



National Oil Company of Liberia

Liberia and ExxonMobil complete historic offshore deal

5 April 2013 – Monrovia: On Friday, April 5, the National Oil Company of Liberia (NOCAL) completed a historic landmark deal to secure the entry of ExxonMobil (XOM) and Canadian Overseas Petroleum (COPL) into the country's offshore hydrocarbon sector.

The new Production Sharing Contract (PSC), which gives ExxonMobil an 80% operating interest in Liberia's offshore Block 13 (LB13) and Canadian Overseas Petroleum Limited (COPL) a 20% interest, was signed by the President of Liberia on March 8th and ratified by the Liberian Legislature on March 26th.

The new contract is one of the first of its kind to include provisions where citizens could receive dividends if exploration in Block 13 leads to production. On being signed into law, the new PSC replaces the previous contract for Block 13.

Liberia has not yet made a commercial discovery, but in February 2012 African Petroleum (API) announced a "significant discovery" in LB09 that is currently under appraisal. Exploration programs are also ongoing by Chevron in offshore Blocks 11, 12 and 14, by Anadarko in offshore blocks 10 and 15, and Repsol in offshore blocks 16 and 17.

Dr. Randolph AKW McClain, President and CEO of NOCAL, said of the new LB 13 deal:

"This event is a massive leap forward for our oil sector and for our country, and it is the Liberian people who will benefit. All the terms of this deal have been negotiated with the maximum benefit of the public in mind, and we are proud of what we have secured on their behalf. The fact that we will be working with the world's number one super major in oil and gas, ExxonMobil, also speaks volumes about Liberia's progress."

Upon the signing into Law of the PSC and financial completion, the rights to explore and develop Liberia Block 13 transferred from Peppercoast Petroleum PLC (formerly known as Broadway Consolidated Ltd.) to ExxonMobil Exploration and Production Liberia Limited (with an 80% operating interest) and Canadian Overseas Petroleum (Bermuda) Limited (with 20% interest). ExxonMobil will be the operator.

KEY PROVISIONS OF THE NEW PRODUCTION SHARING CONTRACT (PSC) FOR BLOCK 13

A. Financial provisions

Funds upon signing

The renegotiated contract yields \$50 Million up front to Liberia through a combination of taxes, transfers fees, and signature bonuses. This includes Liberia's highest yet signature bonus yet, US\$ 21.25 Million. Up until now, the largest signature bonus Liberia had received for a single offshore oil block was US\$ 3.33 million.

Citizen Participation

The PSC includes a 5% Citizen Participation Share in Block 13. If exploration and development in Block 13 are successful, revenues would be available to share with citizens after ExxonMobil and COPL have recovered their exploration, development, and production costs.

Royalties

The PSC establishes 10% royalty on oil produced from wells drilled under water depths 0-1500 meters, and a 5% royalty for oil produced from wells drilled under water more than 1501+ meters of depth. There was no provision for royalty in the previous Block 13 PSC.

State Participation

The PSC includes the right for Liberia to receive a 10% share in Block 13 at the start of commercial production.

B. Local Content, training and educational provisions

Business linkages and local content

The PSC requires ExxonMobil and COPL to develop a 'Project Linkages Plans' for each of the exploration and development periods to identify opportunities for local suppliers, contractors and service providers to supply goods and services to the operators, and to develop clear local purchasing plans. The provisions are aimed at developing over the long term the capacity and participation of Liberian suppliers in the oil services sector.

Capacity building

If the project moves to the development stage, the PSC requires ExxonMobil and COPL to develop a program to train Liberian citizens in the full range of managerial and technical activities involved in the performance by ExxonMobil and COPL of their obligations under this PSC, including engineering design, information technology, petroleum geology technology.

Training, social welfare and education

The PSC also provides for training, education and social welfare contributions that increase if discoveries are made and Block 13 moves into development.

C. Environmental and Other Provisions

Environmental and Social Impact Assessments (ESIAs)

The renegotiated PSC sets forth more detailed and more stringent requirements for ESIAs and Environmental and Social Management Programs at every step of the oil exploration and development process.

Environmental Provisions

The PSC holds both companies to environmental standards equivalent to those used in OCED countries. Also, new PSC provisions provide for periodic compliance audits to ensure these standards are actually followed, including an audit at the end of the term of the PSC.

Abandonment

In line with international best practice, the PSC requires ExxonMobil and COPL to establish an "Abandonment Fund" for each field placed into production once 50% of the estimated recoverable petroleum has been produced from such field. The fund must be held in an escrow account at a financially sound international bank, and must be funded in regular installments based on the estimated costs from time to time of abandonment.

Signed;



Israel Akinsanya II

Vice President, Public Affairs

National Oil Company Liberia

NOTES FOR EDITORS

NOCAL

The National Oil Company of Liberia (NOCAL) is the independent state-owned enterprise created by the NOCAL Act of 2000 and mandated to coordinate the development of Liberia's oil sector. NOCAL Chairs the Hydrocarbon Technical Committee (HTC) of the Liberian Government.

Government Reform program

The Government and NOCAL are coordinating a vigorous oil governance reform program. The reform process has three main steps:

1. Draft and adopt a **new policy** creating principles and guidance for exploration and production activities.
2. Draft and enact a **new Petroleum Law**, guided by the new policy, to cover Exploration and Production.
3. Create a **new model Production Sharing Contract** that reflects the new law.

The reforms will consult all stakeholders, including the Legislature, civil society organizations, and the public.

Contractors:

ExxonMobil

ExxonMobil Exploration and Production Liberia Limited is a wholly owned subsidiary of ExxonMobil Corporation, the #1 publicly traded international oil and gas company, which uses technology and innovation to help meet the world's growing energy needs. ExxonMobil holds an industry-leading inventory of resources and is the largest refiner and marketer of petroleum products and its chemical company is one of the largest in the world.

COPL

Canadian Overseas Petroleum (Bermuda) Limited is a wholly-owned subsidiary of Canadian Overseas Petroleum Limited, an oil and gas exploration company focused in the offshore West African continental margin and the UK North Sea. COPL's Common Shares are listed under the symbol "XOP" on the TSX Venture Exchange.