

**MODEL PETROLEUM ENERGY CONCESSION AGREEMENT
BETWEEN**

THE GOVERNMENT OF _____

-and-

[ABC] and [DEF]

in relation to

ONSHORE CONCESSION AREA _____

Version 1.0

This document is prepared by

**Van Meurs Energy (“VME”)
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And

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EXPLANATORY COMMENTS

Governments with petroleum production or potential are under increased pressure to modify their petroleum agreements, regulations or legislation to reflect the increased urgency of climate change. Several governments have implemented energy transition policies. However, these policies often do not match well with their petroleum policies. Some governments go as far as terminating completely new licensing rounds for petroleum.

It should be noted that terminating licensing rounds is a misguided policy.

VME expects oil demand to gradually decline after 2030. However, it is the VME estimate that in 2050 at least 17 million barrels of oil per day (“mbopd”) will be required for non-energy purposes, such as petrochemical industries and asphalt production, not causing any CO₂ emissions. Also, 5 mbopd could be abated through carbon capture and storage and other abatement measures for a total of 22 mbopd. By 2070 these volumes will grow to 32 mbopd.

Furthermore, VME expects the non-energy and abated natural gas production to be 22 Tcf in 2050 and 56 Tcf in 2070.

The world will therefore need on an ongoing basis a healthy petroleum industry and nations with petroleum production or potential should continue to have new licencing rounds.

Yet, the impacts of climate, such as rising sea levels or changing ocean currents, could have devastating impacts on the world economies. This requires urgent, strong and effective action by governments, companies and individuals.

The world needs strong economic growth to provide improved living standards for an expanding population, which may reach 10 billion people by 2070, and to

eliminate poverty. At the same time the delivery of energy has to be strongly expanded, with special emphasis on the 700 million people who do not even have access to electricity.

Realising the achievement of these multiple goals requires new and effective upstream petroleum policies that integrate seamlessly the continued oil and gas production with effective energy transition.

This in turn requires a new type of agreement that can be called a “petroleum energy agreement” because of the integration of petroleum and energy transition issues in the same agreement. The attached Model Petroleum Energy Concession Agreement is in our opinion such an agreement.

The key feature of the model is to lower the CO2 content in the atmosphere while producing and burning petroleum.

Although the model agreement provided is based on a concession concept, it is relatively easy to modify the model to a production sharing agreement or even risk-service contract provided that the critical energy transition provisions are maintained.

The main emphasis of the energy transition provisions is that the agreement requires the concessionaire to complete a specified set of emission plans prior to a target date set by government. This target date could be the date the government anticipates that the country will reach carbon neutral status or an earlier date. The overall goal of the emissions plans is to achieve carbon neutrality for the operations of the concessionaire for the own operations, the operations of the suppliers as well as the operations of the buyers.

One of the possible options of the emission plans with respect to the buyers of petroleum is to require the concessionaire to sell after the target date only “clean petroleum”. Clean petroleum is petroleum for which the emissions have already been abated.

Traditionally, clean petroleum is achieved through carbon capture and storage. However, the costs of this process are very high and can be estimated at between \$ 60 and \$ 90 per ton CO2 equivalent captured and stored. It is the VME estimate

that oil prices will decline after 2030 due to the reduction in oil demand. Carbon capture and storage is therefore not economically unattractive unless the jurisdiction has established a high carbon price. It is unlikely that most countries will enforce high carbon prices in the near future and therefore widespread use of carbon capture and storage cannot be expected.

There are many abatement methods of much lower costs, such as reforestation or biochar methods. For instance, TotalEnergy has already a forest preservation program in the United States over 300,000 hectares in 10 states with the specific objective to offset the emissions associated with its operations. However, reforestation and afforestation have only a limited storage benefit of less than 100 years. Therefore, storage options with a longer duration up to 1000 years are preferred. A good option is biochar production with a pyrolyser using biomass. This removes CO₂ from the atmosphere and by using the biochar for soil enrichment the coal is stored for a considerable time.

It is for this reason that the proposed model concession agreement emphasizes such low-cost methodologies, but requires that more than 50% of the abatements have a long storage duration.

A very important effect of the introduction of this model will be that it will make the energy transition lower costs and more effective. For instance, air travel can continue on the basis of CLEAN jet fuel rather than converting to expensive biofuels or even hydrogen, at much higher costs. Power plants can continue to use CLEAN natural gas until it becomes economic to convert to possible lower cost solar or wind rather than being forced to convert based on high carbon taxes at high costs to consumers.

Although carbon capture and storage may not be frequently used, it should be a right of the concessionaire to use the subterranean reservoirs for this purpose. Therefore, the model includes the right to carry out these operations after the termination of the petroleum operations in the abandoned reservoirs or concurrently with the petroleum operations with respect to brine containing reservoirs. The model also contains the option to use the concession solely for carbon capture and storage, for instance, if a company wants to use an abandoned oil or gas field for this purpose by re-entering the wells for storage operations.

Direct lithium extraction from subsurface brines is also of increased interest due to the strong lithium requirements for energy transition. Projects are already underway in Canada, the United States and South America. Therefore, the possibility of lithium extraction is also included in the model.

The model is provided for onshore conditions. However, with the appropriate modifications it can be easily transformed into an offshore version.

The proposed model includes specific fiscal provisions. It should be noted that it is easy to adjust the model to the fiscal provisions that the particular jurisdiction has in use at the time or terms that would be a further development of such existing systems.

The proposed terms are those that are generally recommended by VME in order to deal with a climate change framework. It is expected by VME that oil prices will start to decline after 2030. Therefore, the fiscal terms should preferably continue to encourage exploration and production despite declining oil prices.

The current average worldwide government take is about 60%. VME expects the government take to decline after 2030, due to lesser demand for exploration and production acreage. In 2050 the average government take might be well below 50%.

Therefore, the fiscal system should preferably result in a lower take by government under lower prices. This is achieved in the proposed model by making the royalty price sensitive, in such a way that the royalty rate declines automatically with lower prices.

The model should also strongly encourage exploration. It can be expected that oil companies increasingly will become reluctant to explore for new oil and gas fields, due to the uncertainty associated with the long-term future of oil and gas. Also, in typical petroleum agreements, that can last 30, 40 or 50 years, the duration of the agreement extends well beyond the date that most governments intend to be carbon neutral.

The fiscal terms with some of the strongest incentives for exploration is the Norwegian concept of combining the consolidated regular income tax with a consolidated hydrocarbon tax. The corporate income tax rate and hydrocarbon tax rate are simply added and the hydrocarbon tax therefore has the character of a surtax. The advantage of this concept is that if companies have already taxable income in the jurisdiction that new exploration expenditures will be deductible for corporate income tax and hydrocarbon tax. For instance, if the combined tax rate is 60% the net after-tax exploration expenditure becomes only 40% of the committed funds. Such low after-tax exploration costs are a strong incentive for exploration.

The hydrocarbon tax rate is left blank in the model. It is recommended to use about 25% for petroleum importing countries, which have modest domestic production. For petroleum exporting countries the rate could be higher and as much as 40%.

There is also an extra allowance of 40%. This applies to all capital expenditures. This further lowers the after-tax costs of exploration and development.

The VME suggestions do not include state participation. The reason is that in most countries such participation would have to be on a carried basis, which means the government only participates in a commercial discovery and does not pay for exploration and appraisal costs, when such expenditures are incurred. This means the exploration burden is on the investor. Such provisions are a strong disincentive for exploration.

Furthermore, as mentioned earlier, investments in petroleum development and production will become increasingly higher risk as target dates for carbon neutrality approach, making such investments undesirable for governments.

From an overall energy transition policy point of view, it should be mentioned that many developing countries have power companies that are state owned. Such power companies face considerable increased funding requirements under effective energy transition policies. However, most such power companies are severely underfunded and often do not even recover their costs. This is an area that will increasingly require government attention and should be the focus of government investment instead of petroleum investments.

In summary the purpose of the Model Petroleum Energy Concession Agreement is:

1. To provide a concession model for (1) petroleum exploration, development and production, (2) carbon capture and storage and (3) lithium extraction as stand-alone operations or for two or all operations to be carried out in parallel or sequentially,
2. To achieve Scope 1, Scope 2 and Scope 3 carbon neutral or carbon negative operations on or before the target year of the host country, and
3. To support in all respects the UN Sustainable Development Goals in particular with respect to achieving SDG7 “Affordable and Clean Energy”, SDG13 “Climate Action” and SDG8 “Decent Work and Economic Growth”.

The key objectives of the model are to provide an integrated approach to upstream petroleum policies and energy transition policies in such a manner that:

1. The jurisdiction achieves its energy transition goals in the most effective and lowest costs manner, and
2. Encourages the exploration, development and production of petroleum in a way that is consistent with energy transition and the achievement of carbon neutrality at the date set by government and results in accelerating economic growth and wealth creation in the jurisdiction.

For additional background and user information related to this Model Petroleum Energy Concession Agreement, go to www.vanmeursenergy.com or www.parkenergylaw.com. This Model Petroleum Energy Concession Agreement will be updated from time to time and the most current version will be available at these web addresses.

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CONCESSION AGREEMENT

CONCESSION AREA _____

THIS CONCESSION AGREEMENT is dated this **1st** day of *(insert month)*_____, 20__ *(insert year)*.

AMONG:

- (1) _____, representing the Government of [*country name*] , and
- (2) _____, a company organized under the laws of _____, with its head office in _____(hereinafter referred to as “ABC”), and _____, a company organized under the laws of _____, with its head office in _____(hereinafter collectively referred to collectively as “Concessionaire” and individually as a “Concessionaire Party”).

RECITALS:

- (1) All mineral resources including Petroleum within the territory, continental shelf and exclusive economic zone of [*country name*]are vested in the State; and
- (2) The _____ (the “Minister”) has been directed by the Government to supervise and control any Petroleum Operations in [*country name*];
- (3) The Government desires that Exploration for Petroleum may be accelerated for Petroleum resources which may exist in the Concession Area;
- (4) The Government desires an orderly energy transition of the Petroleum industry with the goal of achieving a national carbon neutrality by *(insert the target year)*; and
- (5) The Concessionaire Parties have the financial ability and technical competence necessary for carrying out Exploration, Development, other Petroleum Operations and Renewable Energy Operations.

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

ARTICLE 1 DEFINITIONS

1.1 Definitions

As used in this Concession Agreement (“Agreement”), the following words and terms shall have the meaning ascribed to them below.

- 1.1.1 “Abandonment Fund” has the meaning given in Article 9.2.
- 1.1.2 “Additional Exploration Commitment” means the Exploration Commitment Wells, offered in addition to the Minimum Exploration Programme by the Concessionaire during the Licence Round on the basis of which the Concessionaire entered into this Agreement.

- 1.1.3 "Affiliated Company" or "Affiliate" means a company:
- (i) in which a Concessionaire Party hereto owns directly or indirectly share capital conferring a majority of votes at stockholders meeting of such company:
 - (ii) which is the owner directly or indirectly share capital conferring a majority of votes at stockholders meeting of a Concessionaire Party hereto; or
 - (iii) whose share capital conferring a majority of votes at stockholders' meetings of such company and the share capital conferring a majority of votes at stockholders meetings of a Concessionaire Party hereto are owned directly or indirectly by the same party.
- 1.1.4 "Annex" means any integral part of the Agreement identified herein as such and attached hereto.
- 1.1.5 "Applicable Law" means the laws and decrees of [*country name*], and includes the rules and orders of the Minister.
- 1.1.6 "Appraisal" means any work carried out by way of Exploration Operations for the purpose of evaluating the commerciality of a geological structure or feature in which Petroleum has been discovered.
- 1.1.7 "Appraisal Area" means the area approved by the Minister pursuant to Article 7.2.
- 1.1.8 "Appraisal Period" means the period approved by the Minister pursuant to Article 7.2.
- 1.1.9 "Appraisal Well" means any Well drilled for the purpose of Appraisal.
- 1.1.10 "Appraisal Programme" means a programme for the Appraisal of a discovery pursuant to Article 7.
- 1.1.11 "Applicable Taxes" means Corporate Income Tax levied by the Government related to Concession Operations and petroleum processing, transportation and storage, but not including rentals pursuant to Article 10.1, the Royalty of Article 10.2, the Hydrocarbon Tax of Article **Error! Reference source not found.** and any payments pursuant Articles 12.3, 12.4 and 20.3 of this this Agreement.
- 1.1.12 "Associated Gas" means all gaseous hydrocarbons produced in association with Oil and includes what is commonly known as gas-cap gas which overlies and is in contact with Oil.
- 1.1.13 "Barrel" means a barrel consisting of forty-two (42) United States gallons liquid measure, corrected to a temperature of sixty degrees (60) Fahrenheit and to a pressure of 14.696 lb/in².
- 1.1.14 "Business Day" means any day on which banks are open for business in [*country name*].
- 1.1.15 "Calendar Month" means a period of one month starting the first day of such month under the Gregorian Calendar.
- 1.1.16 "Calendar Quarter" means a period of three (3) consecutive Calendar Months under the Gregorian Calendar beginning on the first day of January, the first day of April, the first day of July, or the first day of October.

- 1.1.17 "Calendar Year" means a period of twelve (12) consecutive Calendar Months under the Gregorian Calendar beginning on the first day of January and ending on the following thirty-first day of December in the same year.
- 1.1.18 "Carbon Capture and Storage" or "CCS" means the capture of CO₂ from flue gases and storing such CO₂ permanently in underground reservoirs.
- 1.1.19 "Carbon Removal Credit" means the proof of removal of and amount in metric ton equivalent of carbon dioxide certified by a Carbon Standard body for use in the Voluntary Carbon Market or other transactions.
- 1.1.20 "Carbon Removal Operations" means operations by the Concessionaire pursuant to Article 17.2.1.
- 1.1.21 "Carbon Standard" means the standards framework for GHG reduction or removal projects and programs administered by a carbon standard body to enable the validation of projects and programs and the verification of the GHG reductions or removals achieved by such projects or programs.
- 1.1.22 "Clean Petroleum" means Petroleum for which the CO₂ emissions have already been abated through a Carbon Removal Operation or through the purchase by the Concessionaire of Carbon Removal Credits at any time prior to the burning of such Petroleum, and where applicable would consist of Clean Oil, Clean Gas and Clean Condensates.
- 1.1.23 "CO₂" means carbon dioxide, a clear gas compound composed of one atom of carbon and two atoms of oxygen.
- 1.1.24 "CO₂ Storage Operations" or "CO₂ Storage" means the injection of CO₂ in the Reservoirs of the Storage Complex.
- 1.1.25 "Commercial Discovery" means (1) a discovery of Petroleum in the Concession Area determined to be a commercial by Concessionaire in accordance with Article 7, (2) a discovery of Lithium in the Concession Area determined to be commercial by the Concessionaire, or (3) the identification of a suitable Storage Complex.
- 1.1.26 "Commercial Production" means production of Petroleum from a Field Production Area following the approval of a Field Development Plan and delivery of such Oil, Gas, Condensates or a combination of them under a regular programme of Production.
- 1.1.27 "Condensates" means a portion of the gaseous hydrocarbons of such composition that are in the gaseous phase at the temperatures and pressures in the Reservoirs, but in the liquid phase at Standard Conditions.
- 1.1.28 "Concession Area" means the area specified in Article 4.1 hereof and described and delineated on the map set out in Annex "A", as reduced from time to time in accordance with the provisions of this Agreement, and where relinquishment provisions result in the creation of separate areas within the original Concession Area, such separate areas shall jointly be considered the Concession Area.
- 1.1.29 "Concession Operations" means Petroleum Operations, CCS and Lithium Extraction and any operations directly related thereto, including but not limited to gas processing and Ethane extraction.

- 1.1.30 "Concession Year" means a period of twelve (12) consecutive mouths under the Gregorian Calendar, within term of the Concession, beginning on the Effective Date or any anniversary thereof.
- 1.1.31 "Concessionaire" means Concessionaire specified in the pre-amble hereto, including assignee(s) in accordance with Article 22 hereof, and includes the Operator.
- 1.1.32 "Concessionaire Parties" are the parties jointly described as Concessionaire in the pre-amble hereto.
- 1.1.33 "Control" means the ownership directly or indirectly of more than fifty (50) percent of the voting rights in a legal entity.
- 1.1.34 "Corporate Income Tax" means a national or federal tax on profits of a corporation, known as _____ *(insert the name of the tax applicable to corporate profits)*
- 1.1.35 "Crude Price" means *(name of a crude oil, if applicable)* _____ as published in Platts Crude Oil Marketwire.
- 1.1.36 "Decommissioning" or "Abandonment" refers to the approved process of cessation of Concession Operations, including Oil and Gas Wells, installations and structures, including shutting down installation's operation and Production, total or partial removal of installations and structures where applicable, chemicals, radioactive and all such other materials handling, removal and disposal of debris and removed items, environmental monitoring of the area after removal of installations and structures and restauration of the surface area to a condition as close as possible as existed prior to the commencement of Petroleum Operations under this Agreement.
- 1.1.37 "Delivery Point" is the location where Oil, Gas and Condensates Production is delivered to a buyer of such Production that is not an Affiliate of any Concessionaire Party.
- 1.1.38 "Development" or "Development Operations" shall, pursuant to approved Work Programmes, include but not be limited to all the operations and activities under the Agreement with respect to the drilling of Wells, other than Exploration and Appraisal Wells, and the deepening, plugging back, completing and equipping of such Wells, together with the design, construction, and installation of such equipment, lines, facilities, plants and systems relating to such Wells for Production of Petroleum or Lithium or CO2 Storage.
- 1.1.39 "Development and Production Period" means with respect of a Field Production Area, the period from the approval of the Field Development Plan until the end of the Initial Term of the Agreement and such period may proceed in parallel with the Exploration Period and possible Appraisal Periods still ongoing.
- 1.1.40 "Development Well" means wells drilled after the date of approval of the Field Development Plan within the Field Production Area for the purposes of producing Petroleum, or increasing Production or accelerating extraction of Petroleum, including Production Wells, injection Wells and dry Wells.
- 1.1.41 "Discovery Area" means an area to be determined by Concessionaire representing the vertical projection to the surface (subject to the exclusions provided for in Article 4.1) of the geological structure or feature containing the discovery of Petroleum made in a Well drilled by

Concessionaire as well as a surrounding zone to account for possible future adjustments in the outline of the structure.

- 1.1.42 “Effective Date” means the first day of the month following the month in which this Agreement has been executed by the Parties.
- 1.1.43 “Emission Reduction Purchase Agreement” means an agreement where the Concessionaire purchases the mitigation outcomes in terms of GHG reductions from a third party carrying out the CO₂ emissions reduction project and serves as documentation for the Carbon Removal Credits.
- 1.1.44 “Environmental Management Plan” means the plan prepared pursuant to paragraph 7.3 of Annex D.
- 1.1.45 “Ethane” is a gaseous Petroleum product with the chemical formula C₂H₆.
- 1.1.46 “Exploration” or “Exploration Operations” shall include such geological, geophysical, aerial and other survey and any interpretation of data relating thereto as may be contained in approved Work Programmes, and the drilling of such shot holes, core holes or stratigraphic tests, Wells for the discovery of Petroleum, Appraisal Wells and other related operations.
- 1.1.47 “Exploration Area” means all of the Concession Area, less any Discovery Areas, Appraisal Areas and Field Production Areas and any deeper formations below Field Production Areas.
- 1.1.48 “Exploration Commitment Well” means the Exploration Well as provided for in Article 5.4.
- 1.1.49 “Exploration Period” means the period specified in Article 5, including extensions, if any, thereof pursuant to the Agreement.
- 1.1.50 “Exploration Phase” means a period of thirty (30) Months specified in Article 5, including extensions, if any, thereof pursuant to the Agreement.
- 1.1.51 “Exploration Well” means any Well drilled within the Exploration Period for the purpose of making a discovery of Petroleum in a separate structure or feature in which Petroleum has not previously been discovered, or a structure or feature in which Petroleum has been previously discovered and such Well is nevertheless approved by the Minister as an Exploration Well.
- 1.1.52 “Extra-Light Crude Oil” means Crude Oil that is lighter than 45 degrees API.
- 1.1.53 “Fair Market Value” means the price at which Oil, Condensates, Gas, Petroleum Products, commodities, assets, materials or services or similar quality and quantity could be supplied on similar terms at similar times by unrelated and independent parties under no compulsion to buy or sell and trading on a basis where none of the parties is in a position to exert significant influence on any of the other parties having regard to all relevant factors.
- 1.1.54 “Field” means a Reservoir or a group of Reservoirs containing Petroleum in the same geological, structural or stratigraphic feature which is separate from other structures or features.
- 1.1.55 “Field Development Plan” means a plan prepared by Concessionaire for the Development and Production of an Oil Field or Gas Field, CCS and Lithium Extraction and such plan shall include, but not be limited to, the estimation of recoverable reserves, the Development well pattern, master

design, Production profiles, economic evaluation and time schedule of the Development and Production Operations pursuant to the provisions of Article 7.7.

- 1.1.56 "Field Production Area" means the area approved in the Field Development Plan reasonably representing the vertical projection to the surface of the Field including the formations contained in the column from the lowest producing formation to the surface.
- 1.1.57 "Gas" means all gaseous hydrocarbons, and all substances contained therein, such as helium and hydrogen-sulfide, as exist in natural state in strata, associated or not with Oil, and are in a gaseous state upon Production from a Reservoir and excludes Condensates.
- 1.1.58 "Gas Field" means a Field containing primarily Non-Associated Gas.
- 1.1.59 "Gold Standard" means the Carbon Standard founded by the World Wildlife Fund and other non-governmental organizations for the verification and certification of GHG removal and reduction projects and administered by an entity called Gold Standard Foundation headquartered in Châteleine, Switzerland.
- 1.1.60 "Good International Petroleum Industry Practices" means such practices, methods, standards and procedures as are generally accepted and followed by prudent, diligent, skilled and experienced Operators and Petroleum companies with respect to Petroleum Operations.
- 1.1.61 "Government" means the government of *[country name]*.
- 1.1.62 "Greenhouse Gas" or "GHG" means carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, or sulfur hexafluoride.
- 1.1.63 "Green Hydrogen" is hydrogen produced using solely Renewable Energy as energy source and the production does not result in the release of any methane or other Greenhouse Gases.
- 1.1.64 "Green Hydrogen Operation" is an operation by the Concessionaire resulting in the production of Green Hydrogen.
- 1.1.65 Heavy Oil means Oil that is heavier than 22 degrees API.
- 1.1.66 "Hydrocarbon Tax" means the tax defined in Article **Error! Reference source not found.**
- 1.1.67 "Initial Term" means the initial Concession period of thirty (30) Concession Years as described in Article 3.2.1.
- 1.1.68 "International Emissions Trading Organization" or "IETA" means a non-profit business group championing the power of high-integrity markets to reach net-zero targets, with offices in Geneva, Brussels, Washington, Toronto and Singapore.
- 1.1.69 "JOA" means the Joint Operating Agreement attached as Annex B to this Agreement.
- 1.1.70 "Licence Round" means the licence round held Government pursuant to which this Concession was granted.
- 1.1.71 "Liquified Petroleum Gas" or "LPG" is a Petroleum product consisting of propane or butane or a mixture of largely propane and butane.

- 1.1.72 "Lithium" means a soft silver-white element of the alkali group that is the lightest of the alkali metals and that is used in chemical synthesis and in storage batteries.
- 1.1.73 "Lithium Extraction" is the extraction of Lithium from brines in underground Reservoirs, associated or not with Petroleum Reservoirs, and excludes extraction from seawater and production of lithium through mining.
- 1.1.74 "Marketable Gas" means a mixture mainly of methane and other hydrocarbons, if necessary, through the processing of the raw Gas for the removal or partial removal of some of its constituents, and which meets specifications determined by the Minister for distribution to wholesale and small customers for use as a domestic, commercial and industrial fuel and as feedstock or industrial raw material.
- 1.1.75 "Maximum Economic Recovery" means the highest reasonably possible recovery of Petroleum from Reservoirs and formations using Development and Production practices, which at the time such practices are applied are commercial under the prevailing economic conditions, and which consist of the optimal spacing of vertical and horizontal Wells, the Production of Wells at not higher than the maximum efficient rate, carrying out regular workovers, drilling of infill and extension Wells, fracturing of formations and implementing secondary and tertiary recovery schemes, using the most effective technologies existing when the practices are applied.
- 1.1.76 "Measurement Point" means a location in a Field Production Area or elsewhere in [*country name*] as designated in a Field Development Plan where Petroleum is measured prior to transportation to the Delivery Point or prior to transportation therefrom by truck, barge, railway, marine tanker or pipeline.
- 1.1.77 "Minimum Exploration Programme" means the minimum Work Programme specified in Article 5.
- 1.1.78 "Month" means the period of time commencing with a specific day in a specific month of the Gregorian calendar and terminating with the preceding day in the next succeeding month.
- 1.1.79 "Naphtha" means a distillation product from Petroleum refining boiling in the approximate range of 100 – 200 degrees Celsius.
- 1.1.80 "Natural Gas Liquids" means hydrocarbons in liquid form at the surface in separators, Field facilities or in Gas processing plants consisting of propane, butanes, pentanes and pentanes plus, or a combination of them, obtained from the processing of raw Gas or condensates.
- 1.1.81 "NetZero Year" is the calendar year indicated in Article 17.1.1.
- 1.1.82 "Non-Associated Gas" means a Gas accumulation which does not occur with Oil and which is not Associated Gas;
- 1.1.83 "Non-Energy Petroleum" means asphalt and any Petroleum that is used as feedstock for chemical or petrochemical operations and is not burned for energy purposes.
- 1.1.84 "Non-Operator" means a Concessionaire Party other than the Operator.
- 1.1.85 "Oil" or "Crude Oil" means a mixture of hydrocarbons, and all substances contained therein, as exist in natural state in strata and are in a liquid state upon Production from a Reservoir and in this state will flow through the strata to a Well.

- 1.1.86 "Oil Field" means a Field containing primarily Oil.
- 1.1.87 "Operator" means the entity which is designated as such from among the entities comprising Concessionaire and which is directed in its operations by Concessionaire Parties pursuant to the JOA.
- 1.1.88 "Participating Interest" means each Concessionaire Party's undivided share (expressed as a percentage to four (4) decimal places) of the total shares of all Concessionaire Parties in the rights, interests, obligations, and liabilities of Concessionaire Parties derived from this Agreement.
- 1.1.89 "Party" means the Government or Concessionaire and "Parties" means both of them.
- 1.1.90 "Petrochemical Feedstock" means Naphtha and Natural Gas Liquids used as feedstock for petrochemical and chemical industries in a manner in which the Petroleum is not burned for energy purposes.
- 1.1.91 "Petroleum" means hydrocarbons and associated substances as exist in its natural state in strata, and includes Oil, Gas, Condensates, bitumen and mixtures of any of them, but does not include coal.
- 1.1.92 "Petroleum Operations" means Exploration Operations, Development Operations and Production Operations and activities directly related to those operations.
- 1.1.93 "Petroleum Products" means motor spirit, gas oil, black oil, diesel oil, automotive gas oil, fuel oil, aviation oil, kerosene, liquefied petroleum gases and any lubrication oil or grease or other lubricant;
- 1.1.94 "Pipeline" means a pipe for the conveyance of Petroleum or Petroleum Products or CO₂, including installations associated with the pipe.
- 1.1.95 "Production" or "Production Operation" means operations and all activities related thereto carried out for Petroleum production of an Oil Field or Gas Field from the date of commencement of Commercial Production, such as extraction, injection, stimulation, treatment, storage within the Field Production Area, lifting, and related operations, but do not include any processing, storage or transportation beyond the Measurement Point, other than Pipelines to and from the Delivery Point.
- 1.1.96 "Renewable Energy" means energy from solar radiation, wind, tides, waves, geothermal heat, biomass, hydropower, or other sources of energy, the use of which does not result in a net increase of Greenhouse Gases.
- 1.1.97 "Renewable Energy Operations" means operations by the Concessionaire related to the production of Renewable Energy.
- 1.1.98 "Reservoir" means a subsurface rock formation containing an individual and separate natural accumulation of producible Petroleum characterized by a single natural pressure system.
- 1.1.99 "Royalty" means the royalty defined in Article **Error! Reference source not found.**
- 1.1.100 "Scope 1 Emissions" means Greenhouse Gas emissions from Petroleum Operations directly controlled by the Concessionaire.

- 1.1.101 "Scope 2 Emissions" means Greenhouse Gas emissions from activities upstream of the value chain of the activities of the Concessionaire and which are the result of the Concessionaire acquiring or purchasing goods or services.
- 1.1.102 "Scope 3 Emissions" means Greenhouse Gas emissions from activities downstream of the value chain of the activities of the Concessionaire and which are the result of the sale of Petroleum by the Concessionaire.
- 1.1.103 "Scope 1-3 Emissions" means Scope 1 Emissions, Scope 2 Emissions and Scope 3 Emissions or any one or any two of them.
- 1.1.104 "Scope 1-3 Emission Plan" means a plan formulated pursuant to Article 17.1.2.
- 1.1.105 "Significant Gas Discovery" means a discovery of Gas of at least 10 Bscf of recoverable Gas, but which is only commercial when jointly developed with other existing Gas discoveries or potential future Gas discoveries.
- 1.1.106 "Stand-Alone CCS" means a CCS operation with respect to a Reservoir in which Wells have been drilled previously and where the Reservoirs proved to contain solely water or brines or where the Reservoirs contained Petroleum, but such Reservoirs have been depleted, or with respect to a possible Reservoir that not has been previously drilled and the Concessionaire intends to drill to determine whether it could serve as a suitable Storage Complex.
- 1.1.107 "Stand-Alone Lithium Extraction" means a Lithium Extraction operation with respect to a Reservoir in which Wells have been drilled previously and where the Reservoirs proved to contain solely water or brines or where the Reservoirs contained Petroleum, but such Reservoirs have been depleted, or with respect to a possible Reservoir that not has been previously drilled and the Concessionaire intends to drill to determine whether it could serve as a commercial Lithium Extraction Operation.
- 1.1.108 "Standard Conditions" means sixty (60) degrees Fahrenheit and 14.696 lb/in² pressure.
- 1.1.109 "Storage Complex" means a Reservoir with suitable capacity to store significant volumes of CO₂, which is not subject to leakage, and has all characteristics to ensure that CO₂ will be adequately stored for a period in excess of 1000 years.
- 1.1.110 "Voluntary Carbon Market" means a market that allows carbon emitters to offset their emissions by purchasing carbon credits made available from projects targeted at removing Greenhouse Gas from the atmosphere or avoiding Greenhouse Gas into the atmosphere.
- 1.1.111 "Well" means a hole drilled into the earth for the purpose of locating, evaluating, producing or enhancing the Production of Petroleum.
- 1.1.112 "Work Programme" means a programme itemising the Petroleum Operations to be conducted within or with respect to the Concession Area and the time schedule for accomplishing such operations.
- 1.1.113 "Year" means the period of time commencing with a specific day in any year of the Gregorian calendar and terminating with the preceding day in the next succeeding year.

1.2 Construction

The Parties stipulate and agree that this Agreement and the language used herein is the product of the Parties' efforts and each Party hereby irrevocably waives the benefit of any rule of Concession construction which disfavors the drafter of an agreement.

1.3 Abbreviations

The following abbreviations shall have the meaning given below:

scf	standard cubic foot
Bscf	Billion standard cubic feet
Tscf	Trillion standard cubic feet
Mscf	thousand standard cubic feet
MMscf	million standard cubic feet
BOE	Barrel of Oil equivalent
bopd	Barrels of Oil per day
mtCO ₂	Metric ton of carbon dioxide

where "standard" refers to measurements taken at Standard Conditions.

1.4 Additional Rules of Interpretation

- 1.4.1 Unless otherwise specified, all dollar amounts in this Agreement, including the symbol "\$", refer to lawful currency of the United States of America.
- 1.4.2 Unless the context otherwise requires, references in this Agreement to a "person" are to be broadly interpreted and shall include an individual (whether acting as an executor, administrator, legal representative or otherwise), body corporate, unlimited liability company, partnership, limited liability partnership, joint venture, trust, unincorporated association, unincorporated syndicate, any government and any other legal or business entity.
- 1.4.3 The expressions "Article", "section", "subsection" and "Annex" followed by a number or letter or combination thereof mean and refer to the specified article, section, subsection, clause, subclause, paragraph and annex of or to this Agreement.
- 1.4.4 In this Agreement, a period of days shall be deemed to begin on the first day after the event which began the period and to end at 5:00 p.m. local time on the last day of the period. If any period of time is to expire hereunder on any day that is not a Business Day, the period shall be deemed to expire at 5:00 p.m. local time on the next succeeding Business Day.
- 1.4.5 If any act (including the giving of notice) is otherwise required by the terms hereof to be performed on a day which is not a Business Day, such act shall be valid if performed on the next succeeding Business Day.
- 1.4.6 When the context reasonably permits, words suggesting the singular shall be construed as suggesting the plural and vice versa, and words suggesting gender includes a reference to all other genders.

- 1.4.7 The table of contents and headings used in this Agreement are for convenience only and shall not be construed as having any substantive significance or as indicating that all of the provisions of this Agreement relating to any topic are to be found in any particular Article.
- 1.4.8 The words include and including shall mean include or including without limiting the generality of the description preceding such term and are used in an illustrative sense and not a limiting sense.
- 1.4.9 Any reference to a Person shall be construed as including a reference to its successors, permitted transferees and permitted assignees.
- 1.4.10 Any reference to a statute or enactment shall be construed as a reference to such statute or enactment as it may have been or may be amended or re-enacted from time to time, or any subordinate legislation made or legal norm created, or may from time to time be done, under such statute or enactment.
- 1.4.11 Reference to this Agreement or part thereof or any other document shall be construed as a reference to the same as it may be amended, supplemented, novated or replaced from time to time.

1.5 **Conflict**

In the event of any conflict or inconsistency between the terms and conditions in the body of this Agreement and those in any Annex (including any agreement entered into pursuant to this Agreement), the terms and conditions in the body of this Agreement shall govern and take precedence and the Parties shall take such steps as may be required or desirable to conform the conflicting or inconsistent provisions thereof to this Agreement.

1.6 **Annexes**

The following are the Annexes attached to and incorporated in this Agreement by reference and deemed to be a part hereof:

Annex A – Concession Area
 Annex B – Work Programme Guarantee
 Annex C – Parent Company Guarantee
 Annex DE – Reports to be Submitted by Concessionaire

Part I: Granting Provisions

ARTICLE 2 GRANT

2.1 **Ownership of Petroleum**

[*Country name*] is the owner of the Petroleum and Lithium in the subsoil, and is the owner of the rocks and fluids that make up a Storage Complex, and of any data generated as a result of the Petroleum Exploration, Development and Production, CCS and Lithium Extraction in the Concession Area.

2.2 Authority of the Minister

The Government has appointed the Minister with the power and authority to, *inter alia*:

- 2.2.1 set the Government's policies relating to Petroleum, its processing and all related matters as well as issuing the orders necessary for implementing such policies;
- 2.2.2 set the required plans and programmes for Exploration and the appropriate exploitation of the Petroleum wealth;
- 2.2.3 set regulations and principles, as well as issuing the required orders for implementation, to serve the interest of the Government;
- 2.2.4 supervise the activities of companies that have been granted concessions in [*country name*] and concluding the required agreements;
- 2.2.5 control Oil export operations and monitoring the Petroleum quantities produced in and exported from the country;
- 2.2.6 control CCS and Lithium Extraction in the concessions granted in [*country name*]), subject to the amendments in the Mining or Mineral Legislation that the Government commits to implement.
- 2.2.7 perform any other competencies relating to the functions of the Minister or any other duties assigned to it by the Government.

The Parties acknowledge the role and authority of the Minister and accept its jurisdiction to make regulations, issue orders and approve plans and programmes in relation to Concession Operations in the Concession Area and elsewhere in [*country name*].

The Minister may nominate such officials or persons as its representatives in all matters related to the Agreement. In case such representative is appointed, such representative and Operator shall meet regularly as directed by the Minister to ensure the efficient progress of the Petroleum Operations.

2.3 Grant of Rights

The Government hereby grants Concessionaire the exclusive right to carry out Concession Operations in the Concession Area. The Concession Area shall be reduced pursuant to the provisions of this Agreement. Concessionaire shall carry out the Petroleum Operations in accordance with this Agreement and under the supervision of and with the approval of the Minister.

2.4 Consideration for Grant

Subject to the Article, the grant to Concessionaire in Article 2.3 is in consideration of the payment by Concessionaire to the Government of the sum of US\$ _____, being the amount of the bonus consideration reflected in the bid by the Concessionaire in the Licence Round, the receipt of which is acknowledged by the execution of this Agreement.

With respect to a Stand-Alone CCS or Stand-Alone Lithium Extraction project, the Government may grant the Concession based on an application process that does not involve a Licence Round, and in this case the Government shall not require a payment in US \$ for consideration of the grant. The consideration is the Minimum Exploration Commitment.

2.5 **Concessionaire Obligations**

2.5.1 In consideration of the grant made by the Government, Concessionaire shall:

- (a) be responsible to the Government for the execution of the Concession Operations in accordance with the provisions of this Agreement and Applicable Law, and shall obtain any necessary non-objection certificates from relevant authorities;
- (b) provide all funds, machinery, equipment, technology and personnel prudent and necessary to conduct Petroleum Operations; and
- (c) diligently perform at its exclusive responsibility and risk all investments and contractual obligations necessary for conducting Concession Operations in accordance with this Agreement.

2.5.2 Concessionaire will not be compensated for any losses or for failure to make Petroleum or Lithium discoveries or failure to identify a suitable Storage Complex.

2.5.3 Concessionaire shall pay such fees, rentals and other payments to Government as stipulated in this Agreement.

2.5.4 In performing Concession Operations, Concessionaire shall employ advanced scientific methods, procedures, technologies and equipment and apply Good International Petroleum Industry Practices.

2.6 **Concessionaire Compensation**

Except for the returns to Concessionaire through the ownership and sale or disposal of Petroleum and Lithium produced in the Concession Area, or income received for providing CO₂ Storage services or reductions in carbon taxes or other carbon levies, Concessionaire shall receive no compensation for its services, nor any reimbursement of its expenditures under the Agreement.

2.7 **Title to Petroleum and Lithium**

Title to Petroleum and Lithium produced shall pass to Concessionaire at the wellhead, provided, however, that any Petroleum returned to Reservoirs for reinjection or otherwise in the subsoil shall be owned by [**country name**]. Except for the rights expressly provided by the Agreement, no right is granted in favour of Concessionaire to the surface area or subsoil or to any natural resources other than Petroleum and Lithium. Where Concessionaire encounters other minerals than Petroleum and Lithium in the Concession Area, Concessionaire shall inform the Minister forthwith about such discoveries. Concessionaire shall not have any rights to the exploration and production of such minerals and the Government reserves the right to carry out such exploration and production.

2.8 Participating Interests of Concessionaire

On the Effective Date Concessionaire Parties shall have the following interests in the rights of Concessionaire under this Agreement:

ABC:	___%
DEF:	_____%
Total:	100%

Concurrently with the execution of this Agreement Concessionaire Parties have entered into the Joint Operating Agreement contained in Annex B.

2.9 Operator

[ABC] is designated by Concessionaire Parties and approved by the Minister as the Operator for the purposes of this Agreement, and shall represent Concessionaire Parties before the Government and the Minister. The Operator is directed in its operations by Concessionaire Parties pursuant to the JOA. Any change of Concessionaire Party designated as the Operator shall require the prior written approval of the Minister, which approval shall be conditional on the Minister's satisfaction, acting in its sole discretion, with the technical and financial capability of the successor operator. The Operator shall maintain an interest in this Agreement of not less than thirty (30%) percent of the total interests of the Concessionaire, and if Concessionaire Party which is designated as Operator ceases to hold a sufficient interest in this Agreement, it shall resign as Operator and a successor operator shall be appointed by Concessionaire Parties, subject to the approval of the Minister.

ARTICLE 3 AGREEMENT TERM

3.1 Effective Date

This Agreement comes into force on the Effective Date.

3.2 Duration and Extension

3.2.1 This Agreement shall continue during the Initial Term, which shall be thirty (30) Concession Years from the Effective Date, unless terminated earlier pursuant to this Agreement. This Initial Term includes the Exploration Period provided for in Article 5.

3.2.2 If Concession Operations are continuing in one or more Field Production Areas upon the termination of the Initial Term, the Agreement may be renewed for a period of ten (10) Concession Years at the request of Concessionaire, provided Concessionaire has complied with all terms of the Agreement and such renewal is approved by the Minister.

3.2.3 Concessionaire shall apply in writing for such renewal at least one Concession Year prior to the end of the Initial Term, providing the evidence of the anticipated continuation of Concession

Operations and submitting an update of the Field Development Plan for approval for the renewal, pursuant to the conditions of Article 8.7.

- 3.2.4 Where Concession Operations are ongoing in one or more Field Production Areas upon the termination of the first renewal and Concessionaire has complied with all terms of the Agreement, the Agreement will be renewed for further periods of ten (10) years until the exhaustion of the Petroleum resources and termination of the CCS and Lithium Extraction in the Concession Area. Concessionaire shall make proposals for such further renewals at least one Concession Year prior to the end of each renewal.

3.3 **Early Termination**

This Agreement shall terminate before the end of the period described in Article 3.2 if:

- 3.3.1 there has not been a Commercial Discovery by the end of the Exploration Period or with respect to any Appraisal Areas, at the end of the last Appraisal Period;
- 3.3.2 Concessionaire relinquishes the Concession Area during the Initial Term or any renewals;
- 3.3.3 the Agreement terminates as a consequence of a breach by Concessionaire, as contemplated by Article 25; or
- 3.3.4 the Parties otherwise agree to terminate this Agreement.

ARTICLE 4 CONCESSION AREA AND RELINQUISHMENT

4.1 **Concession Area**

The Concession Area shall be initially as described in Annex A. The Concession Area shall be reduced pursuant to the provisions of Articles 4.2 and 4.3.

4.2 **Relinquishments**

- 4.2.1 No relinquishment of any portion of the Concession Area is required prior to the end of the Exploration Period, other than pursuant to Articles 7.1.1(a) and 7.3.1(a).
- 4.2.2 Upon expiry of the Exploration Period, Concessionaire shall relinquish all of the Concession Area, with the exception of:
- (a) Field Production Areas;
 - (b) Discovery Areas or Appraisal Areas, or both, for which an application for a Field Production Area is pending;
 - (c) Appraisal Areas;
 - (d) Discovery Areas for which an application for an Appraisal Area is pending; and
 - (e) any area reserved for a possible Significant Gas Discovery.

- 4.2.3 An Appraisal Area shall be relinquished where Concessionaire does not make a declaration of a Commercial Discovery prior to the termination of the Appraisal Period, otherwise the Appraisal Areas may be retained by Concessionaire until the approval of the respective Field Development Plan.
- 4.2.4 Where the Exploration Area and all Appraisal Areas have been relinquished and no Field Production Areas have been approved, this Agreement shall terminate.
- 4.2.5 Field Production Areas shall be relinquished where:
- (a) Commercial Production, CCS and Lithium Extraction have terminated and the Abandonment has been completed; or
 - (b) Commercial Production, CCS and Lithium Extraction have been suspended for one hundred eighty (180) days or more, unless otherwise approved by the Minister, and Concessionaire shall be responsible for Abandonment of such Field Production Area.
- 4.2.6 After the Exploration Period, if all Field Production Areas have been relinquished, the Agreement shall terminate.
- 4.2.7 Stratigraphic formations below the deepest producing formation for Petroleum or Lithium in a Field Production Area shall be relinquished on the later date of: (a) the approval of the Field Development Plan or (b) the termination of the Exploration Period.
- 4.3 **Voluntary Relinquishments**
- 4.3.1 Concessionaire may at any time relinquish a part of the Concession Area, provided Concessionaire has fulfilled all obligations with respect to such area to be relinquished and by informing the Minister sixty (60) days prior to such relinquishment and by providing a map and precise description of the area to be relinquished.
- 4.3.2 In no event shall any voluntary relinquishment by Concessionaire of rights over all or any part of the Concession Area reduce the Exploration obligations of Concessionaire set forth in Article 5.

Part II: Exploration, Development and Production

ARTICLE 5 EXPLORATION

5.1 Commencement of Exploration Operations

As of and from the Effective Date, Concessionaire is authorized to conduct Exploration Operations in the Concession Area during the Exploration Period. Exploration Operations shall be commenced by Concessionaire not less than ninety (90) days following the Effective Date and shall be pursued diligently in accordance with the approved Annual Work Programme.

5.2 Commencement of Exploration Operations

- 5.2.1 Depending on the work commitments made by Concessionaire, the Exploration Period shall have one, two or three Exploration Phases, each having a duration of thirty (30) Months. Concessionaire has the automatic right to conduct Exploration Operations during the first Exploration Phase. Concessionaire's entitlement to automatic extension of into the second and third Exploration Phase where the Concessionaire has complied with the work commitments for the prior phase.
- 5.2.2 Where Concessionaire has no commitments for the drilling of an Exploration Commitment Well in a following Exploration Phase, Concessionaire has the conditional right to enter in the next Exploration Phase if Concessionaire commits to the drilling of at least one Exploration Commitment Well, and provides the applicable bank guarantee, for such Exploration Phase and has complied with the provisions of the current Exploration Phase.
- 5.2.3 Where Concessionaire wishes to enter in such following Exploration Phase, Concessionaire shall give notice of its intention to exercise its right to enter the next Exploration Phase and provide the applicable bank guarantee at least thirty (30) days prior to the end of the current Exploration Phase.
- 5.2.4 Where Concessionaire does not give notice pursuant to Article 5.2.3 for the following Exploration Phase or does not provide the applicable bank guarantee, the Exploration Period shall terminate upon the termination of the current Exploration Phase.
- 5.2.5 Where the Exploration Period terminates and Concessionaire has not informed the Minister about one or more Commercial Discoveries or discoveries that merit Appraisal pursuant to Article 7, the Agreement shall terminate.
- 5.2.6 If upon expiry of any Exploration Phase, any Exploration Well is being drilled, which was spudded at least ninety (90) consecutive days prior to the end of such phase, or which is a substitute Well pursuant to Article 5.6, Concessionaire shall be entitled to an extension of the then current Exploration Phase to complete such Exploration Well.
- 5.2.7 Where a Concessionaire fails to drill the required Exploration Commitment Well during the Exploration Phase for which such Exploration Well was committed, the Minister shall require the relinquishment of the entire Exploration Area and the guarantees pursuant to Article 5.11 shall become effective for all remaining undrilled Exploration Commitment Wells and the Agreement shall terminate unless Discovery Areas, Appraisal Areas or Field Production Areas area in existence, which areas shall continue as per this Agreement.

5.3 Exploration Work Programme

During the Exploration Period, Concessionaire undertakes to carry out the following Minimum Exploration Programme:

- 5.3.1 During the Exploration Period, Concessionaire must carry out the following Work Programme:

First Exploration Phase

(to be defined by Government prior to Effective Date consisting of the Minimum Exploration Program and the Additional Exploration Commitment)

Second Exploration Phase

(to be defined by Government prior to Effective Date consisting of the Minimum Exploration Program and the Additional Exploration Commitment)

Third Exploration Phase

(to be defined by Government prior to Effective Date consisting of the Minimum Exploration Program and the Additional Exploration Commitment)

5.3.2 If Concessionaire has drilled more than the minimum number of Exploration Commitment Wells required of it under in any Exploration Phase, then the excess number of Exploration Commitment Wells may be carried forward to reduce the minimum number of Exploration Commitment Wells to be drilled in a subsequent Exploration Phase.

5.3.3 Concessionaire is free to drill Exploration Wells during any Exploration Phase in excess of the Additional Exploration Commitment and such Wells shall not require a bank guarantee.

5.4 **Minimum Depth of Wells**

An Exploration Commitment Well shall have as a minimum a depth of ___(to be defined by Government prior to Effective Date) meters.

5.5 **Cessation of Drilling**

Except in situations where a prudent operator would immediately cease drilling operations, Concessionaire shall obtain the approval of the Minister prior to the commencement, interruption or cessation of any drilling. The Minister shall respond as soon as practicable following such request. The granting of such approval may not be unreasonably withheld or delayed, provided that the Minister is in receipt of sufficient information to enable it to make an informed decision.

5.6 **Substitute Wells**

If a Well which is drilled as an Exploration Commitment Well does not reach the minimum vertical depth defined in Article 6.4.1, Concessionaire shall drill a substitute Exploration Commitment Well in order to comply with his Additional Exploration Commitment.

5.7 **Stand-Alone CCS**

The Exploration Period for a Stand-Alone CCS exploration shall be five (5) Concession Years. During the Exploration Period, Concessionaire undertakes to carry out the following Minimum Exploration Programme:

(to be defined by Government prior to Effective Date)

5.8 **Parallel or Subsequent CCS**

Where the Concessionaire intends to evaluate the possibilities for parallel or subsequent CCS in relation to a Petroleum Operation, the Exploration Period shall be identical to the period for Petroleum. Any tests related to Reservoirs that do not contain Petroleum shall be voluntary on the part of the Concessionaire.

5.9 **Stand-Alone Lithium Extraction**

The Exploration Period for a Stand-Alone Lithium Extraction exploration shall be five (5) Concession Years. During the Exploration Period, Concessionaire undertakes to carry out the following Minimum Exploration Programme:

(to be defined by Government prior to Effective Date)

5.10 **Parallel or Subsequent Lithium Extraction**

Where the Concessionaire intends to evaluate the possibilities for parallel or subsequent Lithium Extraction in relation to a Petroleum Operation, the Exploration Period shall be identical to the period for Petroleum. Any tests related to Reservoirs that do not contain Petroleum shall be voluntary on the part of the Concessionaire.

5.11 **Provision of Guarantees**

5.11.1 On or prior to the signing of this Agreement, each Concessionaire has provided to the Government:

- (a) a parent company guarantee in the form set forth in Annex D from Concessionaire Party's ultimate parent company (or other affiliate otherwise acceptable to the Minister) to provide all technical and financial resources that the Concessionaire Party may require to meet on a timely basis all obligations of the Concessionaire Party under this Agreement; and
- (b) an irrevocable standby letter of credit in the form set forth in Annex C from a bank acceptable to the Minister in the amount determined in Article 5.11.2 below, securing Concessionaire's timely performance of the Minimum Exploration Programme for Petroleum or Stand-Alone CCS or Stand-Alone Lithium Extraction and for Petroleum the

Additional Exploration Commitment, and which shall remain valid and effective for hundred eighty (180) consecutive days after the end of the Exploration Period.

- 5.11.2 The irrevocable standby letter(s) of credit to be delivered to the Minister on signature of this Agreement shall be provided by each of the Concessionaire Parties, pro rata to their respective participating interest in the Concession, in the amount of \$____ [*complete as appropriate for the relevant Concession as below*].
- 5.11.3 The relevant bank guarantee shall be released with respect to each Well or Work Programme phase upon delivery to the issuing bank of a certificate signed by the Minister confirming that the corresponding Work Programme has been completed in accordance with the Agreement and that all technical data related thereto and a comprehensive technical report thereon as required by Article 19.1 has been delivered to the Minister.
- 5.11.4 It is understood among the Parties that notwithstanding the fact that Concessionaire incurs total costs for a particular Well greater or less than amounts indicated in this Article, the quantum of the bank guarantee shall not be altered nor shall the bank guarantee be released until completion of the completion of the Well as provided for in this Article.
- 5.11.5 With respect to Petroleum, where Concessionaire fails to reach the specified vertical depth of a Well, Concessionaire shall make the payments as provided for in Article 5.4, and where such payments have been made the guarantee for such Well shall be released, subject to the provisions of Article **Error! Reference source not found.**
- 5.11.6 If, at the end of the Exploration Period, or upon termination of the Agreement, Concessionaire has failed to perform in accordance with the Agreement all or any part of any Minimum Exploration Programme or with respect to Petroleum, Additional Exploration Commitment, then shall on demand from the Minister immediately pay the Minister the entire amount of such outstanding guarantee or guarantees for the committed work, failing which the Minister shall be entitled to make a demand for payment under any outstanding bank guarantee.

ARTICLE 6

ANNUAL WORK PROGRAMMES

6.1 Submission of Annual Work Programme

No later than ninety (90) days prior to the beginning of each Calendar Year, or for the first Calendar Year no later than sixty (60) days after the Effective Date, Concessionaire shall prepare and submit for approval by the Minister a detailed and itemized Annual Work Programme for the Concession Area setting forth the Concession Operations and operations related to the Scope 1-3 Emission Plan that Concessionaire proposes to carry out during such Calendar Year.

6.2 Form and Approval of Annual Work Programme

Each Annual Work Programme shall be broken down into the various Exploration Operations and, as applicable, the Appraisal operations for each Appraisal Area and the Development and Production Operations or Storage Operations for each Field Production Area. Each Annual Work

Programme shall include at least the work required to be performed in the relevant period in order to fulfil the Minimum Exploration Programme, with respect to Petroleum the Additional Exploration Commitment and any Field Development Plan. The Minister may propose amendments or modifications to the Annual Work Programme, by giving notice to Concessionaire and including reasons for such amendments or modifications, within thirty (30) days following receipt of such Annual Work Programme. In such event the Minister and Concessionaire shall meet as soon as possible to review the amendments or modifications proposed by the Minister and establish by mutual agreement the Annual Work Programme. The parts of the Annual Work Programme for which the Minister does not require amendment or modification will be deemed approved and must be completed by Concessionaire within the stated time period, provided they may be undertaken on an individual basis. With respect to the parts of the Annual Work Programme for which the Minister proposes any amendment or modification, the date of approval of the Annual Work Programme shall be the date on which the Minister and Concessionaire reach the aforementioned mutual agreement. If Concessionaire and the Minister do not reach a written agreement within sixty (60) days following the submission of amendments and modifications by the Minister, then the matter shall be resolved by expert determination in accordance with Article 27.2.

6.3 **Conduct of Concession Operations**

Concessionaire shall exclusively perform Concession Operations and operations related to the Scope 1-3 Emission Plan included in an approved Annual Work Programme and shall perform each operation diligently and properly in accordance with the terms of this Agreement.

6.4 **Revisions to Annual Work Programme**

It is acknowledged by the Minister and Concessionaire that the technical results acquired as work progresses or the occurrence of certain unforeseen changes in circumstances may justify modifications to an approved Annual Work Programme. In such circumstances, Concessionaire shall promptly notify the Minister of the proposed modifications. Such modifications are subject to review and approval by the Minister within sixty (60) days after receipt of such notice. Failure of the Minister to approve or reject such proposed modifications within such sixty (60) day period shall be deemed to be an approval of such proposed modifications.

6.5 **Emergency or Accident**

In the event of an emergency or accident requiring urgent action, Concessionaire shall take all steps and measures as may be prudent and necessary in accordance with Good International Petroleum Industry Practice for the protection of its interests and those of the Government and the property, life and health of other persons, the environment and the safety of Concession Operations. Concessionaire shall promptly inform the Minister of such emergency or accident.

ARTICLE 7
PETROLEUM DISCOVERY AND APPRAISAL AND COMMERCIAL DISCOVERY

7.1 Petroleum Discovery

7.1.1 Where a discovery is made in an Exploration Well, Concessionaire shall inform the Minister immediately of such discovery. Within sixty (60) days of making such discovery Concessionaire shall determine the Discovery Area and shall inform the Minister whether the discovery:

- (a) is non-commercial and does not merit Appraisal, in which case the Minister may require the relinquishment of the Discovery Area;
- (b) is a Commercial Discovery and merits the start of Commercial Production in the Discovery Area based on the Production from a single Well, in which case Concessionaire shall present the Field Development Plan and Field Production Area (replacing the Discovery Area with such modifications as required) to the Minister within one hundred eighty (180) days for approval and such Field Development Plan may include the drilling of additional Development Wells;
- (c) merits Appraisal, in which case Concessionaire shall present to the Minister an Appraisal Programme for an Appraisal Area (replacing the Discovery Area with such modifications as required) reasonably covering the discovery within one hundred twenty (120) days for approval by the Minister;
- (d) is a Commercial Discovery pursuant to paragraph (b) and also merits further Appraisal pursuant to paragraph (c), in which case Concessionaire shall present both the Field Development Plan and the Appraisal Programme pursuant to these paragraphs and upon completion of the Appraisal Programme shall present an update of the Field Development Plan including a possible adjustment of the Field Production Area; or
- (e) is a Significant Gas Discovery.

7.2 Appraisal Work Programme

7.2.1 An Appraisal Programme shall be for the proposed Appraisal Area and shall contain as a minimum one (1) Appraisal Well during the Appraisal Period to the formations containing the discovery.

7.2.2 The Appraisal Period shall be two Years from the date of approval by the Minister of the Appraisal Programme. If Concessionaire proposes an Appraisal Programme of more than two (2) Appraisal Wells, the Minister may approve an Appraisal Period of three (3) Years.

7.2.3 The Appraisal Area shall be an area inside the Concession Area which reasonably represents the vertical projection to the surface of a geological structure or feature in which Petroleum has been discovered, as well as formations contained in the respective column above and below the geological structure or feature. The Minister may approve a zone surrounding the Discovery, in which the Discovery may extend in case the Discovery could be larger than anticipated.

7.3 **Submission of Appraisal Report**

7.3.1 Upon termination of the Appraisal Programme Concessionaire shall provide the Minister with an Appraisal Report, containing the results of the Appraisal Programme and Concessionaire shall declare:

- (a) that the discovery is not commercial in which case the Minister may require the relinquishment of the Appraisal Area,
- (b) that the discovery is a Commercial Discovery in which case Concessionaire shall present a Field Development Plan within one hundred eighty (180) days for approval; or
- (c) that the discovery is a Significant Gas Discovery.

7.3.2 The Appraisal Report shall include geological and petrophysical characteristics of the discovery, estimated geographical extent of the discovery, results of the Production tests yielded by the formation, a preliminary economic study with respect to the Development and Production of the discovery, and any other information as may be required by the Minister.

7.4 **Significant Gas Discovery**

If Concessionaire declares a Significant Gas Discovery, the Minister shall confirm such discovery within sixty (60) days, and upon such confirmation, Concessionaire may retain the Significant Gas Discovery Area for a retention period until the later of:

7.4.1 the end of the Exploration Period, or

7.4.2 the last remaining Appraisal Period.

If Concessionaire does not make a declaration of a Commercial Discovery with respect to such Significant Gas Discovery prior to the termination of this time frame, then the Significant Discovery Area shall be relinquished.

7.5 **Commercial Discovery for CCS and Lithium**

At any time during the Exploration Period related to exploration for a Stand-Alone CCS or Stand-Alone Lithium Extraction project, the Concessionaire may declare a Commercial Discovery.

7.6 **Right to Produce and Store**

7.6.1 If Concessionaire has determined that a discovery is a Commercial Discovery in accordance with Article 7.1.1(b) or 7.3.1(b), or made a declaration of a Commercial Discovery in accordance with Article 8.5, it shall be:

- (a) Required to submit a Field Development Plan in accordance with Article 7.7, and
- (b) Entitled to produce Petroleum and Lithium and Store CO₂ in the related Field, subject to the prior approval of the related Field Development Plan in accordance with Article 7.7.

7.7 Submission and Approval of Field Development Plan

- 7.7.1 The Field Development Plan shall be submitted within two Years of the declaration of the Commercial Discovery and the submission and approval process shall be as provided for in this Article 8.7.
- 7.7.2 The Field Development Plan shall be a development plan for the Reservoirs comprising the Commercial Discovery and contain a commitment to carry out the work described in the plan in a manner acceptable to the Minister.
- 7.7.3 The Minister shall evaluate the technical and commercial merits of the Field Development Plan.
- 7.7.4 During the evaluation of the Field Development Plan, the Minister may inform Concessionaire of deficiencies in such plan, and Concessionaire shall have the opportunity to improve the plan within the time frame set by the Minister.
- 7.7.5 The Minister shall approve the Field Development Plan, where the plan:
- (a) meets the technical standards that are required for the related works and where the location of the Measurement Point(s) and measurement processes and equipment for Production of Petroleum or Lithium Extraction or CO₂ Storage are acceptable;
 - (b) with respect to Petroleum detailed estimates have been provided of proved, probable and possible reserves and the operations results in the Maximum Economic Recovery of Oil, Gas and Condensates, from the Field, taking into consideration a reasonable economic framework;
 - (c) meets adequate health, safety and environmental standards;
 - (d) with respect to Petroleum includes the respective midstream facilities or arrangements with companies owning such facilities to effectively commercialize the Petroleum;
 - (e) with respect to CCS, the Storage Complex has been sufficiently characterized and assessed, and acceptable estimates have been provided of maximum storage capacity and the injection rates involving safe operations;
 - (f) where CCS involves CO₂ Storage from sources outside the Concession Area, the respective CO₂ capture program, as well as storage and transport to the injection Well(s) in the Concession Area have been sufficiently analyzed and assessed and provide for safe operations;
 - (g) with respect to Lithium Extraction, the extraction process and volumes and ultimate Lithium reserves have been sufficiently evaluated, designed and described;
 - (h) includes an approved plan for employment and training of **[country name]** nationals pursuant to Article 19.3.1;
 - (i) includes an approved Environmental Management Plan;
 - (j) includes an acceptable Scope 1-3 Emission Plan;

- (k) includes an acceptable plan for Decommissioning and Abandonment with appropriate cost estimates;
 - (l) does not provide for routine Gas flaring;
 - (m) includes a detailed time line for the implementation of the Field Development Plan;
 - (n) in general, conforms with Good International Petroleum Industry Practices; and
 - (o) conforms with all provisions of this Agreement and Applicable Law.
- 7.7.6 Where a Concessionaire does not submit a Field Development Plan and related work commitment pursuant to this Article within the specified time frame, the Minister may require the relinquishment of the Appraisal Area.
- 7.7.7 Where Concessionaire has declared a Commercial Discovery, the Exploration Period, Appraisal Period or the Significant Gas Discovery retention period shall be extended from the respective maximum periods, until the process regarding the approval of the respective Field Development Plan has been completed by approving such plan or finally rejecting such plan.
- 7.7.8 The Minister shall give its final decision to approve or disapprove a Field Development Plan or any update or new phase of a Field Development Plan within hundred and eighty (180) days after the submission of the Field Development Plan or Field Development Plan update.
- 7.7.9 Concessionaire may present updates of the Field Development Plan where new markets, new data or new interpretations become available.
- 7.7.10 The Concessionaire may present a Field Development Plan in phases, providing detailed information for the first phase and providing updates of the Field Development Plan, to be approved by the Minister, prior to entering each phase.
- 7.7.11 Any work commitments related to the Field Development Plan shall be supported by a bank guarantee or performance bond for a percentage of the amount of the committed work, as determined by the Minister, not to exceed twenty (20%) percent, from a reputable international bank and acceptable to the Minister, unless the active Development of the Field is guaranteed otherwise in a manner acceptable to the Minister.
- 7.7.12 Where Concessionaire implements the Field Development Plan considerably slower than approved under the time line in Article 7.7.10 above, the Minister may consider this a ground for termination of the Agreement where it is predicted that the implementation will take twice as long as presented in the Field Development Plan.
- 7.7.13 The Minister may propose amendments or modifications to the Field Development Plan, and also to the Field Production Area subject to such Field Development Plan, by notice to Concessionaire within sixty (60) days following receipt of the relevant plan. Such notification shall set out the reasons for the amendments or modifications proposed by the Minister. In such event the Minister and Concessionaire shall meet as soon as possible to review the proposed amendments or modifications of the Minister and establish by mutual agreement the Field Development Plan.

7.7.14 If Concessionaire and the Minister do not reach a written agreement within sixty (60) days following the submission of amendments and modifications by the Minister, then the matter shall be resolved by expert determination in accordance with Article 27.2.

7.8 **Number of Fields**

If Concessionaire makes more than one Commercial Discovery in the Concession Area each of them shall be the subject of a separate Field Development Plan.

7.9 **Extension of Field beyond Concession Area**

7.9.1 If, during work performed after approval of a Field Development Plan, it appears that the geographical extent of a Field is larger than the Field Production Area designated pursuant to Article 7.7, and such area is within the territory of *[country name]* and not subject to a prior grant of Concession Exploration or Production rights, then upon recommendation by the Minister, the Government may grant Concessionaire the additional area, on condition that it is included in the Concession Area in effect at that time, and provided that Concessionaire provides supporting evidence of the existence of the additional area applied for.

7.9.2 With respect to Petroleum, if a Field extends beyond the boundaries of the Concession Area as delimited at any particular time, the Minister may require Concessionaire to exploit such Field in association with the Concessionaire of the adjacent area in accordance with Article 7.10 and generally accepted practice of the international Petroleum industry.

7.9.3 With respect to Lithium, if a Field extends beyond the boundaries of the Concession Area as delimited at any particular time, the Minister shall permit the Concessionaire who made the first Commercial Discovery the exclusive exploitation of the Lithium reserves of the entire Field.

7.9.4 With respect to CCS, if a Field extends beyond the boundaries of the Concession Area as delimited at any particular time, the Minister shall permit the Concessionaire who made the first Commercial Discovery the exclusive exploitation of the Lithium reserves of the entire Field.

7.10 **Unitisation**

7.10.1 With respect to Petroleum in the event a Reservoir extends beyond the Concession Area into an adjacent area which is the subject of another Petroleum Concession, or in the event a Reservoir of another Petroleum Concession extends into the Concession Area, the Minister may require the Concessionaires to agree upon a schedule for reaching agreement on the terms of the unitisation of the Reservoir or Field, which terms shall be based on reliable technical, operational and economical parameters, all in accordance with Good International Petroleum Industry Practice.

7.10.2 The Minister shall require unitisation where the carrying out of a joint Field Development Plan is essential for the Maximum Economic Recovery of the Petroleum.

7.10.3 The Royalty pursuant to Article **Error! Reference source not found.** shall be calculated based on the total Petroleum Operations and Production of the joint Field and Concessionaire shall pay its proportionate share based on the share of the ownership of the Production allocated to Concessionaire under the unitisation agreement.

- 7.10.4 In the event the Reservoir extends beyond the Concession Area to an area outside *[country name]*, The Minister shall take such steps to reach a cross-border agreement with the adjacent country and shall consult and instruct Concessionaire accordingly about the implementation of a joint Field Development Plan, where this would be required.

ARTICLE 8

CONDUCT OF CONCESSION OPERATIONS

8.1 Obligations of Concessionaire

Concessionaire shall provide all funds necessary for the conduct of Concession Operations in the Concession Area including the purchase or rental of all facilities, equipment, materials and other goods required for the performance of such Concession Operations. It shall also supply all technical and operational expertise, including the use of foreign and national personnel required for implementing Annual Work Programmes.

8.2 Working Conditions

Concessionaire shall provide acceptable working conditions and access to medical attention and nursing care for all of its local and international personnel and those of its contractors while undertaking Concession Operations.

8.3 Discovery of other Minerals

- 8.3.1 Concessionaire shall promptly notify the Minister of the discovery of any minerals or other substances in the Concession Area. If any persons are granted a permit or licence within the Concession Area for the exploration and exploitation of any minerals or substances other than Petroleum and Lithium, the Government and the Minister shall take all reasonable measures to ensure that the operations of such persons will not obstruct Concessionaire's Concession Operations. Concessionaire shall use all reasonable efforts to avoid any obstruction with such permit holders or licensees' operations.

- 8.3.2 If Concessionaire discovers any fresh water sources during drilling operations, Concessionaire shall take precautions to preserve such fresh water sources and to preserve such water upon the Abandonment of the Well. Concessionaire shall inform the Minister of any fresh water discovered during drilling operations.

8.4 Award of Agreements

- 8.4.1 Subject to Article 19.1, Concessionaire shall award all contracts to the best qualified contractor or other person, including Affiliates of Concessionaire, as determined by cost and ability to perform the Concession.

- 8.4.2 Concessionaire shall submit to the Minister together with the Annual Work Programme a list of the types of contracts or agreements for services that Concessionaire foresees entering into during that Year as well as details of those entered into in the previous Year.

- 8.4.3 Concessionaire shall remain fully liable and responsible for any breach of this Agreement or any performance, non-performance, part performance or delay in performance of any of the

obligations under this Agreement by any contractor to the same extent as if such breach, performance, non-performance or delay in performance had been carried out by Concessionaire.

8.5 **Inspection of Concession Operations**

8.5.1 The Concession Operations may be inspected and audited by the Minister at such intervals as the Minister deems necessary. The duly commissioned representatives of the Minister shall have the right, among others, to monitor Concession Operations and inspect all equipment, facilities and materials relating to Concession Operations, provided that any such inspection shall not unduly delay or impede Concession Operations. The representatives of the Minister inspecting and monitoring Concession Operations shall comply with the safety standards of Concessionaire.

8.5.2 For the purposes of permitting the exercise of the above-mentioned rights, Concessionaire shall provide reasonable assistance to the representatives of the Minister.

8.6 **Provision of Information to the Minister**

Concessionaire shall keep the Minister fully informed on the performance and status of Concession Operations at reasonable intervals and as required under this Agreement and of any emergencies or accidents that may have occurred during such operations. Furthermore, Concessionaire shall provide the Minister with all documentation and information that is required under Annex E to this Agreement.

8.7 **Standard of Equipment**

Concessionaire shall ensure that all equipment, plants, installations and materials used by it comply with Good International Petroleum Industry Practices and generally accepted engineering standards, and that they are duly constructed and maintained in good condition.

8.8 **Steps to be taken by Concessionaire**

8.8.1 Concessionaire shall take all prudent and necessary steps in accordance with Good International Petroleum Industry Practices and this Agreement to:

- (a) prevent pollution and protect the environment and living resources;
- (b) ensure that any Petroleum and Lithium discovered or produced in the Concession Area are handled in a manner that is safe for the environment;
- (c) avoid causing damage to overlying, adjacent and underlying formations trapping Petroleum reserves;
- (d) prevent the ingress of water via Wells into strata containing Reservoirs;
- (e) avoid causing damage to overlying, adjacent and underlying aquifers;
- (f) drill and exploit each Field or carry out CO₂ Storage in the Field in such a manner that the interests of the Government are protected; and
- (g) ensure prompt, fair and full compensation for injury to persons or property caused by the effects of Concession Operations.

- 8.8.2 If Concessionaire's actions result in any pollution or damage to the environment, any Person, living resources, property or otherwise, Concessionaire shall immediately take all prudent and necessary measures to remedy such damages and effects thereof and any additional measures as may be directed by the Minister. If Concessionaire does not act promptly so as to control or clean-up any pollution or make good any damage caused, the Minister may, after giving Concessionaire reasonable notice in the circumstances, carry out the actions which are prudent or necessary hereunder and under Article 6.5 and all reasonable costs and expenses of such actions shall be borne by Concessionaire.
- 8.8.3 If the Minister determines that any works or installations built by Concessionaire or any activity undertaken by Concessionaire threatens the safety of any persons or property or causes pollution or harm to the environment, the Minister shall promptly advise Concessionaire of its determination, and may require Concessionaire to take all appropriate mitigating measures, to repair any damage caused by Concessionaire's conduct or activities. Furthermore, if the Minister deems it necessary, it may demand that Concessionaire suspend totally or partially the affected Concession Operations until Concessionaire has taken the appropriate mitigating measures or repaired any damage.
- 8.8.4 Concessionaire shall undertake comprehensive environmental impact assessment studies prior to, during and after major drilling and facility or Pipeline construction operations, in accordance with directions of the Minister. The first study shall be presented to the Minister before the start of the drilling of the first Well in the Concession Area. However, an environmental impact assessment must also be completed prior to undertaking any seismic work in any areas of particular environmental sensitivity specified by the Government.

8.9 **Re-injection and Flaring of Gas**

The Gas that Concessionaire does not develop in accordance with this Agreement or use in its own operations within the Concession Area shall be re-injected into the structure of the subsoil. Notwithstanding the foregoing, the Minister may authorize the flaring of Gas for short periods of time.

8.10 **Design and Identification of Wells**

- 8.10.1 Concessionaire shall conform to the Good International Petroleum Industry Practices in the design and drilling of Wells, including their casing and cementation.
- 8.10.2 Each Well shall be identified by a name or number agreed with the Minister, which shall be indicated on all maps, plans and other similar records produced by or on behalf of Concessionaire.

8.11 **Vertical Projection Wells**

Subject to the provisions of Article 8.9.3 and 8.9.4, no Well may be drilled to an objective which is outside the vertical projection to the surface of the boundaries of the Concession Area. Controlled direction Wells drilled within the Concession Area from adjacent terrain not covered by this Agreement will be considered for all purposes of this Agreement as Wells drilled from territory included in the Concession Area, and whose drilling may only be undertaken with the prior approval of the Minister, and on such terms and conditions as the Minister may establish. Nothing in this Article has the intention or should be interpreted as a grant of a right of lease,

licence, servitude or any other right that Concessionaire must obtain from the Minister or other persons.

8.12 **Notification of Commencement of Petroleum Operations**

Concessionaire shall notify the Minister at least ten (10) Business Days in advance of the commencement of any seismic activities or drilling of any Well set out in an approved Annual Work Programme or before the resumption of works on any Well whose works have been suspended for more than one hundred eighty (180) consecutive days.

8.13 **Construction of Facilities**

Concessionaire shall build and maintain all facilities necessary for the proper performance of this Agreement and the conduct of Concession Operations. In order to occupy land necessary for the exercise of its rights and obligations under this Agreement, Concessionaire shall request the authorization of the Minister and other applicable governmental authorities, which authorization shall be subject to and granted in accordance with Article 8.14, and Applicable Law.

8.14 **Occupation of Land**

8.14.1 In order to carry out Concession Operations, Concessionaire shall have the right to:

- (a) subject to Article 8.14.2, occupy the necessary land for the performance of Concession Operations and associated activities as set out in paragraphs (b) and (c) below, including lodging for personnel;
- (b) undertake or procure the undertaking of any infrastructure work necessary in normal technical and economic conditions for the carrying out of Concession Operations and associated activities such as transport, storage of equipment, materials and extracted substances, establishment of telecommunications equipment and communication lines necessary for the conduct of Concession Operations at installations located both offshore and onshore; and
- (c) undertake or ensure the undertaking of works necessary for the supply of water to personnel and installation works in accordance with water supply regulations;

8.14.2 Occupation of land as mentioned in Article 8.14.1 shall become effective after the Minister or other applicable governmental authority approves the request submitted by Concessionaire indicating and detailing the location of such land and how Concessionaire plans to use it, taking the following into consideration:

- (a) if the land belongs to the Government, the Government shall grant it to Concessionaire for occupation and to build its fixed or temporary facilities during the term of this Agreement for a fee and on terms to be agreed;
- (b) if the land is private property by law, traditional or local right according to the Property Registry, then
 - (i) if the occupation is merely temporary or transitory, or for right of way, Concessionaire shall reach an agreement with the relevant property owner and

the property owner shall reach an agreement with any occupant, tenant or possessor, with regard to the rental to be paid, or

- (ii) if the occupation is permanent, the relevant owner and Concessionaire shall reach an agreement regarding matters related to the property's acquisition;
- (c) if Concessionaire and the relevant property owner or occupant, tenant or possessor do not reach an agreement regarding the matters mentioned in paragraph (b) above, the Minister shall act as a mediator between them and in the event that such mediation does not produce a resolution of the case the dispute shall be resolved by the courts of **[country name]** unless recourse is had to the procedure described in paragraph (d) below; and
- (d) the Government may proceed to expropriate the land, subject to the prior publication of a decree of compulsory expropriation followed by a fair and reasonable valuation of the land concerned by an expert valuator. In such event Concessionaire shall compensate the expropriated property owner in accordance with the value determined by such expert valuator if the Government has not done so; such amounts shall be considered recoverable Petroleum Operations Costs.

8.15 **Residence of Personnel**

There shall be no restrictions imposed on the entry, residence, free circulation, employment and repatriation of the personnel of Concessionaire and its contractors, the family of such personnel, or the personal effects of such personnel and his or her family, provided that Concessionaire and its contractors comply with Applicable Laws. The Government agrees to grant in a timely manner the entry, work, or residence permits or other permits or authorizations that, in accordance with the Labour laws of *[country name]*, may be required by the personnel of Concessionaire, the Operator or any contractor.

ARTICLE 9 ABANDONMENT AND DECOMMISSIONING

9.1 **Abandonment Obligation**

- 9.1.1 Concessionaire shall Decommission and Abandon the Wells, facilities and Pipelines in accordance with the approved plan for Decommissioning and Abandonment contained in the Field Development Plan related to the Concession Operations.
- 9.1.2 In case of amendments, updates or further phases of the Field Development Plan, Concessionaire shall update the plan for Decommissioning and Abandonment accordingly.
- 9.1.3 Furthermore, Concessionaire shall update the plan for Decommissioning and Abandonment due to possible significant increases in costs and when requested by the Minister.
- 9.1.4 Concessionaire shall abandon each Well upon the termination of the economic life of such Well, which shall be upon the exhaustion of the Petroleum production from such Well and the termination of the CCS and Lithium Extraction.

- 9.1.5 Concessionaire shall regularly inform the Minister about Wells which are suspended or are on intermittent Production and the Minister may order the Abandonment of such Wells, where in the opinion of the Minister such Wells do not have a viable possible future use or where intermittent Production no longer represents an economic operation.
- 9.1.6 Upon the termination of Commercial Production, CCS and Lithium Extraction in a Field Production Area, Concessionaire shall Abandon all Wells, Pipelines and facilities used for the Concession Operations of the Field, unless, with the approval of the Minister, certain facilities and Pipelines remain in use for Production from other Field Production Areas in the Concession Area or remain in use by third parties with respect to Production from outside the Concession Area.

9.2 **Abandonment Fund**

- 9.2.1 Concessionaire shall establish an Abandonment fund (the “Abandonment Fund”) for each Field Production Area in the form of an escrow account or in such other manner as the Minister may approve and shall make yearly contributions to such fund from the commencement of Commercial Production from such Field.
- 9.2.2 Concessionaire is authorized to withdraw funds from the Abandonment Fund for the purpose of Abandonment of Wells or any facilities and Pipelines during the Development and Production Period of any Field Production Area.
- 9.2.3 The yearly contribution to the Abandonment Fund shall be calculated based on the following formula for each Field Production Area:

$$C_y = \text{MAX} (0, (P_y/R_y)*(A-Q) - I)$$

Where:

MAX – means the higher of the two results.

C_y - is the contribution to be made for the particular Concession Year, expressed in dollars.

P_y - is the estimated Production for the particular Concession Year, expressed in barrels of oil equivalent or tons of Lithium, or Storage Operations expressed in tons of CO₂

R_y - is the remaining proved reserve at the beginning of the particular Concession Year, expressed in barrels of oil equivalent or tons of Lithium or Storage capacity remaining.

A – is the Abandonment costs estimated in the Field Development Plan as updated from time to time and adjusted as a result of new cost estimates, expressed in dollars.

Q – is the total of the contributions made to the Abandonment Fund minus the total of the Abandonment Costs paid from the Abandonment Fund prior to the particular Concession Year, expressed in dollars.

I – is the estimated income for the particular Concession Year as a result of investment of the cumulative amount contributed to the Abandonment Fund, expressed in dollars.

9.3 **Excess or Shortfall of Abandonment Fund**

- 9.3.1 Regardless of the existence of Abandonment Funds pursuant to Article 9.2, Concessionaire shall Abandon all Exploration, Appraisal and Development Wells and any facilities or pipelines no longer in use within six Months of such asset ceasing to be in use.
- 9.3.2 If the Abandonment Funds are not sufficient to cover all Decommissioning costs for the Fields, the balance shall be paid by Concessionaire.
- 9.3.3 If the Abandonment Funds exceed Decommissioning costs for all the Fields, the balance shall be transferred to Concessionaire.
- 9.3.4 Where on the termination of the Agreement one or more Field Production Areas remain in Commercial Production, and the Agreement is not renewed and such Fields are transferred to the Minister or a new Concessionaire, the funds in the Abandonment Fund shall be transferred to such parties and such parties shall assume the Abandonment obligation and Concessionaire shall have no further obligation for Decommissioning and Abandonment for such Field Production Areas.

Part III: Fiscal Provisions

ARTICLE 10 RENTALS AND ROYALTIES

10.1 **Rentals**

- 10.1.1 Upon the Effective Date Concessionaire shall pay a rental of \$_____ for the Concession Area.
- 10.1.2 On each anniversary of the Effective Date Concessionaire shall pay a rental, which shall increase per Concession Year starting on the first anniversary on the following basis: [to be defined *by the Government*].

10.2 **Royalty**

- 10.2.1 The Government hereby establishes a Royalty for the purpose of this Concession Agreement. The Minister shall collect and verify the Royalty on behalf of the Government and pay such Royalty to the Government.
- 10.2.2 Concessionaire shall pay to the Minister in cash on or before the twenty-fifth (25th) day of each Calendar Month the Royalty based on the gross value of the Petroleum produced in the previous Calendar Month from a Field Production Area. Where there is more than one Field Production Area, the Royalty shall be determined separately for each Field Production Area. For greater certainty, the Production does not include any Petroleum which is reinjected in the Reservoirs or consumed for Petroleum Operations in the Field.
- 10.2.3 The Royalty rate for Oil and Condensates shall be the total of the Royalty rate based on Production and the Royalty rate based on price and shall be determined as follows:

- (a) The Royalty rate based on Production shall be determined based on the weighted average of the following tranches:
- (i) Up to 5,000 bopd - 5%
 - (ii) From 5000 to 10,000 bopd - 7.5%
 - (iii) From 10,000 bopd - 10%
- (b) The Royalty based on price shall be based on interpolation using the following price levels:
- (i) Below \$ 50 per barrel - 0%
 - (ii) At \$ 100 per barrel - 5%
 - (iii) Above \$ 150 per barrel - 10%
 - (iv) From \$ 50 to \$100 per barrel the rate shall be interpolated between 0% and 5%
 - (v) From \$ 100 to \$ 150 per barrel the rate shall be interpolated between 5% and 10%
 - (vi) The price levels apply to the years 2024 and 2025, from January 1, 2026 onwards the price levels shall be increased every year by \$ 1 per barrel in order to account for inflation.
- (c) Where all or part of the Condensates is used in domestic chemical or petrochemical industries as feedstock, the Royalty on Condensates shall be 0%

10.2.4 The Royalty rate for Gas and Natural Gas Liquids shall be 5%.

10.2.5 Where helium or sulfur are being produced as by-product of the Petroleum Operations, the applicable Royalty rate shall be the same as for Gas.

10.2.6 In view of the Sustainable Development Goal of producing Affordable and Clean Energy, and because Lithium is a cost component in battery production, and to make Lithium extraction as economic as possible, the Royalty rate for Lithium shall be zero percent, subject to the necessary adjustments to the mining or mineral legislation that the Government commits to implement.

ARTICLE 11 PARTICIPATING INTERESTS

11.1 Liability for Petroleum Operations Costs

Without prejudice to Article **Error! Reference source not found.**, Concessionaire Parties shall fund, bear and pay all costs and expenses for Petroleum Operations under this Agreement and the Joint Operating Agreement in the proportions set forth in 0. Each of Concessionaire Parties shall

be represented on the operating committee under the JOA and shall have voting rights as provided therein.

11.2 **Subdivision of Concession**

Where the provisions of this Article result in Participating Interests in this Agreement being held in differing proportions within different Field Production Areas or stratigraphic zones within the Concession Area, Concessionaire Parties may apply to have this Agreement split into separate agreements identical to this Agreement but having consistent Participating Interests of Concessionaire Parties within the entirety of such separate agreements. The Government will determine in its sole discretion whether to allow such subdivision of this Agreement, and if approved, the manner in which such subdivision will occur. In case of such subdivision, the total amount of the Rental pursuant to Article 10.1 and payments under Article 19.3 shall apply to each Concession Area and where petroleum production can be considered to be from a single Field, the Royalty calculations shall be done on the total production

ARTICLE 12 APPLICABLE TAXES AND DUTIES

12.1 **Applicable Taxes**

12.1.1 Each Concessionaire Party shall, shall be liable for the payment of Corporate Income Tax and all other Applicable Taxes.

12.1.2 The Applicable Taxes on the Concession Operations shall be calculated by each Concessionaire Party and paid to the respective governmental entities of *[country name]* for any Calendar Year.

12.1.3 Within thirty (30) days after the end of each Calendar Quarter, each Concessionaire Party shall submit to the Government a provisional calculation of Applicable Taxes. On or before the 15th of April of the end of each Calendar Year, Concessionaire Party shall submit the final statement with respect to Applicable Taxes. The Government shall provide a receipt to each Concessionaire Party following payment of the Applicable Taxes.

12.1.4 Pursuant to Article 21 the Government shall have the right to appoint inspectors and auditors on its behalf to examine at its expense the books, records and other information of any Concessionaire Party and Concessionaire for fiscal purposes.

12.1.5 With a view of encouraging Exploration in new Concession Areas, the Corporate Income Tax for each Concessionaire Party shall be determined on the basis of all income and expenditures incurred in *[country name]* jointly for all Concessions on a consolidated basis.

12.2 **Hydrocarbon Tax**

12.2.1 There is hereby established a Hydrocarbon Tax for the purpose of this Concession Agreement. A Concessionaire Party shall pay this tax at a rate of (the amount to be determined and included in this Agreement prior to the Effective Date) __%.

12.2.2 The Hydrocarbon Tax shall be determined on the same basis as the Corporate Income Tax and the Hydrocarbon Tax rate shall be in addition to the the tax rate of Corporate Income Tax in other words, the Hydrocarbon Tax shall be considered as a surtax on the Corporate Income Tax.

12.2.3 The Hydrocarbon Tax shall include an extra allowance of 40% on all capital expenditures and this allowance shall be applicable when the capital expenditures are incurred.

12.2.4 Hydrocarbon Tax shall not apply to CCS and Lithium Extraction.

12.3 **Imports, Exports and Customs**

12.3.1 Concessionaire shall have the right to import free of import duty any goods and materials for the Concession Operations, but not including goods for personal use by employees.

12.3.2 The classes of goods on which custom duty is payable are:

- (a) Foodstuffs,
- (b) Tobacco and drinks,
- (c) Materials for construction and maintenance of residential, commercial and welfare buildings,
- (d) Domestic consumables,
- (e) Furniture, air conditioning equipment and other items commonly used in residences,
- (f) Cameras, computers and similar electronic equipment, and
- (g) Transport vehicles under 3-ton load carrying capacity.

12.3.3 Concessionaire shall have the right to export free of export duty any Oil or Gas resulting from the Petroleum Operations.

12.4 **Duties, Levies and VAT**

12.4.1 Subject to the provisions of Article 12.3, Concessionaire shall pay all duties, levies, fees, environmental taxes, property taxes, land surface taxes, labour taxes, personal income taxes and other required payments to the Government, provided such payments are not specifically targeted at the petroleum industry or at the Concession Operations under this Agreement and are not included in Applicable Taxes.

12.4.2 Concessionaire shall bill for and pay VAT for goods and services to which VAT is applicable, including for Petroleum, Petroleum Products, Lithium products and CCS services, in case VAT is applicable.

ARTICLE 13
FISCAL STABILITY

13.1 Stability

13.1.1 The Government shall not during the Initial Term and renewal of this Agreement increase the rentals, Royalty, and Hydrocarbon Tax provided for in Articles 10.1, **Error! Reference source not found.**, and **Error! Reference source not found.**.

13.1.2 Subject to the provisions of Article 12.3 and 12.4 and without prejudice to Article 19.3, the Government shall not impose new payments to Government, duties, royalties, rentals, fees or charges on Concessionaire with respect to the revenues or income derived from the Petroleum Operations and Lithium Extraction under this Agreement, or on products, materials, goods and services required for the Petroleum Operations and Lithium Extraction.

13.1.3 Where new corporate income taxes of general application are imposed by the Government, the Minister shall pay such taxes on behalf of the Concessionaire.

13.1.4 Where future laws or regulations involving payments to Government, and such future laws or regulations:

- (a) are specifically targeted at the petroleum industry or at Petroleum Operations under this Agreement, or
- (b) any taxes other than Applicable Taxes,

and such implementation adversely affects Concessionaire's net economic benefits hereunder, the Parties shall introduce the necessary amendments to this Agreement to ensure that Concessionaire obtains the economic results anticipated under the terms and conditions of this Agreement prior to the implementation of such future laws or regulations.

13.1.5 The stability provisions of this Article 13 do not restrict the Government from making any other amendments to Applicable Law, including for any of the following purposes:

- (a) to comply with modern principles (as established from time to time) in respect of the environment, health and safety;
- (b) to reflect Good International Petroleum Industry Practice; and
- (c) to implement the principles of:
 - (i) the United Nations Global Compact;
 - (ii) the Extractive Industries Transparency Initiative;
 - (iii) the Paris Agreement;
 - (iv) the Voluntary Principles on Security and Human Rights; and
 - (v) the Convention on Corruption of Foreign Public Officials.

- 13.1.6 Without prejudice to the generality of the foregoing, Concessionaire shall be entitled to the benefit of any future changes to Applicable Law in relation to petroleum activities.

Part IV: Marketing Provisions

ARTICLE 14 MEASUREMENT AND VALUATION

14.1 Measurement

- 14.1.1 All Petroleum and Lithium produced and CO₂ injected, subject to possible direct energy use in the Field, acceptable losses and approved flaring, shall be measured at the Measurement Point(s), with measurement equipment suitable for wet Gas with Condensates in case such Gas and Condensates are produced or other equipment for other Petroleum Production and CO₂ injection, approved by the Minister.
- 14.1.2 The details of the measurement equipment and procedures shall be proposed in the Field Development Plan and approved by the Minister.
- 14.1.3 The Measurement Point(s) shall be in or near the Field Production Area, where the Petroleum or Lithium from the various Wells is being gathered and where Gas or CO₂ is being received for reinjection, unless another location is specifically approved by the Minister in the Field Development Plan.
- 14.1.4 The Production shall be measured in accordance with standards based on Good International Petroleum Industry Practices. All measurement equipment shall be installed, maintained and operated by Concessionaire. The Minister shall have the right to inspect the measuring equipment installed by Concessionaire and all charts and other measurement or test data at all reasonable times. The accuracy of Concessionaire's measuring equipment shall be verified by tests at regular intervals and upon the request of the Minister, using means and method generally accepted in the international Petroleum industry.
- 14.1.5 The measurement equipment shall have the adequate meter prover installations for inspection and testing by the Minister.
- 14.1.6 In case of meter error, Concessionaire shall immediately repair or replace the defective equipment and make the best possible estimates of actual Petroleum Production, Lithium Extraction and CO₂ injection which would have occurred since the last time meters were tested.
- 14.1.7 Concessionaire shall submit a report on the corrections applied to the Minister for approval. In determining the correction, Concessionaire shall use, where required, the information from other measurements made inside or outside the Field Production Area. If it proves impossible to determine when the measuring error first occurred, the commencement of the error shall be deemed to be that point in time halfway between the date of the last previous test and the date on which the existence of the measuring error was first discovered, but not be longer than a period of ninety (90) consecutive days.
- 14.1.8 All measurement shall be adjusted to Standard Conditions.

14.2 Valuation of Gas and Condensates

14.2.1 The value for Gas and for Condensates at the Measurement Point(s) shall be the Fair Market Value based on procedures proposed by Concessionaire and approved by the Minister. Where Gas and Condensates are being processed, transported and marketed by Concessionaire, a reasonable allowance for Gas and Condensate transportation, processing, terminals, storing depots and other facilities that may be required to commercialize the Petroleum, as determined by the Minister, shall be deducted in order to arrive at the value at the Measurement Point(s). The allowance for Gas and Condensate transportation, processing terminals, storing depots and other facilities shall include a provision for recovery of operating costs, depreciation and a reasonable rate of return on capital invested in accordance with Good International Petroleum Industry Practice.

14.3 Valuation of Crude Oil

For the purpose of the determination of payments to Government under this Concession, the value of the Oil shall be value determined at the Measurement Point based on the Crude Price for the month in which the production occurs or if this crude is not suitable another agreed international crude Oil, or a basket of crude Oils, and applying the respective transport and quality differentials in such a manner that the value reflects the Fair Market Value of the Oil at the Measurement Point. Such value methodology shall be subject to the approval of the Minister.

14.4 Valuation of Lithium

For the purpose of the determination of payments to Government under this Concession, the value of the Lithium shall be value determined at the Measurement Point based on Fair Market Value of the Lithium at the Measurement Point. Such value methodology shall be subject to the approval of the Minister.

ARTICLE 15 FACILITIES

15.1 Pipelines to and from the Gas Plant

15.1.1 Where a domestic purchaser purchases the Gas from Concessionaire, Concessionaire shall construct and operate a Pipeline from the Measurement Point to the Delivery Point, which shall be at the Gas processing plant or an existing Gas-Condensate Pipeline going to the plant.

15.1.2 Where based on the approved Field Development Plan, the separation of Condensates and Gas takes place in or near the Field Production Area, Concessionaire may re-inject directly the Gas in the Field Production Area.

15.2 Other Pipelines and Facilities

15.2.1 Where local purchasers are unable to purchase the Gas and Condensates or in case of Production of Oil, Concessionaire shall have the right to construct and operate its own midstream Pipelines, Gas processing plants, terminals, storing depots and other facilities that may be required to commercialize the Petroleum produced in the most effective manner.

15.2.2 Where such assets are required outside the Concession Area for Petroleum exports or deliveries or for CO₂ transport for Storage Operations, Concessionaire shall present in its Field Development Plan or shall present in an update of its Field Development Plan the following information to the Minister:

- (a) in case of a Pipeline, the proposed Pipeline route and location of related facilities;
- (b) forecasted flow rate and capacity of the Pipeline and facilities;
- (c) estimate of financial investment and operating costs of the Pipeline and facilities;
- (d) proposed financing schedule;
- (e) construction schedule;
- (f) general technical description of the Pipeline and facilities;
- (g) construction plans and tests;
- (h) preventive measures for damage to the environment and third parties; and
- (i) any other information relating to the project.

15.2.3 The Minister shall examine all the above information and shall approve the proposed project in accordance with the provisions of Article 7.7.5 of this Agreement.

15.3 **Access to Pipelines and Facilities of Concessionaire**

15.3.1 Subject to spare capacity being available and to their Petroleum being compatible, third parties shall be entitled to transport their Petroleum through any Pipeline constructed by Concessionaire in accordance with this Article 15 on terms to be agreed between Concessionaire and such third party. Those terms shall be reasonable commercial terms and shall not discriminate among third party users and shall be approved by the Minister. Concessionaire shall always have priority of access to such Pipelines and related facilities.

Part V: Energy Transition

ARTICLE 16 REMOVAL AND ABATEMENT OF GREENHOUSE GASES

16.1 **NetZero Year Obligations**

16.1.1 The NetZero Year for the Concessionaire shall be 20____ (*year to be determined by the Government prior to Effective Date*). In the sole opinion of Government, such year may be equal to or prior to the year that represents year in which the Government has indicated that it anticipates to achieve net zero Greenhouse Gas emissions, provided that at the request of the Concessionaire the Government may at its sole discretion defer the NetZero Year.

16.1.2 Prior to the NetZero Year the Concessionaire shall:

- (a) have completed the Scope 1 Emission Plan which shall achieve Petroleum Operations which do not result in any further Scope 1 Emissions, unless fully and properly abated

through Carbon Removal Operations or being subject to Carbon Capture and Storage by the Concessionaire or for which the Concessionaire has obtained the appropriate Carbon Removal Credits;

- (b) have completed the Scope 2 Emission Plan, which shall consist of one or more of the following activities:
 - (i) switching to other suppliers where suppliers are uncooperative in reducing Scope 2 Emissions,
 - (ii) cooperation programs with the suppliers to reduce or eliminate Scope 2 Emissions,
 - (iii) Carbon Removal Operations in excess of those required for Scope 1 Emissions to reduce the effect of Scope 2 emissions,
 - (iv) purchasing Carbon Removal Credits from suppliers or any third parties based on independently certified operations, and
 - (v) such other activities as have been presented and approved in the Scope 2 Emission Plan.
- (c) have completed the Scope 3 Emission Plan, which shall consist of one or more of the following activities:
 - (i) switching to other purchasers where purchasers are uncooperative in reducing Scope 3 emissions,
 - (ii) cooperation programs with the purchasers to reduce or eliminate Scope 3 Emissions,
 - (iii) Clean Petroleum sales to purchasers,
 - (iv) purchasing Carbon Removal Credits from purchasers or any third parties based on independently certified operations, and
 - (v) such other activities as have been presented and approved in the Scope 3 Emission Plan.

16.1.3 The Scope 1 Emission Plan, Scope 2 Emission Plan, Scope 3 Emission Plan, any Carbon Removal Operation, any Carbon Capture and Storage, Clean Petroleum sales and any purchasing of Carbon Removal Credits shall be approved by the Minister.

16.1.4 The Scope 1 Emission Plan, Scope 2 Emission Plan and Scope 3 Emission Plan shall be presented in the Field Development Plan and regularly updated as new information becomes available.

16.2 **Carbon Removal Operations**

16.2.1 Subject to the other provisions of this Agreement, the following Carbon Removal Operations can be included in a Scope 1-3 Emission Plan:

- (a) Low-Durability Carbon Removal Operations, which are operations that sequester carbon typically for less than 100 years and include:
 - (i) Reforestation,
 - (ii) Afforestation,
 - (iii) Sequestering soil carbon, and
 - (iv) Mangrove restoration and creation.
- (b) Medium-Durability Carbon Removal Operations, which are operations that sequester carbon typically for more than 100 years but less than 1000 years and include:
 - (i) In-field biochar production from agricultural waste and sequestration through soil enrichment or burying.
 - (ii) Biochar production through pyrolysis of any biomass and sequestration through soil enrichment or burying,
 - (iii) Biomass Capture Removal and storage projects (“BiCRS”) including:
 - A. Terrestrial biomass sinking in deep ocean in areas where decomposition is prevented through low oxygen content,
 - B. Ocean biomass sinking in deep ocean in areas where decomposition is prevented through low oxygen content,
 - C. Terrestrial biomass storage in salty and dry desert soils avoiding decomposition of the biomass or any similar process.
- (c) High-Durability Carbon Removal Operations, which are operations that sequester carbon typically for more than 1000 years and include:
 - (i) Bio-energy Carbon Capture and storage (“BECCS”) of biomass in regular power plants and carbon capture and CO₂ Storage in underground reservoirs,
 - (ii) Storage of bio-oil or bio-gas in underground reservoirs,
 - (iii) Weathering of basalt and olivine powder,
 - (iv) Direct Air Capture of CO₂ with fans and regular CO₂ capture methods and storage through basalt mineralization or in underground reservoirs,
 - (v) Direct Air Capture through CO₂ absorption in Calcium hydroxide and subsequent storage in cement or underground reservoirs or any similar process,
 - (vi) Direct Air Capture through metal-organic frameworks or similar absorption materials and subsequent storage through basalt mineralization or underground reservoirs, and

- (vii) Electrolysis of seawater and storing CO₂ as salts in the seawater and producing hydrogen as a byproduct or any similar process.
 - (d) Such other operations as the Minister may approve from time to time as Low, Medium or High Durability Carbon Removal Operations.
- 16.2.2 All results of the Carbon Removal Operation must be independently certified by Gold Standard Foundation or another organization approved by the Minister and such results shall be provided in metric tons of CO₂ (“mtCO₂s”).
- 16.2.3 At least 50% of the Carbon Removal Operations under a Scope 1-3 Emission Plan in terms of resulting mtCO₂s must consist of Medium and High Durability Carbon Removal Operations.
- 16.2.4 A Carbon Removal Operation shall not be approved:
- (a) unless it has a beneficial impact on the nearby communities in terms of jobs, income, soil improvement or other benefits,
 - (b) when it has unacceptable negative environmental or social impacts,
 - (c) results in the removal or destruction of existing natural forests, unless the Carbon Removal Operation is related to an activity such as sawmills, pulp and paper or other industrial operations using the forest based on existing procedures.
 - (d) In case of reforestation or afforestation relates to projects where the area has not been carefully selected in terms of bio-physical potential, alternative uses, legal title or other relevant factors,
 - (e) Results in biomass harvesting or collection from protected areas or national parks,
 - (f) Results in biomass harvesting or collection of biomass with a higher value use than for Carbon Removal Operations, such as tropical hardwoods,
 - (g) In case of biochar projects, result in the use of biochar as fuel,
 - (h) In case the financing is not an additional input and relies on existing government funding programs,
 - (i) In case the project does not provide for reparative, procedural or distributive justice throughout the project, and in particular harms persons of low income or abilities, or
 - (j) Does not meet any other standard of High-Quality Carbon Removal as may be published from time to time by the Minister.
- 16.2.5 The Concessionaire shall provide the Government with all necessary assistance and documentation to properly account for and register the results of the carbon removal under the provisions of the Gold Standard and conclude such Emissions Reduction Purchase Agreements as required based on the IETA template or other model approved by the Minister.

16.3 **Clean Petroleum Sales**

16.3.1 At any time during and following the NetZero Year, as well as during earlier years, the Concessionaire is entitled to sell Clean Petroleum.

16.3.2 In order to qualify:

- (a) as a barrel of Clean Oil or Clean Condensates, the Concessionaire must have removed 0.5 tons of CO₂ equivalent from the atmosphere, and
- (b) as a MMBtu of Clean Gas, the Concessionaire must have removed 0.07 tons of CO₂ equivalent from the atmosphere.

16.3.3 In order to sell:

- (a) a barrel of Clean Oil or Clean Condensate the Concessionaire must provide the purchaser together with the barrel of Oil or Condensates a Carbon Removal Credit of 0.5 tons of CO₂ equivalent, and
- (b) a MMBtu of Clean Gas the Concessionaire must provide the purchaser together with the MMBtu of Gas a Carbon Removal Credit of 0.07 tons of CO₂ equivalent.

16.3.4 The Concessionaire may provide the Carbon Removal Credit for free and include the CO₂ removal costs in the price of the Petroleum or may ask the purchaser to separately pay for the Carbon Removal Credit.

16.3.5 Where Clean Petroleum is exported, such exports may be subject to an agreement between *[country name]* and the importing country regarding Internationally Transferred Mitigation Outcomes under Paris Agreement Article 6.2.

16.3.6 Where the Minister as a matter of general policy considers it desirable that the Concessionaire makes a contribution to the reduction of emissions that have resulted from the burning of Petroleum and Petroleum Products in the past, he may establish higher amounts for the 0.5 and 0.07 tons provided for in Article 17.3.3. prior to the Effective Date.

16.3.7 Where the Concessionaire has been unable to encourage its suppliers to effectively deal with Scope 2 Emissions, the Minister may require the Concessionaire to carry out additional Carbon Removal Operations in order to cover the emissions removal deficit.

16.4 **Non-Energy Petroleum**

16.4.1 At any time during and following the NetZero Year, as well as during earlier years, the Concessionaire is entitled to sell Non-Energy Petroleum.

16.5 **Abatement of Scope 2 Emissions**

16.5.1 Where the Concessionaire carries out a Carbon Removal Operation in order to abate Scope 2 Emissions and the supplier has paid all or part of such operations, the Concessionaire shall provide the supplier with the respective Carbon Removal Credits.

16.5.2 Where the goods or services of the supplier were imported, the delivery of Carbon Removal Credits to the supplier may be subject to an agreement between [*country name*] and the exporting country regarding Internationally Transferred Mitigation Outcomes under Paris Agreement Article 6.2.

16.6 **Fiscal Matters**

16.6.1 Any costs incurred by the Concessionaire with respect to Carbon Removal Operations and other costs related to abatement of Scope 1-3 Emissions, as well as other costs incurred under a Scope 1-3 Emission Plans shall be deductible for Corporate Income Tax and for Hydrocarbon Tax, subject to the regular standards of tax deductibility.

16.6.2 Any charge for a Carbon Removal Credit to a purchaser or supplier shall be subject to Corporate Income Tax and Hydrocarbon Tax.

16.6.3 With respect to Clean Petroleum Sales, any charge for a Carbon Removal Credit shall not be subject to Royalties.

ARTICLE 17 RENEWABLE ENERGY OPERATIONS AND ANCILLARY RIGHTS

17.1 **Renewable Energy Production**

17.1.1 In order to achieve the objectives of the Scope 1 Emission Plan, the Concessionaire shall have the non-exclusive right to carry out Renewable Energy Operations and Green Hydrogen Operations inside or outside the Concession Area or purchase electricity and heat generated from Renewable Energy and Green Hydrogen from third parties.

17.1.2 Where the Concessionaire carries out Renewable Energy Operations or Green Hydrogen Operations, or both, the relevant permits shall be granted under terms and conditions that are not be more onerous than those imposed on other Renewable Energy and Green Hydrogen producers.

17.1.3 Where the Concessionaire produces Renewable Energy or Green Hydrogen, or both, in excess of the requirements under the Scope 1 Emission Plan, the Concessionaire shall be entitled to sell such excess electricity, heat and Green Hydrogen to third parties or to the national or regional electricity company under terms and conditions that are identical to similar sales of Renewable Energy and Green Hydrogen, provided that the price may be different depending on the logistics, costs and market conditions.

17.2 **Offsets**

17.2.1 In order to achieve the Scope 1 Emission Plan objectives, the Concessionaire may offset the emissions related to its Petroleum Operations through carrying out Carbon Removal Operations or purchasing offsetting Carbon Removal Credits from third parties.

17.3 **Carbon Capture and Storage (“CCS”)**

17.3.1 The Concessionaire shall have the exclusive right to carry out Carbon Capture and Storage in the Concession Area, in depleted Oil or Gas Reservoirs or in other Reservoirs containing brines.

17.3.2 In order to carry out the Carbon Capture and Storage, the Concessionaire shall have the right to install equipment to capture CO₂ and to transport, liquify, store and compress CO₂ for the purpose of injection and transportation. Such facilities shall be defined and described in an amendment to the Field Development Plan.

17.3.3 The exclusive right of the Concessionaire shall relate to:

- (a) CCS of emissions as a result of the Petroleum Operations of the Concessionaire,
- (b) CCS services to third parties, or
- (c) Voluntary CCS operations by the Concessionaire in conjunction with Direct Air Capture or BECCS carried out by the Concessionaire or by third parties.

17.3.4 Where Petroleum Operations are terminated as a result of the exhaustion of the resource, but CCS operations are continuing by the Concessionaire, the duration of the Concession shall be extended as long as such CCS operations continue.

17.3.5 The Minister shall order the termination of the CCS where in the opinion of the Minister the prudent maximum storage capacity of the Reservoir or Reservoirs has been reached and subject to the provisions of Article 25 the Concessionaire may terminate the CCS where in the sole opinion of the Concessionaire further CCS operations are not economic.

17.4 **Lithium Extraction**

17.4.1 The Concessionaire shall have the exclusive right to carry out Lithium extraction in the Concession Area, related to brines in the Reservoirs and further process such Lithium to a form in which it can be sold in the market.

17.4.2 Where Petroleum Operations are terminated as a result of the exhaustion of the resource, but Lithium Extraction operations are contemplated or continuing by the Concessionaire, the duration of the Concession shall be extended as long as such Lithium Extraction operations continue.

17.4.3 Subject to the provisions of Article 25, Lithium Extraction may terminate where in the sole opinion of the Concessionaire the continuation of operations is no longer economic.

17.5 **Fiscal Issues**

17.5.1 Any income from sales of Renewable Energy, CCS services and Lithium Extraction shall be subject to Corporate Income Tax.

17.5.2 Any costs related to Renewable Energy Operations, CCS operations and Lithium Extraction operations shall be deductible for Corporate Income Tax, subject to the regular standards of tax deductibility.

17.5.3 Sales of electricity, heat and Green Hydrogen produced by Renewable Energy Operations, Green Hydrogen Operations, CCS Services and sales of Lithium shall not be subject to Hydrocarbon Tax, provided, however, that the costs associated with Renewable Energy Operations and Green Hydrogen Operations to prevent Scope 1 Emissions shall be deductible in calculating Hydrocarbon Tax.

17.5.4 Sales of electricity, heat and Green Hydrogen produced by Renewable Energy Operations, Green Hydrogen Operations, CCS services and sales of Lithium products shall not be subject to Royalties.

17.6 **Decommissioning**

17.6.1 Subject, to the provisions of Article 10, upon cessation of the Production Operations, the Concessionaire shall Decommission all Wells, facilities, Pipelines that are not used for the continuing Renewable Energy Operations, CCS, Green Hydrogen Operations or Lithium Extraction.

17.6.2 Where there are funds remaining, the Abandonment Fund shall be maintained for the future abandonment of facilities related to CCS or Lithium Extraction.

17.6.3 Subject, to the provisions of Article 10, upon cessation of the CCS and Lithium Extraction operations, the Concessionaire shall Decommission all Wells, facilities, Pipelines that are not used for the continuing Renewable Energy Operations and Green Hydrogen Operations.

17.7 **Termination of Concession**

17.7.1 Upon the termination of the CCS and Lithium Extraction operations, the Concession shall be terminated.

17.7.2 After the termination of the Concession any Renewable Energy Operations and Green Hydrogen Operations may continue under the conditions of the respective permits that were granted for such operations and shall be subject to the respective decommissioning provisions under such permits.

ARTICLE 18 NON-ENERGY PETROLEUM

18.1 **Non-Energy Petroleum Encouragement**

18.1.1 Where the Concession applies to Petroleum Production, the Concessionaire shall undertake all such efforts to encourage the Production of Non-Energy Petroleum, with a view of creating a sustainable long term economic activity, regardless of whether the Petroleum is used domestically or exported.

18.1.2 Where the Concessionaire, or its parent company, is owner of midstream facilities in [*country name*], the Concessionaire shall undertake all efforts to maximize Non-Energy Petroleum Production.

18.1.3 The encouragement shall not include price controls by the Government.

18.2 Asphalt

- 18.2.1 Where the Concessionaire makes a Commercial Discovery of Heavy Oil with a C7 asphaltene content of more than 3% by weight, the Concessionaire shall with priority dedicate such Heavy Oil to the production of asphalt and endeavour to sell such Heavy Oil to a refinery which has an asphalt yield of at least 30% and shall describe in the Field Development Plan the anticipated details of the arrangement.
- 18.2.2 Where the Concessionaire is successful in making such an arrangement such Heavy Oil shall be considered Clean Oil where the Concessionaire provides the purchaser with a Carbon Removal Credit of 350 kg of CO₂ per barrel.
- 18.2.3 The sale of Heavy Oil to a refinery pursuant to Article 19.2.1 shall be subject to zero royalty and shall not be subject to Hydrocarbon Tax, where adequate information has been received from the refinery about the dedication of the Petroleum to asphalt.

18.3 Petro-chemical Feedstock

- 18.3.1 Where the Concessionaire makes a Commercial Discovery of a Gas Field with Natural Gas Liquids, with or without Condensates, the Concessionaire shall with priority dedicate such Petroleum as Petrochemical Feedstock and endeavour to sell such Petroleum to petrochemical or chemical industries.
- 18.3.2 Where the Concessionaire makes a Commercial Discovery of Extra-Light Crude Oil, the Concessionaire shall with priority dedicate such Extra-Light Crude Oil to the production of Petrochemical Feedstock and endeavour to sell such Extra-Light Crude Oil to a refinery which produces Ethane, LPG and Naphtha primarily for the purposes of Petrochemical Feedstock.
- 18.3.3 Where the Concessionaire makes a Commercial Discovery of a Gas Field with Natural Gas Liquids to be sold to a gas processing plant or processed in the gas processing plant of the Concessionaire, the Concessionaire shall make arrangements to dedicate with priority such Natural Gas Liquids to the production of Petrochemical Feedstock and to sell the Ethane and LPG primarily as Petrochemical Feedstock and sell pentanes and heavier Natural Gas Liquids to a refinery which produces Naphtha primarily for the purposes of Petrochemical Feedstock.
- 18.3.4 The Concessionaire shall encourage sale of Ethane to create Petrochemical Feedstock through Ethane extraction by third parties or through the Ethane extraction plant of the Concessionaire.
- 18.3.5 Where the Concessionaire is successful in making sales pursuant to Articles 19.3.1, 19.3.2, 19.3.3, of 19.3.4 or some of them, the Concessionaire shall describe in the Field Development Plan the anticipated details of the arrangement.
- 18.3.6 Where the Concessionaire is successful in making such an arrangement under Article 19.3.1, 19.3.2, 19.3.3 or 19.3.4 or some of them, such Petroleum shall be considered Clean Petroleum where the Concessionaire provides the purchaser with a Carbon Removal Credit of 200 kg of CO₂ per barrel.
- 18.3.7 The sale of Petroleum pursuant to Article 19.3.1, 19.3.2, 19.3.3 and 19.3.4 shall be subject to zero royalty and shall not be subject to Hydrocarbon Tax, where adequate information has been

received from the refinery, gas processing plant or Ethane extraction plant, or several of them, about the dedication of the Petroleum as Petrochemical Feedstock. Royalty and Hydrogen Tax allocation arrangements shall be made where part of the Production is sold as Non-Energy Petroleum and part is sold for energy purposes.

Part VI: Rights and Duties of Government and Concessionaire

ARTICLE 19 RIGHTS AND OBLIGATIONS OF PARTIES

19.1 Concessionaire Obligations

19.1.1 In addition to its obligations under other provisions of this Agreement, Concessionaire shall:

- (a) maintain full and accurate records in English and in dollars to ensure proper implementation by Concessionaire of its obligations under the Agreement;
- (b) submit the data listed in Annex E as well as such other data as the Minister may reasonably request with respect to the Concession Operations;
- (c) establish within ninety (90) days of the Effective Date a subsidiary or a branch or representative office within the territory of *[country name]* and to register such subsidiary or branch or representative office in accordance with Applicable Law;
- (d) designate a representative residing in *[country name]* who shall be appointed by the Operator and who shall have full authority to represent Concessionaire in respect of matters related to the Agreement and to receive notices addressed to Concessionaire;
- (e) conduct all Petroleum Operations designed to achieve efficient and safe Exploration, Development and Production of Petroleum and to achieve Maximum Economic Recovery of Petroleum from the Concession Area;
- (f) while conducting Concession Operations, take all necessary measures for conservation, safety of life, property, crops, protection of environment, prevention of pollution and safety and health of personnel, including but not limited to:
 - (i) ensuring security areas around all machinery, equipment and tools;
 - (ii) erecting fences at a distance of not less than fifty (50) metres from any onshore drilling rig, generator, or other structures;
 - (iii) providing secure storage areas for all explosives, detonators, and similar dangerous materials used in Concession Operations; and
 - (iv) taking all necessary precautions to prevent damage to the environment;
- (g) maintain records of workers working in each work area, and sending a copy thereof to the Minister within fifteen (15) days from the date of commencing of operations in the area;

- (h) maintain a register of workers in the form prescribed by the Minister, and sending details of workers joining or leaving every Calendar Month to the Minister within the first week of the following Calendar Month;
- (i) report to the Minister within twenty-four (24) hours in case any worker is injured while performing his duties in connection with Petroleum Operations;
- (j) arrange an adequate supply of first-aid medicines and equipment in each and maintaining a healthy environment for the workers;
- (k) provide safety and fire-fighter equipment in each working area;
- (l) test, prior to the Abandonment of any Exploratory Well, all Reservoirs identified on the Well logs as containing zones of Petroleum of potential economic interest, in a manner that would make possible the determination of the contents of the Reservoir fluids as well as the initial Production capacity of the Reservoirs;
- (m) maximise the employment of nationals of [country name] possessing the requisite qualifications and experience in Petroleum Operations;
- (n) give priority to local contractors of goods and services which are to be used in connection with Concession Operations, so long as their prices, equipment, performance and availability are comparable to those of international contractors;
- (o) give preference to locally manufactured materials, equipment, machinery, supplies and consumables as long as their quality, price and time of delivery are comparable to internationally available materials, equipment, machinery, supplies and consumables;
- (p) be always mindful in the conduct of Concession Operations, of the rights and interests of [country name] and contribute to training, technical research and social responsibility programmes the amounts established in Article 20.3;
- (q) bear responsibility in accordance with Applicable Law for any loss or damage to third parties, caused by it or its employees or contractors, or their employees, wrongful or negligent acts or omissions and indemnify the Minister and the Government against all claims and liabilities in respect thereof; and
- (r) pay promptly within the time required in this Agreement all rentals and other payments to Government under this Agreement.

19.2 **Concessionaire Rights**

19.2.1 In addition to its rights under other provisions of this Agreement, Concessionaire shall:

- (a) have the right to use for the Concession Operations sand, gravel and water belonging to the public domain by prior arrangement of permits with the relevant authorities in [country name] and on payment of the generally prevailing charge for such resources in the locality of use;
- (b) have the right, subject to the provisions of this Agreement, to Concession national contractors and utilise in [country name] qualified foreign contractors that it deems necessary for the conduct of Concession Operations under the Agreement, provided that:

- (i) in selecting contractors, Concessionaire shall give priority to contractors who are citizens of [*country name*], provided Concessionaire is reasonably satisfied with their ability to perform the work and their terms and conditions are competitive with other contractors; and
 - (ii) all contractors shall, to the extent that they are performing services for Concessionaire under this Agreement, enjoy the rights and be bound by obligations of Concessionaire hereunder; and
- (c) have the right to use public uncultivated lands, subject to Article 8.14 and to the following:
 - (i) Concessionaire shall not carry on operations in the vicinity of areas occupied by or devoted to the purposes of mosques, churches, sacred buildings, graveyards or archaeological sites;
 - (ii) Concessionaire shall not operate in any areas reserved by Government for defence purposes, for the purposes of airfields or public communications and for areas dedicated as national parks or biological reserves; and
 - (iii) Where Concession Operations in a specific area might in the opinion of the Government result in disputes with neighbouring states, the Government may lay down operating limits within the Concession Area and Concessionaire shall not operate outside the same.
- (d) have the right to construct and operate Pipelines and facilities in or outside the Concession Area, subject to the relevant permits and approved Field Development Plan;
- (e) have the right to construct and operate elsewhere in _____ (*name of the country*), subject to Government approval, for the purpose of the Concession Operations:
 - (i) buildings, installations, docks, loading facilities and engineering works of every description, and
 - (ii) new roads and to make use of existing road;
- (f) have the right, subject to the provisions of this Agreement, to employ national personnel and utilise in [*country name*] qualified foreign nationals that it deems necessary for the conduct of Concession Operations under the Agreement. Such employment shall be in accordance with the Labour law. When selecting employees of various nationalities, Concessionaire shall, as far as consistent with efficient management of the Concession Operations and complying with national employment policies, give first priority to citizens of [*country name*].
- (g) be granted free access to the Concession Area and to any facilities for the Petroleum Operations located within or outside of the Concession Area for the purpose of carrying out the Concession Operations. The free access rights apply to Concessionaire, any Affiliate of each Concessionaire Party, its and their contractors and the employees, consultants and agents of each of the foregoing; and

- (h) be entitled to use for the purpose of conducting Concession Operations any form of transport and the use of communication and port facilities.

19.3 Training and Research

- 19.3.1 With the Field Development Plan Concessionaire shall submit an overall training programme for employees of Concessionaire in *[country name]*, together with the corresponding budget to the Minister, for scrutiny and approval and, upon approval by the Minister, Concessionaire shall implement the programme.
- 19.3.2 In addition to the training programme established pursuant to Article 20.3.1., Concessionaire shall, from the start of the Development and Production Period of the first Field Production Area, undertake training of employees of the Government, to be nominated by the Minister. Concessionaire shall commit to such programme \$_____ per Year per Field Production Area, increased by \$_____ per Year from the granting of the Field Production Area.
- 19.3.3 Concessionaire shall contribute technical research and social responsibility programmes \$100,000 per Year per Field Production Area, increased by \$5,000 per Year from the granting of the Field Production Area.

19.4 Title to Assets

- 19.4.1 Concessionaire shall be owner of all assets installed in the Concession Area, provided that Concessionaire has the option to lease certain types of equipment. Concessionaire shall be responsible for the respective maintenance and insurance.
- 19.4.2 If upon the termination of the Agreement, Commercial Production, CCS or Lithium Extraction is continuing in one or more Field Production Areas, the ownership of all Wells, Pipelines and facilities and other immovable and movable property shall be transferred in good order to the Government, unless the Minister decides differently. Such transfer of assets shall be free of charge.
- 19.4.3 The provisions of Article 19.4.2 shall not apply to machinery and equipment or other property which is rented or leased to Concessionaire or movable property of Concessionaire or property which belongs to contractors or employees of Concessionaire, and that may be freely exported.
- 19.4.4 Article 19.4.2 also applies to any portion of the Concession Area which is being relinquished and contains immovable property.
- 19.4.5 Where Commercial Production, CCS or Lithium Extraction as terminated, the provisions of Article 9 shall apply.

19.5 Data Ownership

The Government shall be the owner of all technical, geological, geochemical and geophysical data and samples, as well as production data and other information related to the Concession Operations. Concessionaire shall be permitted to make copies and test and investigate original samples.

19.6 Assistance by Government

19.6.1 To enable Concessionaire to implement the Agreement expeditiously and efficiently, the Minister, and, in accordance with valid and relevant legislation, the Government shall assist and co-operate with Concessionaire at its request to:

- (a) obtain any approvals or permits needed to open accounts with banks in [country name]
- (b) obtain office space, office supplies, transportation and communication facilities and residential accommodation as required;
- (c) comply with customs formalities and import/export control and regulation of payments to Government;
- (d) obtain necessary permission to send abroad, if necessary, documents, data or samples for analysis or processing during the Petroleum Operations;
- (e) contact relevant Government departments and governmental agencies concerned, including those dealing with meteorology, civil aviation, transportation, communication, health and services for supply bases as required;
- (f) lease and/or use land that may be required for the conduct of the Petroleum Operations, subject to Applicable Law;
- (g) provide safe passage and all the protection in its power for Concessionaire and its contractors engaged in Petroleum Operations and with the proper permit allowing Concessionaire to place such guards as may be required to safeguard Concessionaire's property, personnel and Petroleum Operations;
- (h) assist Concessionaire with the recruitment of local personnel;
- (i) assist Concessionaire in obtaining rights of ways for Pipelines and access roads;
- (j) arrange the purchase of any hydrological and other data available from the relevant Government departments;
- (k) obtain permits for Renewable Energy Operations and Green Hydrogen Operations, and
- (l) at the request of Concessionaire, render such other assistance related to the Agreement as Concessionaire may reasonably request from time to time.

19.6.2 All expenses incurred by Government and the Minister in the assistance provided by it in accordance with this Article 20 shall be reimbursed by Concessionaire.

19.7 Provision of Data by Government

19.7.1 Government shall provide Concessionaire with the 3D seismic survey and other geological, geochemical, geophysical and technical data in Government's possession on the Effective Date concerning the Concession Area at no cost to Concessionaire.

19.7.2 Concessionaire shall be entitled to inspect any samples in possession of the Government.

ARTICLE 20 FOREIGN CURRENCY

20.1 Exchange Control Laws

Concessionaire and its contractors and all persons acting on its or their behalf must comply with all applicable exchange control laws of [*country name*]. However, as long as they shall have met their respective obligations to make payments to Government under this Agreement, and relevant international regulations of anti-money laundering and anti-terrorism, they shall benefit, during the term of this Agreement, from the following rights regarding Concession Operations:

- 20.1.1 to retain locally or dispose of any proceeds outside of [*country name*] including any proceeds from the sale of its or their share of Petroleum;
- 20.1.2 to pay foreign contractors and expatriate employees of Concessionaire. For this purpose, Concessionaire may open and use freely bank accounts in dollars or in other currencies in banks of its choice in [*country name*] and abroad. Notwithstanding the foregoing, while this Agreement is in force Concessionaire and each of its contractors shall establish and maintain a bank account in a national banking institution in [*country name*];
- 20.1.3 to transfer abroad such funds as Concessionaire or its contractors shall have imported into [*country name*], or earned from Concession Operations, or from the proceeds of the sale or lease of goods or performance of services under this Agreement;
- 20.1.4 to collect and maintain abroad all the funds acquired or borrowed abroad, and to freely dispose thereof, limited to the amounts that exceed the requirement of funds for their operations in [*country name*]; and
- 20.1.5 free movement of funds owned by them according to the laws applicable in [*country name*].

20.2 Freedom of Exchange

Concessionaire's and its contractors' expatriate employees shall be permitted, in accordance with the regulations then in effect in [*country name*], to freely exchange and to freely transfer to their country of origin any savings arising from their salaries, as well as any retirement and personal benefits paid by or for such employees, provided they have met their obligations with respect to payments to [*country name*].

ARTICLE 21 BOOKS, ACCOUNTS, AUDITS AND PAYMENTS

21.1 Maintenance of Records and Books

- 21.1.1 Concessionaire shall at all times maintain at its offices in [*country name*] the original records and books of Concession Operations in accordance with this Agreement and all applicable regulations and orders of the Minister.

21.1.2 All records and books shall be maintained in the English language and be denominated in dollars, or such other currency as shall be requested by the Minister from time to time. Such records and books shall also include Concessionaire's accounts showing sales of Petroleum.

21.2 **Audits by the Minister**

21.2.1 The Minister can carry out such audits and inspections as required to verify the proper payments of rentals and payments to Government, to verify Production levels and Production characteristics and to verify the compliance with all obligations of Concessionaire under the Agreement.

21.2.2 Concessionaire shall provide to the persons designated by the Minister any necessary assistance for the foregoing purpose and facilitate the performance of their duties.

21.3 **Currency and Account of Payments**

All payments between the Parties under this Agreement shall, unless otherwise agreed, be in dollars, or such other currency as shall be requested by the Minister from time to time. When the receiving Party is the Government, payments shall be made to the account of the Government indicated by the Minister, and when the receiving Party is Concessionaire, payments shall be made to a bank account designated by Concessionaire and notified to the Minister.

21.4 **Timing and Overdue Payments**

Unless otherwise agreed, all payments under this Agreement shall be made within thirty (30) days following the date on which the obligation to make such payment occurs.

ARTICLE 22 TRANSFER, ASSIGNMENT AND CHANGE OF CONTROL

22.1 **Assignment, Transfer, Change of Control**

22.1.1 The assignment, transfer, encumbrance or other disposition of the rights or obligations or both of a Concessionaire Party shall require the prior consent of the Minister. Any request for authorization shall be accompanied by all information related to the assignment, transfer, encumbrance or other disposition including all legal instruments, in final draft form, to be used to carry out the proposed transaction, the identity of all parties to the transaction, the estimated value of the transaction and whether the consideration is payable in kind, securities, cash or otherwise.

22.1.2 Each assignee must:

- (a) have the technical and financial ability to meet its obligations under this Agreement equal to or better than the qualifications that were required in order to qualify the Concessionaire;
- (b) in relation to the interest assigned, accept and assume all of the terms and conditions of this Agreement, the Joint Operating Agreement and any other agreements relating to Concession Operations; and

- (c) be an entity with which the Minister and each of the Concessionaire can legally do business and be incorporated or registered in [country name].

22.1.3 All accrued obligations of the assignor deriving from this Agreement must have been duly fulfilled as of the date such request for approval of the assignment is made, or assignor and assignee must jointly and severally guarantee fulfilment of any unfulfilled accrued obligations of assignor.

22.1.4 If the assigning party is the Operator, then it shall resign as Operator and a new Operator will be appointed by Concessionaire Parties in accordance with the JOA, subject to the approval of the Minister. The Minister shall approve the new Operator only if it fulfills the Minister's qualification criteria, which shall be consistent with the qualification criteria on which the Operator was qualified on the Effective Date. A person who was a qualified operator bidder in the Licence Round shall be an acceptable replacement Operator.

22.2 **Change of Control**

For the purposes of this Article 22, the transfer of ownership of more than fifty percent (50%) of the shares of any Concessionaire Party or any person who has provided a guarantee of Concessionaire's performance or any similar transfer that results in a change of Control shall be deemed to be an assignment of Concessional rights under this Agreement and consequently subject to the terms and conditions of this Article 22.

22.3 **Recourse to Third Party Funding**

Recourse by any Concessionaire Party to third party funding which involves the assignment of rights over its entitlement to Petroleum and Lithium under this Agreement or a grant of a security interest in this Agreement is not permitted without the prior consent of the Minister. [*JJP Comment: this will be controversial*]

ARTICLE 23 INDEMNIFICATION, LIABILITY AND INSURANCE

23.1 **Liability and Indemnity**

23.1.1 Concessionaire shall indemnify, hold harmless and compensate any person, including the Government, for any damage or loss which Concessionaire, its Affiliates, its contractors and their respective directors, officers, employees, agents or consultants and any other person acting on its or their behalf may cause to such person or their property in the conduct of Concession Operations. All costs incurred under this Article 23.1 caused by the negligence or willful misconduct of Concessionaire, its Affiliates, its contractors or their respective directors, officers, employees, agents or consultants or any other persons acting on its or their behalf shall not be deductible for tax purposes. No Party shall be liable, including in the case of gross negligence and willful misconduct, to the other Parties in actions brought by a Party, for any loss of profits or downtime costs, loss of production, loss of opportunity, loss of goodwill, loss of Concession and/or any indirect or consequential loss or damages, arising from or in connection with this Agreement.

23.1.2 Concessionaire shall assume all liability, and exempt the Government from any liability, in respect of any and all claims, obligations, losses, expenses (including solicitor's fees), damages or costs of any nature resulting from the violation of any intellectual property rights of any kind caused by

Concessionaire, its Affiliates or contractors as a result of or in relation to the conduct of Concession Operations, regardless of the nature of the violation or of the way in which it may occur.

23.2 **Joint and Several Liability**

Where Concessionaire is comprised of more than one Person, the liabilities and obligations of such persons under this Agreement shall be joint and several, except for their obligations and liabilities in relation to all taxation assessed on their income.

23.3 **Insurance**

23.3.1 Concessionaire shall obtain and, during the term of this Agreement, maintain in full force and effect, for Concession Operations insurance of such type and in such amount as is customary and prudent in accordance with generally accepted practice of the international petroleum industry, and whose coverage terms and conditions shall be communicated to the Minister within thirty (30) days after the Effective Date. The foregoing insurance shall, include the Minister as a co-insured party and without prejudice to the generality of the foregoing provisions, cover:

- (a) any loss or damage to all assets used in Concession Operations;
- (b) pollution caused in the course of Concession Operations;
- (c) property loss or damage or bodily injury or death suffered by any Person in the course of Concession Operations;
- (d) the cost of removing debris and clean-up operations following an accident or upon decommissioning; and
- (e) Concessionaire's liability to its employees engaged in Concession Operations.

23.3.2 Concessionaire shall require its contractors to carry insurance of such type and in such amount as is customary in accordance with generally accepted practice of the international petroleum industry.

23.3.3 Concessionaire shall use all reasonable endeavors to place the insurance required under this Article 23 with [*country name*] insurance brokers and insurance companies.

ARTICLE 24 CONFIDENTIALITY

24.1 **Disclosure of Confidential Information**

24.1.1 The Parties agree that for the duration of this Agreement, the terms hereof and all information relating to this Agreement and Concession Operations shall be kept strictly confidential and may not be divulged by any Party without mutual consent, except:

- (a) to an Affiliated Company;
- (b) to any governmental agency, designated by the Government or other entities or consultants of the Ministry or the Minister;

- (c) to the extent that such data and information is required to be furnished in compliance Applicable Law;
- (d) in conformity with the requirements of any stock exchange having jurisdiction over a Party;
- (e) where any data or information forms part of the public domain otherwise than a result of a breach of this Agreement;
- (f) to employees, directors, officers, agents, advisors, consultants or contractors of a Party comprising Concessionaire or an Affiliate, provided that the disclosing Party shall be responsible for any and all breaches of this Article by such persons and provided further that any disclosure to the persons referred to in paragraphs (f), (g) and (h) shall be limited to those persons who are under a duty of confidentiality similar to that contained in this Article 24.1;
- (g) potential purchasers of the interest of Concessionaire, provided that they shall have executed a confidentiality agreement in a form approved by the Minister; and
- (h) Information contained in press releases previously approved by the Minister.

24.1.2 For an additional period of two (2) Years after the termination of this Agreement, each Concessionaire Party shall be obliged to comply with the above stated requirements.

24.2 **Concessionaire's Patents**

The Government shall not reveal to any third parties information pertinent to Concessionaire's own technology that is protected by patents or contractual agreements, or which the Government has received under licence for a period of two (2) Years after termination of this Agreement.

24.3 **Continuation of Obligations**

Any Concessionaire Party ceasing to own a Participating Interest in this Agreement during the term of this Agreement shall nonetheless remain bound by the obligations of confidentiality set forth in this Article 24.

24.4 **Disclosure of Confidential Information by the Government, Ministry and the Minister**

In order to explore and exploit areas adjoining or related to the Concession Area, the Government and the Minister may, notwithstanding this Article 24, disclose to any third parties all data and information relating to part or parts of the Concession Area and Concession Operations hereunder.

ARTICLE 25 TERMINATION

25.1 **Termination by the Government**

Notwithstanding any other actions contemplated herein, this Agreement may be terminated, without compensation to Concessionaire, on any of the following grounds:

- 25.1.1 a material breach by Concessionaire (not attributable to any act or omission of the Government or to any Person representing the Government) of any of the provisions of this Agreement or Applicable Law;
- 25.1.2 a delay by Concessionaire (not attributable to any act or omission of the Government or to any Person representing the Government) in making any payment owed to the Government that exceeds ninety (90) consecutive days;
- 25.1.3 the suspension of Development works on a Field for one hundred eighty (180) consecutive days, except when such suspension:
 - (a) has been approved by the Minister in advance: or
 - (b) is due to an act or omission on the part of the Government or of any Person representing the Government; or
 - (c) is as a result of Force Majeure;
- 25.1.4 when, after the commencement of Production, Lithium Extraction or Storage of a Field, its Production, Lithium Extraction or Storage is suspended for at least one hundred eighty (180) consecutive days pursuant to Article 4.2.5, without the prior permission of the Minister, except when such suspension
 - (a) is due to an act or omission on the part of the Government or of a Person representing the Government or
 - (b) is as a result of Force Majeure;
- 25.1.5 when Concessionaire fails to comply within the prescribed time period with an arbitration award in accordance with the provisions of Article 27, and the failure to comply is not attributable to any act or omission of the Government or to any person representing the Government;
- 25.1.6 when a Well is drilled to an objective beyond the vertical planes of the limits of the Concession Area without the prior consent of the Minister;
- 25.1.7 pursuant to the provisions of Article 5.2.7 the Minister requires the relinquishment of the entire Exploration Area and there are no remaining Discovery Areas, Appraisal Areas or Field Production Areas;
- 25.1.8 a breach of this Agreement arising out of activities which are illegal or contrary to national or international law (not attributable to any act or omission of the Government or to any Person representing the Government);
- 25.1.9 under the provisions of Article 28.6 for a Force Majeure event which has continued for a period of two Years and the Government or Concessionaire has elected to serve a notice of termination; or
- 25.1.10 if a Concessionaire Parties is declared bankrupt, or in liquidation as a result of financial insolvency, or enters into judicial or financial arrangements on insolvency with its creditors generally, except where other Concessionaire Parties can provide the Government with a new financial guarantee

that is acceptable to the Minister in its sole discretion, and that guarantees the capacity of that Party to fulfill its obligations under this Agreement.

25.2 **Notice of Termination and Grace Period**

25.2.1 The Minister may declare this Agreement terminated only after having served a formal notice on Concessionaire, by registered mail, requesting it to remedy the situation or breach in question, and, if the situation or breach in question is capable of remedy, requesting it to remedy the same within five (5) Business Days from receipt of such notice regarding payments due under Article 25.1.2 or within ninety (90) consecutive days from receipt of such notice for all other situations or breaches capable of remedy. Otherwise, the effective date of the termination of this Agreement shall be date of receipt by Concessionaire of the foregoing notice.

25.2.2 If Concessionaire fails to comply with such notice within the prescribed time period or fails to show within such five (5) Business Days or ninety (90) consecutive day period that it has commenced and is promptly and diligently continuing to remedy the situation or breach in question, the Minister may pronounce *ipso jure* the termination of this Agreement.

25.3 **Termination against One Concessionaire Party**

The Minister may terminate this Agreement as to one of Concessionaire Parties, if the circumstances set forth in Article 25.1 are applicable to only that Concessionaire Party in the manner set forth in Article 25.2. Where such a termination occurs, the rights and obligations of the defaulting Concessionaire Party under this Agreement shall transfer to the remaining Concessionaire Party(ies).

ARTICLE 26 APPLICABLE LAW

26.1 **Applicable Law**

This Agreement and all Petroleum Operations carried out hereunder shall be governed by and construed in accordance with the laws of [country name].

ARTICLE 27 RESOLUTION OF CONFLICTS AND ARBITRATION

27.1 **Dispute Resolution and Notification**

27.1.1 *Dispute*. In the event of any dispute, claim, conflict or controversy (a **Dispute**) between any of the Parties arising out of, or in relation to, this Agreement, including any question regarding its breach, existence, validity or termination, the Parties shall take all reasonable measures to resolve such Dispute amicably.

27.1.2 *Notification*. A Party who desires to submit a Dispute for resolution shall commence the Dispute resolution process by providing the other parties to the Dispute written notice of the Dispute ("Notice of Dispute"). The Notice of Dispute shall identify the parties to the Dispute and contain a brief statement of the nature of the Dispute and the relief requested. The submission of a Notice

of Dispute shall toll any applicable statutes of limitation related to the Dispute, pending the conclusion or abandonment of Dispute resolution proceedings under this Article 27.

- 27.1.3 **Negotiations.** The parties to the Dispute shall seek to resolve any Dispute by negotiation between Senior Executives. A Senior Executive means any individual who has authority to negotiate the settlement of the Dispute for a Party. Within thirty (30) days after the date of the receipt by each party to the Dispute of the Notice of Dispute (which notice shall request negotiations among Senior Executives), the Senior Executives representing the parties to the Dispute shall meet at a mutually acceptable time and place to exchange relevant information in an attempt to resolve the Dispute. If a Senior Executive intends to be accompanied at the meeting by an attorney, each other party's Senior Executive shall be given written notice of such intention at least three (3) days in advance and may also be accompanied at the meeting by legal counsel. Despite the above, any Party may initiate arbitration proceedings under Article 27.1.4 concerning such Dispute within thirty (30) days after the date of receipt of the Notice of Dispute.
- 27.1.4 **Arbitration.** Any Dispute not finally resolved by alternative Dispute resolution procedures set forth in Article 27.1.3 shall be referred to and resolved through final and binding arbitration, it being the intention of the Parties that this is a broad form arbitration agreement designed to encompass all possible Disputes, including Disputes about the arbitrability of a Dispute, and any Dispute regarding its existence, validity or termination.
- 27.1.5 **Rules.** The arbitration shall be conducted under the arbitration rules (as then in effect) of the International Chamber of Commerce (the "Rules") which Rules are deemed to be incorporated by reference into this clause.
- 27.1.6 **Number of Arbitrators.** The arbitration shall be conducted by three arbitrators, unless all parties to the Dispute agree to a sole arbitrator within thirty (30) days after the commencement of the arbitration. For greater certainty, for purposes of this Article 27.1.6, the commencement of the arbitration means the date on which the claimant's request or demand for, or notice of, arbitration is received by the other parties to the Dispute.
- 27.1.7 **Method of Appointment of the Arbitrators.** If the arbitration is to be conducted by a sole arbitrator, then the arbitrator will be jointly selected by the parties to the Dispute within thirty (30) days after the commencement of the arbitration.
- 27.1.8 If the arbitration is to be conducted by three arbitrators and there are only two parties to the Dispute, then each party to the Dispute shall appoint one arbitrator within thirty (30) days of the commencement of the arbitration, and the two arbitrators so appointed shall select the presiding arbitrator within thirty (30) days after the latter of the two arbitrators has been appointed by the parties to the Dispute.
- 27.1.9 **Place of Arbitration.** Unless otherwise agreed by all parties to the Dispute, the place and seat of arbitration shall be Geneva, Switzerland.
- 27.1.10 **Language.** The arbitration proceedings shall be conducted in the English language and the arbitrator(s) shall be fluent in the English language.

- 27.1.11 *Entry of Judgment*. The award of the arbitral tribunal shall be final and binding. Judgment on the award of the arbitral tribunal may be entered and enforced by any court of competent jurisdiction.
- 27.1.12 *Notice*. All notices required for any arbitration proceeding shall be deemed properly given if sent under Article 29.
- 27.1.13 *Currency of Award*. The arbitral award shall be made and payable in United States dollars, free of any tax or other deduction.
- 27.1.14 *Exemplary Damages*. The Parties waive their rights to claim or recover from each other, and the arbitral tribunal shall not award, any punitive, multiple, or other exemplary damages (whether statutory or common law) except to the extent such damages have been awarded to a third party and are subject to allocation between or among the parties to the Dispute.
- 27.1.15 *Consolidation*. If the Parties initiate multiple arbitration proceedings, the subject matters of which are related by common questions of law or fact and that could result in conflicting awards or obligations, then all such proceedings may be consolidated into a single arbitral proceeding.
- 27.1.16 *Confidentiality*. All negotiations, mediation, arbitration, and expert determinations relating to a Dispute (including a settlement resulting from negotiation or mediation, an arbitral award, documents exchanged or produced during a mediation or arbitration proceeding, and memorials, briefs or other documents prepared for the arbitration) are confidential and may not be disclosed by the Parties, their employees, officers, directors, counsel, consultants, and expert witnesses, except to the extent necessary to enforce this Article 27 or any arbitration award, to enforce other rights of a Party, or as required by law; provided, however, that breach of this confidentiality provision shall not void any settlement, expert determination or award.

27.2 **Expert Determination**

- 27.2.1 Any disagreement between the Parties relating to Articles 4.2.3 or 7.7.14, as well as any disagreement the Parties agree to refer to an expert, shall be submitted to an expert. The Parties shall prepare and agree appropriate terms of reference relating to a disagreement to be submitted to the expert.
- 27.2.2 The disagreement shall be submitted to an expert appointed by mutual agreement of the Parties within thirty (30) days following the date of preparation and agreement of the Terms of Reference by the Parties. If the Parties cannot agree on the choice of the expert within such thirty (30) day period, at the request of either Party, the expert shall be appointed by the President of the Energy Institute in London, England. Any expert appointed must have the necessary qualifications for reviewing and deciding on the subject matter of the disagreement.
- 27.2.3 The duties of the expert shall be stated in the Terms of Reference prepared and agreed by the Parties. The Parties shall promptly provide the expert with the agreed Terms of Reference relating to the disagreement. Each Party shall have the right to give to the expert in writing any information which it considers useful, provided it does so within forty-five (45) days after the expert's appointment. Such information shall be provided to the other Party at the same time and such other Party shall be entitled to provide comments on such information to the first Party and the expert within thirty (30) days after receiving such information. The expert shall have the

right to review and verify any information he deems useful to assist him in his review of the disagreement.

27.2.4 The expert shall render his decision within forty-five (45) days of his receipt of the Terms of Reference and the information referred to in Article 27.2.3. Any decision of the expert shall be final and shall not be subject to any appeal, except in the case of manifest error, fraud or malpractice. Any costs and expenses associated with the expert determination shall be shared equally between the Parties.

27.3 **Payment of Awards**

Any monetary award issued shall be expressed and payable in dollars.

27.4 **Sovereign Immunity**

27.4.1 The Government of [*country name*] hereby fully and irrevocably waives any right of sovereign immunity as to them and their property in respect of the enforcement and execution of any award rendered by the Arbitral Tribunal, or of any determination by an expert in accordance with Article 27.

27.4.2 This waiver includes any claim to immunity from:

- (a) any expert determination, mediation, or arbitration proceedings commenced pursuant to Article 27;
- (b) any judicial, administrative or other proceedings to aid the expert determination, mediation, or arbitration proceedings; and
- (c) any effort to confirm, enforce or execute any decision, settlement, award, judgment, service of process, execution order or attachment (including pre-judgment attachment) that results from an expert determination, mediation, arbitration or any judicial, administrative or other proceedings commenced pursuant to this Agreement.

ARTICLE 28 FORCE MAJEURE

28.1 **Non-fulfillment of Obligations**

Any obligation or condition arising or derived from this Agreement which any Party is unable to perform, whether in whole or in part, shall not be considered as a breach or non-fulfillment of its obligations under this Agreement if such breach or non-performance is caused by an event of Force Majeure, provided that there is a direct cause-and-effect relationship between the non-performance and the event of Force Majeure. Notwithstanding the foregoing, all payment obligations owed by any Party to another must be made when due.

28.2 **Definition of Force Majeure**

For the purposes of this Agreement, an event shall be considered an event of Force Majeure if it meets the following conditions:

- 28.2.1 it has the effect of temporarily or permanently preventing a Party from performing its obligations under this Agreement;
- 28.2.2 it is unforeseeable, unavoidable and beyond the control of the Party which declares Force Majeure; and
- 28.2.3 it is not a result of the negligence or willful misconduct of the Party which declares Force Majeure.

Such an event shall include acts of God, earthquake, inclement weather, strike, riot, insurrection, civil unrest, blockade, sabotage and acts of war (whether declared or not). The Parties intend for the term of Force Majeure to be construed in accordance with the principles and practice of the international Petroleum industry.

28.3 **Notification of Force Majeure**

If any Party is unable to comply with any obligation or condition provided herein due to Force Majeure, it shall notify the other Parties in writing as soon as possible, and in any event not later than fourteen (14) days after the event in question, giving the reason for its non-compliance and a detailed account of the Force Majeure, as well as the obligation or condition affected. The Party affected by the Force Majeure shall use all reasonable endeavors to remove the cause thereof, keep the other Parties fully informed of the situation and the current evolution of the Force Majeure event and shall promptly notify the other Parties as soon as the Force Majeure event is over and no longer prevents it from complying with its obligations or conditions hereunder.

28.4 **Continuation of Obligations**

All obligations, other than those affected by the event of Force Majeure, shall continue to be performed in accordance with this Agreement.

28.5 **Cessation of Force Majeure**

Upon the cessation of the event of Force Majeure, the relevant Party shall undertake and complete, as soon as practicable and within a time frame to be mutually agreed by the Parties, all obligations suspended as a result thereof.

28.6 **Continuation of Force Majeure**

When a Force Majeure event lasts more than ninety (90) days, the Parties will forthwith consult to examine the situation and implications for Petroleum Operations, in order to establish the course of action appropriate for the fulfillment of contractual obligations under the circumstances of the said Force Majeure. In such event the term of this Agreement will be extended by the same amount of time that the Force Majeure has lasted. When a Force Majeure event lasts more than two (2) Years, either the Government or Concessionaire may elect to serve a notice terminating this Agreement.

ARTICLE 29 NOTICES

29.1 Notices and Other Communications

All notices, approvals or other communications authorized or required between the Parties by any of the provisions of this Agreement shall be in writing (in English), addressed to such Parties and delivered in person by courier service or by any electronic means of transmitting written communications which provides written confirmation of complete transmission. For purposes of this Agreement, oral communication does not constitute notice or approval, and e-mail addresses and telephone numbers for the Parties are listed below as a matter of convenience only. A notice or approval given under any provision of this Agreement shall be deemed delivered only when actually received by the Party to whom such notice or approval is directed, and the time for such Party to deliver any communication in response to such originating notice or approval shall run from the date the originating notice or approval is received. Each Party shall have the right to change its address at any time or designate that copies of all such notices or approvals be directed to another Person at another address, by giving written notice thereof to all other Parties.

For the Government:

(include address):

For the attention of:

Email: *[insert address]*

THE MINISTER

(include address):

For the attention of:

Email: *[insert address]*

For Concessionaire:

[ABC]

[Address]

For the attention of:

Email: *[insert address]*

[DEF]

[Address]

For the attention of:

Email: *[insert address]*

ARTICLE 30 MISCELLANEOUS

30.1 Amendments

This Agreement may only be amended in writing and by mutual agreement between the Parties; any purported amendments in contravention of this provision shall not be effective.

30.2 Partnership

This Agreement shall not be construed to create an association, joint venture or partnership between the Parties or to impose any partnership obligation or liability upon a Party.

30.3 Entire Agreement

With respect to the subject matter contained herein, this Agreement (i) is the entire agreement of the Parties and (ii) supersedes all prior understandings and negotiations of the Parties.

30.4 No Waiver

Any waiver of, or consent to depart from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

30.5 No Conflict

30.5.1 Each of the Concessionaire Parties undertakes that it shall avoid any conflict of interest between its own interests (including the interests of Affiliates) and the interests of the other Parties in connection with activities contemplated under this Agreement.

30.5.2 In the event of any conflict between the main body of this Agreement and its Annexes, the main body shall prevail.

ARTICLE 31 EFFECTIVE DATE

31.1 Effective Date

This Agreement shall become effective on the Effective Date.

IN WITNESS WHEREOF, the Parties have executed this Agreement in four originals in the English language.

(include signatures)

**ANNEX A
CONCESSION AREA**

Upon the Effective Date, the initial Concession Area covers an area deemed equal to **[insert number]** (**[insert number]**) square kilometres (km²).

The Concession Area is described on the map below. The points indicated on such map are defined below, by reference to the Greenwich meridian and their geographic coordinates:

Point	Longitude	Latitude
-------	-----------	----------

[Note: This Annex will include relevant limitations of stratigraphic zones for the Concession Area.]

ANNEX B
MAP OF THE CONCESSION AREA

This map is included for illustrative purposes only and in the event of any discrepancies or conflict, the Concession Area shall be defined by the geographical and stratigraphic co-ordinates specified above.

**ANNEX C
RK PROGRAMME GUARANTEE**

IRREVOCABLE STANDBY LETTER OF CREDIT

Date of Issue: _____, 20__

Beneficiary:
[the Minister]
[Address]

Applicant:
[Concessionaire Party]
[Address]

Amount: US\$_____

Re: Work Programme Guarantee for Concession Agreement- the Minister and Concessionaire Party

We, [Major Bank recognized in [country name]], hereby issue this irrevocable Standby Letter of Credit, with reference number _____ (the "Standby Letter of Credit"), in favour of the Minister (the "Beneficiary"), at the request and for the account of [Qualified Bidder] (the "Applicant"), in the maximum aggregate amount of US\$_____.

We undertake to the Beneficiary to honor the Beneficiary's demand for payment of an amount available under this Standby Letter of Credit, upon presentation of a demand for payment in the form of the annexed Demand for Payment attached hereto as Exhibit A, together with the original of this Standby Letter of Credit, at the following place for presentation: [Major Bank recognized in [country name]], [bank address], on or before the expiration date.

The expiration date of this Standby Letter of Credit is _____, 20__.

The expiration date of this Standby Letter of Credit shall be automatically extended for successive [___] period, unless we elect in our sole and absolute discretion not to extend the then current expiration date of this Standby Letter of Credit, and notice of such election is sent to the Beneficiary's address set forth above by nationally recognized courier at least thirty (30) days prior to the then current expiration date.

We undertake to make payment to the Beneficiary under this Standby Letter of Credit within five (5) business days of receipt by us of a compliant Demand for Payment. The Beneficiary shall receive payment from us by wire transfer to a bank account of the Beneficiary, as described in the Demand for Payment.

Partial and multiple drawings are permitted under this Standby Letter of Credit. The aggregate amount available under this Standby Letter of Credit at any time shall be the face amount of this Standby Letter of Credit, less the aggregate amount of all partial drawings previously paid to the Beneficiary at such time.

This Standby Letter of Credit is issued subject to the International Standby Practices 1998 (ISP98), International Chamber of Commerce Publication No. 590.

[Major Bank recognized in [country name]]

Authorized Signing Officer

Authorized Signing Officer

Exhibit A
Form of Demand for Payment

Letter of Credit Reference Number _____

Issuing Bank:

[Major Bank recognized in [country name]]

[Address]

Beneficiary:

Minister

[Address]

Applicant:

[Concessionaire Party]

[Address]

This Demand for Payment is presented by the Minister, the Beneficiary under the Standby Letter of Credit with reference number ____ (the "Standby Letter of Credit"), for the amount of US\$_____ which constitutes [full/partial] payment of the funds available to the Beneficiary under the Standby Letter of Credit.

Under this Demand for Payment, the Beneficiary state that:

- The Applicant is obligated to pay the Beneficiary the amount demanded, pursuant to the Concession Agreement dated _____ between the Government of [country name], as represented by the Minister, and the Applicant (the "Agreement").
- The amount demanded is due and unpaid under the Agreement.
- The Applicant has defaulted in the obligation to pay the Beneficiary the amount demanded.
- The Beneficiary states that the proceeds from this Demand for Payment will be used to satisfy the above-identified obligations.

The Beneficiary requests that the amount demanded hereunder be transferred to the Beneficiary by wire transfer to the following bank account of the Beneficiary.

[Name, Address and Routing Number of the Beneficiary's Bank Account]

[Name of Beneficiary's Account]

[Number of Beneficiary's Account]

MINISTER

By: _____

Name

Title

**ANNEX D
ENT COMPANY GUARANTEE**

THIS GUARANTEE is made on this [insert day] of [insert month and year]

BETWEEN:

[**THE GUARANTOR**], a company organized and existing under the laws of [insert jurisdiction], and having its registered office at [insert address] (the **Guarantor**); and

_____ (the **Government**), represented for the purposes of this Guarantee by the **Minister**).

WHEREAS, the Guarantor is the parent entity of [insert name of Company] organized and existing under the laws of [insert jurisdiction], and having its registered office at [insert address] (the Company);

WHEREAS, the Company has entered into the Concession Agreement (the **Agreement**) with, among others, the Government in respect of the Concession Area;

WHEREAS, the Company has a Participating Interest under the Agreement;

WHEREAS, the Government desires that the execution and performance of the Agreement by the Company be guaranteed by the Guarantor and the Guarantor desires to furnish this Guarantee as an inducement to the Government to enter into the Agreement and in consideration of the rights and benefits inuring to the Company thereunder; and

WHEREAS, the Guarantor accepts that it fully understands and assumes the Contractual obligations under the Agreement of the Company.

NOW THEREFORE, it is hereby agreed as follows:

(a) **Definitions and Interpretation**

All capitalized words and expressions in this Guarantee have the same meaning as in the Agreement, unless otherwise specified to herein. **Error! Reference source not found.** of the Agreement is incorporated herein, mutatis mutandis, by this reference.

(b) **Scope of this Guarantee**

The Guarantor hereby guarantees to the Government the timely payment and performance of any and all indebtedness and obligations whatsoever of the Company to the Government arising under or in relation to the Agreement, including the payment of any amounts required to be paid by the Company to the Government when the same become due and payable; provided, however, that the liability of the Guarantor to the Government hereunder shall not exceed the lesser of:

- (i) the liabilities of the Company to the Government;

- (ii) **[insert amount]** dollars (\$**[insert amount]**) during the Exploration Period, as may be extended in accordance with the Agreement; and
- (iii) **[insert amount]** dollars (\$**[insert amount]**) during the Development and Production period of each Field Production Area.

(c) **Waiver of Notice, Agreement to All Modifications**

The Guarantor hereby waives notice of the acceptance of this Guarantee and of the state of indebtedness of the Company at any time, and expressly agrees to any extensions, renewals, modifications or acceleration of sums due to the Government from Concessionaire under any of the terms of the Agreement, all without relieving the Guarantor of any liability under this Guarantee.

(d) **Absolute and Unconditional Guarantee**

The obligations of the Guarantor shall be an absolute, unconditional and (except as provided in paragraph (b) above) unlimited guarantee of payment and performance to be performed strictly in accordance with the terms hereof, and without respect to such defences as might be available to the Company.

(e) **No Discharge of Guarantor**

The obligations of the Guarantor hereunder shall not in any way be released or otherwise affected by: a release or surrender by the Company of any collateral or other security it may hold or hereafter acquire for payment of any obligation hereby guaranteed; by any change, exchange or alteration of such collateral or other security; by the taking of or the failure to take any action with respect thereto either against the Company or against the Guarantor; or by any other circumstance which might otherwise constitute a legal or equitable discharge or defence of a guarantor.

(f) **No Prior Action Required**

The Government shall not be required to make demand for payment or performance first against the Company or any other Person or to proceed against any collateral or other security which might be held by the Government or otherwise to take any action before resorting to the Guarantor hereunder.

(g) **Cumulative Rights**

All rights, powers and remedies of the Government hereunder shall be cumulative and not alternative, and shall be in addition to all rights, powers and remedies given to the Government by law or otherwise.

(h) **Continuing Guarantee**

This Guarantee is intended to be and shall be considered as a continuing guarantee of payment and performance and shall remain in full force and effect for so long as the Agreement and any

amendments thereto shall remain outstanding or there shall exist any liability of the Company to the Government thereunder.

(i) **Notice of Demand**

Upon default in the performance of any of the obligations of the Company guaranteed hereunder, the Government or its duly authorized attorney may give written notice to the Guarantor at its principal office in [insert jurisdiction] of the amount due, and the Guarantor, within a period of ten (10) Business Days, will make, or cause to be made, payment of such amount as notified, in dollars, at such bank or other place in [insert jurisdiction] as the Government shall designate and without set-off or reduction whatsoever of such payment in respect of any claim the Parent Company or the Company may then have or thereafter might have.

(j) **Assignment**

The Guarantor shall not in any way effect, or cause or permit to be effected, the assignment or transfer of any of its obligations hereunder without the express written consent of the Government.

(k) **Subrogation**

Until all indebtedness hereby guaranteed has been paid in full, the Guarantor shall have no right of subrogation to any security, collateral or other rights which may be held by the Government.

(l) **Payment of Expenses**

The Guarantor shall pay to the Government all reasonable costs and expenses, including attorney's fees, incurred by it in collecting or compromising any indebtedness of the Company hereby guaranteed or in enforcing Concessionaire this Guarantee.

(m) **Governing Law and Arbitration**

This Guarantee shall be governed by and interpreted in accordance with the laws of [*country name*].

All disputes or claims arising out of or relating to this Guarantee shall be finally settled by arbitration, in accordance with the procedure set forth in the Agreement; however, if in addition to the arbitration hereunder an arbitration has also been commenced under the Agreement with respect to obligations hereby guaranteed, the arbitration commenced hereunder shall be consolidated with the arbitration commenced under the Agreement and the arbitral body appointed hereunder shall be the same arbitral body appointed pursuant to the Agreement. The arbitration shall be conducted in the English language and the decision shall be final and binding on the parties.

(n) **Severability of Provisions**

In the event that for any reason any provision hereof may prove illegal, unenforceable or invalid, the validity or enforceability of the remaining provisions hereof shall not be affected.

(o) **Confidentiality**

The Guarantor agrees to treat this Guarantee and the Agreement as confidential and shall not disclose, willingly or unwillingly, to any third party, except to the extent required by law, the terms and conditions hereof or thereof without the prior written consent of the Government.

IN WITNESS WHEREOF, the Guarantor and the Company execute this Guarantee this **[insert day]** day of **[insert month and year]**.

[GUARANTOR]

By: _____

Title: _____

[THE MINISTER]

By: _____

Title: _____

ANNEX E
BE SUBMITTED BY CONCESSIONAIRE

Following are particulars of data, information, studies, reports and samples required to be submitted under Article 19.1. All information shall be submitted as soon as available or where time frames have been set in this Annex E, within such time frames. It is understood and accepted that the Minister may, after consultation with Concessionaire, by regulation or order make revisions to this Annex E on future dates in view of changing technologies and new information requirements and such revisions may include further requirements for health, safety and environmental data submission.

1. Geophysical data

All basic geophysical data including the following:

1.1 Seismic Surveys-

- (i) Programme maps with indications of geological plays and pre-existing seismic lines prior to the start of the survey. For seismic reprocessing work, a similar programme map is required to be submitted;
- (ii) Final shot point and composite shot point location maps;
- (iii) Seismic operation reports and quality control reports in digital format to be submitted within three (3) Months of completion of the survey;
- (iv) Daily or weekly survey progress reports;
- (v) Inventory of list of the field tapes and hard disks acquired during the survey indicating seismic line numbers and shot point ranges on tapes and 3D information; to be submitted two (2) weeks after completion of the survey;
- (vi) Final processed and reprocessed Two-Way-Time seismic sections in acceptable scales to be submitted upon the completion of processing and/or reprocessing projects;
 - (vii) Final processed Depth Sections generated in other acceptable scales; to be submitted upon the completion of the project. In the case of 3D seismic data, Concessionaire to submit at least every tenth (10th) inlines and crosslines acquired and processed,
- (viii) Interpreted stacking velocity analyses sections;
- (ix) Velocity information on magnetic tape in the format specified by the Minister;
- (x) For 3D, picked stacking velocity functions are to be submitted on magnetic tape in format specified by the Minister;
- (xi) Processing and reprocessing reports, documenting the seismic lines numbers and shot point ranges processed or reprocessed and the type of processing being done to be submitted within two (2) Months of completion of the processing programme;
- (x) Seismic interpretation reports;
- (xi) Final processed seismic tapes with documentation in acceptable standard formats;
- (xii) Final sections and full reports on any specialized seismic processing or reprocessing work are to be submitted to the Minister upon completion of each respective studies; and
- (xiii) Interpreted data which is not limited to seismic section, time slice, seismic and velocity modelling upon request by the Minister.

1.2 Gravity Surveys (if available) -

- (i) Gravity and accelerometer records/profiles or spot readings whichever applicable;
- (ii) Traverse line maps in acceptable scales;
- (iii) Details of meter calibration;
- (iv) Processed gravity anomaly maps. The method of calculation of anomalies should be explained; and
- (vi) Listings of absolute measured gravity values, theoretical gravity values and corrected free-air gravity anomaly values.

1.3 Magnetic Surveys (if available) -

- (i) Magnetometer records/profiles;
- (ii) Altimeter records, storm monitor records, navigational records;
- (iii) Traverse or flight line maps in acceptable scales;
- (iv) Magnetometer operator log or other means of relating magnetic observations to local time; and
- (v) Diurnal variation records.

1.4 Other Survey and studies

All other survey and processed data to be submitted as soon as available, including profiles, maps and reports for the following -

- (i) Well site survey;
- (ii) Soil or foundation investigation;
- (iii) Pipeline route survey (before and after installation);
- (iv) Environmental data;
- (v) Rig positioning;
- (vi) Well velocity survey and velocity seismic profiling (VSP);
- (vii) Piston and Gravity coring investigation; and
- (viii) any other surveys which include but are not limited to gravity or magnetic or SAR surveys and their interpretations.

2. Geological/Petrophysical/Production Test Data

All basic geological/petrophysical and Production test data including the following:

2.1 Well Reports -

- (i) Recommendation to Drill or Well Proposals, to be submitted at least two (2) Months before spud-date;
- (a) Depth and time structure maps and velocity maps used of prospective horizons;
- (b) Migrated TVS sections;

- (c) Assessment of hydrocarbon volume-in-place and estimated Reservoir parameters and detailed by category of proved, probable and possible and expected value (EV) and assigned to each Reservoir and fault block of such Field;
 - (d) Structural or stratigraphic cross-section;
 - (e) Costs and technical details relating to prospect or Field and new projects.
- (ii) Proposed drilling and formation evaluation programmes including detailed Well cost estimate; to be submitted at least two (2) weeks before spud-date;
 - (iii) Daily or Weekly drilling reports;
 - (iv) Abandonment Programmes;
 - (v) Drilling Completion Reports; to be submitted within three (3) Months of completion of the Well;
 - (vi) Geological Completion Reports; to be submitted within three (3) Months of the completion of the Well including -
 - (a) Geological and operations summaries;
 - (b) Well completion logs showing depths/results, cores or sidewall hydrocarbon shows, preliminary log stratigraphy;
 - (c) Geological Well or composite log showing detailed lithology description and percentages, penetration rates, basic drilling data, Gas readings and composition;
 - (d) Final Well log analysis and interpretation;
 - (e) Pressure analysis including pressure versus depth plot and fluid contact estimation.
 - (vii) Post-drill Well Evaluation or Well Summary Reports;
 - (viii) Service company reports covering mudlogging, wireline testing, Production testing, etc.
 - (ix) Production testing procedures;
 - (x) Detailed Production tests reports-;
 - (xi) Subsurface pressure or temperature survey reports;
 - (xii) Computer processed log interpretation with a summary of the net zones, porosity and water saturation and permeability cutoffs used and other assumptions used or made in deriving the results;
 - (xiii) Paleontological and palynological reports;
 - (xiv) Geochemical reports;
 - (xv) Petrographic studies;
 - (xvi) Core analysis reports inclusive of daylight or UV photographs and any other analysis carried out;
 - (xvii) Fluid analysis reports;
 - (xviii) Directional survey reports.

2.2 Well logs; to be submitted as soon as available.

Field and final prints, sepias (in all available scales) and tapes of all wireline logs run.

2.3 Samples

All samples including the following -

- (i) drill cuttings.'
- (ii) drill cores;

- (iii) a representative portion of sidewall cores;
- (iv) fluid - Oil, Gas, Condensate, water; and
- (v) any other types of samples.

3. Interpretative Material - Reports

All interpretative and progress reports (inclusive of any subsequent revisions thereof) in electronic format including the following -

- (i) Progress reports on geophysical and drilling operation including notification of the principal developments and discoveries;
- (ii) An annual general review of the interpretation of the subsurface structure in any area over which geological, geophysical, drilling or other operations have been conducted (including interpretation thereof) and any revised interpretation occasioned by the work or question (to be supported by up-to-date maps).

4. Reports on Reserve Calculation

4.1 All reports inclusive of any subsequent revisions with respect to the amount of Petroleum in a Petroleum Reservoir classified as -

- (i) Proven Petroleum originally-in-place;
- (ii) Expected and maximum possible Petroleum originally-in-place;
- (iii) Proven estimated ultimate recoverable Petroleum reserves; and
- (iv) Expected estimated ultimate recoverable Petroleum reserves.

4.2 In respect of the Concession Area the reports shall include -

- (i) the location, size, extent, structural and stratigraphic cross sections of the Petroleum Reservoirs;
- (ii) the amount of Petroleum estimated to be in Reservoir in Items (i), (ii), (iii), (iv) and (v) of 4.1 above in the Field Production Area;
- (iii) the method and calculation of the estimates in Item (ii) above; and
- (iv) all the data upon which the above estimates were based which includes the following for each Reservoir:
 - (a) Structure depth map at top of Reservoir quality rocks;
 - (b) Reservoir facies to reflect the porosity and permeability distribution vertically or laterally;
 - (c) Net hydrocarbons; and
 - (d) Definition of the various Petroleum in place and reserves category;

Concessionaires shall submit by March 31st of each Calendar Year to the Minister the annual reserves report as of the Calendar Year end of the preceding Calendar Year.

5. Production Operations -

5.1 All available data, information, studies and reports inclusive of any subsequent revision thereof relating to Production Operations.

5.2 With respect to each Field Production Area, a report shall be submitted within ten (10) days from the end of the Calendar Month under review and shall specify:

- (i) the number of Wells -
 - (a) which produced Petroleum, including the production of water;
 - (b) which were shut-in;
 - (c) which produced intermittently;
 - (d) which produced less than an average of 20 boepd;
 - (e) into which fluids or Gas were injected into the Reservoirs;
 - (f) which were used as disposal Wells; and
 - (f) which were abandoned.
- (ii) total quantity of -
 - (a) unreconciled Oil, Condensates, Gas and water produced;
 - (b) fluids and Gas injected;
 - (c) Petroleum utilized, flared or vented, stored in and delivered from each Production station;
 - (e) reconciled Production of Oil, Condensates, Gas and water,
 - (f) the average gravity in degrees API of the total Production of Oil and Condensates,

and

 - (g) the H₂S, CO₂ and Nitrogen content of the Gas.
- (iii) Petroleum flow, pressure and temperature readings at each Measurement Point.

5.3 With respect to each producing Well the report to be prepared each Calendar Month shall indicate the -

- (i) name, location and status;
- (ii) method by which Petroleum or water is produced;
- (iii) choke size;
- (iv) results of tests;
- (v) total estimated daily wellhead Production of Petroleum and water; and
- (vi) reconciled total Production of Petroleum.

5.4 With respect to each Reservoir completed in the Oil and Gas Field, the report to be prepared each Calendar Month shall be submitted within thirty (30) days from the end of the Calendar Month under review and shall specify -

- (i) name and status;
- (ii) wellhead pressure;
- (iii) average reconciled daily water and Petroleum Production; and
- (iv) average daily reconciled Gas and fluid injection.

5.5 With respect to Development drilling -

- (i) Notice of Operation for Well drilling and workover;
- (ii) Standard drilling programme;
- (iii) Daily or weekly drilling reports inclusive of progress and evaluations and preliminary Well log results whenever available;
- (iv) Well completion reports;

- (v) Final completion reports (for workover operations);
- (vi) Well Abandonment reports;
- (vii) Plugging reports;
- (viii) Any other reports pertaining to drilling or completion and workover activities.

5.6 With respect to the planned or installed facilities -

- (i) Facility design basis or philosophy inclusive of conceptual studies, conceptual or preliminary or front-end design and amendments thereto;
- (ii) Project assessment reports, if any;
- (iii) Special engineering studies reports, if any;
- (iv) Project execution plan (preliminary copy or draft to be submitted before start of detailed design) and amendments thereto;
- (v) Detailed design reports;
- (vi) (a) Major fabrication planning package and execution plan. With respect to equipment fabrication and installation procedures, one (1) copy of same to be extended to the Minister field representative, where applicable, as and when required;
- (b) Transportation and installation procedures for major facilities when available;
- (vii) Factory acceptance test procedures completion reports where applicable;
- (viii) Weekly and engineering reports and Concessionaire progress reports and a summary each Calendar Month (where applicable);
- (ix) Project completion reports;
- (x) Concessionaire performance appraisal reports;
- (xi) As built drawings and vendor catalogues and updates for as built drawings whenever available;
- (xii) Operating and start-up manual;
- (xiii) Overall long term maintenance programme for facilities and Pipelines;
- (xiv) Weekly operation and maintenance reports and a summary each Calendar Month;
- (xv) Facility modification and upgrading reports, if any;
- (xvi) Each Calendar Month a safety incident statistics report;
- (xvii) Risk assessment, environmental impact assessment, technical or safety audit and HSE study reports, if any; and
- (xviii) within the first ten (10) days of each Calendar Month a report of the bottom of the Reservoirs in the deepest producing formation in the Well with the deepest producing formation, separately for Oil as well as Gas.

5.7 With respect to measurement, the following data or procedures shall be submitted -

- (i) Detailed measurement procedures, design and operation of measurement systems;
- (ii) Detailed procedures and reports for validation or calibration of measurement systems;
- (iii) Detailed Petroleum accounting procedures;
- (iv) Production, stock, sales or exports and losses figures.

5.8 Three (3) Months prior to relinquishment, a status report shall be submitted and shall specify -

- (i) Complete report listings;
- (ii) Well, Reservoir and Field performance history;
- (iii) Reservoir and Well data;
- (iv) Well status;
- (v) Reserve status;
- (vi) Latest as-built drawing;

- (vii) Major maintenance, improvement and modification records;
- (viii) Inspection records.

6. **Royalty Calculation Report –**

6.1 On or before the tenth (10th) day of each Calendar Month after the start of Commercial Production, Concessionaire shall provide the following information to the Minister for each Field Production Area for the preceding Calendar Month:

- (a) The Production of Oil, Condensates and Gas;
- (b) The arithmetic average of the Crude Price and Condensates and their Fair Market Value based on the Concession Agreement;
- (c) the weighted average sales price of the Gas representing the Fair Market Value, as approved by the Minister.
- (d) The number of active Wells, being the Wells listed in this Annex E under paragraph 5.2.1 (a) plus 5.2.1 (e), minus 5.2.1(d)
- (e) The depth of the deepest producing formation for Oil as well as Gas, pursuant to this Annex E under paragraph 5.6 (xviii)
- (f) The average gravity of the Oil and Condensates produced pursuant to this Annex E paragraph 5.2 (f); and
- (g) The quality information about the Gas pursuant to this Annex E paragraph 5.2 (g)

6.2. Based on the information under paragraph 6.1 above, the Royalty for Oil and Condensates and for Gas shall be determined and reported to the Minister. The percentage for Gas shall apply to Associated Gas and Non-Associated Gas.

6.3 Based on the information pursuant to paragraph 6.1.(a),(b) and (c), and the Concession Agreement, the Gross Value for Oil and Condensates produced and Gas produced shall be determined and reported to the Minister.

6.4 The Royalty shall be determined as the Royalty for Oil and Condensates determined by multiplying the Gross Value for Oil and Condensates with the Royalty percentage, plus the Royalty for Gas, determined by multiplying the Gross Value for Gas with the Royalty percentage for Gas.

6.5 The Royalty report, containing the determinations pursuant to paragraph 6.2, 6.3 and 6.4, shall be provided to the Minister on or before the tenth (10th) day of each Calendar Month after the start of Commercial Production.

7. **HSE Reports**

7.1. Concessionaire shall prepare and establish an HSE Plan designed to achieve safe and reliable conduct of operations and activities, to avoid significant and unintended impact on the safety and health of people, on property, and on the environment. The initial HSE Plan shall be prepared within six (6) Months after the Effective Date and submitted to the Minister. Updates shall be prepared where new activities make such updates necessary and at the request of the Minister.

7.2 Concessionaire shall prepare an environmental impact statement (“Environmental Impact Statement”) for any environmental impact activity that is reasonably anticipated to occur in those areas

of the Concession Area where Petroleum Operations are likely to occur and shall update the Environmental Impact Statement to cover all areas actually affected during the course of Petroleum Operations. The initial Environmental Impact Statement shall be prepared within six (6) Months after the Effective Date and submitted to the Minister. Updates shall be prepared where new activities make such updates necessary and at the request of the Minister. The Environmental Impact Statement shall include, but not be limited to, water and aquatic biological resources, terrestrial resources, wildlife, biodiversity, air and water quality, land and water use, socio-cultural assessments and opportunities to enhance the environment.

7.3 Concessionaire shall, based on the Environmental Impact Statements, prepare an environmental management plan (“Environmental Management Plan”) which shall provide detailed information about Petroleum Operations and will be utilized to minimize environmental impacts. An Environmental Management Plan shall include, but not be limited to, a detailed description of impacts and mitigative measures, environmental management structure and environmental monitoring plans. The plan shall also include the plans for reclamation of areas, as well as water and waste management. The initial Environmental Management Plan shall be prepared within twelve (12) Months after the Effective Date and submitted to the Minister. Updates shall be prepared where new activities make such updates necessary and at the request of the Minister. An update of the Environmental Management Plan shall be submitted with each Field Development Plan or update or revision of such Field Development Plan.

7.4 Concessionaire shall prepare Emergency Response Plans. Concessionaire shall develop Emergency Response Plans for: (i) oil spill emergency and response and (ii) incident response plans to include fire, Well control, natural disasters and medical emergency Existing ERPs will be reviewed and updated on an “as needed” basis. Each Emergency Response Plan shall provide information on:

- (a) levels of alert
- (b) notification structure
- (c) key response team duties
- (d) emergency support teams
- (e) emergency telephone lists
- (f) various forms and checklists

8. Capital and Operating Expenditures

Before the end of a Calendar Year Concessionaire shall submit to the Minister for informational purposes its expected capital and operating expenditures for the following Calendar Year. Within two months following the end of a Calendar Year Concessionaire shall submit to the Minister for informational purposes its actual capital and operating expenditures for the preceding Calendar Year.

9. Other Reports

The Minister may require other information, data, records and studies of any form relating to Petroleum Operations including any subsequent revisions thereof.

[JJP Comment: other reports may be suitable for non-Petroleum operations]