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SETTLEMENT AGREEMENT

THIS AGREEMENT, effective as of February 22, 2003 (the "Agreement"), is entered into by and between ExxonMobil Sao Tome and Principe Limited, a corporation organized and existing under laws of the Bahamas, (hereinafter referred to as "ExxonMobil") and the Democratic Republic of Sao Tome e Principe, (hereinafter referred to as "DRSTP").

WHEREAS, Mobil Exploration and Producing Services Inc. ("Mobil", the predecessor in the interest to ExxonMobil) and the DRSTP entered into that certain Technical Assistance Agreement ("TAA") of 18 September 1998 under which, among other things, Mobil agreed to make certain bonus payments and undertake specified technical evaluation, which bonus payments and technical evaluation were made and completed; and

WHEREAS, the DRSTP and ExxonMobil negotiated in a good faith effort to carry out the terms and conditions of the TAA, but to date have not concluded a Production Sharing Contract ("PSC") as contemplated under the TAA; and

WHEREAS, the DRSTP and the Federal Republic of Nigeria ("Nigeria") have agreed to terms and conditions of a Treaty between them for the Joint Development of Petroleum and other Resources ("Treaty") covering a specified area (the "Joint Development Zone" or JDZ") that includes the area for which ExxonMobil and DRSTP have been working to conclude a PSC under the TAA; and recognizing the desire of the DRSTP and Nigeria to resolve third party claims as provided for in Article 46 of the Treaty; and

WHEREAS, the DRSTP and Nigeria have agreed that interests in the JDZ will be managed by a Joint Development Authority ("JDA"), composed of representatives from both the DRSTP and Nigeria; and ExxonMobil, as consideration for entering into this Agreement has agreed to relinquish its rights under the TAA, including the right to enter into a PSC pursuant to the TAA.

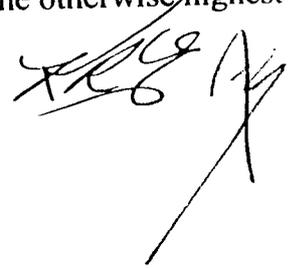
NOW THEREFORE, in consideration of the expenditures, releases, waivers and other good and valuable consideration, the DRSTP and ExxonMobil agree as follows:

WAIVER OF PRIOR RIGHTS AND GRANTS OF PREFERENTIAL RIGHTS

Subject to the terms and conditions of this Agreement and the implementation thereof, including all necessary approvals, ExxonMobil hereby fully releases the DRSTP for any claim ExxonMobil may have against the DRSTP under the TAA or otherwise, and waives all such rights, and the DRSTP and ExxonMobil agree that ExxonMobil is hereby granted the following rights:

Recognizing the JDA's authority to define block size in the JDZ, and recognizing that the Parties understand that such block boundaries and sizes have been proposed to the Joint Ministerial Council for approval as shown in "Attachment A" to this Agreement. Now it being understood by the Parties to this Agreement that the size of such blocks will be approximately the same size as those set out in Attachment A, and the configuration of such blocks shall be substantially similar to that set out in Attachment A, the Parties to this Agreement agree that ExxonMobil is hereby granted preferential rights to participate in JDZ acreage (Preferential Rights) as follows:

- ExxonMobil may elect to select one block from blocks offered in any part of the area of the Joint Development Zone, and acquire a 40% interest in this block by either: 1) agreeing to pay 40% of the first confirmed, bona fide, high bid for the block, consistent with the terms and conditions of the license round, and agreeing to the terms and conditions of the PSC, or other grant of rights to the block (if such block is offered in a license round); or 2) by agreeing to pay 40% of the negotiated PSC, or other grant of rights, signing bonus, and agreeing to the terms and conditions associated with such PSC or grant of rights (if such block is not offered in a license round). (Bona Fide high bid, for purposes of this Settlement Agreement, is understood to mean the high bid made by a party having the technical and financial capability to satisfy such bid and to conduct exploration, development and production operations on the block); and in addition
- ExxonMobil may elect to select a second block from blocks offered in any part of the area of the Joint Development Zone, and acquire a 25% interest in this block by either: 1) agreeing to pay 25% of the first confirmed, bona fide, high bid for the block, consistent with the terms and conditions of the license round, and agreeing to the terms and conditions of the PSC, or other grant of rights to the block (if such block is offered in a license round); or 2) by agreeing to pay 25% of the negotiated PSC, or other grant of rights, signing bonus, and agreeing to the terms and conditions associated with such PSC or grant of rights (if such block is not offered in a license round); and in addition
- ExxonMobil may elect to select a third block from blocks offered in any part of the area of the Joint Development Zone, and acquire a 25% interest in the block by either: 1) agreeing to pay 25% of the first confirmed, bona fide, high bid for the block, consistent with the terms and conditions of the license round, and agreeing to the terms and conditions of the PSC, or other grant of rights to the block (if such block is offered in a license round); or 2) by agreeing to pay 25% of the negotiated PSC, or other grant of rights, signing bonus, and agreeing to the terms and conditions associated with such PSC or grant of rights (if such block is not offered in a license round).
- Subject to the approval of the JDA, which approval shall not be unreasonably withheld, ExxonMobil may elect under this Agreement to be Operator of any one of the three blocks referenced above in which it is the highest equity holder in the block, or in which its equity interest is substantially similar to the otherwise highest equity holder.



TIME IN WHICH TO EXERCISE

The JDA shall provide ExxonMobil initial notice of the high bid for any block offered in the JDZ; ExxonMobil shall have one (1) week from the time of receipt of such initial notice in which to notify the JDA if it desires additional information on any such bid. ExxonMobil shall have thirty (30) days, from the date of receipt of any additional information requested and verification of the formal notification of the high bid and associated final terms and conditions and any PSC signing bonus, in which to elect to exercise its Preferential Right under this Agreement.

AGREEMENT TO TAKE ALL NECESSARY ACTION

Consistent with the Treaty, the DRSTP shall undertake all necessary actions to effectuate the Preferential Rights set out in this Agreement, including approval of this Agreement by the Joint Ministerial Council.

SEISMIC DATA

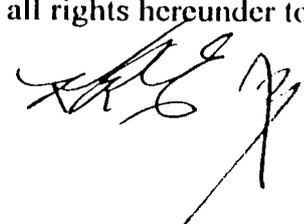
Subject to any obligation to purchase an initial seismic survey from a specified seismic vendor, as may be set out in the terms and conditions of a license round or PSC by the JDA, the Parties agree that ExxonMobil shall have the right to conduct seismic activity in any block it may select under this Agreement.

CONFIDENTIALITY

ExxonMobil and the DRSTP, its agents and representatives, agree that the terms and conditions of this Agreement shall be kept confidential. The Parties agree, however, that the DRSTP shall disclose this Agreement to all members of the JDA, and the Parties shall also be free to disclose this Agreement to such government representatives of Nigeria, who may have a reasonable need to know of its existence. Further, the DRSTP will seek to have the JDA disclose the existence of this Preferential Right to bidders in any licensing round for which the Preferential Right still exists without disclosing the financial or other terms for such Preferential Right hereunder. ExxonMobil may disclose the terms of this Agreement if it is required to disclose the Agreement by applicable law or regulation and may disclose this Agreement to its Affiliates. Notwithstanding anything to the contrary contained herein, the DRSTP or ExxonMobil may disclose this Agreement with the written consent of the other Party.

ASSIGNMENT

Neither party hereto may assign any of its rights or obligations hereunder without the prior written consent of the other party hereto, which consent shall not be unreasonably withheld. Notwithstanding, either party may freely assign any and all rights hereunder to a technically and financially competent affiliated company.



MISCELLANEOUS

This agreement shall be governed by the laws of England without regard to its otherwise applicable principles of conflicts of laws. However, the Parties waive their right under English law to apply to the courts for rulings on questions of law during the course of an arbitration and further waive their right to challenge the arbitrators' award on the basis of a mistake of law.

Any dispute, controversy or claim arising out of or in relation to or in connection with this Agreement or the activities carried out under this Agreement, including without limitation any disputes as to the construction, validity, interpretation, enforceability or breach of this Agreement, shall be exclusively and finally settled by arbitration under the Rules of Conciliation and Arbitration of the International Chamber of Commerce by three arbitrators. However, prior to initiating any arbitration, the Parties shall make all reasonable efforts to amicably resolve any dispute, controversy or claim associated with this Agreement. In the event of arbitration, each side shall appoint one (1) arbitrator within thirty (30) days of the submission of a Notice of Arbitration. The Party-appointed arbitrators shall in turn appoint a presiding arbitrator within thirty (30) days following the appointment of the Party-appointed arbitrators.

The arbitration proceeding shall be held in London, England. The proceedings shall be conducted in the English language, and the arbitrators shall be fluent in the English language. The arbitrators shall have at all times no financial interest in the Parties, dispute, controversy or claim.

Awards shall be final and not subject to appeal. Judgment upon the award may be entered in any court having jurisdiction over the Party or the assets of the Party owing the judgment or application may be made to such court for a judicial acceptance of the award and an order of enforcement, as the case may be.

Each of the parties hereto represents and warrants that it possesses all requisite authority and authorizations for the execution, delivery and performance of this Agreement, and the execution, delivery and performance of this Agreement does not violate and will not result in the violation of or default under any term or provision under any agreement to which it is a party.

This Agreement shall terminate and no longer be of any force or effect upon the earlier of either: ExxonMobil's exercise of all of its rights under this Agreement; or final award and execution of the PSC's for all acreage within the JDZ.



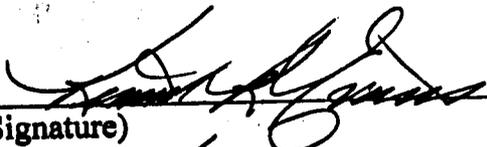
Except as otherwise provided herein, this Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior or contemporaneous written or oral understandings, agreements or representations (including without limitation the TAA and any agreements reached in respect of such TAA) other than those contained in this Agreement. There are no understandings or agreements relating to this Agreement that are not fully expressed herein.

No modification, amendment, addition or revision of this Agreement shall be valid and binding unless set forth in writing executed by both parties hereto.

The Parties agree that this Agreement may be executed in counterpart, and that the separately executed copies will constitute a fully executed Agreement.

IN WITNESS WHEREOF, the respective Parties have caused this Agreement to be executed by the signatures of their duly authorized representatives, effective as of the effective date set forth in the first paragraph hereto.

ExxonMobil Sao Tome and Principe Limited


(Signature)

Name: Kenneth R. Evans

Title: President

The Government of the Democratic Republic of Sao Tome e Principe

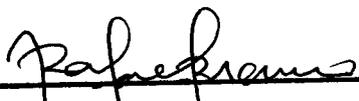

(Signature)

Name: Joaquim Rafael Branco

Title: Ministro das Infra-Estrutura, Recursos Naturais e Ambiente

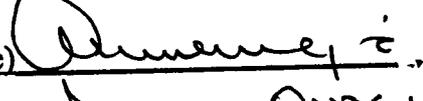
ACKNOWLEDGED AND APPROVED:

Joint Ministerial Council for the Joint Development Zone of Nigeria and Sao Tome e Principe

(Signature) 

(Name) JOAQUIM RAFAEL BRANCO

(Title) MINISTER OF NATURAL RESOURCES

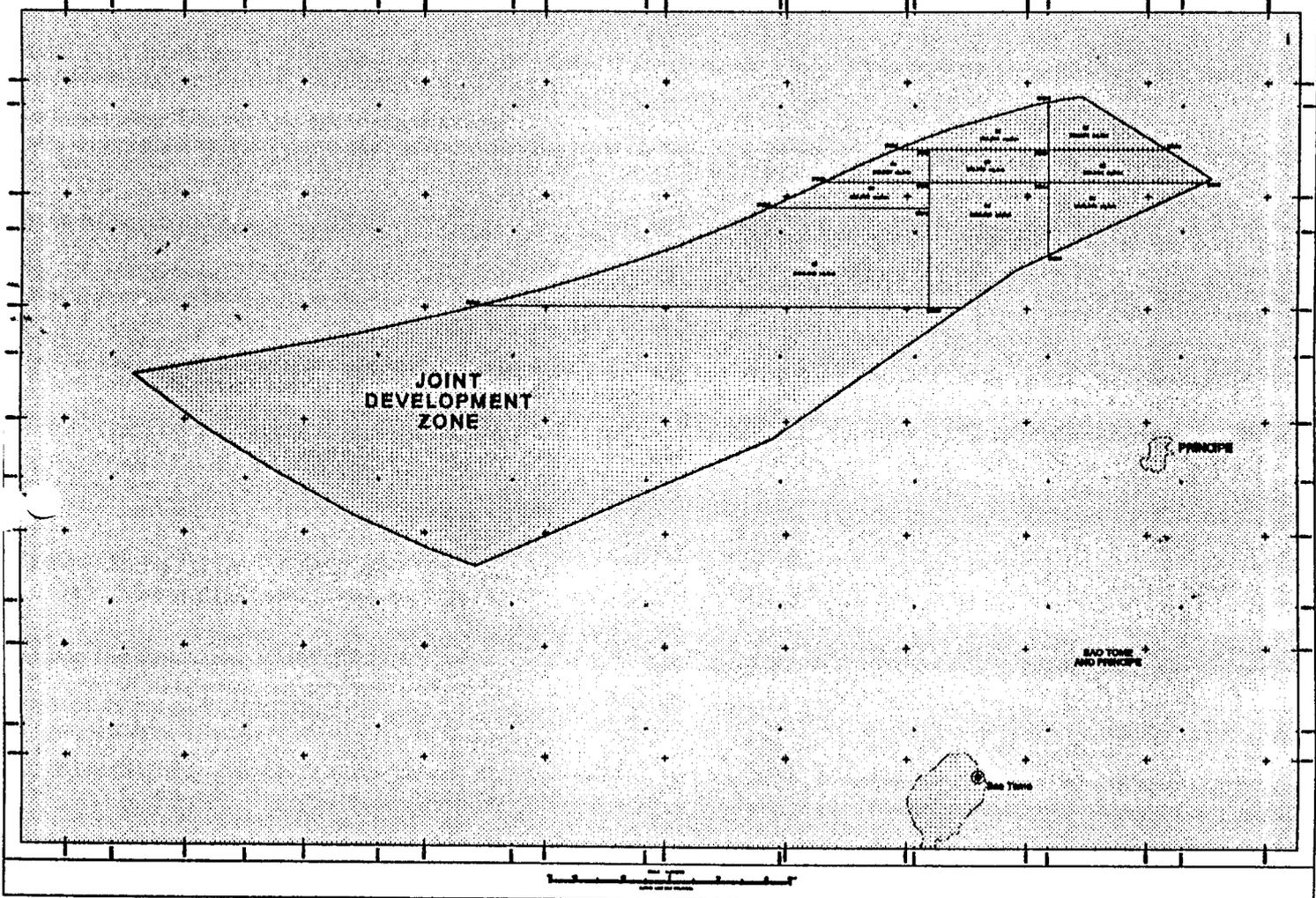
(Signature) 

(Name) HON DUSEM ONYIA

(Title) MINISTER OF STATE FOREIGN AFFAIRS NIGERIA

ATTACHMENT A


NIGERIA - SAO TOME AND PRINCIFE
JOINT DEVELOPMENT ZONE
(PROVISIONAL BLOCK DESIGNATIONS)



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