

PRODUCTION SHARING CONTRACT

BETWEEN

THE REPUBLIC OF LIBERIA

AND

LIBERIA OFFSHORE BLOCK LB__

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PRODUCTION SHARING CONTRACT

This Contract, dated as of _____.

BETWEEN

The Republic of Liberia, hereinafter referred to as the “**State**”, represented for the purposes of this Contract by the Liberia Petroleum Regulatory Authority, a statutory entity established under the laws of Liberia;

AND

_____, a company organized and existing under the laws of _____, having its headquarters at _____, hereinafter referred to as the “**Contractor**”.

WITNESSETH

WHEREAS all petroleum resources in Liberia, including in the Contract Area defined hereafter, belong to the State;

WHEREAS the State wishes to promote the exploration and production of the potential petroleum resources within the Contract Area;

WHEREAS the Contractor desires to contract with the State for the purpose of exploring, developing and producing such potential petroleum resources; and

WHEREAS in accordance with the Petroleum (Exploration and Production) Act, 2014 of the Republic of Liberia, published by authority of the Ministry of Foreign Affairs on 10 October 2016, agreements in the form of production sharing contracts may be entered into by the State;

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

ARTICLE 1

DEFINITIONS

1.1 The following terms used in this Contract shall have the following meanings:

Abandonment Fund has the meaning given in Article 22.4(b).

Abandonment Plan has the meaning given in Article 7.13.

Affiliate means, with respect to any entity, (i) any Person that directly or indirectly Controls or is Controlled by such entity, or (ii) any Person that is under direct or indirect common Control with such entity.

Annual Work Program has the meaning given in Article 6.1.

Appraisal Area means any part of the Contract Area where one or more Petroleum discoveries have been made, and in respect of which the Authority has granted to the Contractor an exclusive appraisal authorization for the purpose of determining the extent and value of said discoveries.

Arm's Length Sale(s) means a sale between a willing and non-Affiliated buyer and seller on the international market in exchange for payment in freely convertible currencies, excluding sales involving barter, sales from government to government and other transactions motivated in whole or in part by considerations other than the usual economic incentives involved in Petroleum sales on the international market.

Associated Natural Gas means Natural Gas which exists in a reservoir in solution with Crude Oil or which is or could be produced in association with Crude Oil.

Authority means the Liberia Petroleum Regulatory Authority established pursuant to the Petroleum Law or any successor entity.

Barrel means a U.S. barrel of 42 U.S. gallons measured at a temperature of 60° Fahrenheit under 1 atmosphere of pressure (14.696 pounds per square inch absolute).

Calendar Year means a period of twelve (12) consecutive months beginning on January 1 and ending on the following December 31, according to the Gregorian calendar.

Centre has the meaning given in Article 31.9(c).

Citizen Participation has the meaning given in Article 17.3.

Commercial Participation has the meaning given in Article 17.2.

Commercial Production means regular and substantially continuous production of marketable Petroleum from a Field. If the Petroleum produced is from the test of an exploration or appraisal well and not part of a regular lifting program or if substantially all produced Petroleum is used by the Contractor in Petroleum Operations or re-injected into the Field, there is no Commercial Production.

Consolidated Fund means the fund so named established under the Liberia Public Finance Management Act of 2009 or any successor general revenue account maintained by the Ministry of Finance and Development Planning.

Contract means this Production Sharing Contract, including all annexes hereto, as from time to time hereafter amended, modified or supplemented.

Contract Area means the area in respect of which the State grants to the Contractor an exclusive exploration right, as described and delineated in Annex I and as reduced by surrenders made in accordance with this Contract, including any portion of such area subject to exclusive appraisal or exploitation authorizations during the term thereof.

Contract Interest Rate means an annual interest rate determined for each Quarter or portion thereof as the mid-point between the bid and asked rates published by the Financial Times (the UK-based newspaper that is a member of the FT Group) for the US\$ LIBOR ten (10) year swap rate on the last business day of the previous Quarter, plus three percent (3%). If such US\$ LIBOR rate is no longer quoted by the Financial Times, the Parties shall agree upon a functionally and substantively similar replacement reference.

Contract Year means a period of twelve (12) consecutive months beginning on the Effective Date or on any anniversary thereof.

Contractor means any entity designated as such in the preamble hereof and its successors and permitted assigns, or, in the event the Contractor comprises more than one entity, all of such entities collectively and its or their respective successors and permitted assigns including without limitation any entity that becomes a participant in the Contractor pursuant to the operation of Article 17.

Control (including the terms “**Controlled by**” and “**Controlling**”) means the possession, directly or indirectly, of the power to appoint a majority of the directors or equivalent management body of, or to direct the policies, management or operations of, a Person. Without limiting the generality of the preceding sentence, the ability to control a Person is presumed to exist if a second Person or group of Persons acting in concert holds or can direct the exercise of at least twenty five percent (25%) of the rights to select or direct the policies, management or operations of such first Person and no third Person or group holds or can direct the exercise of a greater percentage of such rights.

Crude Oil means a naturally occurring liquid consisting of a mixture of hydrocarbons and other organic compounds found beneath the earth’s surface, and condensates and natural gas liquids obtained from natural gas by condensation or extraction.

Delivery Point means (i) with respect to waterborne export sales of Crude Oil, the FOB point at which the loading storage facilities connect to the loading manifold of the vessel, and (ii) with respect to pipeline sales of Crude Oil and pipeline sales or waterborne export sales of Natural Gas, the custody transfer point(s) as designated in an approved development and production plan or as otherwise mutually agreed between the Authority and the Contractor.

Director General means the Director General of the Authority.

Dispute has the meaning given in Article 31.1.

Dollar or **US\$** means the currency of the United States of America.

Effective Date means the date this Contract comes into full force and effect, as provided in Article 36.

Environment Protection Law means the Liberia Environment Protection and Management Law 2002, and the regulations duly adopted thereunder, as such law or regulations are from time to time thereafter amended, modified or supplemented.

EPA means the Environmental Protection Agency of Liberia established under the Liberia Environment Protection Agency Act or any successor entity.

EPA Guidelines means the Environment Impact Assessment Procedural Guidelines 2006 issued by the EPA, as from time to time thereafter amended, modified or supplemented.

ESIA means an Environmental and Social Impact Assessment described in Article 7.11.

ESMP means an Environmental and Social Management Plan described in Article 7.11.

Expert has the meaning given in Article 31.9 (a).

Expert Determination means the decision of an Expert in accordance with the provisions of Article 31.9.

Exploitation Area means any part of the Contract Area in respect of which the State has granted to the Contractor an exclusive exploitation authorization.

Exploration means the undertaking of operations, whether on land or water, for the purpose of discovering petroleum and includes geological, geophysical and geochemical surveys, the drilling of wells, and activities connected therewith.

Fair Market Value means the price of Crude Oil determined in accordance with Article 18.3.

Field means a geological structure or feature which hosts one or more reservoirs from which Petroleum production may be commercially undertaken through a defined set of facilities.

Force Majeure has the meaning given in Article 29.2.

Gas Committee has the meaning given in Article 21.1(a).

GDP Implicit Price Deflator means the GDP Implicit Price Deflator as published from time to time by the U.S. Department of Commerce, Bureau of Economic Analysis, as the “revised” GDP Implicit Price Deflator for the specified Quarter. If such index is no longer published, the Parties shall agree on adjustments that will substantially preserve the economic impact and timing of the periodic adjustments in this Contract based on such index.

Good International Petroleum Industry Environmental Practice means petroleum industry environmental practices and procedures generally required or generally accepted, in a physical environment similar to that found in Liberia’s offshore blocks, as prudent practice by diligent and prudent international oil companies with significant experience in deep water offshore operations.

Good International Petroleum Industry Practice means all those uses and practices that are, at the time and under the technical circumstances in question, generally accepted in the international petroleum industry as being good, prudent, safe, economical, diligent, environmentally sound and efficient in exploring for, developing, producing, processing and transporting Petroleum. They should reflect standards of service and technology that are economically appropriate to the operations in question and should be applied using standards in all matters that are no less rigorous than those in use by the Operator in other global operations.

Government of Liberia means the national government of the Republic of Liberia, including all branches, divisions, ministries, directorates, departments, state companies, national institutes, commissions or agencies thereof.

Governmental Authority means any individual or organization exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, the referenced jurisdiction.

gross negligence or willful misconduct shall be construed to include any act or failure to act (whether sole, joint or concurrent) by any person which was intended to cause, or which was in reckless disregard of or wanton indifference to, harmful consequences such person knew, or should have known, such act or failure would have on the safety or property of another person.

JOA means the joint operating agreement among the entities participating in the Contractor binding said entities and establishing their respective rights and obligations in relation to the conduct of Petroleum Operations under this Contract.

JOC means the Joint Operations Committee composed of representatives of the Authority and the Contractor established in accordance with Article 6.5.

Law means the Constitution of the Republic of Liberia, ratified treaties, laws and regulations adopted thereunder, and other binding sovereign acts of the Republic of Liberia.

LEITI means the Liberia Extractive Industries Transparency Initiative established by the Liberia Extractive Industries Transparency Initiative (LEITI) Act of 2009 (the “**LEITI Act**”), as such act is from time to time thereafter amended, modified or supplemented.

major contractor has the meaning given in Article 13.8.

Market Price means (i) if used with reference to Crude Oil, the Market Price of Crude Oil determined in accordance with Article 18, and (ii) if used with respect to Natural Gas, the Market Price of Natural Gas determined in accordance with the applicable provisions of Article 21.

Ministry of Finance and Development Planning includes any successor ministry succeeding to the responsibility for managing the finances of Liberia, and “Minister of Finance and Development Planning” means the minister of the Ministry of Finance and Development Planning or any such successor ministry.



Natural Gas means all hydrocarbons which are in a gaseous state at 60 degrees F and 14.696 psi and includes wet gas, dry gas and residue gas remaining after the recovery of liquid hydrocarbons from wet gas.

Net of Royalty Production has the meaning given in Article 14.2.

NOCAL means the National Oil Company of Liberia, a statutory entity established under the laws of Liberia, and its successors by operation of law.

Non-Associated Natural Gas means Natural Gas other than Associated Natural Gas.

Non-State Parties means the entities participating in the Contractor that are not wholly owned by the State. For the avoidance of doubt, no holder of the Citizen Participation permitted under Article 17.2 shall be deemed a Non-State Party and no portion of the State Participation utilized in the manner provided in Article 17.1(k) shall be deemed a Non-State Party notwithstanding that the beneficiaries of such participations may not include any Governmental Authorities of the State.

Operator means the Contractor or, if the Contractor is comprised of several entities, the entity designated as Operator pursuant to Article 2.8.

Parties mean the State, as the grantor of Petroleum rights under this Contract, and each entity participating from time to time in the Contractor, ; and **Party** means any of these entities.

Permitted Transferee is a company organized under the laws of Liberia

- (a) that is not a Prohibited Person and does not have an officer or director who is a Prohibited Person, and
- (b) that is not Controlled by a Prohibited Person or an entity having an officer or Director who is a Prohibited Person or as to which Prohibited Persons hold as a group (x) in excess of five percent (5%) of the voting rights ordinarily empowered to Control the policies, management or operations of such person, or (y) in excess of five percent (5%) of the rights to share in the income or profits of such person.

Person means any natural person and any partnership, incorporated joint venture, corporation, limited liability company, trust, estate or other organization or entity, and any branch, division, political subdivision, instrumentality, authority or agency of any government or state (unless the context clearly requires a more limited meaning).

Petroleum means Crude Oil or Natural Gas, or a combination of both.

petroleum agreement has the meaning given in the Petroleum Law.

Petroleum Costs means all expenditures and costs actually incurred and paid by the Contractor for the purposes of Petroleum Operations, other than those paid prior to the Effective Date or otherwise excluded from recovery in accordance with this Contract.

Petroleum Costs Account has the meaning given in Article II of the Accounting Procedure set out in Annex II.

Petroleum Law means the Petroleum (Exploration and Production) Act, 2014 of the Republic of Liberia, published by authority of the Ministry of Foreign Affairs on 10 October 2016, or any successor law, as either may be amended from time to time.

Petroleum Operations means all Petroleum Exploration, appraisal, development, production, handling, storage, processing and upstream transportation and marketing operations, and more generally, any other operations directly associated with any of the foregoing, that are carried out by or on behalf of the Contractor under this Contract pursuant to an approved Annual Work Program or otherwise approved by the Authority. .

Profound Change in Circumstances has the meaning given in Article 28.2(b).

Prohibited Person is a Person (i) who is or is Controlled by a Person who is identified in published and readily available regulations issued under the authority of the Ministry of Finance and the Ministry of Justice as being prohibited from conducting business in Liberia, or (ii) who has been identified as being subject to sanctions by the United Nations or any other member organization of which the State is a member, or (iii) who has been identified by the Minister of Justice after a hearing as a Person that would pose a serious risk to the national security, public health and safety or the economic or political stability of the State. A Prohibited Person also includes any Person that issues, or is ultimately owned by a Person that issues, bearer shares or similar instruments to evidence ownership of such Person that do not permit such Person to identify the owners of such shares or other instruments.

publication, when used with reference to the posting of information on the website of any agency or instrumentality of the Republic of Liberia in accordance with any requirement of this Contract, is deemed not to have occurred unless such information has been posted for a period of at least 30 days.

Quarter means a period of three (3) consecutive calendar months beginning on January 1, April 1, July 1 or October 1, and ending on the following March 31, June 30, September 30 or December 31, respectively, according to the Gregorian calendar.

Remaining Natural Gas Production has the meaning given in Article 14.4.

Remaining Oil Production has the meaning given in Article 14.4.

Revenue Code means the Revenue Code of Liberia of 2000 as amended by the Consolidated Tax Amendments Act of 2010 and the regulations duly adopted thereunder, as such code or regulations may from time to time be modified, amended or supplemented.

State means the Republic of Liberia.

State Participation has the meaning given in Article 17.1

Successor has the meaning given in Article 22.1.

Total Production means the total production of Crude Oil or the total production of Natural Gas obtained from an Exploitation Area (or the total production of both Crude Oil and Natural Gas obtained from an Exploitation Area, if both are produced in such area) less (i) the quantities used for the requirements of Petroleum Operations, (ii) any unavoidable losses,

(iii) excess Associated Natural Gas taken by the State pursuant to Article 21.2(b), and (iv) re-injected Petroleum and permitted flared Natural Gas.

Unassociated Petroleum Costs means Petroleum Costs that are not directly associated with any approved Exploitation Area. For the avoidance of doubt, Petroleum Costs directly associated with the exploration for and appraisal of a Field that is subsequently designated as an Exploitation Area are to be treated as directly associated with that Exploitation Area, and are not Unassociated Petroleum Costs.

1.2 All references to an “Article” are to an Article of this Contract, and all references to an “Annex” are to an Annex to this Contract.

ARTICLE 2

SCOPE OF THE CONTRACT

- 2.1 This Production Sharing Contract is a petroleum agreement as provided for under the Petroleum Law.
- 2.2 The Contractor should be required to undertake, for all the work necessary for carrying out the Petroleum Operations provided for in this Agreement, to comply with good international petroleum industry practice and to be subject to the laws and regulations in force in Liberia unless otherwise provided under this Agreement.
- 2.3 The Contractor shall supply all financial and technical means which are necessary for the proper performance of Petroleum Operations.
- 2.4 The Contractor shall bear alone the financial risk associated with the performance of Petroleum Operations. The Petroleum Costs related thereto shall be recoverable by the Contractor only in accordance with the provisions of Article 14 and Annex II.
- 2.5 The Total Production obtained from any Exploitation Area during the term of this Contract shall be shared between the Parties according to the terms set forth in this Contract.
- 2.6 On the Effective Date, the Contract Area shall be the area as defined in Annex I.
- 2.7 Where the Contractor consists of several entities, one of the entities shall be designated with the approval of the Authority as the “**Operator**” responsible for the day-to-day management of Petroleum Operations, but all of said entities are jointly and severally liable for all obligations and liabilities of the Contractor under this Contract and the Petroleum Law. Whether the Contractor consists of one entity or of multiple entities, each of such entities that is a Non-State Party must be a company organized under the laws of Liberia.

Where the Contractor consists of several entities, a copy of the JOA designating the “Operator”, and each amendment thereof, shall be provided to the Authority within thirty (30) days from execution thereof.

- 2.8 The Operator shall at all times
- (a) hold an undivided participating interest in the Contractor equal to at least Forty percent (40%) of the aggregate interest of the Non-State Parties; and
 - (b) be an international oil company or a wholly owned subsidiary of an international oil company with established experience as an operator of deep water drilling operations, provided that the Authority may waive the requirement of this clause (b) upon request by the Contractor if the Authority determines that the senior management of the Operator and appropriate senior management of an entity controlling the Operator have significant experience in managing deep water drilling and production operations.

The initial Operator is _____.

Any change in the identity of the Operator shall be subject to the prior written consent of the Authority, which consent shall not be unreasonably withheld if the new Operator satisfies the requirements set forth in this Article 2.8 and the change otherwise complies with Article 26.

- 2.9 The initial Operator shall within thirty (30) days after the Effective Date maintain an address for the giving of notices in Monrovia, Liberia and shall keep the Authority informed of the name and location of the entity receiving such notice, the name of a contact at such location, the telephone number, and the email address. Within ninety (90) days from the Effective Date, or upon cause shown, a later date approved by the Authority, the Operator shall thereafter establish and throughout the term of this Contract maintain an office under its name in Monrovia, Liberia, headed by an authorized representative employed by the Operator to whom any notice under this Contract may be served, and shall keep the Authority informed of the location and telephone number of such office, and the identity, telephone number and email address of the representative.
- 2.10 For all purposes of this Contract the Operator shall represent the Contractor, and the Authority may look solely to and rely solely upon the Operator for performance of all of the obligations and discharge of all of the liabilities of the Contractor under this Contract, including the taking of all actions or permitted to be taken by the Contractor under this Contract, provided that any amendment or modification of or supplement to this Contract may become effective only upon the consent of all the entities participating in the Contractor or such lesser portion of such entities as may be specified in the JOA at the time in effect among such entities. Notwithstanding the foregoing, (a) the obligations, liabilities, actions and omissions of the Operator shall constitute the obligations, liabilities, acts and omissions of the Contractor and (b) this Article 2.10 does not in any way limit the joint and several liability of the entities participating in the Contractor as provided in Article 2.7.

ARTICLE 3

EXPLORATION PERIOD AND SURRENDERS

- 3.1 An exclusive exploration authorization for the Contract Area is hereby granted to the Contractor for a period of Nine (9) consecutive Contract Years from the Effective Date consisting of three (3) consecutive exploration phases. The first exploration phase shall
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be three (4) Contract Years in respect of the entire Contract Area which may be extended, based on request, for an additional year.

- 3.2 If, during the first exploration phase set forth above, the Contractor has fulfilled the exploration work commitment for such phase set forth in Article 4, the exclusive exploration authorization shall, at the Contractor's request, be renewed for a second exploration phase of two (3) Contract Years which may be extended, based on request, for an additional year.
- 3.3 If during the second exploration phase set forth above the Contractor has fulfilled the exploration work commitments for such phase set forth in Article 4, the exclusive exploration authorization shall, at the Contractor's request, be renewed for a third exploration phase of two (2) Contract Years.
- 3.4 If the drilling of an exploratory well is in progress at the expiry of an exploration phase, or if an exploratory well has been plugged and the rig released less than ninety (90) days prior to the expiration of that exploration phase, then the Authority shall, at the request of the Contractor made prior to the end of the then-current exploration phase, grant the Contractor an extension of that exploration phase in order (a) to complete and evaluate the results of the well and determine whether to make a request under Article 3.2 or 3.3 and (b) to file the reports and any notification with respect to a discovery referred to in Articles 5.2 and 5.3. Such extension shall in any event expire ninety (90) days after the exploratory well is plugged and the rig released.
- 3.5 The requests referred to in Articles 3.2 and 3.3 shall be made in writing to the Authority at least forty-five (45) days prior to the expiration of the then-current exploration phase as it may have been extended by operation of either or both of Articles 3.4 and 3.12. If the Contractor fails timely to make a request under Article 3.2 or Article 3.3, and has not cured such defect within 5 days thereafter, this Contract shall automatically terminate at the end of the then-current exploration phase.
- 3.6 The Contractor shall surrender (a) at the expiration of the first exploration phase at least twenty-five percent (25%) of the surface of the Contract Area as it existed on the Effective Date, and (b) at the expiration of the second exploration phase at least twenty-five percent (25%) of the surface of the Contract Area as it existed on the Effective Date, or such lesser amount as may be necessary to avoid surrender of surfaces subject to the retention right set forth in Article 3.11.

Each surrender shall constitute a single area delimited by north-south and east-west line segments or by the boundaries of the Contract Area, with no segment less than two (2) kilometers long, provided that the Contractor may with the prior written consent of the Authority surrender separate areas, each complying with the boundary orientation and length requirements set forth in this sentence, in order to preserve within the remaining Contract Area locations that the Contractor reasonably believes are prospective. Such consent shall not be unreasonably withheld.

Subject to its compliance with the above-mentioned requirements, the Contractor shall have the right to determine the area to be surrendered.

- 3.7 At the expiration of the third exploration phase, the Contractor shall surrender the whole remaining surface of the Contract Area except as provided in Article 3.11 and shall comply with Article 3.8.
- 3.8 The Contractor shall furnish the Authority not less than thirty (30) days prior to the end of each exploration phase with a notice of surrender containing a precise description of the proposed areas to be surrendered and retained and a map showing the details of those areas. The Contractor's proposal shall be deemed accepted if the Authority does not object within twenty (20) days. Within sixty (60) days after the Authority's acceptance or deemed acceptance of the proposed surrender areas, the Contractor shall deliver to the Authority (i) a report specifying the work carried out in the surrendered areas from the Effective Date, (ii) all seismic and other data obtained with respect to the surrendered areas, (iii) all information and material with respect to the surrendered areas required by Articles 9.2, 9.3, 9.4 and 9.7, and (iv) a technical evaluation of the surrendered areas performed by the Contractor, in each case to the extent not previously delivered to the Authority.
- 3.9 The Contractor may at any time, on not less than sixty (60) days' prior notice to the Authority, surrender any part of the Contract Area. The notice of surrender, the information, maps reports and data delivered in connection therewith, and, if the surrendered area is less than the total remaining Contract Area, the shape of the surrendered area shall comply with the requirements of Articles 3.6 and 3.8. Any area optionally surrendered pursuant to this Article 3.9 shall be credited against the area required to be surrendered under the next mandatory surrender requirement applicable under Article 3.6.
- 3.10 No surrender during or at the expiration of any exploration phase shall reduce the minimum work commitment set forth in Article 4 for that exploration phase, nor the amount of the corresponding guarantee required by Article 3.3.
- 3.11 At the expiration of the third exploration phase, the right of the Contractor to retain beyond such expiration surface areas in the Contract Area relating to a discovery of Petroleum are as set forth in Articles 5.1. As such time as the Contractor is no longer entitled to retain any such surface area the Contractor shall surrender such surface area and comply with Article 3.8 with respect thereto.
- 3.12 In addition to any other provision for the extension of an exploration phase contained in this Contract, the Authority may at any time extend any exploration phase for good technical cause shown by up to twelve (12) months so long as the total exploration period available under this Contract is not extended pursuant to this Article 3.12 by more than twelve (12) months plus the term of any extension pursuant to Article 3.4.
- 3.13 This Contract shall terminate at such time as the Contract has no further rights with respect to any surfaces included in the original Contract Area, or at such earlier time as termination may be expressly provided for in this Contract.
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ARTICLE 4

EXPLORATION WORK COMMITMENTS

- 4.1 During the first exploration phase defined in Article 3.1, the Contractor shall carry out the following Exploration work commitment together with such additional work three (3) to six (6) months from the effective date: licensing from TGS Geophysical Company a minimum of 3,500 square kilometers of the existing 2-D seismic survey data for the Harper Basin, obtaining 3-D seismic survey data for at least 50% (in square kilometers) of the Contract Area (which survey shall have technical parameters – e.g., streamer length, source interval, sample interval, cable depth and processing requirements – reasonably satisfactory to Authority), evaluation of all available data with respect to the Contract Area (including such reprocessing and additional seismic work as the Contractor may elect), and drilling at least one exploratory well. Insofar TGS has acquired 3-D seismic data (sunfish) for the Contract Area, the Contractor will be required to license such data. The minimum expenditure commitment for this exploration phase is Twenty Million (US\$20,000,000.00) in excess of the cost of acquisition of the existing 2-D and 3-D data.
- 4.2 During the second exploration phase defined in Article 3.2, the Contractor shall carry out the following Exploration work commitment together with such additional work as the Contractor may elect: drill at least one exploratory well. The minimum expenditure commitment for this exploration phase is Twenty Million Dollars (US\$20,000,000.00).
- 4.3 During the third exploration phase defined in Article 3.3, the Contractor shall carry out the following Exploration work commitment together with such additional work as the Contractor may elect: drill at least one exploratory well. The minimum expenditure commitment for this exploration phase is Twenty Million Dollars (US\$20,000,000.00).
- 4.4 Each of the exploratory wells mentioned above shall be drilled to a minimum depth of two thousand (2,000) meters, after deduction of the water depth, or to a lesser depth if the continuation of drilling performed in accordance with Good International Petroleum Industry Practice is prevented for any of the following reasons:
- (a) basement is encountered at a lesser depth than the minimum contractual depth;
 - (b) continuation of drilling presents an obvious danger due to the existence of abnormal formation pressure;
 - (c) rock formations are encountered the hardness of which prevents, in practice, the continuation of drilling by the use of appropriate equipment; or
 - (d) Petroleum formations are encountered the crossing of which requires, for their protection, the laying of casings preventing the minimum contractual depth from being reached.

Notwithstanding any provision in this Article 4 to the contrary, the Authority and the Contractor may, at any time, for good cause shown agree to abandon the drilling of a well at a lesser depth than the minimum contractual depth.

- 4.5 If the number of exploratory wells drilled by the Contractor during any exploration phase exceeds the number of wells provided for in the minimum work commitment for that phase, as specified in this Article 4, the number of additional exploratory wells drilled during such exploration phase may be carried forward and treated as a credit towards the exploratory wells contained in the minimum work commitment for the following exploration phase.
- 4.6 For purposes of Articles 4.1 to 4.5, appraisal wells drilled under an appraisal work program with respect to a discovery shall not be considered as exploratory wells.
- 4.7 The Contractor shall certify to the Authority within thirty (30) days after the end of an exploration phase (or the earlier termination of an exploration phase attributable to a complete surrender or termination of this Contract) the amount of Exploration expenditures constituting recoverable Petroleum Costs attributable to Exploration work performed during such exploration phase in accordance with approved Exploration work programs and budgets or otherwise authorized under Article 6.3. The certification shall include a detailed breakdown of all such expenditures and their relation to the relevant work program and budget.
- (a) If the amount of Exploration expenditures set forth in such certificate constituting recoverable Petroleum Costs attributable to Exploration work performed during such exploration phase in accordance with approved work programs and budgets or otherwise authorized under Article 6.3 is not at least equal to the minimum Dollar expenditure commitment for that exploration phase, as set forth in Article 4.1, 4.2 or 4.3 above, then the Contractor shall pay to the Ministry of Finance and Development Planning, for credit to the Consolidated Fund, within seven (7) days after the delivery of such certificate, the amount by which the minimum Dollar expenditure commitment exceeded such expenditures.
- (b) Notwithstanding any election by the Contractor to move to a subsequent exploration phase permitted by Article 3, if the certification required by this Article 4.7 is not delivered within the prescribed thirty (30) day period the Contractor may not conduct any Exploration work related to such exploration phase within the Contract Area or elsewhere in Liberia until such certification has been delivered and any amount due under Article 4.7(a) has been paid in full.
- (c) The information submitted with the Contractor's certificate is subject to audit and review by the State. Any additional amounts determined to be due in compliance with Article 4.7(a) shall be payable by the Contractor to the Ministry of Finance and Development Planning for credit to the Consolidated Fund no later than twenty (20) days after demand is made.

ARTICLE 5

APPRAISAL OF A PETROLEUM DISCOVERY, DEVELOPMENT AND EXPLOITATION

- 5.1 The Contractor shall, in accordance with the provisions set forth herein, submit a discovery report in respect of each discovery made. Failure to submit a required plan or other documentation required under this Article 5, or if an appraisal plan or a
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development and production plan shall have been finally withdrawn or rejected, the Contractor shall surrender all such surface area and comply with Article 3.8 with respect thereto unless the exploration period is otherwise still in effect with respect to such surface area."

- 5.2 If the Contractor discovers Petroleum, it shall within 24 to 48 hours notify the Authority of such discovery, and shall within fourteen (14) days of the initial discovery (or such longer period as the Authority may on application by the Contractor allow) deliver to the Authority a report setting forth (i) all relevant information then available on the discovery and (ii) an outline of any testing program which the Contractor proposes to carry out in accordance with Good International Petroleum Industry Practice to evaluate any Petroleum shows encountered during drilling. The Contractor shall provide the details of its proposed testing program as promptly as practicable thereafter. If the notice does not propose a testing program, it shall state the reasons why the Contractor believes that such program should not be carried out.

Within thirty (30) days after the date of the temporary plugging or abandonment of the discovery well (but not later than 180 days after the initial report), the Contractor shall submit to the Authority a second report including all available information relating to said discovery, including the results of all tests performed, the conclusions the Contractor believes may be drawn from such discovery and its initial views as to whether the discovery merits appraisal.

- 5.3 The Contractor shall as promptly as practicable after the filing of such second report, and in any event within sixty (60) days thereafter, notify the Authority of its determination as to whether the discovery merits appraisal and the estimated surface area related thereto. If the Contractor has determined that the discovery merits appraisal, it shall diligently prepare a detailed appraisal plan and budget which it shall submit within six (6) months after the date of notification of said determination to the Authority for approval. The Authority shall not unreasonably withhold such approval. The appraisal plan shall specify the presumed geographic extension of said discovery (the proposed Appraisal Area), and shall include all seismic, drilling, testing and appraisal operations necessary to carry out an appropriate evaluation of the discovery according to Good International Petroleum Industry Practice. The provisions of Article 5.10 shall be applicable *mutatis mutandis* to said program as regards its submission, review and approval or deemed approval.
- 5.4 No later than thirty (30) days from the date of approval or deemed approval of the appraisal plan, the Director General shall issue and deliver to the Contractor an exclusive appraisal authorization over the Appraisal Area specified in the approved appraisal plan for the duration specified in said plan, provided that such duration shall not exceed two (2) years from the later of the date of approval or deemed approval of said plan.
- 5.5 The Contractor shall diligently carry out the approved appraisal plan, and in particular shall drill the appraisal wells, acquire the seismic data and carry out the production tests specified in the approved appraisal plan.
- 5.6 Extensions of the appraisal period may be granted by the Authority for a maximum period of six months each, if the Contractor has so far diligently performed its appraisal obligations and demonstrates that further geological, geophysical, subsurface, facilities or commercial work is justified. Any request by the Contractor for such an extension must
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be made at least thirty (30) days prior to the expiration of the appraisal period as it may then have been extended. Requests by the Contractor for further extensions of the appraisal period in connection with a Non-Associated Natural Gas discovery are governed by the terms of Article 21.1(c).

- 5.7 As soon as practical after the completion of appraisal evaluation, and in any event within sixty (60) days after the end of the appraisal period (which the Authority for good cause shown may, on application, extend for up to an additional ninety (90) days), the Contractor shall provide the Authority for approval by the Director General with a detailed report giving (a) all the then-available information relating to the discovery and the appraisal thereof, including all technical and economic data relevant to a determination of commerciality and the Contractor's opinion as to whether the discovery is commercial, and (b) if the discovery includes Associated Natural Gas, all additional information required under Article 21.2.

For the purposes of the preceding paragraph, the Contractor shall make a determination as to whether a discovery is commercial on the basis of whether that discovery can be produced commercially, after consideration of all pertinent operating and financial data collected in the course of the appraisal work program, including recoverable reserves, sustainable production levels and other relevant technical and economic factors, in accordance with Good International Petroleum Industry Practice.

If the Contractor makes discoveries of several Fields in the Contract Area, each such discovery shall require a separate initial evaluation, appraisal and development and production plan under this Article 5 and shall give rise to a separate exclusive exploitation authorization each corresponding to a separate Exploitation Area unless two or more Fields are to be developed using substantially common production facilities. The number of exclusive exploitation authorizations and related Exploitation Areas within the Contract Area shall not be limited.

- 5.8 If the Contractor's report provided pursuant to Article 5.7 is not timely provided or concludes that the discovery is not commercial, the Contractor shall surrender the Appraisal Area and comply with Article 3.8 with respect thereto. If the Contractor's report delivered pursuant to Article 5.7 concludes that the discovery is commercial, the Contractor shall have one (1) year to prepare and submit an application to the Authority for an exclusive exploitation authorization accompanied by a detailed development and production plan. The Contractor may request up to one 12-month postponements of the due date for the delivery of such plan showing in such request a technical justification for the delay. Any such extension may be issued by the Board on recommendation of the Authority technical staff. The Board will not unreasonably deny any such recommended request.
- 5.9 The development and production plan shall specify or include, as the case may be, at least:
- (a) the planned delimitation of the Exploitation Area applied for by the Contractor, so that it covers the area defined by the seismic closure(s) of the Field concerned, together with all the technical justifications with respect to the extent of said Field;
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- (b) an estimate of the Crude Oil and/or Natural Gas reserves in place, the proven and probable recoverable reserves, together with a study on the methods of recovery;
- (c) the manner in which the plan will comply with Article 5.16, setting forth the projected maximum economic efficient rate of production and expected annual production levels for Crude Oil and/or Natural Gas;
- (d) the projected valuation of Crude Oil and Natural Gas to be produced;
- (e) the proposed Delivery Point(s) for Crude Oil and/or Natural Gas;
- (f) the procedures for measuring Total Production at the Delivery Point(s);
- (g) item-by-item description of the facilities, equipment and work necessary for production, such as the number of development wells, the number of platforms, pipelines, production, processing, storage and loading facilities together with their specifications;
- (h) as applicable, a marketing plan for Natural Gas pursuant to guidelines in Article 21, which may include the Contractor's proposal to structure the project as an integrated or segmented gas project (including gathering, treating and conditioning of Natural Gas for sale);
- (i) an estimated schedule for plan implementation and the projected date of production start-up;
- (j) estimates of all capital expenditures and operating costs, including necessary infrastructure; and
- (k) an ESIA and a ESMP as required by Article 7.11, including in the ESMP the Abandonment Plan required by Article 7.12; and
- (l) an economic study demonstrating the commercial nature of the Field.

5.10 The development and production plan submitted by the Contractor shall be subject to the approval by the Authority, which approval shall not be unreasonably withheld. Within ninety (90) days after the submission of said plan, the Authority may propose revisions or modifications to the Contractor's initially proposed plan by notifying the Contractor of the substance of, and its justification for, the proposed revision(s) or modification(s). In that event, the Authority and the Contractor shall meet as soon as possible in order to consider the proposed revisions or modifications in light of Good International Petroleum Industry Practice. Promptly after such meeting, the Contractor shall submit to the Authority a second proposed plan including any mutually agreed revisions or modifications. The Authority shall notify the Contractor of the approval or disapproval of the second proposed plan within sixty (60) days of the date of submission of said plan.

Should the Authority fail to notify the Contractor of a request for revision or modification of the initially proposed plan, or of the second plan, or of its approval of the initially proposed plan, or of the second plan, within the above-mentioned ninety (90) day or sixty

(60) day period (as the case may be), the plan submitted by the Contractor shall be deemed to be approved at the expiration of said period.

If the second proposed plan is not approved, and if the Authority and the Contractor agree that the issue relates to technical, engineering or budgetary matters which do not reduce the contractor's financial capability requirement set forth in Article 15 of this Act, appropriate for resolution by an Expert, they shall submit the issue to Expert Determination in accordance with Article 31.8.

- 5.11 Within thirty (30) days from the date of approval or deemed approval of a development and production plan and delivery to the Authority of any guaranty or other surety with respect to such plan that may be required by the terms of Article 33, the Authority shall grant to the Contractor an exclusive exploitation authorization covering the related Exploitation Area.
- 5.12 If, in the course of work carried out after the grant of an exclusive exploitation authorization, the Contractor reasonably demonstrates to the Authority that the area defined by the seismic closure(s) of the Field concerned is larger than originally estimated pursuant to Article 5.9(a), the Authority shall grant to the Contractor, as part of the exclusive exploitation authorization already granted, an additional area so that the entirety of said Field is included in the Exploitation Area unless such area is within an area as to which a third party holds rights under a petroleum agreement, in which case section 5.13 applies
- 5.13 Where the area defined by the seismic closure(s) of the Field is determined to extend beyond the boundaries of the Exploitation Area granted with respect to such Field into one or more areas subject to other petroleum agreements or production sharing contracts (as such terms are defined in the Petroleum Law), and where the Authority establishes, after consultation with the relevant contractors, that the joint development of the Field or the Field together with adjacent separate reservoirs would be more efficient and advantageous, the relevant contractors shall within ninety days or such longer time limit prescribed by the Authority (in light of the time periods allowed for the submission of a development and production plan under Article 5.8), prepare and submit to the Director General for approval, a plan for the joint development and operation for the petroleum reservoir or reservoirs in accordance with Article 5.9 of this Contract and section 28 of the Petroleum Law. If the contractors fail to submit a joint development plan within the time provided, the Director General may set the terms for and enforce a joint development agreement between the contractors.
- If a Field is determined to extend into the territory of another state, or the development and production of a Field requires the construction of facilities extending to another State, the State shall take the actions provided for in section 29 of the Petroleum Law and the Contractor shall reasonably facilitate such actions.
- 5.14 The duration of an exclusive exploitation authorization during which the Contractor is authorized to carry out the exploitation of the Field covered by such authorization is twenty-five (25) years from the date upon which such authorization is granted.
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If between twelve (12) and eighteen (18) months prior to the end of the exploitation period the Contractor reasonably believes that commercial exploitation of the Field remains feasible following the end of the initial exploitation period, the Contractor may seek an extension of the exploitation period for up to ten (10) years by a request submitted to the Authority. The Authority may, after consultation with the Minister of Finance and Development Planning, grant such request if the Contractor has fulfilled all its obligations during the current exploitation period.

If between twelve (12) and eighteen (18) months prior to the end of the extended exploitation period the Contractor reasonably believes that commercial exploitation of the Field remains feasible following the end of such extended period, the Contractor may seek a further extension of the exploitation period by a request submitted to the Authority. The Authority may, after consultation with the Minister of Finance and Development Planning, grant such request but may condition such grant upon the amendment of this Contract.

If the Contractor has timely filed an extension request under this Article 5.14, the term of the exclusive exploitation period shall extend until the requested extension is granted or finally refused by the Authority.

- 5.15 The Contractor shall proceed diligently to implement the approved development and production plan and shall commence development work, including the detailed engineering and design work, in accordance with the development and production plan, but in no event later than six (6) months after receipt of the grant and approvals referred to in Article 5.11. For the purposes of this Article 5.15, “development work” includes work necessary to carry out the development program performed outside of the Exploitation Area including, by way of example and not limitation, obtaining of financing, letting of development work contracts, design and engineering work, construction and fabrication, and transportation, assembly and installation.
- 5.16 The Contractor shall at all times conduct its operations in accordance with the following:
- (a) Development wells shall be spaced in a manner so as to ensure, in accordance with Good International Petroleum Industry Practice, the maximum efficient recovery of Petroleum from each individual Field or group of combined Fields.
 - (b) The Contractor shall produce Crude Oil from each Field at the maximum economic efficient rate (“MER”) in accordance with Good International Petroleum Industry Practice consistent with the goal of total maximum efficient recovery and avoidance of wastage of reservoir energy. The Authority and the Contractor shall establish the initial MER in conjunction with the adoption of the development and production plan.
 - (c) During the exploitation authorization, the Contractor shall carry out enhanced recovery studies and use such recovery processes if they can be economically justified by an increase in Petroleum recovery. The MER shall be reviewed annually at the time of submission of the Annual Work Program by the Contractor pursuant to Article 6.1 and revised, if necessary, by mutual agreement.
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- 5.17 No later than September 30 of each Calendar Year following the start of Commercial Production, the Contractor shall prepare and furnish to the Authority for approval a forecast statement setting forth by Quarters the total quantity of Crude Oil (by quality, grade and gravity) and Natural Gas that the Contractor estimates can be produced, saved and transported hereunder during the next following Calendar Year, together with estimates, if available, of recoverable reserves of Petroleum, broken into “proven” and “proven plus probable”. Allowing the Authority to audit the quantity of product entering and leaving the storage facilities and inspect the storage facilities to ensure compliance of this petroleum agreement and good international industry practice, All produced Petroleum shall be run to storage facilities procured or constructed, maintained and operated by the Contractor in accordance with the development and production program.
- 5.18 Interruption of production from a Field which has commenced Commercial Production for a consecutive period of at least six (6) months without the consent of the Authority (other than as a result of Force Majeure or suspension authorized under section 58 of the Petroleum Law) may be deemed by the Authority a material default for the purposes of Article 30 but only with respect to the rights of the Contractor to the exclusive exploitation authorization relating to such Field. For the purposes of the preceding sentence, production is not considered to be interrupted by work such as maintenance, repairs and overhauls, so long as such work, including the planning and contracting therefor, is being performed in accordance with the development and production plan or an approved Annual Work Program and is consistent with Good International Petroleum Industry Practice.
- 5.19 The Contractor shall immediately notify the Authority of any significant deviation from the assumptions and preconditions on which a development and production plan has been approved and which require any significant alteration in the design, size, cost and other specifications of the facilities. Any significant alteration described in the preceding subsection and any significant amendment to the development and production plan required as a consequence thereof shall be subject to the prior written approval of the Director General given after consultation with the Minister of Finance and Development Planning as to the potential fiscal impact of the changes.
- 5.20 The Contractor may at any time fully or partially surrender any exclusive exploitation authorization by giving at least one hundred and eighty days (180) days’ prior notice. Any such surrender shall be subject to the provisions of Articles 3.8 and 22.
- 5.21 If not earlier terminated in accordance with its terms, this Contract shall terminate upon expiration, surrender or withdrawal of the last exclusive exploitation authorization granted to the Contractor hereunder.

ARTICLE 6

ANNUAL WORK PROGRAMS AND BUDGETS AND JOINT OPERATIONS COMMITTEE

- 6.1 At least three (3) months before the beginning of each Calendar Year, or for the first year, within one (1) month from the Effective Date, the Contractor shall prepare and submit for approval to the Authority a detailed annual work program and budget (such work program and budget, an “**Annual Work Program**”) for the entire Contract Area, specifying the Petroleum Operations that the Contractor proposes to perform during that
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Calendar Year and the budgeted cost for each identified component of such Petroleum Operations. No seismic surveys or drilling or other operations that could impact the environment or the livelihoods or residences of individuals may be conducted during any exploration, appraisal or development and production component of Petroleum Operations under this Contract unless an ESIA and an ESMP covering such work and complying with the requirements of Article 7.11 and applicable Law have been approved by the Authority and the EPA. The Authority shall on request by the Contractor assist the Contractor in dealing with the EPA. Each Annual Work Program during the exploration period shall be broken down into the various Exploration operations and the corresponding budget for each such operation. If an Annual Work Program will also encompass work related to an appraisal plan or a production and development plan, it shall present the operations relating to each appraisal plan or development and production plan separately and for each such plan shall reflect in reasonable detail the various categories of work involved and the corresponding budget. Each Annual Work Program shall reflect the actions required under the then current ESIA and ESMP

- 6.2 If the Authority determines that an Annual Work Program proposed by the Contractor does not satisfy the requirements of Article 6.1 or wishes to propose any revisions or modifications to the Petroleum Operations specified in any Annual Work Program, it shall, within thirty (30) days after receipt of that Annual Work Program, so notify the Contractor, presenting all justifications it deems useful. In that event, the Authority and the Contractor shall meet as soon as possible to consider the proposed revisions or modifications and to mutually establish in good faith the Annual Work Program in its final form, in accordance with Good International Petroleum Industry Practice.

If the Authority fails to notify the Contractor of a request for revision or modification of the initial submission of an Annual Work Program within the thirty (30) day period provided above, then such Annual Work Program submitted by the Contractor shall be deemed approved by the Authority for all purposes of this Contract.

- 6.3 The Contractor may not spend more than one hundred and ten percent (110%) of the budgeted amount originally allocated to any line item in an approved Annual Work Program, or more than one hundred and five percent (105%) of the total budgeted amount set forth in an approved Annual Work Program, without an appropriate amendment to the approved Annual Work Program, unless the increased expenditure (i) is required to respond to health, safety or environmental protection concerns or to mitigate the adverse effects of a Force Majeure event, or (ii) is in performance of an approved item in the Annual Work Program and Contractor demonstrates that the increased expenditure was caused by circumstances reasonably beyond the Contractor's control, or (iii) is otherwise approved by the Authority. The Contractor has the burden of reasonably demonstrating the applicability of the circumstances set forth in clauses (i) and (ii) of the preceding sentence. Increased expenditure not authorized by this Article 6.3 will not constitute recoverable Petroleum Costs.

- 6.4 Whenever the Contractor desires to make changes to an approved Annual Work Program not permitted under clause (i) or (ii) of Article 6.3, it shall submit the proposed changes and their justification to the Authority. If the Authority fails to object to the proposed changes within twenty-one (21) days after receipt of the proposed changes and their justification, the changes shall be deemed approved by the Authority. However, if it is commercially impractical or technically imprudent to wait twenty-one (21) days for a decision, the change involves only an increase in the budget for a line item in an

approved Annual Work Program budget, the expenditure is in accordance with Good International Petroleum Industry Practice, the Contractor in the exercise of reasonable diligence could not have submitted the requested change at an earlier date, and the submission on its face satisfies the preceding requirements and is conspicuously labeled “High Priority. Prompt Response Required”, the expenditure shall be deemed approved if the Authority does not respond within the greater of five (5) days after receipt of the proposal and the time period for response requested in such submission.

- 6.5 Within sixty (60) days after the Effective Date, the Authority and the Contractor shall form a Joint Operations Committee (“**JOC**”) consisting of not more than three (3) members appointed by the Authority and not more than three (3) members appointed by the Contractor, including at least one representative of the Operator. The purpose of this JOC is to provide a forum for communication and cooperation between the Contractor and the Authority and to allow the Contractor to seek the advice, recommendations and assistance of the Authority in the conduct of Petroleum Operations. The JOC shall review present and future Petroleum Operations and report jointly to the Authority and the Contractor.
- 6.6 The JOC shall meet twice every Calendar Year or as otherwise agreed by the Authority and the Operator in Monrovia or at such other locations as may be agreed by the Operator and the Authority. No meeting of the JOC shall be held unless two (2) members appointed by the Contractor and two (2) members appointed by the Authority are present.
- 6.7 The Contractor shall appoint the first chairperson of the JOC who shall hold office until the second anniversary of the Effective Date. Thereafter, the Authority and the Contractor shall have the alternating right to designate a chairperson of the JOC who shall hold office for a period of two (2) years. The individual appointed as the chairperson shall be one (1) of the six (6) members of the JOC.
- 6.8 The Contractor and the Authority will each bear any travel and lodging costs of their respective JOC members and any accompanying staff, which shall not be Petroleum Costs, provided that the cost of having qualified technical or other experts attend any such meeting on behalf of the Contractor or the Authority for the purpose of advising the JOC on issues properly before the meeting shall be borne by the Contractor and shall constitute Petroleum Costs. Notwithstanding, the Authority may request the Contractor to cover the travel and lodging costs of its JOC members, and any such costs incurred by the Contractor shall constitute Petroleum Costs.

ARTICLE 7

CONTRACTOR’S OBLIGATIONS IN RESPECT OF PETROLEUM OPERATIONS

- 7.1 The Contractor shall provide all the necessary funds, equipment, facilities and materials, and all necessary technical expertise (including personnel), required to carry out Petroleum Operations.
 - 7.2 The Contractor shall conduct Petroleum Operations diligently in accordance with this Contract, the applicable Law and Good International Petroleum Industry Practice. In furtherance thereof:
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- (a) The Contractor shall conduct petroleum operations in a prudent manner with the view of preventing and limiting harm to the people, property and the environment (including minimizing pollution and the effective of petroleum operations on land adjacent to the Contract Area and safeguarding natural resources, particularly fishery resources), and to that effect, shall comply with the laws and regulations governing health, safety and the protection of the environment and with good international petroleum industry practices.
- (b) The Contractor shall make all reasonable efforts to ensure that its subcontractors, consultants and agents comply with the requirements of clause (a) of this Article 7.2.
- (c) The Contractor shall ensure that any person engaged in petroleum operations shall possess the necessary qualifications to perform the work in a prudent manner.

7.3 In the performance of Petroleum Operations, the Contractor shall have the right to select qualified subcontractors in accordance with Good International Petroleum Industry Practice, provided that no such subcontracting shall relieve the Contractor of any of its obligations or liabilities under this Contract, and that the acts and omissions of any such subcontractor shall be deemed the acts and omissions of the Contractor.

7.4 All works and facilities erected by the Contractor hereunder shall, according to their nature and to the circumstances, be built, placed, signaled, marked, fitted and preserved so as to allow, at any time and in safety, free passage to navigation. Without prejudice to the foregoing, the Contractor shall, in order to facilitate navigation, install the sound and optical devices approved or required by the competent authorities and Good International Petroleum Industry Practice and maintain them in a manner satisfactory to said authorities.

Upon request of the Contractor to the Authority, the Authority will establish in consultation with the Liberia Maritime Authority reasonable safety zones surrounding the facilities constructed and used by the Contractor in the conduct of Petroleum Operations and shall take all reasonable precautions to prohibit within the zones in question the entry of vehicles, vessels or persons, or the conduct of activities or the construction of structures presenting a safety risk or potentially interfering with Petroleum Operations.

7.5 In the exercise of its rights to build, carry out work and maintain all onshore facilities necessary for the purposes hereof, the Contractor shall not disturb any existing graveyard or building used for religious purposes or Poro or Sande grounds or any government or public buildings or facilities except, in any such case, with the prior consent of the officials authorized to administer or control the affairs of such lands, buildings or facilities, and subject to such special terms and reasonable conditions as may be prescribed for the protection of such lands, buildings or facilities and the users thereof. The Contractor shall make good any loss or damage caused by it to any such land, building or facility or to the users thereof.

7.6 The Contractor is responsible for preparing and implementing health, safety and security management plans applicable to the conduct of Petroleum Operations in Liberia or Liberian waters in accordance with the requirements of this Article 7.6.

- (a) The Contractor shall prepare and implement, prior to the commence of any petroleum operations in Liberia or Liberian waters, a health and safety management plan setting out health and safety requirements, objectives and standards consistent with applicable Law and Good International Petroleum Industry Practice to the design, operation and maintenance of any installation or equipment used in the petroleum operations to prevent or mitigate hazards and risks to any person employed or otherwise present at or in the vicinity of any installation. Any such plan shall include regulations on hygiene and occupational safety, and shall be regularly updated.
- (b) The Contractor shall submit the health and safety management plan and any revisions thereof to the Authority for approval in consultation with the Ministry of Health and Social Welfare, the Ministry of Labor and other relevant governmental agencies.
- (c) The Contractor shall:
 - (i) at all times maintain efficient preventative security and emergency preparedness measures to deal with emergencies and accidents in an effective manner to prevent injury, loss of life, pollution or major damage to property;
 - (ii) take necessary measures to prevent or reduce harmful effects, including the measures required in order, to the extent possible, to return the environment to the condition it had been in before the emergency or accident occurred;
 - (iii) initiate and maintain security measures to minimize attacks against facilities and shall at all times have contingency plans to deal with such attacks;
 - (iv) place facilities at the disposal of the relevant authorities for emergency and security drills and shall where necessary participate in such drills; and
 - (v) cooperate with other contractors to ensure efficient emergency preparedness through the sharing of emergency resources.
- (d) The Contractor shall ensure that all persons present at or residing in the vicinity of each installation or site in which petroleum operations are conducted are duly informed of the potential hazards and of precautionary measures related thereto.

7.7 The Contractor shall establish and implement a program for regular assessments of the health and safety systems and procedures, including actual practice and performance, to verify that the health and safety plans are being implemented in accordance with the policies and standards specified therein. The schedule for such assessments shall be provided to the Authority and other relevant authorities, which shall have the right to participate in such assessments upon reasonable notice given to the Contractor. The Authority and the relevant authorities may from time to time review details of the Contractor's health and safety plans, any such assessments, and the Contractor's

implementation thereof. The Contractor will on request discuss with the Authority or the relevant authorities any changes the Authority or the relevant authorities recommend or believe necessary to comply with applicable Law.

- 7.8 The Contractor shall establish and enforce rules consistent with laws of Liberia and Good International Petroleum Industry Practice and applicable Law concerning the control of the use of drugs, alcohol, ammunition, explosives, firearms and other weapons.
- 7.9 The Contractor undertakes to take all reasonable and practical steps to:
- (a) ensure the protection of water-bearing strata encountered during its work;
 - (b) dispose of any product used in Petroleum Operations strictly in accordance with applicable Law, including the Environment Protection Law, and in the absence of discharge regulations or licensing requirements, in accordance with Good International Petroleum Industry Environmental Practice;
 - (c) avoid losses, spills and unplanned discharges of Petroleum, produced waters, chemicals or any other product used in Petroleum Operations;
 - (d) without prejudice to its obligations under any ESMP or Abandonment Plan then in effect, take preventive and corrective measures in accordance with Good International Petroleum Industry Environmental Practice to avoid pollution resulting from the conduct of Petroleum Operations and otherwise to protect the environment and living resources; and
 - (e) evaluate any pollution, contamination or other unanticipated impact on the environment resulting from Petroleum Operations and consult with the EPA and other State agencies having jurisdiction over environmental matters relating to the affected areas on the actions to be taken to comply with Article 7.10.
- 7.10 In the event of pollution damage in relation to Petroleum Operations, the Contractor shall immediately take all prudent and necessary measures in accordance with Good International Petroleum Industry Environmental Practice to remedy the damages to the environment and all damages suffered and expenses incurred by third parties as a result of the pollution and of any necessary and reasonable corrective measures taken in connection therewith, subject to the limitations on Contractor's liability set forth in Articles 12.2 and 35.11.
- 7.11 The Contractor shall submit to the Authority and the EPA for their approval the Environmental and Social Impact Assessments ("ESIA") and Environmental and Social Management Plans ("ESMP") satisfying the following requirements:
- (a) All ESIA's and all ESMP's shall comply with the Environment Protection and Management Law, the EPA ESIA Guidelines, and Good International Petroleum Industry Environmental Practice in relation to the Petroleum Operations covered thereby.
 - (b) Each ESMP must at a minimum set forth (i) detailed plans consistent with the relevant ESIA for the mitigation of environmental harm attributable to, and the
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restoration or remediation of the environment to the extent affected by, the implementation of the Exploration, appraisal or development and production program, as the case may be, and (ii) detailed plans or procedures for limiting adverse socio-economic consequences from the Exploration, appraisal or development and production program, as the case may be.

- (c) If any aspect of the proposed Petroleum Operations to be covered by a particular ESIA and ESMP can reasonably be expected to require the relocation of residents or businesses or the taking of subsistence agricultural land, the socio-economic component of the ESMP must include a resettlement action plan, which shall provide for suitable area(s) of resettlement with key emphasis on the provision of substantially equivalent shelter, access to community services and facilities and livelihood continuity (which in the case of agricultural land means substantially equivalent land and water resources), together with full compensation and obtaining informed consent.
- (d) The Contractor shall submit to the Authority and the EPA for approval amendments to the then-current ESIA or ESMP whenever necessary to reflect material changes in conditions not anticipated in the assessment or plan in question or material changes in Good International Petroleum Industry Environmental Practice.
- (e) All ESIA and ESMPs, and any amendments thereto, shall be public documents and shall be published on the Authority website and in accordance with EPA requirements.

An ESIA and ESMP with respect to seismic surveys or exploratory drilling proposed by the Contractor shall be submitted no later than ninety (90) days prior to the proposed commencement of the operations covered thereby. The ESIA and ESMP for an appraisal plan or a development and production plan shall be submitted with those plans when filed as required in Article 5. The development and production ESIA and ESMP for a Field shall include an assessment of all components of the development and production plan, including transportation operations, support and export plans. If requests for ESIA or ESMP revisions or modifications are made by the Authority or by the EPA, the Parties shall cooperate in good faith in processing such requests to avoid delays in the work.

- 7.12 Each ESMP filed by the Contractor providing for the conduct of drilling operations or otherwise providing for the installation of physical facilities shall include an abandonment plan (“Abandonment Plan) that
- (a) complies with the Petroleum Law and the Environment Protection and Management Law and is consistent with Good International Petroleum Industry Practice; and
 - (b) addresses the abandonment of any wells or other facilities installed in the Contract Area or elsewhere in Liberia whether at the end of the useful life of the field or otherwise, and the remediation or restoration of such areas upon abandonment, whether at the termination of the operations covered by such ESMP or earlier.
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Each Abandonment Plan must include an assessment of risks and any uncertainties associated with the abandonment operations, identify the alternative and the preferred abandonment options, provide an estimated cost for each of the options, summarize the reasons for the selection of the preferred abandonment option, and address the social aspects of abandonment and remediation or restoration.

An Abandonment Plan may permit the Contractor to abandon offshore installations in place only if such installations will not endanger navigation and leaving them in place is otherwise in compliance with subparagraph (a) of this Article 7.12. It is the responsibility of the Authority to consult with and obtain the concurrence of the Liberian Maritime Authority with respect to navigational issues posed by any offshore installations proposed to be left in place. If there is a disagreement between the Authority and the Contractor as to the identification of offshore facilities that may be left in place, the Authority and the Contractor may submit the disagreement to Expert Determination in accordance with Article 31.9.

- 7.13 Public hearings and public consultations in support of the ESIA and the ESMP process, including with respect to any proposed material amendment to an approved ESIA or ESMP, shall be in accordance with the Environment Protection and Management Law and the EPA Guidelines. In any event, the Contractor shall make and publish a record of (i) the means taken to publicize the hearings, (ii) the persons who speak at or file a submission in connection with attended each such hearing and their affiliations, (iii) a summary of the issues raised at each such hearing, and (iv) a discussion of the actions taken by the Contractor in response to the issues raised at such hearings

Whenever a public hearing is required to be held with respect to a proposed ESIA or ESMP, such a hearing shall be held in Monrovia, and in the county seat of any county in which significant onshore installations are expected to be located or which may reasonably be expected to be affected in any material respect by Petroleum Operations.

- 7.14 The Contractor shall conduct regular internal environmental audits, and shall commission external environmental audits at least once every thirty-six (36) months to ensure compliance of the Contractor with the environmental aspects of the ESMP. External environmental audits shall be performed in accordance with the Environment Protection Law and Good International Petroleum Industry Environmental Practice and shall be performed or supervised by an environmental engineer with at least ten (10) years of experience in making environmental compliance assessments and audits in the offshore petroleum industry. The environmental engineer shall be selected by the Contractor and approved by the EPA and the Authority; failing such approval, the appointment of the environmental engineer shall be subject to Expert Determination in accordance with Article 31.9. The completed audit shall be delivered promptly to the Authority and the EPA and shall be a public document.

The Contractor shall also commission external audits of the social aspects of each ESMP at least once every thirty-six (36) months. The entity and individuals conducting the audit and the scope and methods of each audit shall be reasonably satisfactory to the Authority. The completed audit shall be delivered promptly to the Authority and shall be a public document.

The Contractor shall bear the cost of audits performed pursuant to this Article 7.14 and such costs shall constitute Petroleum Costs

- 7.15 The Contractor shall require its subcontractors, consultants, agents and suppliers to comply with the requirements of this Article 7, and all health and safety plans, all relevant ESIA's, ESMPs and other associated plans, such as emergency preparedness, waste management plans and oil spill response plans.
- 7.16 The Authority may appoint authorized representatives who shall have the right at any time, upon reasonable notice to the Contractor to carry out any of the activities referred to in Article 70.2 of the Petroleum Law, including without limitation the Contractor's compliance with the safety, health and security management plans and practices and Contractor's performance of the then-effective ESIA or ESMP. To the extent the EPA or other departments or agencies of the State have a legal duty to make inspections in relation to health, safety, emergency preparedness or security matters that would require their access to facilities of the Contractor, the Authority may nominate personnel of such other agencies qualified to make such inspections as its representatives for the purposes of this Article. All such representatives shall use the Contractor's transportation to offshore facilities within the Contract Area, and during such inspections the Contractor shall provide food and housing at the relevant locations to all such representatives under the same conditions as it provides such food and housing to its own personnel. Such transportation, food and housing costs shall be considered Petroleum Costs
- 7.17 The Contractor shall engage in and comply with the requirements of LEITI in accordance with the LEITI Act and the directives and guidelines approved by the LEITI multi-stakeholder steering group. In particular, the Contractor shall disclose to the LEITI reconcilers on an accurate and timely basis and in the required manner all payments by the Contractor made to the State, including any government agency and State-owned company, and shall provide said reconcilers with such information and documents as the reconcilers may reasonably require for the purposes of investigating any discrepancies and preparing the LEITI reports.

ARTICLE 8

CONTRACTOR'S RIGHTS IN RESPECT OF PETROLEUM OPERATIONS

- 8.1 Subject to the provisions of this Contract, the Contractor shall have the following rights:
- (a) the exclusive right to explore for Petroleum in the Contract Area and to carry out such operations and execute such works as may be necessary for that purpose;
 - (b) the exclusive right to apply for and obtain an exclusive exploitation authorization, in the event of a discovery of Petroleum in the Contract Area which, following appraisal, has been shown to be commercial;
 - (c) exclusive rights to carry out development and production operations in the exploitation perimeter, directly and through Affiliates and subcontractors, and to transport, sell or otherwise dispose of the Contractor's share of Petroleum in accordance with this Contract and the field development and production plan.
- 8.2 The right to conduct Petroleum Operations shall include the right to clear the ground, dig, perforate, drill, build, erect, place, supply, operate, manage and maintain ditches, pools, wells, trenches, excavations, dams, canals, water conduits, plants, tanks, basins, maritime
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and other storage facilities, together with generator units, power plants, high voltage lines, telephone, radio and other communication facilities, factories, warehouses, offices, employees' housing, hospitals, ports, docks, harbors, jetties, piers and other facilities, ships, vehicles, railways, warehouses, workshops, and all the auxiliary services which are necessary for or useful to Petroleum Operations or in connection therewith; and all additional facilities which are or may become necessary for or reasonably subsidiary to the carrying out of Petroleum Operations. Article 10 is applicable to the acquisition by the Contractor of rights in land for the purpose of carrying out any of the foregoing activities.

- 8.3 For any Field in respect of which an exclusive exploitation authorization has been granted, the Contractor shall have the right to build, use, operate and maintain within and outside the Contract Area all the Petroleum storage and transportation facilities which are necessary for the production, transportation and sale of Petroleum produced, pursuant to the conditions specified in the development and production plan and the related ESMP.

Subject to the maintenance of free travel for existing and expected future commercial navigation, the Contractor may determine the route and location of any pipeline that is under the waters within the jurisdiction of the State and is necessary for Petroleum Operations pursuant to the conditions specified in the development and production plan and the related ESMP. Any pipeline crossing or running alongside roads or passageways (other than those used exclusively by the Contractor) shall be built so as not to hinder the passage on those roads or passageways.

- 8.4 The employees, representatives and agents of the Contractor and its subcontractors shall have the right, for the purposes of Petroleum Operations, to enter into or leave the Contract Area and shall have free access to all the facilities set up by the Contractor, subject to the provisions of Article 10.

- 8.5 The State shall take all reasonable steps requested by the Contractor to assist, facilitate and expedite the conduct by the Contractor of Petroleum Operations permitted under this Contract, and to protect the rights of the Contractor, including the property and operations of the Contractor, its subcontractors, and their respective employees and agents in Liberia. Such steps may include the provision of assistance to the Contractor in identifying and securing permits, licenses and approvals required to be obtained from other ministries or agencies of the State for the performance of the Contractor's obligations under this Contract.

- 8.6 Except to the extent any such person may be disqualified by applicable Law, the State shall promptly furnish to each officer, director, employee and consultant of the Contractor, or of its Affiliates, contractors and subcontractors, who is not a citizen of Liberia, and to the spouse and minor children of each such person, all documents and visas necessary to enable such person to enter and to leave, or to work and travel within, the territory of Liberia for the purpose of assisting in the performance of Petroleum Operations. At the request of the Contractor, the Authority shall take all reasonable steps to facilitate the completion of any immigration formalities with the Immigration Bureau.
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ARTICLE 9

DATA, REPORTS AND CONFIDENTIALITY

- 9.1 The State shall own all the original data obtained by the Contractor as a result of Petroleum Operations, such as, but without limitation, well logs, maps, magnetic tapes, cores, cuttings, samples and other geological, geophysical and petro-physical information. The Contractor shall have the right to use such original data and documents throughout the term of this Contract. Both the State and the Contractor are subject to the restrictions on disclosure provided in this Article 9.
- 9.2 The Contractor shall furnish the Authority with the following periodic reports together with such other reports as may be required under regulations generally applicable to Petroleum Operations issued by the Authority, identifying, as applicable, the Contract Area, Appraisal Area or Exploitation Area and Field to which such information relates:
- (a) daily reports on drilling operations;
 - (b) weekly reports on seismic operations;
 - (c) Within thirty (30) days following the end of each quarter, statements of Petroleum Costs incurred for the preceding quarter, by Appraisal Area or Exploitation Area where applicable, in such form as will enable the determination when necessary of Unassociated Petroleum Costs, and, as from the start of commercial production, quarterly statements of recovered Petroleum Costs, in accordance with the provisions of Annex II;
 - (d) prior to the end of February of each Calendar Year, an annual report on the Petroleum Operations carried out during the previous Calendar Year, together with a detailed statement of Petroleum Costs incurred, by Appraisal Area or Exploitation Area and Field where applicable, in such form as will enable the determination when necessary of Unassociated Petroleum Costs, and, as from the start of commercial production and by Exploitation Area, the quantities of Crude Oil and Natural Gas produced and sold and the Petroleum Costs recovered in respect of the preceding Calendar Year, all in accordance with the provisions of Annex II; and
 - (e) daily and monthly statements by Exploitation Area and Field of production and forecasts, in accordance with Annex II, showing the quantities of Petroleum produced, consumed, processed and lost, and, in respect of Natural Gas, the quantities re-injected, vented or flared.
- 9.3 In addition to report listed in Section 9.2 Supra, a copy of each of the following reports or documents prepared or acquired pursuant to Petroleum Operations shall be furnished to the Authority as soon as it is prepared or obtained:
- (a) all geophysical surveys, measurements and interpretation reports, maps, map profiles, sections or other documents related thereto, as well as, at the Authority's request, the originals or a true copy of all recorded seismic data;
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- (b) the drilling location and completion report for each well together with a complete set of recorded logs;
- (c) all drill tests or production tests and reports including all studies relating to the flow or production of a well;
- (d) all reports relating to core analyses;
- (e) all reports on discoveries, including test results;
- (f) all Petroleum quality analyses and reports, all reports on investigations of Petroleum reserves, Field limits, reservoir pressure reports, work-over reports, and related economic evaluations;
- (g) production reports and forecasts, including quantities of petroleum produced, re-injected, consumed, processed and, in respect of natural gas, vented or flared;
- (h) price obtained and other particulars of all petroleum sales transactions; and
- (i) all other information in the possession of Contractor appropriate for the proper application of the provisions of this Contract relating to the determination of the entitlements of the State, the Authority or NOCAL to Petroleum produced under this Contract.

9.4 The Contractor shall also submit to the Authority and to the relevant ministries and government agencies such reports on health and safety performance of each installation at which, and each site on which, petroleum operations are conducted, as are required under applicable Law and as may be specified in regulations issued by the Authority.

9.5 All reports, maps, documents and other compilations of information required to be provided to the Authority by the Contractor under this Contract shall be supplied to the Authority in an electronic format reasonably acceptable to the Authority unless the Authority has otherwise agreed. The Authority may also require duplicate paper copies of any such item (except to the extent that such item consists of geological or other technical data that is customarily maintained and exchanged only in electronic format).

9.6 A representative portion of the cores and cuttings removed from each well, as well as samples of fluids produced during drill tests or production tests, shall be supplied to the Authority within a reasonable period after the materials involved become available to the Contractor. The Contractor shall provide the Authority with a regularly updated inventory of the cores and cuttings removed from each well, as well as samples of fluids produced during drill tests or production tests. The Contractor shall supply the Authority with representative portions of any or all such cores, cuttings and samples on request by the Authority.

9.7 The Contractor shall maintain the original cores, cuttings, samples and data related to Petroleum Operations in its custody and shall provide access to the Authority or a representative of the Authority upon its request at reasonable times and locations. If such materials and data are not stored in Liberia, the cost of access shall be for the account of the Contractor as Petroleum Costs. As such time as the Contractor surrenders any portion

of the Contract Area, or determines that a Crude Oil or Natural Gas discovery is not commercial (either prior to or after conducting an appraisal in accordance with this Contract) or determines that it will not participate in the development of a development and production program for a Natural Gas discovery (whether Associated or Non-Associated Natural Gas), all such original materials and data and all reports, studies, analyses and conclusions made by or for the Contractor in connection with such portion of the Contract Area or such discovery not already provided to the Authority shall be provided to the Authority in Liberia at the cost of the Contractor.

- 9.8 The Contractor shall forthwith notify the Authority of any accident involving any material damage to the facilities and equipment used in Petroleum Operations and any death or bodily injury
- 9.9 The Contractor shall keep the Authority informed of all projected Petroleum Operations, such as any geological surveys, seismic surveys, drilling or installation of a platform, at least fifteen (15) days prior to the commencement of any such operation. If the Contractor decides to abandon a drilling operation, it shall notify the Authority thereof within at least forty-eight (48) hours prior to such abandonment, unless operational safety demands a lesser notice period.
- 9.10 Each Party agrees that all information and data of a technically, geologically or commercially sensitive nature acquired or obtained relating to Petroleum Operations and which on the Effective Date is not in the public domain or otherwise legally in the possession of such Party without restriction on disclosure shall, during the term of this Contract and for a period of Seven (7) years following the termination of this Contract, be considered confidential and be kept confidential and not be disclosed to any third party without the prior written consent of the other Party, except:
- (a) to an Affiliate provided that such Affiliate maintains confidentiality as provided in this Contract (and for the avoidance of doubt, NOCAL is an Affiliate of the Authority);
 - (b) to any Governmental Authority of the State when required by this Contract or applicable Law, and, subject to Article 9.12, to the consultants of any such Governmental Authority where such disclosure of such data or information is essential to such consultant's work in relation to this Contract;
 - (c) to firms appointed as reconcilers under LEITI to prepare, according to the EITI Standard then in effect or any successor principles, LEITI reconciliation reports in respect of financial data relating to payments made by the Contractor to any Governmental Authority of the State under or in relation to this Contract;
 - (d) subject to Article 9.12, to subcontractors, consultants and attorneys employed by any entity participating in the Contractor, where such disclosure of such data or information is essential to such subcontractor's, consultant's or attorney's work;
 - (e) subject to Article 9.12, to a bona fide prospective transferee of a participating interest in the Contractor hereunder (including an entity with whom such Party or a parent entity of such Party is conducting bona fide negotiations directed toward a merger, consolidation or other transfer of Control);
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- (f) subject to Article 9.12, to banks or other financial institutions to the extent appropriate for a Party arranging for funding of its obligations under this Contract;
- (g) subject to Article 9.12, to insurers as needed to underwrite policies and process claims related to Contractor assets within the Contract Area;
- (h) to the arbitrators or to any Expert in any proceeding under Article 31;
- (i) to the extent such data or information must be disclosed pursuant to a final order of a court of competent jurisdiction or to any rules or requirements of any government or stock exchange having jurisdiction over such Party or a Person Controlling such Party;
- (j) where such data or information relates to portions of the Contract Area surrendered by the Contractor, to discoveries that Contractor has declined to appraise, or to that the Contractor has, after appraisal, declined to develop, and the disclosing Party is the State;
- (k) where such data or information was obtained by the Contractor in the conduct of Petroleum Operations five (5) years or more before the disclosure and the disclosing Party is the State; and
- (l) where such data or information becomes part of the public domain, through no fault of the disclosing Party.

- 9.11 Each Party shall take customary precautions to ensure that data and information on Petroleum Operations described in Article 9.10 are kept confidential by its employees.
- 9.12 Disclosure pursuant to paragraph (d), (e), (f) and (g) of Article 9.10 or to consultants pursuant to paragraph (b) of Article 9.10 shall not be made unless prior to any such disclosure the disclosing Party has obtained a written undertaking from the recipient to keep the data and information confidential (except for data which is at the time of disclosure or has become in the public domain) with the same standard of care as it would use for its own internal confidential information and not to use or disclose the data and information except for the express purpose for which disclosure is to be made without the prior written consent of the disclosing Party.
- 9.13 Any entity participating in the Contractor ceasing to own a participating interest in this Contract during the term of this Contract shall nonetheless remain bound by the confidentiality obligations set forth in this Article for so long as they are applicable to the Contractor.
- 9.14 Each Party may, notwithstanding any provisions in this Article, make disclosures in corporate annual reports, government reports, employee and stakeholder newsletters, magazines, websites and the like, of summarizations of a general nature relating to Petroleum Operations which are customarily described or reported in such publications.
- 9.15 This Contract and all amendments and modifications of and supplements to this Contract are public documents. All financial information required to be disclosed under LEITI
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may be disclosed to the public by the Contractor, by the Authority or by the State. The Contractor may, and the Authority and the State expect to, make public information relating to the timing and amount of royalties and other payments specifically due or paid under the terms of this Contract or of taxes, fees and other levies payable or paid by the Contractor, and relating to the rates at which royalties, taxes, fees and other levies become due or are assessed, as well as information (other than geological, reservoir engineering and other technical information otherwise confidential hereunder) that is reasonably necessary in computing the amount of such royalties, taxes, fees and other levies becoming due within two (2) years from publication. The Contractor does not under this Article 9.15 have any obligation to make available for publication by the Authority or the State its estimates of production, revenues, royalties, taxes, fees and other levies becoming due more than two (2) years in advance.

- 9.16 The Contractor acknowledges that the Authority may make available to the public, on its website or otherwise, any or all of the following:
- (a) the pre-qualification guidelines and the register of pre-qualified applicants, the tender protocol, the bid assessment report and the winning bidder announcement;
 - (b) all ESIA's and ESMP's, and amendments thereto; and
 - (c) all other documents required to be published by applicable Law.

ARTICLE 10

OCCUPATION OF LAND AND USE OF NATURAL RESOURCES

- 10.1 The Contractor may acquire land for the purposes of constructing, installing and operating petroleum production and transportation facilities and such other buildings, structures and installations as may be necessary for the conduct of petroleum operations under this Contract.
- 10.2 For the purposes of Article 10.1, the State shall make available to the Contractor on request any land which it owns that is suitable for the activities intended to be carried out thereon provided that use of the land does not conflict with any existing land use rights already granted to third parties or belonging to the State. The Parties agree that the use of State-owned land shall be determined by its actual use at the time or, if different, the use prescribed in a budget or land development plan published by the State prior to the Contractor's request for the use of such land. The Contractor shall have the right to utilize such land to build the facilities necessary for the carrying out of Petroleum Operations and the obligation to maintain, above and below the ground, such facilities in good working order.
- 10.3 The State shall authorize the Contractor on request to build, use and maintain telephone, telegraph and piping systems required for Petroleum Operations above and below the ground and along land belonging to the State, if such construction, use or maintenance does not conflict with land use rights already granted to third parties, the existing use by the State of such land, or the use prescribed in a budget or development plan published prior to Contractor's request for the use of such land.

The State reserves the right to build, operate and maintain on, under and along the land

made available to the Contractor by the State under this Article 10 for the purposes of Petroleum Operations, roads, railroads, airports, landing strips, canals, bridges, pipelines and telephone lines, provided that such right is not exercised in a manner which restricts or hinders in any material respect the Contractor's rights hereunder, or the Petroleum Operations

The State reserves the right on reasonable notice to the Contractor to construct and operate or cause the operation of roads, railroads, power and telephone lines within any onshore portion of the Contract Area or any land acquired by or for the Contractor for its petroleum operations, provided that the State takes account of the reasonable concerns of the Contractor and seeks to minimize any disruption in the conduct of Petroleum Operations.

- 10.4 Rights on land held by private owners that the Contractor determines to be necessary for the carrying out of the petroleum operations shall be acquired by direct agreement between the contractor and the person or persons concerned as follows:
- (a) "Private owners" shall be deemed to include both holders of formal land rights and farmers or occupants who are traditional holders of rights to the land concerned.
 - (b) The Contractor shall seek in good faith to reach an agreement with the person or persons concerned. If a rights holder, farmer or occupant is not literate in English, the Contractor must provide effective means of communication with and translation for such person. Any such agreement shall provide fair and reasonable compensation determined in the manner required by Article 10.4(e) for title to or use of the land, or any crops or improvements thereon or any long-term loss in value of the land caused by Petroleum Operations.
 - (c) If no such agreement can be reached, the Contractor may request the Authority to facilitate the process of negotiation between the person or persons involved and the Contractor for the acquisition of the necessary rights with fair compensation.
 - (d) If an agreement cannot be reached, and if no other surface rights are reasonably available to the Contractor for the intended purposes, the Director General will, in consultation with the Liberia Land Authority and the Ministry of Justice, assist the Contractor in obtaining appropriate rights. To establish that other surface rights are not "reasonably available", the Contractor must reasonably demonstrate that the inability of the Contractor to obtain the requested rights or interests would materially adversely impact its ability to carry out an approved development and production program.
 - (e) When determining the value of rights or interests in land to be acquired for use by a Contractor, consideration shall be given to the cost of acquiring similar rights in property of similar size, quality and utility in reasonable proximity to the land being acquired, but no consideration shall be given to the Contractor's purpose for acquiring such rights or interests. Access to jobs, shops, schools and public services is to be taken into account in determining whether a residential property is of similar quality and utility; access to customers and suppliers is to be taken into account in determining whether a commercial property is of similar
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quality and utility; and access to water, supplies and markets and soil condition is to be taken into account in determining whether an agricultural property is of similar quality and utility.

- (f) If the State acquires rights or interests in land for use by the Contractor, such rights or interests shall be held or registered, as the case may be, in the name of the State, but the Contractor shall be entitled to the use thereof for the purposes of Petroleum Operations during the term of this Contract.
 - (g) All costs incurred by the Authority or any other instrumentality of the State in connection with the acquisition by the Contractor of rights or interests under this Article 10.4 shall be borne by the Contractor and may be recovered as Petroleum Costs with the provisions of the petroleum agreement.
 - (h) A finding pursuant to Article 10.4(d) that no other land rights are reasonably available to the Contractor may be made by the Authority only after notice and hearing.
 - (i) The Contractor shall report quarterly to the Authority on its land acquisition, payment and compensation activities, referencing each agreement involved, each payment made and the recipient of each payment and having attached thereto a copy of each agreement. Such report shall be a public document. The Authority may require the Contractor to demonstrate that the compensation provided in any such agreement conforms to the applicable standard set forth in Article 10.4(e) of this Contract.
- 10.5 The Contractor is responsible for the payment of all generally applicable taxes and other levies on rights or interests in land acquired by the Contractor or acquired by the State for use by the Contractor and on the improvements constructed or installed by the Contractor thereon.
- 10.6 By constructing, installing and operating improvements on rights or interests in land acquired by the Contractor with the assistance of the State, made available to the Contractor by the State, or acquired by the State for use by the Contractor, the Contractor assumes the obligation to maintain all such improvements, whether above or below the ground, in good working order and in compliance with applicable Law, and to remove them at the end of the term of this Contract if they are not acquired for further use by an operator determined by the Authority to have the capacity to assume such removal obligation. The Contractor's Abandonment Plan shall take into account this removal obligation.
- 10.7 The Contractor shall indemnify the State for any damage caused to its land or any improvements thereon by the construction, use and maintenance of its facilities on land provided by the State and shall be liable to the owners or users of lands adjacent to lands occupied or used by the Contractor for any damage to such lands and to the improvements or crops thereon in accordance with applicable Law. The responsibilities of the Contractor to third parties who have by contract provided the Contractor with rights or interests in land shall be governed by the terms of those contracts and by generally applicable Law. Except where damage referred to in this Article is caused by the Contractor's gross negligence or willful misconduct, the costs and expenses of the Contractor incurred pursuant to this Article 10 shall be considered as Petroleum Costs.
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- 10.8 The Contractor shall have the right, subject to the payment of fees applicable in Liberia and to compliance with applicable Law, to remove and use water, gravel, sand, clay, stone and timber from land acquired by it for use in Petroleum Operation to the extent necessary for the Petroleum Operations, provided that the Contractor may not (i) take any such material from land leased from a private landowner or occupant without first obtaining the permission of such person, (ii) utilize any such material from a site to which a third party holds exploitation rights, except on terms and conditions satisfactory to such third party, (iii) deprive any person, even temporarily, of a constant and reasonable supply of usable water from a previously utilized traditional source without replacing it, or (iv) interfere with any water rights enjoyed by any user under any agreement with the State.
- 10.9 The State reserves the right to build, operate and maintain on, under and along the land made available to the Contractor by the State under this Article 10 for the purposes of Petroleum Operations, roads, railroads, airports, landing strips, canals, bridges, pipelines and telephone lines, provided that such right is not exercised in a manner which restricts or hinders in any material respect the Contractor's rights hereunder, or the Petroleum Operations.
- 10.10 The Contractor shall have no rights over mineral resources in the Contract Area other than Petroleum and other than as provided in Article 10.8. If, in the course of Petroleum Operations, the Contractor discovers mineral resources other than Petroleum in the Contract Area that may be of economic value and may be capable of being developed, it shall within thirty (30) days inform the Authority of the minerals discovered and their location, and shall thereafter provide such other information and samples as the Authority may reasonably request.
- 10.11 The State reserves the right to grant licenses within the Contract Area authorizing prospecting for, exploration for or mining of any mineral resources other than Petroleum, in which event the Contractor shall afford proper passage for the licensee of mineral rights to the relevant parts of the Contract Area, and use reasonable efforts to avoid obstruction or interference with such licensees' operations within the Contract Area. The State shall use its best efforts to ensure that operations of third parties do not obstruct or interfere with the Contractor's Petroleum Operations within the Contract Area, and will require each such licensee to agree with Contractor that if it obstructs or interferes with the Contractor's Petroleum Operations within the Contract Area in any material respect, it will promptly compensate the Contractor for the adverse consequences of such obstruction or interference. On request, the State will assist the Contractor in enforcing such obligations. The State represents that no such license exists as of the date of this Contract with respect to the Contract Area.

ARTICLE 11

USE OF FACILITIES

- 11.1 For the purposes of carrying out Petroleum Operations, the Contractor shall have the right to use in accordance with applicable Law (i) any public railroad, road, airport, landing strip, supply base, port facility, waterway and any telephone network in Liberia, whether owned by the State or by any private enterprise, subject to the payment of fees then in effect or mutually agreed upon which in the case of State-owned facilities will not be in excess of the prices and tariffs charged to third parties for similar services, and (ii) any
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land, sea or air transportation means for the transportation of its employees or equipment, subject to compliance with the laws and regulations which generally govern the use of such means of transportation. The State may limit the access of the Contractor to any such existing public utilities and facilities to the extent necessary to meet the demands of the general public. In any case of insufficient capacity to provide for the needs of both the general public and the Contractor (and users similarly situated with the Contractor), the Authority and the Contractor (and such similarly situated users) shall in good faith consider together with the owner and operator of such facilities whether and how additional capacity for such similarly situated users can be provided in a manner that fairly allocates to the Contractor (and others similarly situated) the additional costs of providing and operating capacity in excess of that required by the general public and if there is agreement upon adding such capacity, the Contractor shall pay its agreed share of such additional costs as needed to fund construction of such excess capacity, and shall recover its share of such additional costs as Petroleum Costs.

- 11.2 The State shall have the right to use for exceptional matters any transportation and communication facility installed by the Contractor, subject to a fair compensation mutually agreed upon which will not be in excess of the prices and tariffs charged by the Contractor to third parties for the provision of similar services provided that such use does not unreasonably interfere with Petroleum Operations.

ARTICLE 12

LIABILITY, INDEMNIFICATION AND INSURANCE

- 12.1 The Contractor shall be liable in accordance with applicable Law for any damage or loss or bodily injury which the Contractor, its subcontractors or any other person acting on its or their behalf may cause to any other persons or their property in connection with the carrying out of Petroleum Operations, subject to reduction in the circumstances contemplated by section 59.3 of the Petroleum Law.
- 12.1 The Contractor is liable for all direct damages and losses incurred as a result of pollution damage from its petroleum operations and for the cost of reasonable measures to avert, limit or remedy such damages or losses without regard to fault. Damages may be established as provided in section 61 of the Petroleum Law. No Party shall have any liability under this Contract (including without limitation under Articles 7.10 and 12.1) for any form of consequential loss; provided that, so long as appropriate adjustments are made for the time value of money and for future uncertainties, loss of profits may be taken into account in determining damages attributable to expropriation by the State or to a material breach of this Contract.
- 12.2 The Contractor shall, at all times indemnify and hold harmless the State, the Authority and NOCAL (excluding NOCAL in its capacity as a participant under this Contract) against all actions, claims and demands that may be brought or made against the State by reason of anything done by the Contractor in the conduct of Petroleum Operations.
- 12.3 Costs incurred under this Article shall not be recoverable Petroleum Costs if they are caused by the gross negligence or willful misconduct of the Contractor
- 12.4 The Contractor shall, during the term of this Contract, maintain and obtain insurance coverage for and in relation to Petroleum Operations for such amounts and against such
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risks as are customarily or prudently insured against by experienced operators in the international petroleum industry in accordance with Good International Petroleum Industry Practice, subject to such limits and deductibles as are customarily applied, without prejudice to any other insurance required under applicable Law.

No later than thirty (30) days after the Effective Date and at least thirty (30) days prior to the commencement of any Petroleum Operations not covered by, or the renewal date of, any policy then in effect, the Contractor shall furnish to the Authority certificates evidencing that such coverage is in effect and all premiums due thereon have been paid, specifying the period of effectiveness of such paid insurance. Such insurance policies shall include the State the Authority and NOCAL as additional insureds as their interests may appear and shall waive subrogation against the State, the Authority, NOCAL and the Citizen Participation fund referred to in Article 17.2 of this Contract. The said insurance shall, without prejudice to the generality of the foregoing, cover:

- (a) loss or damage to all installations, equipment and other assets for so long as they are used in or in connection with Petroleum Operations;
- (b) loss, damage or injury caused by pollution in the course of or as a result of Petroleum Operations;
- (c) loss of property or damage or bodily injury suffered by any third party in the course of or as a result of Petroleum Operations for which the Contractor may be liable;
- (d) any claim for which the State, the Authority or NOCAL may be liable relating to the loss of property or damage or bodily injury suffered by any third party in the course of or as a result of Petroleum Operations for which the Contractor is liable to indemnify the State;
- (e) with respect to Petroleum Operations offshore, the cost of clean-up operations and removing wrecks following any accident in the course of or as a result of Petroleum Operations; and
- (f) the Contractor's and/or the Operator's liability to its employees engaged in Petroleum Operations,

The Contractor will be provided the opportunity to self-insure or underwrite any or all of the insurance required by this Article 12 through one or more insurance Affiliates of entities participating in the Contractor or, if such direct insurance is not permitted, through reinsurance policies to such Affiliate insurance companies, provided that the security and creditworthiness of such self-insurance or insurance arrangements have been disclosed in writing to and are reasonably satisfactory to the Authority.

The premiums paid for any insurance required by this Article 12 shall be treated as recoverable Petroleum Costs.

The Contractor shall require its Subcontractors to obtain and maintain insurance against the risks referred to in this Article.

ARTICLE 13

PERSONNEL AND TRAINING

- 13.1 The Contractor shall employ Liberian citizens in the performance of Petroleum Operations in Liberia whenever suitably qualified and available for employment. In furtherance of this requirement:
- (a) the Contractor shall hire only citizens of Liberia for unskilled and semi-skilled labor positions within Liberia or on-board vessels or equipment stationed in Liberian waters;
 - (b) The Contractor and its subcontractors shall ensure that opportunities are given to qualified Liberian citizens for employment in various levels of their Liberian operations and shall implement or provide training programs for this purpose as specified in Article 13.3;
 - (c) each development and production plan shall include plans to train Liberian citizens in the full range of executive, managerial and technical activities involved in the performance by the contractor of its obligations under the petroleum agreement, including without limitation engineering design, information technology, petroleum geology technology, production facility operations and maintenance, contract negotiation and contract management; and
 - (d) the Contractor shall give preference to the employment of competent and suitably qualified citizens of Liberia as executives, managers, technicians, engineers, accountants, geologists, geophysicists, scientists, chemists, drillers, foremen, mechanics, skilled workers, secretaries and executive employees as and when such positions become available unless and to the extent that such competent and suitably qualified citizens are not available for such positions, in which case non-Liberians may be hired for such positions.

Employment practices of the Contractor in connection with Petroleum Operations in Liberia or in the territorial waters of Liberia, including number of working hours, working conditions, salaries and any other matters relating to employment conditions, shall conform to applicable Law. The Contractor will require its contractors or subcontractors to comply with this Article 13.1 with respect to their own employment practices within Liberia or in the territorial waters of Liberia.

- 13.2 Nothing in this Contract shall bar the Contractor from employing its own key personnel in appropriate managerial and supervisory positions.
- 13.3 Upon commencement of Petroleum Operations, the Contractor shall provide funding for training programs for employment in various levels of the Liberian operations of the Contractor and its subcontractors and for that purpose the Contractor shall devote an annual training budget of:
- (a) two hundred thousand Dollars (US\$200,000) during each year of the exploration and appraisal period; and
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- (b) one million Dollars (US\$1,000,000) in relation to each exclusive exploitation authorization during each year of any such authorization, adjusted as provided in Article 13.13.

Additionally and subject to appropriate safeguards and confirmations as to the eventual destination and recipient of such funding as are from time to time reasonably agreed by NOCAL and the Contractor, the Contractor shall make an annual contribution during the term of the Contract of One Hundred and Fifty Thousand Dollars (US\$150,000.00) for all public universities and colleges for the enhancement of programs related to petroleum operations including but not limited to geology, engineering and environmental studies, adjusted as provided in Article 13.12 as from the granting of an exploitation authorization.

13.4 Upon commencement of Petroleum Operations, the Contractor shall provide funding for social and welfare programs in Liberia and for that purpose the Contractor shall devote an annual social and welfare budget of:

- (a) one hundred seventy-five thousand Dollars (US\$175,000) during each year of the exploration and appraisal period; and
- (b) five hundred thousand Dollars (US\$500,000) in relation to each exclusive exploitation authorization during each year of any such authorization, adjusted as provided in Article 13.13.

13.5 All funds referred to in Articles 13.3 and 13.4 shall be paid to a separate social welfare, Public Universities/ Colleges and training subaccounts of the Consolidated Fund established for the sole purpose of holding the contributions made under those Articles. The Contractor, the Ministry of Finance and Development Planning and NOCAL shall agree on the standards for the maintenance of such subaccounts and for the release of such funds. All subaccounts will be established and managed by NOCAL and the Ministry of Finance and Development Planning.

- (a) The training programs required under Article 13.3 requirements shall be developed by NOCAL and the Contractor with the understanding that NOCAL shall provide seventy percent (70%) of the training candidates and the Contractor shall provide thirty percent (30%) of the candidates for approval by NOCAL and the Contractor.
 - (b) NOCAL shall furnish the Contractor, within ninety (90) days after the end of each Calendar Year a statement indicating the amount of funds received under each grant provision of Articles 13.3 and 13.4, the amount of each grant expended during such Calendar Year, and, separated by grants, each disbursement of grant funds and the recipient of such disbursement.
 - (c) The expenses borne by the Contractor under Articles 13.3 and 13.4 and its costs in the administration of such programs under this Article 13.5 shall be included in recoverable Petroleum Costs. The initial annual funding for the payments required under Articles 13.3 and 13.4 shall be paid within thirty (30) days of the Effective Date. Thereafter, payments shall be made within thirty (30) days of each anniversary of the Effective Date.
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- (d) All public universities that have received funding shall provide their annual report of contribution received and expended in the preceding calendar year to NOCAL for onward transmission to the Authority by the end of March in each calendar year. The detailed report should reflect the use of the annual contribution received. If any such report is not timely delivered or the report shows that contributions are not being used for their intended purpose, NOCAL and the Contractor shall decide on the appropriate action to be taken, which may include the redirection of all or part of the future contributions to the university involved to another comparable use.
- 13.6 All the employees required for the conduct of Petroleum Operations shall be under the Contractor's authority or that of its contractors, subcontractors and agents, in their capacity as employers. Subject to Article 13.1, their work, number of working hours, salaries and any other matters relating to their employment conditions shall be determined by the Contractor or its contractors, subcontractors and agents in compliance with generally applicable labor Law. The Contractor is a private business enterprise and contracts awarded by the Contractor or its subcontractors are not subject to applicable Law relating to procurement by ministries, agencies and departments of the Government of Liberia, such as the Amendment and Restatement of the Public Procurement and Concessions Act, 2005 and any similar successor legislation.
- 13.7 The Contractor and its subcontractors shall be obligated to give preference to services and goods provided by Liberian citizens or business entities controlled by Liberian citizens, if conditions of price, quality, delivery time, service and terms of payment are substantially similar to those from other countries or from non-Liberian sources. When purchasing goods and services related to Petroleum Operations, the Contractor and its subcontractors must organize their procurement practices to give meaningful opportunities to bid for contracts to those entitled to preference pursuant to this Article 13.7.
- 13.8 The Contractor shall prepare and submit annually to the Authority by the end of February in each year, commencing with the first February following the Calendar Year in which the Effective Date occurs, a report setting forth:
- (a) the manner in which the Contractor and its major contractors have complied with the requirements of Articles 13.1 through 13.7 during the immediately preceding Calendar Year; and
 - (b) commencing with the February next following the initial grant of an exclusive exploitation authorization under this Contract, a statement specifying the number employees and workers of the Operator and of the Operator's major contractors during the immediately preceding Calendar Year, broken down by employer, employment category, qualification and nationality, together with a report on the medical care and training provided to them (with partial year and temporary employees to be recorded in the manner reasonably prescribed by the Authority).

A "**major contractor**" for the purposes of this Article 13 is a supplier or subcontractor who received in any year more than one million Dollars (US\$1,000,000) from the Contractor for activities related to Petroleum Operations performed in Liberia in that year.

At the time that the reporting requirements are to be established for a linkage plan referred to below in this Article 13, the Authority and the Contractor shall agree on the reporting requirements for such linkage plan with a view to integrating the reporting requirements under this Article 13.8 with the reports required under such linkage plan.

- 13.9 Within no more than one hundred and eighty (180) days following the Effective Date, the Contractor shall deliver to the Authority a project linkages plan for the exploration period which:
- (a) identifies the potential for local suppliers, contractors and service providers to provide goods and services to Petroleum Operations;
 - (b) identifies key interventions to increase local participation in the provision of goods or services to Petroleum Operations;
 - (c) sets out a local project purchase plan complying with the requirements of this Article 13 with clear milestones identified in terms of an increasing percentage of local purchases of goods and services, and providing for bidding preferences for local suppliers, contractors and service providers (provided that such persons offer quality, terms, delivery, service, quantity and price at least comparable to those obtainable from other sources); and
 - (d) sets forth reasonable goals within the context of such plan, provides procedures for regular monitoring and reporting of the Contractor's performance against such plan, and establishes reasonable economic sanctions for failure to achieve such goals.

The Contractor shall update the exploration period project linkages plan for appraisal activities.

- 13.10 Concurrently with the filing of each development and production plan under Article 5.8, the Contractor shall deliver to the Authority a project linkages plan or an updated project linkages plan, as the case may be, for the development and production period, which:
- (a) identifies the potential for local suppliers, contractors and service providers to provide goods and services to Petroleum Operations;
 - (b) identifies key interventions to increase local participation in the provision of goods and services to Petroleum Operations;
 - (c) sets out a project local purchase plan complying with the requirements of this Article 13 with clear milestones identified in terms of an increasing percentage of local purchases of goods and services, and providing for bidding preferences for local suppliers, contractors and service providers (provided that such persons offer quality, terms, delivery, service, quantity and price at least comparable to those obtainable from other sources);
 - (d) sets out plans to train Liberian citizens (through, among other things, internal training and counterpart understudy programs) in the full range of managerial and technical activities involved in the performance by the Contractor of its obligations under this Contract, including without limitation engineering design,
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information technology, petroleum geology technology (particularly relating to the obtaining, processing and interpretation of seismic and other geological data), production facility operations and maintenance, contract negotiation and contract management; and

- (e) sets forth reasonable goals within the context of such plan, provides procedures for regular monitoring and reporting of the Contractor's performance against such plan, and establishes reasonable economic sanctions for failures to achieve such goals.

The Contractor shall provide the Authority with an updated project linkage plan no later than the fifth anniversary of the date of issuance of the first exclusive exploitation authorization, and every fifth year thereafter.

- 13.11 The linkage plans and updates thereof required by Articles 13.9 and 13.10 shall be subject to the review and approval of the Authority, which may be given only after consultation with the Ministry of Labor and other relevant agencies but which shall not be unreasonably withheld.
- 13.12 The Contractor shall cause its major contractors to comply with the linkage plans required by Articles 13.9 and 13.10.
- 13.13 The contributions required by Articles 13.3, 13.4 and 16.5 for the years following the initial grant of an exploitation authorization under this Contract shall each be subject to inflationary adjustment in accordance with changes in the GDP Implicit Price Deflator as follows: effective on January 1 of each Calendar Year, commencing with the second January 1 to occur after the granting of the initial exclusive exploitation authorization under this Contract, the stated amount in each of such Articles shall be increased or decreased based on the ratio of the value of the GDP Implicit Price Deflator for the third Quarter of the immediately preceding Calendar Year to the value of the GDP Implicit Price Deflator for the third Quarter of the Calendar Year in which the Effective Date occurred.

ARTICLE 14

RECOVERY OF PETROLEUM COSTS AND PRODUCTION SHARING

- 14.1 From the start of Commercial Production, the Contractor shall market the Total Production of Crude Oil and Natural Gas obtained from each Exploitation Area in accordance with the provisions hereinafter defined, subject to the right of the State under Article 14.7 to elect to take certain production in kind.
 - 14.2 The Contractor shall pay a royalty to the State in accordance with Article 15.3 and shall be entitled to take at the Delivery Point each calendar month a quantity of Crude Oil and/or Natural Gas, as the case may be, having a value equal to such royalty. The remaining quantity of Total Production after deduction of the quantity allocated to royalty under this Article 14.2, hereinafter referred to as the "**Net of Royalty Production**", shall be allocated in accordance with Articles 14.3 and 14.4.
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14.3 For the purposes of recovery of Petroleum Costs with respect to any Exploitation Area, the Contractor may freely take each calendar month from each of the Net of Royalty Production of Crude Oil and the Net of Royalty Production of Natural Gas, as the case may be, during such calendar month a quantity of Crude Oil or Natural Gas having a value of up to Seventy percent (70%) of such Net of Royalty Production, provided that the Contractor may never take any amount in excess of that necessary and sufficient to recover those Petroleum Costs remaining unrecovered that are directly associated with, or that pursuant to Article 14.6 have been allocated to, such Exploitation Area.

The value of such portion of Total Production allocated to the recovery of Petroleum Costs by the Contractor, as defined in the preceding paragraph, shall be calculated in accordance with the provisions of Article 18 in the case of Crude Oil, or of Article 21.3(b) in the case of Natural Gas.

If during a Calendar Year Petroleum Costs with respect to an Exploitation Area not yet recovered by the Contractor under the provisions of this Article 14.3 exceed the equivalent in value of Seventy percent (70%) of the Net of Royalty Production of Crude Oil and Seventy percent (70%) of the Net of Royalty Production of Natural Gas, as calculated above, the excess shall be carried forward to the following Calendar Year or Calendar Years until full recovery of Petroleum Costs with respect to such Exploitation Area or until the expiration of this Contract.

14.4 The quantity of Crude Oil and Natural Gas from an Exploitation Area remaining after the Contractor has taken from the Net of Royalty Production the portion permitted under Article 14.3 to be allocated to the recovery of Petroleum Costs, hereinafter referred to as “**Remaining Oil Production**” or, as applicable, “**Remaining Natural Gas Production**,” shall be shared between the State and the Contractor according to the Contractor’s nominal pre-tax rate of return from the conduct of Petroleum Operations with respect to an Exploitation Area as set forth in the table below.

Nominal pre-tax rate of return for the Exploitation Area	State’s share of Remaining Oil Production or Remaining Natural Gas Production	Contractor’s share of Remaining Oil Production or Remaining Natural Gas Production
19% or less	25%	75%
Greater than 19 to 25%	45%	55%
Greater than 25%	70%	30%

14.5 For the purpose of determining the State’s and the Contractor’s share of Remaining Oil Production or Remaining Natural Gas Production, the Contractor’s nominal pre-tax rate of return with respect to any Exploitation Area is determined as provided in this Article 14.5.



Nominal pre-tax rate of return for an Exploitation Area is based on a comparison of the Contractor's cash outflows to cash receipts for such Exploitation Area, calculated by the following formula, where "t" refers to the Calendar Year for which such determination is being made:

$$\text{ANCP}_t = (\text{ANCP}_{t-1})(M) + \text{NCF}_t$$

ANCP means "Accumulated Net Cash Position." ANCP is computed for each Calendar Year. When ANCP is negative, it signifies that the Contractor's cumulative expenditures, adjusted to allow for a specified return on funds to the Contractor (the "M" factor), exceed the Contractor's cumulative receipts. No expenditures of any kind incurred prior to the Effective Date shall be included in the determination of ANCP.

ANCP shall be computed both for $M = 1.19$ and $M = 1.25$.

NCF for any Calendar Year "t" is equal to

- (i) the sum of (x) the Contractor's receipts from the Petroleum allocated to it for the purposes of recovery of Petroleum Costs, plus (y) the Contractor's receipts from the Petroleum allocated to it from Remaining Oil Production and from Remaining Natural Gas Production, in each case for that Calendar Year and attributable pursuant to Articles 14.3 and 14.6 to the relevant Exploitation Area

less

- (ii) the sum of the Contractor's Petroleum Costs for that Calendar Year attributable pursuant to Articles 14.3 and 14.6 to the relevant Exploitation Area, plus the sum of the Contractor's Petroleum Costs from prior Calendar Years not theretofore attributed to a specific Exploitation Area that, by operation of Article 14.6, became allocated to the relevant Exploitation Area in that Calendar Year, plus, in the case of the initial Exploitation Area, expenditures of the Contractor for that Calendar Year pursuant to Articles 16.2, 16.4 and 16.5.

NCF for any year before revenues start to flow will be a negative number, and ANCP for any such year will also be a negative number. ANCP will remain negative until sometime after Commercial Production commences. Significant capital expenditure in subsequent years could again result in a negative ANCP.

If ANCP for any Calendar Year "t", determined in accordance with the above formula when $M = 1.19$ is zero or a negative number, then (i) for the purpose of determining the State's share of Remaining Oil Production or Remaining Natural Gas Production the Contractor's nominal pre-tax rate of return is considered to be *nineteen percent (19%)* or less, with a sharing ratio of *twenty-five percent (25%)* State and *seventy-five percent (75%)* Contractor, and (ii) for the following Calendar Year, when computing with $M = 1.19$, ANCP_{t-1} shall be deemed to be zero.



If ANCP for any Calendar Year “t”, determined in accordance with the above formula when $M = 1.25$ is a positive number, then (i) for the purpose of determining the State’s share of Remaining Oil Production or Remaining Natural Gas Production, the Contractor’s nominal pre-tax rate of return is considered to be greater than twenty-five percent (25%), with a sharing ratio of *seventy percent (70%) State and thirty percent (30%) Contractor*, and (ii) for the following Calendar Year, when computing with $M = 1.25$, $ANCP_{t-1}$ shall be deemed to be zero.

If ANCP for any Calendar Year “t”, determined in accordance with the above formula, is zero or a negative number when $M = 1.25$ but is a positive number when $M = 1.19$, then (i) for the purpose of determining the State’s share of Remaining Oil Production or Remaining Natural Gas Production, the Contractor’s nominal pre-tax rate of return is considered to be greater than nineteen percent (19%) and not more than twenty-five percent (25%), with a sharing ratio of *forty-five (45%) State and fifty-five percent (55%) Contractor*, and (ii) for the following Calendar Year, when computing on the basis of $M = 1.19$, $ANCP_{t-1}$ shall be deemed to be zero.

The foregoing requirement shall be administered as follows. For any Calendar Year after the commencement of Commercial Production, (i) $ANCP_t$ and the relevant sharing ratio shall be provisionally determined thirty (30) days following the end of each of the first three Quarters using the actual NCF for the Quarter then ended, and for this purpose, $M = 1.25$ shall be replaced by $M = 1.0573$ for the first, second and third Quarters, and $M = 1.19$ shall be replaced by $M = 1.044$ for the first, second and third Quarters. The sharing ratio thus determined shall be the applicable sharing ratio for the current Quarter. Within 60 days after the end of each Calendar Year, $ANCP_t$ and the relevant sharing ratio shall be determined for the full year then ended.

Appropriate adjustments shall be made during the year to reflect any cumulative over-allocation or under-allocation to the Contractor of Remaining Oil Production or Remaining Natural Gas Production, and a further adjustment shall be made as promptly as practicable after the full year determination to reflect any cumulative over-allocation or under-allocation determined to exist as a consequence of the full year computation.

14.6 For the purposes of this Articles 14, the method of allocation of Unassociated Petroleum Costs shall be as follows:

- (a) Except as provided in Article 14.6(b), all Unassociated Petroleum Costs existing at the expiry of the exploration period, shall be allocated at that time to the first approved Exploitation Area.
- (b) Notwithstanding the foregoing, if at the expiry of the exploration period there is an outstanding discovery that is awaiting a decision to appraise or a declaration that it is commercial, the Petroleum Costs associated with that discovery shall constitute Unassociated Petroleum Costs only if such discovery does not become the basis for the grant of an exclusive exploitation authorization.

14.7 The State may receive its share of Remaining Oil Production pursuant to Articles 14.4 and 14.5 either in kind or in cash. The State shall have the right to receive its share of Remaining Natural Gas Production in kind only to the extent spelled out in the applicable plan for the development, production and marketing of such Natural Gas adopted pursuant to Article 21. Any such right shall be administered in substantially the manner

hereinafter set forth for Remaining Oil Production taken in kind unless otherwise specifically provided in such plan.

- (a) If the Minister of Finance and Development Planning, after consultation with the Authority and the Ministry of Justice, elects on behalf of the State that the State should receive in kind all or part of the State share of Remaining Oil Production for any Quarter, the Authority shall notify the Contractor of such election in writing at least ninety (90) days prior to the beginning of the Quarter concerned, specifying the precise quantity of Remaining Oil Production that the State is to receive in kind during said Quarter. The Contractor shall deliver such quantity of Remaining Oil Production to NOCAL at the Delivery Point using procedures and equipment/vessels consistent with required operational and safety standards as established in the lifting procedure.
- (b) The Contractor shall deliver to the Authority and the Ministry of Finance and Development Planning within thirty (30) days of the end of each Quarter in which Crude Oil has been delivered in kind to NOCAL pursuant to clause (a) of this Article 14.7 a report setting forth the number of Barrels delivered to NOCAL with respect to such State share and the Market Price for such Crude Oil determined as provided in Article 18.
- (c) All amounts realized by NOCAL from the marketing by NOCAL of the State's share of Remaining Oil Production delivered to it in kind, net of a reasonable allocation to such participation of (x) NOCAL's unreimbursed costs and expenses directly attributable to the marketing of such share, and (y) a reasonable allowance for overhead, as such amounts and allocation have been approved in advance by the Authority, shall immediately be paid over by NOCAL directly to the Consolidated Fund.
- (d) NOCAL shall provide to the Authority within thirty (30) days after the end of each Quarter a report setting forth for such Quarter the amounts received by it on account of the portion of the State's share of Remaining Oil Production delivered to it in kind, the disposition by it of such portion, the proceeds received by it from such disposition, the amounts retained by it pursuant to clause (c) of this Article 14.7 and the amounts transferred by it to the Consolidated Fund pursuant to such clause (c).

14.8 Except to the extent the Contractor has been timely notified of the State's decision to receive its share of Remaining Oil Production in kind pursuant to Article 14.7, the Contractor shall market the State's share of Remaining Oil Production and Remaining Natural Gas Production for the calendar month concerned, shall cause said share to be lifted during such calendar month and shall pay to the State by depositing into the Consolidated Fund within thirty (30) days after the end of the calendar month an amount in cash

- (a) in the case of sales of Crude Oil equal to the quantity in Barrels corresponding to the State's share of production to be taken in cash multiplied by the relevant Market Price for the Quarter in which such month occurs as defined in Article 18 or

- (b) in the case of sales of Natural Gas equal to the number of units corresponding to the State's share of production to be taken in cash multiplied by the relevant Market Price for the Quarter in which such month occurs, as provided in the applicable plan for the development, production and marketing of such Natural Gas adopted pursuant to Article 21.

The Contractor shall deliver to the Authority and the Ministry of Finance and Development Planning, within thirty (30) days of the end of each Quarter in which it has lifted and marketed any of the State's share of Remaining Oil Production or Remaining Natural Gas production, a report setting forth the quantities marketed, and the Market Prices applicable thereto.

- 14.9 The Authority, at the request of the Ministry of Finance and Development Planning, may require payment for sales of the State share of production sold by the Contractor in Dollars or in the foreign currency in which the sale has been made.

ARTICLE 15

TAXATION AND ROYALTY

- 15.1 The Contractor shall, in respect of its Petroleum Operations, be subject to income tax which shall be assessed and payable in accordance with the provisions of the Revenue Code, as amended, subject to Article 28.1 and Article 15.2. Tax return filing requirements, tax records, Ministry of Finance and Development Planning audit rights and other tax administration and procedural matters shall be governed by the Revenue Code, 2011. If the Contractor comprises several entities, each of said entities shall individually be subject to income tax pursuant to the Revenue Code, subject to Article 28.1 and Article 15.2.
- 15.2 *The following provisions of the Revenue Code are deemed deleted or modified as provided below for the purposes of the application of the Revenue Code to the Contractor and to the entities participating in the Contractor:*
- (a) *The Contractor or any contractors and subcontractors are exempt from payment of import, export or re-export duties, fees or levies for goods under the Revenue Code.*
- (b) *The Contractor will pay a lump sum annual payment of three hundred thousand Dollars (US\$300,000.00) in lieu of customs user fees under the Revenue Code to the Consolidated Fund within thirty (30) days of the Effective Date of this Contract and thirty (30) days after the start of each Contract Year thereafter. The annual lump sum payment due for each Contract Year beginning with the first Contract Year commencing after the grant of an exclusive exploitation authorization for any portion of the Contract Area pursuant to Article 5.11 of this Contract shall be increased to five hundred thousand Dollars (US\$500,000.00).*
- (c) *Any sale, assignment, transfer, conveyance, redemption or other disposal of a right or interest in this Contract, directly or indirectly, made in accordance with this Contract, (i) between an entity participating in the Contractor and its Affiliates which are wholly owned directly or indirectly by that entity's ultimate parent (except for director's qualifying shares), or (ii) between entities*
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participating in the Contractor which occur by reason of operation of the default provisions or the “conduct of Petroleum Operations by less than all parties” provisions of the joint operating agreement among the entities participating in the Contractor (a current copy of which will be kept on file with the Authority), the taxable income of the transferred interest shall continue to be determined using the cost and other tax attributes applicable to such interest immediately prior to such transfer and the transfer shall not be subject to any tax, levy or fee of any kind imposed by the State, and no taxes or other payments shall be due to the State on account of any gain or deemed gain relating to such sale, assignment, transfer, conveyance, redemption, contribution or other disposal as aforesaid.

- (d) *Amounts paid to contractors and subcontractors for the performance of services, the costs of which are Petroleum Costs, are subject to withholding at six percent (6%) to the extent that payments made for these services are classified as Liberia source under section 805 of the Revenue Code as in effect on the Effective Date.*
- (e) *The Contractor is exempt from withholding on payments for services for Petroleum Operations charged at cost provided by the Operator and/or its Affiliates as demonstrated by an audit report provided under Article 24.8. The exemption includes exemption from withholding tax, income tax, any other taxes, duties and fees. For the purposes of this paragraph, “at cost” may not include indirect charges not otherwise provided for under Section II.2.3(d) of Annex II. The Operator shall include a schedule of all such payments accrued in any Liberia tax year with its income tax return for such year, and a statement that all indirect costs have been determined in compliance with the preceding sentence.*
- (f) *The Contractor is liable for a Minimum Tax of 2% on gross production until such time as the Contractor’s taxable income exceeds expenditures such that the Contractor commences effecting Corporate Income Tax remittances to the State.*
- (g) *The Contractor is liable for Corporate Income Tax at the rate of 15% on the Contractor’s taxable income.*

15.3 Royalties on Petroleum production shall be paid as follows.

- (a) A royalty at the rate of 6 % shall be paid by the Contractor to the State by deposit into the Consolidated Fund on the value of Total Production of Crude Oil before the deduction of any costs. The value of Total Production shall be calculated in accordance with the provisions of Article 18 in the case of Crude Oil, provided that the value of any pre-Commercial Production sale shall be the actual selling price, as determined by the Contractor in good faith and notified to LPRA.
 - (b) The royalty rate for Associated and Non-Associated Natural Gas shall be five percent (5 %). No royalty for Natural Gas is due from the Contractor under this Contract if the Natural Gas is Non-Associated Natural Gas and Contractor
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has not participated in the development and production of such Natural Gas as contemplated by Article 21.1(h), or if the Natural Gas is Associated Natural Gas and the State or its designee has taken on the responsibility for the processing and marketing of such Natural Gas at the Contractor's separation facilities as contemplated by Article 21.2(b).

- (c) Royalties due under this Article 15.3 shall be payable by the Contractor directly to the Consolidated Fund in Dollars thirty (30) days after the end of each calendar month based on Total Production and the Market Prices for that calendar month, as such Market Prices are preliminarily determined pursuant to Article 18 or Article 21.3(b), as the case may be, subject to subsequent adjustment as provided in such Articles.
- 15.4 Notwithstanding any exemption from import duties applicable to the Contractor under the Revenue Code, the Contractor shall be subject to the Economic Community of West African States (ECOWAS) Trade Levy or any similar levy on all goods which it imports into Liberia at the rate established by applicable Law, provided that this Article 15.4 shall not be interpreted (a) to bar the Contractor from applying from time to time to the appropriate ministry or agency of the State for a complete or partial exemption from such levy to the extent then permitted under ECOWAS rules, regulations and guidelines, or (b) to prohibit the Contractor from benefitting from any exemption so granted.
- 15.5 Notwithstanding any exclusion contained elsewhere in this Contract, this Contract does not exempt any Person from the payment of fees in relation to driver's licenses, vehicle registrations, corporate registration, employees' residency permits and work permits and other licenses, registrations and permits incidental to doing business or conducting activities in Liberia.
- 15.6 The Contractor acknowledges that section 7.14 of the Petroleum Law permits the Authority to authorize by regulation and assess processing fees for the amendment of the terms of petroleum rights after they are granted, for the approval under petroleum agreements of appraisal programs and development and production plans and amendments thereto, for the review and approval of transfer requests under petroleum rights, and for the taking of other comparable actions at the request of a holder of petroleum rights. All such fees are payable to the Authority.

ARTICLE 16

SURFACE RENTALS, BONUSES AND OTHER CONTRIBUTIONS

- 16.1 Surface rentals shall be payable to the Consolidated Fund per square kilometer of the Contract Area remaining at the beginning of each Contract Year. The initial payment shall be made within thirty (30) days after the Effective Date, in an amount equal to US\$50 multiplied by the number of square kilometers in the original Contract Area. Subsequent payments shall be made on the first day of each Contract Year, in the amounts determined pursuant to the table set forth below and the number of square kilometers remaining in the Contract Area on the first day of the Contract Year. No surface rental payment will be adjusted for reductions in the Contract Area occurring during a Contract Year.
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<u>Category of Operation</u>	<u>Surface Rentals per annum</u>
First exploration phase	US\$50 per sq. km
Second exploration phase	US\$75 per sq. km
Third exploration phase	US\$100 per sq. km
Exploitation Areas	US\$150 per sq. km

For the purposes of determining the amounts due by the Contractor on account of surface rentals:

- (a) the third exploration phase shall be deemed to continue (with respect to areas for which Contractor has not been granted an exclusive exploitation authorization under Article V) until such time as all of the Contract Area is subject to one or more exclusive exploitation authorizations, has been surrendered by the Contractor, or has been extinguished as a consequence of the termination of the third exploration phase, and
- (b) the surface rental rate for any Appraisal Area is the rate of the then-current exploration phase (without regard to when the Authority granted an exclusive appraisal authorization for such area), and if the third exploration phase terminates under circumstances in which the Contractor is permitted to continue appraisal activities with respect to an Appraisal Area, surface rental shall continue to accrue at the third exploration phase rate for such Appraisal Area until the relevant area is surrendered or is the subject of an exclusive exploitation authorization.

16.2 The Contractor shall pay the following signature and production bonuses:

- (a) Eight million Dollars (US\$8,000,000.00) within thirty (30) days of the Effective Date as signature bonus.
- (b) Seven and a half million Dollars (US\$7,500,000.00) on commencement of Production of Crude Oil from any of the Exploitation Areas.
- (c) Two and a half million Dollars (US\$2,500,000.00) on extension of the exploitation period in accordance with Article 5.13.

Each of the amounts referred to in clauses (a), (b) and (c) above shall be paid to the Consolidated fund within thirty (30) days following the expiration of the reference period of thirty (30) consecutive days. The bonuses due under clauses (b) through (c) of this Section shall not be recoverable Petroleum Costs. The bonus due under clause (a) of this Section shall be a recoverable Petroleum Cost.

16.3 The Contractor shall pay to TGS the sum of _____ Dollars (US\$ _____), being the amount specified in the bidding documents to be paid for existing seismic data relating to the Contract Area, within thirty (30) days of the Effective Date.

16.4 To stimulate research in the field of hydrocarbons, most especially in continental areas, and to assist the State in its overall goal of achieving energy sustainability, a Hydrocarbon Development Fund, managed by NOCAL and The Ministry of Finance and Development Planning , has been established.

- (a) Subject to Article 16.4(b), within thirty (30) days of the Effective Date of this Contract, the Contractor shall make a one-time contribution of five hundred thousand Dollars (US\$500,000) to the Hydrocarbon Development Fund. This contribution shall be paid into a separate subaccount of the Consolidated Fund established for the sole purpose of holding the contributions made to the Hydrocarbon Development Fund pursuant to this and other petroleum agreements.
- (b) The contribution to the Hydrocarbon Development Fund will not be a recoverable Petroleum Cost.
- (c) The Contractor shall make an annual contribution to the Rural Renewable Energy Fund of one hundred thousand Dollars (US\$100,000) during the term of the Contract into a separate subaccount of the Consolidated Fund established for the sole purpose of holding the contributions of the Rural Energy Fund pursuant to this and other petroleum agreements.

16.5

- (a) Subject to Article 16.5(c), the first payment shall be made within thirty (30) days of the Effective Date and thirty (30) days after each subsequent anniversary of the Effective Date.
- (b) The Authority shall furnish the Contractor, by December 31 in each year commencing with the second December 31 following the Effective Date, with a report setting forth in reasonable detail the revenues and expenditures of the Rural Renewable Energy Fund for the Government fiscal year most recently ended. If the Authority fails timely to provide such report, and cannot thereafter provide the report within 60 days after request by the Contractor, the Contractor shall have no obligation to make any future contributions under this Article 16.5.
- (c) The contribution to the Rural Renewable Energy Fund will not be a recoverable Petroleum Cost.

16.6 The Contractor shall within thirty (30) days after the end of each Calendar Year provide to the Authority and the Ministry of Finance and Development Planning a listing of all payments made by the Contractor pursuant to this Article 16 and to Articles 13.3 and 13.4 during such Calendar Year, indicating the purpose or purposes for which, the date on which, and the manner in which each payment was made and the recipient of such payment.

ARTICLE 17

STATE PARTICIPATION AND CITIZEN PARTICIPATION

- 17.1 The State shall have the right to receive a five percent (5%) undivided participating interest in the Contractor's rights and obligations under the Contract (such interest being referred to as the "**State Participation**"). If the Minister of Finance and Development Planning and the Director General agree after consultation with NOCAL that such right should be exercised, the Authority shall give written notice of such election to the Contractor no later than ninety (90) days prior to the start of Commercial Production within an Exploitation Area to the non-State entities comprising the Contractor. When such election is made, the Contractor shall keep NOCAL fully informed of the date on which Commercial Production from an Exploitation Area is expected to begin such that the Ministry of Finance and Development Planning, the Authority and NOCAL shall have at least one hundred and eighty (180) days' notice of such anticipated date, but the State is free to elect to receive the State Participation at any time.

If the Contractor is granted several exclusive exploitation authorizations, the right to elect to receive the State Participation shall separately apply to each such exploitation authorization, but the rights to all Exploitation Areas shall be held in a single State Participation. Costs incurred by the Non-State Parties on behalf of the State Participation under Articles 17.1(a) or 17.1(c) with respect to one Exploitation Area may not be recovered from Petroleum to which the State Participation is entitled as a consequence of its participation in another Exploitation Area.

The State Participation shall be granted by the Contractor to NOCAL at no cost to the State or NOCAL, and shall be accepted and held by NOCAL on behalf of the State and on the terms and conditions set forth in this Article 17.1,:

- (a) All Petroleum Costs incurred in the conduct of Petroleum Operations in the Exploitation Area concerned from the date of approval of the development and production plan until the start of Commercial Production shall be paid by the Non-State Parties. The State Participation share of such Petroleum Costs shall be recovered by the Non-State Parties that paid such share (with interest at the Contract Interest Rate compounded annually from the time that such costs are paid until the time that such costs are recovered by the Non-State Parties) from the State Participation's share of Crude Oil and Natural Gas Net of Royalty Production allocated to the recovery of Petroleum Costs under Article 14.3, which the Non-State Parties shall be entitled to lift and dispose of.
 - (b) NOCAL shall bear, and pay in accordance with cash calls pursuant to the JOA referred to in Article 17.3, the State Participation's share of all costs incurred in the conduct of Petroleum Operations in the Exploitation Area concerned from the start of Commercial Production, including without limitation costs relating to reservoir maintenance, production well work-overs, in-fill drilling after the completion of the initial development operations of the Exploitation Area, general operating costs of such Exploitation Area and amounts paid into the Abandonment Fund on account of such Exploitation Area. NOCAL may recover any payments made by it under this paragraph only after the Non-State Parties have recovered all amounts to which they are then entitled under Article 17.1(a) and (c).
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- (c) If NOCAL does not pay the amount due from it under paragraph (b) pursuant to any such cash call within forty-five (45) days of notice of such cash call under the JOA referred to in Article 17.3 (it being understood that NOCAL may honor such cash calls directly or indirectly through third-party arrangements approved by the Authority and the Ministry of Finance and Development Planning), then (i) the Non-State Parties shall advance the amount due, (ii) the amounts so advanced by the Non-State Parties shall accrue interest at the Contract Interest Rate compounded annually from the time that such costs are paid until the time that such costs are recovered by the Non-State Parties, and (iii) the Non-State Parties shall recover such amounts, including interest at the Contract Interest Rate, from the State Participation share of (x) Crude Oil and Natural Gas Net of Royalty Production allocated to the recovery of Petroleum Costs under Article 14.3 which the Non-State Parties shall be entitled to lift and dispose of.
- (d) The State, acting through the Ministry of Finance and Development Planning, may direct NOCAL to sell on behalf of the State all or a portion of the State Participation representing not less than a five percent (5%) undivided interest in the Contractor to any entity not wholly owned by the State subject to a right of first negotiation in favor of the Non-State Parties.
- (i) In any such case NOCAL or the Ministry of Finance and Development Planning shall provide notice to the Non-State Parties of any proposed sale and the identity of the proposed purchaser. The notice shall summarize all key terms of the proposed sale in such detail as is reasonably necessary to enable an entity participating in the Contractor to decide whether it wishes to acquire the portion of the State Participation proposed to be sold on the proposed terms.
- (ii) If one or more of the Non-State Parties wishes to discuss the possibility of purchasing the indicated portion of the State Participation, it or they shall give notice thereof to NOCAL and the Ministry of Finance and Development Planning within thirty (30) days of such notice from NOCAL, and the Non-State Parties, the Ministry of Finance and Development Planning and NOCAL shall negotiate in good faith and on an exclusive basis for a forty (40) day period following such notice to reach final agreement regarding the terms and conditions for such sale.
- (iii) "If any Non-State Party delivers to the Authority and NOCAL within thirty (30) days after receipt of the information referred to in clause (i) of this Article 17.1(d) an opinion of internationally recognized counsel with expertise in the jurisprudence of the Non-State Party home country or that of its ultimate parent, or the stock exchange on which it or its ultimate parent company is listed, that the occurrence of the transfer to the proposed transferee can reasonably be expected to cause such Non-State Party to be in violation of (x) the laws of its home country or (y) the laws of the home country of its ultimate parent company or (z) the listing requirements of the principal stock exchange upon which its ultimate parent company is listed or the laws of the country in which such exchange is located applicable to companies listed upon such exchange, the transfer may not occur without the consent of such Non-State Party.
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- (iv) If no agreement is reached in such forty (40) day period, or if the sale is not consummated within forty (40) days after such agreement, the State may direct NOCAL to dispose of such portion of the State Participation within the following one hundred and eighty (180) days as long as such sale is at least at the same price and on no more favorable terms and conditions to the proposed purchaser than those contained in the notice given pursuant to subclause (i) of this Article 17.1(d). The proceeds of any sale pursuant to this Article 17.1(d) shall unless the Minister of Finance and Development Planning determines otherwise be deposited in the Consolidated Fund, net of (i) NOCAL's reasonable costs and expenses in connection with such sale, (ii) a marketing fee agreed between NOCAL and the Ministry of Finance and Development Planning, and (iii) the amount of all outstanding indebtedness incurred by NOCAL to fund the payment of amounts due under Article 17.1(b), which shall be paid to NOCAL.
 - (v) A transfer is permitted under this Article 17.1(d) only if
 - (A) the Non-State Parties have recovered their share of costs funded on behalf of the State or
 - (B) the transferee has agreed in a manner satisfactory to the Non-State Parties that funded such costs that they may continue to recover from Crude Oil Production and Natural Gas Production allocable to the transferred participation in the manner contemplated by Article 17.1(a) or Article 17.1(c), or
 - (C) both (1) any Petroleum Costs allocable to the transferred portion funded by the Non-State Parties that remain unrecovered at the time of such transfer, and (2) any advances made by the Non-State Parties pursuant to Article 17.1(c) that remain unrecovered at the time of such transfer are paid to the Non-State Parties at the time of the transfer.
 - (vi) The obligation of the Non-State Parties under Article 17.1(c) to make advances to fund Petroleum Costs allocable to the transferred portion of the State Participation shall cease on the occurrence of such transfer.
 - (e) Any proposed purchaser under Article 17.1 (d) must:
 - (i) as to the interest transferred, execute in a form reasonably satisfactory to the Non-State Parties and the Authority, an assumption agreement whereby it (w) acknowledges that it is becoming both a Non-State Party to this Contract subject to all of the terms of this Contract applicable to the Contractor and a party to the JOA subject to all of the applicable terms and provisions of such agreements other than those expressly applicable to a participation governed by this Article 17, (x) becomes a party to
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any agreement among the Non-State Parties concerning the funding of guaranties or other security provided by the Contractor under Article 33 of this Contract, and (y) agrees to perform its obligations in such capacity under such agreements, and

- (ii) comply to the satisfaction of the Authority with the transfer requirements under Article 26 of this Contract as though the transfer was being made by a Non-State Party.
 - (f) Any portion of the State Participation transferred pursuant to Article 17.1(d) shall no longer be part of the "State Participation" for any purposes of this Contract, the acquirer of such portion shall have only the rights and obligations of Non-State Parties under the then-applicable JOA and under this Contract, and the release provisions of Article 26.8 are applicable to NOCAL upon completion of a transfer of the State Participation or the Citizen Participation in compliance with Articles 17.1(d) and 17.1(e).
 - (g) If the Minister of Finance and Development Planning after consultation with NOCAL and the Ministry of Justice elects on behalf of the State that NOCAL should receive in kind and market for the benefit of NOCAL all or part of the State Participation's share of Remaining Oil Production for any Quarter, the procedures set forth in Article 14.7(a) and (b) shall apply as though they referred to the State Participation.
 - (h) The Contractor shall market on behalf of the State Participation the State Participation's share of all Remaining Oil Production allocable to the State Participation not taken in kind and shall make payment therefore and report with respect thereto as provided in Article 14.8, except that payment shall be made to NOCAL and the report referred to in the last sentence of Article 14.8 shall also be given to NOCAL. . NOCAL may by notice from time to time to the Contractor require payment for such sales by the Contractor to be made in Dollars or in the foreign currency in which the sale has been made.
 - (i) The State Participation share of Natural Gas Net of Royalty Production from any Exploitation Area shall be marketed in the manner agreed by the Authority and the Contractor in connection with the approval of the development, production and marketing plan applicable to the Natural Gas from such Exploitation Area, and payment therefore shall be made to NOCAL
 - (j) All amounts realized by NOCAL in its capacity as holder of the State Participation on account of Petroleum produced from an Exploitation Area, whether arising from the sale of Petroleum for the account of the State Participation by the Contractor or from the sale by NOCAL of Crude Oil from the State Participation delivered in kind shall be held and applied by NOCAL in accordance with the requirements of the Act to Amend and Restate the New Petroleum Law of Liberia 2002 thereby Establishing The National Oil Company of Liberia, (NOCAL) Act 2014. NOCAL shall provide to the Authority within thirty (30) days after the end of each Quarter a report setting forth for such Quarter (a) the amounts received by it from the Contractor on account of the State Participation, and (b) the portion, if any, of the State's share of Remaining Oil Production delivered to it in kind, the disposition by NOCAL of such portion,
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the prices for which such portion was disposed, and the total proceeds obtained by NOCAL from such disposition.

- (k) The State may elect to direct NOCAL to sell the rights to participate in the income, deduction, gain and loss attributable to up to one-half of the interest of the State Participation in any Exploitation Area subject to the State Participation. The election shall be made by the President of Liberia after consultation with the Ministry of Finance and Development Planning, the Ministry of Justice and the Authority by written notice to the Contractor and NOCAL, and such sale shall be on the terms and conditions set forth below and such additional terms and conditions as may be required by the Ministry of Finance and Development Planning and the Ministry of Justice. The transfer rights set forth in Articles 17.1(d) and (e) do not apply to any portion of the State Participation that has become the subject of an election under this Article 17.1(k). Any participation rights created under this Article 17.1(k) shall provide that the holders thereof have acquired thereby no rights against the Contractor or any participant in the Contractor, and that NOCAL will be obligated as a participant in the Contractor under the JOA to vote the entire State Participation under this Contract as a single block:
- (i) The terms of the sale shall be structured so that (w) such participation rights are widely available to the public, (x) such rights are sold on the same terms to all purchasers, (y) no individual or entity can acquire more than _____ percent (___%) of such participation rights, and (z) such participation rights may be issued, sold or transferred only to, and may be held both legally and beneficially only by, natural persons who are Liberian citizens or entities wholly owned by natural persons who are Liberian citizens, excluding individuals who are members of the Legislature, judges, or political appointees and their respective immediate families.
 - (ii) Such sale shall also be structured in a manner that ensures that the income attributable to such participation rights is taxable in the hands of the holders of such rights (to the extent that they are otherwise subject to taxation), and not to NOCAL as the holder of the State Participation.
 - (iii) The Ministry of Finance and Development Planning shall appoint a corporate trustee to act for the holders of such participation rights. Such trustee must have the capacity and the experience to maintain a register of the holders of the participation rights, to receive payments on account of such rights, to distribute to each holder of such rights the payment to which it is entitled, to inform each such holder of the its income tax obligations with respect to such payments, and to administer transfers of such rights in compliance with the Liberian ownership requirements.
 - (iv) Following any designation pursuant to this Article 17.1(k), any amounts realized by NOCAL in its capacity as holder of the portion of the State Participation designated under this Article 17.1(k) that NOCAL would otherwise under this Article 17.1 be required to pay to the Consolidated
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Fund shall instead shall be immediately paid over by NOCAL to the trustee designated by the Ministry of Finance and Development Planning.

- (l) The State Participation shall be subject to the additional principles provided in Article 17.3.

17.2 The State shall have the right to receive a five percent (5%) undivided participating interest in the Contractor's rights and obligations (such interest being referred to as the "**Citizen Participation**"). If the Contractor is granted several exclusive exploitation authorizations, the provisions of this Article relevant to the Citizen Participation shall separately apply to each such exploitation authorization.

The Director General shall timely exercise this right on behalf of the State by notice to the Contractor and NOCAL given no later than ninety (90) days prior to the start of Commercial Production within an Exploitation Area. The Contractor shall keep the Authority fully informed of the date on which Commercial Production from an Exploitation Area is expected to begin such that the Director General shall have at least one hundred and eighty (180) days' notice of the start of Commercial Production.

If the Contractor is granted several exclusive exploitation authorizations, the right to elect to receive the Citizen Participation shall separately apply to each such exploitation authorization, but the rights to all Exploitation Areas shall be held in a single Citizen Participation. Costs incurred by the Non-State Parties on behalf of the Citizen Participation under Articles 17.1(a) or 17.1(c) with respect to one Exploitation Area may not be recovered from Petroleum to which the Citizen Participation is entitled as a consequence of its participation in another Exploitation Area.

The appointment of the trustee provided for in Article 17.2(b) must be accomplished no later than concurrently for the grant of each Citizen Participation under this Article 17.2.

The Citizen Participation shall be granted by the Contractor at no cost to the State or NOCAL, and shall be held and managed by NOCAL on the terms and conditions set forth in this section 17.2 for the benefit of a citizen participation fund which shall be established with and held by a trustee in accordance with the provisions of the Petroleum Law and this Article 17.2

- (a) The Citizen Participation shall be subject to the same carried interest and other terms and conditions as are set forth in Articles 17.1(a) through 17.1(c) for the State Participation.
 - (b) All amounts distributable on account of the Citizen Participation shall be deposited in a citizen participation fund which shall be held and managed by a trustee which shall be a responsible international trust company selected by the Ministry of Finance and Development Planning in consultation with the Central Bank of Liberia, under a trust agreement that provides for the administration of the fund in accordance with the requirements of this Article 17.2 and is otherwise subject to the approval of the President after consultation with the Legislature. The amounts held in the citizen participation fund shall be applied only in a manner permitted by section 36.6 of the Petroleum Law.
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- (c) If for any reason the legislation contemplated by section 36.7 of the Petroleum Law has not been adopted at the time revenues start to flow to the citizen participation fund, the revenues may be applied in accordance with section 36.6 of the Petroleum Law as determined by a commission appointed by the President consisting of an equal number of ministers, members of the Legislature and representatives of civil society. Such determination may be made only after publication of the proposed application or applications of such revenues and a public hearing.
- (d) The Contractor shall market the Citizen Participation's share of Remaining Oil Production in the manner provided in Article 14.8 as though it referred to the Citizen Participation and pay the proceeds thereof to NOCAL, as the holder of the citizen Participation. The Contractor shall deliver to the Authority and the Ministry of Finance and Development Planning, within thirty (30) days of the end of each Quarter in which it has lifted and marketed production for the benefit of the Citizen Participation pursuant to this clause (ii), a report setting forth the quantities of Petroleum marketed for the Citizen Participation, the Market Prices applicable thereto, and the total amount paid to NOCAL. The Authority, at the request of the Ministry of Finance and Development Planning, may by notice from time to time to the Contractor require payment for such sales by the Contractor to be made in Dollars or in the foreign currency in which the sale has been made.
- (e) The Citizen Participation share of Natural Gas Net of Royalty Production from any Exploitation Area shall be marketed in the manner agreed by the Authority and the Contractor in connection with the approval of the development, production and marketing plan applicable to the Natural Gas from such Exploitation Area.
- (f) All amounts realized by NOCAL in its capacity as holder of the Citizen Participation on account of Petroleum produced from an Exploitation Area, after deduction of (x) amounts required to reimburse NOCAL for all cash calls with respect to the Citizen Participation funded by NOCAL and remaining unreimbursed, (y) NOCAL's unreimbursed costs and expenses attributable to the administration of the Citizen Participation and (z) a reasonable allowance for overhead, as such amounts referred to in clauses (y) and (z) have been approved by the Authority, shall immediately be paid over by NOCAL directly to the trustee referred to above in this Article 17.2, as notified to NOCAL by the Ministry of Finance and Development Planning. NOCAL shall provide to the Authority within thirty (30) days after the end of each Quarter a report setting forth for such Quarter the amounts received by it on account of the Citizen Participation, the sources of such amounts, the amounts retained by it pursuant to the preceding sentence, and the amounts transferred to the trustee for the citizen participation fund.
- (g) The Citizen Participation shall be subject to the additional principles provided in Article 17.3.

17.3 The following provisions are applicable to each of the State Participation and the Citizen Participation, except as otherwise expressly stated:

- (a) Within sixty (60) days of the Contractor's receipt notice of election to receive any participation provided for in this Article 17, the other entities participating in the Contractor will enter into a JOA (or a suitable amendment to the existing JOA) with NOCAL, as the holder of such participation ((whether holding on behalf of the State, for its own account, or on behalf of the citizen participation fund) that will govern their respective rights and obligations in relation to the Exploitation Area(s) in which such participation exists. Such JOA shall be consistent with the requirements of this Article 17 and Good International Petroleum Industry Practice, in conformity with the Association of International Petroleum Negotiators 2012 Model Form JOA, and shall provide for the following:
- (i) governance of the relationship between the parties to the agreement;
 - (ii) pro rata cash calls based upon participating interests in the Contractor, subject to the carried interest and related terms of this Article 17;
 - (iii) the funding obligations of the Non-State Parties with respect to the State Participation, and the Citizen Participation;
 - (iv) the right of the State to withdraw from the State Participation or the Citizen Participation, in respect of any Exploitation Area (with the interest thereby reverting to the Non-State Parties), provided any contribution made to the Abandonment Fund that is associated with the participating interest and Exploitation Area involved shall be deemed made by each of the Parties accepting such interest in proportion to their accepted interests, and the right to recover previously paid Petroleum Costs associated with the participating interest shall remain with the Non-State Parties having paid such costs (with such right to recover continuing to be on a no-recourse basis as provided in 17.3(d) below);
- (b) The voting rights for the State Participation and the Citizen Participation shall be maintained in one (1) voting block for the purposes of deciding matters under the JOA that are to be decided by the participants in the Contractor voting in proportion to their respective participating interests. The State Participation and the Citizen Participation may be voted separately from the Commercial Participation even if all three are at the time held by NOCAL. NOCAL shall vote such participations only after prior consultation with the Authority and the Ministry of Finance and Development Planning.
- (c) Each participation granted under this Article 17 shall be deemed to come from the Non-State Parties then party to this Contract in proportion to their then-existing interests in the Contractor. There shall be no withholding, income tax, duty, levy, charge, fee or tax of any kind whatsoever due from any of the Non-State Parties relative to the initial transfer from the Non-State Parties of each participation provided for in this Article 17.
- (d) It is the expectation of this Contract that all revenue realized by the portion of the State Participation not subject to the election referred to in Article 17.1(g), and
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all revenue realized by the Citizen Participation, net of cost reimbursement and overhead payments to NOCAL required by this Article 17, shall be treated as public revenues not subject to tax, but the final decision as to such treatment shall be made by the Ministry of Finance and Development Planning in accordance with Applicable Law. Subject to the preceding sentence, NOCAL shall be responsible for payment of applicable taxes and the filing of applicable returns, and shall be entitled to retain, from any transfer of amounts received by it with respect to the State Participation or the Citizen Participation amounts sufficient to discharge (or to reimburse it for the payment of) such liabilities to the extent applicable to such participation, in addition to the other retentions provided for in Article 17.1 and 17.2 .

- (e) Any funding of the State Participation or Citizen Participation by the Non-State Parties in accordance with the requirements of this Article 17 shall be on a non-recourse basis to the State or NOCAL except as provided in this Article 17.
- (f) NOCAL, may not pledge, mortgage or otherwise encumber its rights to (i) the State Participation or the Citizen Participation, or (ii) to any such participation's share of Remaining Oil Production or Remaining Natural Gas Production, except in the case of clause (ii), as may approved by the Ministry of Finance and Development Planning and as permitted by Article 26, and then only for the limited purpose of funding contribution obligations of NOCAL to the Contractor under the JOA with respect to such participation. Any such pledge, mortgage or other encumbrance with respect to any such participation shall be expressly subject to the rights of the Non-State Parties to recover in accordance with this Article 17 amounts paid by them on account of such participation.
- (g) Neither NOCAL nor the trustee under Article 17.2 shall participate in the Contractor's decision to enter into arbitration proceedings or Expert Determination under Article 31 or shall have any part in the guidance of any such arbitration proceedings or Expert Determination, including any strategic or tactical planning as a member of the Contractor; however, such entity shall bear its proportionate share of the benefit or burden of any decision made thereunder.
- (h) No participation granted under this Article 17 may be charged with any costs incurred in connection with an Exploitation Area with respect to which such participation has been granted incurred prior to the date of approval of the development and production plan applicable to such Exploitation Area. If the State does not elect to participate in an Exploitation Area at the time the right to participate is available under Article 17.1 or 17.2, this Article 17 conveys no rights to share in the production realized from such Exploitation Area.

ARTICLE 18

VALUATION OF CRUDE OIL

- 18.1 For the purposes of this Contract, the "**Market Price**" for Crude Oil shall be the FOB price at the Delivery Point, expressed in Dollars per Barrel and payable within thirty (30) days after the date of the bill of lading, as such Market Price is determined in this Article
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18. A Market Price shall be established for each type of Crude Oil or Crude Oil blend for each Exploitation Area.
- 18.2 The Market Price applicable to liftings of a type of Crude Oil or Crude Oil blend during a Quarter shall be calculated at the end of that Quarter and shall be equal to the volume-weighted average of the prices obtained by the Contractor for Crude Oil sold to third parties in Arm's Length Sales during that Quarter, provided that the quantities so sold in Arm's Length Sales during that Quarter for such type of Crude Oil or Crude Oil blend represent at least seventy percent (70%) of the Total Production of such type of Crude Oil or Crude Oil blend obtained from all the Fields in an Exploitation Area and sold during said Quarter.
- 18.3 If no such Arm's Length Sales are made during the Quarter in question, or such Arm's Length Sales for any type of Crude Oil or Crude Oil blend sold from such Exploitation Area represent less than seventy percent (70%) of the Total Production of Crude Oil of such type or blend obtained from all the Fields in an Exploitation Area and sold during said Quarter, the Market Price shall be determined as the Fair Market Value of such sales. "**Fair Market Value**" shall be determined by taking into account the quality, gravity, quantity, delivery conditions and terms of payment, and any other relevant conditions, including the prevailing market conditions for Crude Oil, all in accordance with the principles set forth below. One (1) year prior to the anticipated start of Commercial Production, the Authority and the Contractor shall meet to agree on a formula which will be used to determine the Fair Market Value of quarterly sales volumes if a Market Price cannot be established under the terms of Article 18.2. The following principles shall apply in determining the quarterly Fair Market Value of any type of Crude Oil or Crude Oil blend:
- (a) A marker crude commonly used to price crudes from the region (such as dated Brent) will be selected whose widely traded and transparent price is reported daily by major independent market publications. An average of such a marker crude price calculated over a period of five (5) days following the loading date will form the base value of the Fair Market Value for each cargo.
 - (b) A basket of reference crude oils (i) similar in quality to the Crude Oil to be valued and (ii) sourced from the same region (such as West Africa) shall be selected and the international market prices of these crudes, customarily quoted as a differential to the marker crude, shall be used to derive a differential to the marker crude for the Crude Oil to be valued. This differential will be established with due consideration for differences (versus the chosen basket) of known measures of crude oil quality (*e.g.*, sulfur, API gravity, viscosity and total acid number) as well as refining value (derived from pre-production distillation assays and expected refinery yields of marketable fuels and calculated using the appropriate quarterly average spot product prices) in the consuming markets.
 - (c) If one or more of the crude oils comprising an agreed basket no longer meets the requirements of Article 18.3(b), a replacement crude oil basket shall be determined by agreement between the Authority and the Contractor.

If the Authority and the Contractor cannot agree on an appropriate formula (or an appropriate replacement formula under clause (c) of this Article 18.3), either of them may submit such disagreement to Expert Determination in accordance with Article 31.9.

At the request of the Authority or the Contractor, the formula shall be reviewed at the end of the first year of Commercial Production and at the end of every five (5) years thereafter.

- 18.4 If the Contractor must make a payment for Crude Oil under Article 14.8, 15.3 or 17.1 of this Contract prior to the determination of the Market Price or Market Prices applicable to the Quarter in which the Crude Oil was sold, the Contractor shall make an estimate in good faith of the applicable Market Price or Market Prices.
- 18.5 Within fifteen (15) days following the end of each Quarter, the Contractor shall determine in accordance with the provisions of Articles 18.2 and 18.3, the Market Price or Market Prices applicable for the Crude Oil liftings during that Quarter, and shall notify the Authority of the values so determined, indicating the method of calculation and all data used in the calculation of such Market Price or Market Prices.
- 18.6 Within thirty (30) days following the end of each Quarter, the Contractor shall notify the Authority of all payment adjustments required to be made as a result of any differences between the estimated Market Prices used by the Contractor in making payments during such Quarter and the Market Prices notified to the Authority pursuant to Article 18.5 and of all resulting adjustments to the Petroleum Costs Account. If there is an overpayment, it shall be adjusted as a credit against subsequent payments due under Article 14.8, 15.3, 17.1 or 17.2 of this Contract. If there is an underpayment, it shall be adjusted by payment by the Contractor to the recipient of the underpayment within thirty (30) days from such determination in the manner required for the initial payment.
- 18.7 Within twenty (20) days following any adjustment to any Arm's Length Sale or other invoiced price used to determine a Market Price for any Quarter, the Contractor shall notify the Authority of such adjustment and the increase or decrease in such Market Price attributable to such adjustment, and shall make appropriate adjustments to all payments made by the Contractor during the relevant Quarter under Articles 14.8, 15.3, 17.1 and 17.2, and to the Petroleum Costs Account. If there was an overpayment, it shall be adjusted as a credit against subsequent payments due under the relevant Article or Articles of this Contract. If there is an underpayment, it shall be adjusted by payment by the Contractor to the recipient of the underpayment within twenty (20) days from such determination in the manner required for the initial payment.
- 18.8 Within fifteen (15) days following receipt of information referred to in Article 18.5, 18.6 or 18.7, the Authority shall notify the Contractor of its acceptance of or objections to (a) the determination of, or any adjustments to, the Market Price or Market Prices applicable to liftings made during the relevant Quarter or (b) the calculations by the Contractor of any resulting payment and Petroleum Costs Account adjustments. Failing notification from the Authority within that fifteen (15) day period, such information shall be deemed accepted by the Authority absent fraud or willful misconduct.

If the Authority has notified objections to the Market Price determined by the Contractor under Article 18.5, 18.6 or Article 18.7 for the Quarter, the Authority and the Contractor shall meet in Monrovia or as otherwise agreed within ten (10) days following the Authority's notification to mutually agree on the Market Price. If the Authority and the Contractor fail to agree on the Market Price of the Crude Oil lifted for a given Quarter within thirty (30) days after the end of that Quarter, the Authority or the Contractor may

submit the determination of the Market Price for that Quarter to Expert Determination in accordance with Article 31.9.

No notification of objection by the Authority under this Article 18.8 shall postpone the obligation of the Contractor to make any payments stated to be due in a notice of Contractor provided under Article 18.6 or 18.7.

ARTICLE 19 All payments by Contractor shall be reported in the manner required under the rules of

ARTICLE 20

DISPOSAL OF CRUDE OIL PRODUCTION

20.1 If the shares of Remaining Oil Production available to the State under Article 14.4 and pursuant to the State Participation are insufficient to cover the needs of the domestic market of Liberia (directly or through the swap of Crude Oil for refined products), the Ministry of Finance and Development Planning on recommendation of the Authority shall have the right to request, upon six (6) months prior notice to the Contractor, that a quantity of Crude Oil up to a total of ten percent (10%) of the Contractor's Remaining Oil Production entitlement shall be sold by the Contractor in the following Calendar Year to a company wholly owned by the State for the purpose of satisfying the needs of the domestic market of Liberia. Such contribution of the Contractor shall be in proportion to its share of production to the total Crude Oil production in Liberia. In addition, in the event of war, threat of war, or natural disaster, the Authority and the Ministry of Finance and Development Planning may, with the approval of the President, jointly direct the Contractor and all other Petroleum producers under the jurisdiction of the Authority to place petroleum at the disposal of the State. The Authority shall apportion the burden of any such direction as equitably as practicable among all such producers.

20.2 The price of the Crude Oil sold under Article 19.1 for the needs of the domestic market and the price of Crude Oil placed at the disposal of the State by the Contractor pursuant to Article 19.1 shall be the Market Price for the Quarter in which the sale occurred as preliminarily determined and subsequently adjusted pursuant to Article 18.

That Crude Oil price shall be payable to the Contractor in Dollars not later than thirty (30) days after receipt of the Contractor's invoice unless otherwise agreed between the Contractor and the purchaser. The price shall be subject to subsequent adjustment in the manner and at the times provided in Article 18.

20.3 The transfer of title to, and the transfer of risk of loss to, the share of Petroleum production to which the State and the entities participating in the Contractor are entitled shall be shall occur on delivery at the Delivery Point. The Contractor shall insure against risk of loss in regard to shipments of any Petroleum sold for the account of the State or for the account of the State Participation or the Citizen Participation so long as it is held by or for the benefit of the State or its citizens unless such risk of loss passes to the purchaser at the Delivery Point by the terms of the relevant purchase agreement, and such insurance costs shall constitute Petroleum Costs.

20.4 Except as otherwise provided in this Contract, each entity participating in the Contractor shall have the right and obligation to separately own, take in kind, lift and dispose of the

share of Petroleum to which it is entitled under this Contract. The State and each of the entities participating in the Contractor shall lift their Petroleum entitlements on as regular a basis as possible, it being understood that the State and each of the entities participating in the Contractor, within reasonable limits, will be authorized to lift more (overlift) or less (underlift) than its share of Petroleum produced and unlifted by the lifting day to the extent that such overlift or underlift does not infringe on the rights of the other Party and is compatible with the Field production rate and the storage capacity of the facilities.

In the establishment of the sequence of liftings, priority will be given to whichever of the State and the entities participating in the Contractor has the largest share of produced and unlifted quantity of Petroleum at a given time.

- 20.5 At least ninety (90) days prior to the start of Commercial Production from an Exploitation Area producing Crude Oil, the Authority (in consultation with NOCAL) and all of the entities participating in the Contractor shall in good faith negotiate and conclude a lifting program on the basis of the AIPN Model Form Lifting Procedure and the principles above-described, taking into account their respective wishes as regards to the dates and quantities of their liftings provided that those wishes are compatible with said principles. Such lifting program shall include provisions permitting periodic adjustments compatible with said principles to reflect changing circumstances. If a lifting program has not been concluded by the date of the first delivery of Crude Oil, the State and each entity participating in the Contractor shall nonetheless be obligated to take and separately dispose of such Crude Oil as to which it is entitled under this Contract (excluding Crude Oil which the Contractor has agreed to market on behalf of the Citizen Participation, which shall be lifted and marketed by the Contractor for the account of the Citizen Participation as provided in Article 17.2), and in addition will be bound by the terms set forth in the AIPN Model Form Lifting Procedure until a lifting program is executed.

The manner in which the State and the entities participating in the Contractor shall deal with the lifting, taking and disposal of Natural Gas production shall be established in connection with the decisions on the manner in which Natural Gas production shall be carried out, as provided in Article 21.

ARTICLE 21

MEASUREMENT OF PETROLEUM

- 21.1 The Contractor shall measure the volume and quality of Total Production for each Exploitation Area at the Delivery Point and as necessary for compliance with Article 20.2, using measurement appliances and procedures in accordance with Good International Petroleum Industry Practice and the relevant development and production plan. Total Production measurement appliances shall be installed, maintained and operated by the Contractor. If the Contractor wishes to change said measurement appliances or procedures, the Contractor shall obtain prior written approval from the Authority. The Contractor shall periodically calibrate the measurement appliances and the period for calibration shall be agreed with the Authority.
- 21.2 The Parties recognize that the required measurements may occur on the seafloor and that the location of the devices may introduce practical limits with regard to periodic inspection. Subject to this limitation, the Authority's authorized representatives shall have the right to be present at and to observe Delivery Point Total Production
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measurement and to examine or inspect the measurement appliances or procedures used. The Authority shall have the right to authorize an internationally recognized inspection company to conduct such inspections and examinations.

Inspections and examinations by or on behalf of the Authority shall not interfere in any material way with the Contractor's Petroleum Operations or be conducted in such a manner as to introduce safety, health or environmental hazards. During inspections by the Authority, the Contractor shall provide transportation, food and housing at the relevant locations to the Authority representatives under the same conditions as it provides such transportation, food and housing to its own personnel. Representatives of the Authority shall use the Contractor's transportation to offshore facilities within the Contract Area to ensure the safety of the representatives of the Authority.

- 21.3 If a measuring error is discovered by either the Authority or the Contractor, the Contractor shall use its best efforts to determine the correct Total Production figures for the period during which there was a measuring error and the corrected figures shall be used. The Contractor shall submit for the Authority's approval a report detailing the source and nature of the measuring error and the corrections to be applied. Where the appliances and procedures used have caused an overstatement or understatement of measured quantities, the error shall be deemed to have existed since the date of the last calibration of the appliances, unless the contrary can be justified by the Party benefitting from such error. Retrospective adjustments to related payments and Petroleum Costs Account balances shall be made within thirty (30) days of the determination of the amount of the error. If there was an overpayment, it shall be adjusted as a credit against subsequent payments due under the relevant Article or Articles of this Contract. If there is an underpayment, it shall be adjusted by payment by the Contractor within twenty (20) days from such determination in the manner required for the initial payment.

If the Authority and the Contractor disagree over a measurement issue, either one may submit the issue to Expert Determination in accordance with Article 31.9.

- 21.4 All costs relating to the measurement, maintenance, calibration, inspection, error determination (other than adjustment of revenues) and audit of Total Production and all other costs contemplated in this Article 20 shall be considered Petroleum Costs.

ARTICLE 22

NATURAL GAS

22.1 Non-Associated Natural Gas

- (a) If the Contractor has applied for and been granted an exclusive appraisal authorization for a Non-Associated Natural Gas discovery in accordance with Articles 5.3 and 5.4, then within the first ninety (90) days of the initial appraisal period the Authority and the Contractor shall establish a consultative committee ("**Gas Committee**") which shall have the following responsibilities:
- (i) to evaluate the possible outlets for Non-Associated Natural Gas, both on the local market and for export, together with the necessary means for its marketing;
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- (ii) to evaluate the merits of an integrated value chain approach to Natural Gas commercialization;
 - (iii) to determine whether joint marketing of their shares of Non-Associated Natural Gas production may be justified or if marketing of individual shares should be implemented;
 - (iv) to define the methodology for calculating the Natural Gas Market Price in accordance with Article 21.3;
 - (v) to ensure the coordination of the Natural Gas project value chain; and
 - (vi) to facilitate the project's evaluation and implementation.
- (b) Governance of the Gas Committee shall be conducted using the same principles in Article 6 that govern the JOC, except that the Contractor shall appoint the permanent chairperson of the Gas Committee.
- (c) If, despite their reasonable endeavors during the appraisal period, the Gas Committee is unable to define a commercially viable market for the exploitation of the Non-Associated Natural Gas discovery, the Contractor may, by notice to the Authority prior to the expiry of the term of the exclusive appraisal authorization, request an extension of the exclusive appraisal authorization for the Appraisal Area of the Non-Associated Natural Gas discovery of up to five (5) years to allow the definition of a commercially viable market, either as a stand-alone development, or as a combined development of current discovered reserves and future exploration prospects. The Authority will not unreasonably withhold its approval for said extension.
- (d) If the Contractor does not timely apply for an exclusive appraisal authorization for appraisal of the Non-Associated Natural Gas discovery concerned or for an extension thereof pursuant to Article 5.6 or Article 21.1(c), the Authority may by notice to the Contractor terminate the Contractor's rights to all Non-Associated Natural Gas which could be produced from said discovery without any compensation for the Contractor.
- (e) Following completion of appraisal work for the Non-Associated Natural Gas discovery, if the Parties should jointly decide that the exploitation of the Non-Associated Natural Gas discovery is justified to supply the local market, or if the Contractor should decide to develop and produce Natural Gas for export, the Contractor shall submit to the Authority in accordance with Article 5.8 a development and production plan and an application for an exclusive exploitation authorization, which shall be dealt with by the Authority under the terms provided, *mutatis mutandis*, in Articles 5.9 to 5.13.
- (f) Upon the granting to the Contractor of an exclusive exploitation authorization for the Non-Associated Natural Gas discovery, the Contractor shall then have the right and obligation to proceed with the development and production of that Natural Gas in accordance with the approved development and production plan and the provisions of this Contract..
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- (g) If the Contractor's rights have been terminated as provided in Article 21.1(d) or the Contractor fails to submit to the Authority a timely application for an exclusive exploitation authorization in accordance with Article 21.1(e), the Authority may by notice to the Contractor terminate the Contractor's rights to all Non-Associated Natural Gas which could be produced from the Field relating to said discovery without any compensation for the Contractor. The Authority Contractor is thereafter free to offer the rights to the discovery in accordance with the Petroleum Law.

22.2 Associated Natural Gas

- (a) If there is a commercial discovery of Crude Oil with Associated Natural Gas, the Contractor shall state in the report to the Authority delivered pursuant to Article 5.7 whether it considers that the production of Associated Natural Gas is likely to exceed the quantities necessary for the requirements of the Petroleum Operations related to the production of Crude Oil (including reinjection for the purpose of enhancing Petroleum Operations and field or platform use), and if it considers that such excess is capable of being produced in commercial quantities. If the Contractor shall have informed the Authority of such an excess, the Parties shall jointly evaluate the possible outlets for that excess Associated Natural Gas, both on the local market and for export (including the possibility of joint marketing), together with the means necessary for its marketing.

If the Parties agree that the development of the excess Associated Natural Gas is justified, or if the Contractor wishes to develop and produce that excess Associated Natural Gas, the Contractor shall indicate in the development and production plan referred to in Article 5.8 the additional facilities necessary for the development and exploitation of that excess and estimate the costs related thereto.

The Contractor shall then have the right to proceed with the development and production of that excess in accordance with the approved development and production plan, and the provisions of the Contract.

A similar procedure shall be applicable if the sale or marketing of Associated Natural Gas is decided during the exploitation of a Field.

- (b) If the Contractor does not consider that the development of excess Associated Natural Gas is justified, the Authority is free to make arrangements with a third party to take on the responsibility for the utilization of such Associated Natural Gas. In any such case:
 - (i) the Contractor shall put such excess Associated Natural Gas at the disposal of the entity designated by the Authority free of charge at the Crude Oil and Associated Natural Gas separation facilities;
 - (ii) such entity shall be responsible for all the costs for the receiving, processing, compressing and transporting of the excess Associated Natural Gas from the Contractor's above mentioned separation facilities, and shall bear any additional costs and liabilities related thereto; and

- (iii) the design, placement and construction of the facilities utilized by such entity in receiving, processing, compressing and transporting the excess Associated Natural Gas shall be carried out in accordance with Good International Petroleum Industry Practice, subject to the requirement that such work or the operation of such facilities will not adversely affect the production, lifting and transportation of Crude Oil by the Contractor (other than on a short term temporary basis attributable to the construction, placing or maintenance of such facilities).

22.3 Provisions Common to Associated and Non-Associated Gas

- (a) The Contractor shall have the right to dispose of its share of production of Natural Gas in accordance with the provisions of this Contract. It shall also have the right to proceed with the separation of liquids from all Natural Gas produced by Contractor, and to transport, store and sell on the local market or for export its share of liquid Petroleum so separated which will be considered as Crude Oil for the purposes of the sharing between the State and the Contractor under Article 14.
- (b) For the purposes of this Contract, the “**Market Price**” for Natural Gas shall be equal to:
 - (i) With respect to Natural Gas export sales, the invoiced price obtained by the Contractor for Natural Gas in Arm’s Length Sales to third parties, or absent Arm’s Length Sales, the value at which such Natural Gas could be sold on similar terms, at similar times and at a similar location by parties in Arm’s Length Sales.
 - (ii) With respect to Natural Gas sales transactions on the domestic market, a Natural Gas sales price determined on the basis of a formula which shall be mutually agreed between the State and the Contractor using the following considerations:
 - publicly available information regarding international market prices of natural gas similar in quality to the gas to be valued;
 - the market destination of the Natural Gas;
 - the price of alternative Natural Gas at the final destination;
 - ancillary costs required to produce and market gas, such as gathering, treating or processing costs, distribution costs or taxes;
 - an assumption of sound marketing practices;
 - an assumption of efficient operations;
 - provision for an economic return commensurate with that of international gas development projects; and



- any other relevant considerations.
- (iii) Adjustments for any differences between an estimated Natural Gas Market Price and the Natural Gas Market Price as finally determined shall be provided for in a manner consistent with the adjustments for Crude Oil Market Prices set forth in Article 18.
- (c) If the Contractor participates in the development, production and marketing of Natural Gas under Articles 21.1 and/or 21.2, the Contractor shall market the State's allocation of the Net of Royalty Production of Natural Gas, as well as the share of Remaining Natural Gas Production applicable to the State Participation and Citizen Participation except as expressly provided otherwise in the applicable development and production plan.
- (d) All facilities shall be planned and constructed so as to avoid any natural gas flaring or venting under normal operating conditions. Any excess of Natural Gas which is not marketed or utilized in Petroleum Operations shall be reinjected by the Contractor unless the Authority has authorized it to be flared (i) during production testing operations, (ii) when necessary for the safety of operations in accordance with Good International Petroleum Industry Practices, and/or (iii) when re-injection is incompatible with good reservoir management or petroleum engineering practice and the Director General is reasonably satisfied that the Natural Gas cannot be marketed or otherwise utilized in a manner that would avoid material interference with Crude Oil production. In case of an emergency, the Contractor may undertake flaring or venting of Natural Gas without the prior approval of the Director General, but the Contractor shall ensure that flaring or venting is kept at the lowest possible level, shall notify the Authority promptly of such occurrence and as soon as practicable thereafter shall submit to the Authority a technical report detailing the nature and circumstances that caused the emergency and the steps taken to eliminate the need for such flaring or venting.

ARTICLE 23
FUNDING OF ABANDONMENT PLAN;
TRANSFER OF ASSETS ON SURRENDER BY CONTRACTOR

- 23.1 This Article 22 deals with the funding of the Abandonment Plan required of the Contractor, the right of the Authority to direct the disposition of certain assets of the Contractor used in carrying out Petroleum Operations to an entity that will step into the operation of such assets (a "**Successor**"), and the manner in which the Abandonment Fund shall be utilized upon the end of the term of this Contract to fund the environmental remediation and abandonment obligations of the Contractor and any Successor.
- 23.2 Six (6) years prior to the anticipated date of surrender of a Field, or when such Field has remaining (based on then-current capacity estimates) only fifty percent (50%) of its highest estimated productive capacity, whichever first occurs, the Contractor shall submit to the Authority and the EPA a revised Abandonment Plan and budget for such Field.
- (a) The revised Abandonment Plan shall include the Contractor's recommendations in accordance with Good International Petroleum Practice for the dismantlement and removal or abandonment of the production facilities of the Field together
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with a budget covering all such work. The budget shall include such allowance for inflation between the time of funding and the projected time of expenditure as is reasonable under the circumstances then existing. The revised plan and budget shall be subject to review and approval by the Authority and the EPA. The principles of Articles 5.10 and 7.12 shall govern the review and approval by the Authority. If there is any dispute as to whether the Abandonment Plan is in accordance with Good International Petroleum Practice or as to the related budget or the yearly amount to be funded into the Abandonment Fund, either the Authority or the Contractor may submit the question to Expert Determination in accordance with Article 31.8.

- (b) Within ninety (90) days of approval by the Authority and the EPA of the revised plan and budget, the Contractor shall establish an abandonment fund in Dollars to be held in an interest-bearing account (hereinafter called the “**Abandonment Fund**”) established at an international bank of good financial standing and a long term debt rating of not less than “AA” by Standard & Poor’s Corporation or “Aa2” by Moody’s Investor Service or a comparable rating by another mutually agreed rating service and satisfactory to both the Ministry of Finance and Development Planning and the Contractor. There shall only be one Abandonment Fund even if there are multiple Fields subject to exploitation under this Contract, but the amounts contributed for each Field shall be maintained in separate subaccounts. The terms and conditions on which funds may be withdrawn from each subaccount shall be established by agreement among the Authority, the EPA and the Contractor consistent with the terms of this Article 22. The investment guidelines for the Abandonment Fund shall be established by the Contractor with the approval of the Authority after consultation with the Ministry of Finance and Development Planning, which approval shall not be unreasonably withheld.
 - (c) As from the establishment of the Abandonment Fund, the Contractor will pay into the account a per unit of production assessment for each Field calculated by dividing the abandonment budget for such Field by the estimated units of production to be produced between the approval date and the anticipated date of abandonment. Thus, if remaining Field production is estimated at 6,000,000 Barrels, and the budget for abandonment and remedial operations is \$45,000,000, \$7.50 shall be paid into the fund for each Barrel produced. All monies paid into the Abandonment Fund shall be recoverable as Petroleum Costs.
 - (d) In the case of an Exploitation Area with multiple Fields, the Contractor’s Abandonment Plan must take into account the existence of, and provide for the abandonment or removal of, any assets used in the conduct of Petroleum Operations in that Exploitation Area and not uniquely associated with a specific Field, and the Abandonment Fund must contain sufficient amounts to provide for such abandonment or removal. The funding shall be in such form as the Parties determine, and may but need not be in the form of the establishment of a separate subaccount covering such assets or the modification of one or more subaccounts so that they cover specifically both the assets relating to a particular Field and such additional assets. The Authority retains the right to approve the measures proposed by the Contractor to comply with this Article 22.2(d). but will not unreasonably withhold such approval. If there is disagreement, either Party may submit the matter to Expert Determination in accordance with Article 31.9.
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- (e) Payments by the Contractor into the Abandonment Fund shall be treated as payments to the State subject to LEITI disclosure rules, and the Authority shall establish procedures for the regular reporting and publication on its website of such payments and of withdrawals from such fund.

23.3 At least thirty (30) months but not more than thirty-six (36) months prior to (a) the expiration or surrender of this Contract or (b) if earlier, the projected surrender by the Contractor of a Field being exploited by the Contractor, the Contractor shall commission an independent environmental audit of the assets and operations to be affected by such action and the area in which they are located or occur in order to determine any environmental remediation required under applicable Law or Good International Petroleum Industry Practice. The audit shall be performed in accordance with the provisions of Article 7.14, and shall be commissioned, conducted and completed within such timeframe as will result in the audit report being furnished to the EPA, the Authority and NOCAL no later than two years prior to the proposed date of abandonment, surrender or termination. The cost of the audit shall constitute Petroleum Costs. All remediation work recommended by the audit shall be deemed added to the relevant Abandonment Plan to the extent not already included therein, the budget for such plan shall be increased to the extent necessary to fund any portion of such remediation work not already included in such budget, and the Contractor's funding of the appropriate subaccount of the Abandonment Fund (as discussed in Article 22.2(b)) shall be increased to the extent necessary to cause such subaccount to receive sufficient additional funds by the date of the proposed abandonment, surrender or termination to ensure that the subaccount can fund all abandonment operations and environmental remediation then provided for in the Abandonment Plan and budget.

23.4 The Contractor shall regularly review the compliance of the Abandonment Plan with the applicable requirements of this Contract and the adequacy of the available and projected funding to carry out such Abandonment Program. If it is anticipated by the Contractor that there will not be sufficient funds in a subaccount of the Abandonment Fund to fully perform all abandonment operations and environmental remediation required by the Abandonment Plan for a particular Field, as such plan shall have been modified by operation of Article 22.5, or to ensure compliance with Article 22.4(d), the Contractor shall request appropriate funding adjustments. The Authority need not approve any such request if it reasonably determines that it would create a significant risk of materially over-funding such subaccount.

Except as provided in Articles 22.12 and 22.13, each subaccount of the Abandonment Fund shall be used solely for the purposes of paying Petroleum Costs for abandonment operations and environmental remediation with respect to assets and operations of the Field with respect to which such subaccount was established. No Party shall mortgage, pledge, encumber its rights in such subaccount or otherwise seek to use such subaccount for any purpose whatsoever except as expressly provided herein.

23.5 The Abandonment Fund shall be established on terms permitting withdrawals therefrom only against presentation of evidence by the Contractor or the Successor, as the case may be, reasonably satisfactory to the Authority that amounts for which withdrawal is sought are for amounts due and payable on account of abandonment operations and environmental remediation, and the Authority may require that amounts withdrawn be paid directly to the Person or Persons entitled to receive payment for the performance of such work.

23.6 When the Contractor proposes to surrender a Field, or prior to the surrender or expiration of this Contract, the Contractor shall offer to NOCAL in accordance with Article 22.8 the opportunity to acquire at no cost the assets used in Petroleum Operations with respect to such Field or the Contract Area. A termination of this Contract by agreement of the Parties is a surrender for the purposes of this Article 22.

- a) NOCAL, acting on its own or through a successor contractor composed of NOCAL and one or more third parties (in either case, the “**Successor**”), may acquire such assets in accordance with this Article 22. If the acquisition is for the purpose of continuing Petroleum Operations in the surrendered Field, the acquisition must occur concurrently or after the execution of a petroleum agreement between the Successor and by the Authority pursuant to which the Successor will continue Petroleum Operations with such assets. Such petroleum agreement will, among other things, set forth the terms on which the Successor will operate such assets, share the revenue arising therefrom with the State, and take responsibility for the abandonment or removal of such assets and related environmental remediation.
- b) Such offer shall include all assets, movable and immovable used in the production of Petroleum from the Contract Area or from such Field located in Liberia either inside or outside the Contract Area, including without limitation, wells and their equipment, all other offshore equipment and facilities, buildings, warehouses, docks, lands, offices, plants, machinery and equipment, bases, harbors, wharfs, jetties, buoys, platforms, pipelines, roads, bridges, railroads and other facilities. Such offer shall also include all licenses or use rights necessary to enable the Successor to operate such assets for their intended purposes.
- c) In the case of owned assets, the Successor shall receive good title to such assets, free and clear of encumbrances of any kind. In the case of leased assets, the Successor shall receive sufficient rights to such assets to permit the Successor to continue the use thereof on normal commercial terms and conditions for at least five years. In the case of assets the utility of which depends on associated intellectual property rights, the Contractor shall ensure that such rights are freely transferrable to the Successor and to any further user of the related assets.
- d) The Contractor is not obligated by Article 22.6(c) to transfer to the Successor rights to the Contractor’s proprietary technology or know-how, but if such Contractor proprietary technology or know-how would be required to make effective use of assets the Successor elects to take pursuant to this Article 22, the Contractor shall provide either (a) similar third party technology or know-how sufficient to make effective use of such assets or (b) alternative assets and accompanying technology or know-how.
- e) Article 22.7 sets forth an exception to the requirements of this Article 22.6.

23.7 If any assets relating to a Field proposed for surrender are at the time used in the conduct by the Contractor of other Petroleum Operations within the Contract Area that will continue after such surrender, the Contractor shall identify such assets in its offer notice pursuant to Article 22.6 and specify that such assets are not offered for acquisition. . If

the Successor elects to acquire those assets that are available for acquisition pursuant to such notice and continue Petroleum Operations with respect to such Field, Contractor shall enter into good faith negotiations with the Successor as to the terms on which such assets can be utilized for the benefit of both the Successor and the Contractor on a fair and equitable basis. The Contractor may require that it remain responsible for the management, operation and maintenance of any such assets during the time of their use on terms that apportion such use and the associated costs on a fair and equitable basis for the benefit of both the Successor and the Contractor. If the Successor and the Contractor are unable to agree on such terms, either Party may submit the matter to Expert Determination in accordance with Article 31.9.

23.8 No later than two hundred and seventy (270) days prior to the abandonment of a Field by the Contractor, or the expiration or surrender of this Contract, the Contractor shall provide NOCAL and the Authority with notice setting forth (i) a list of the assets (including leased property) that will become available for transfer to the Successor under Article 22.6, including a description and the condition of each item in sufficient detail to permit NOCAL to form a reasonable opinion as to its utility to the Successor, (ii) a list of the assets that the Contractor proposes to retain but make available for use by the Successor in accordance with Article 22.7, (iii) any additional contributions required to the Abandonment Fund with respect to such assets in order ensure that the Abandonment Plan is fully funded in accordance with the requirements of this Contract as of the abandonment date.

- a) The Successor shall have one hundred and thirty five (135) days from the date of delivery of such notice to elect by notice to the Contractor to take any assets identified in such notice. Any property not specifically elected by the Successor shall be deemed refused by the Successor and shall be removed or abandoned by the Contractor pursuant to the applicable provisions of this Contract.
 - b) The Contractor may not remove any assets from Liberia required to be listed under this Article 22.8 unless they were in fact listed in the notice provided for in this Article 22 and either (i) such assets were not included in the Successor's election, or (ii) the Successor failed timely to make such election. Any property not specifically elected by the Successor shall be deemed refused by the Successor and shall be dealt with by the Contractor as provided in the Abandonment Plan as then in effect. If within ninety (90) days after the Successor's election the Successor has not entered into an agreement with the Contractor to take the elected assets on the specified expiration or surrender date, its rights to take such assets as provided below in this Article 22.8 shall terminate and the Contractor shall remain responsible for their abandonment or disposal in accordance with the Abandonment Plan.
 - c) The Contractor shall transfer all assets elected by the Successor (including all related rights referred to in Article 22.6(c) to the Successor by an instrument or instruments reasonably satisfactory to the Successor upon the effective date of the surrender of the affected Field or the expiration or surrender of this Contract. Such transfer is a condition precedent to the effectiveness of such surrender, termination or relinquishment.
 - d) The Contractor shall remain responsible for insuring and maintaining all assets that the Successor has elected to take under this Article 22 in accordance with
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Good International Petroleum Industry Practice until possession thereof is transferred to the Successor.

- e) This paragraph does not limit in any way the Contractor's responsibility for abandonment operations and environmental remediation for assets not taken by the Successor.
 - f) If this Contract has been terminated by the Authority under Article 30, (i) the list of assets referred to above in this Article 22.8 shall be delivered by Contractor within ninety (90) days after the date of the notice of termination from the Authority, or if such notice was contested by the Contractor as provided in Article 30, within ninety (90) days of the final resolution of such contest if it results in termination, (ii) the term of the Successor's election right under Article 22.6(a) shall run from the date of delivery of such list, (iii) the provisions of Articles 22.6, 22.7 and this Article 22.8 shall otherwise be applicable, mutatis mutandis, and (iv) the Contractor shall continue to be responsible for the abandonment and removal and related environmental remediation with respect to all assets not transferred to the designated Successor.
 - g) If (i) a designated Successor proposes to take over the assets relating to a Field and continue production from the Field, (ii) the transfer of possession of the assets to a Successor under this Article 22 cannot be carried out on the proposed abandonment date or at the end of the term of this Contract, as the case may be, in a manner that enables the production of Petroleum to continue safely and without interruption through the transfer, and (iii) a stoppage of production might significantly reduce the value of the assets or the Field proposed to be transferred, the Authority, in consultation with the Successor and the Contractor, may mandate an extension of the term of this Contract of up to six months to facilitate a transfer at a time that does not interrupt production, during which the Contractor will continue production. In any such case the Authority may agree to such modification of the fiscal terms of this Contract applicable during the extension period as it reasonably determines to be necessary to ensure that the Contractor at least recovers the Petroleum Costs incurred by it during the extension period.
- 23.9 If the Successor takes none of the assets available pursuant to an offer made by the Contractor under Article 22.6, the Contractor shall retain full responsibility for the abandonment operations and environmental remediation required under the Abandonment Plan for all such assets, and shall be entitled to fund such work from the relevant subaccount of the Abandonment Fund.
- 23.10 If the Successor takes all of the assets available pursuant to an offer made by the Contractor under Article 22.6, the Successor shall have the risk of loss or damage relating to such assets with respect to events occurring after the transfer of possession and shall have full responsibility for the abandonment operations and environmental remediation required under the Abandonment Plan for such assets. The balance then existing in the relevant subaccount or subaccounts of the Abandonment Fund applicable to such assets shall be transferred to a new subaccount of the Abandonment Fund that may be used exclusively to pay for the cost of abandonment and remediation with respect to such
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assets. The Contractor shall promptly pay to such new subaccount the amount, if any, of the difference between the actual balance in the transferred accounts at the time of the transfer and the amount required to be in such subaccounts by the Abandonment Plan as in effect at the time of the transfer.

- 23.11 If the Successor takes some but not all of the assets available pursuant to an offer made by the Contractor under Article 22.6 offered and/or if Contractor retains ownership of certain related assets pursuant to Article 22.7, then
- (a) The Successor shall have the risk of loss or damage relating to such assets taken with respect to events occurring after the transfer and shall have full responsibility for the abandonment operations and environmental remediation required under the Abandonment Plan for such assets taken, and the Contractor shall retain the risk of loss or damage relating to the assets not taken and full responsibility for the abandonment operations and environmental remediation required under the Abandonment Plan for such assets not taken.
 - (b) The Abandonment Plan relating to the relevant Field or Fields shall be revised to reflect the new allocation of responsibilities and the related budget allocated to show the separate funding and financial responsibilities of the Contractor and the Successor, and the balance then existing in the relevant subaccount or subaccounts of the Abandonment Fund applicable to the relevant Field or Fields shall be allocated between new Contractor and Successor subaccounts of the Abandonment Fund that may be used exclusively to pay for the cost of abandonment and remediation in proportion to the separate financial responsibilities of the Contractor and the Successor determined pursuant to this clause (b).
 - (c) The Contractor shall promptly pay to the new Successor subaccount its proportionate share of the amount, if any, of the difference between the actual balance in the relevant subaccount or subaccounts at the time of the transfer and the amount required to be in such subaccounts by the Abandonment Plan as in effect at the time of the transfer.
 - (d) Subject to Article 22.12, the Contractor subaccount may be accessed only to fund the abandonment operations and environmental remediation relating to such assets for which the Contractor is responsible, and any additional funding required for such operations by the Contractor subaccount must be provided by the Contractor.
 - (e) Subject to article 22.13, the Successor subaccount may be accessed only to fund the abandonment operations and environmental remediation relating to such Field for which the Successor is responsible and any additional funding required by the Successor over and above amounts due from the Contractor under clause (c) of this Article must be provided by the Successor.
- 23.12 Following both (a) full performance by or on behalf of the Contractor of all abandonment operations and environmental remediation for which Contractor is responsible under this Contract and (b) payment by Contractor of all amounts due from it under this Contract, any portion of the Abandonment Fund remaining available to fund the Contractor's
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responsibility for such operations under this Article 22 but not utilized for such purpose shall be applied as follows:

First, if the Contractor did not recover in accordance with Article 14.3 of the Contract all amounts paid into the Abandonment Fund by the Contractor prior to the expiration, surrender or termination of the Contract, to the Contractor to the extent of the shortfall, and

Second, the balance thereafter remaining shall be added to any portion of the Abandonment Fund allocated to fund the abandonment and environmental; remediation obligations of any Successor (proportionately allocated if there were multiple Successors), and applied as provided in Article 22.13, provided that in the absence of any Successors, such balance shall be paid into the Consolidated Fund.

- 23.13 Following full performance by or on behalf of a Successor of all abandonment operations and environmental remediation for which such Successor became responsible under this Article 22, any portion of the Abandonment Fund remaining available to fund such Successor's responsibility for such activities under this Article 22 but not utilized for such purpose shall be applied as follows

First, if such Successor did not recover as a recoverable cost or otherwise all amounts paid into the Abandonment Fund by such Successor, to such Successor to the extent of the shortfall, and

Second, the balance thereafter remaining shall be paid into the Consolidated Fund.

ARTICLE 24

FOREIGN EXCHANGE CONTROL

- 24.1 The Contractor shall comply with the applicable foreign exchange control regulations, provided that:
- (a) the Contractor shall have the right to retain abroad all funds arising from sales of all Petroleum to which it is entitled under this Contract and all funds acquired or borrowed abroad in relation to its operations under this Contract, and to freely dispose of such funds to the extent that they may exceed its requirements for its operations in Liberia;
 - (b) no restriction shall be exercised on importation by the Contractor of funds for use in the performance of Petroleum Operations under this Contract;
 - (c) the Contractor shall have the right with respect to transactions relating to Petroleum Operations to purchase currencies of Liberia with foreign currencies, and freely exchange into foreign currencies of its election any funds held by it in Liberia in excess of its local requirements at exchange rates which if directly or indirectly fixed by the State shall not be less favorable than those generally applicable to other foreign investors; and
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- (d) the Contractor shall pay suppliers and service providers based in Liberia from bank accounts maintained with banks operating in Liberia, and shall have the right to pay for services and assets for Petroleum Operations sourced from outside Liberia in foreign currency from accounts outside of Liberia.

ARTICLE 25

ACCOUNTING METHOD AND AUDITS

- 25.1 The Contractor shall at all times maintain true and correct books, records and accounts of the production and disposition of all Petroleum, of all receipts, costs and expenditures incurred in connection with performance by Contractor under this Contract, and of all other data necessary or proper for compliance with the regulations in force in Liberia and with the provisions of this Contract (including the accounting procedure set out in Annex II). The accounts shall be maintained for each Calendar Year in respect of Petroleum Operations, enabling in particular (i) the establishment of statements of Petroleum Costs and profit and loss accounts as well as balance sheets showing both the results of said Petroleum Operations and the asset and liability items allocated or related thereto, (ii) the determination of the Contractor's recoverable Petroleum Costs, the allocation of Crude Oil and Natural Gas production under Articles 14 and 17, the determination of royalties due under Article 15.3, and the determination by each of the participants in the Contractor of its Liberian tax liabilities arising out of Petroleum Operations under this Contract, and (iii) the allocation of revenues and Petroleum Costs to Exploitation Areas in accordance with the requirements of this Contract..
- 25.2 The books, records and accounts relating to this Contract shall be maintained and recorded in United States Dollars.
- Whenever it is necessary to convert into US Dollars expenses and incomes expressed in another currency, the exchange rates to be used shall be equal to the arithmetic average of the daily closing rates for the purchase and sale of said currency during the month when the expenses were paid and the income received.
- 25.3 The books, records and accounts relating to this Contract shall be supported by detailed documents with respect to receipts and Petroleum Costs.
- 25.4 The Operator shall keep the books, records and accounts referred to in Article 24.1 and the related supporting documents referred to in Article 24.3 at the location at which the Operator has established regional or international group accounting operations from time to time. The Operator shall maintain real-time duplicate copies of such books, records, accounts and supporting documents (which may be in electronic form) in Liberia after the Operator has established a local office in accordance with the provisions of Article 2.9.
- 25.5 The Operator must make all books, records, accounts and supporting documents required to be maintained under this Article 24 available for inspection as provided in this Article, until the later of:
- (a) in the case of books, records, accounts and supporting documents relating to all periods from the Effective Date to the end of the Calendar Year in which Commercial production commences, until the end of the fourth Calendar Year following the date upon which all entities participating in the Contractor have
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filed complete Liberian tax returns for all Calendar Years through the Calendar Year in which commercial production commenced, and for each Calendar Year thereafter, until the end of the third Calendar Year following the Calendar Year in which all entities participating in the Contractor have filed complete Liberia income tax returns for the Calendar year in question; r;

- (b) if any cost or amount is under dispute at the end of the relevant period pursuant to clause (a) of this Article 24.5, the time at which that dispute has been resolved; or
- (c) such longer period as may be required by the Revenue Code or otherwise by Law.

25.6 At any time, with thirty (30) days' notice to the Contractor, the Authority or the Liberia Revenue Authority, at its sole expense except as provided below in this Article 24.6, may, acting in accordance with international accounting and auditing standards and through an internationally recognized independent auditor, cause an independent financial audit or review of the books, records, accounts and supporting documents of any entity participating in the Contractor (with respect to its interest in the Contractor and its Liberian tax liabilities relating thereto) or of the books, records, accounts and supporting documents maintained by the Operator with respect to operations under this Contract. The Operator and each such other entity will cooperate to provide copies of the books, records, accounts and supporting documents needed to complete the review or audit (subject to the record-retention limitations in Article 24.5). The results of any such audit shall be delivered to the Authority and the Ministry of Finance and Development Planning.

If the Operator or such entity is unable to cause the appropriate books, records, accounts or supporting documents needed to complete the audit to be available to the auditors in Liberia, the Contractor shall bear both the reasonable travel cost of a reasonable number of auditors to travel to the place where such materials may be obtained and their accommodation costs for a reasonable amount of time necessary to complete their review, and such costs shall not be included in Petroleum Costs.

Except as expressly provided in this Article 24.6 and in Article 24.7, costs incurred by the Contractor or any entity participating in the Contractor in complying with this Article 24 are Petroleum Costs.

25.7 If any inspection, audit or review pursuant to this Article 24 finally determines that Petroleum Costs have been overstated, or that the entitlements of the State, the State Participation or the Citizen Participation to Petroleum or revenue accruing under this Contract have been understated, by more than three percent (3%) for any Calendar Year, all costs of the inspection, audit or review shall be borne or reimbursed by the Contractor and no portion of such costs of inspection or audit may be included in Petroleum Costs. Appropriate adjustments in payments and cumulative recoverable Petroleum Costs shall be made to adjust for all misstatements identified as a result of any such inspection or audit.

Should the Authority and the Ministry of Finance and Development Planning fail to make any claim within six (6) months after the completion of any audit or review conducted pursuant to Article 24.7, no further objection or claim shall be made in respect of the



returns and statements concerned, provided that if in a subsequent period an issue or error is identified that indicates material fraud or willful misconduct occurred in relation to any period, the Authority or the Ministry of Finance and Development Planning shall have the right to re-examine reports and statements otherwise considered final or not previously audited.

- 25.8 Insofar as a charge from any of its Affiliates is included as a Petroleum Cost under this Contract or is otherwise relevant to the determination of the taxable income of the Contractor, each entity participating in the Contractor shall make available to LPRA and the Ministry of Finance and Development Planning the results of audits carried out in accordance with international accounting and auditing standards by an internationally recognized independent auditor of the books and records of each such Affiliate in relation to the work performed under this Contract, the costs incurred, and the allocation of costs, in order to verify the accuracy of the Contractor's books and records and compliance with the terms of this Contract. An audit report from an accredited international auditor that such Affiliate's cost excludes any element of profit and any duplication of costs and that its profit and cost allocation principles are consistent in application to all of its activities shall be sufficient to fulfill this requirement. All costs of audit pursuant to this Article 24.8 that are requested by LPRA or the Ministry of Finance and would not otherwise be incurred shall be Petroleum Costs.

ARTICLE 26 IMPORT AND EXPORT

- 26.1 The Contractor shall have the right to import into Liberia, in its own name or on behalf of its subcontractors, in exemption of import duties as provided in the Revenue Code (a) all the technical equipment, materials, machinery and tools, goods and supplies necessary for the proper conduct of Petroleum Operations according to Good International Petroleum Industry Practice, and (b) the furniture, clothing, household appliances and all personal effects for all the foreign employees and their families assigned to work in Liberia for the Contractor or its subcontractors, and to re-export the same, in exemption of custom duties under the conditions and subject to the limitations provided in the Revenue Code to the extent those items are no longer necessary for Petroleum Operations and have not become the property of a Successor pursuant to Article 22. Notwithstanding the foregoing, the Contractor, its agents and subcontractors are not permitted to import such items referred to in clause (a) of this Article 25.1 in exemption of import duties insofar as such items are available in Liberia under equivalent conditions of price, quality, delivery time, service and terms of payment.

Upon a duly justified emergency, the equipment, materials, tools and machinery, goods and supplies will be placed at the disposal of the users as soon as they arrive in Liberia and the administrative regularization relating to their admission will be made later and as soon as possible.

- 26.2 The Contractor, its agents and subcontractors shall have the right to sell in Liberia upon notice to the Ministry of Finance and Development Planning all equipment, materials, goods and supplies which they have imported when they are considered as surplus and no longer necessary for the Petroleum Operations (a) unless those items have become the property of a Successor pursuant to Article 22 upon surrender, expiration or termination of this Contract or at the surrender of a Field under this Contract, and (b) except that they may not sell explosives, gasoline or diesel within Liberia to third parties without the



consent of the Ministry of Finance and Development Planning. If any such imported equipment, materials, goods and supplies were exempted in all or part from taxes and duties on import into Liberia, then such items are deemed imported on the date of sale and the seller must upon their sale pay into the Consolidated Fund those taxes and duties payable on such items under applicable Law in effect on the date of sale calculated on the actual sales price on the date of sale and fulfill all formalities required by Law in connection with such sales. The Authority will request the Ministry of Finance and Development Planning to issue regulations for the implementation of this Article 25.2, including provision of exemptions to the prior reporting requirement and the establishment of deemed valuations for commonly used items such as office equipment and furnishings and equipment of general utility outside the petroleum industry.

- 26.3 During the term of this Contract, the Contractor, its customers and their carriers shall have the right to export freely at the export point selected for that purpose, free of all duties and taxes and at any time, the portion of Petroleum to which the Contractor is entitled in accordance with the provisions of this Contract, after deduction of all deliveries made to the State.

ARTICLE 27

TRANSFERS AND CHANGES OF CONTROL

- 27.1 Neither the Contractor nor any entity participating in the Contractor may sell, assign, grant, mortgage, pledge or otherwise encumber (for the purposes of this Article 26, any of the foregoing is called a 'transfer') any of its rights and obligations arising under this Agreement or any of its property in or outside Liberia used in carrying out Petroleum Operations other than in accordance with the provisions of this Article 26.

"A contractor or an entity comprising the contractor wishing to assign, sell or transfer its interest, whether in part or in whole, shall give to the State through NOCAL the right of first refusal to acquire the interest at the same price and under the same terms and conditions as agreed with the potential purchaser. Should NOCAL decline the offer or fail to accept the offer within thirty (30) days by written communication to the transferor, the transferor may proceed with the assignment, sale or transfer in accordance with this Article 26."

Any transfer not consented to in advance by the Authority and permitted by this Article 26 to occur without such consent constitutes a material default under Article 30 of this Contract and will not be recognized by the Authority. This Article 26 does not apply to the creation or subsequent transfer of a participation in the Contractor pursuant to Article 17 of this Contract, does not apply to dispositions in the ordinary course of business of property used primarily in carrying out Petroleum Operations, and is independent of any transfer or similar restrictions contained in the JOA.

- 27.2 For purposes of this Article 26, a direct or indirect change in Control of an entity participating in the Contractor through a single transaction or series of related transactions requires the prior consent of the Authority unless otherwise provided in this Article 26. The consent requirement in the preceding sentence does not apply to a change in Control of an entity participating in the Contractor occurring through a tender offer for securities of a parent company of such entity listed on a major stock exchange (as defined
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from time to time in regulations of the Authority) that is actively opposed by the board of directors or similar management authority of such parent company. A violation of this Article 26.2 will be deemed cured for all purposes by the acquisition in compliance with clause (b), (c) and (e) of Article 26.3 by one or more of the other entities participating in the Contractor of the entire participating interest in the Contractor held by the entity as to which such breach occurred.

- 27.3 The Authority will consent to a proposed transfer by an entity participating in the Contractor of all or part of its undivided participating interest in the Contractor under this Contract to any third party if such participation interest did not arise under Article 17 of this Contract and such third party is a company organized under the laws of Liberia that:
- (a) has in the reasonable judgment of the Authority the technical and financial ability commensurate with the responsibilities and obligations which would be imposed on it hereunder;
 - (b) accepts and assumes in a form reasonably satisfactory to the Authority all of the terms and conditions of this Contract and all the obligations of the transferor under this Contract with respect to the transferred interest;
 - (c) makes in writing for the benefit of the State the representations, warranties and covenants set forth in Article 32.2 and 32.5(a);
 - (d) is a Permitted Transferee; and
 - (e) satisfies the Authority that if the transferor has provided a guarantee or other security under Article 33, such instrument will remain in full force and effect following the transfer, or any adjustments proposed to the amount secured by such instrument and/or any replacement instrument to be provided in support of the transferred participating interest have the prior consent of the Ministry of Finance and Development Planning under the standards set forth in Article 33.

Transfers of the State Participation and the Citizen Participation are governed by the applicable terms of Article 17. Except in the case of an entity participating in the Contractor assigning all of its undivided participating interest, no entity participating in the Contractor (including any entity holding a participation arising under Article 17) may assign less than a five percent (5%) undivided participating interest to any entity that is not already an entity participating in the Contractor.

At the time of the consummation of such Transfer the transferor must not be in default in payment of any amount due to State, the Authority or NOCAL under this Contract and must not otherwise in default in any material respect in the performance of its material obligations under this Contract unless the transferee has undertaken to cure any defaults then existing under the Contract within one hundred eighty (180) days of the date of Transfer or such longer period of time as may reasonably be required to effect such cure and has reasonably demonstrated its capacity to effect such cure."

27.4 The Authority will consent to a proposed change in Control of an entity participating in the Contractor if prior to the effectiveness of such change in Control:

- (a) the Authority reasonably determines that such change in Control will not materially adversely affect the financial and technical ability of the entity participating in the Contractor to perform its responsibilities and obligations under this Contract;
- (b) the Authority is satisfied that if such entity has provided a guarantee or other security under Article 33, such instrument remains in full force and effect following the change in Control, or any adjustments proposed to the amount secured by such instrument and/or any replacement instrument to be provided in support of the transferred participating interest have the prior consent of the Ministry of Finance and Development Planning under the standards set forth in Article 33; and
- (c) such change in Control would not result in such entity becoming an entity that would not qualify as a Permitted Transferee.

A change in Control of an entity participating in the Contractor is also permitted without other consent if (i) the new Controlling entity establishes to the satisfaction of the Authority that it is an established international petroleum company engaged (directly or through wholly owned subsidiaries) as an operator in deep water petroleum exploration for at least ten years that is listed on a major international stock exchange and (ii) clause (b) and (c) of this Article 26.4 are satisfied.

27.5 Prior consent of the Authority is not required for an entity participating in the Contractor to encumber, through a mortgage, pledge or other grant, its undivided participating interest in the Contractor or in any of its properties used primarily for Petroleum Operations as security for advances made to it for the purpose of funding the cost of Petroleum Operations if

- (a) any such encumbrance (i) is by its terms expressly subject to the terms of this Contract and subordinated to the rights of the other entities participating in the Contractor under this Contract and the JOA, and (ii) expressly acknowledges that each of the enforcement of remedies under such encumbrance and a voluntary transfer by the grantor of the encumbered properties in lieu of such enforcement constitutes a transfer requiring the prior consent of the Authority under this Article 26, and
- (b) the Authority has reasonably determined that the instrument creating such encumbrance complies with the requirements of this Article 26.5.

Any transfer or change in Control arising from the enforcement of such encumbrance other grant or from a voluntary transfer by the grantor of the encumbered properties in lieu of such enforcement must be consented to by the Authority in accordance with Article 26.3.

This Article 26.5 does not prohibit an entity participating in the Contractor from encumbering Remaining Oil Production or Remaining Natural Gas Production if the encumbrance attaches such production only when lifted by such entity in accordance with

the terms of this Contract and the JOA, and if such encumbrance does not entitle the holder thereof to direct the actions of, or to act in the name and stead of, such entity under this Contract or the JOA.

- 27.6 Any proposed assignment of rights and obligations or change in Control arising under this Contract by an entity participating in the Contractor to a third party shall require the prior approval of the Authority. If within ninety (90) days following notification to the Authority by a participant in the Contractor of a proposed transfer or change in Control accompanied by the relevant information the Authority has not consented to or refused consent to of the proposal, such transfer or change in Control shall be deemed consented to by the Authority. The Authority may reasonably request additional information to evaluate the proposal within forty-five (45) days after receipt of the request, and such request shall toll the running of the ninety (90) day period until such information is delivered.
- 27.7 An entity participating in the Contractor shall be entitled at any time with prior notice to the Authority to take any of the following actions:
- (a) assign its participating interest in the Contractor to a wholly owned subsidiary of its parent company if such subsidiary is a company organized under the laws of Liberia and satisfies the requirements of clauses (b) through (e) of Article 26.3, or
 - (b) transfer all or a portion of its participating interest in the Contractor to one or more other participants in the Contractor if such transfer results from the operation of the JOA as a consequence of (i) a failure of the participant to discharge its obligations under the JOA or this Contract or (ii) the opt-out provisions of the JOA.
- 27.8 If an entity participating in the Contractor has transferred all or any part of its participating interest in the Contractor in a transaction permitted under this Article 26 and is not otherwise in default in the performance of any of its obligations under this Contract, it shall, to the extent of the interest transferred, be released from all further obligations and liabilities arising under this Contract after the effective date of such transfer.
- 27.9 Any transfer or change in Control relating to the participating interest of the Operator in the Contractor must be permitted both under this Article 26 and under Article 2.8 of this Contract.
- 27.10 Any request for consent to a transfer or a change in Control or for review of an encumbrance under this Article shall be accompanied by a processing fee set forth in regulations adopted by the Authority.
- 27.11 Any transaction contemplated by this Article shall be subject to tax as and to the extent provided in the Revenue Code.
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ARTICLE 28

APPLICABLE LAW

This Contract and the rights, obligations and duties of the Parties hereunder shall be governed by, and construed and interpreted in accordance with, the Law of the Republic of Liberia.

ARTICLE 29

STABILITY OF CONDITIONS

29.1 Change in Law.

- (a) Except as provided under Article 28.1(b), should any new Law modify the Law in force at the Effective Date and should those modifications, individually or cumulatively, bring about a material change in the respective economic, fiscal and financial situation of the State and the Contractor arising from the provisions of this Contract as in effect immediately prior to such new Law, the State and the Contractor shall enter into an agreement modifying this Contract in order to restore the economic, fiscal and financial balance of the Contract. If after discussions the Parties cannot agree, then either the State or the Contractor may submit the matter for arbitration in accordance with Article 31.
- (b) In respect of changes in Law that pertain to health, safety, security, labor or environment, that are consistent with international standards or recognized best practices where accepted standards do not exist and that are applied on a non-discriminatory basis, any additional costs that result from such changes shall not be considered a change to the economic, fiscal and financial balance as provided in Article 28.1(b).

29.2 Profound Change in Circumstances.

- (a) The State and the Contractor shall meet if the State or the Contractor gives at least forty-five (45) days' notice to the other that it reasonably considers a Profound Change in Circumstances to have occurred. At the meeting, the State and the Contractor shall review the relevant facts and circumstances and consider in good faith whether or not a Profound Change in Circumstances has occurred. To the extent that the Parties agree that a Profound Change in Circumstances has occurred, the State and the Contractor shall enter into good faith discussions to consider and make such modifications to this Contract as they may agree are necessary or appropriate to restore the economic, fiscal and financial balance of the Contract.
 - (b) For the purposes of a notice given pursuant to Article 28.2(a), a “**Profound Change in Circumstances**” means such changes arising since the later of the Effective Date and the date of the most recent prior notice given pursuant to Article 28.2(a) in the economic conditions of the petroleum industry worldwide or in Liberia, or such changes in the economic, political or social circumstances existing in Liberia specifically or elsewhere in the world at large as to result in such a material and fundamental alteration of the conditions and bases existing at the Effective Date or the assumptions implicit in this Contract that the overall
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economic, fiscal and financial balance reasonably anticipated by them will no longer as a practical matter be achievable.

- (c) In addition to the review provided for in Article 28.2(a), the State and the Contractor shall also meet once every five (5) years after the Effective Date, on at least forty-five (45) days' prior notice at the request of either, to review and discuss in good faith issues deemed material to the rights and obligations of the State and the Contractor pursuant to this Contract by the requesting Party. The Parties shall effect such modifications to this Contract that the Parties in good faith discussions agree are necessary.
- (d) In addition to the consultation and review provided by Articles 28.2(a) and 28.2(c), either the State or the Contractor may at any time request a consultation with the other Party with respect to any matter affecting the rights and obligations of the State and the Contractor pursuant to this Contract. The State and the Contractor shall meet reasonably promptly (and no more than forty-five (45) days) after such request for the requested consultation. Subsequent to such consultation, the Parties shall take such action, if any, that is in good faith discussions mutually agreed to address the matter.
- (e) Any notice or request under Article 28.2(a), 28.2(c) or 28.2(d) shall include a summary statement of the circumstances giving rise to such notice or request.
- (f) For the purposes of Articles 28.2(a), 28.2(c) and 28.2(d), "good faith discussions" and "consultation" shall not require a Party to agree to any modifications to this Contract and a failure to agree on a proposed modification made in the context of this Article 28.2 is not a dispute subject to Article 31.

ARTICLE 30

FORCE MAJEURE AND SUSPENSIONS OF WORK

- 30.1 No delay or default of a Party in performing any of its obligations under this Contract or the Petroleum Law , except for obligations of the Contractor to make payments due under this Contract to any Governmental Authority of the State, shall be considered as a breach of this Contract if and to the extent that such delay or default is attributable to Force Majeure.

To the extent delay in the performance by a Party of any of its obligations under this Contract, other than an obligation of the Contractor to make payments to any Governmental Authority of the State, is caused by Force Majeure, the period of such delay, extended in the case of the Contractor by any period of time reasonably required to repair the damage caused during such delay and any additional time reasonably required to resume Petroleum Operations, shall be added to the period provided by this Contract for the performance of said obligations, provided that the duration of such extension shall be determined assuming Contractor compliance with the last sentence of Article 29.3.

In addition, an exploration phase, an appraisal period or an exclusive exploitation authorization shall be extended to the extent that Force Majeure materially adversely affects the ability of the Contractor timely to complete Petroleum Operations under an approved exploration phase Annual Work Program or an approved appraisal program or

to the extent that Force Majeure interrupted the performance of Petroleum Operations during an exploitation period such that the flow of revenues to the Contractor was materially delayed or interrupted, in each case determined assuming Contractor compliance with the last sentence of Article 29.3.

- 30.2 The term “**Force Majeure**” as used in this Contract shall mean acts of God, accidents, wars, acts of war, invasions, insurrections, revolutions, riots, civil commotions, restrictions on trade or other activities imposed by any sovereign nation or state, embargoes, blockades, acts of terrorism, sabotage, a strike or industrial dispute extending for a period of more than two (2) months, fires, explosions, earthquakes, tempests, hurricanes, tidal waves, cyclones, tornados, lightening or any other natural disasters, expropriation of facilities or goods, radioactive, chemical or biological contamination, epidemics, public health emergencies and any similar cause or event, provided that any such cause or event was not within the reasonable control of the Party claiming the benefit of Force Majeure and could not have been avoided or overcome by such Party through the exercise of due diligence.
- 30.3 If a Party considers it is prevented from performing any of its obligations in a timely manner by the occurrence of Force Majeure, it shall give prompt notice of such occurrence to the other Party. As soon as practicable thereafter, but in no event later than fifteen (15) days after such initial notice, the affected Party shall provide the other Party with a second notice giving full particulars of the claimed Force Majeure, the obligations affected thereby, and the estimated duration thereof, together with a statement of the actions the affected Party believes necessary to cure the consequences of such Force Majeure and the time it will take to carry out such actions. The affected Party shall promptly update the second notice whenever the information previously provided has changed in any material respect. Obligations other than those the performance of which is adversely affected by such Force Majeure shall continue to be performed in accordance with the provisions of this Contract. A Party claiming Force Majeure shall take all necessary and useful steps with all reasonable dispatch to ensure the prompt resumption of the performance of the concerned obligations.
- 30.4 During the occurrence of any event giving rise to force majeure any surface rentals which may come due during the occurrence of force majeure may be suspended by the Authority until the end of the event giving rise to the force majeure."
- 30.5 Nothing in this Article 29 shall, in and of itself, be construed to require the Contractor to settle any strike, lockout or other labor or industrial dispute except as may be required by applicable Law.
- 30.6 Where an accident or an emergency occurs, the Operator shall, to the extent necessary, suspend Petroleum Operations for as long as the requirement of prudent operations warrants, and shall notify the Authority promptly of any such suspension. The Operator shall consult with the Authority as to the duration of such suspension if it determines that a suspension of more than 72 hours is necessary.
- 30.7 Where special circumstances exist, the Director General may after consultation with the Board order that Petroleum Operations be suspended to the extent necessary to avoid imminent and material risks to health, safety or the environment, or may impose particular conditions permitting the continuation of petroleum activities, in each case in accordance with Good International Petroleum Industry Practice.
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- 30.8 If the accident, emergency or special circumstances giving rise to a suspension of Petroleum Operations under Article 29.6 or 29.7 constitutes Force Majeure, such suspension shall be taken into account in determining the delay adjustments authorized by Article 29.1.

ARTICLE 31

TERMINATION

- 31.1 This Contract may be terminated at any time by the Authority if the Contractor is in material default in the performance of its obligations under this Contract and fails to cure or remedy such default within ninety (90) days following notice to the Contractor describing such default in reasonable detail (within thirty (30) days in the case of a default that is a material payment default described in Article 30.2), provided that if such material default is not a payment default by the Contractor and cannot be cured or remedied within ninety (90) days despite the exercise of reasonable diligence by the Contractor, then there shall be no right to terminate so long as the Contractor has commenced as promptly as practicable actions reasonably necessary to cure or remedy such breach and diligently pursues such actions until the default is cured or remedied.

If the Contractor within said thirty (30) or ninety (90) day period refers the question of whether the default exists or constitutes a material default to arbitration in accordance with the provisions of Article 31, then termination of this Contract may not occur unless and until (i) the arbitration proceeding results in an arbitral award determining that a material default in fact exists, and (ii) the Contractor has thereafter been afforded the full cure period otherwise provided by this Article 30.1 (or such lesser cure period as the arbitral award shall allow as fair and reasonable under all the facts and circumstances) and has failed to cure such default within such period. The arbitration tribunal's award shall be final and binding on the Parties and shall be immediately enforceable.

- 31.2 A failure of the Contractor to make any payment or payments due to the Authority or the State under this Contract in excess of \$500,000 in the aggregate shall be deemed to constitute a material default for the purposes of giving notice under Article 30.1 (i) if the payment is due on a date and in an amount determinable solely by reference to the terms of this Contract and is more than twenty (20) days overdue, or (ii) in any other case, if the payment has not been made within twenty (20) days from notice from the Authority of the amount due, setting forth the computation of the payment, the source of the obligation to make the payment and the required payee, and stating that the payment is overdue and unpaid.
- 31.3 This Contract shall automatically terminate if any payment required by Article 16.2(a) or the payment required by Article 16.3 is not made by or on behalf of the Contractor within twenty (20) days of the due date thereof or if the guarantee required by Article 33.2 is not delivered to the Authority within fifty (50) days of the Effective Date, in either case without requirement of action by or prior notice from the Authority or any other Governmental Authority of the State.
- 31.4 This Contract may also be terminated by the Authority by giving ninety (90) days' prior written notice to the Contractor in any of the following events:
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- (a) if any guarantee required or permitted by Article 33 is no longer in full force and effect, or the entity obligated under such guarantee has become insolvent or has sought the benefit of or been placed into any bankruptcy, insolvency, liquidation or similar proceeding, or material indebtedness for money borrowed of such obligor or material amounts the payment of which is guaranteed by such obligor have become immediately due and payable and has not been paid within thirty (30) days, unless such guarantee is within ninety (90) days thereafter replaced with a substantially similar guarantee in a form reasonably acceptable to the Minister of Justice and the Minister of Finance and Development Planning, and the Minister of Finance and Development Planning shall have reasonably determined that the obligor under such guarantee has the financial capacity to meet its obligations under such instrument; or
- (b) if, for reasons other than Force Majeure, production of Petroleum in commercial quantities shall have ceased for more than twelve (12) months with no acceptable reasons under Good International Petroleum Industry Practice, provided that if there are at the time multiple authorized Exploitation Areas under this Contract, the Contract may be terminated only with respect to the Exploitation Area or Areas for which production has so ceased; or
- (c) any representation or warranty made by a participant in the Contractor pursuant to Article 32.2(b), (c), (d) or (e) is incorrect in any way material to the performance by such participant of its obligations (or the enforceability of such obligations) under this Contract and is not made correct to the reasonable satisfaction of the Authority within 90 days of notice thereof by the Authority to the Contractor, or
- (d) if any representation or warranty made by a participant in the Contractor set forth in Article 32.2(a) or Article 32.5 is incorrect in any material respect and notice thereof is given by the Authority to the Contractor, unless all of such entity's rights and obligations under this Contract have been acquired or assumed by one or more of the other entities participating in the Contractor (not themselves similarly situated) assumed in the manner provided in the last sentence of Article 26.2

ARTICLE 32

ARBITRATION AND EXPERT DETERMINATION

- 32.1 Any dispute, controversy, or claim arising out of, relating to, or in connection with this Contract, including with respect to the formation, applicability, breach, termination, validity or enforceability thereof (a “**Dispute**”), other than a Dispute that is required to be resolved by Expert Determination as provided in Article 31.9, shall, if not settled by negotiation as provided in Article 31.2, be finally settled by arbitration between the State and the Contractor (together, the “**Parties to the Arbitration**”) as provided in Articles 31.3 through 31.8, provided that no Party may submit any Dispute to arbitration unless and until it has complied with its obligations under Article 31.2. Notwithstanding the foregoing, the Contractor may commence an arbitration with respect to the subject matter of a notice from the Authority of an alleged material default under Article 30.1 without first seeking negotiation under Article 31.2.
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- 32.2 If either the State, acting through the Authority, or the Contractor wishes to submit any Dispute to arbitration, it shall first serve notice on the other Party setting forth a description of the Dispute and requesting that the Authority and the Contractor meet promptly to negotiate an amicable settlement. Following any such notice, the Parties shall use reasonable endeavors to reach such a settlement and, without limiting the generality of the foregoing, representatives of the Authority and the Contractor shall meet and attempt in good faith to negotiate a settlement.
- 32.3 If within three (3) months from the date of notice of a Dispute requesting negotiations in accordance with Article 31.2, the State and the Contractor have not reached settlement, either the State or the Contractor may by notice to the other commence arbitration under this Article 31 with respect to the Dispute which is the subject of such notice, whether the meetings provided for in Article 31.2 have occurred or not. Any Dispute concerning the propriety of the commencement of arbitration shall be settled finally by arbitration pursuant to this Article 31.
- 32.4 Any arbitration commenced under this Article 31 shall be conducted in accordance with the UNCITRAL Arbitration Rules in effect at the Effective Date except as they may be modified herein or by mutual agreement of the Parties. The seat of the arbitration shall be in London, England, and the arbitration shall be conducted in the English language. The appointing authority for the arbitration shall be the London Court of International Arbitration as provided in Articles 8 to 10 of the UNCITRAL Arbitration Rules 2010, as in effect at the Effective Date. All hearings shall be held in London, England or in such other location(s) as the Parties to the Arbitration may agree. The Parties to the Arbitration irrevocably submit to the jurisdiction of the English courts for the limited purpose of enforcing this Article 31. For the avoidance of doubt, the arbitrators shall, in accordance with Article 41 of the UNCITRAL Arbitration Rules 2010, as in effect during the Effective Date, determine appropriate cost allocation for the arbitration, provided that such costs shall not be Petroleum Costs.
- 32.5 The chairman of the arbitral tribunal shall not have the same nationality as any of the Parties to the Arbitration, and for the purposes of this Article 31.5, the Contractor shall be deemed to have the nationality of the entity that ultimately Controls the Operator and of the each other entity that ultimately Controls an entity with a participating interest in the Contractor of at least twenty percent (20%) . The arbitration award shall be final and binding on the Parties to the Arbitration. Each Party to the Arbitration agrees to carry out any award against it without delay and waives its right to any form of recourse based on grounds other than those contained in the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 insofar as such waiver can validly be made. Notwithstanding, no claims or actions to enforce an arbitral award shall be made against Government of Liberia National Defense assets or National Security assets, or against any bank accounts wherever situated, consisting of the Consolidated Fund or subaccounts thereunder, of the Republic of Liberia.
- 32.6 A Party's duty to perform
- (a) any obligation under this Contract that is the subject matter of a Dispute submitted to arbitration under this Article, or
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- (b) any obligation under this Contract which a Party cannot reasonably be expected to perform (having regard to the commercial circumstances then existing) with such a Dispute outstanding

shall be suspended during the arbitration proceedings until a final arbitration award is made by the arbitral tribunal and all time periods applicable to such obligations in the Contract shall be extended by the period of the arbitration proceedings. However, in the aggregate, the duration of the Contract shall not be extended by more than two (2) years. Any issue between the Parties as to whether a Party cannot reasonably be expected to comply with contractual time limits relating to an obligation under this Contract during the arbitration proceedings shall be referred to the arbitral tribunal formed for the Dispute to be dealt with in a final award in respect of the Dispute.

The Contractor shall first enforce any arbitral award of damages in its favor against the assets of the State or NOCAL utilized in, or the income of the State or NOCAL, from the exploration, development and production of Petroleum. Such award may be enforced against other assets or income of the State only if (a) such Petroleum-related assets or income are insufficient to satisfy such award or (b) the Contractor has been prevented from recovering from, or has otherwise been unable to recover from, such assets or income the full amount of such judgment or award, provided that if the Contractor has recovered all development expenditures incurred under this Contract, any such award may be enforced only against such Petroleum-related assets or income of the State or NOCAL.

Notwithstanding the foregoing, no award may be enforced against assets of the State used to maintain national security or for military or diplomatic purposes.

32.7 All notices required under this Article 31 shall be given as provided in Article 34 except as the arbitral panel may otherwise determine after hearing from the parties.

32.8 Expert Determination

- (a) An “**Expert**” is an individual appointed in accordance with this Article to resolve an issue subject to Expert Determination in accordance with this Contract.
 - (b) Whenever an issue is subject to Expert Determination, the Authority and the Contractor shall agree on the appointment of an independent Expert with the relevant qualifications and experience for the particular issue to be resolved by Expert Determination and shall agree on the terms of the Expert’s appointment and the submission required by clause (d) of this Article 31.8.
 - (c) If the Authority and the Contractor are unable to agree on an Expert or the terms of the Expert’s appointment within thirty (30) days of either the Authority or the Contractor serving details of a suggested expert and proposed terms of appointment on the other, either of them shall then be entitled to request the International Centre of Expertise of the International Chamber of Commerce (the “**Centre**”) to appoint an Expert in accordance with its Rules of Expertise.
 - (d) The Expert is required to prepare a written decision and give notice (including a copy) of the decision to the Authority and the Contractor within a maximum of thirty (30) days of the submission to the Expert by the Authority and the
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Contractor of an explanation of the issue, the relevant Contract provisions and the nature of the required resolution or such further period as may reasonably be requested by the Expert and (if more than fifteen (15) days) agreed to by the Authority and the Contractor. If the Expert is appointed by the Centre under the Centre's Rules of Expertise, the time period in the previous sentence shall run from the establishment of the Expert's mission in accordance with such rules.

- (e) If the Expert dies or becomes unwilling or incapable of acting, or does not deliver the decision within the time required by this Article then:
 - (i) if the Authority and the Contractor cannot agree on the discharge of such Expert and the appointment of a replacement Expert or if the original Expert was appointed by the Centre, then either the Authority or the Contractor may apply to the Centre to discharge the Expert (if appointed by the Centre) and to appoint a replacement Expert in accordance with the Rules of Expertise; and
 - (ii) this Article 31.9 shall apply to the new Expert as if such Expert were the first Expert appointed.
 - (f) All matters under this clause must be conducted and the Expert's decision shall be written in the English language.
 - (g) The Authority and the Contractor are each entitled to make independent submissions to the Expert, including oral submissions if the Expert concludes that they will assist in reaching a determination, and each of them shall timely provide the Expert with such assistance and documents available to it as the Expert reasonably requires for the purpose of reaching a decision. The Expert shall establish a schedule for and the format of any such submissions.
 - (h) To the extent not provided for by this Article, the Expert may, in the exercise of reasonable discretion, determine such other procedures to assist with the conduct of the determination as the Expert considers just or appropriate.
 - (i) Each of the Authority and the Contractor shall with reasonable promptness supply the other with all documents and other information and material available to it on which it relies in support of its position on the matter to be determined.
 - (j) The Expert shall act as an expert and not as an arbitrator. The Expert's written decision on the matters referred to the Expert shall be final and binding on the Parties in the absence of manifest error or fraud.
 - (k) The costs in relation to the reference to the Expert shall be borne by the Contractor and shall constitute Petroleum Costs.
 - (l) All matters concerning the process of the determination by the Expert shall be kept confidential among the Parties and the Expert.
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- (m) Each of the Authority and the Contractor shall act reasonably and cooperate to give effect to the provisions of this Article 31.9 and otherwise do nothing to hinder or prevent the Expert from reaching a determination.

ARTICLE 33

REPRESENTATIONS, WARRANTIES AND COVENANTS

- 33.1 The State represents and warrants to the Contractor as follows:
 - (a) On the Effective Date, the execution, delivery and performance of this Contract will have received all necessary approvals and authorizations of the Government of Liberia and will constitute the legal, valid and binding obligation of the State.
 - (b) No other person has any Petroleum rights with respect to the Contract Area.
 - 33.2 Each Non-State Party participating in the Contractor represents and warrants to the State as of the Effective Date or as of such later date on which it becomes a party to this Contract as follows:
 - (a) As of such date it is a Permitted Transferee.
 - (b) It is a corporation duly organized and validly existing under the laws of its jurisdiction of organization.
 - (c) It is not a Prohibited Person, none of its officers or directors (or other individuals or entities having similar rights and powers with respect to such entity) are Prohibited Persons, no individuals or entities that directly or indirectly Control such entity are Prohibited Persons, and no officers or directors of (or other individuals or entities having similar rights and powers with respect to) such Controlling entity are Prohibited Persons.
 - (d) The execution, delivery and performance of this Contract by such entity do not conflict with, or result in a breach of, or constitute a default under, its certificate of incorporation, bylaws, articles of association, or under any agreement among the shareholders or other owners of such entity, or under any agreement or instrument in respect of borrowed money to which it is subject.
 - (e) No authorization or approval or other action by, and no notice to or filing with, any non-Liberian Governmental Authority is required for the due execution, delivery and performance by such entity of this Contract other than those that have been duly obtained.
 - (f) This Contract has been duly authorized by all necessary corporate action on the part of such entity, and this Contract constitutes a legal, valid and binding obligation of such entity enforceable against it in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity
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(regardless of whether such enforceability is considered in a proceeding in equity or at law).

- (g) If such entity is the Operator, it has directly or through the corporate group of which it is a part the experience, financial capacity, expertise, technical know-how and systems required to carry out the obligations of the Contractor under this Contract, including the Exploration of the Delimited Area and, if warranted, the appraisal, development and exploitation of any Fields discovered in such Exploration.

33.3 Each entity participating in the Contractor shall provide the Authority, prior to its execution of this Contract, with a written report satisfactory to the Authority setting forth:

- (a) the name, place of incorporation or organization and registered office of all companies and entities having Control over the reporting entity, up to and including its ultimate parent entity;
 - (b) the stock exchange or exchanges, if any, on which the equity securities of such ultimate parent entity are listed and a English language copy of the most recent annual report and financial statements filed by it with each of such exchanges;
 - (c) the full name and title of each of the directors and officers of the entity participating in the Contractor and of all directors and senior officers of its ultimate parent entity (or persons having comparable responsibilities in the case of such ultimate parent entity that is not a corporation);
 - (d) as to any class of equity securities of the ultimate parent entity that are publicly traded, the report shall identify each Person holding legal title to at least five percent (5%) of such class and the beneficial owner or owners of such securities (a) actually known to the chairperson of the board of directors or similar management body, the chief executive officer, the treasurer or the chief legal officer or (b) as set forth in publicly available filings as of a date not more than 10 days prior to the date of such report required to be made by such owners by applicable law or the rules of the primary stock exchange on which such securities are traded ;
 - (e) as to any class of equity securities of the ultimate parent entity that are not publicly traded, the report shall identify each Person holding legal title to at least five percent (5%) of such class (or a statement that there are no such holders) and the certification of each such identified holder that it is the beneficial owner of such securities or setting forth the beneficial owner of such securities; and
 - (f) if any entity intervening between an entity participating in the Contractor and its ultimate parent entity is not directly or indirectly wholly owned by the ultimate parent entity (other than director's qualifying shares), the shareholders of such entity, the full name and title of all of the directors and officers of such entity, the precise nature of the equity interests in such entity not owned directly or indirectly by the ultimate parent entity, and whether such equity interests collectively represent more than a 5% interest in the income or profits of the entity participating in the Contractor,
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- 33.4 If the ultimate parent company is controlled by a limited number of shareholders known to the board of director or senior management of such entity, each entity participating in the Contractor shall provide the Authority within one hundred fifty (150) days after the end of the fiscal year of such ultimate parent company with a report complying with clauses (b) through (f) of Article 32.3.
- 33.5 Each of the Parties represents and warrants to and covenants with each other Party as follows:
- (a) If such Party is the State, neither the State nor any person acting on behalf of the State has made, promised to make, or will make any payment or transfer of anything of value, directly or indirectly, to or for the benefit of an official or an official's family member or to an intermediary for payment to or for the benefit of an official or an official's family member in connection with this Contract or the transactions contemplated hereby, where such payment or transfer is in violation of anti-corruption laws.
 - (b) If such Party is an entity participating in the Contractor, neither it, any of its Affiliates nor any person acting on its behalf or on behalf of any such Affiliate has made, promised to make or will make any payment or transfer of anything of value, directly or indirectly, to or for the benefit of an official or an official's family member or to an intermediary for payment to or for the benefit of an official or an official's family member in connection with this Contract or the transactions contemplated hereby, where such payment or transfer is in violation of anti-corruption laws.
 - (c) For the purposes of this Article 32.5,
 - (i) “**official**” means (1) any employee or officer of the State, including any regional or local department or agency or instrumentality thereof, (2) any employee or officer of any enterprise owned or Controlled by the State, (3) any official of a political party in Liberia, (4) any official or employee of a public international organization, and (5) any candidate for political office in Liberia, together with any Person acting for, or on behalf of, any of the individuals described in clauses (1) through (5); and
 - (ii) “**anti-corruption laws,**” with respect to a representation made by a Party pursuant to clause (a) of this Article 32.5 means an anti-corruption law that is part of the Laws of the Republic of Liberia, and with respect to a representation made by a Party pursuant to clause (b) of this Article 32.5 means an anti-corruption law that is part of (1) the Laws of the Republic of Liberia; (2) the laws of such Party's home country, (3) the laws of the home country of such Party's ultimate parent company, (4) the listing requirements of the principal stock exchange upon which such Party's ultimate parent company is listed (if it is a listed company), or (5) the laws of the country in which such exchange is located applicable to companies listed upon such exchange.
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ARTICLE 34

SECURITY FOR CONTRACTOR'S PERFORMANCE

- 34.1 The Contractor shall provide adequate security for the performance of the Contractor's obligations under this Contract as provided in this Article 33.
- 34.2 The adequate security shall be an irrevocable guarantee substantially in the form set forth in Annex III from the ultimate parent company of an entity participating in the Contractor or from a creditworthy wholly-owned subsidiary of the ultimate parent of such entity in an initial amount equal to US\$250,000,000, which amount shall increase to US\$500,000,000 when the Contractor's first development and production plan is approved under Article 5. At the time of the approval of the Contractor's first development and production plan, the Contractor may request that the aggregate liability under the guarantee be allocated among those Non-State Parties that are or are owned by international petroleum companies participating in the Contractor (or their respective wholly-owned subsidiaries) in proportion to their respective percentage participations in the Contractor. In any such case, the liabilities under such guarantees may be adjusted from time to time as the participating shares in the Contractor change, but downward adjustments will be permitted only concurrently with upward adjustments in other guarantees or the delivery of new guarantees on behalf of entities newly participating in the Contract. All new guarantees and all upward adjustments in the amount of a guarantee will be subject to a favorable determination of the Ministry of Finance and Development Planning as to the financial capacity of the obligor under such guarantee to meet its obligations thereunder.
- 34.3 If any guarantee provided under this Article 33 is no longer in full force and effect, or an event of the kind referred to in Article 30.2 has occurred with respect to the obligor under such guarantee, or material indebtedness for money borrowed of such obligor or for money the payment of which is guaranteed by such obligor has become immediately due and payable and has not been paid within thirty (30) days, the Contractor shall within thirty (30) days thereafter replace such guarantee with a substantially similar guarantee from a guarantor satisfactory to the Ministry of Finance and Development Planning as provided in Article 33.2.
- 34.4 With the consent of the Minister of Finance and Development Planning and the Minister of Justice, the Authority may accept as an alternative to any guarantee required by this Article 33 a standby letter of credit in the required amount, issued by a creditworthy internationally recognized bank in so-called "evergreen" format. The Contractor shall pay the fees and expenses of international counsel retained by the Authority to review and comment on the terms of any such letter of credit.

ARTICLE 35

NOTICES

- 35.1 All notices, including all requests, applications, approvals or other communications authorized or required between the Parties by any of the provisions of this Contract (a) shall be in writing, (b) shall be in the English language, (c) shall conspicuously refer to
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the date of and the Block covered by this Contract and to the provisions of this Contract to which such notice relates, and (d) shall be delivered by hand, by facsimile, by a PDF attachment to an electronic mail, by postage prepaid registered mail (if the recipient of such communication is located in a jurisdiction in which registered mail is regularly delivered by the local postal service), by prepaid internationally recognized courier service, or by any other means of communication agreed upon in writing by the Parties.

Notice by facsimile or electronic mail is valid under this Contract only to facsimile numbers or electronic email addresses set forth below or identified as acceptable to a Party by notice to the other Parties pursuant to this Article 34. If a communication is in the form of a PDF attachment to an electronic mail message, the information required by the following sentence shall appear in both the electronic mail message and in the attachment. A notice shall bear a legible original signature (or a legible electronic reproduction of the signature) of a representative of the sending Party responsible for such notice and all notices shall indicate the identity of such representative and state how he or she may be reached by telephone and, if practical, electronic mail. A notice under this Contract is not effective until delivery.

- 35.2 Delivery of a notice to a Party shall be deemed to have occurred in any one of the following circumstances:
- (a) Facsimile confirmation of receipt is electronically issued to the sender by the fax receiving device if the recipient has indicated a fax number for notices.
 - (b) Electronic mail confirmation of receipt originated by the recipient is received at the electronic mail address of the sender.
 - (c) Written confirmation of receipt is received by the individual or postal or courier service delivering the notice and returned to the sender.
 - (d) The recipient has otherwise directly or indirectly acknowledged receipt of the notice in writing.
 - (e) Verification of receipt of the notice has been obtained in any other manner specifically agreed to in writing by the Parties.

35.3 All notices under this Contract from the Authority, NOCAL, the Ministry of Finance and Development Planning, the Ministry of Justice or any other ministry or agency of the State to the Contractor or to the Operator shall be addressed as follows :

Any notice to the Contractor or the Operator alleging a failure of the Contractor or the Operator to comply with any requirement of this Contract or with any applicable Law shall in addition be given to each entity comprising the Contractor at such entity's address for notices as set forth in this Agreement (if any) or as provided to the Authority from time to time pursuant to Article 34.4.

35.4 Each entity participating in the Contractor other than the Operator shall within sixty (60) days from the Effective Date, or within sixty (60) days after it becomes a participant in the Contractor, if later than the Effective Date, establish and thereafter maintain an address in Monrovia, Liberia, for the receipt of notices given under this Contract and shall provide such address to the Authority.

35.5 All notices on behalf of the Contractor or any entity comprising the Contractor:

(a) to the Authority shall be delivered by hand or courier and by email and addressed as follows

1000 Monrovia
10 Liberia
Email: _____

(b) to the State as such shall be delivered (i) to the Authority, as provided in clause (a) of this Article 34.5 and (ii) delivered by hand or by courier to the Ministry of Justice, as provided in Article 34.7.

35.6 A copy of any notice to the Contractor concerned in any way with any purported financial obligation of the Contractor or any guarantee provided in accordance with the terms of this Contract or any provision of this Contract specifically referencing the Ministry of Finance and Development Planning shall be delivered by hand or by courier to:

The Minister of Finance and Development Planning
Ministry of Finance and Development Planning
Broad Street
Monrovia, Liberia

35.7 A copy of any notice under this Contract alleging or relating to any failure of a Party to this Contract to comply with the terms of this Contract or with any applicable Law shall be delivered by hand or by courier to:

The Minister of Justice
Ministry of Justice
9th Street, Sinkor
Monrovia, Liberia

35.8 Any entity identified by name in this Article 34 or that has designated an address for notices under Article 34.4 may at any time, upon prior notice to the each entity named in this Article 34, change the designation of any individual or official title named to receive notices under this Contract, or the address or other contact information of the office in Liberia authorized to receive such notices.

The Authority shall provide to any entity named in this Article 34 on request a list of the then current information held by it with respect to the participants in the Contractor under Article 34.4.

- 35.9 All notices furnished by the Contractor under this Contract shall be delivered to the required recipients in duplicate paper copies, and, if more than six (6) pages long, shall be accompanied by a reproducible electronic copy in a format reasonably acceptable to the Authority.

ARTICLE 36

MISCELLANEOUS

- 36.1 All amounts payable by the Contractor to the State under this Contract (a) must be paid by wire transfer of immediately available funds, indicating the provision of this Contract under which the payment is made and the purpose of the payment, and (b) must be made to the Consolidated Fund unless this Contract expressly otherwise provides. The Authority shall use its best efforts to cause the Ministry of Finance and Development Planning to deliver as soon as reasonably practical a receipt or other official document evidencing payment of the amount and the purpose. Because the account number for payments into the Consolidated Fund will change from fiscal year to fiscal year, it is the responsibility of the Contractor to request the Ministry of Finance and Development Planning for relevant payment instructions prior to the commencement of each new fiscal year (July 1 to June 30). The payment instruction for the current fiscal year appears in Article 36.3.

- 36.2 Except as expressly provided in this Contract, any amendment of or supplement to this Contract shall be by the mutual written agreement of the Contractor, on the one hand, and by the Authority and the Minister of Finance and Development Planning acting together on behalf of the State, on the other hand, and shall not become effective until (i) attested by the Minister of Justice, (ii) signed by the President of the Republic of Liberia, (iii) approved by the Legislature, and (iv) published in Handbills by the Authority and the Ministry of Foreign Affairs. The Authority shall publish the approved amendment or supplement on its website.

Either the Authority or the Contractor may (i) extend the time for the performance of any of the obligations of the other, (ii) waive any inaccuracies in the representations and warranties of the other contained herein or in any document delivered pursuant hereto, or (iii) waive any noncompliance by the other with, or default by the other under, any provision of this Contract, provided that such extension or waiver must be in writing. No waiver or extension of time given by the Authority under this Contract that affects the determination of amounts due from the Contractor under this Contract for amounts payable to the Consolidated Fund or purports to delay the due date of any payment due from the Contractor under this Contract for amounts payable to the Consolidated Fund by more than thirty (30) days is valid unless the Minister of Finance and Development Planning has agreed thereto in writing. Actions under this paragraph are not modifications or amendments of, or supplements to, this Contract.

- 36.3 The non-exercise or partial exercise by a Party of any of its rights under the terms of this Contract shall not in any case constitute a waiver of that right. Without prejudice to the generality of the foregoing, the failure of any agency of the State to make any inspection described in this Contract or provided for under applicable Law or to ascertain in any such inspection the existence of any breach by the Contractor of any of its obligations under this Contract or applicable Law shall not affect the ability of the State to require
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full compliance by the Contractor with such obligations unless otherwise specified in applicable Law.

- 36.4 This Contract, including the Annexes attached to it, represents the entire agreement between the Parties and shall from the Effective Date supersede all previous oral and written negotiations and agreements between the Parties.
- 36.5 Headings in this Contract are inserted for purposes of convenience and reference and in no event shall define, restrict or describe the scope or object of the Contract or of any of its clauses.
- 36.6 The terms and conditions of this Contract shall inure to the benefit of and be binding upon the successors by operation of Law and permitted assignees of the Parties including without limitation in the case of the State, all future manifestations or forms of public power exercising sovereign authority over all or part of the present territory of Liberia.
- 36.7 Any amount due the State or the Authority hereunder and not paid within ten (10) days of the date on which it was otherwise due shall bear interest at the Contract Interest Rate from the due date until paid in full.
- 36.8 Notwithstanding termination of this Contract by any Party or for any reason, including a termination due to a finding that this Contract or a portion thereof is void, invalid, or unenforceable, all liabilities of any Party accruing prior to such termination, all abandonment and environmental remediation and restoration obligations of the Contractor under this Contract, and all other obligations of the Contractor under Article 22 shall survive such termination. Moreover, any such termination shall be without prejudice to rights, duties and obligations of any Party that have accrued prior to termination and, notwithstanding such termination, such provisions of this Contract as are reasonably necessary for the full enjoyment and enforcement of such accrued rights, duties and obligations shall survive such termination for the period necessary.
- 36.9 Should any Article of this Contract, or any provision or term of any Article, be found to be void, invalid or unenforceable, in whole or in part, then the remaining Articles, and those unaffected provisions or terms of any other Articles which contain any void, invalid or unenforceable provision or term, shall nevertheless remain valid and subsisting and shall be construed as if this Contract had been executed without such void, invalid or unenforceable Articles, provisions or terms. Any otherwise void, invalid or unenforceable Article, term or provision of this Contract shall be so construed, or reformed, as to alter, amend or change any such term, provision or condition to the extent necessary to render it valid, lawful and enforceable, while also giving maximum effect to the Parties' originally intended purpose or result, short of creating any void, invalid or unenforceable provision, term or condition.
- 36.10 Apart from the State, the Authority, and the Contractor (and the entities participating in the Contractor), no person shall have any rights under this Contract.
- 36.11 Specific performance or similar equitable remedies may not be awarded against any Party. Each of the Parties hereto expressly waives and forgoes any right to punitive, exemplary or similar damages. No Party shall have any liability under this Contract (including without limitation under Articles 7.10 and 12.1) for any form of consequential loss; provided that, so long as appropriate adjustments are made for the time value of
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money and for future uncertainties, loss of profits may be taken into account in determining damages attributable to expropriation by the State or to a material breach of this Contract.

- 36.12 Nothing in this Contract is intended to limit or exclude any Party's liability under any applicable anti-corruption law. The Parties hereby acknowledge that a violation of anti-corruption law will be subject to the appropriate remedies under the law, including Liberian penal law.

ARTICLE 37

EFFECTIVE DATE

- 37.1 The "**Effective Date**" is the date upon which this Contract has been executed by the Parties, attested by the Minister of Justice of the Republic of Liberia, signed by the President of the Republic of Liberia, approved by the national legislature of the Republic of Liberia, and published by the Authority on its website. No Party may enforce any provision of this Contract other than this Article 36 (and any other provision of this Contract expressly referred to in this Article 36) if the Effective Date has not occurred by _____, 201_ (as such date may be extended by agreement between the Authority and the Contractor, but not beyond _____, 201_).
- 37.2 Notwithstanding Article 36.1, if the text of this Contract as approved by the Legislature and published by the Authority does not match the text of this Contract signed by the Parties (other than mechanical or typographical inconsistencies that could not be thought to have substantive significance), either Party, by notice to the other Party given within ten (10) days after it has received a copy of this Contract as approved by the Legislature and published by the Authority, may cancel this Contract without liability to the other Party, and the Effective Date shall conclusively be deemed not to have occurred.
- 37.3 If this Contract does not become effective because of the failure of the Effective Date to occur within the time provided pursuant to Article 36.1 or is cancelled pursuant to Article 36.2, no Party shall have any further obligation under this Contract except that (i) the confidentiality obligations of the Parties under Articles 9.10 through 9.15 of this Contract shall survive, (ii) each Party shall promptly identify to the other Party any information provided by it that it deems confidential under the provisions of such Articles, and (iii) the Authority shall promptly return any guarantee or letter of credit delivered under Article 33 to the Party delivering the same.

If this Contract becomes effective and then is terminated pursuant to Article 30.3, the participants in the Contractor shall remain jointly and severally liable for the payment of all the amounts referred to in such Article, and such amounts shall be immediately due and payable, and neither Party shall have any further liabilities under this Contract except as set forth in the preceding sentence.

IN WITNESS WHEREOF, the Parties have signed this Contract on the date first set forth above.

ON BEHALF OF THE AUTHORITY AND THE REPUBLIC OF LIBERIA

Archie N. Donmo
Director General
Liberia Petroleum Regulatory Authority

Minister of Finance and Development Planning
Republic of Liberia

ON BEHALF OF CONTRACTOR

[Names of Contractor Parties]

ATTESTED:

Minister of Justice
Republic of Liberia

APPROVED:

His Excellency
Dr. George M. Weah
President of the Republic of Liberia

Annexes

Annex I description of the contract area
Annex II accounting procedure
Annex III form of parent company financial and performance guarantee
