduct a survey to acquire a minimum of two hundred (200) line kilometers of 2D seismic data or conduct a stress field detection survey in the minimum amount of three hundred (300) line kilometers or drill an Exploration Well to a minimum depth of 1500m.



At the end of phase two (2) of the initial period, the Contractor shall either relinquish the entire Contract Area except for any Discovery Area in respect of which the Minister is informed under section 30 of the Act, the area contained in any Petroleum Production License and any other portions of the Contract Area on which the Minister agrees to permit the Contractor to conduct further exploration activity, or enter phase three (3) of the initial period.

(iii) Phase three - (18 months)

During phase three (3) of the initial period the Contractor shall drill one (1) Exploration Well to a minimum depth of 1500m. At the end of the initial period of four (4) years, the Contractor shall elect either to relinquish the entire Contract Area or subject to Article 5 relinquish (25%) twenty five percent of the Contract Area and renew the Petroleum Prospecting Licence for a further period of up to three (3) years.

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



- (b) The first renewal period of up to three (3) years shall constitute phases agreed to from friendly discussions between the Contractor and Minister, in each of which the Contractor shall conduct a programme of work as agreed to from discussions between the Contractor and Minister but which must include as a minimum, the drilling of one (1) Exploration Well within the first eighteen months of the first renewal period.

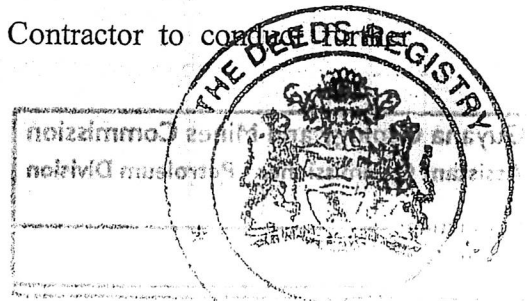


At the end of the first renewal period of up to three (3) years, the Contractor shall elect either to relinquish the Contract Area except for any Discovery Area in respect of which the Minister is informed under section 30 of the Act and the area contained in any Petroleum Production Licence or subject to Article 5, relinquish twenty percent (25%) of the Contract Area and renew the Petroleum Prospecting Licence for a second period of up to three (3) years.

- (c) The second renewal period of up to three (3) years, shall be divided into phases as agreed to from friendly discussions between the Contractor and the Minister in each of which the Contractor shall conduct a programme of work as agreed to from discussions between the Contractor and Minister.

At the end of the second renewal period of up to three (3) years, the Contractor shall relinquish the entire Contract Area except for any Discovery Area in respect of which the Minister is informed under section 30 of the Act, the area contained in any Petroleum Production Licence and any other portion of the Contract Area on which the Minister agrees to permit the Contractor to conduct the

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Signature]*
Date: *July 4 2013*



exploration activities.

(d) The minimum work commitment for a given phase or period referred to in Article 4.1(a), (b) and (c) may be undertaken in an earlier phase or period in whole or in part and in such a case the work commitment with respect to the subsequent period shall be deemed to be satisfied accordingly in whole or in part as the case may be.

(e) Subject to Article 24 herein and section 43 of the Act, the Minister may extend any Exploration Period pursuant to a showing of good cause by the Contractor.

4.2 No Exploration Well drilled by the Contractor shall be treated as discharging any obligation of the Contractor to drill such Exploration Well unless either it has been drilled to the depth or formation agreed with the Minister and specified in the annual work programme, or before reaching such depth or formation:



- (a) the Contractor has expended on such well and any substitute well drilled pursuant to Article 4.2 (d) below the amount for such work commitment in the budget submitted by the Contractor and approved by the Minister as specified in Article 7.1; or
- (b) the Geologic Basement is encountered; or
- (c) a Discovery is made and the Minister is informed thereof; or
- (d) insurmountable technical problems are encountered which, in accordance with good oilfield practice, make further drilling impractical, provided that if the said Well is abandoned owing to the said problems before reaching the Geologic Basement of the

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Signature]*
Date: *July 4 2013*



Contractor shall drill a substitute well in the Contract Area to the same minimum depth as aforesaid unless otherwise agreed with the Minister or until the amount in Article 4.2 (a) less any amounts actually expended on the abandoned well is reached or one of the criteria listed at Articles 4.2 (b) to (d) is satisfied.

4.3 Expenditure Obligation

The sum actually spent in fulfillment of the work obligation in a specific phase or period shall be deemed to have satisfied the Contractor's minimum expenditure obligation for that phase or period.



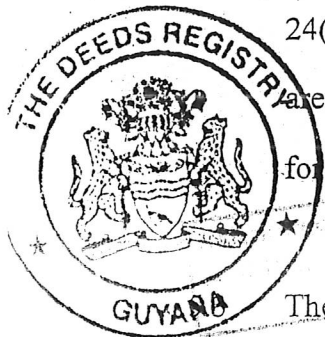
Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division

Article 5 - Relinquishment of Areas

5.1 If prior to the end of the initial period of the Petroleum Prospecting Licence issued to the Contractor under Article 3.1, an application is made by the Contractor for renewal of the Licence under section 24 (1) of the Act, the Contractor shall relinquish at the end of the initial period an area equal to at least twenty percent (25%) of the original Contract Area less the exclusions provided for in Article 5.

5.2 If prior to the end of the first renewal period of the Petroleum Prospecting Licence an application is made by the Contractor for a second renewal of the Licence under section 24(1) of the Act, the Contractor shall then relinquish at the end of this first renewal period an area equal to at least twenty (25%) of the original Contract Area less the exclusions provided for in Articles 5.3.



The areas to be relinquished pursuant to Articles 5.1, and 5.2 shall:

- (a) comprise Blocks, as defined in the Act;
- (b) exclude any Discovery Area together with a reasonable area of protective acreage surrounding the Discovery Area;
- (c) exclude any Production Area;
- (d) be selected by Contractor so that:
 - (i) the area relinquished shall comprise one (1) discrete area, having regard to any representations made by the Minister with respect to location, shape and size;



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Signature]*
Date: *July 4 2013*

- (ii) the Blocks to be retained for and during the first renewal period pursuant to Articles 5.1 and 5.2 shall constitute one (1) discrete area unless otherwise agreed to by the Minister.

5.4 In the event that an area or areas cannot be identified for relinquishment in accordance with this Article without including in such area or areas in whole or in part a subsisting Discovery Area or Production Area or the Minister is of the opinion that the area(s) to be relinquished will not enable licensing separately or jointly with contiguous unlicensed areas then the Minister and Contractor shall consult together with a view to agreeing on the area(s) to be relinquished in the light of the circumstances then prevailing. If after sixty (60) days from receiving notice of the Contractor's proposed relinquishments the Parties cannot agree on a proposed relinquishment, the Parties shall refer the matter to a sole expert pursuant to Article 26.

5.5 For the purpose of this Article, a Discovery Area shall not include any Discovery Block which relates to a Discovery in respect of which the Contractor has notified the Minister that the Discovery is not of potential commercial interest pursuant to section 31 (1) of the Act, unless such Discovery Block forms a part (and only to that extent) of another subsisting Discovery Area.

5.6 If a Petroleum Prospecting Licence ceases to have effect with respect to Discovery Blocks pursuant to section 32 (1) of the Act, such reduction in size of the Contract Area shall be treated as an advance relinquishment under this Article and shall reduce the area next



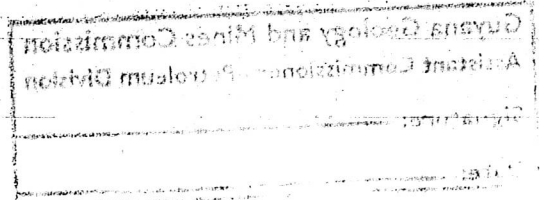
Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*

required to be relinquished accordingly.

5.7 Without prejudice to the obligations undertaken in Article 4, the Contractor may at any time during the period of the Petroleum Prospecting Licence, on giving the Minister no less than three (3) months notice in writing of its intention to do so, relinquish any Block or Blocks in the Contract Area pursuant to section 28 of the Act and in accordance with Articles 5.4 and 5.5. Any such relinquishment shall count towards any subsequent mandatory relinquishments required under Articles 5.1, 5.2 or 5.3 above as the case may be.



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: [Handwritten Signature]
Date: July 4 2013



Article 6 - Delegation; Co-operation between Contractor and GGMC

6.1 The Minister may, subject to the provisions of the Act, or any other law delegate any person to exercise and perform any of his functions under this Agreement and anything done by the delegate in pursuance of the delegation shall have the same validity and effect as it would have if done by the Minister.

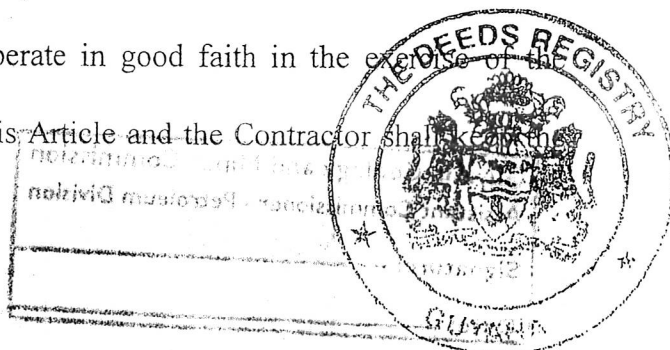
6.2 The Minister also hereby authorizes GGMC to perform, inter alia the following functions:

- (a) to monitor the Petroleum Operations carried out by the Contractor;
- (b) to review any proposed exploration work programme and budgets presented by Contractor under Article 7 and any Appraisal Programme presented by the Contractor under Article 8;
- (c) to review any Development Plan submitted by the Contractor in connection with an application for a Petroleum Production Licence pursuant to section 34 of the Act;
- (d) to ensure the maintenance and availability for inspection of operating records and reports for Petroleum Operations in accordance with this Agreement;
- (e) to ensure the accounting procedures specified in Annex C of this Agreement are followed;
- (f) to ensure compliance with the provisions of this Agreement, Petroleum Act and Regulations.



6.3 The Contractor and the delegate shall co-operate in good faith in the exercise of the

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



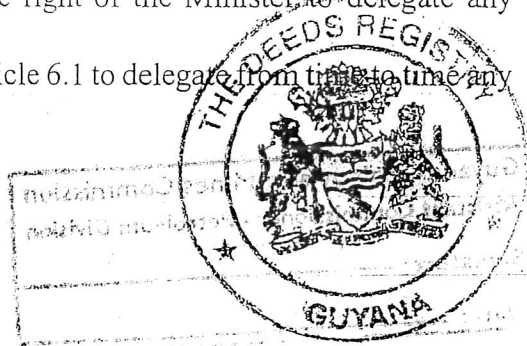
delegate advised of all activities taking place during the course of Petroleum Operations and shall provide the delegate with all available information relating to Petroleum Operations as the Minister or the delegate may reasonably require. Towards this end the delegate and the Contractor shall meet at regular intervals, but at least once every six (6) months, to review the progress and results of the Petroleum Operations and to discuss the work programme and other activities to be undertaken in the ensuing months.

6.4 With respect to the matters to be reviewed pursuant to Article 6.2, should the delegate wish to make any specific proposals or revisions thereto, the delegate shall so notify the Contractor specifying its reasons therefor; within reasonable time thereafter the Contractor and the delegate shall meet and endeavour to agree on the proposals or revisions. The Contractor shall consider and take into account the proposals of the delegate and shall attempt in good faith to reach agreement on such proposals. If the Contractor and the delegate fail to agree within sixty (60) days of submission by the Contractor, the exploration work programme and budget (including as appropriate any minimum work programme to be undertaken pursuant to Article 4) submitted pursuant to Article 7 and the Appraisal Programme (except in the case of Gas to which the provision of Article 12 shall apply) submitted pursuant to Article 8 (revised in accordance with any amendments or additions thereto agreed by the delegate and the Contractor) shall be deemed adopted.

6.5 Nothing herein above provided shall preclude the right of the Minister to delegate any additional function to the delegate or subject to Article 6.1 to delegate from time to time any



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



functions, including those herein contained, to any other agency of Government. A delegation shall not increase the obligations or liabilities of the Contractor and notice of any delegation shall be given promptly to the Contractor.

6.6 Any approvals required by the Minister or delegates of the Minister shall not be unreasonably withheld. If the Contractor requests required approval from the Minister or delegates of the Minister, such approval shall be deemed as granted if no response is provided within sixty (60) days of the request.

6.7 The Minister and the delegate shall, upon request, either provide to the Contractor or assist the Contractor in obtaining the assistance required for Contractor to fulfill requirements of the contract including but not limited to the following:

(a) approvals issued by Government agencies or local government institutions which are required to conduct hydrocarbon operations, including approvals necessary to import goods and services free from duties and taxes;

(b) approvals for easements and right-of-way to enable Contractors to conduct operations;

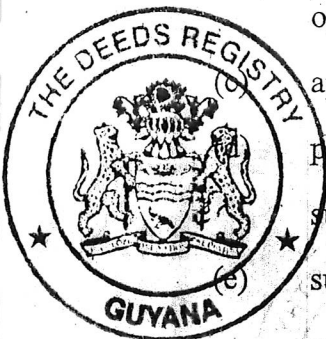
(c) approvals for security for field operations and personnel;

(d) permission for entry and exit visas and working permits for Contractor's employees,

(e) subcontractors and their dependents;

(f) supply reports, analyses, samples, geological, geophysical and production data necessary to Contractor from areas inside and outside the Contract Area;

(g) approvals to export hydrocarbons, and use essential infrastructure for the economic export of hydrocarbons at normal-commercial terms.



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*

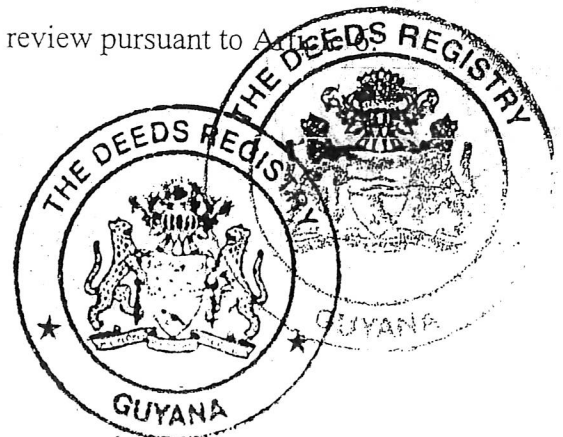
Article 7 - Annual Work Programme and Budget

7.1 Within sixty (60) days after the Effective Date, the Contractor shall prepare and submit to the Minister in detail a work programme and budget, setting forth the Prospecting Operations, which the Contractor proposes to carry out (including, as appropriate, any minimum work obligations to be undertaken pursuant to Article 4) during the remaining portion of the Calendar Year. In subsequent years no less than one (1) month before the beginning of the Calendar Year, the Contractor shall prepare and submit to the Minister a work programme and budget setting forth Petroleum Operations which the Contractor proposes to conduct during the upcoming Calendar Year.

7.2 The Contractor may, for good cause, amend the details of any work programme or budget submitted to the Minister pursuant to Article 7.1 provided that:

- (a) notice of the details of the reasons for the amendments is given to the Minister;
- (b) such amendments shall not have the effect of reducing the minimum work obligations undertaken under Article 4 without the prior consent in writing of the Minister;
- (c) any proposed amendment shall be subject to review pursuant to Article 4.

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *Xenell*
Date: *July 4 2013*



Article 8 - Discovery and Development

8.1 Where, pursuant to section 30 of the Act, notice has been given to the Minister of a Discovery in the Contract Area, the Contractor shall forthwith inform the Minister of the steps it proposes to take to satisfy the requirements of section 30 (1) (a) (iii) of the Act.

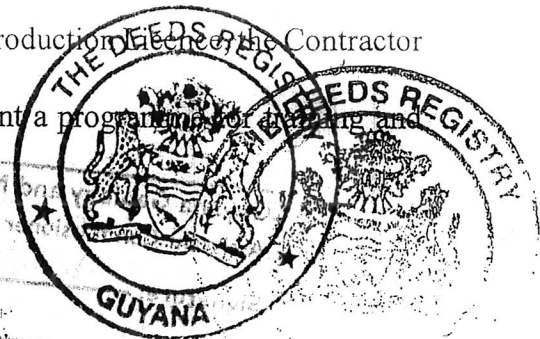
8.2 Where the Contractor, pursuant to section 31 (1) of the Act, has informed the Minister that, in its opinion, the Discovery is of potential commercial interest, the Contractor shall, as soon as practicable thereafter, submit, for the consideration of the Minister, its proposals for an Appraisal Programme to meet the requirements of section 30 (1) (b) of the Act.

8.3 Where an Appraisal Programme has been adopted by the Contractor pursuant to Article 8.2, the Minister may, on application by the Contractor pursuant to section 31 (2) of the Act, stating reasons therefor, extend the period within which application may be made by the Contractor for a Petroleum Production Licence.

8.4 Where the Contractor has made an application to the Minister for a Petroleum Production Licence in respect of any part of the Contract Area in accordance with section 34 (1) of the Act, such application shall be accompanied by the proposals required under section 34 (3) of the Act (hereinafter referred to as "the Development Plan") and shall satisfy the provisions of section 36 of the Act and the Regulations. The Development Plan shall provide that not later than six (6) months after the grant of the first Petroleum Production Licence the Contractor shall in consultation with GGMC, prepare and implement a programme for exploring and

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Signature]*
Date: July 4, 2013

31



employment of Guyanese nationals in each phase and level of Petroleum Operations and for the development of management and technical skills for the safe and efficient conduct of Petroleum Operations.

8.5 Where the Minister considers that the application has not met the requirements of Article 8.4, he shall so notify the Contractor within sixty (60) days of receipt of the application, and GGMC and Contractor shall meet to discuss the application with a view to ensuring that the requirements of Article 8.4 are met. In the event that the Parties are unable to agree on amendments to the application to meet such requirements within sixty (60) days from the date of aforesaid application (or such longer period as the Parties shall agree), or where the Minister fails to respond to or act on the aforesaid application within sixty (60) days, the Contractor may refer the matter to a sole expert pursuant to Article 26 for determination within sixty (60) days of appointment of such expert or such other time period as may be agreed between the Contractor and the Minister.

8.6 Where the Minister considers that the aforesaid application has met the requirements of Article 8.4 he shall, within sixty (60) days of receipt thereof, so notify the Contractor. In such event or where in the event of a dispute it is determined by the sole expert pursuant to Article 26 that the Contractor has made an application which meets the requirements of Article 8.4, provided the Contractor is not in default under this Agreement, the Minister shall grant, within sixty (60) days of such notification or determination as the case may be, to Contractor, a Petroleum Production Licence (in the Form D of the schedule as specified in the Regulations) over the area for which the application has been made.

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Signature]*
Date: *July 4 2003*



conditions consistent with this Agreement and the Act and Regulations which will enable the Contractor to carry on Petroleum Operations in the Production Area in accordance with the Development Plan wherein the level of production set shall be consistent with the maximum efficient rate of production which conforms to sound reservoir engineering principles in accordance with good international petroleum industry practice.

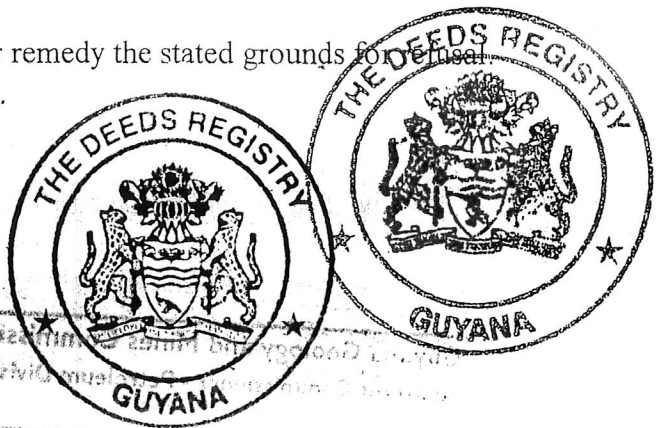
8.7 While the Contractor holds a Petroleum Prospecting Licence or has made an application pursuant to Article 8.4 and in accordance with section 34 (1) of the Act, the Minister shall not grant a Petroleum Production Licence in respect of all or part of the Contract Area or area covered by such application (whether on a geographical or geological basis) to any third party.

8.8 Where the Contractor pursuant to section 31 (1) of the Act has served notice on the Minister that in its opinion a Discovery made in the Contract Area is not of potential commercial interest, the provisions of section 32 (1) of the Act shall apply.

8.9 The Contractor may apply for a renewal of a Petroleum Production Licence for a maximum ten (10) years. The Minister shall not refuse to grant the renewal of a Petroleum Production Licence under section 40(1) of the Act without first providing the Contractor;

- (a) Notice stating the grounds of the intended refusal; and
- (b) A reasonable period to respond to or remedy the stated grounds for refusal.

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



Article 9 - Records, Reports and Information: Confidentiality

9.1 Records, Reports and Information

- (a) The Contractor shall, at all times while this Agreement is in force, maintain and submit to the Minister in accordance with the provisions of the Act and the Regulations, the Petroleum Production Licence and this Agreement, full and accurate reports, records, returns and accounts of Petroleum Operations in the Contract Area.
- (b) All data, well logs, maps, magnetic tapes, cuts of cores and cutting samples and all other geological and geophysical information obtained by the Contractor in the course of carrying out Petroleum Operations hereunder and all geological, technical, financial and economic reports, studies and analyses generated in relation thereto (hereinafter referred to as "Petroleum Data") shall be submitted to the Minister in accordance with the Regulations.
- The Contractor may freely export for processing or laboratory examination or analysis samples or other original materials constituting Petroleum Data, provided that samples equivalent in size and quality or, where such material is capable of reproduction, copies of equivalent quality have first been delivered to the Minister.
- (d) Petroleum Data shall be the joint property of the Minister and the Contractor but shall become the sole property of the Minister with respect to any area which ceases to be part of the Contract Area, whether as result of relinquishment, or expiry, surrender or termination of a Licence or otherwise in accordance with the Act, from the date on which such area ceases to be part of the Contract Area.
- (e) The Minister, through duly appointed representatives, upon providing the Contractor

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



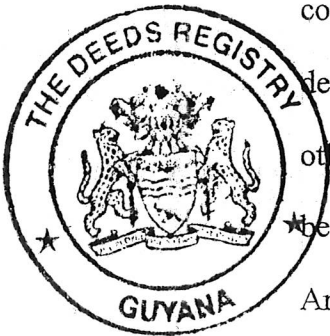
with at least seven (7) days notice, shall be entitled to observe the Petroleum Operations conducted by the Contractor at his sole cost and expense and at all reasonable times to inspect all assets, records and data kept by the Contractor relating to such Petroleum Operations. In the exercise of such rights under this paragraph the Minister shall not unduly interfere with the Contractor's Petroleum Operations under this Agreement.

- (f) Nothing in this Article shall be construed as requiring the Contractor or any of the Parties comprising the Contractor to disclose any of its proprietary technology or that of its Affiliated Companies which is not acquired in the course of Petroleum Operations under this Agreement.

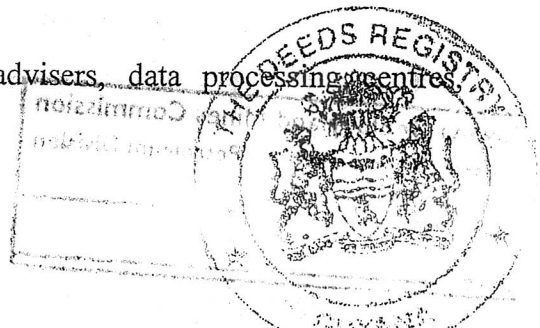
9.2 Confidentiality

- (a) All Petroleum Data, information and reports obtained or prepared by the Contractor hereunder shall, so long as they relate to any part of the Contract Area, be treated as confidential and each of the Parties undertakes not to publish, reproduce or otherwise deal with such Petroleum Data or to disclose the same or the contents thereof to any other person without the consent in writing of the other Parties, such consent not to be unreasonably withheld, provided however, that subject to Article 9.2 (b), this Article shall not:

- (i) prevent disclosure by the Contractor:
- (aa) to an affiliated company for the purpose of carrying out Petroleum Operations;
 - (bb) to consultants, professional advisers, data processing centres



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: <u>[Handwritten Signature]</u>
Date: <u>July 4, 2013</u>



laboratories and Sub-Contractors in connection with the Petroleum Operations;

(cc) to a bank or other financial institution in connection with financing for Petroleum Operations;

(dd) to the extent required by any applicable law or the regulations of any stock exchange upon which the shares of the Contractor or an affiliated company are quoted;

(ee) to bona fide prospective assignees or transferees of an interest hereunder of the Contractor or in connection with a sale of stock of the Contractor or an affiliated company thereof;

(ff) in connection with data trades;

(gg) of data information and reports already known to the Contractor prior to the Effective Date; or

(hh) of data, information and reports acquired independently from a third party that represents that it has the right to disseminate such data at the time it is acquired by the Contractor;

(ii) prevent disclosure pursuant to section 4 of the Act, provided however that neither the Minister nor Contractor shall disclose Petroleum Data relating to any area subject to a Licence to a competitor of the Contractor, without the prior written consent of the other Party; or

(iii) be construed as imposing on any Party any obligation to refrain with respect to any petroleum data, information or reports which are not disclosed

by such Party, generally known to the public.

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: _____
Date: July 4 2013



- (b) Any petroleum data, information or reports disclosed by the Contractor pursuant to this Article shall be disclosed on terms which ensure that the data, information or reports aforesaid are treated as confidential by the recipient (except for disclosures made pursuant to Article 9.2 (a) (i) (dd) and prompt notice of all disclosures shall be given to the Minister.
- (c) All petroleum data which becomes the sole property of the Minister pursuant to Article 9.1 (d) shall continue to be treated as confidential by the Contractor for a period of one (1) year from the date on which it became the sole property of the Minister, but may be used by the Contractor in connection with data trades with the prior written consent of the Minister, such consent not to be unreasonably withheld subject however to Article 9.2 (b).
- (d) Where a Licence ceases to be in force with respect to any area, the Contractor shall deliver to the Minister originals of all petroleum data and other information relating to such area pursuant to regulation 26 of the Regulations provided however that, on application duly made to him pursuant to regulation 28 of the Regulations, the Minister shall permit the Contractor to retain copies of petroleum data and information relating to the Contract Area subject to Article 9.2 (b).
- (e) Notwithstanding the provisions of Article 9.1 (d), all the Contractor's proprietary technology, except technology for which the cost of development has been approved as Recoverable Contract Cost under this Agreement, shall remain the property of the Contractor.

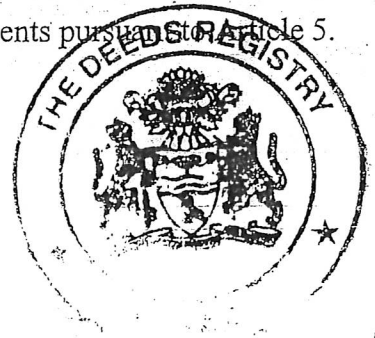


Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: July 4 2013

Article 10 - Annual Licence Rental Charge

The Contractor shall on the Effective Date of the Petroleum Prospecting Licence or the date of grant of any Petroleum Production Licence as the case may be and, thereafter, so long as the said Licence remains in force, on each anniversary date thereof, pay without demand to the Government an annual Licence rental charge of ten thousand United States of America Dollars(US\$10,000) in each year in respect of the Contract Area for the entire Exploration Period and such payments shall apply to those areas remaining after taking into account any relinquishments pursuant to Article 5.

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



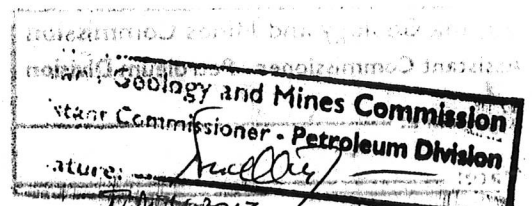
Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Date: *July 4 2013*

Article 11 - Cost Recovery and Production Sharing

11.1 Subject to the terms and conditions of this Agreement, the Contractor shall bear and pay all Contract Costs incurred in carrying out Petroleum Operations and shall recover Contract Costs only from Cost Oil as herein provided.

11.2 All Recoverable Contract Costs incurred by the Contractor shall, subject to the terms and conditions of any agreement relating to Non-Associated Gas made pursuant to Article 12, be recovered from the value, determined in accordance with Article 13, of a volume of Crude Oil (hereinafter referred to as "Cost Oil") produced and sold from the Contract Area and limited in any Month to an amount which equals seventy percent (70%) of the total production from the Contract Area for such Month excluding any Crude Oil used in Petroleum Operations or which is lost. Pursuant to Article 13 herein, where the fair market price for Crude Oil has been valued below US\$100 per barrel, the Cost Oil in any month shall be seventy five percent (75%), all other conditions pertaining to the Article 11.2 remaining the same. "Recoverable Contract Costs" means such costs as the Contractor is permitted to recover, as from the date they have been incurred, pursuant to the provisions of Annex C.

11.3 To the extent that in any Month, Recoverable Contract Costs exceed the value of Cost Oil determined in accordance with Article 13, the unrecoverable amount shall be carried forward and, subject to the provisions stipulated in Article 11.2, shall be recoverable in the immediately succeeding Month and to the extent not then recovered, in the subsequent Month or Months.



11.4 The balance of Crude Oil available in any Month after Recoverable Contract Costs have been satisfied to the extent aforesaid (hereinafter referred to as "Profit Oil") shall be shared between the Government and the Contractor for each Field in the following proportions: Contractor fifty percent (50%) and Minister fifty percent (50%). Profit Oil shall be shared between Government and Contractor for each field in the proportion Contractor forty five percent (45%) and Minister fifty five percent (55%) whenever, the production rate of Crude Oil is equal to or exceeds fifty thousand (50,000) barrels of oil per day.

11.5 The quantity of Cost Oil actually utilized in satisfying the Recoverable Contract Costs may be allocated by the Contractor to production from any Field or Fields.

11.6 Subject to the provision of Article 14, the Profit Oil shall be shared between the Government and Contractor on a Monthly basis according to their respective entitlements as set out in Article 11.4.

To the extent that the actual quantities and costs required to determine Cost Oil and Profit Oil for the Month in question are not known, Crude Oil sharing shall be calculated on an interim basis each Month using the following:

- (a) unrecovered Recoverable Contract Cost;
- (b) estimated current Recoverable Contract Cost by reference to the agreed work programme and budget supplemented by any other relevant documents or information which are accepted by Contractor and Minister as being reliable indicators of the actual position for the Month in question;



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



(c) estimated production for the Month in question;

(d) Crude Oil price from the previous Month calculated.

11.8 Retroactive adjustments shall be made to the Crude Oil entitlements and shall be agreed with the Minister based on recalculations utilizing actual quantities of Crude Oil produced and saved and Recoverable Contract Costs. Any revised entitlements shall be made, subject to any applicable lifting agreements, as soon as practicable after such elements have definitely been determined.

11.9 The Contractor shall have the right to use in any Petroleum Operations as much of the production as may reasonably be required by it therefor and the quantities so used or lost shall be excluded from any calculations of Cost Oil and Profit Oil entitlementment.

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Signature]*
Date: *July 4 2013*

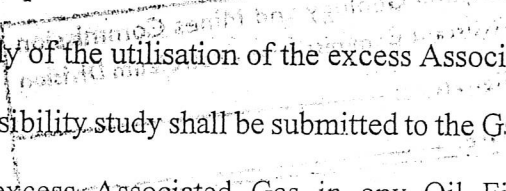


Article 12 - Associated and Non - Associated Gas.

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*

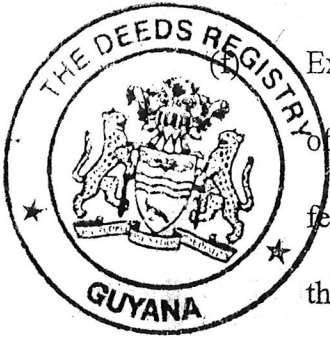
12.1 Associated Gas

- (a) The Associated Gas produced from any Oil Field within the Contract Area shall be with priority used for the purposes related to the operations of production and production enhancement of Oil Fields, such as Gas injection, Gas Lifting and power generation.
- (b) Based on the principle of full utilisation of the Associated Gas, and with no impediment to normal production of Crude Oil, a plan of utilisation of the Associated Gas shall be included in the Development Plan of each Oil Field. If there is any excess Associated Gas in the Oil Field after utilisation pursuant to Article 12.1 (a) the Contractor shall carry out a feasibility study regarding the utilisation of such excess Associated Gas of such Oil Field. Such feasibility study, if carried out before submission of the Development Plan of an Oil Field, shall be included in the Development Plan. In the event that the Contractor conducts a further feasibility study of the utilisation of the excess Associated Gas of such Oil Field, such further feasibility study shall be submitted to the GGMC for review and discussion. If the excess Associated Gas in any Oil Field is utilized, the construction of facilities for such utilisation and the production of excess Associated Gas shall be carried out while a Petroleum Production Licence continues in force.
- (c) If the Parties agree that the excess Associated Gas of an Oil Field has no commercial value, then such Gas shall be disposed of by the Contractor, provided that there is no impediment to normal production of the Crude Oil, in the most economic manner consistent with good international petroleum industry practice.
- (d) If either Party to the Agreement considers unilaterally that the excess Associated Gas



of an Oil Field has commercial value, such Associated Gas may be utilised by that Party, provided there is no impediment to normal production of Crude Oil. All handling from the point of separation of Crude Oil shall be at the sole risk and expense of the Party utilising such Associated Gas and will not affect the amount of Cost Oil and Profit Oil due to the other party to the Agreement.

- (e) If the Parties agree that excess Associated Gas of an Oil Field has commercial value, the Contractor shall be entitled, but not required, to make further investment to utilise such excess Associated Gas subject to terms at least as attractive as those established for Crude Oil in Article 11 including, but not limited to, cost recovery for such further investment. If the Contractor believes improved terms are necessary, the Parties shall carry out friendly negotiations in a timely manner to find a new solution to the utilisation of the said excess Associated Gas and reach an agreement in writing.

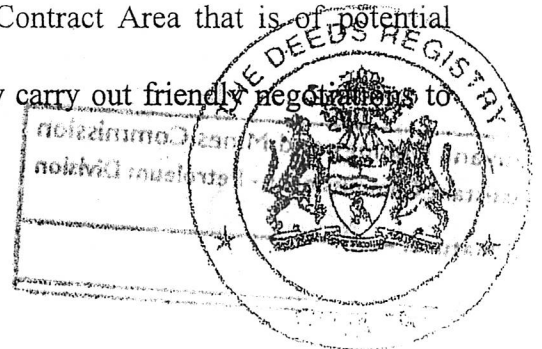


Expenses incurred by the Contractor in the production and use of the Associated Gas of an Oil Field as stipulated in Article 12.1 and those incurred in carrying out any feasibility study on the utilisation of the excess Associated Gas shall be charged to the development cost of the Oil Field.

12.2 Non - Associated Gas

- (a) When the Contractor in accordance with Article 8.2 has informed the Minister of any Non - Associated Gas discovery within the Contract Area that is of potential commercial interest, the Parties shall promptly carry out friendly negotiations to

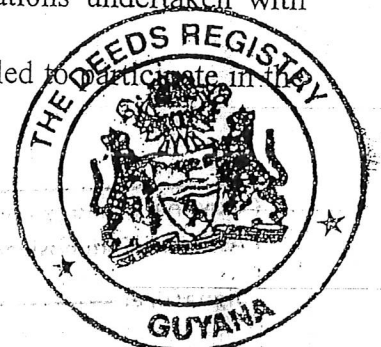
Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



reach agreement on the additional terms necessary for commercial development and production of the discovery. The agreement, which shall form an annex to this Agreement, shall be based on and include the following principles:

- (i) The time period between the notice of discovery provided for in section 31(1) of the Act and the application for grant of a Petroleum Production Licence shall be extended pursuant to section 31(2) of the Act, if necessary, to provide reasonable time to conduct an Appraisal Programme and to develop a Gas market.
- (ii) The Petroleum Production Licence shall be extended as may be required to allow for commitment of the reserves for the life of the Gas project and consistent with the terms for marketing that may be negotiated with the buyers of the Gas.
- (iii) The cost recovery rate and the Contractor's profit Gas share shall be negotiated by the Parties taking into consideration the actual conditions in the Gas Field and the markets for such Gas so that the Contractor shall be able to obtain an economic benefit acceptable to the Contractor.

If the Parties fail to reach an agreement within four (4) years after the date of commencement of negotiations the Government shall have the right unilaterally to put up the Gas Field for bidding but shall keep as confidential the substance of any previous and future negotiations undertaken with Contractor. In such case, Contractor shall be entitled to participate in the



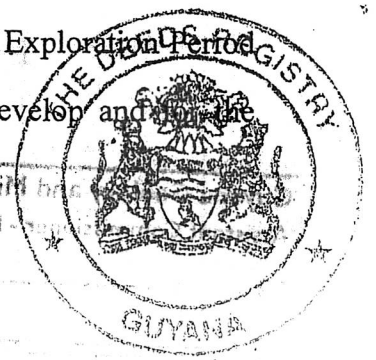
Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*

bidding.

(b) Following the signature of the agreement herein the Contractor shall work out an Appraisal Programme for the discovered Gas Field according to the terms and conditions determined in the said agreement and submit it to the GGMC for review pursuant to Article 6.4. The Contractor shall carry out the Appraisal Programme which was reviewed and agreed upon with GGMC. The expenses incurred in carrying out the said Appraisal Programme by the Contractor shall be charged to the Exploration Costs of the Contract Area.

(c) After completion of the Appraisal Programme of a Gas Field, the Contractor shall submit a report on the Appraisal Programme to GGMC for its review and discussion.

If the Contractor decides that a Gas Field is non - commercial, the corresponding area covered by the Gas Field may be retained in the Contract Area during the Exploration Period. However, at the expiration of the Exploration Period, if the Contractor still considers the said Gas Field non - commercial, the area covered by the said Gas Field shall be excluded from the Contract Area. With respect to a Gas Field which has potential commercial value but has not been developed because the market and consuming facilities are not available, the period during which the Gas Field is retained in the Contract Area shall be extended at the request of the Contractor. Such extended period, however, shall not be more than five (5) consecutive Contract Years after the date of expiration of the Exploration Period hereunder. In case the time necessary for the market to develop and for the



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*

Commission
Division

consuming facilities to be constructed for the Gas Field exceeds such extended period Contractor shall then have the right to request from the Minister a grant of further extended period.

Prior to expiration of the Exploration Period, if the Parties agree that any commercial Gas Field needs to be reappraised because of some favourable factors, the Contractor shall work out and submit a new evaluation report on the Gas Field and submit it to the GGMC for its review pursuant to Article 6.4 and any expenses incurred in doing so shall be cost recoverable.



- (d) If the Contractor retains a Gas Field beyond the expiration of the Exploration Period pursuant to Article 12.2 (c), the Contractor shall pay to the Minister at the commencement of each year of the retention period an annual rental to be arrived at through friendly negotiations but which shall be no less than Fifty Five Thousand United States Dollars (US\$55,000). The holding fee shall be applied on a pro rata daily basis in the event the Contractor relinquishes the Gas Field or declares such Gas discovery to be a commercial discovery prior to the end of such year.

12.3 General Conditions Applicable to Natural Gas

- (a) The Contractor shall have the primary responsibility for marketing all the available Natural Gas from the Contract Area and for negotiating for the sale thereof on a joint basis at fair market prices and terms common to both the Minister and the Contractor.

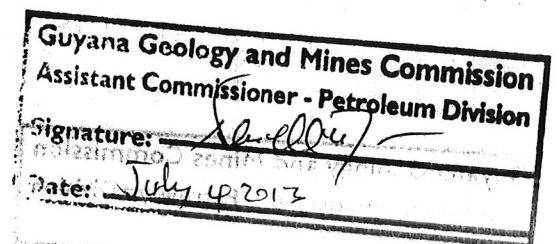
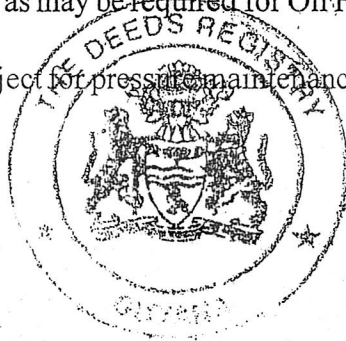
Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: _____
Date: July 4 2013



The Contractor will pursue markets both within and outside Guyana and seek to market Natural Gas to the highest realization outlets after deduction of transportation costs. The Contractor will seek to recognize Natural Gas's potential value at the international value of alternative fuels in the end user market of the buyers.

- (b) The Contractor shall have the right, but not the obligation, to process Natural Gas for conversion to liquids, chemicals or similar Gas utilisation projects and Contractor shall have the right to dispose of the liquids or products therefrom. The Contractor shall have the right to process Natural Gas for recovery of the liquids contained therein and such liquids sold shall be treated as Crude Oil. The Parties shall carry out friendly negotiations to reach agreement on the valuation of such liquids when the Contractor submits a proposal for such development. The agreement shall be based on principles for valuation of Crude Oil provided in Article 13, taking into consideration the specific components of the liquids recovered from the Natural Gas.

The Contractor shall have the right to use Natural Gas, both Associated Gas and Non-Associated Gas, as may be required for Oil Field and Gas Field operations, including the right to re-inject for pressure maintenance and enhanced recovery without charge, fee or royalty.



Article 13 - Valuation of Crude Oil

13.1 For the purpose of this Agreement the value of a Barrel of Crude Oil shall be the average fair market price determined as follows:

(a) as soon as practicable after the end of each Calendar Month in which Crude Oil has been produced and sold from any Field pursuant to this Agreement, an average price (in terms of United States dollars per Barrel, FOB, Delivery Point) for each Field shall be determined in respect of production during that Calendar Month. It is understood that production from different Fields may be of differing quality and that separate average prices may accordingly be determined for any Calendar Month in respect of production from each Field;

(b) the prices aforesaid shall be determined as follows:

(i) in the event that fifty percent (50%) or more of the total volume of sales by the Contractor during the Calendar Month of Crude Oil of a given quality produced hereunder from a Field were Third Party Sales, as hereinafter defined, the price of all Crude Oil from such Field of that quality shall be deemed to be the simple arithmetic average price actually realised, calculated by dividing the total receipts from all such sales calculated FOB the Delivery Point by the total number of Barrels of Crude Oil sold from such Field in such sales;

(ii) in the event that less than fifty percent (50%) of the total volume of sales by the Contractor during the Calendar Month of Crude Oil of a given quality produced hereunder from a Field were Third Party Sales, the price of all

Crude Oil from such Field of that quality will be determined by the simple arithmetic

average of:

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division

Signature: _____

Date: _____

[Signature]
July 4 2017



- (aa) The simple arithmetic average price actually realised in the Third Party Sales during the Calendar Month of such Crude Oil produced hereunder, if any, calculated by dividing the total receipts from all such sales calculated FOB at the Delivery Point by the total number of barrels of Crude Oil sold in such sales from such Field; and
- (bb) The simple arithmetic average price per barrel at which one or more crude oils of similar quality to the Crude Oil are being sold, such price being determined by calculating the average for the Month in which production takes place of the mean of the high and low FOB price or prices for each day of those crude oils as quoted in Platts Crude Oil Market Wire daily publication. In the event that Platt's ceases to be published or is not published for a period of thirty (30) consecutive days then the Parties shall agree on an appropriate alternative publication.



In determining the final price, account shall be taken of any differences between the Crude Oil and the crude oils quoted in Platt's, for quality, API gravity, sulphur, pour point, product yield as well as differences in quantity, delivery time, payment and other contract terms to the extent known. Allowance will also be made to take account of the market area into which the Crude Oil is sold should it be different from the area used for Platt's.

The selected crude oils will be agreed between Contractor and the Minister in advance for each Calendar Year and in making the selection preference will be given to crude oils of similar quality to

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
21.4.2012



Crude Oil from the relevant Field.

The arithmetic average aforesaid will be determined by the percentage volume of total sales of Crude Oil by Contractor that are, and that are not, as the case may be, Third Party Sales during the Calendar Month in question.

- (iii) all such prices will be adjusted to FOB Delivery Point.
- (iv) for the purposes of this Article Third Party Sales of Crude Oil made by the Contractor shall include any Third Party Sales made by the Contractor on the Minister's behalf pursuant to Article 14 but shall exclude:
 - (aa) sales, whether direct or indirect through brokers or otherwise, of any seller to any Affiliated Company of such seller, unless at demonstrably arms length price;
 - (bb) Crude Oil exchanges, barter deals or restricted or distress transactions, or any Crude Oil transaction which is motivated in whole or in part by considerations other than the usual economic incentives for commercial arms length crude oil sales;
 - (cc) Government to government sales.



13.2 Contractor shall be responsible for determining the relevant prices in accordance with this Article. The calculation, basis of calculation and the price arrived at, shall be supplied to the Minister and shall be subjected to agreement by the Minister before it is finally determined. Pending final determination the last established average Crude Oil price shall be used.

13.3 During the first Calendar Year of production from the Contract Area the Contractor and the Minister will meet in order to establish a provisional selection of the crude oil and an

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division

Signature: _____

Date: _____

July 4 2013



appropriate mechanism for the purposes of giving effect to Article 13.1 (b)(ii) above. This selection will be reviewed annually and modified if necessary.

13.4 In the event of any difference or dispute between the Contractor and the Minister concerning selection of the crude oils, the calculation or the basis of calculation of the prices and the prices arrived at or generally about the manner in which the prices are determined according to the provisions of this Article, the matter or matters in issue shall finally be resolved by a sole expert appointed pursuant to Article 26.3.

13.5 For the purposes of this Article, in determining the "quality" of a Crude Oil regard shall be given to all relevant characteristics including but not limited to gravity, sulphur and metal content, pour point and product yield.



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



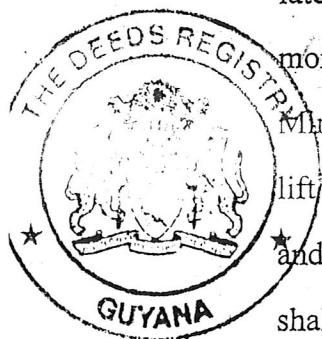
Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Date: _____
Signature: _____

Article 14 - Disposal of Production

14.1 Each of the Parties shall have the right to take in kind at the Delivery Point and separately dispose of its share of the total quantities of production available under this Agreement. The Contractor shall have the right to use as much production as may be needed in any Petroleum Operations within the Contract Area and also within the transportation and terminal system. In the event of third party usage of the transportation terminal systems the quantities so used or lost outside the Contract Area shall be proportionate to aggregate use of that transportation and terminal system. All quantities so used or lost shall be excluded from any calculations of entitlement pursuant to Article 11. The quantity of production to which the Minister is entitled pursuant to Article 11 shall be measured and delivered to the Minister at the Delivery Point and the Minister shall be responsible for all costs and risks associated with the Minister's lifting Entitlement from and after the Delivery Point.

14.2 Within twelve (12) months after the Minister's approval of a Development Plan, or within a later period as may be agreed between the Parties but in any event no longer than three (3) months before the first scheduled lifting of Crude Oil, the Contractor shall propose to the Minister off taking procedures to govern the method whereby the Parties will nominate and lift their respective shares of Crude Oil. The details of such procedures shall be discussed and agreed upon between Minister and Contractor. The major principles of such procedures shall include the following:

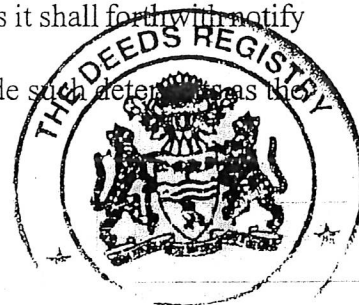
- (a) Lifting shall be carried out so as to avoid interference with Petroleum Operations.
- (b) In the event that any Party shall find itself unable for any reason to lift such quantities of Crude Oil as are to be lifted in accordance with procedures it shall forthwith notify the other Parties to that effect. Such procedures shall include such details as the



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division

Signature: _____

Date: July 4 2013



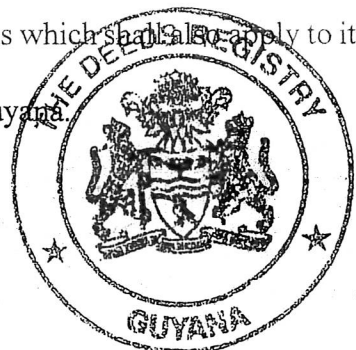
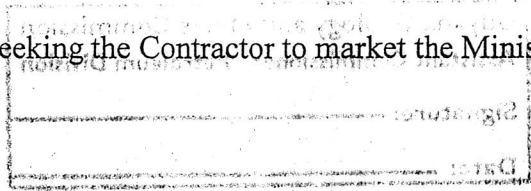
Parties may agree, to prevent a Party from delaying the lifting of any quantities of Crude Oil not so lifted, to a later period.

- (c) In the absence of any agreement to the contrary between the Parties, the Contractor and the Minister shall share in each type of grade of Crude Oil in proportion to their respective Lifting Entitlement.

14.3 The Contractor shall, if requested by the Minister, use reasonable efforts to market abroad on competitive terms all or part of the Minister's Lifting Entitlement subject to payment by Minister of costs normally borne by a seller in such transactions and on other terms to be agreed including an agreed marketing fee in respect thereof. The Minister shall provide the Contractor with at least six (6) months notice before changing between receiving payments in kind as provided under Article 14.1 and seeking the Contractor to market the Minister's Lifting Entitlement under this Article.

14.4 Subject to the provisions of Article 17 hereof, the Contractor shall have the right to export at the export point chosen for this purpose all Petroleum to which it is entitled under this Agreement free of any duty, tax or other financial impost, and to receive and retain abroad all proceeds from the sale of such Petroleum.

14.5 All Guyana's export laws, regulations, orders, directives and notifications of the Minister will apply, as these relate to export destinations. The Contractor agrees to abide by the said laws, regulations, orders, directives and notifications which shall also apply to its Affiliated Companies engaged in Petroleum Operations in Guyana.



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: 11/20/13

In connection with the above, the Minister shall concurrently with the Effective Date and thereafter from time to time advise Contractor of such destinations to which exports of Crude Oil, shall be contrary to the said regulations, orders, directives and notifications.

The Contractor shall be free always to sell and /or deliver Petroleum to third parties in the United States of America, Brazil and Trinidad and Tobago. Contractor's terms of sale to third parties shall contain a stipulation that the regulations, orders, directives and notifications as set forth in Article 14.5

shall apply.



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: Xenellian
Date: July 4 2013



RECEIVED
THE DEEDS REGISTRY
GUYANA
JUL 10 2013

Article 15 - Taxation and Royalty

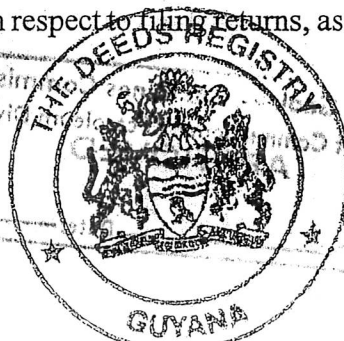
15.1 Except as provided in Article 15.2 and 15.8 and except as otherwise set forth in this Article 15.1, no tax, value-added tax, duty, fee, charge or other impost shall be levied at the date hereof or from time to time thereafter on the Contractor in respect of income derived from Petroleum Operations or in respect of any property held or thing done for any purpose authorised or contemplated hereunder other than:

- (a) subject to the provisions of Article 21, import duties at the rates specified from time to time in the Customs Act (Cap. 82:01);
- (b) taxes, duties, fees or other imposts for specific services rendered on request or to the public or commercial enterprises generally;
- (c) rent due to Government in respect of any land rights granted or assigned to the Contractor;
- (d) annual licence rental charges due under Article 10;
- (e) subject to Article 15.7, local government rates or taxes (being rates or taxes not calculated by reference to income) not in excess of those generally applicable in Guyana;
- (f) stamp duties, registration fees, licence fees and any other tax, duty, fee or other impost of a minor nature.

15.2 Contractor, Affiliated Companies, Sub-Contractors and individuals who are expatriates shall be subject to the income tax laws of Guyana, including, the Income Tax Act of Guyana (Cap. 81:01) and the Corporation Tax Act of Guyana (Cap. 81:03) and shall separately comply with the requirements of those laws, in particular with respect to filing returns, assessment of tax, and keeping and showing of books and records.

55

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Signature]*
Date: 11/20/23



15.3 The taxable income of the Contractor arising in each year of assessment under this Agreement for purposes of the income tax laws of Guyana, (including the Income Tax Act and the Corporation Tax Act referred to in Article 15.2) shall include the amounts of Contractor's income tax and corporation tax paid pursuant to Article 15.4.

15.4 The Minister hereby agrees:

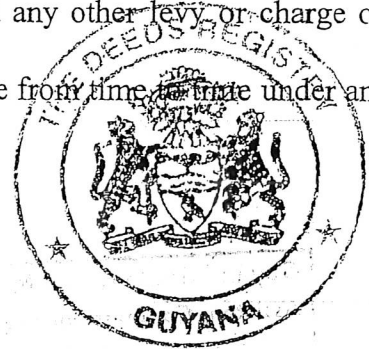
(a) that a sum equivalent to the tax assessed pursuant to Article 15.2 and 15.3 will be paid by the Minister to the Commissioner General, Guyana Revenue Authority on behalf of the Contractor and that the amount of such sum will be considered income of the Contractor; and

(b) that the appropriate portion of the Government's share of Profit Oil delivered in accordance with the provisions of this Agreement shall be accepted by the Minister as payment in full by the Contractor of Contractor's share of each of the following levies, whatsoever the applicable rate of such levies may be, which the Minister shall then pay on behalf of the Contractor under Article 15.4 (a) to the Commissioner General, Guyana Revenue Authority:

- (i) the share of royalty payable by Contractor pursuant to Article 15.6;
- (ii) the Contractor's share of the income taxes imposed by the laws of Guyana, including, but not limited to, income tax imposed by the Income Tax Act and corporation tax imposed by the Corporation Tax Act and payable at the date hereof, or from time to time thereafter, and any other levy or charge on income or profits which may become payable from time to time under any



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
APPROVED
Signature: *[Signature]* Date: *July 4 2013*



laws, acts, statutes, regulations or orders by the Government; and

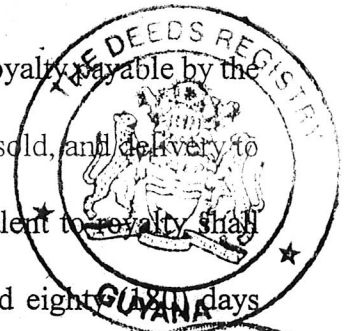
- (iii) any other similar charge imposed and payable in respect of Petroleum Operations at the date hereof, or from time to time hereafter, except charges of the type specified in Article 15.1 (a-d).

15.5 The Contractor shall provide the Minister with the Contractor's income tax returns to be submitted by the Minister to the Commissioner General, Guyana Revenue Authority so the Minister can pay income tax on behalf of the Contractor as provided under Article 15.4 (a).

On such returns, the Minister shall note that he is paying the income taxes on behalf of the Contractor, so that the Commissioner General, Guyana Revenue Authority can properly prepare the receipts required under this Article 15.5. Within one hundred and eighty (180) days following the end of each year of assessment, the Minister shall furnish to Contractor proper tax certificates in Contractor's name from the Commissioner General, Guyana Revenue Authority evidencing the payment of the Contractor's income tax under the Income Tax Act and corporation tax under the Corporation Tax Act. Such certificates shall state the amount of tax paid and other particulars customary for such certificates.

15.6 The Government's share of Profit Oil specified in Article 11 includes royalty payable by the Contractor at the rate of one percent (1%) of Crude Oil produced and sold, and delivery to the Minister, pursuant to Article 14 of his share of Profit Oil equivalent to royalty shall constitute payment of such royalty in kind. Within one hundred and eighty (180) days following the end of each year of assessment receipts evidencing payment of Contractor's

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division 57
APPROVED
Signature: *[Signature]* Date: *July 4 2013*



royalty shall be furnished by the Minister to the Contractor stating the amount and other particulars customary for such receipts.

15.7 Subject to the conditions of section 49 of the Act, the Minister may remit in whole or in part, or defer payment of any royalties payable by Contractor.

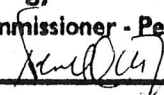
15.8 Nothing in this Agreement shall be construed to place an obligation on the Government to file a tax return declaring its share of production or profit share or to regard such profit share as income within the meaning of section 5 of the Income Tax Act (Cap 81:01) or section 4 of the Corporation Tax Act (Cap 81:03)

15.9 The Minister hereby agrees that the Contractor shall be exempted from the Property Tax Act pursuant to section 51 of the Act and any other act which amends or replaces in part or in whole the Property Tax Act.



The Minister agrees that for the duration of the Exploration Period, and for any area within the Contract Area where exploration activity is in progress, the provisions of section 10(b) of the Corporation Tax Act (Cap 81:03) shall not apply to the Contractor, with respect to any payments made any Affiliated Companies or Sub-Contractors. The Affiliated Companies or Sub-Contractor shall, however, be subject to withholding tax in accordance with provisions of section 39 (8) of the Income Tax Act (Cap 81:01), with respect to profits remitted or deemed remitted to its head office.

15.11 The Expatriate employee of the Contractor, Affiliate companies and the Subcontractor shall

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: 
Date: July 4 2013

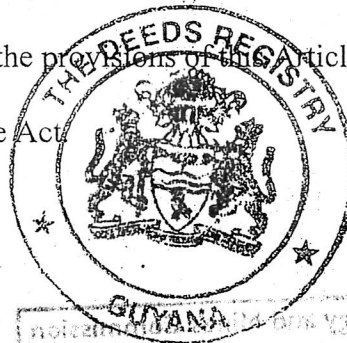
58



be liable to pay personal income tax in Guyana on income earned in Guyana. Guyana (represented herein by the Minister) shall cause the proper authorities to issue appropriate tax certificates to expatriate employees when required.

- (i) if an expatriate employee is liable to pay income tax in Guyana on income earned in Guyana, such expatriate employee shall pay such income tax at a rate equal to the current income tax rate of Guyana.

15.12 An Order shall be made giving effect to the provisions of this Article in statutory form and language as specified in section 51 of the Act.



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*

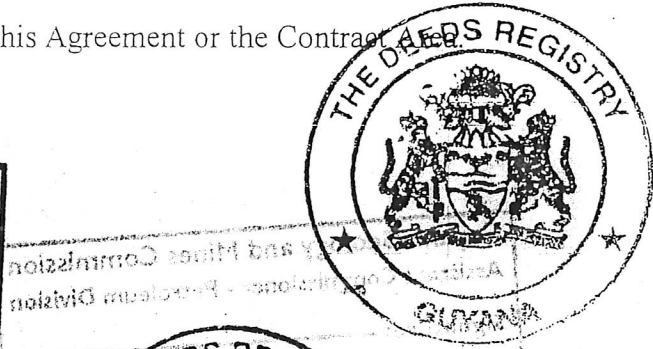


Article 16 - Contracts and Assignments

16.1 The Contractor shall, upon request, provide to the Minister copies of:

- (a) contracts with respect to the sale or disposal of Petroleum (including invoices issued thereunder);
- (b) any deed of assignment of an interest of the Contractor under this Agreement pursuant to Article 25;
- (c) any instrument by which the Contractor pledges, mortgages, encumbers or hypothecates its interest under this Agreement or the Contract.

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



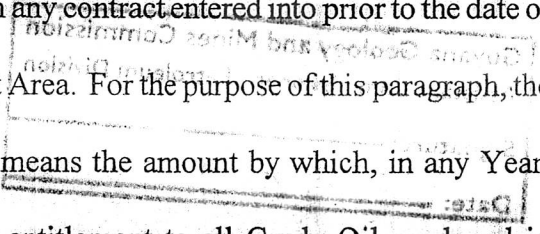
Article 17 - Domestic Supply Obligation

17.1 If the requirements of the domestic market in Guyana exceed the Minister's total entitlement from all Crude Oil production in Guyana, then the Contractor if requested by the Minister, shall sell Crude Oil in Guyana on the basis of the ratio which the Contractor's Lifting Entitlement bears to the sum of Contractor's Lifting entitlement plus the total entitlement of all other producers in Guyana subject to Article 17.3. The volume of Crude Oil which the Contractor shall be required to sell under this Article shall not exceed the Contractor's share of Profit Oil. The Minister shall give the Contractor notice on or prior to April 1 of the year preceding the Calendar Year in which the Government will have the said requirement and the term of the supply shall be on a Calendar Year basis unless otherwise agreed.

17.2 The Contractor shall, in any Year, have a right to supply out of Contractor's Lifting Entitlement the proportion of the Crude Oil requirements of Guyana that the quantity produced from the Contract Area bears to the total production at the time in Guyana to the extent that such requirement is not satisfied from any contract entered into prior to the date of commencement of production from the Contract Area. For the purpose of this paragraph, the

term "the Crude Oil requirements of Guyana" means the amount by which, in any Year, domestic demand exceeds the Minister's total entitlement to all Crude Oil produced in

Guyana. The Contractor shall give the Minister notice on or prior to April 1 of the Calendar Year preceding the Calendar Year in respect of which Contractor wishes to exercise the aforesaid right and the term of the supply shall be on a Calendar Year basis unless otherwise



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Signature]*
Date: July 4 2013



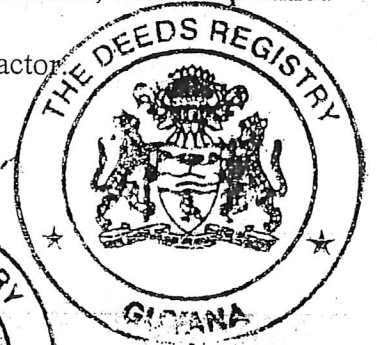
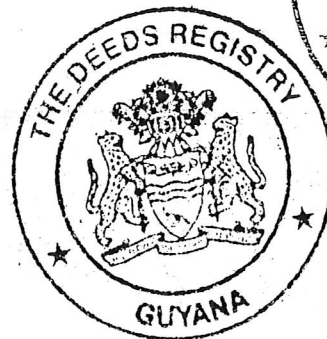
agreed. Notwithstanding the foregoing the Contractor shall have the right to supply the total amount calculated pursuant to the foregoing provisions.

17.3 The price payable for the sale of Crude Oil pursuant to this Article shall be paid in United States dollars (or other currency as may be agreed) at a place specified by the Contractor within thirty (30) days of receipt of the Contractor's invoice by the Minister, and shall be determined in accordance with Article 13. All sums overdue shall bear interest at the Agreed Interest Rate.

17.4 Any sale of Crude Oil as provided for in Article 17.1 and 17.2 shall occur at the Delivery Point or such other point as the Minister and the Contractor may mutually agree.

17.5 All terms and conditions for the sale of Crude Oil pursuant to this Article, shall be specified in a contract of sale entered into between the Minister and Contractor

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



Article 18 - Guyana Resources

18.1 In the conduct of Petroleum Operations pursuant to this Agreement the Contractor shall require that the Operator give preference to:

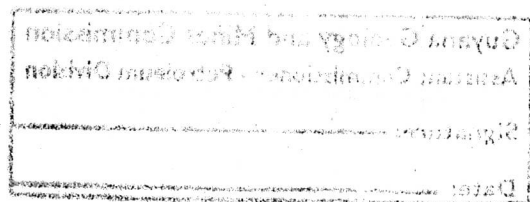
- (a) the purchase of Guyanese goods and materials, provided that such goods and materials are available on a timely basis of the quality and in the quantity required by Operator at competitive prices; and
- (b) the employment of Guyanese Sub-Contractors in so far as they satisfy the Operator's financial and technical requirements and meet the requirements of Article 18.1 (a).

18.2 The Contractor shall establish appropriate tender procedures for the acquisition of goods, materials and services which shall ensure that Guyanese suppliers and Sub-Contractors are given adequate opportunity to compete for the supply of goods and services.

18.3 Within ninety (90) days after the end of each Calendar Year the Contractor shall provide the Minister with a report outlining its achievements in utilising Guyanese resources during that Calendar Year.



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



Article 19 - Employment and Training

- 19.1 Subject to the requirements of any law relating to immigration, Government shall provide the necessary work permits and other approvals required by the Contractor for employment of Expatriate Employees in Guyana for the purpose of Petroleum Operations.
- 19.2 Without prejudice to the right of the Contractor to select employees and determine the number thereof in the conduct of Petroleum Operations, the Contractor shall, to the maximum extent practicable, employ, require the Operator to employ and encourage Sub-Contractors to employ Guyanese citizens having appropriate qualifications and experience.
- 19.3 During each year of the term of the Petroleum Prospecting Licence, or any renewal thereafter the Contractor shall make available to GGMC the amount of five thousand United States Dollars (US\$5,000) for one or more of the following purposes mentioned in Article 19.3 (a-



- (a) to provide Guyanese personnel nominated by GGMC with on-the-job training in Contractor's operations in Guyana and overseas and/or practical training at institutions abroad, particularly in the areas of logistical planning for undertaking Petroleum Operations, seismic acquisition and interpretation, economic analysis, petroleum accounting and contract administration;
- (b) to send qualified Guyanese personnel selected by GGMC on courses not exceeding one year at universities, colleges or other training institutions mutually selected by



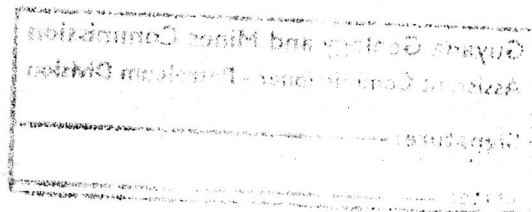
Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*

Contractor and GGMC;

- (c) to send Guyanese personnel selected by GGMC to conferences and seminars related to the petroleum industry;
- (d) to purchase for GGMC advanced technical books, professional publications, scientific instrument or other equipment required by GGMC.



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2003*



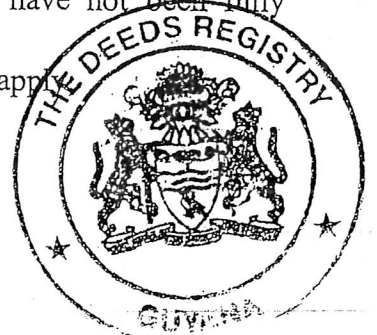
Article 20 - Rights to Assets and Insurance

20.1 Rights to Assets

- (a) The Contractor shall have the right to use free of charge assets previously installed by the Contractor in relinquished areas which are required for its operations in the remaining portion of the Contract Area provided that in the event of re-licencing of the relinquished area, such licence shall exclude the aforesaid assets.
- (b) Subject to Article 20.1 (c) upon expiry or termination of this Agreement in accordance with the provisions hereof, the Contractor shall upon notification by OGMC pursuant to Article 20.1 (d) (i):



- (i) deliver to the Minister, free of charge, in good order and condition, (fair wear and tear excepted) all installations, works, pipelines, pumps, casings, tubings, engines and other equipment, machinery or assets of a fixed or permanent nature constructed, used or employed by the Contractor or the Operator in the Contract Area;
- (ii) deliver to the Minister, free of charge, any fixed assets relating to Petroleum Operations outside the Contract Area and movable assets owned by the Contractor or Operator and used or employed in connection with Petroleum Operations and located in Guyana for which costs have been fully recovered in accordance with Annex C herein; where costs have not been fully recovered the provisions of Article 20.1 (b)(iii) shall apply.



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division

Signature: _____

Date: _____

(iii) sell to the Minister any other assets owned by the Contractor or Operator and used or employed by the Contractor or Operator in the Contract Area or elsewhere in Guyana in connection with Petroleum Operations at a price equivalent to the unrecoverable cost of the assets.

(c) The above provisions of Article 20.1 (b) shall not apply to:

(i) assets which are still required by the Contractor or Operator for use in respect of an area in Guyana subject to another petroleum agreement at the time of expiry or termination of this Agreement;

(ii) equipment and other assets rented or leased by Contractor in Guyana;

(iii) equipment and other assets rented or leased by Contractor and imported in Guyana for use in Petroleum Operations and subsequently exported therefrom;

(iv) equipment and any other assets owned or leased by a Sub-Contractor;

(v) household goods which are the personal property of employees of the Contractor;

(vi) equipment and assets otherwise not owned by Contractor or Operator.

(d) The Contractor shall notify the Minister of all assets acquired as provided in section 4 of Annex C to this Agreement.

(i) At least six (6) Calendar Months before expiry of the term of this Agreement,

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division

Signature: *[Handwritten Signature]*

Date: July 4 2013



within three (3) Calendar Months following notice of termination of this Agreement or promptly following cancellation of all Licences, GGMC shall notify the Contractor of the assets to be delivered or sold to the Government.

(ii) Subject to the terms and the provisions of this Article, the Contractor shall not, within one (1) year of the date upon which it estimates that termination of this Agreement will occur, remove from the Contract Area or sell any assets of a fixed or permanent nature which might be deliverable to the Government under this Article without the consent of the Minister, such consent not to be unreasonably withheld.



(iii) Abandonment Programme and Budget

(aa) Within sixty (60) days after the expiration of the term of this Agreement or the sooner relinquishment of some or all of the Contract Area, the Contractor shall carry out to the Minister's satisfaction an abandonment programme agreed with the Minister for all installations and pipelines provided by Contractor under this Agreement that the Minister elects not to have delivered up to him in accordance with Article 20.1(b). With respect to the area being relinquished and/or facilities thereon, such abandonment programme shall comply with and be limited to internationally accepted standards prevailing at the time of abandonment.

(bb) Concurrent with the submission of a Development Plan as provided



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2017*

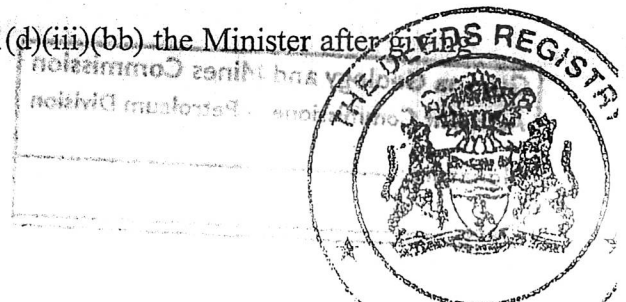
in Article 8.4, the Contractor shall submit for the Minister's approval a proposed abandonment programme and budget covering all such installations and pipelines provided by Contractor under this Agreement.

- (cc) The Minister shall act without unreasonable delay in reaching a decision on the Contractor's proposal under Article 20.1(d)(iii)(bb) and may approve or modify or impose conditions thereon. Before modifying or imposing conditions on the proposal, the Minister shall notify the Contractor of the proposed modification or conditions and give the Contractor the opportunity to make written representations within sixty (60) days thereafter about the proposed modifications or conditions. After taking into consideration such representations the Minister and the Contractor shall make their best efforts to mutually agree on the proposed modifications or conditions of the abandonment programme and budget. In the event that the Minister and Contractor cannot mutually agree on the proposed abandonment programme and budget, either Party may by written notice to the other Party propose that the dispute be referred for determination in accordance with the provisions of Article 26.

- (dd) In the event that the Contractor does not present a timely proposal to the Minister under Article 20.1(d)(iii)(bb) the Minister after giving



Guyana Geology and Mines Commission Assistant Commissioner - Petroleum Division
Signature: <i>[Handwritten Signature]</i>
Date: <i>July 4 2013</i>



thirty (30) days notice to the Contractor of his intention to do so, may prepare an abandonment programme and budget for the Contract Area if the Contractor does not present a proposal by the end of the thirty (30) day period. When the Minister has so prepared the abandonment programme and budget, it shall have the same effect as if it had been submitted by the Contractor and approved by the Minister.



(ee) Contractor shall have the right on an annual basis to propose a revised abandonment programme and budget. Such proposal shall be subject to the approval process in Article 20.1(d) (iii) (cc). Any revisions to the abandonment programme and budget shall result in a revision to the guarantee referred to in Article 20.1(d) (iii) (hh).

(ff) All funds required to carry out the approved abandonment programme shall be made available by Contractor when the costs for abandonment are incurred.

(gg) All costs included in the approved abandonment programme and budget shall be recoverable as operating costs on a unit of production basis commencing during the period when the abandonment programme and budget is approved. The amount to be recovered in a respective period shall be calculated by dividing the approved abandonment budget by the estimated units of production to be produced and sold by the Contractor between the date



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*

Minister's approval and the anticipated date of abandonment and multiplying the result by the units produced in the period.

(hh) Contractor shall deliver to the Minister within seven (7) days after the date the abandonment programme and budget are approved an undertaking from Contractor's immediate parent company stating that such parent company shall ensure provision of financial and technical resources necessary to conduct the approved abandonment programme. The amount of the financial undertaking shall be equal to the amount recovered under Article 20.1(d)(iii)(gg) less any amounts spent under the approved abandonment programme.

(ii) Notwithstanding the provisions of Article 20.1(d)(iii)(ff), in the event the Minister elects to have all or a portion of the facilities delivered up to him in accordance with Article 20.1(b), the Contractor shall pay the Minister at the time of transfer the amounts stipulated in the latest approved abandonment budget for the transferred facilities. Upon transfer and receipt of the funds, the Minister shall assume all responsibilities for the transferred facilities and their abandonment and shall hold the Contractor harmless against any liability with respect thereto accruing after the date of such transfer to the Minister.

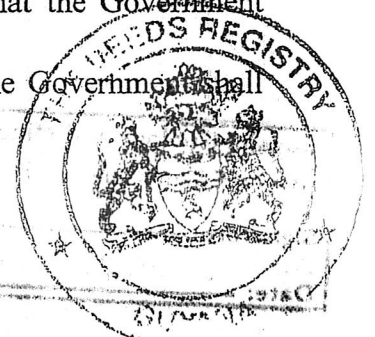
(iv) Subject to Article 20.1 (c), in the event that the Government acquires any assets pursuant to this Article, the Government shall



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division

Signature: *[Handwritten Signature]*

July 4 2013



assume all liabilities, with respect to such assets, arising from and after the date of acquisition and shall not direct the Contractor to remove or abandon any such assets pursuant to regulation 9 (1)(a) of the Regulations. The Government shall indemnify and hold Contractor harmless for any and all costs and claims which may arise from the use or abandonment of any asset from and after the date of acquisition by the Government.



- (v) Assets not acquired by the Government pursuant to this Article may be sold or otherwise freely disposed of by the Contractor subject to Article 21.2 and the Regulations.

20.2 Insurance

(a) The Contractor shall effect and, at all times during the term of this Agreement, maintain for Petroleum Operations hereunder insurance as required by applicable laws, rules, and regulations and of such type and in such amount as is customary in the international petroleum industry in accordance with good oil field practice in respect of but not limited to:

- (i) loss or damage to all assets used in Petroleum Operations;
- (ii) pollution caused in the course of Petroleum Operations for which the Contractor or the Operator may be held responsible;
- (iii) loss or damage to property or bodily injury suffered by any third party

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*

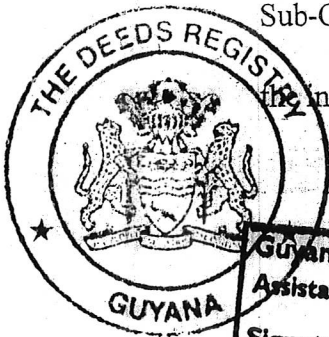


the course of Petroleum Operations for which the Contractor may be liable to provide an indemnity pursuant to Article 2.4;

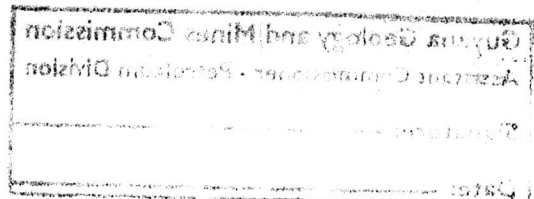
- (iv) the Contractor's and/or Operator's liability to its employees engaged in Petroleum Operations.

To the extent permitted by applicable laws, rules and regulations, such insurance may be provided through Contractor's affiliate insurance company.

- (b) The Contractor shall require the Operator to carry and to endeavour to have its Sub-Contractors carry insurance of such type and in such amount as is customary in the international petroleum industry in accordance with good oil field practices.



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



Article 21 - Import Duties

21.1 The Contractor, and the Sub-Contractors engaged in Petroleum Operations, subject to Article 21.1(a) hereunder, shall be permitted to import, free of duty or other taxes or imposts, machinery, equipment, vehicles, materials, supplies, consumable items (other than foodstuffs or alcoholic beverages or fuel), and movable property, where imports in any of the said categories have been certified by the Chief Inspector to be for use solely in carrying out Petroleum Operations. The Contractor shall give prior notification to the Minister of Sub-Contractors engaged in Petroleum Operations.



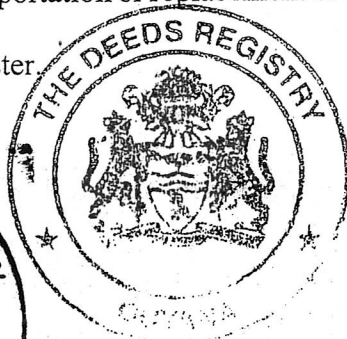
Subject to Article 21.1, and for as long as this Petroleum Agreement remains in force the Contractor and Sub-Contractors engaged in Petroleum Operations hereunder shall be required to pay to the relevant authority a ten percent (10%) consumption tax on any fuel imports, where such imports have been certified by the Chief Inspector to be used solely in carrying out Petroleum Operations in any area within the Contract Area.

21.2 Subject to Article 20, any of the items imported into Guyana may, if no longer required for Petroleum Operations hereunder, be freely exported at any time by the importing party, without the payment of any export duty or impost; provided, however, that on the sale or transfer by the importer of any such item to any person in Guyana (other than the Government) import duty shall be payable by the importer on the value thereof at the date of such sale or transfer as determined by the Customs and Excise Department in accordance with their applicable rules.

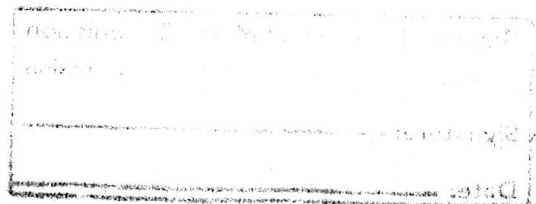
Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



21.3 Each Expatriate Employee of the Contractor (including any Affiliated Company) and of Sub-Contractors shall be permitted, subject to the limitations and conditions set out in the Customs Act, to import into Guyana free of import duty within six (6) months on first arrival his personal and household effects including one (1) motor vehicle; provided, however, that no property so imported by the employee shall be sold by him in Guyana except in accordance with Government regulations and upon the payment of the prescribed customs duties. Any importation or replacement of motor vehicles shall be a matter for consultation with the Minister



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



Article 22 - Foreign Exchange Control

22.1 The Contractor shall, during the term of this Agreement have the right:

- (a) to retain abroad all foreign exchange obtained from the export sales of Contractor's Petroleum and to remit and retain abroad all foreign exchange earned from sales of Petroleum or assets in Guyana;
- (b) to finance Petroleum Operations hereunder in any currency through any combination of equity, inter-affiliate or third party loans, inter-company open accounts, or production payments but no payments of principal or interest in respect thereof shall be made from any source in Guyana other than the bank accounts referred to in Article 22.1 (c);
- (c) to open and maintain bank accounts denominated in Guyanese dollars and/or United States dollars in Guyana and freely dispose of the sums deposited therein without any restriction; provided the said accounts are credited only with sums deposited in foreign currency or with the proceeds of the sale of foreign currency being credits relating to or derived from Petroleum Operations;
- (d) to open and maintain bank accounts in any foreign currency outside Guyana which may be credited without restriction and freely dispose of any sums deposited therein without restriction and without any obligation to convert into Guyana currency any part of the said amounts, save that such accounts shall not be credited with the proceeds of the sale of any Guyanese currency without the consent of the Bank of Guyana;
- (e) to purchase and, with the approval of the Bank of Guyana, to sell Guyana's currency;



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: [Signature]
Date: July 4 2013

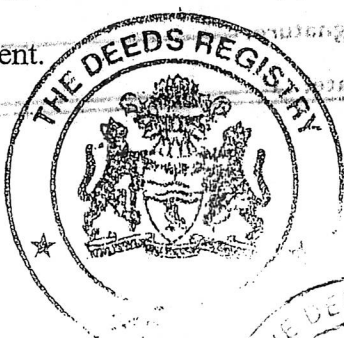


through the authorized banks, without discrimination, at the rate of exchange determined by the Bank of Guyana for authorized banks at the time of purchase or sale.

22.2 Expatriate Employees of the Contractor or of Affiliated Companies and of Sub-Contractors engaged in Petroleum Operations shall not be subjected to all Exchange Control Regulations that may be in effect from time to time. Expatriate Employees of the Contractor and Sub-Contractors shall be entitled to remit freely abroad any portion of their salaries paid in Guyana and any investment income that may be earned on the portion of their salaries paid in Guyana.

22.3 Where Contractor, Affiliated Company or Sub-Contractor by notice in writing to the Commissioner General, Guyana Revenue Authority has guaranteed the full and proper discharge by an Expatriate Employee engaged in Petroleum Operations of his liability to income tax under the laws of Guyana, that Expatriate Employee shall be entitled to receive payment of the whole or any part of his remuneration in the country in which he is normally resident.

THE DEEDS REGISTRY



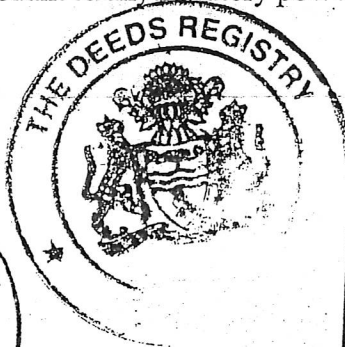
Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*

Article 23 - Accounting and Audits

23.1 The Contractor shall be responsible for maintaining accounting records relating to Petroleum Operations under this Agreement in accordance with the Accounting Procedures set out in Annex C hereto.

23.2 The Minister shall have the right to audit the accounting records of the Contractor in respect of Petroleum Operations in accordance with Accounting Procedure.

23.3 Nothing in this Article shall be construed as limiting the right of Government or any officer of Government pursuant to any statutory power to audit or cause to be audited the books of the Contractor.



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*

Article 24 - Force Majeure

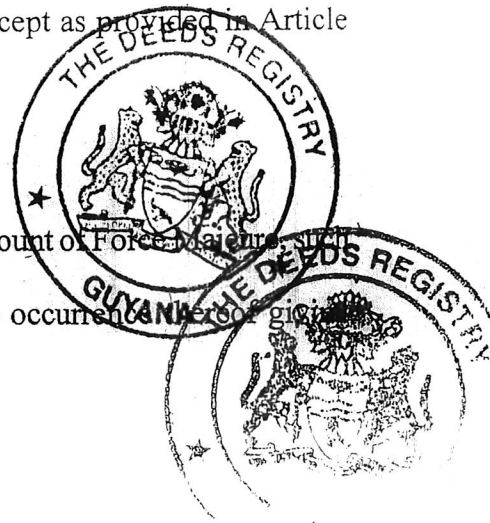
24.1 Any non-performance or delay in performance by any Party hereto or any of its obligations under this Agreement or in fulfilling any condition of any Licence granted to such Party or in meeting any requirement of the Act or Regulations and any Licence issued thereunder, shall, except for the payment of monies due by Government to Contractor or monies due to Government under section 43 (4) of the Act (unless such failure to pay is prevented by any action of the Government), not be a breach of this Agreement, the Licence or the Act and Regulations if and to the extent that such non-performance or delay is caused by Force Majeure as defined in this Article.

24.2 In this Article, the term "Force Majeure" shall mean any event beyond the reasonable control of the Party claiming to be affected by such event which has not been brought about at its instance and which has caused such non-performance or delay in performance and, without limitation to the generality of the foregoing, includes natural phenomena or calamities, epidemics, fires, wars declared or undeclared, hostilities, invasions, blockades, riots, strikes, insurrection, civil disturbances, mining of the seas, international disputes affecting the extent of the Contract Area and any governmental action that would prevent the performance of an obligation or ability of the Contractor to export Petroleum (except as provided in Article 14.5).

24.3 Where any Party is claiming suspension of its obligations on account of Force Majeure, such Party shall promptly notify the other Parties in writing of the occurrence of such

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division

Signature: *[Signature]*
Date: July 4 2013



particulars of the Force Majeure and obligations affected. Each Party shall promptly notify the other Parties as soon as the Force Majeure has been removed or no longer prevents it from carrying out its obligations hereunder:

24.4 Where a Party is prevented from exercising any rights or performing any obligations under this Agreement due to a Force Majeure, the Minister hereby agrees pursuant to section 43 (3) of the Act, subject to the proviso therein, that a period of additional time necessary for restoration of damages caused during a Force Majeure delay shall be added to the time allowed under this Agreement for the performance of such obligation and for the performance of any obligation or the exercise of any right dependent thereon and to the term of any Licence issued pursuant to this Agreement. The Contractor shall have the option of terminating this Agreement without any further obligation if Force Majeure exceeds one (1) year.



24.5 Without prejudice to the other provisions of this Article, the Parties shall meet to discuss the consequences of the Force Majeure and the course of action to be adopted in the circumstances.

24.6 The Government shall not invoke Force Majeure due to any order, regulation or written directive of the Government which hinders the Government's performance of its obligations under this Agreement.



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *David O...*
Date: July 4 2013

Article 25 - Assignment

25.1 Subject to the regulation 20 of the Regulations the Contractor shall not assign, or transfer in whole or in part, any of its rights, privileges, duties or obligations under this Agreement, or any Licence issued pursuant to this Agreement, to any person, firm or corporation, without the prior written consent of the Minister.

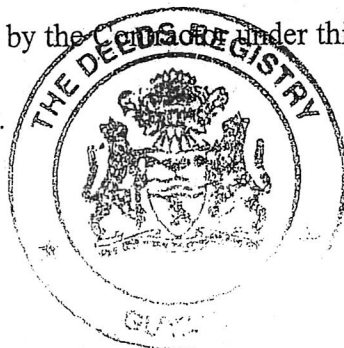
25.2 The Minister shall give his consent under Article 25.1 where:

- (a) the assignment or transfer will not adversely affect the performance or obligations under this Agreement;
- (b) the assignment is not contrary to the interests of Guyana; or
- (c) subject to (a) above, the assignment or transfer is to an approved Affiliated Company.



25.3 In the event that the Minister does not give his consent or does not refuse a request for an assignment or transfer by Contractor within sixty (60) days of receipt of such request, consent shall be deemed to have been given by the Minister.

25.4 Any assignment made pursuant to this Article shall bind the assignee to all the terms and conditions hereof and the terms and conditions of any Licence issued pursuant to this Agreement unless otherwise agreed, and as a condition to any assignment, the assignee shall provide an unconditional undertaking to the Minister to assume all obligations by the Contractor under this Agreement or any Licence issued pursuant to this Agreement.



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*

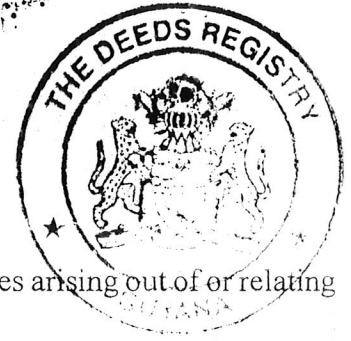
25.5 An application for assignment or transfer of a Licence shall be made in accordance with Form E of the schedule specified in the Regulations. The applicant shall submit such additional information relating to the intended assignee which the Minister may reasonably require to enable him to dispose of the application.



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



Article 26 - Sole Expert, Conciliation and Arbitration



- 26.1 The Parties shall use their best efforts to settle amicably all disputes arising out of or relating to this Agreement.
- 26.2 Except for matters referred to in Articles 8, 12, and 13 and any other matter which the Parties agree to refer to a sole expert, any dispute arising out of or relating to this Agreement which cannot be settled amicably may be submitted by any Party to arbitration pursuant to Article 26.4 or Article 26.6, whichever applies.
- 26.3 The sole expert referred to in Article 26.2 shall be appointed by agreement between the Parties, and in the event the Parties fail to agree on the sole expert within sixty (60) days after receipt of the written notice from any Party proposing the appointment of a sole expert, such expert shall be appointed by the Minister of the Institute of Petroleum of the United Kingdom. The decision of the sole expert on matters referred to him shall be final and binding on the Parties. The Parties shall refer any dispute arising out of or relating to such expert decision, including enforcement thereof, to arbitration pursuant to Article 26.4 or Article 26.6, whichever applies.
- 26.4 Subject to the provisions herein, the Parties hereby consent to submit to the International Centre for the Settlement of Investment Disputes (ICSID) any dispute relating to or arising out of this Agreement for settlement by arbitration pursuant to the rules of the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (hereinafter referred to as the "Convention"). The Government hereby irrevocably waives

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



any claim to immunity with regard to any arbitration pursuant to this Article 26 and to any proceedings to recognise or to enforce this Article 26 or any proceeding to recognise or enforce an arbitral award rendered in an arbitration thereunder. Without prejudice to the generality of the foregoing, the waiver of immunity shall include immunity from service of process and immunity from jurisdiction of any competent court, and immunity of any of the Government's property from execution of any arbitration award or judgement entered thereon.



26.5 Subject to Article 26.6, prior to submitting a dispute for arbitration a Party may submit the dispute to conciliation under the Convention by a sole conciliator to be appointed by agreement of the Parties. If the Parties fail to agree on a conciliator in accordance with the Convention the dispute may be submitted for arbitration. No arbitration proceedings shall be instituted while conciliation proceedings are pending.

26.6 If the Secretary-General of ICSID refuses to register a request for conciliation or arbitration or if a tribunal of arbitrators constituted pursuant to Article 26.4 above determines that a dispute is outside of ICSID's jurisdiction, either Party may request arbitration of the dispute before three arbitrators pursuant to the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL). The American Arbitration Association shall administer the arbitration under the UNCITRAL Arbitration Rules and shall act as the appointing authority when the UNCITRAL Arbitration Rules call for an appointing authority.

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



26.7 If the Secretary-General of ICSID refuses to register a request for conciliation and neither party has requested arbitration under the UNCITRAL Arbitration Rules pursuant to Article 26.6 above, either Party may request conciliation pursuant to the UNCITRAL Conciliation Rules prior to submitting the dispute to arbitration.

26.8 Conciliation or arbitration proceedings pursuant to this Article 26 shall be held in Washington DC, United States of America, or Port-of-Spain, Trinidad, and conducted in the English language. The Parties shall select the location from between the above mentioned options, and failing agreement between them, the arbitrator(s) shall make such selection in their stead.

26.9 The fees and expenses of a sole expert or conciliator (as well as the charges for the use of ICSID or other facilities) shall be borne equally by the Contractor and the Minister. Each Party shall bear any other expenses it incurs in connection with expert or conciliation proceedings. In the case of arbitration proceedings, the arbitrators shall assess the expenses incurred by the Parties, the fees and expenses of the arbitrators, the charges for the use of the facilities and any other costs related to the arbitration and shall decide by whom such costs shall be paid. The arbitrator(s) shall render a decision within six (6) months after having been appointed.

26.10 The decision of a majority of the arbitrators shall be final and binding on all the Parties and shall be enforceable in any court of competent jurisdiction.

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: [Signature]
Date: July 4 2013



Article 27 - Applicable Law

27.1 This Agreement shall be governed by, interpreted and construed in accordance with the laws of the Cooperative Republic of Guyana.



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



[Faint, mirrored text from the reverse side of the page, including "Guyana Geology and Mines Commission"]

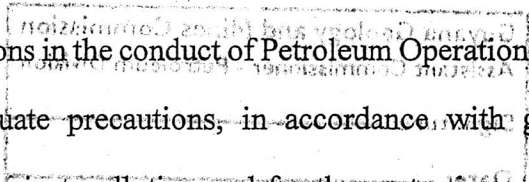
Article 28 - Protection of the Environment

28.1 In accordance with the Environmental Protection Act, 1996, the Contractor shall obtain an environmental authorization as required from the Environmental Protection Agency and comply with the provisions of that Environmental Protection Act in relation to any activity of this Agreement that is governed by that Environmental Protection Act.

28.2 The Contractor is precluded from initiating any exploration or development activity on those areas outside of the Contract Area which the Environmental Protection Agency may determine to be sensitive or protected.

28.3 In furtherance of regulation 6 of the Regulations in the conduct of Petroleum Operations the Contractor shall take necessary and adequate precautions, in accordance with good international petroleum industry practice, against pollution and for the protection of the environment and the living resources of the rivers and sea.

28.4 If the Contractor's failure to comply with the provisions of Article 28.1 results in pollution or damage to the environment, riverain or marine life or otherwise, the Contractor shall take all reasonable measures in accordance with good international petroleum industry practice to remedy the failure and the effects thereof and shall where pollution occurs treat or disperse it in an environmentally acceptable manner. The Contractor shall not be obligated to remedy or clean up pollution or environmental damage of any type that existed prior to the commencement of Petroleum Operations by the Contractor or arises as a consequence of pre-existing environmental conditions.



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: [Handwritten Signature]
Date: July 4 2013

28.5 The Contractor shall notify the Minister forthwith in the event of any emergency or accident arising from Petroleum Operations affecting the environment and shall take such action as may be prudent and necessary in accordance with good international petroleum industry practice in such circumstances.

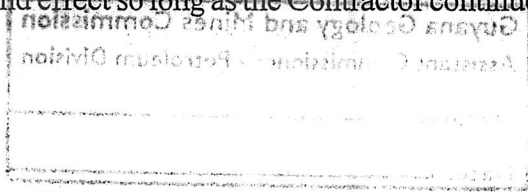
28.6 If the Contractor does not act promptly pursuant to Article 28.2 so as to control or clean up any pollution within a reasonable period specified by the Minister, the Minister may, after giving the Contractor reasonable notice in the circumstances, take any actions which are necessary in accordance with good international petroleum industry practice and the reasonable costs and expenses of such actions shall be borne by the Contractor.

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



Article 29 - Termination and Cancellation

29.1 This Agreement shall be deemed to have been terminated if the Petroleum Prospecting Licence granted to the Contractor pursuant to Article 3 and every Petroleum Production Licence granted to the Contractor under Article 8 has either expired or, under and in accordance with the Act and any relevant provision of this Agreement, been surrendered by the Contractor or lawfully cancelled by the Minister pursuant to section 42 of the Act but save as aforesaid, shall continue in full force and effect so long as the Contractor continues to hold any of the said Licences.

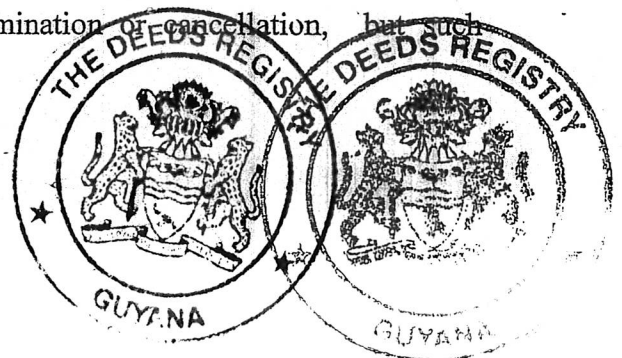


29.2 Should any issue arise between the Parties as to whether the Contractor is in default and such issue cannot be amicably settled by consultation between the Parties and a dispute thereon is referred for resolution pursuant to Article 26, this Agreement and the said Licences shall continue in force pending resolution of such dispute.

29.3 Pursuant to section 42 of the Act, the Minister shall not cancel a Licence on the basis of default unless the Minister has, by notice served on the licensee, given not less than thirty (30) days notice of such intention and the basis of default. In the notice the Minister shall specify a reasonable date before which the licensee may submit a written response or remedy the default.

29.4 On termination of this Agreement, or cancellation of any Licence as aforesaid, the rights and obligations of the Parties shall cease by the termination or cancellation, but such

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Signature]*
Date: *July 4 2013*



termination, or cancellation shall not affect any right of action existing or liabilities incurred by a Party before the date of termination or cancellation, and any legal proceedings that might have been commenced or continued against a Party may be commenced or continued against it.



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



[Faint, illegible text and stamps at the bottom right of the page]

Article 30 - Effective Date

30.1 The Effective Date shall be the date on which this Agreement is duly signed.



Guyana Geology and Mines Commission Assistant Commissioner - Petroleum Division Signature: <u>[Handwritten Signature]</u> Date: <u>July 4 2013</u>



noizairmoD esniM hns yvolasD ansyusD
noihvill amplensasD

Article 31 - Miscellaneous

31.1 The Government assures the Contractor that the Contract Area lies entirely within the territorial limits of Guyana and that Guyana has sovereignty over such area. The Government shall continue to assert its right to the entire Contract Area and seek to resolve current or future claims, if any, by other States that impugn any portion of the Contract Area.

The Government shall also use its best efforts to permit due observance of the terms and conditions of this Agreement by both Parties. Both Parties undertake not to take any action inconsistent with the terms and conditions of the Agreement.

31.2 This Agreement shall not be amended or modified in any respect except by written agreement entered into by all the Parties which shall state the date upon which the amendment or modification shall become effective.

31.3 In the event of any conflict between any provisions in the main body of this Agreement and any provisions in the Annexes, the provision in the main body shall prevail.

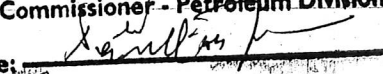


31.4 The headings of this Agreement are for convenience of reference only and shall not be taken into account in interpreting the terms of this Agreement.

31.5 A reference to the singular in this Agreement includes a reference to the plural and vice versa.

31.6 The provisions of this Agreement shall inure to the benefit of and be binding upon the Parties and their permitted assignees and successors in interest.

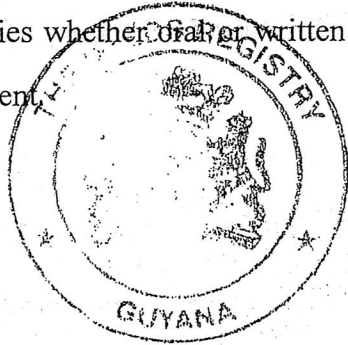
31.7 No waiver by any Party of any one or more obligations or defaults by any other Party shall be construed as a waiver of any other obligations or defaults whether of a like or of a different

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: 



character.

31.8 This Agreement supersedes and replaces any previous Agreement or understanding between the Parties whether oral or written on the subject matter hereof, prior to the date of this Agreement.



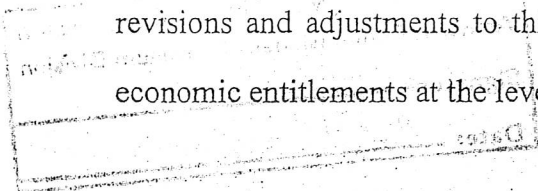
Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: [Handwritten Signature]
Date: July 4 2013

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division



Article 32 - Stability of Agreement

32.1 Government shall not, following the Effective Date, unilaterally increase the contractual obligations of the Contractor under this Agreement or diminish the contractual rights of the Contractor hereunder as such obligations and rights exist as of the Effective Date. If any level of the Government promulgates new or amended laws, decrees or regulations, which negatively impacts the Contractor's economic benefits, the Parties shall promptly make revisions and adjustments to this Agreement as necessary to maintain the Contractor's economic entitlements at the level existing as of the Effective Date.



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



Article 33 - Notices

33.1 All notices and other communications to be given under this Agreement shall be deemed to have been made properly if delivered in person in writing, mailed with charges prepaid or sent by facsimile, by one Party to the other at their respective addresses in Guyana as set forth below and copied to their overseas addresses. Any such notice or communication given as aforesaid shall be deemed to have been given and received at the time of delivery (if delivered by hand or by courier) or at the time of receipt (if transmitted by facsimile):

The Minister Responsible for Petroleum
c/o Guyana Geology And Mines Commission
Upper Brickdam, Stabroek,
P.O. BOX 1028, Georgetown,
GUYANA.

Attention: Commissioner, GGMC
Facsimile: 592-225-3047

The Company Secretary/Director
NABI OIL AND GAS INC.
c/o Lot 63 Brickdam, Stabroek, Georgetown,
GUYANA

Attention: Rafael S. Nabi
Facsimile: 592-227-1095



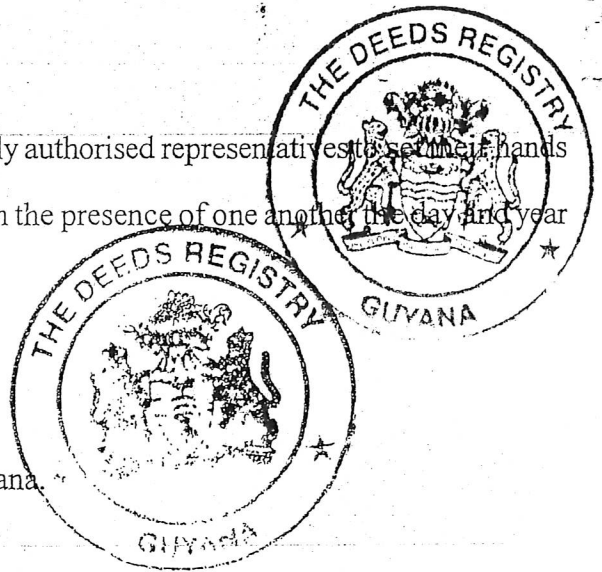
Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
July 4 2013


33.2 Any Party may, by notice as provided hereunder to the other Parties and GGMC change its address and other particulars for notice purposes.

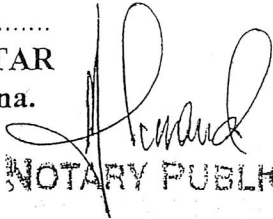
IN WITNESS whereof the Parties have caused their duly authorised representatives to set their hands at the City of Georgetown, in the Republic of Guyana in the presence of one another, the day and year first above written.

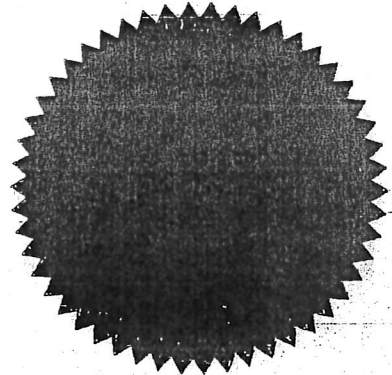
Signed by The Minister Responsible For Petroleum

Representing the Government of the Republic of Guyana.

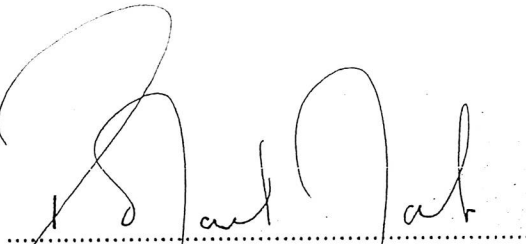


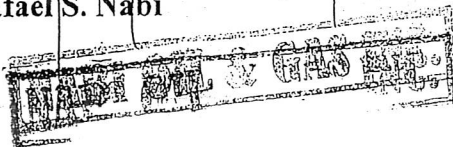

His Excellency DONALD RAMOTAR
President of the Republic of Guyana.


NOTARY PUBLIC



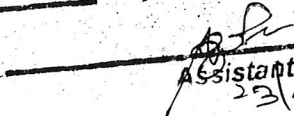
Signed by Company Secretary/Director of NABI OIL AND GAS INC.

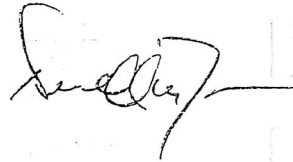

Company Secretary/Director
Rafael S. Nabi



A TRUE COPY of the original which was registered in the Deeds Registry of Georgetown, Demerara, Guyana on the

20 Day of June 2012

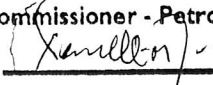

Assistant Sworn Clerk
23/07/2013



A TRUE COPY of the original which was registered in the Deeds Registry of Georgetown, Demerara, Guyana on the

20 Day of June 2012


Assistant Sworn Clerk

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: 
Date: 4 July 2013

ANNEX A
DESCRIPTION OF PROSPECTING AREA

Description of area to be granted under Petroleum Prospecting Licence pursuant to Article 3 of the Petroleum Agreement.

The area comprises approximately 2592 sq. km described herein consisting of graticular blocks identified herein shown on **Block Reference Map** attached.

Latitude and Longitude Measurements are North and West respectively.

POINT NO.	LATITUDE	LONGITUDE
1	06° 50.00' N	58° 10.00' W
2	06° 50.00' N	57° 55.00' W
3	06° 45.00' N	57° 55.00' W
4	06° 45.00' N	57° 50.00' W
5	06° 40.00' N	57° 50.00' W
6	06° 40.00' N	57° 45.00' W
7	06° 35.00' N	57° 45.00' W
8	06° 35.00' N	57° 40.00' W
9	06° 30.00' N	57° 40.00' W
10	06° 30.00' N	57° 35.00' W
11	06° 20.00' N	57° 35.00' W
12	06° 20.00' N	58° 10.00' W

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: _____
Date: July 4 2013



DESCRIPTION OF PROSPECTING AREA (CONT'D)

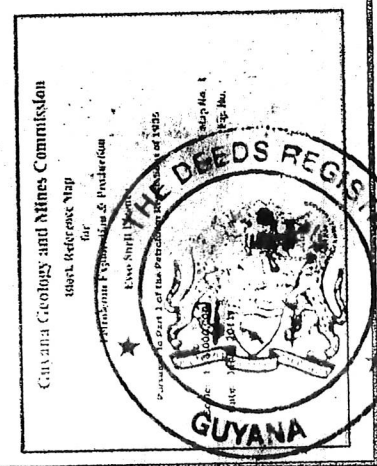
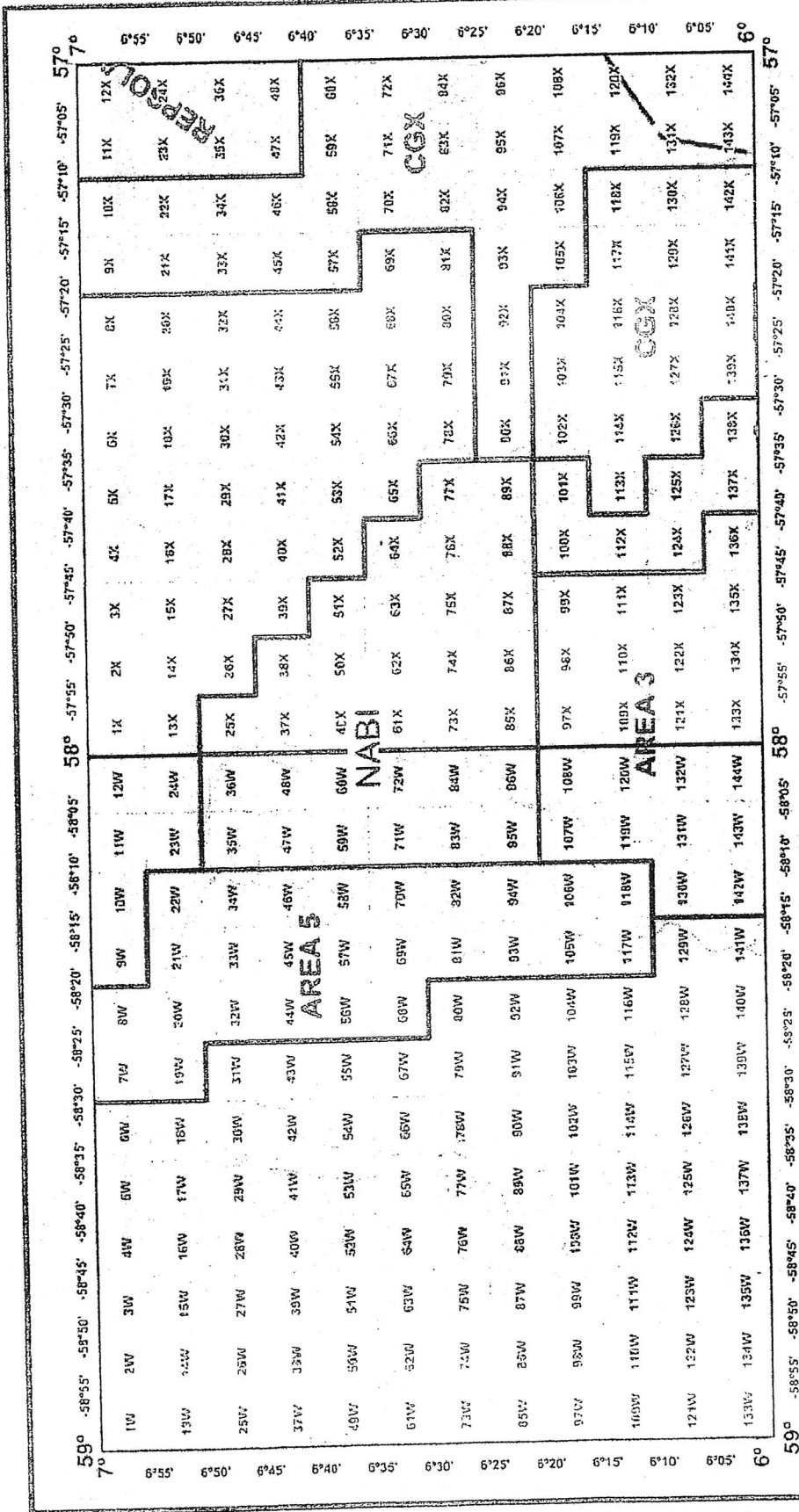
The following five (5) minute by five (5) minute square graticular blocks describe the area. These blocks are shown on the Map attached

Block W	Full blocks 35, 36, 47, 48, 59, 60, 71, 72, 83, 84, 95, 96
Block X	Full blocks 25, 37, 38, 49-51, 61-64, 73-77, 85-89



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*





Scale: 1:1,000,000

FOR FURTHER INFORMATION:
 Karen Livan
 Commissioner AG,
 Guyana Geology & Mines Commission
 Upper Brickdam, Georgetown, Guyana, South America
 TEL: (592) 235-3947
 FAX: (592) 237-0883
 EMAIL: commissioner@ggmc.gov.gy
 WEBSITE: www.ggmc.gov.gy



Guyana Geology and Mines Commission
 Assistant Commissioner - Petroleum Division
 Signature: *[Handwritten Signature]*
 Date: *July 4 2013*

ANNEX C

ACCOUNTING PROCEDURE

This Annex is part of this Petroleum Agreement (hereinafter referred to as "the Agreement")



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: [Signature]
Date: July 4 2013

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
APPROVED
Signature: [Signature] Date: July 4 2013

Section 1

GENERAL PROVISIONS

1.1 Definitions

For the purpose of this Accounting Procedure the terms used herein which are defined in the Agreement or in the Act shall have the same meaning when used in this Accounting Procedure.

1.2 Documentation Required to be Submitted by the Contractor

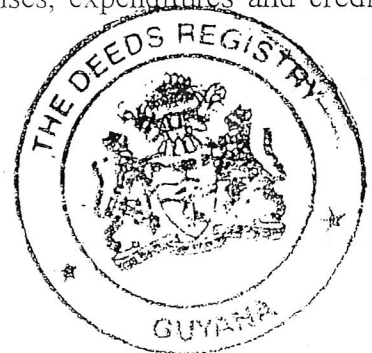
(a) The Contractor shall keep the accounts, operating records, reports and statements relating to the Petroleum Operations:



(i) in accordance with the terms of the Agreement and this Accounting Procedure; and

(ii) in such form as may be agreed from time to time between the Parties which shall identify the categories of costs, expenses, expenditures and credits classified in Sections 2 and 3 of this Annex.

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: Samuelley
Date: July 4 2013



(b) Pursuant to (a) above, the Contractor shall make quarterly Statements relating to the Petroleum Operations including:

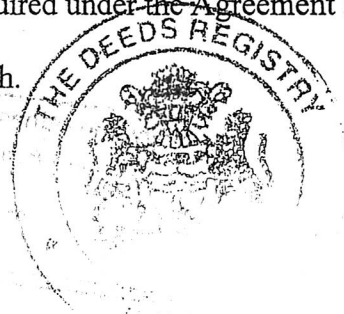
- (i) Production Statement (see Section 5 of this Annex).
- (ii) Value of Production and Pricing Statement (see Section 6 of this Annex).
- (iii) Statement of Expenditures and Receipts (see Section 7 of this Annex).
- (iv) Cost Recovery Statement (see Section 8 of this Annex).
- (v) End-of-Year Statement (see Section 9 of this Annex).
- (vi) Budget Statement (see Section 10 of this Annex).



1.3 Language, Units of Account and Exchange Rates

(a) Accounts shall be maintained in Guyanese dollars and United States dollars; however, the United States dollars accounts will prevail in case of conflict. Barrels shall be employed for measurements of production of Crude Oil required under the Agreement and this Annex. Standard cubic feet (scf) shall be employed for measurements of production of Natural Gas required under the Agreement and this Annex. The language employed shall be English.

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 2013*



(b) Should there be any gain or loss from exchange of currency, it will be credited or charged to the accounts under the Agreement.

(c) (i) Amounts received and costs, expenses and expenditures made in currencies other than United States dollars and Guyanese dollars shall be converted into United States dollars by using the relevant cross rate published in the Exchange Cross Rate table of the Financial Times, London edition, on the first business day for the Month in which the relevant transaction occurred.

(ii) Amounts received and costs, expenses and expenditures made in Guyanese dollars or in United States dollars shall be converted from Guyanese dollars into United States dollars or from United States dollars into Guyanese dollars on the basis of the average weekly buying and selling exchange rates between the currencies in question as determined and published by the Bank of Guyana at the time that the relevant transaction occurred.



(iii) The actual exchange rates applied in accordance with sub-section 1.3 (c) (ii) above and, where relevant, sub-section 1.3 (c) (i) above, shall be identified in the relevant Statements required under sub-Section 1.2 (a) of this Annex.

1.4 Payments

(a) All payments between the Parties under the Agreement shall, unless otherwise

Technology and Mines Commission
Commissioner - Petroleum Division
re: *[Signature]*
July 4 2013



agreed, be made in United States dollars and through a bank designated by the receiving Party.

- (b) All sums due under the Agreement during any Calendar Month shall, for each day such sums are overdue during such Month, and thereafter, bear interest at the Agreed Interest Rate.

1.5 Audit and Inspection Rights of Government

- (a) The President shall have the right to audit upon ninety (90) days written notice, at his sole cost and expense, accounts and records of the Contractor, maintained hereunder with respect to each Calendar Year within two (2) years from the end of each such Year. For purposes of auditing, the President may audit, examine and verify, at reasonable times during normal business hours but not more than once per Calendar Year, all charges and credits relating to the Contractor's activities under the Agreement and all books of accounts, accounting entries, material records and inventories, vouchers, payrolls, invoices and any other documents, correspondence and records necessary to audit and verify the charges and credits. During such annual audit, examination and verification in respect of each Calendar Year the President may review items previously subjected to audit in earlier Years but such review shall:

only be carried out in conjunction with the annual audit in any given Year; and



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2015*

- (ii) subject to Section 1.5 (b), no sooner than twelve (12) months following the previous audit thereof; and
- (iii) only be for the purposes of verifying a matter arising in a later period, which relates to the earlier Year(s) in question or as specified in Section 1.5 (b).

In conducting such audits, the auditors may physically examine at the sole cost and expense of the President, property, facilities and stocks used in Petroleum Operations wherever located. Such examinations shall take place at reasonable times during normal business hours upon fifteen (15) days prior notice.



At the conclusion of each audit, the Parties shall endeavour to settle outstanding matters and a written report will be issued to the Contractor within sixty (60) days of the conclusion of such audit. The report shall include all claims arising from such audit.

The Contractor shall reply to the report in writing as soon as possible and in any event not later than sixty (60) days following receipt of the report indicating acceptance or rejection of the audit claim and in the case of a rejection showing explanations thereof.

Should the President consider that the report or reply requires further investigation on any item therein, the President shall have the right to conduct a further audit.

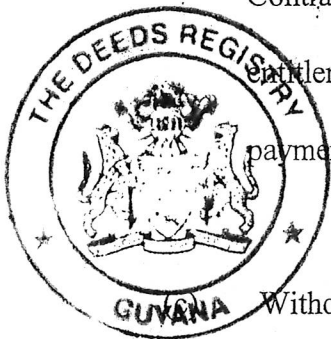
Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *Samuel...*
Date: July 2013



relation to such matter within sixty (60) days of its receipt of Contractor's reply. If within sixty (60) days of the President's further audit, the President's audit claim is not settled, the claim shall be submitted to arbitration in accordance with Article 26 of the Agreement.

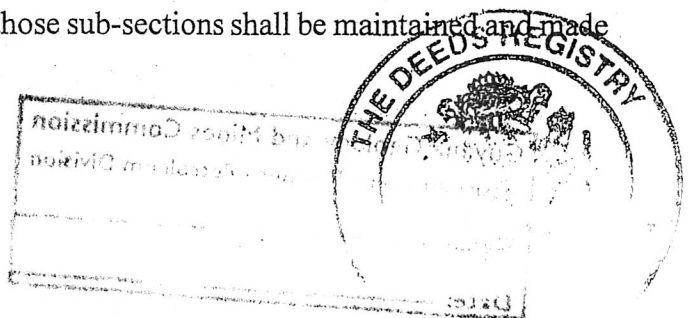
All adjustments resulting from an audit agreed between the Contractor and the President conducting the audit shall be reflected promptly in the accounts by the Contractor and any consequential adjustments in Crude Oil entitlements shall also be made promptly.

In the event that an audit claim by the President is not settled to the President's satisfaction by the Contractor's reply as provided for above, the Contractor shall be entitled to recover any disputed amounts pending final resolution of the claim. However, any subsequent adjustments in the President's share of Profit Oil following resolution of the claim shall be repaid with interest, at the Agreed Interest Rate as a first claim from Contractor's share of future Profit Oil. In the event that the Contractor's share of Profit Oil is insufficient to provide for the President's extra entitlement including interest, the Contractor shall promptly make an equivalent payment in United States dollars to the President.



Without prejudice to the finality of matters as described in sub-sections 1.5 (a) and 1.5 (b) all documents referred to in those sub-sections shall be maintained and made

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



available for inspection by the President for two (2) years following their date of issue providing, however, that where issues are outstanding with respect to an audit, the Contractor shall maintain documents for a longer period until the issues are resolved.

- (d) The Contractor may require that audits hereunder of accounts and records maintained by Affiliated Companies of the Operator, other than any Affiliated Company of the Operator which is conducting a substantial part of the Petroleum Operations on behalf of the Contractor be conducted either by the Operator's statutory auditors working under the instruction of the President (provided such appointment is accepted by the statutory auditors), failing which, by an independent firm of auditors of international standing to be approved by the President.



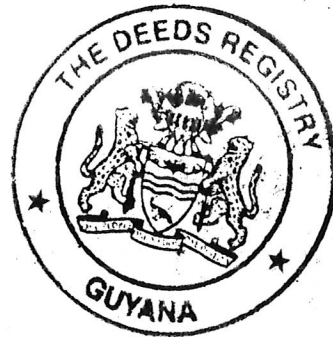
Nothing herein above provided shall entitle the President or his auditors to have access to data and records which:

- (i) are subject to statutory restrictions on disclosure; or
- (ii) do not relate to Petroleum Operations; or
- (iii) are not customarily disclosed in auditing practice in the international petroleum industry; provided however, that where the President or his auditors seek confirmation that charges subject to restricted access under (a), (b) and (c) above have been properly charged under this Agreement and Accounting Procedure, they shall be entitled to seek (at their sole cost) from

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



case may be, certification that such charges have been levied on a fair and reasonable basis.



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: X. [Signature]
Date: July 4 2013

Section 2

CLASSIFICATION, DEFINITION AND ALLOCATION OF COSTS,
EXPENSES AND EXPENDITURES

All costs, expenses and expenditures relating to the Petroleum Operations referred to in Section 3 shall be classified, defined and allocated as follows:

2.1 Exploration Costs are all direct and allocated indirect expenditures incurred in the search for Petroleum in an area which is or was, at the time when such costs were incurred, in the Contract Area, including:

(a) Aerial, geophysical, geochemical, paleontological, geological, topographical and seismic surveys and studies and their interpretation provided the data relates to the Contract Area.

(b) Core hole drilling and water well drilling.

(c) Labour, materials and services used in drilling Exploration and Appraisal Wells with the object of finding Petroleum or for the purposes of appraising the extent of producible reservoirs already discovered provided such wells are not completed as producing wells.

(d) Facilities used solely in support of the purposes described in (a), (b) and (c).



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 14 2013*



- (e) All General and Administrative Costs and Annual Overhead Charge and all Service Costs allocated to Exploration Costs.
- (f) Any other Contract Costs incurred in the search for and appraisal of Petroleum after the Effective Date.
- (g) Training Costs set forth in Article 19.3 of the Agreement.
- (h) Rentals.
- (i) Licenses and other fees.



2.2 Development Costs shall consist of all expenditures incurred in:

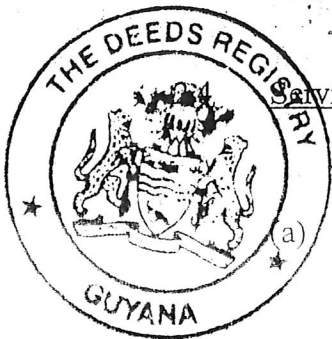
- (a) Drilling wells, which are completed as producing wells and drilling wells for purposes of producing from a producible reservoir whether these wells are dry or producing, and drilling wells for the injection of water or gas to enhance recovery of Petroleum.
- (b) Completing wells by way of installation of casing or equipment or otherwise after a well has been drilled for the purpose of bringing the well into use as a producer or as a well for the injection of water or gas to enhance recovery of petroleum.
- (c) Intangible drilling costs such as labour, consumable material and services having no salvage value which are incurred in drilling and deepening of wells for production purposes.

<p>Guyana Geology and Mines Commission Assistant Commissioner - Petroleum Division</p> <p>Signature: <i>[Handwritten Signature]</i></p> <p>Date: <i>July 4 2013</i></p>
--



- (d) The costs of field facilities such as pipelines, flow lines, production and treatment units, wellhead equipment subsurface equipment, enhanced recovery systems, offshore platforms, petroleum storage facilities, export terminals and piers, harbours and related facilities and access roads for production activities.
- (e) Engineering and design studies for field facilities.
- (f) All General and Administrative Costs and Annual Overhead Charges and all Service Costs allocated to Development Costs.

2.3 Operating Costs are all expenditures incurred in the Petroleum Operations, which are other than Exploration Costs, Development Costs, General and Administrative Costs and Annual Overhead Charge and Service Costs. The balance of General and Administrative Costs and Service Costs not allocated to Exploration Costs or Development Costs shall be allocated to Operating Costs.



Service Costs

These are direct and indirect expenditures in support of the Petroleum Operations including but not limited to warehouses, piers, marine vessels, vehicles, motorised rolling equipment, aircraft, fire and security stations, workshops, water and sewage plants, power plants, housing, community and recreational facilities and furniture, tools and equipment used in these activities and safety and security services. Service Costs in any Calendar Year shall include the total costs incurred in such Year to purchase and/or construct said facilities as well as the annual costs to maintain and operate the same.



Guyana Geology and Mines Commission
 Deputy Commissioner - Petroleum Division
 Signature: *[Handwritten Signature]*

- (b) All Service Costs will be allocated to Exploration Costs, Development Costs and Operating Costs in accordance with standard industry accounting practice or on an equitable basis otherwise agreed between the President and the Contractor.

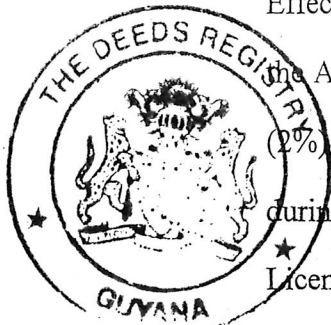
2.5 General and Administrative Costs and Annual Overhead Charge

- (a) General and Administrative Costs are all general and administrative costs in respect of the local office or offices including but not limited to supervisory, accounting and employee relations services, but which are not otherwise recovered.

- (b) An Annual Overhead Charge for services rendered outside Guyana and not otherwise charged under this Accounting Procedure, for managing the Contractor's activities under the Agreement and for staff advice and assistance including but not limited to financial, legal, accounting and employee relations services. For the period from the Effective Date until the date on which the first Petroleum Production Licence under

the Agreement is granted by the President this annual charge shall be two percent (2%) of the Contract Costs, including those covered in sub-section 2.5 (a), incurred during the Calendar Year. From the date of grant of the Petroleum Production Licence the annual overhead charge will be:

three percent (3%) of the first US\$5 million of annual Contract Cost, plus two percent (2%) of the next US\$5 million annual Contract Cost, plus one percent (1%) of the next US\$5 million annual Contract Cost, plus one half of one percent (0.5%) of the next US\$20 million of annual Contract Cost, plus one percent (1%) of annual Contract Cost in excess of US\$35 million.-



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



- (c) All General and Administrative Costs and Annual Overhead Charge will be allocated to Exploration Costs, Development Costs and Operating Costs in accordance with standard industry accounting practice or on an equitable basis otherwise agreed between the President and the Contractor.

Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



- (ii) Costs regarding holiday, vacation, sickness and disability payments applicable to the salaries and wages chargeable under (i) above.
- (iii) Expenses or contributions made pursuant to assessments or obligations imposed under the laws of the Republic of Guyana which are applicable to cost of salaries and wages chargeable under (i) above.
- (iv) Cost of established plans for employees' life insurance, hospitalisation, pensions, and other benefits of a similar nature customarily granted to the employees of the Parties comprising the Contractor.



Reasonable travel and personal expenses of such employees including those made for travel and relocation of the Expatriate Employees assigned to the Republic of Guyana all of which shall be in accordance with the normal practice of the Parties comprising the Contractor.

Any personal income taxes owing to the Republic of Guyana by employees of the Parties comprising Contractor and paid or reimbursed by a Party comprising the Contractor.

(c) Transportation

The cost of transportation of employees, equipment, materials and supplies necessary for the conduct of the Petroleum Operations.

Guyana Geology and Mines Commission
 Assistant Commissioner - Petroleum Division
 Signature: *[Handwritten Signature]*
 Date: *July 4 2013*



(d) Charges for Services

(i) Third Party Contracts

The actual costs of contracts for technical and other services entered into by the Contractor for the Petroleum Operations, made with third parties other than Affiliated Companies of the Contractor are recoverable; provided that the prices paid by the Contractor are competitive with those generally charged by other international or domestic suppliers for comparable work and services.

(ii) Affiliated Companies

Without prejudice to the charges to be made in accordance with sub-section 5, in the case of services rendered to the Petroleum Operations by an Affiliated Company, the charges will be based on actual costs without profits.

The charges will be no higher than the usual prices charged by the Affiliated Company to third parties for comparable services under similar terms and conditions elsewhere and will be fair and reasonable in the light of prevailing international oil industry practice and conditions. The Contractor will, if requested by the President, specify the amount of the charges, which constitutes an allocated proportion of the general material, management, technical and other costs of the Affiliated Company and the amount, which is the direct cost of providing the services concerned. If necessary, certified evidence regarding the basis of prices charged may be obtained from the auditors of the Affiliated Company in relation thereto.



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



(e) Material

- (i) So far as is practicable and consistent with efficient and economical operation, only such material or equipment shall be purchased or furnished by the Contractor for use in the Petroleum Operations as may be required for use in the reasonably foreseeable future and the accumulation of surplus stocks shall be avoided.
- (ii) In case of defective material or equipment, any adjustment received by the Contractor from the suppliers/manufacturers or their agents will be credited to the accounts under the Agreement.



- (a) Except as provided in (b) below, material purchased by the Contractor for use in the Petroleum Operations shall be valued to include invoice price less trade and cash discounts (if any), purchase and procurement fees plus freight and forwarding charges between point of supply and point of shipment, freight to port of destination, insurance, taxes, custom duties, consular fees, other items chargeable against imported material and, where applicable, handling and transportation expenses



Smully
July 4 2013

from point of importation to warehouse or operating site, and its costs should not exceed those prevailing in normal arms length transactions on the open market at the time of procurement.

- (b) Material purchased from Affiliated Companies of the Parties comprising Contractor shall be charged at the prices specified at (1) and (2) hereof.

(1) New Material (Condition "A")

Shall be valued at the invoiced price, which should not exceed the price prevailing in normal arms length transactions on the open market at the time of procurement.



(2) Used Material (Conditions "B" and "C")

- (i) Material which is in sound and serviceable condition and is suitable for reuse without reconditioning shall be classified as Condition "B" and at not more than seventy-five percent (75%) of the price of new material defined in (1) above.

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



(ii) Material, which cannot be classified as Condition "B" but which:-

(a) after reconditioning will be further serviceable for original function as good second-hand material (Condition "B"), or

(b) is serviceable for original function but not suitable for reconditioning; shall be classified as Condition "C" and priced at not more than fifty percent (50%) of the current price of new material (Condition "A") as defined in (1) above. The cost of reconditioning shall be charged to the reconditioned material provided that the Condition "C" material value plus the cost of reconditioning does not exceed the value of Condition "B" material.



(iii) Material, which cannot be classified as Condition "B" or Condition "C", shall be priced at a value commensurate with its use.

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4, 2013*





(iv) When the use of material is temporary and its service to the Petroleum Operations does not justify the reduction in price as provided for in (2) (ii) hereof, such material shall be priced on a basis that will result in a net charge to the accounts under the Agreement consistent with the value of the service rendered.

(f) Rentals, Duties and Other Assessments

All rentals, taxes, levies, charges, fees, contributions and any other assessments and charges levied by the Government in connection with the Petroleum Operations and paid directly by the Contractor.

(g) Insurance and Losses

Insurance premium and cost incurred for insurance pursuant to Article 20 provided that if such insurance is wholly or partly placed with an Affiliated Company of the Parties comprising the Contractor, such premium and costs shall be recoverable only to the extent generally charged by competitive insurance companies other than an Affiliated Company of a Party comprising the Contractor. Costs, losses and damages incurred to the extent not made good by insurance, are recoverable, including costs, losses or damages resulting from the indemnities in Article 2 of the Agreement.

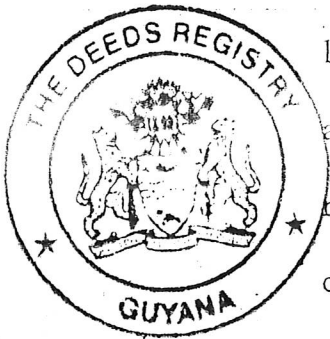
Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



unless such costs, losses or damages have resulted solely from an act of willful misconduct or gross negligence of the Contractor.

(h) Legal Expenses

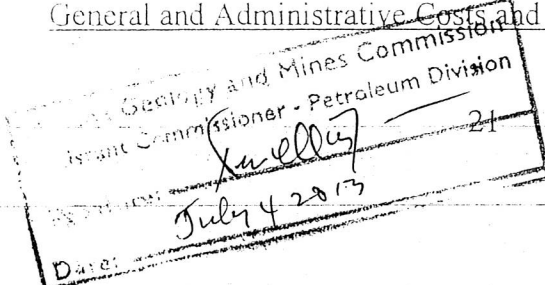
All costs and expenses of litigation and legal or related services necessary or expedient for the procuring, perfecting, retention and protection of the Contract Area and in defending or prosecuting lawsuits involving the Contract Area or any third party claim arising out of activities under the Agreement or sums paid in respect of legal services necessary or expedient for the protection of the interest of the Parties are recoverable. Where legal services are rendered in such matters by salaried or regularly retained lawyers of the Contractor or an Affiliated Company of the Parties comprising Contractor, such compensation will be included instead under sub-section 3.1(b) or 3.1(d) above as applicable.



(i) Training Costs

All costs and expenses incurred by the Contractor in training of Guyanese personnel and such other amounts as may be expended on training under Article 19 of the Agreement.

(j) General and Administrative Costs and Annual Overhead Charge



The costs described in sub-section 2.5(a) and the charge described in sub-section 2.5(b).

(k) Pre-Contract Costs

The sum of three thousand United States dollars (US\$3,000.) in respect of all costs incurred by Contractor prior to the Effective Date.

(l) Interest and Financing Costs

Interest, expenses and related fees incurred on loans raised by the Parties comprising the Contractor for Petroleum Operations and other financing costs provided that such expenses, fees and costs are consistent with market rates.

(m) Abandonment Costs

Amortized abandonment costs calculated pursuant to Article 20.1(c)(iii).



3.2 Costs Recoverable only with Approval of the President

(a) Commission paid to intermediaries by the Contractor.

(b) Donations and contributions to organisations in Guyana



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*

- (c) Expenditure on research into and development of new equipment, material and techniques for use in searching for developing and producing petroleum which will be of benefit to Petroleum Operations.



3.3 Costs not Recoverable under the Agreement

- (a) With the exception of the sum specified in sub-section 3.1(k), costs incurred before the Effective Date.
- (b) Petroleum marketing or transportation costs of Petroleum beyond the Delivery Point.
- (c) Amounts paid under Article 3.2 of the Agreement, if any, and, subject to Section 3.1(g) any other amounts paid with regard to non-fulfilment of contractual obligations.
- (d) Costs of arbitration and the sole expert in respect of any dispute under the Agreement.
- (e) Fines and penalties imposed by Courts of Laws of the Co-operative Republic of Guyana.
- (f) Payments made in accordance with Article 15.4 of the Agreement.

Guyana National Mines Commission
Assistant Director - Petroleum Division
Signature: *Smeller*
Date: July 4 2013



- (g) Costs incurred as a result of willful misconduct or gross negligence of the Contractor or failure to insure where insurance is required pursuant to the Agreement or where the Contractor has elected to self-insure.



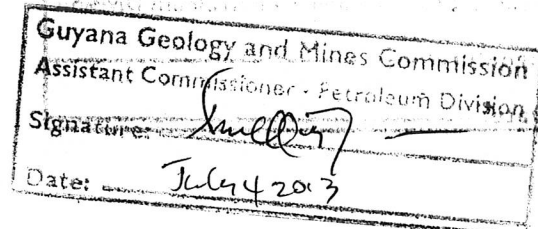
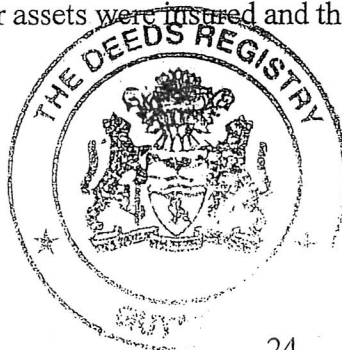
3.4 Other Costs and Expenses

Other costs and expenses not covered or dealt with in the provisions of this Section 3 and which are incurred by the Contractor in the conduct of the Petroleum Operations are recoverable subject to the approval of the President.

3.5 Credits under the Agreement

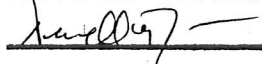
The net proceeds of the following transactions will be credited to the Accounts under the Agreement and shall reduce the amount of Contract Costs, which the Contractor is entitled to recover from Cost Oil, by a corresponding amount:

- (a) The net proceeds of any insurance or claim in connection with the Petroleum Operations or any assets charged to the accounts under the Agreement when such operation or assets were insured and the premium charged to the accounts under the Agreement.



- (b) Revenue received from third parties for the use of property or assets the cost of which has been charged to the accounts under the Agreement.
- (c) Any adjustment received by the Contractor from the suppliers/manufacturers or their agents in connection with defective material the cost of which was previously charged to the accounts under the Agreement.
- (d) Rentals, refunds or other credits received by the Contractor which apply to any charge which has been made to the accounts under the Agreement, including any costs and expenses previously charged to the accounts pursuant to sub-section 3.1(h) and which have been successfully recouped from legal proceedings but excluding any award granted to the Contractor under arbitration or sole expert proceedings referred to in sub-section 3.3(d) above.
- (e) The value at the time of export of inventory materials subsequently exported from the Co-operative Republic of Guyana without being used in the Petroleum Operations.
- (f) The proceeds from the sale or exchange by the Contractor of materials, equipment, plant or facilities, the acquisition costs of which have been charged to the accounts under the Agreement, including such items sold to the Government;



Guyana Geology and Mines Commission Assistant Commissioner - Petroleum Division
Signature: 
Date: <u>July 4 2013</u>



- (g) The proceeds from the sale of Petroleum Data which relates to the Contract Area provided that the acquisition costs of such rights and information have been charged to the accounts under the Agreement;
- (h) The proceeds derived from the sale or licence of any intellectual property the development costs of which have been charged to the accounts under the Agreement.

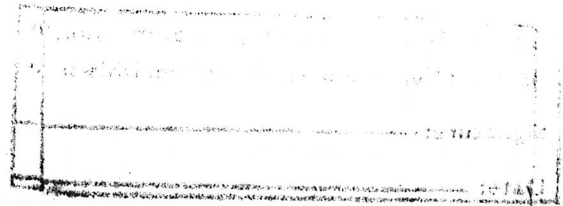


3.6 Duplication of Charges and Credits

Notwithstanding any provision to the contrary in this Accounting Procedure, it is the intention that there shall be no duplication of charges or credits to the accounts under the Agreement.



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



Section 4

RECORDS AND VALUATION OF ASSETS

The Contractor shall maintain detailed records of property in use for the Petroleum Operations in accordance with normal practice in exploration and production activities of the international petroleum industry. At annual intervals the Contractor shall notify the President in writing of all assets acquired and all assets disposed of during the preceding twelve (12) months. At reasonable intervals but at least once a year with respect to moveable assets and once every three (3) years with respect to immovable assets, inventories of the property under the Agreement shall be taken by the Contractor. The Contractor shall give the President at least thirty (30) days written notice of its intention to take such inventory and the President shall have the right to be represented when such inventory is taken. The Contractor will state clearly the principles upon which valuation of the inventory has been based. When an assignment of rights under the Agreement takes place a special inventory may be taken by the Contractor at the request of the assignee provided that the costs of such inventory are borne by the assignee.

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



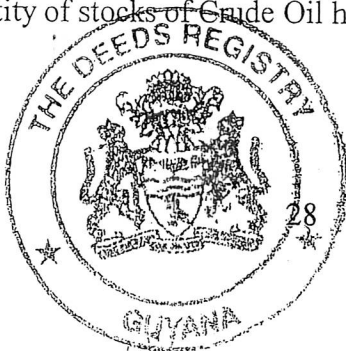
Section 5

PRODUCTION STATEMENT



5.1 Upon commencement of production of Petroleum from the Contract Area, the Contractor shall submit a monthly Production Statement to the President showing the following information separately for each Field and in aggregate for the Contract Area.

- (a) The gross quantity of Crude Oil and Natural Gas produced.
- (b) The quantities of Crude Oil and Natural Gas used for the purpose of carrying on Petroleum Operations including drilling and Production Operations and pumping to Field storage.
- (c) Quantities of Crude Oil and Natural Gas lost.
- (d) The quantities of Natural Gas flared.
- (e) The quantity of Crude Oil produced and saved.
- (f) The quantity of Natural Gas produced and saved.
- (g) The quantity of stocks of Crude Oil held at the beginning of the Calendar Month in question.

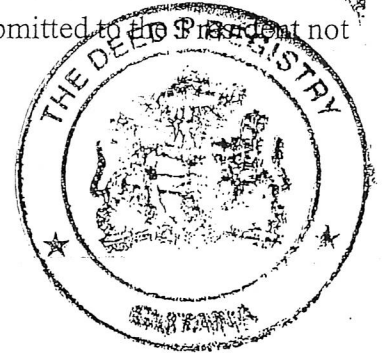


Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: [Signature]
Date: July 4 2013

- (h) The quantity of stocks of Crude Oil held at the end of the Calendar Month in question.
- (i) The number of days in the Month during which Petroleum was produced from each Field.
- (j) The average daily production rate for each Field, calculated in accordance with Article 11.6 of the Agreement.

5.2 The Production Statement for each Calendar Month shall be submitted to the President not later than sixty (60) days after the end of such Calendar Month.

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*



notarized copy of the document
notarized copy of the document
notarized copy of the document

Section 6

VALUE OF PRODUCTION AND PRICING STATEMENT



6.1 The Contractor shall, for the purposes of Article 13 of the Agreement prepare a statement providing calculations of the value of Crude Oil produced and saved during each Calendar Month for each Field. This statement, which shall be prepared for each quality of Crude Oil produced from the Contract Area, shall contain the following information:

- (a) The quantities, prices and receipts realised therefor by the Contractor as a result of Third Party Sales of Crude Oil made during the Calendar Month in question.
- (b) The quantities, prices and receipts realised therefor by the Contractor as a result of sales of Crude Oil made during the Calendar Month in question, other than Third Party Sales.
- (c) The percentage volume of total sales.
- (d) Relevant information available to or obtainable by the Contractor for the purposes of Article 13 of the Agreement.

6.2 The Value of Production and Pricing Statement for each Calendar Month shall be submitted to the President not later than thirty (30) days after the end of such Calendar Month.

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*

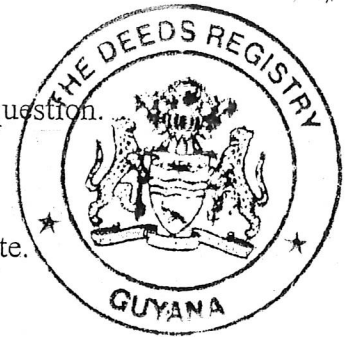


Section 7

STATEMENT OF EXPENDITURE AND RECEIPTS

7.1 The Contractor shall prepare with respect to each Calendar Month a Statement of Expenditure and Receipts under the Agreement. The Statement will distinguish between Exploration Costs, Development Costs and Operating Costs consistent with the individual categories specified in Sections 2 and 3 herein and will separately identify major items of expenditures within these categories. The statement will show the following:

- (a) Actual expenditures and receipts for the Month in question.
- (b) Cumulative expenditure and receipts for the budget year in question.
- (c) Cumulative expenditures and receipts since the Effective Date.
- (d) Latest forecast of cumulative expenditures to year end.
- (e) Variations between budget forecast and latest forecast, with explanations thereof.



7.2 The Statement of Expenditure and Receipts for each Calendar Month shall be submitted to the President no later than thirty (30) days after the end of such Month.



Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2013*

THE DEEDS REGISTRY
GUYANA

Section 8

COST RECOVERY STATEMENT



8.1 The Contractor shall prepare with respect to each Calendar Month a Cost Recovery Statement containing the following information:

- (a) Recoverable Contract Costs carried forward from the previous Month, if any.
- (b) Recoverable Contract Costs for the Month in question.
- (c) Total Recoverable Contract Costs, which is that cost at sub-section 8.1 (a) plus that cost at sub-section 8.1 (b).
- (d) Quantity and value of Cost Oil taken and disposed of by the Contractor for the Month in question.
- (e) Contract Costs recovered for the Month in question.
- (f) Total cumulative amount of Contract Costs to be carried forward into the next Month.



Guyana Geology and Mines Commission Assistant Commissioner - Petroleum Division
Signature: <u><i>Sarell</i></u>
Date: <u>July 4 2013</u>

8.2 The information to be submitted under Section 8.1 (d) and (e) above shall be given in separate statements for each Field, so as to indicate together, the Contractor's total allocation of Cost Oil as required under Article 11 of the Agreement.

8.3 The Cost Recovery Statement to be submitted under sub-section 8.1 shall identify the unrecovered cost of assets for the purpose of Article 20.1(a)(iii) of the Agreement.

8.4 The Cost Recovery Statement for each Month shall be submitted to the President no later than thirty (30) days after the end of such Month.

Guyana Geology and Mines Commissioner
Assistant Commissioner

Signature

[Handwritten Signature]
July 4 2013



Section 9



END-OF-YEAR STATEMENT

The Contractor shall prepare an End-of-Year Statement. The Statement will contain aggregated information for the Year in the same format as required in the Value of Production and Pricing Statement, Cost Recovery Statement and Statement of Expenditures and Receipts but will be based on actual quantities of Petroleum produced and expenses incurred. The End-of-Year Statement for each Calendar Year shall be submitted to the President within one hundred and twenty (120) days of the end of such Calendar Year.



Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: *[Handwritten Signature]*
Date: *July 4 2015*

Section 10

BUDGET STATEMENT

10.1 The Contractor shall prepare an annual budget pursuant to Article 7 of the Agreement (the "Budget Statement"). The Budget Statement will distinguish between Exploration Costs, Development Costs and Operating Costs consistent with the individual categories specified in Sections 2 and 3 and will show the following:

- (a) Forecast expenditures and receipts under the Agreement for the Calendar Year.
- (b) Cumulative expenditures and receipts to the end of the said Year.

Guyana Geology and Mines Commission
Assistant Commissioner - Petroleum Division
Signature: [Handwritten Signature]
Date: July 4 2013

