

APPENDIX "O"

YINKA FOLAWIYO PETROLEUM COMPANY LIMITED AND LIBERTY TECHNICAL SERVICES LTD.
OPERATING AGREEMENT DATED MARCH 13, 1992

16

Schedule "C"

International Joint Venture Operating Agreement

between

LIBERTY TECHNICAL SERVICES LTD.

and

YINKA FOLAWIYO PETROLEUM COMPANY LIMITED

Agreement covering: Concession Block 309

Project Management AGREEMENT

THIS AGREEMENT is made as of the Effective Date
among

Yinka Folawiyo Petrolreum, Company Limited a company
incorporated in Nigeria

----- (hereinafter referred to as "Owner"); and

Liberty Technical Services Ltd , a company incorporated
in Calgary, Canada.

(hereinafter referred to as "Project Manager");

above may sometimes individually be referred to as "Party"
and collectively as the "Parties".

WITNESSETH

Whereas, the Parties have entered into a Project Management
Agreement

(hereinafter referred to as Agreement) covering
certain areas located in the Nigeria Concession 309, referred
to as the Concession Area, and more particularly described in
Exhibit B to this Agreement; and

WHEREAS, the parties desire to define their respective
rights and obligations with respect to their operations
under the Concession.

NOW, THEREFORE, in consideration of the premises and the
mutual covenants and agreements and obligations set out
below and to be performed, the Parties agree as follows:

S C H E D U L E "C"

[ACCA Logo]

[AIPN Logo]

MODEL FROM INTERNATIONAL PROJECT MANAGEMENT AGREEMENT

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Exhibit "A" - Accounting Procedure

Exhibit "B" - Concession Area

ARTICLE - DEFINITIONS

As used in this Agreement, the following words and terms shall have the meaning ascribed to them below:

- 1.1 Accounting Procedure means the rules, provisions and conditions set forth and contained in Exhibit A to this Agreement.
- 1.2 AFE means an authorization for expenditure pursuant to Article 6.6.
- 1.3 Affiliate means a company, partnership or other legal entity which controls, or is controlled by an entity which controls a Party. Control means the ownership directly or indirectly of

Check one Alternative.

[] ALTERNATIVE NO..1

more than fifty (50) per cent

[] ALTERNATIVE NO. 2

fifty (50) per cent or more of the interest in a company, partnership or legal entity.

- 1.4 Agreed Interest Rate means interest compounded on a monthly basis, at the rate per annum equal to the one (1) month term, LIBOR rate for U.S. Dollar deposits, as published by The Wall Street Journal or if not published, then by the Financial Times of London, plus Two percent (2%), applicable on the first Business Day prior to the due date of payment and thereafter on the first Business Day of each succeeding one (1) month term. If the aforesaid rate is contrary to any applicable usury law, the rate of interest to be charged shall be the maximum rate permitted by such applicable law.

- 1.5 Agreement means this agreement, together with the Exhibits attached to this agreement.

1 1.6 Appraisal Well means any well whose purpose
2 at the time of commencement of drilling such well is
3 the determination of the extent or the volume of
4 Hydrocarbon reserves contained in an existing Discovery
5 1.7 Barrel means a quantity consisting of forty-
6 two (42) United States gallons, corrected to a
7 temperature of sixty (60) degrees Fahrenheit under one
8 (1) atmosphere of pressure.
9 1.8 Business Day means a day on which the banks
10 in London England are customarily open for
11 business.
12 1.9 Calender Quarter means a period of three (3)
13 months commencing with Jan. and ending the following
14 March 31, a period of three (3) months commencing with
15 April 1 and ending on the following June 30, a period
16 of three (3) months commencing with July 1 and ending
17 on the following September 30, or a period of three (3)
18 months commencing with October 1 and ending on the
19 following December 31 according to the Gregorian
20 Calender.
21 1.10 Calender Year means a period of twelve (12)
22 months commencing with January 1 and ending on the
23 following December 31 according to the Gregorian
24 Calender.
25 1.11 Cash Premium means the payment to
26 pursuant to Article 7.5(B) by a Non-Consenting Party
27 to reinstate its rights to participate in an Exclusive
28 Operation.
29 1.12 Commercial Discovery means any discovery of
30 Hydrocarbons which is sufficient to entitled the
31 Parties to apply for authorization from the Government
32 to commence exploitation.

1 1.13 Completion means an operation intended to
2 complete a well through the Christmas tree as a
3 producer of Hydrocarbons in one or more Zones includ
4 ing, but not limited to, the setting of production
5 casing, perforating, stimulating the well and
6 production Testing conducted in such operation.
7 Complete and other derivatives shall be construed
8 accordingly.

9 1.14 Consenting Party means a Party who agrees to
10 participate in and pay its share of the cost of an
11 Exclusive Operation.

12 1.15 Joint Venture Agreement means the instrument
13 concluded
14 between Yinka Folorunso Petroleum Limited and the
15 Parties identified in the second paragraph of this
16 Agreement and any extension, renewal or amendment
17 thereof agreed to in writing by the Parties.

18 1.16 Concession Area means as of the Effective Date
19 the surface area which is described in Exhibit B to
20 this Agreement. The perimeter or perimeters of the
21 Concession Area shall correspond to that area covered by
22 the Concession, as such area may vary from time to time
23 during the term of validity of the Concession.

24 1.17 Cost Oil means that portion of the total
25 production of Hydrocarbons which is allocated to the
26 Parties under the Concession for the recovery of
27 Petroleum Costs.

28 1.18 Day means a calendar day unless otherwise
29 specifically provided.

30 1.19 Defaulting Party shall have the meaning
31 ascribed in Article 8.1.

32 1.20 Deepening means an operation whereby a well
33 is drilled to an objective Zone below the deepest Zone
34 in which the well was previously drilled, or below the
35 deepest Zone proposed in the associated AFE, whichever
is the deeper. Deepen and other derivatives shall be
construed accordingly.

1. 1.21 Development Plan means a plan for the
2 development of Hydrocarbons from an Exploitation Area
3 covering all or a portion of the Concession Area.
4 1.22 Development Well means any well drilled for
5 the production of Hydrocarbons pursuant to a
6 Development Plan.
7 1.23 Discovery means the discovery of an
8 accumulation of Hydrocarbons whose existence until that
9 moment was unknown.
10 *Check if desired.*
11 [] OPTIONAL LANGUAGE
12 provided Hydrocarbons are recovered at the surface
13 in a flow measurable by conventional production test
14 methods.
15 1.24 Effective Date means the date this Agreement
16 comes into effect as stated in Article II.
17 1.25 Entitlement means a quantity of Hydrocarbons
18 of which a Party has the right and obligation to take
19 delivery pursuant to the Concession or, if applicable,
20 an offtake agreement, and shall be derived from that
21 Party's Participating Interest in the Hydrocarbons
22 produced after adjustment for overlifts and underlifts.
23 1.26 Excess Cost Oil shall have the meaning
24 ascribed in Article 19.4.
25 1.27 Exclusive Operation means those operations
26 and activities carried out by Project Manager, pursuant
27 to this Agreement, the costs of which are chargeable to
28 the account of less than all the Parties.
29 1.28 Exclusive Well means a well drilled pursuant
30 to Exclusive Operation.

- 1 1.29 Exploitation Area means that part of the
2 Concession Area which is established pursuant to the
3 Concession or if the Concession does not establish an
4 Exploitation Area, then that part of the Concession Area
5 which is delineated in a Development Plan approved as
6 a Joint Operation or as an Exclusive Operation.
- 7 1.30 Exploitation Period means any and all periods
8 of Exploitation during which the production and removal
9 of Hydrocarbons is permitted under the Concession.
- 10 1.31 Exploration Period means any and all periods
11 of exploration set out in the Concession.
- 12 1.32 Exploration Well means any well drilled
13 during the course of exploration work other than an
14 Appraisal Well or Development Well.
- 15 1.33 G & G Data means only geological, geophysical
16 and geochemical data and other information that is not
17 obtained through a well bore.
- 18 1.34 Government means the government of
19 Federal Government of Nigeria.
- 20 1.35 Government Oil Company means
Nigeria National Petroleum Corporation.
- 21 1.36 Gross Negligence means any act or failure to
22 act (whether sole, joint or concurrent) by a Party
23 which was intended to cause, or which was in reckless
24 disregard of or wanton indifference to, harmful
25 consequences such Party knew, or should have known,
26 such act or failure would have had on the safety or
27 property of another person or entity, but shall not
28 include any error of judgment or mistake made by such
29 Party in the exercise in good faith of any function,
30 authority or discretion conferred on the Party
31 employing such under this Agreement.
- 32 1.37 Hydrocarbons means all substances including
33 liquid and gaseous hydrocarbons which are subject to
34 and covered by the Concession.

1 1.38 In Kind Premium means the grant of interest
2 in production made pursuant to Article 7.5(C) by a Non-
3 Consent Party to reinstate its right under an Exclusive
4 Operation.

5 1.39 Joint Account means those operations
6 maintained by Project Manager in accordance with the
7 provisions of this Agreement and of the Accounting
8 Procedure for Joint Operations.

9 1.40 Joint Operations means those operations and
10 activities carried out by Project Manager pursuant to
11 this Agreement, the costs of which are chargeable to all
12 Parties.

13 1.41 Joint Property means, at any point in time,
14 all wells, facilities, equipment, materials,
15 information, funds and the property held for the Joint
16 Account.

17 1.42 Minimum Work Obligations means those work
18 and/or expenditure obligations specified in the
19 Concession which must be performed in order to satisfy
20 the obligations of the Concession.

21 1.43 Non-Consenting Party means a Party who elects
22 not to participate in an Exclusive Operation.

23 1.44 Non-Project Manager(s) means the Party or
24 Parties to this Agreement other than Project Manager.

25 1.45 Project Management Committee means the
26 committee
27 constituted in accordance with Article V.

27 1.46 Project Manager means a Party to this Agree-
28 ment designated as such in accordance with this
29 Agreement.

30 1.47 Participating Interest means the undivided
31 percentage interest of each Party in the cost required to
carry out the work program on the concession pursuant to the
provisions of the Joint Venture Agreement.

1. 1.48 - Party means any of the entitles named
 2 in the first paragraph to this Agreement and any
 3 respective successors or assigns in accordance
 4 with the provision s of this Agreement.
- 5 1.49 Petroleum Costs means costs and
 6 expenses incurred by the Parties and allowed to
 7 be recovered pursuant to the Concession.
- 8 1.50 Plugging Back means a single operation
 9 whereby a deeper Zone is abandoned in order to
 10 attempt a Completion in a shallower Zone. Plug
 11 Back and other derivatives shall be construed
 12 accordingly.
- 13 1.51 Profit Oil means that portion of the
 14 total production of Hydrocarbons, in excess of
 15 Cost Oil and taxoil, which is allocated to the
 Parties under the terms of the Concession.
- 17 1.52 Recompletion means an operation whereby
 18 a Completion in one Zone is abandoned in order to
 19 attempt a Completion in a different Zone within
 20 the existing wellbore. Recomplete and other
 21 derivatives shall be construed accordingly.
- 22 1.53 Reworking means an operation conducted
 23 in the wellbore of a well after it is Completed
 24 to secure, restore, or improve production in a
 25 Zone which is currently open to production in
 26 the wellbore. Such operations include, but are
 27 not limited to, well stimulation operations,
 28 but exclude any routine repair or maintenance
 29 work, or drilling, Sidetracking, Deepening,
 30 Completing, Recompleting, or Plugging Back of a
 31 well. Rework and other derivatives shall be
 32 construed accordingly.
- 33 1.54 Senior Supervisory Personnel means by
 34 any supervisory employee of a Party who functions
 35 as:
- 36 Check one Alternative.
- 37 [] ALTERNATIVE NO. 1 - Field Supervisor Tier
- 38 Such Party's designated manager or supervisor who
 39 is responsible for, or in charge of onsite
 40 drilling, construction or production and related
 41 operations, or any other field operations; or

1 [] ALTERNATIVE NO. 2 - Facility Manager Tier

2 Such Party's designated manager or supervisor of
3 an onshore or offshore installation or facility
4 used for operations and activities of such Party,
5 but excluding all managers or supervisors who are
6 responsible for or in charge of onsite drilling,
7 construction or production and related operations
8 or any other field operations; or

9 [] ALTERNATIVE NO. 3 - Resident Manager Tier

10 Such Party's senior resident manager, who directs
11 all operations and activities of such Party in the
12 country or region in which he is resident, but
13 excluding all managers or supervisors who are
14 responsible for or in charge of installations or
15 or facilities, onsite drilling, construction or
16 production and related operations, or any other
17 field operations.

18 [] And, in any of the above alternatives, any
19 employee of such Party who functions at a
20 management level equivalent to or superior to or
21 superior to the tier selected, or an officer or
22 a director of such Party.

23 1.55 Sidetracking means the directional
24 control and intentional deviation of a well from
25 vertical so as to change the bottom hole location
26 unless done to straighten the hole or to drill
27 around junk in the hole or to overcome other
28 mechanical difficulties. Sidetrack and other
29 derivatives shall be construed accordingly.

Taxoil means that portion of total production on
 hydrocarbon in excess of costoil and profit oil and
 per Joint Venture Agreement.

30 1.56 Testing means an operation intended to
31 evaluate the capacity of a Zone to produce Hydro-
32 carbons. Test and other derivatives shall be
33 construed accordingly.

34 1.57 Work Program and Budget means a work
35 program for joint Operations and budget thereof
36 as described and approved in accordance with
37 Article VI.

38 1.58 Zone means a stratum of earth containing
39 or thought to contain a common accumulation of
40 Hydrocarbons separately producible from any other
41 common accumulation of Hydrocarbons.

1 [NOTE: Definitions contained in this Concession Agreement
2 must be compared and considered against definitions under
3 the Concession and under applicable laws and regulations
4 the host country.]

1 ARTICLE II - EFFECTIVE DATE AND TERM

2 This Agreement shall have effect from the 12th Day of
3 March, 1992 and shall, subject always to
4 the Parties' continuing obligations under Article XV,
5 continue in effect until the Concession Agreement terminates
6 or, otherwise until all materials, equipment and personal
7 property used in connection with the Joint Operations
8 have been removed and disposed of, and final settlement
9 has been made among the Parties.

10 For the avoidance of doubt, portions of this Agree-
11 ment as described in (A), (B) and (C) below shall remain
12 in effect until:

13 (A) all wells have been properly abandoned in
14 accordance with Article X; and

15 (B) all obligations, claims arbitrations and lawsuits
16 have been settled or otherwise disposed of in accordance
17 with Article 4.5 and Article XVIII; and

18 (C) the time relating to the protection of
19 confidential information and proprietary technology has
20 expired in accordance with Article XVI.

1 (D) Each Party shall pay when due, in accordance with
2 the Accounting Procedure, its Participating Interest
3 share of Joint Account expenses, including cash advance
4 and interests, accrued pursuant to this Agreement.

5 *Check one Alternative if desired*

6 OPTIONAL PROVISION

7 3.3 Government Participation

8 ☐ ALTERNATIVE NO. 1

9 If Government Oil Company elects to participate
10 in the rights and obligations of Parties pursuant to
11 Article _____ of the Concession, the Parties shall
12 contribute, in proportion to their respective
13 Participating Interests, to the interest to be acquired
14 by Government Oil Company and shall execute such
15 documents as may be necessary to effect such transfer of
16 interests and the joinder of Government Oil Company as a
17 party to this Agreement. All payments received for the
18 transfer of such interest shall be credited to the
19 Parties in proportion to their Participating Interests.

18 ☒ ALTERNATIVE NO.2

19 If Government Oil company elects to participate in
20 the rights and obligation of parties pursuant to Article
21 of the Concession, the Parties shall contribute, in
22 proportion to their respective Participating Interest, to
23 the interest to be acquired by Government Oil Company and
24 shall execute such documents as may be necessary to
25 effect such transfer of interests. The rights and
26 obligations of the Parties with respect to each other
27 shall remain unchanged; however, they shall enter into a
28 separate operating agreement with Government Oil Company
29 with respect to the rights and obligations of Government
30 Oil company, on the one hand, and the Parties on the
31 other . All payments received for the transfer of such
32 interest shall be credited to the Parties in proportion
33 to their Participating Interests.

ARTICLE IV - Project Manager

4.1 Designation of Project Manager

ABACAN INTERNATIONAL is designed as Project Manager, and agrees to act as an independent concessionor in accordance with the terms and conditions of the Concession and this Agreement, which terms and conditions shall apply to any successor Project Manager.

4.2 Rights and Duties of Project Manager

- (A) Subject to the terms and conditions of this agreement, Project Manager shall have all the rights, functions and duties of Project Manager under the Concession and shall have exclusive charge of and shall conduct all Joint Project Managers may employ independent contractors and/or operations agents in such Joint Operations.
- (B) In the conduct of JOint Operations Project Manager shall:
 - (1) Perform Joint Operations in accordance with the provisions of the concession, this Agreement and the instructions of the Project Management committee;
 - (2) Conduct all Joint Operations in a diligent, safe and efficient manner in accordance with good and prudent oil field practices and conservation principles generally followed by the international petroleum industry under similar circumstances;
 - (3) Subject to Article 4.6, neither gain a profit nor suffer a loss as a result of being the Project Manager in its conduct of Joint Operations;
 - (4) Perform the duties for the Project Management committee set out in Article V, and prepare and submit to the Project Management Committee the proposed Work Programs, budgets and AFE's as provided in

(5) Acquire all permits, consents, approvals, surface or other rights that may be required for or in connection with the conduct of Joint Operations with the assistance of the owner:

(6) Permit the representatives of any of the Parties to have at all reasonable times and at their own risk and expenses reasonable access to the Joint Operations and to inspect all Joint Property and to conduct financial audits as provided in the Accounting Procedure;

(7) Maintain the Concession Agreement contract in full force and effect. Project Manager shall promptly pay and discharge all liabilities and expenses incurred in connection with Joint Operations and use its reasonable efforts to keep and maintain the Joint Property free from all liens, charges and encumbrances arising out of Joint Operations;

(8) Pay to the Government for the Joint Account, within the periods and in the manner prescribed by the contract and all applicable laws and regulations, all periodic payments, royalties, taxes, fees and other payments pertaining to Joint Operations.

(9) Carry out the obligations of Project Manager pursuant to the contract, including, but not limited to preparing and furnishing such reports, records and information as may be required pursuant to the contract;

(10) Have in accordance with the decisions of Project Management Committee, the exclusive right and obligation to represent the parties in all dealings with the Nigerian Government with respect to matters arising under the contract and joint operations. Project Manager shall notify the other parties as soon as possible of such meetings. Non-operators shall have the right to attend such meetings but only in the capacity of observers.

(11) Take all necessary and proper measures for the protection of life, health, environment and property in the case of an emergency; provided, however, that the Project Manager shall immediately notify the parties of the details of such emergency and measures.

check if desired

OPTIONAL PROVISION: To be included where English Law applies.

[] (12) Include, to the extent practical, in its contracts with independent contractors and to the extent lawful, provisions which:

(a) ensure such contractors can only enforce their contracts against Project Manager;

(b) permit Project Manager, on behalf of itself and Non-operators, to enforce contractual indemnities against, and recover losses and damages suffered by them (insofar as recovered under their contracts) from such contractors; and

(c) require such contractors to take insurance required by Article 4.7(F).

4.3 Employees of Project Manager

Subject to the contract and this Agreement, the Project Manager shall determine the number of employees in consultation with the Owner, the selection of such employees, the work hours and the compensation to be paid all such employees in connection with Joint Project Managers. Project Manager shall employ only such

employees, agents and contractors as are reasonably necessary to conduct joint operations.

4.4 Information Supplied by Project Manager

(A) Project Manager shall provide Non-Project Managers the following data and reports as they are currently produced or compiled from the Joint Operations:

- (1) Copies of all electrical logs or surveys;
- (2) Daily drilling progress reports;
- (3) Copies of all drill stem tests and core analysis reports;
- (4) Copies of the plugging reports;
- (5) Copies of the final geological and geophysical maps and reports;
- (6) Engineering studies, development schedules and annual progress reports on development projects;
- (7) Field and well performance reports, including reservoir studies and reserve estimates;
- (8) Copies of all reports relating to Joint Operations furnished by the Project Manager to the Government, except magnetic tapes which shall be stored by the Project Manager and made available for inspection and /or copying at the sole expense of the Non-Project Manager requesting same;
- (9) Other reports as frequently as is justified by the activities or as instructed by the Project management Committee; and
- (10) Subject to Article 15.3, such additional information for Non-Project Managers as they or any of them may request, provided that the requesting Party or Parties pay the cost of preparation of such

information and that the preparation of such information will not unduly burden Project Manager's administrative and technical personnel. Only Non-Project Managers who pay such costs shall receive such additional information.

(b) Project Manager shall give Non-Project Managers access at all reasonable times to all other data acquired in the conduct of Joint Operations. Any Non-Project Manager may make copies of such other data at its sole expense.

4.5 Settlement of Claims and Lawsuits

(A) Project Manager shall promptly notify the Parties of any and all material claims or suits and such other claims and suits as the Project Management Committee may direct which arise out of Joint Operations or relate in any way to Joint Operations. Project Manager shall represent the Parties and defend or oppose the claim or suit. Project Manager may in its sole discretion compromise or settle any such claim or suit or any related series of claims or suits for an amount not to exceed the equivalent of U.S. Dollars Five Thousand (U.S.\$5,000.00), exclusive of legal fees. Project Manager shall obtain the approval and direction of Operating Committee on amounts in excess of the above stated amount. Each Non-Project Manager shall have the right to be represented by its own counsel at its own expense in the settlement, compromise or defense of such claims or suits.

(B) Any Non-Project Manager shall promptly notify the other parties of any claim made against such Non-Operator by a third party relating to or which may affect the Joint Operations and insofar as such claim relates to or affects the Joint Operations such Non-Project Manager shall defend or settle the same in accordance with any directions given by the Project management Committee and such costs, expenses and damages as are payable pursuant to such defense or settlement shall be for the Joint Account.

(C) Notwithstanding Article 4.5(A) and Article 4.5(B), each Party shall have the right to participate in any such pursuit, prosecution, defense or settlement conducted in accordance with Article 4.5(A) and Article

4.5(B) at its sole cost and expense; provided always that no Party may settle its participating interest share of any claim without first satisfying the Project Management Committee that it can do so without prejudicing the interests of the Joint Operations.

4.6 Liability of Project Manager

(A) Except as set out in this Article 4.6, the Party designated as Project Manager shall bear no cost, expense or liability resulting from performing the duties and functions of the Project Manager. Nothing in this Article shall, however, be deemed to relieve the Party designated as Project Manager from any cost, expense or liability for its participating interest share of Joint Operations.

(B) The Parties shall be liable in proportion to their participating Interests and shall defend and indemnify Project Manager and its consultants, agents, employees, officers and directors (the "Indemnitees") from, any and all cost, expense (including reasonable attorney's fees) and liabilities incident to claims, demands or causes of action of every kind and character brought by or on behalf of any person or entity for damage to or loss of property or the environment, or for injury to, illness or death of any person or entity, which damage, loss, injury, illness or death arises out of or is incident to any act or failure to act by Indemnitees in the conduct of or in connection with Joint Operations regardless of the cause of such damage, loss, injury, illness or death and EVEN THOUGH CAUSED IN WHOLE OR IN PART BY A PRE-EXISTING DEFECT, THE NEGLIGENCE WHETHER SOLE, JOINT OR CONCURRENT). GROSS NEGLIGENCE, STRICT LIABILITY OR OTHER LEGAL FAULT OF PROJECT MANAGER (OR ANY SUCH AFFILIATE); provided that if any Senior Supervisory Personnel of Project Manager, engage in Gross Negligence that proximately causes the parties to incur cost, expense or liability for such damage, loss, injury, illness or death, then:

check one Alternative

[] ALTERNATIVE NO. 1 - NO LIMITATION

Project Manager shall bear all such cost, expenses and liabilities.

[] ALTERNATIVE NO. 2 - Joint Property Limitation

Project Manager shall bear only the actual cost, expense and liability to repair, replace and/or remove Joint Property so damaged or lost, if any.

[] ALTERNATIVE NO. 3 - Financial Limitation

Operation shall bear only the first _____ (U.S. \$ _____) of such cost, expenses and liabilities.

[X] ALTERNATIVE NO. 4 - Complete Limitation

Project Manager shall still bear none of such costs, expenses and liabilities.

(C) Notwithstanding the foregoing under no circumstances shall any Indemnitee (except as a Party to the extent of its participating Interests) bear any cost, expense or liability for environmental, consequential, punitive or any other similar indirect damages or losses, including but not limited to those arising from business interruption, reservoir of formation damage, inability to produce petroleum, loss of profits, pollution control and environmental amelioration or rehabilitation.

4.7 Insurance Obtained by Project Manager

(A) Project Manager shall procure and maintain or cause to be procured and maintained for the Joint Account all insurance in the types and amounts required by the contract and applicable laws, rules and regulations.

(B) Project Manager shall obtain such further insurance, at competitive rates, as the Project Management Committee may from time to time require.

(C) Any Party may elect not to participate in the insurance to be procured under Article 4.7(B) provided such Party:

(1) gives prompt written Notice to that effect to Operations;

(2) does nothing which may interfere with Project Manager's negotiations for such insurance for the other Parties; and

(3) obtains and maintains such insurance (in respect of which an annual certificate of adequate coverage from a reputable insurance broker shall be sufficient evidence) or other evidence of financial responsibility which fully covers its Participating Interest share of the risks that would be covered by the insurance procured under Article 4.7 (B), and which the Project Management Committee may determine to be acceptable. No such determination of acceptability shall in any way absolve a non-participating Party from its obligation to meet each cash call including any cash call in respect of damages and losses and/or the costs of remedying the same in accordance with the terms of this Agreement. If such Party obtains other insurance, such insurance shall contain a waiver of subrogation in favour of all the other Parties and the Project Manager, but only in respect of their interests under this Agreement.

(D) The cost of insurance in which all the Parties are participating shall be for the Joint Account and the cost of insurance in which less than all the Parties are participating shall be charged to the Parties participating in proportion to their respective Participating Interests.

(E) Project Manager shall, in respect of all insurance obtained pursuant to this Article:

(1) Promptly inform the participating Parties when such insurance is obtained and supply them with copies of the relevant policies when the same are issued;

(2) arrange for the participating Parties, according to their respective Participating Interests, to be named as co-insureds on the relevant policies with waivers of subrogation in favour of all the Parties; and

- (3) duly file all claims and take all necessary and proper steps to collect any proceeds and credit any proceeds to the participating Parties in proportion to their respective Participating Interests.
- (F) Project Manager shall use its reasonable efforts to require all contractors performing work in respect of Joint Operations to obtain and maintain any and all insurance in the types and amounts required by any applicable laws, rules and regulations or any decision of the Project Management Committee and shall use its reasonable efforts to require all such contractors to name the Parties as additional insureds on contractor's insurance policies or to obtain from their insurers waivers of all rights or recourse against Project Manager and Non-Project Managers.

4.8 Comming of Funds

Check one Alternative.

☐ ALTERNATIVE NO. 1

Project Manager may commingle with its own funds the monies which it receives from or ofr the Joint account pursuant to this Agreement. Notwithstanding that monies of a Non-Project Manager have been commingled with Project Managers funds, the Project Manager shall account to the Non-Project Managers for the monies of a Non-Project Manager advanced or paid to Project Manager, whether for the conduct of Joint Operations or as proceeds from the sale of production under this Agreement. such monies shall be applied only to their intended use and shall in no way deemed to be funds belonging to Project Manager.

check if desired, in relation to Alternative No. 1.

OPTIONAL PROVISION

☐ Notwithstanding Article 4.8, the Project Management committee shall have right to require Project Manager to segregate from its own funds the monies which it receives form or for the Joint account pursuant to this Agreement.

Check if desired, in relation to Alternative No. 1.

OPTIONAL PROVISION

[] Notwithstanding Article 4.8, the Project Management Committee shall have the right to require Project Manager to segregate from its own funds the monies which Project Manager receives from the Parties in connection with operations on each Exploitation Area.

[X] ALTERNATIVE NO. 2

Project Manager may not commingle with its own fundsthemonies which it receives from or for the Joint Account pursuant to this Agreement.

4.9 Resignation of Project Manager

Subject to Article 4.11, Project Manager may resign as Project Manager at any time by so notifying the other parties at least on hundred and twenty (120) Days prior to the effective date of such resignation.

4.10 Removal of Project Manager

(A) Subject to Article 4.11, Project Manager shall be removed upon receipt of notice from any Non-Project Manager if;

- (1) An order is made by a court or an effective resolution is passed for the dissolution, liquidation, winding up, or reorganization of Project Manager;
- (2) Project Manager dissolves, liquidates or terminates its corporate existence;
- (3) Project Manager becomes insolvent, bankrupt or makes an assignment for the benefit of creditors; or
- (4) A receiver is appointed for a substantial part of Project Manager's assets.

- (B) Subject to Article 4.11, Project Manager may be removed by the decision of the Non-Project Managers if Project Manager has committed a material breach of this Agreement which Project Manager has failed to commence to rectify within (30) days of receipt of a notice from Non-Project Managers detailing the alleged breach. Any decision of Non-Project Manager to give notice of breach to Project Manager or to remove Project Manager under this Article 4.10(B) shall be made by an affirmative vote of two (2) or more of the total number of Non-Project Managers holding a combined Participating Interest of at least sixty five percent (65%).

check if desired.

OPTIONAL PROVISION

- [] (C) If Project Manager together with any Affiliate of Project Manager is or becomes the holder of a Participating Interest of less than _____ percent (____%), then the Project Manager shall be required to promptly notify the other Parties. The Project Management Committee shall then vote within _____ (____) Days of such notification on whether or not a successor Project Manager should be named pursuant

to

Article 4.11.

Check if desired

OPTIONAL PROVISION

- [] (D) If there is a direct or indirect change in control of Project Manager (other than a transfer of control to an Affiliate of Project Manager), Project

Manager

shall vote within _____ Days of such notification on whether or not a successor Project Manager should be

named

pursuant to Article 4.11. For purposes of this Article, control means the ownership directly or indirectly of:

Check the applicable Alternative.

- [X] ALTERNATIVE NO. 1

more than fifty percent (50%)

- [] ALTERNATIVE NO. 2

fifty percent (50%) or more.

of the shares or voting rights of Project Manager.

Check if desired

OPTIONAL PROVISION

[] (E) Subject to Article 4.11, Project Manager may be removed at any time without cause by the affirmative vote of Two (2) or more of the total number of Non-Project Managers holding a combined participating Interest of at least Sixty Five percent (65%).

4.11 Appointment of Successor

When a change of Project Manager occurs pursuant to Article 4.9 or Article 4.10

- (A) The Project Management Committee shall meet as soon as possible to appoint a successor Project Manager pursuant to the voting procedure of article 5.9. However, no party may be appointed successor Project Manager against its will.
- (B) If the Project Manager disputes commission of or failure to rectify a material breach alleged pursuant to Article 4.10(B) and proceedings are initiated pursuant to Article XVIII, no successor Project Manager may be appointed pending the conclusion or abandonment of such proceedings.
- (C) If an Project Manager is removed, other than in the case of Article 4.10(D), neither Project Manager nor any Affiliate of Project Manager shall have the right to vote for itself on the appointment of a successor Project Manager.
- (D) A resigning or removed Project Manager shall be compensated out of the Joint Account for its reasonable expenses directly related to its resignation or removal, except in the case of Article 4.10(B).
- (E) the Project Management Committee shall arrange for the taking of an independent inventory of all Joint Property and hydrocarbons, and an audit of the books and records of the removed Project Manager. Such inventory

and audit shall be completed, if possible, no later than the effective date of the change of Project Manager. The liabilities and expenses of such inventory and audit shall be charged to the Joint Account.

- (F) The resignation or removal of Project Manager and its replacement by the successor Project Manager shall not become effective prior to receipt of any necessary governmental approvals.
- (G) Upon the effective date of the resignation or removal, the successor Project Manager shall succeed to all duties, rights and authority prescribed for Project Manager. The former Project Manager shall transfer to the successor Project Manager custody of all joint Property, books of account, records and other documents maintained by Project Manager pertaining to the Contract Area and to Joint Operations. Upon delivery of the above described property and data, the former Project Manager shall be released and discharged from all obligations and liabilities as Project Manager accruing after such date.

ARTICLE V - Project Management COMMITTEE

5.1 Establishment of Project Management Committee

To provide for the overall supervision and direction of Joint Operations, there is established an Project Management Committee composed of representatives of the Owner, Project Manager and each party holding a participating Interest. Each party shall appoint one (1) representative and one (1) alternate representative to serve on the Project Management Committee. Each party shall as soon as possible after the date of this Agreement give notice in writing to the other parties of the name and address of its representative and alternate representative to serve on the Project Management Committee. Each party shall have the right to change its representative and alternate at any time by giving proper notice to such effect to the other parties.

5.2 Powers and Duties of Project Management Committee

The Project Management Committee shall have power and duty to authorize and supervise Joint Operations that are necessary or desirable to fulfill the Contract and properly explore and exploit the Contract Area in accordance with this agreement and in a manner appropriate in the circumstances.

5.3 Authority to vote

The representative of a Party, or in his absence his alternative representative, shall be authorized to represent and bind such Party with respect to any matter which is within the powers of the Project Management Committee and is properly brought before the Project Management Committee. Each such representative shall have a vote equal to the participating Interest of the Party such person represents. Each alternative representative shall be entitled to attend all Project Management Committee meetings but shall have no vote at such meetings except in the absence of the representative for whom he is alternative and alternate representative, each Party may also bring to any Project Management Committee meetings such technical and other advisors as it may deem appropriate.

5.4 Subcommittees

The Project Management committee may establish such subcommittees, including technical subcommittees, as the Project Management committee may deem appropriate. the functions of such subcommittees shall be in an advisory capacity or as otherwise determined unanimously by the Parties.

5.5 Notice of Meeting

(A) Project Manager may call a meeting of the Project Management committee by giving notice to the Parties at least fifteen (15) Days in advance of such meeting.

(B) Any Party may request a meeting of the Project Management committee by proper notice to all the other Parties. Upon receiving such request, Project Manager shall call such meeting for a date not less than fifteen (15) Days nor more than twenty (20) days after receipt of the request.

(c) The notice periods above may only be waived with the unanimous consent of all the Parties.

5.6 Contents of meeting Notice

(A) Each notice of a meeting of the Project Management committee as provided by Project Manager shall contain:

- (1) The date, time and location of the meeting; and
- (2) An agenda of the matters and proposals to be considered and/or voted upon.

(B) A Party, by notice to the other Parties given not less than seven

(7) Days prior to a meeting, may add additional matters to the agenda for a meeting.

(C) On the request of a Party, and with the unanimous consent of all Parties, the Project Management Committee may consider at a meeting a proposal not contained in such meeting agenda.

5.7 Location of Meetings

All meetings of the Project Management committee shall be held in LONDON, ENGLAND as may be decided by the Project Management committee.

5.8 Project Manager's Duties for Meetings

(A) With respect to meetings of the Project Management Committee any subcommittee, Project Manager's duties shall include, but not be limited to:

- (1) Timely preparation and distribution of the agenda;
- (2) Organization and conduct of the meeting; and
- (3) Preparation of a written record or minutes of each meeting.

(B) The owner shall have the right to appoint the chairman of the Project Management committee.

5.9 Voting Procedure

Except as otherwise expressly provided in this Agreement, all decisions, approvals and other actions of the Project Management committee on all proposals coming before it under this Agreement shall be decided by the affirmative vote of Two (2) or more Parties, which are not Affiliates, then having collectively at least Sixty-five percent (65%) of the Participating Interests.

5.10 Record of Votes

The chairman of the management committee shall make a record of each proposal voted on and the results of such voting at each Project Management Committee meeting. Each representative shall sign and be provided a copy of such record at the end of such meeting and it shall be considered the final record of the decisions of the Project Management Committee.

5.11 Minutes

The secretary shall provide each Party with a copy of the minutes of the Project Management committee meeting within fifteen (15) Days after the end of the meeting. Each Party shall have fifteen (15) Days after receipt of such minutes to give notice of its objections to the minutes to the secretary. A failure to give notice specifying objection to such minutes within said fifteen (15) day period shall be deemed to be approval of such minutes. In any event, the votes recorded under Article 5.10 shall take precedence over the minutes described above.

5.12 Voting by Notice

(A) In lieu of a meeting, Project Manager may submit any proposal for a decision of the Project Management Committee by giving each representative proper notice describing the proposal so submitted. Each Party shall communicate its vote by proper notice to Project Manager and the other Parties within one of the following appropriate time periods after receipt of Project Manager's notice:

(1) Twenty four (24) hours in the case of operations which involve the use of a drilling rig that is standing by in the concession Area.

(2) Fourteen (14) Days in the case of all proposals.

- Check if AFEs require approval.

OPTIONAL PROVISION

[X] (3) Twenty one (21) Days in the case of an AFE or supplemental AFE if submitted for approval pursuant to Article 6.6(A).

(B) Except in the case of Article 5.12(A) (1), any Non-Project Manager may by notice delivered to all Parties within Five (5) Days of receipt of Project Manager's notice request that the proposal be decided at a meeting rather than by notice. In such an event, that proposal shall be decided at a meeting duly called for that purpose, except 5.12(1)

(C) Except as provided in Article X, any Party failing to communicate its vote in a timely manner shall be deemed to have voted against such proposal.

(D) If a meeting is not requested, then at the expiration of the appropriate time period, Project Manager shall give each Party a confirmation notice stating the tabulation and results of the vote.

5.13 Effect of vote

All decisions taken by the Project Management Committee pursuant to this Article, shall be conclusive and binding on all the Parties, except that:

(A) If pursuant to this Article, a joint Operation, other than an operation to fulfill the minimum work obligations, has been properly proposed to the Project Management committee and the Project Management committee has not approved such proposal in a timely manner, then any Party shall have the right for the appropriate period specified below to propose in accordance with Article VII, an Exclusive operation involving operations essentially the same as those proposed for such Joint Operation.

(1) For proposals involving the use of a drilling rig that is standing by in the concession area, such right shall be exerciseable

for twenty-four (24) hours after the time specified in Article 5.12(A)(1) has expired.

(2) For proposals to develop a Discovery, such right shall be exercisable for ten (10) Days after the date the Project Management Committee was required to consider such proposal pursuant to Article 5.6 or Article 5.12;

(3) For all other proposals, such right shall be exercisable for five (5) Days after the date the Project Management Committee was required to consider such proposal pursuant to Article 5.6 or Article 5.12.

(B) If a Party voted against any proposal which was approved by the Project Management Committee and which could be conducted as an Exclusive Operation pursuant to Article VII other than any proposal relating to Minimum Work Obligations, then such Party shall have the right not to participate in the operation contemplated by such approval. Any such Party wishing to exercise its right of non-consent must give notice of non-consent to all other Parties within five (5) Days (or within twenty-four (24) hours if the drilling rig to be used in such operation is standing by in the Concession Area) following Project Management Committee approval of such proposal. The Parties that were not entitled to give or did not give notice of non-consent shall be Consenting Parties as to the operation contemplated by the Project Management Committee approval, and shall conduct such operation as an Exclusive Operation under Article VII. Any Party that gave notice of non-consent shall be a Non-Consent Party as to such Exclusive Operation.

(C) If the Consenting Parties to an Exclusive Operation under Article 5.13 (A) or Article 5.13 (B) concur, then the Project Management Committee may, at any time, pursuant to this Article, reconsider and approve, decide or take action on any proposal that the Project Management Committee declined to approve earlier, or modify or revoke an earlier approval, decision or action.

(D) Once a Joint Operation for the drilling, Deepening, Testing, Sidetracking, Plugging Back, Completing, Recompleting, Reworking or Plugging of a well, has been approved and commenced, such operation shall not be discontinued without the consent of the Project Management Committee; provided, however, that such operation may be discontinued.

- (1) Other circumstances occur which in the reasonable judgement of the Project Manager causes the continuation of such operation to be unwarranted and after notice the Project Management Committee within the period required under Article 5.12 (A) (1) approves discontinuing such operation.

On the occurrence of either the above, Project Manager shall promptly notify the parties that such operation is being discontinued in pursuant to the forgoing, and any Party shall have the right to propose in accordance with article VII an Exclusive Operation to continue such operation.

ARTICLE VI - WORK PROGRAMS AND BUDGETS

6.1 Exploration and Appraisal

(A) Within sixty (60) Days after the date of execution of this Agreement, the Project Manager shall deliver to the Parties a proposed Work Program and Budget detailing the Joint Operation to be performed in the Concession Area for the remainder of the current Calendar Year and, if appropriate, for the following Calendar quarter. Within fourteen (14) Days of such delivery, the Project Management Committee shall meet to consider and to endeavor to agree on a Work Program and Budget.

(B) 30 days prior of each Calendar Year, Project Manager shall deliver to the Parties a proposed Work Program and Budget detailing the Joint Operations to be performed in the Concession Area for the following Calendar Year. Within thirty (30) Days of such delivery, the Project Management Committee shall meet to consider and to endeavor to agree on a Work Program and Budget.

(C) If a Discovery is made, the Project Manager shall deliver any notice of Discovery required under the Concession and shall as soon as possible submit to the Parties a report containing available details concerning the Discovery and Project Manager's recommendation as to whether the Discovery merits appraisal. If the Project Management Committee determines that the Discovery merits appraisal, the Project Manager within fourteen (14) Days, shall deliver to the Parties a proposed Work Program and Budget for the appraisal of the Discovery. Within fourteen (14) Days of such delivery, or earlier if necessary to meet any applicable deadline under the Concession, the Project Management Committee shall meet to consider, modify and then either approve or reject the appraisal Work Program and Budget. If the appraisal Work Program and Budget is approved by the Project Management Committee, the Project Manager shall take such steps as may be required under the Concession to secure approval of the appraisal Work Program and Budget by the Government and Government Oil Company. In the event the Government or the Government Oil Company requires changes in the appraisal Work

Program and Budget, the matter shall be resubmitted to the Project Management Committee for further consideration.

(D) The Work Program and Budget agreed pursuant to this Article shall include the Minimum Work Obligations, or at least that part of such Minimum Work Obligations required to be carried out during the quarter in question under the terms of the Contract. If within the time periods prescribed in this Article the Project Management Committee is unable to agree on such Work Program and Budget, Project Manager shall take such actions, but only such actions for the Joint Account as are necessary to maintain the contract in full force and effect, including the commencement of a Work Program and Budget to fulfil the Minimum Work Obligations required for the given quarter.

(E) Subject to Article 6.7, approval of any such Work Program and Budget, which includes:

(1) an Exploration Well, whether by drilling, Deepening or Sidetracking, shall include approval for:

check one Alternative.

☒ ALTERNATIVE NO. 1 - No Casing Point Election
All expenditures necessary for drilling, Testing and Completing such Exploration Well.

☐ ALTERNATIVE NO. 2 -Casing Point Election - (This alternative shall not apply where Minimum Work Obligations require Testing and Completing of a well.)

Only expenditures necessary for drilling and open-hole Testing of such well. When an Exploration Well has reached its authorized depth, all logs, cores and other approved tests have been conducted and the results furnished to the Parties, Project Manager shall submit to the Parties in accordance with Article 5.12(A)(1) an election to participate in an attempt to complete such well. Project Manager shall include in such

1 submission Project Manager's recommendation on such
Completion attempt and on AFE for such Completion
Costs.

4 (2) an Appraisal Well, whether by drilling, Deepening or
5 Sidetracking, shall include approval for:

6 check one Alternative.

7 [X] ALTERNATIVE NO. 1 - No Casing Point Election
8 All expenditures necessary for drilling, Testing and
9 Completing such Appraisal Well.

10 [] ALTERNATIVE NO. 2 - Casing Point Election -(This
11 alternative shall not apply where Minimum Work
12 Obligations require Testing and Completing of a well.)

13 Only expenditure necessary for drilling, Sidetracking and
14 open-hole Testing of such well. When an Appraisal Well
15 has reached its authorized depth, all logs, cores and
16 other approved tests have been conducted and the results
17 furnished to the Parties, Project Manager shall submit to
the

18 Parties in accordance with Article 5.12(A)(1) an election
19 to participate in an attempt to Complete such well.
20 Project Manager shall include in such submission Project
Manager's recommendation on such Completion attempt and
on AFE for such Completion Costs.

23 (F) Any Party desiring to propose a Completion attempt,
24 or an alternative Completion attempt, must do so within
25 the time period provided in Article 5.12(A)(1) by
26 notifying all other Parties. Any such proposal shall
27 include an AFE for such Completion Costs.

28 6.2 Development

29 (A) If the Operating Committee determines that a
30 Discovery may be commercial, the Project Manager shall,
31 as soon as practicable, deliver to the Parties a
32 Development Plan together with the first annual Work
33 Program and Budget and provisional Work Programs and
34 Budgets for the remainder of the development of the
35 Discovery, which shall contain, inter alia:

- 1 (1) Details of the proposed work to be undertaken, and
 expenditures to be incurred, including the timing of
 same, on a Calendar Year basis;
- 4 (2) An estimated date for the commencement of
5 production;
- 6 (3) A delineation of the proposed Exploitation Area; and
- 7 (4) Any other information requested by the Operating
8 Committee.

9 (B) After receipt of the Development Plan, or earlier if
10 necessary to meet any applicable deadline under the
11 Concession, the Operating Committee shall meet to consider,
12 modify and then either approve or reject the Development Plan
13 and the first annual Work Program and Budget for the
14 development submitted by Project Manager. If the Development
15 Plan is approved by the Operating Committee, Project Manager
16 shall, as soon as possible, deliver any notice of Commercial
17 Discovery required under the Concession and take such other
18 steps as may be required under the Concession to secure
19 approval of the Development Plan by the Government and
20 Government Oil Company. In the event the Government or
21 Government Oil Company requires changes in the Development
22 Plan, the matter shall be resubmitted to the Operating
23 Committee for further consideration.

(C) If the Development Plan is approved, such work shall be
incorporated into and form part of annual Work Programs and
Budgets, and Project Manager shall, on or before Sept 30th, of
each Calendar Year submit a Work Program and Budget for the
Exploitation Area, for the following Calendar Year. Within
forty-five (30) days after such submittal, the Operating
Committee shall endeavor to agree to such Work Program and
Budget, including any necessary or appropriate revisions to
the Work Program and Budget for the approved Development Plan.

6.3 Production

On or before the 30th Day of Sept each Calendar Year, Project Manager shall deliver to the Parties a proposed production Work Program and Budget detailing the Joint Operations to be performed in the Exploitation Area and the projected production schedule for the following Calendar Year. Within three (30) Days of such delivery, the Operating Committee shall agree upon a production Work Program and Budget.

6.4 Itemization of Expenditures

(A) During the preparation of the proposed Work Programs and Budgets and Development Plans contemplated in this Article, Project Manager shall consult with the Operating Committee regarding the contents of such Work Programs and Budgets and development Plans.

(B) Each Work Program and Budget and Development Plan submitted by Project Manager shall contain an itemized estimate of the costs of Joint Operations and all other expenditures to be made for the Joint Account during the Calendar Year in question.

(C) The Work Program and Budget shall designate the portion or portions of the Concession Area in which Joint Operations itemized in such Work Program and Budget are to be conducted and shall specify the kind and extent of such operations in such detail as the Operating Committee may deem suitable.

6.5 Contract Awards

Project Manager shall award each contract for approved Joint Operations on the following basis (the amounts stated are in thousands of U.S. Dollars):

	<u>Procedure A</u>	<u>Procedure B</u>	<u>Procedure C</u>
Exploration and Appraisal Operations	\$0 to \$_____	\$_____ to \$_____	>\$_____
Development Operations	\$0 to \$_____	\$_____ to \$_____	>\$_____
Production Operations	\$0 to \$_____	\$_____ to \$_____	>\$_____

Procedure

(A) Project Manager shall award the contract to the best qualified contractor as determined by cost and ability to perform the contract without the obligation to tender and without informing or seeking the approval of the Project Management Committee, except that before entering into contracts with Affiliates of the Project Manager exceeding U.S. Dollars One hundred thousand (U.S. \$100,000), the Project Manager shall obtain the approval of the Project Management Committee.

Procedure

(B) The Project Manager shall:

- (1) Provide the Parties with a list of the entities whom Project Manager proposes to invite to tender for the said contract;
- (2) Add to such list any entity whom a Party requests to be added within fourteen (14) Days of receipt of such list;
- (3) Complete the tendering process within a reasonable period of time;
- (4) Inform the Parties of the entities to whom the contract has been awarded, provided that before awarding the contracts to Affiliates of the Project Manager which exceed U.S. Dollars _____ (U.S. \$ _____), the Project Manager shall obtain the approval of the Project Management Committee;

- 1 (5) Circulate to the Parties a competitive bid analysts
2 stating the reasons for the choice made; and
- 3 (6) Upon the request of a Party with a copy of the final
4 version of the contract awarded.

5 Procedure

6 (C) Project Manager shall:

- 7 (1) Provide the Parties with a list of the entities
8 whom Project Manager proposes to invite tender
9 for the said contract;
- 10 (2) Add to such list any entity whom a Party
11 requests to be added within fourteen (14) Days
12 of receipt of such list;
- 13 (3) Prepare and dispatch the tender documents to
14 the entities on the list as aforesaid and to
15 Non-Project Managers;
- 16 (4) After the expiration of the period allowed for
17 tendering, consider and analyze the details of
18 all bids received;
- 19 (5) Prepare and circulate to the Parties a
20 competitive bid analysis, stating Project
21 Managers recommendation as the entity to whom
22 the contract should be awarded, the reasons
23 therefore, and the technical, commercial and
24 contractual terms to be agreed upon;
- 25 (6) Obtain the approval of the Operating Committee
26 to the recommended bid; and
- 27 (7) Upon the request of a Party, provide such Party
28 with a copy of the final version of the
29 contract.

30 6.6 Authorization for Expenditure ("AFE") Procedure

- 31 (A) Prior to incurring any commitment or
32 expenditure, which is estimated to be:

- 1 (1) In excess of U.S. Dollars Fifty thousand (U. S.
2 \$50,000) in an exploration or appraisal Work
3 Program and Budget;
- 4 (2) In excess of U.S. Dollars Fifty thousand (U. S.
5 \$50,000) in a development Work Program and
6 Budget; and
- 7 (3) In excess of U.S. Dollars Fifty thousand (U.S.
8 \$50,000) in a production Work Program and
9 Budget.

10 Project Manager shall send to each Party an AFE 11
containing Project Manager's best estimate of the total
funds required to carry out such work; the estimated
timing of expenditures, and any other necessary
supportive information. Notwithstanding the above, the
Project Manager shall not be obliged to furnish an AFE to
the Parties before incurring any commitment or
expenditures in connection with the workover of the well
or wells where such workover is pursuant to an approved
production Work Program and Budget.

20 *check one Alternative.*

21 [] ALTERNATIVE NO. 1

- 22 (B) All AFE's shall be for informational purposes only
and, provided the work and the funds to be expended
therefore are authorized in the current Work
Program and Budget, Project Manager shall not be
required to obtain approval for such AFE prior to
commencement of work.

27 [X] ALTERNATIVE NO. 2

- 28 (B) Prior to expending any monies or incurring any
29 commitments for work, Project Manager shall obtain
the 30 approval of the Operating Committee to such
AFE.

31 *check if desired.*

32 OPTIONAL PROVISION

- 33 [] Any Party voting to disapprove an AFE issued in
furtherance of an approved Work Program and Budget
shall demonstrate that such disapproval is duly
justified and shall state the reasons for such
disapproval.

1 (C) The restrictions contained in this Article shall be
2 without prejudice to Project Manager's rights to
make 3 expenditures as set out on Article 4.2(B)(11)
and 4 Article 13.5.

5 6.7 Overexpenditures of Work Programs and Budgets

6 (A) For expenditures on any line item of an approved
7 Work Program and Budget, Project Manager shall be
8 entitled to incur without furnishing a supplemental
9 AFE an overexpenditure for such line item up to ten
10 percent (10%) of the authorized amount for such line
11 item; provided that cumulative total of all
12 overexpenditures for a Calendar Year shall not
13 exceed five percent (5%) of the total Work Program
14 and Budget in question.

15 (B) At such time that Project Manager is certain that
16 the limits of Article 6.7(A) will be exceeded,
17 Project Manager shall furnish a supplemental AFE for
18 the estimated overexpenditures to the Operating
19 Committee for its approval and shall provide the
20 Parties with full details of such overexpenditures.
21 Project Manager shall promptly give notice of the
22 amounts of overexpenditures when actually incurred.

1 ARTICLE VII - OPERATIONS BY LESS THAN ALL PARTIES

2 7.1 Limitation on Applicability

3 (A) No operations may be conducted in furtherance of the
4 Concession except as Joint Operations under Article
5 V, or as Exclusive Operations under this Article.
6 No Exclusive Operation shall be conducted which
7 conflicts with a Joint Operation.

8 (B) Operations which are required to fulfil the Minimum
9 Work Obligations must be proposed and conducted as
10 Joint Operations under Article V, and may not be
11 proposed or conducted as Exclusive Operations under
12 this Article.

check if desired.

13 OPTIONAL PROVISION

14 [X] Except for Exclusive Operations relating to
15 Deepening, Testing, Completing, Sidetracking,
16 Plugging Back, Recompletions or Reworking of a well
17 drilled to fulfil the Minimum Work Obligations, no
18 Exclusive Operations may be proposed or conducted
19 until the Minimum Work Obligations for the then
20 current Contract period are fulfilled.

21 (C) No Party may propose or conduct an Exclusive
22 Operation under this Article, unless and until such
23 Party has properly exercised its right to propose an
24 Exclusive Operation pursuant to Article 5.13, or is
25 entitled to conduct an Exclusive Operation pursuant
26 to Article X.

27 (D) Subject to this Article, any operation that may be
28 proposed and conducted as a Joint Operation, other
29 than operations pursuant to an approved Development
30 Plan, may be proposed and conducted as an Exclusive
31 Operation.

32 7.2 Procedure to Propose Exclusive Operations

33 (A) Subject to Article 7.1, if any Party proposes to
34 conduct an Exclusive Operation, such Party shall
35 give notice of the proposed operation to all

1 Parties, other than Parties who have relinquished
2 their Participating Interest in the Exploitation
3 Area in which the proposed operation is to be
4 conducted. Such notice shall specify that such
5 operation is proposed as an Exclusive Operation, the
6 work to be performed, the location, the objectives,
7 and estimated cost of such operation.

8 (B) Any party entitled to receive such notice shall have
9 the right to participate in the proposed operation.

10 (1) For proposals to Deepen, Test, Complete,
11 Sidetrack, Plug Back, Recomplete or Rework
12 involving the use of a drilling rig that is
13 standing by in the Concession Area, any such
14 Party wishing to exercise such right must so
15 notify Project Manager within twenty-four (24)
hours 16 after receipt of the notice proposing
the 17 Exclusive Operation.

18 (2) For proposals to develop a Discovery, any Party
19 wishing to exercise such right must so notify
20 the Party proposing to develop within twenty
21 (20) Days after receipt of the notice proposing
22 the Exclusive Operation.

23 (3) For all other proposals, any Party wishing to
24 exercise such right must so notify Project
Manager within ten (10) days after receipt of
the notice proposing the Exclusive Operation;

27 (C) Failure of a Party to whom a proposal notice is
28 delivered to properly reply within the period
29 specified above shall constitute an election by the
30 Party not to participate in the proposed operation.
31

32 (D) If all Parties exercise their rights to participate,
33 then the proposed operation shall be conducted as a
33 Joint Operation. The Project Manager shall commence
such Joint Operation as promptly as practicable and
27 conduct it with due diligence.

1 (E) If less than all Parties entitled to receive such
2 proposals notice properly exercise their rights to
3 participate, then:

4 check one Alternative.

5 [] ALTERNATIVE NO. 1

6 (1) The party proposing the Exclusive Operation,
7 together with any other Consenting Parties,
8 shall have the right exercisable for the
9 applicable notice period set out in Article
10 7.2(B), to instruct Project Manager (subject to
11 Article 7.9(G)) to conduct the Exclusive
12 Operation.

13 (2) If the exclusive Operation is conducted, the
14 Consenting Parties shall bear the sole
15 liability and expense of such Exclusive
16 Operation in a fraction, the numerator of which
17 is such Consenting Party's Participating
18 Interest as stated in Article 3.1(A) and the
19 denominator of which is the aggregate of the
20 Participating Interests of the Consenting
21 Parties as stated in Article 3.1(A), or in such
22 other proportion totaling one hundred percent
23 (100%) of such liability and expense as the
24 Consenting Parties may agree.

25 (3) If such Exclusive Operation has not been
26 commenced within _____ (____) Days
27 (excluding any extension specifically
28 agreed by all parties or allowed by the
29 force majeure provisions of Article XVI),
30 If any Party still desires to conduct such
31 Exclusive Operation, written notice
32 proposing such operation must be
33 resubmitted to the Parties in accordance
34 with Article V, as if no proposal to
35 conduct an Exclusive Operation had been
36 previously made.

37 [X] ALTERNATIVE NO.2

38 (1) Immediately after the expiration of the
39 applicable notice period set out in Article
40 7.2(B), the Project Manager shall notify all
Parties of the names of the Consenting
Parties and the recommendation of the proposing
Party as to whether the Consenting Parties
should proceed with the Exclusive Operation.

- 1 (2) Concurrently, Project Manager shall request
the Consenting Parties to specify the
Participating Interest each Consenting Party is
willing to bear in the Exclusive Operation.
- 5 (3) Within twenty-four (24) hours after receipt of
6 such notice, each Consenting Party shall
7 respond to the Project Manager stating that it
is 8 willing to bear a Participating Interest in
9 such Exclusive Operation equal to:
- 10 (a) Only its Participating Interest as stated
11 in Article 3.1(A);
- 12 (b) A fraction, the numerator of which is such
13 Consenting Party's Participating Interest
14 as stated in Article 3.1(A) and the
15 denominator of which is the aggregate of
16 the Participating Interests of the
17 Consenting Parties as stated in Article
18 3.1(A); or
- 19 (c) The total of its Participating Interest as
20 contemplated by Article 7.2(E)(3)(b) plus
21 all or any part of the difference between
22 one hundred percent (100%) and the total
23 of the Participating Interests subscribed
24 by the other Consenting Parties.
- 25 (4) Any Consenting Party failing to advise Project
Manager within the response period set out
above shall be deemed to have elected to bear
the Participating Interest set out in Article
29 7.2(E)(3)(b) as to the Exclusive Operation.
- 30 (5) If within the response period set out above,
31 the Consenting Parties subscribe less than one
32 hundred percent (100%) of the Participating
33 Interest in the Exclusive Operation, the Party
34 proposing such Exclusive Operation shall be
35 deemed to have withdrawn its proposal for the
36 Exclusive Operation, unless within twenty-four
37 (24) hours of the expiry of the response period
38 set out in Article 7.2(E)(3), the proposing
39 Party notifies the other Consenting Parties

- 1 that the proposing Party Shall bear the
2 unsubscribed Participating Interest.
- 3 (6) If one hundred percent (100%) subscription to
4 the proposed Exclusive Operation is obtained,
5 Project Manager shall promptly notify the
Consenting Parties of their Participating
Interests in the Exclusive Operation.
- 8 (7) As soon as any Exclusive Operation is fully
9 subscribed pursuant to Article 7.2(E)(6)
10 Project Manager (subject to Article 7.9(G)),
shall commence such Exclusive Operation as
promptly as practicable and conduct it with due
13 diligence in accordance with this Agreement.
- 14 (8) If such Exclusive Operation has not been
15 commenced within (120) Days
16 (excluding any extension specifically agreed by
17 all Parties or allowed by the force majeure
18 provisions of Article XVI), the right to
19 conduct such Exclusive Operation shall
20 terminate. If any Party still desires to
21 conduct such Exclusive Operation, written
22 notice proposing such operation must be
23 resubmitted to the Parties in accordance with
24 Article V, as if no proposal to conduct an
25 Exclusive Operation had been previously made.

26 7.3 Responsibility for Exclusive Operations

- 27 (A) The Consenting Parties shall bear in accordance with
28 the Participating Interests agreed under Article
29 7.2(E) the entire cost and liability of conducting
30 an Exclusive Operation and shall indemnify the Non-
31 Consenting Parties from any and all costs and
32 liabilities incurred incident to such Exclusive
33 Operation (included but not limited to all costs,
34 expenses or liabilities for environmental,
35 consequential, punitive or any other similar
36 indirect damages or losses arising from business
37 interruption, reservoir or formation damage,
38 inability to produce petroleum, loss of profits,
39 pollution control and environmental amelioration or
40 rehabilitation) and shall keep the Concession Area

1 free and clear of all liens and encumbrances of
2 every kind created by or arising from such Exclusive
3 Operation.

4 (B) Notwithstanding Article 7.3(A), each Party shall
5 continue to bear its Participating Interest share of
6 the cost and liability incident to the operations in
7 which it participated, including but not limited to
8 plugging and abandoning and restoring the surface
9 location, but only to the extent those costs were
10 not increased by the Exclusive Operation.

11 7.4 Consequences of Exclusive Operations

12 (A) With regard to any Exclusive Operation, for so long
13 as a Non-Consenting Party has the option to re
14 institute the rights it relinquished under Article
15 7.4(B) below, such Non-Consenting Party shall be
16 entitled to have access concurrently with the
17 Consenting Parties, to all data and other
18 information relating to such Exclusive Operation,
19 other than G & G Data obtained in an Exclusive
20 Operation. If a Non-Consenting Party shall have the
21 right to do so by paying to the Consenting Parties
22 its Participating Interest share as set out in
23 Article 3.1(A) of the cost incurred in obtaining
24 such G & G Data.

25 (B) With regard to any Exclusive Operation and subject
26 to Article 7.4(C) (and Article 7.8, if selected)
27 below, each Non-Consenting Party shall be deemed to
28 have relinquished to the Consenting Parties, and the
29 Consenting Parties shall be deemed to own, in
30 proportion to their respective Participating
31 Interests in the Exclusive Operation:

32 (1) All of each such Non-Consenting Party's right
33 to participate in further operations on any
34 Discovery made in the course of such Exclusive
35 Operation; and

36 (2) All of each such Non-Consenting Party's right
37 pursuant to the Contract to take and dispose of
38 Hydrocarbons produced and saved:

1 (a) From the well in which such Exclusive
2 Operation was conducted, and

3 (b) From any wells drilled to appraise or
4 develop a Discovery.

5 (C) A Non-Consenting Party shall have the following and
6 only the following options to reinstate the rights
7 it relinquished pursuant to Article 7.4(B):

8 (1) If the Consenting Parties decide to appraise a
9 Discovery made in the course of an Exclusive
10 Operation, the Consenting Parties shall submit
11 to each Non-Consenting Party the approved
12 appraisal program. For thirty (30) Days (or
13 forty-eight (48) hours if the drilling rig
14 which is to be used in such appraisal program
15 is standing by in the Contract Area) from
16 receipt of such appraisal, each Non-Consenting
17 Party shall have the option to reinstate the
18 rights it relinquished pursuant to Article
19 7.4(B) and to participate in such appraisal
20 program. The Non-Consenting Party may exercise
21 such option by notifying Project Manager within
the 22 period specified above that such Non-
23 Consenting Party agrees to bear its
24 Participating Interest share of the expense and
25 liability of such appraisal program, to pay the
26 lump sum amount as set out in Article 7.5(A)
27 and to pay:

28 *check one Alternative*

29 [X] ALTERNATIVE NO. 1
30 The cash Premium as set out in Article 7.5(B);

31 [] ALTERNATIVE NO. 2
32 The In Kind Premium as set out in Article 7.5(C);

33 [] ALTERNATIVE NO. 3
34 At the choice of the Non-Consenting Party exercising
35 such option, either the Cash Premium as set out in
36 Article 7.5(B) or the In Kind Premium as set out in
37 Article 7.5(c).

1 (2) If the Consenting parties decide to develop a
2 Discovery made or appraised in the course of an
3 Exclusive Operation, the Consenting Parties
4 shall submit to the Non-Consenting Parties a
5 Development plan substantially in the form
6 intended to be submitted to the Government
7 under the Contract. For sixty (60) Days from
8 receipt of such Development Plan or such lesser
9 period of time prescribed by the Contract, each
10 Non-Consenting Party shall have the option to
11 reinstate the rights it relinquished pursuant
12 to Article 7.4(B) and to participate in such
13 Development Plan. The Non-Consenting Party may
14 exercise such option by notifying the Party
15 proposing to act as Project Manager for such
16 Development Plan within the period specified
17 above that such Non-Consenting Party agrees to
18 bear its participating Interest share of the
19 liability and expense of such Development Plan
20 and such future operating and producing costs,
21 to pay the lump sum amount as set out in
22 Article 7.5(A) and to pay:

23 *check one Alternative*

24 ☒ ALTERNATIVE NO. 1

25 The Cash Premium as set out in Article 7.5(B);

26 ☐ ALTERNATIVE NO. 2

27 The In Kind Premium as set out in Article 7.5(C);

28 ☐ ALTERNATIVE NO. 3

29 At the choice of the Non-Consenting Party exercising
30 such option, either the Cash Premium as set out in
31 Article 7.5(B) or the In Kind Premium as set out in
32 Article 7.5(C).

33 (3) If the Consenting Parties decide to Deepen,
34 Test, Complete, Sidetrack, Plug Back,
35 Recomplete or Rework an Exclusive Well and such
36 further operation was not included in the
37 original proposal for such Exclusive Well, the
38 Consenting Parties shall submit to the Non-
39 Consenting Parties the approved AFE for such
40 further operation. For thirty (30) Days (or
41 forty-eight (48) hours if drilling rig which is
42 to be used in such operation is standing by in

1 the Concession Area) from receipt of such AFE,
2 each Non-Consenting Party shall have the option
3 to reinstate the rights it relinquished
4 pursuant to Article 7.4(B) and to participating
5 in such operation. The Non-Consenting Party
6 may exercise such option by notifying the
7 Project Manager within the period specified
above that such Non-Consenting Party agrees to
bear its Participating Interest share of the
liability and expense of such further
operation, to pay the lump sum amount as set
out in Article 7.5(A) and to pay:

13 check one Alternative

14 ☒ ALTERNATIVE NO. 1

15 The Cash Premium as set out in Article 7.5(B);

16 ☐ ALTERNATIVE NO. 2

17 The In Kind Premium as set out in Article 7.5(C);

18 ☐ ALTERNATIVE NO. 3

19 At the choice of the Non-Consenting Party exercising
20 such option, either the Cash Premium as set out in
21 Article 7.5(B) or the In Kind Premium as set out in
22 Article 7.5(C).

23 (D) If a Non-Consenting Party does not properly and in
24 a timely manner exercise such option, including
25 paying in a timely manner in accordance with Article
26 7.5, all lump sum amounts and Cash Premiums, if any,
27 due to the Consenting Parties, such Non-Consenting
28 Party shall have forfeited the options as set out in
29 Article 7.4(C) and the right to participate in the
30 proposed program, unless such program, plan or
31 operation is materially modified or expanded.

32 (E) A Non-Consenting Party shall become a Consenting
33 Party with regard to an Exclusive Operation at such
34 time as the Non-Consenting Party gives proper notice
35 pursuant to Article 7.4(C); provided that such Non-
36 Consenting Party shall in no way be deemed to be
37 entitled to any lump sum amount Cash Premium or In
38 Kind Premium paid incident to such Exclusive
39 Operation. The Participating Interest of such Non-
40 Consenting Party in such Exclusive Operation shall
41 be its Participating Interest

set out in Article 3.1 (A). The Consenting Party shall contribute in proportion to their respective Participating Interests in such Exclusive Operation, the Participating Interest of the Non-Consenting Party. If all Parties participate in the proposed operation, then such operation shall be conducted as a Joint Operation pursuant to Article V.

(F) If after the expiry of the period in which a Non-Consenting Party may exercise its option to participate in a Development Plan the Consenting Parties desire to proceed, the Party chosen by the Consenting Parties proposing to act as Project Manager for such development, shall give notice to the Government under the appropriate provision of the Contract requesting a meeting to advise the Government that the Consenting Parties consider the Discovery to be a Commercial Discovery. Following such meeting such Project Manager for such development shall apply for an Exploitation Area (if applicable in the Contract). Unless the Development Plan is materially modified or expanded prior to the commencement of operations under such plan, each Non-Consenting Party to such Development Plan shall:

- (1) If the Contract so allows, elect not to apply for an Exploitation Area covering such development and forfeit all interest in such Exploration Area, or
- (2) If the Contract does not so allow, be deemed to have:
 - (a) Elected not to apply for an Exploitation Area covering such development;
 - (b) Forfeited all economic interest in such Exploitation Area;
 - (c) Assumed a fiduciary duty to exercise its legal interest in such Exploitation Area for the benefit of the Consenting Parties.

In either case such Non-Consenting Party shall be deemed to have withdrawn from this Agreement to the extent it relates to such Exploitation Area, even if the Development Plan is modified or expanded subsequent to the commencement of operations under such Development Plan.

7.5 Premium to Participate in Exclusive Operations

(A) Within thirty (30) Days of the exercise of its option under Article 7.4 (C), each such Non-Consenting Party shall pay in immediately available funds to the Consenting Parties who took the risk of such Exclusive Operations in proportion to their respective Participating Interests in such Exclusive Operations a lump sum amount payable in the currency designated by such Consenting Parties. Such lump sum amount shall be equal to such Non-Consenting Party's Participating Interest share of all liabilities and expenses, including overhead, that were incurred in every Exclusive Operations relating to the Discovery, or well, as the case may be, in which the Non-Consenting Party desires to reinstate the rights relinquished pursuant to Article 7.4(B), and that were not previously paid by such Non-Consenting Party.

(B) In addition to Article 7.5(A), if a Cash Premium is due, then within thirty (30) Days of the exercise of its option under Article 7.4(C) each such Non-Consenting Party shall pay in immediately available funds, in the currency designated by the Consenting Parties who took the risk of such Exclusive Operations, to such Consenting Parties in proportion to their respective Participating Interests a Cash Premium equal to the total of:

(1) Five Hundred percent (500%) of such Non-Consenting Party's Participating Interest share of all liabilities and expenses, including overhead, that were incurred in any Exclusive Operations relating to the obtaining of the G & G Data which pertains to the Discovery, and that were not previously paid by such Non-Consenting Party plus.

(2) Five Hundred percent (500%) of such Non-Consenting Party's Participating Interest share of all liabilities and expenses, including overhead, that were incurred in any Exclusive Operations relating to the drilling, Deepening, Testing, Completing, Sidetracking, Plugging Back, Recompleting and Reworking of the Exploration well which made the Discovery in which the Non-Consenting Party desire to reinstate the rights it relinquished pursuant to Article 7.4(B), and that were not previously paid by such Non-Consenting Party; plus

(3) Five Hundred percent (500%) of the Non-Consenting Party's Participating Interest share of all liabilities and expenses, including overhead, that were incurred in any Exclusive Operations relating to the drilling, Deepening, Testing, Completing, Sidetracking, Plugging Back, Recompleting and Reworking of the Appraisal Well(s) delineated the Discovery in which the Non-Consenting Party desires to reinstate the rights it relinquished pursuant to Article 7.4(B), and that were not previously paid by such Non-Consenting Party.

(C) In addition to Article 7.5(A), if an In-Kind Premium is due each Non-Consenting Party exercising its option under Article 7.4(C), shall be deemed to grant to the Consenting Parties, and the Consenting Parties, in proportion to their Participating Interests, shall be deemed to accept an In Kind Premium, until such time as the In Kind Premium has been fully satisfied. The In Kind Premium shall be the right to own, take in kind and separately dispose of Hydrocarbons produced out of one Hundred percent (100%) of the Non-Consenting Party's Entitlement to future production (including Cost Oil, Profit Oil and, where applicable under the Contract, gas) from the Exploitation Area for the Discovery in which the Non-Consenting Party desires to reinstate the rights it relinquished pursuant to Article 7.4 (B)(2) (a) and (b) (or if applicable, from only the well in which the Non-Consenting Party desires to reinstate the rights it relinquished pursuant to Article 7.4(B)(2)(a). The value in U.S. Dollars of the In Kind Premium shall equal a total of:

1 (1) _____ percent (____%) of such Non-Consenting
2 Party's Participating Interest share of all liabilities and
3 expenses, including overhead, that were incurred in any Exclusive
4 Operations relating to the obtaining of the portion of the G & G
5 Data which pertains to the Discovery, and that were not previously
6 paid by such Non-Consenting Party; plus

7 (2) _____ percent (____%) of such Non-Consenting
8 Party's Participating Interest share of all liabilities and
9 expenses, including overhead, that were incurred in any Exclusive
10 Operations relating to the drilling, Deepening, Testing,
11 Completing, Sidetracking, Plugging Back, Recompleting and Reworking
of the Exploration Well which made the Discovery in which the
13 Non-Consenting Party desires to reinstate the rights it
14 relinquished pursuant to Article 7.4(B), and that were not
15 previously paid by such Non-Consenting Party; plus

16 (3) _____ percent (____%) of the Non-Consenting
17 Party's Participating Interest share of all liabilities and
18 expenses, including overhead, that were incurred in any Exclusive
19 Operations relating to the drilling, Deepening, Testing,
20 Completing, Sidetracking, Plugging Back, Recompleting and Reworking
21 of the Appraisal Well(s) which delineated the Discovery in which
22 the Non-Consenting Party desires to reinstate the rights it
23 relinquished pursuant to Article 7.4(B), and that were not
previously paid by such Non-Consenting Party; plus

25 (D) The In Kind Premium shall be deemed fully satisfied when the
26 aggregate value (determined in U.S. Dollars in accordance with Article
27 7.5(F)) of the Hydrocarbons received by the Consenting Parties as In
28 Kind Premium equals the sum of the amounts calculated in U.S. Dollars
29 pursuant to Article 7.5(C)). After such satisfaction the Consenting
30 Parties' right to such In Kind Premium shall terminate, and such
31 Non-Consenting Party shall own, take and dispose of its Entitlement from
32 such Exploitation Area. Production from other fields in the Contract
33 Area, outside such Exploitation Area (whether Cost Oil or Profit Oil)

1 shall not be used to satisfy the In Kind Premium. Any obligation of the
2 Non-Consenting Party to satisfy the In Kind Premium shall terminate with
3 the cessation of production from the Exploitation Area (or well, as the
4 case may be) which the In Kind Premium encumbers, and in such event, no
5 cash payment, in lieu of production, shall be due from the
6 Non-Consenting Party for the unsatisfied balance of the In Kind Premium.

7 (E) Within ninety (90) Days after the Completion of any Exclusive
8 Operation, the Operator shall furnish to each Non-Consenting Party that
9 has granted an In Kind Premium in respect of such Exclusive Operation an
10 inventory of the equipment in and connected to the well, and an itemized
11 statement of the cost of such Exclusive Operation, including equipping
12 the well for production. Each Calendar Quarter during the period of
13 satisfying an In Kind Premium, Operator shall furnish to the
14 Non-Consenting Parties that have granted such In Kind Premium an
15 itemized statement of all costs and liabilities incurred in the
16 Exclusive Operation(s), establishing the value of such In Kind Premium
17 together with a statement of the quantity of Hydrocarbons produced to
18 satisfy such In Kind Premium and the amount of proceeds realized from
19 the sale of such production during the preceding Calendar Quarter.

20 (F) For the purpose of determining satisfaction of the In Kind Premium,
21 the value of the Hydrocarbons received by a Consenting Party as In Kind
22 Premium shall be the weighted average price per Barrel (f.o.b. the point
23 of delivery of the Cost Oil and Profit Oil to the Consenting Parties)
24 which such Consenting Party receives from the sale of such Hydrocarbons
25 to non-affiliated purchasers, in arms length transactions. For sales to
26 Affiliates, the price so used shall be the price at which Hydrocarbons
27 of a similar grade, gravity and quality (adjusted for differentials in
28 accordance with regularly established practice) were sold generally on
29 world markets, during the particular period of sale, in free and fair
30 arms length transactions, with due adjustments being made for differing
31 geographical locations. Notwithstanding the fact that royalty or any
32 other payment obligation to the Government is based on an "official" or
33 "Government" stated price, the price used for calculation of the

7.6 Order of Preference of Operations

(A) Except as otherwise specifically provided in this Agreement, if any Party desires to propose the conduct of an operation that will conflict with an existing proposal for an Exclusive Operation, such Party shall have the right exercisable for five (5) Days, or twenty-four (24) hours if the drilling rig to be use dis standing by in the Concession Area, from receipt of the proposal for the Exclusive Operation, to deliver to all Parties entitled to participate in the proposed operation such Party's alternative proposal. Such alternative proposal shall contin the information required under Article 7.2(A).

(B) Each Party/Project Manager receiving such proposals shall elect by delivery of note to Project Manager within the appropriate response period set out in Article 7.2(B) to participate in one of the competing proposals. Any Party not notifying Project Manager within the response period shall be deemed not to have voted.

(C) The proposal receiving the largest aggregate Participating Interest vote shall have priority over all other competing proposals. In the case of a tie vote, the Project Manager shall choose among the proposals receiving the largest aggregate Participating Interest vote. Project Manager shall deliver notice of such result to all Parties entitled to participate in the operation within five (5) Days of the end of the response period, or twenty-four (24) hours if the drilling rig to be used is standing by in the Concession Area.

(D) Each Party shall then have two (2) Days (or twenty-four (24) hours if the drilling rig to be used is standing by in the Contract Area) from receipt of such notice to elect by delivery of notice to Project Manager whether such Party will participate in such Exclusive Operation, or will relinquish its interest pursuant to Article 7.4(B). Failure by a Party to deliver such notice within such period shall be deemed an election not to participate in the prevailing proposal.

Check if desired.

OPTIONAL PROVISION

(E) Notwithstanding the provisions of Article 7.4(B), if for reasons other than encountering of granite or other practically impenetrable substance or any other condition in the hole rendering further operations impracticable, a well drilled as an Exclusive Operation fails to reach the deepest object Zone described in the notice proposing such well, Project Manager shall give notice of such failure to each Non-Consenting Party who submitted or voted for an alternative proposal under this Article to drill such well to a shallower Zone than the deepest objective Zone proposed in the notice under which such well was drilled. Each such Non-Consenting Party shall have the option exercisable for forty-eight (48) hours receipt of such notice to

participate in the initial proposed Completion of such well. Each such Non-Consenting Party may exercise such option by notifying the Project Manager that it wishes to participate in such Completion and by paying its share of the cost of drilling such well to its actual depth, calculated in the manner provided in Article 7.8(B)(1). If any such Non-Consenting Party does not properly elect to participate in the first Completion proposed for such well, the relinquishment provisions of Article 7.4(B) shall continue to apply to such Non-Consenting Party's interest.

7.7 Stand By Costs

(A) When an operation has been performed, all tests have been conducted and the results of such tests furnished to the Parties, stand by costs incurred pending response to any Party's notice proposing an Exclusive Operation for Deepening, Testing, Sidetracking, Competing, Plugging Back, Recompleting, Reworking or other further operation in such well (including the period required under Article 7.6 to resolve competing proposals) shall be charged and borne as part of the operation just completed. Stand by costs incurred subsequent to all Parties responding, or expiration of the response time permitted, whichever first occurs, shall be charged to and borne by the Parties proposing the Exclusive Operation in proportion to their Participating Interests, regardless of whether such Exclusive Operation is actually conducted.

(B) If a further operation is proposed while the drilling rig to be utilized is on location, any Party may request and receive up to five (5) additional Days after expiration of the applicable response period specified in Article 7.2(B) within which to respond by notifying Project Manager that such Party agrees to bear all stand by costs and other costs incurred during such extended response period. Project Manager may require such Party to pay the estimated stand by time in advance as a condition to extending the response period. If more than one Party requests such additional time to respond to the notice, stand by costs shall be allocated between such Parties on a Day-to-Day basis in proportion to their Participating Interests.

Check if desired

OPTIONAL PROVISION

7.8 Special Considerations Regarding Deepening and Sidetracking

(A) An Exclusive Well shall not be Deepened or Sidetracked without first affording the Non-Consenting Parties in accordance with this Article the opportunity to participate in such operation.

(B) In the event any Consenting Party desires to Deepen or Sidetrack an Exclusive Well, Such Party shall initiate the procedure contemplated by Article 7.2. If a Deepening or Sidetracking operation is approved pursuant to such provisions, and if any Non-Consenting Party to the Exclusive Well elects to participate in such Deepening or Sidetracking operation, the payment, if any, pursuant to Article 7.5 of such Non-Consenting and expenses:

(1) If the proposal is to Deepen or Sidetrack and is made prior to the Completion of such well as a Commercial Discovery, then payment shall be based on such Non-Consenting Party's Participating Interest share of the liabilities and expenses incurred in connection with drilling the Exclusive Well from the surface to the depth previously drilled which such Non-Consenting Party would have paid had such Non-Consent Party agreed to participate in such Exclusive Well, plus the Non-Consenting Party's Participating interest share of the liabilities and expenses of Deepening or Sidetracking and of participating in any further operations on such Exclusive well in accordance with the other provisions of this Agreement; provided, however, all liabilities and expenses for Testing and Completing or attempting completion of the well incurred by consenting parties prior to the commencement of actual operations to Deepen or Sidetrack beyond the depth previously drilled shall be for the sole account of consenting parties in the proportion their participating Interest bears to the aggregate of their participating Interests.

(2) If the proposal is to Deepen or Sidetrack and is made for an Exclusive Well that has been previously completed as a Commercial Discovery, but is no longer producing, then payment shall be based on the Non-Consenting Party's participating Interest share of all costs of drilling and Completing said well from the surface to the depth previously drilled, calculated in the manner provided in Article 7.8(B)(1), less those costs recouped by the Consenting Parties from the sale of production from such Exclusive Well, plus the Non-Consenting Party's Participating Interest share of all costs of re-entering said well, plus the Non-Consenting Party's proportionate part (based on the percentage of Exclusive well such Non-Consenting party would have owned had it previously participated in such Exclusive well) of the costs of salvable materials and equipment remaining in the hole and salvable surface equipment used in connection with such well shall be determined in accordance with the Accounting Procedure. If at the time such Deepening or Sidetracking operation is conducted the Consenting Parties have recouped from the Exclusive well the amount calculated pursuant to Article 7.5, then a Non-Consenting Party may participate in the Deepening or Sidetracking of the Exclusive well with no payment for liabilities and expenses incurred prior to re-entering the well for Deepening or Sidetracking.

7.9 Miscellaneous

(A) Each Exclusive Operation shall be carried out by the Consenting Parties acting as the Project Management Committee, subject to the provisions of this Agreement applied mutatis mutandis to such Exclusive Operation and subject to the terms and conditions of the Contract.

(B) The computation of liabilities and expenses incurred in Exclusive Operations, including the liabilities and expenses of Project Manager for conducting such operations, shall be made in accordance with the principles set out in Accounting Procedure.

(C) Project Manager shall maintain separate books, financial records and accounts for Exclusive-Operations which shall be subject to the same rights of audit and examination as the Joint Account and related records, all as provided in the Accounting Procedure. Said rights of audit and examination shall extend to each of the Consenting Parties and each of the Non-Consenting Parties so long as the latter are, or may be, entitled to elect to participate in such operations.

(D) Operator, if it is not a Consenting Party and it is conducting an Exclusive Operation for the Consenting Parties, shall be entitled to request cash advances and shall not be required to use its own funds to pay any cost and expense and shall not be obliged to commence or continue Exclusive Operations until cash advances requested have been made, and the Accounting Procedure shall apply to Operator in respect of any Exclusive Operations conducted by it.

(E) Should the submission of a Development Plan be approved in accordance with Article 5.9, or should any party propose a development in accordance with Article VII, with either proposal not calling for the conduct of additional appraisal drilling, and should any Party wish to drill an additional Appraisal Well prior to development, then the Party proposing the Appraisal Well as an Exclusive Operation shall be entitled to proceed first, but without the right to future reimbursement of costs or to any premium, pursuant to Article 7.5. If, as the result of drilling such Appraisal Well as an Exclusive Operation, the Party proposing to apply for an Exploitation Area decides to not develop the reservoir, then each Non-Consenting Party who voted in favor of such Development Plan prior to the drilling of such Appraisal Well shall pay to the Consenting Party the amount such Non-Consenting Party would have paid had such Appraisal Well been drilled as a Joint Operation.

(F) In the case of any Exclusive Operation for Deepening, Testing, Completing, Sidetracking, Plugging Back Recompleting or Rework, the Consenting Parties shall be permitted to use, free of cost, all casing, tubing and other equipment in the Well, that is not needed for Joint Operations, but the ownership of all such equipment shall remain

unchanged. On abandonment of a well after such Exclusive Operation, the Consenting Parties shall account for all such equipment to the Parties who shall receive their respective Participating Interest shares, in value, less cost of salvage

(G) If the Project Manager is a Non-Consenting Party to an Exclusive Project Manager to develop a Discovery, then subject to obtaining any necessary Government approval the Project Manager may resign, but in any event shall resign on the request of the Consenting Parties, as Project Manager for the Exploitation Area for such Discovery and the Consenting Parties shall select a Party to serve as Project Manager.

1 ARTICLE VII - DEFAULT

2 8.1 Default and Notice

3 Any Party that fails to pay when its Participating
4 Interest share of Joint Account expenses including
5 cash advances and interest, accrued pursuant to this
6 Agreement (a "Defaulting Party") shall be in default
 under this Agreement. PM, or any other Party in the case
 of the default of PM, shall promptly give written notice
 of such default to such Party and each of the non-
 defaulting Parties. The amount not paid by the
 Defaulting Party shall bear interest from the date it is due
 until paid in full. Interest will be calculated using
 the Agreed Interest Rate.

12 Project Management Committee Meetings and Data

13 After any default has continued for five (5)
 Business days from the date of written notice of default
 under Article 8.1 and for as long thereafter as the
 Defaulting Party remains in default on any payment due
 under this Agreement, the Defaulting Party shall not be
 entitled to attend Project Management committee meetings
 or to vote on any matter coming before the Project
 Management committee during the period such default
 continues. Unless agreed otherwise by the non-defaulting
 Parties, the voting interest of each non-defaulting Party
 shall be in the proportion which its Participating
 Interest bears to the total of the Participating
 Interests of all the non-defaulting Parties. Any matters
 requiring unanimous vote of the Parties shall be deemed
 to exclude the Defaulting Party. After the said five (5)
 Business Days and while the Defaulting Party shall not
 have access to any data or information relating to Joint
 Operations, and non-defaulting Parties shall be entitled
 to trade data without such Defaulting Party's consent and
 the Defaulting Party shall have no right to any data
 received on such trade unless and until its default is
 remedied in full. Notwithstanding the foregoing, the
 Defaulting Party shall be deemed to have approved, and
 shall join with the non-defaulting Parties in taking any
 action to maintain and preserve the contract.

1 8.3 Allocation of Defaulted Accounts

2 (A) Project Manager shall, either at the time of giving
notice

of default as provided in Article 8.1, or by separate notice, notify each non-defaulting Party the sum of money it is to pay as its portion (such portion being in the ratio that each non-defaulting Party's Participating Interest bears to the Participating Interests of all non-defaulting Parties) of such amount in default. Each non-defaulting Party shall, if such default continues, pay Project Manager, within five (5) which the Defaulting Party failed to pay. If any non-defaulting Party fails to pay its share of the amount in default as aforesaid, such non-defaulting Party shall thereupon be in default and shall be a Defaulting Party subject to the provisions of this Article. The non-defaulting Parties which pay the amount owed by any Defaulting Party shall be entitled to receive their respective share of the principal and interest payable by such Defaulting Party pursuant to Article 8.1.

(B) The total of all amounts paid by the non defaulting Parties for the Defaulting Party, together with interest accrued on such amounts shall constitute a debt due and owing by the Defaulting party to the non-defaulting Parties in proportion to such amounts paid. In addition the non-defaulting Parties may in the manner contemplated by this Article, satisfy such debt (together with interest) and may accrue an amount equal to the Defaulting Party's Participating Interest share of the estimated cost to abandon any Joint Property.

(C) A Defaulting Party may remedy its default by paying to PM the total amount due, together with interest calculated as provided in Article 8.1 at any time prior to transfer of its interest pursuant to Article 8.4, and upon receipt of such payment Project Manager shall remit to each non-defaulting Party its proportionate share of such amount.

(D) The rights granted to each non-defaulting Party pursuant to this Article, shall be in addition to, and not in substitution for any other

rights or remedies which each non-defaulting Party may have at law or equity or pursuant to the other provisions of this Agreement.

8.4 Transfer of Interest

(A) For thirty (30) Days after each failure by the Defaulting Party to remedy its default by the thirtieth (30th) Day following notice of default without prejudice to any other rights of the non-defaulting Parties to recover the amounts paid for the Defaulting Party, together with interest accrued on such amount, each non-defaulting Party shall have the option to give notice to the defaulting Party requiring the Defaulting Party to transfer its interest to the non-defaulting Parties. To that end if any of the non-defaulting Parties so elect, the Defaulting Party shall be deemed to have transferred and to have empowered the electing non-defaulting parties to execute on said Defaulting Party's behalf any documents required to effect a transfer, of all of its right, title and beneficial interest in and under this Agreement and the contract, and in all wells and Joint Party shall execute a Power of Attorney in the form prescribed by the Project Management Committee. The Defaulting Party shall without delay following any request from the non-defaulting Parties, do any and all acts required to be done by applicable law or regulation in order to render such transfer legally valid, including, without limitation, the obtaining of all governmental consents and approvals, and shall execute any and all documents and take such other actions as may be necessary in order to effect prompt and valid transfer of the interests described above, free of all liens and encumbrances. In the event all Government approvals are not timely obtained, the Defaulting party shall hold its Participating Interests in trust for such non-defaulting Parties who elected to assume such Defaulting Party's Participating Interest.

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(B) In the absence of an agreement among the non-defaulting Parties shall be in the proportion that the non-defaulting Parties shall be in the proportion that the non-defaulting Parties have paid the amounts due from the Defaulting Party.

- 1 (C) Subject to Article 12.1(C), on the effective date of such transfer the Defaulting Party shall forthwith cease to be a party to this Agreement to the extent of the Participating Interest so transferred. The acceptance or non-acceptance by a non-defaulting Party of any portion of a Defaulting Party's Participating Interest shall be without prejudice to any rights or remedies such non-defaulting Parties have to recover the outstanding debts (including interest) owed by the Defaulting Party.

8.5 Continuation of Interest

If within thirth (30) Days after each failure by the Defaulting Party to remedy its default by the thirtieth (30th) Day following notice of default the non-defaulting Parties elect to not acquire the Defaulting Party's Participating Interest as provided in Article 8.4 and to continue to bear the Defaulting Party's Participating Interest share of liabilities and expenses, then the non-defaulting Parties shall accumulate all such liabilities and expenses as a debt pursuant to Article VIII, but the Defaulting Party shall continue to be a Party subject to Article 8.2 and Article 8.7. If PM disposes of any Joint Property or any other credit or adjustment is made to the Joint Account, or if Project Manager sells any of the Defaulting Party's Participating Interest share of Hydrocarbons, then, in respect of the Defaulting Party's Participating Interest share of proceeds of such disposal, credit or adjustment or sale, Project Manager shall be entitled to retain and to set off the same against all amounts, together with interest accrued on such amount, due and owing from the Defaulting Party plus an accrued amount equal to the Defaulting party's Participating Interest share of the estimated cost to abandon any Joint Property. Any surplus remaining after setting off the same as aforesaid shall be paid promptly to the defaulting Party.

30 8.6 Abandonment

If, within thirty (30) Days after the failure by Defaulting Party to remedy its default by the thirtieth (30th) Day as aforesaid, no

non-defaulting Party elects to acquire the Defaulting Party's Participating Interest as provided in Article 8.4, or to bear the Defaulting Party's Participating Interest share of liabilities and expenses as provided in Article 8.5, then no transfer shall be made and Joint Operations shall be abandoned subject to any necessary consents and notices being given, and each Party, including the Defaulting Party shall pay its Participating Interest share of all costs of abandoning and relinquishing the Contract. If abandonment occurs as aforesaid, all monies paid by the non-defaulting Parties for the Defaulting Party pursuant to Article 8.3, together with interest accrued on such amount, shall remain a debt due and owing by the Defaulting Party.

8.7 Sale of Hydrocarbons

If a Party defaults after the commencement of commercial production and has not remedied the default by the thirtieth (30th) Day as aforesaid, then, during the continuance of such default, the Defaulting Party shall not be entitled to its participating interest share of Hydrocarbons which shall vest in and be the property of non-defaulting Parties, and Project Manager shall be authorized to sell such Hydrocarbons at the best price obtainable under the circumstances and, after deducting all costs, charges and expenses incurred by PM in connection with such sale, pay the proceeds proportionately to the non-defaulting parties which proceeds shall be credited against all monies advanced pursuant to Article 8.3, together with interest accrued thereon. Any surplus remaining shall be paid to the Defaulting Party, and any deficiency shall remain a debt due from the Defaulting Party to the non-defaulting Parties. Notwithstanding any such sales by Project Manager, the provisions of Article 8.4 shall continue to apply,

28 8.8 No Right of Set Off

Each Party acknowledge and accepts that a fundamental principle of this Agreement is that each Party pays its Participating Interest Share of all amounts due under this Agreement as and when required. Accordingly, any Party which becomes a Defaulting Party undertakes that,

in respect of either any exercise by the non-defaulting Parties of any rights under or the application of any of the provisions of this Article, such Party shall not raise by way of set off or invoke as a defense, whether in law or equity, any failure to pay amounts due and owing under the Agreement or any alleged or unliquidated claim that such Party may have against Project Manager or any Non-Operator, whether such claim arises under this Contract or otherwise. Such party further undertakes not to raise by way of defense, whether in law or in equity, that the nature of the amount of the remedies granted to the non-defaulting Parties is unreasonable or excessive.

ARTICLE IX - DISPOSITION OF PRODUCTION

9.1 Right and Obligations to Take in Kind

Except as otherwise provided in this Article, each Party shall have the right and obligation to own, take a kind and separately dispose of its Participating Interest share of total production available to the Parties pursuant to the Contract from any Exploitation Area in such quantities and in accordance with such procedures as may be set forth in the offtake agreement referred to in Article 9.2 or in the special arrangements for natural gas referred to in Article 9.3. If Government Oil Company is party to the offtake agreement, then the Parties shall endeavour to obtain its agreement to the principles set forth in this Article.

9.2 Offtake Agreement for Crude Oil

If crude oil is to be produced from an Exploitation Area, the Parties shall in good faith, and not less than three months prior to first delivery of crude oil, negotiate and conclude the terms of an agreement to cover the offtake of crude oil produced under the Contract. The government Oil company may, if necessary and practicable, also be party to the offtake agreement. This offtake agreement shall, to the extent consistent with the Contract, make provision for:

(A) The delivery point, at which title and risk of loss of Participating Interest shares of crude oil shall pass to the Parties interested (or the Parties may otherwise agree);

(B) Project Manager's regulator periodic advice to the Parties of estimates of total available production for succeeding periods, Participating Interest shares and grades of crude oil, for as far ahead as is necessary for Project Manager and the Parties to plan offtake arrangements. Such advice shall also cover for each grade of crude oil total available production and deliveries for the preceding period, inventory and overlifts and underlifts;

(C) Nomination by the Parties to Project Manager of acceptance of their Participating Interest share of total available production for the succeeding period. Such nominations shall in any one period be for each party's entire Participating Interest share arising during that period subject to operational tolerance and agreed minimum economic cargo sizes or as the parties may otherwise agree;

(D) Elimination of overlifts;

(E) If offshore loading or shore terminal for vessel loading is involved, risks regarding acceptability of tankers, demurrage and (if applicable) availability of berths;

(F) Distribution to the Parties of Entitlements to ensure, to the extent Parties take delivery of their Entitlements in proportion to the accrual of such Entitlements, that each Party shall receive currently Entitlements of grades, gravities and quality of Hydrocarbons similar to Hydrocarbons received by each other Party.

(G) To the extent that distribution of Entitlements on such basis is impracticable due to availability of facilities and minimum cargo sizes, a method of making periodic adjustments; and

(H) The option and the right of the other Parties to sell an Entitlement which a Party fails to nominate for acceptance pursuant to (C) above or of which a Party fails to take delivery, in accordance with applicable agreed procedures, provided that such failure either constitutes a breach of Project Manager's or Parties' obligations under the terms of the Contract, or is likely to result in the curtailment or shut-in of production. Such sales shall be made only to the limited extent necessary to avoid disruption in Joint Operations. Project Manager shall give all Parties as much notice as is practicable of such situation and that a sale option has arisen. Any sale shall be of the unominated or undelivered Entitlement as the case may be and for reasonable periods of time as are consistent with the minimum needs of the industry and in no

event to exceed twelve (12) months. The right of sale shall be revocable at will subject to any prior contractual commitments. Sales to non-affiliated third parties shall be for the realized price f.o.b. the delivery point. Sales to any of the Parties or their Affiliates shall be at current market value f.o.b. the delivery point. The Party arranging the sale shall pay to the Party whose Entitlement is involved the above price after deduction of all costs, including storage costs, incurred in respect of such sale and a marketing fee of an agreed percentage of the applicable price less deductions, reflecting actual costs of disposal at immediate notice. Current market value shall be the value of the Entitlement in international markets (unless the Entitlement was required to be delivered into the Government, domestic market, in which case it shall be the value therein) between a willing buyer and a willing seller and shall be agreed between the two Parties concerned, or failing agreement, determined by an expert to be appointed in accordance with procedures set forth in the offtake agreement.

9.3 Separate Agreement for Natural Gas

The Parties recognize that if natural gas is discovered it may be necessary for the Parties to enter into special arrangements for the disposal of the natural gas, which are consistent with the Development Plan and subject to the terms of the Concession.

ARTICLE X - ABANDONMENT OF WELLS

10.1 Abandonment of Wells Drilled as Joint Operations

(A) Any well which has been drilled as a Joint Operation and which is proposed to be plugged and abandoned shall not be plugged and abandoned without the consent of all Parties.

(B) Should any such Party fail to reply within the period prescribed in Article 5.12(A)(1) or Article 5.12(A)(2), whichever is applicable, after delivery of notice of the Project Manager's proposal to plug and abandon such well, such Party shall be deemed to have consented to the proposed abandonment. If all the Parties consent to abandonment, such well shall be plugged and abandoned in accordance with applicable regulations and at the cost, risk and expense of the Parties who participated in the cost of drilling such well.

(C) If all Parties do not agree to the abandonment of such well, those wishing to continue operations shall assume financial responsibility over the well and shall be deemed to be Consenting Parties conducting an Exclusive Operation pursuant to Article VII.

In the case of producing well, the Consenting Parties shall be entitled to continue producing only from the Zone open to production at the time they assumed responsibility for the well.

(D) Consenting Parties taking over a well as provided above shall tender to each of the Non-Consenting Parties such Non-Consenting Parties' Participating Interest share of the value of the well's salvable material and equipment, determined in accordance with the Accounting Procedure, less the estimated cost of salvaging and the estimated cost of plugging and abandoning as of the date the Consenting Party assumed responsibility for the well; provided, however, that in the event the estimated plugging and abandoning and the estimated cost of salvaging are higher than the value of the well's salvable material and equipment, each of the abandoning Parties shall continue to be

(B) Any Party shall have the right to extend the term of the Exploration or Exploitation period or any phase of the Concession Agreement to enter into a new phase of the Exploration period or extend the term of the concession. Any Party not wishing to extend, shall have a right to withdraw, subject to the requirements of Article XIII.

ARTICLE XII - TRANSFER OF INTERESTS OR RIGHTS

12.1 Obligations

(A) Subject always to the requirements of the Concession, the transfer of all or part of a Party's Participating interest shall be effective only if it satisfies the terms and conditions of this Article.

(B) Except in the case of a Party transferring all of its participating Interest, no transfer shall be made by any Party which results in the transferor or the transferee holding a participating Interest of less than five percent (5%) or holding any Interest other than a participating Interest in the concession, the Concession Area and this Agreement.

(C) The transferring Party shall, notwithstanding the transfer, be liable to the other Parties for any obligations, financial or otherwise, which have vested, matured or accrued under the provision of the Concession Agreement or this Agreement prior to such transfer. Such obligations shall include, without limitation, any proposed expenditure approved by the Project Management Committee, prior to the transferring Party notifying the other Parties of its proposed transfer.

(D) The transferee shall have no rights in and under the concession, the Concession Area or this Agreement unless and until it obtains the necessary Government's approval and expressly undertakes in writing to perform the obligations of the transferor under the concession and this Agreement in respect of the Participating Interest being transferred, to the satisfaction of the Parties and furnishes any guarantees required by the Government or the Concession.

(E) The transferee shall have no rights in and under the concession, the Concession Area or this Agreement unless each Party has consented in writing to such transfer, which consent shall be denied only if such transferee fails to establish to the reasonable satisfaction of each

Party its financial or technical capability to perform its obligations under the Concession Agreement and this Agreement.

(F) Nothing contained in this Article shall prevent a Party from mortgaging, pledging, charging or otherwise encumbering all or part of its interest in the concession Area and in and under this Agreement for the purpose of security relating to finance provided that:

- (1) Such party shall remain liable for all obligations relating to such interest;
- (2) the encumbrance shall be subject to any necessary approval of the Government and be expressly subordinated to the rights of the other Parties under this Agreement; and
- (3) such party shall ensure that any such mortgage, pledge, charge or encumbrance shall be expressed to be without prejudice to the provisions of this Agreement.

Check one optional Alternative if desired.

☒ OPTIONAL ALTERNATIVE NO. 1 - Preferential Rights

(G) Any transfer of all or a portion of participating Interest whether directly or indirectly by assignment, merger, consolidation, or sale of stock, or other conveyance, other than with or to an Affiliate, shall be subject to the following procedure:

- (1) Once the transferor party and a proposed transferee (a third party or a party) have fully negotiated the final terms and conditions of a transfer, such final terms and conditions shall be disclosed in detail to all parties in a written notification from the transferor. Each party shall have the right to acquire the participating interest from the transferor on the same terms and conditions agreed to by the proposed transferee if, within thirty (30) Days of transferor's written notification, such party delivers to all other parties a counter-notification that it accepts the agreed upon terms and conditions of the transfer without

reservations or conditions. If no party delivers such counter notification, the transfer to the proposed transferee may be made, subject to the other provisions of this Article 12, under terms and conditions no more favorable to the transferee than those set forth in the notice to the parties, provided that the transfer shall be concluded within one hundred eighty (180) Days from the date of the notice plus such reasonable additional period as may be required to secured governmental approvals.

(2) If more than one Party counter-notifies that it intends to acquire the participating interest which is the subject of the proposed transfer, then each such party shall acquire a proportion of the participating interest to be transferred equal to the ratio of its own participating interest to the total participation interest of all the counter-notifying parties, unless they otherwise agree; and

(3) In the event that a party's proposed transfer of part or all of its participating interest involves consideration other than cash or involves other properties included in a wider transaction (package deal) then the consideration payable for the participating interest exclusively shall be allocated a reasonable and justifiable cash value by the transferor in any notification to the other parties. Such other parties may satisfy the requirements of this Article by agreeing to pay such cash value in lieu of the consideration payable in the third-party offer.

[] OPTIONAL ALTERNATIVE NO. 2 - Right of First Negotiation

(G) Any transfer of all or a portion of a party's participating Interest whether directly or indirectly by assignment, merger, consolidation, sale of stock, or other conveyance, other than with or to an Affiliate shall be subject to the following procedure:

(1) In the event that a party wishes to transfer any part or all of its participating interest, it shall send all other parties

written notification of its intention and invite them to submit offers therefor. The other Parties shall have thirty (30) Days from the date of such notification to deliver a counter-notification with a binding offer in accordance with Article 12.1(G)(3). If the prospective transferor Party accepts the offer, the prospective transferor and the offering Party shall have the next sixty (60) Days in which to negotiate in good faith and execute the terms and conditions of a mutually acceptable transfer agreement. If the prospective transferor does not find any Party's offer acceptable, or if sixty (60) Days elapse and it is evident to the prospective transferor that a fully negotiated agreement with an offering Party is not imminent, the prospective transferor shall be entitled for a period of one hundred eighty (180) Days, plus such reasonable additional period as may be necessary to secure governmental approvals, to transfer its Participating Interest to a third party subject to the obligations set forth in this Article, so long as terms and conditions of the transfer to a third party are more favorable to the prospective transferor than the best terms and conditions offered by any Party;

(2) If more than one Party counter-notifies the prospective transferor that it intends to acquire the Participating Interest which is the subject of the proposed transfer, then each such Party shall acquire a proportion of the Participating Interest to be transferred equal to the ratio of its own Participating Interest to the total Participating Interests of all the counter-notifying Parties, unless they otherwise agree;

(3) All Parties giving such counter-notice shall meet to formulate a joint offer. Each such Party shall make known to the other Parties the highest price or value in which it is willing to offer to the prospective transferor. The proposal with the highest price or value shall be offered to the prospective transferor as the joint proposal of the Parties still willing to participate in such offer under the provisions of (1) and (2) above;

(4) In the event that a Party's proposed transfer of part or all of its Participating Interest involves consideration other than cash or involves other properties included in a wider transaction (package deal), then the consideration payable for the Participating Interest exclusively shall be allocated a reasonable and justifiable cash value by the prospective transferor in any notification to the other Parties. Such other Parties may satisfy the requirements of this Article by agreeing to pay such cash value in lieu of the consideration payable in the third-party offer.

12.2 Rights

(A) Each Party shall have the right, subject to the provisions of Article 12.2, to freely transfer its Participating Interest.

Check if desired.

OPTIONAL PROVISION

(B) If the transfer of all or a portion of a Party's Participating Interest whether directly or indirect by assignment, merger, consolidation, sale of stock, or other conveyance is part of a wider transaction (package deal) involving such assets, such transfer shall be subject to Article 12.2(G), only if such prospective transferor's Participating Interest represents Forty five percent (45%) or more of the value of such wider transaction.

ARTICLE XIII - WITHDRAWAL FROM AGREEMENT

13.1 Right of Withdrawal

(A) Subject to the provisions of this Article, any Party may withdraw from this Agreement and the concession by giving notice to all other Parties stating its decision to withdraw and specifying a proposed effective date of withdrawal which shall be at least sixty (60) Days, but not more than one hundred eighty (180) Days after the date of such notice. Such notice shall be unconditional and irrevocable when given.

(B) Notwithstanding Article 13.1 (A) a Party shall not have the right to withdraw from this Agreement and the Concession until the Minimum Work Obligation set forth in the Concession has been fulfilled. However, if the Project Management Committee or any Party decides to accept new Minimum Work Obligations by voluntarily extending the current or entering into a new exploration period under the Concession, a Party that voted against such decision shall not be prevented from withdrawing; provided that such Party delivers notice of its withdrawal to all Parties within thirty (30) Days of such vote pursuant to Article 11.2 and fully satisfies its outstanding Minimum Work Obligation, if any.

(C) Subject to Articles 13.1(A) and (B) and Article 13.5, the effective date of withdrawal for a withdrawing Party shall be the later of:

- (1) The date proposed in the notice of withdrawal; or
- (2) The date that the withdrawing Party has fulfilled its obligations under this Article.

13.2 Partial or Complete Withdrawal

(A) Within thirty (30) Days of receipt each withdrawing Party's notification, each of the other Parties may also give notice that it desires to withdraw from this Agreement and the Concession. Should all Parties give notice of withdrawal, the Parties shall proceed to abandon

the Concession Area and terminate the Concession and this Agreement. If less than all of the Parties give such notice of withdrawal, then the withdrawing Parties shall take all steps to withdraw from the Concession and this Agreement on the earliest possible date and execute and deliver all necessary instruments and documents to assign their Participating Interest to the Parties which are not withstanding, without any compensation whatsoever, in accordance with the provisions of Article 13.6.

(B) If any part of the withdrawing Party's Participating Interest remains unclaimed after sixty (60) Days from the date of the first notice of withdrawal, the Party shall be deemed to have decided to withdraw from the Concession and this Agreement, unless at least one Party agrees to accept the unclaimed Participating Interest.

(C) Any Party withdrawing under Article 11.2 or under this Article shall:

Check one Alternative.

ALTERNATIVE NO. 1

Withdraw from the entirety of the Concession Area, including all Exploitation Areas and all Discoveries made prior to such withdrawal, and thus abandon to the other Parties not joining in its withdrawal all its rights to Cost Oil and Profit generated by Operations after such withdrawal and all rights in such associated Joint Property.

X ALTERNATIVE NO. 2

Withdraw from all exploration activities under the Concession, but not from any Exploitation Area, Commercial Discovery, or Discovery whether appraised or not, made prior to such withdrawal. Such withdrawing Party shall retain its rights in the Joint Property but only insofar as they relate to any Exploitation Area, Commercial Discovery or Discovery whether appraised or not, and shall abandon all other rights in the Joint Property.

13.3 Voting

After giving its notification of withdrawal, a Party shall not be entitled to vote on any matters coming before the Project Management Committee, other than matters for which such Party has financial responsibility.

13.4 Obligations and Liabilities

(A) A withdrawing Party, prior to its withdrawal, shall satisfy all obligations and liabilities it has incurred or attributable to it prior to its withdrawal, including, without limitation, any expenditures budgeted and/or approved by the Project Management Committee prior to its written notification of withdrawal (development projects included), and any liability for acts, occurrences or circumstance taking place or existing prior to its withdrawal. Furthermore, any liens, charges and other encumbrances which the withdrawing Party place on such Party's participating Interest prior to its withdrawal shall be fully satisfied or released, at the withdrawing Party's expense, prior to its withdrawal. A Party's withdrawal shall not relieve to any obligations or liabilities attributable to the withdrawing Party which are not identified or identifiable at the time of withdrawal.

(B) Notwithstanding the foregoing, a Party shall not be liable for any operations or expenditures it voted against if it sends notification of its withdrawal within five (5) Days (or within twenty-four (24) hours if the drilling rig to be used in such operation is standing by on the Concession Area) of the Project Management Committee vote approving such operation or expenditure, nor shall such Party be liable for any operations or expenditure approved by the Project Management Committee, excluding those approved pursuant to Article 13.5, after notice has been given pursuant to Article 13.1.

13.5 Emergency

A Party's notification of withdrawal shall not become effective if prior to the proposed date of withdrawal a well goes out of control or a fire, blow out, sabotage or other emergency occurs. The notification of withdrawal shall become effective only after the emergency has been contained and the withdrawing Party has paid, or has provided, security satisfactory to the Parties for its Participating Interest share of the costs of such emergency.

13.6 Assignment

A withdrawing Party shall assign its Participating Interest to each of the non-withdrawing Parties which shall be allocated to them in the proportion which each of their Participating Interests (prior to the withdrawal) bears to the total Participating Interests of all the non-withdrawing Parties agree otherwise. The expenses associated with the withdrawal and assignments shall be borne by the withdrawing Party.

13.7 Approvals

A withdrawing Party shall promptly join in such actions as may be necessary or desirable to obtain any Government approvals required in connection with the withdrawal and assignments, and any penalties or expenses incurred by the Parties in connection with such withdrawal shall be borne by the withdrawing Party.

Check one Alternative.

13.8 Abandonment Security

☒ ALTERNATIVE NO. 1 - Short Form Abandonment Security

(A) A withdrawing Party shall provide Security satisfactory to the other Parties to satisfy any such obligations or liabilities which were approved or accrued prior to notice of withdrawal, but which become due after its withdrawal, including, without limitation, Security to cover the costs of an abandonment, if applicable.

ALTERNATIVE NO. 2 - Long Form Abandonment Security

If under the terms of the Concession or applicable law, the Parties are or become obliged to pay or contribute to the cost of abandonment, then the following provisions shall apply:

(A) During preparation of a Development Plan, the Parties shall negotiate and agree a security agreement, which shall be completed and executed by all Parties participating in such Development Plan prior to application for an Exploitation Area. The security agreement shall incorporate the following principles:

(1) Security shall be provided by each such Party for each Calendar Year commencing with the Calendar Year in which the Discounted New Value equals one hundred twenty-five percent (125%) of the Discounted Net Cost.

(2) The amount of Security required to be provided by each such Party in any Calendar Year (including security previously provided which will still be current throughout such Calendar Year) shall be equal to the amount by which one hundred twenty-five (125%) of the Discounted Net Cost exceeds the Discounted Net Value.

"Discounted Net Cost" means that portion of each Party's anticipated before tax cost of abandoning a development in accordance with applicable law which remains after deduction of salvage value. Such portion should be calculated at the anticipated time of abandonment and discounted at the Discount Rate to December 31, of the Calendar Year in question.

"Discounted Net Value" means the value of each Party's estimated Entitlement which remains after payment of estimated liabilities and expenses required to win, save and transport such production to the delivery point and after deduction of estimated applicable taxes, royalties, imposts and levies on such production. Such Entitlement shall be calculated using estimated market prices and including taxes on income, discounted at the Discount Rate to December 31, of the Calendar

Year in question. No account shall be taken of tax allowances expected to be available in respect of the costs of abandonment.

"Discount Rate" means the rate per annum equal to the one (1) month term, LIBOR rate for U.S Dollar deposits as published by The Wall Street Journal or if not published then by the Financial Times of London effective as of thirty (30) Business Days prior to the start of a Calendar Year.

(B) Failure to provide Security shall constitute default under this Agreement.

(C) "Security" means a standby letter of credit issued by a bank or an on demand bond issued by a corporation, such bank or corporation having a credit rating indicating it has sufficient worth to pay its obligations in all reasonably foreseeable circumstances, or, failing the provision of either of those, cash contributed to a secure fund administered by independent trustees and invested in -----.

13.9 Withdrawal or Abandonment by all Parties

In the event all Parties decide to withdraw or are required to do so pursuant to this Article, the Parties agree that they shall be bound by the terms and conditions of this Agreement for so long as may be necessary to wind up the affairs of the Parties with the Government, to satisfy any requirements of applicable law or to facilitate the sale, disposition or abandonment of property or interests held by the Joint Account

(6) Subject to Article 15.1(B), to a bank or other financial institution to the extent appropriate to a Party arranging for funding for its obligations under this Agreement;

(7) To the extent such data and information must be disclosed pursuant to any rules or requirements of any government or stock exchange having jurisdiction over such Party, or its Affiliates; provided that if any Party desires to disclose information in an annual or periodic report to its or its affiliates' shareholders and to the public and such disclosure is not required pursuant to any rules or requirements of any government or stock exchange, then such Party shall comply with Article 20.2;

(8) To its respective employees for the purposes of Joint Operations, subject to each Party taking customary precautions to ensure such data and information is kept confidential;

(9) Where any data or information which, through no fault of a Party, becomes a part of the public domain.

- (B) Disclosure as pursuant to Article 15.1(A)(4), (5), and (6) shall not be made unless prior to such disclosure the disclosing Party has obtained a written undertaking from the recipient party to keep the data and information strictly confidential and not to use or disclose the data and information except for the express purpose for which disclosure is to be made.

15.2 Continuing Obligations

Any Party ceasing to own a Participating Interest during the term of this Agreement shall nonetheless remain bound by the obligations of confidentiality and any disputes shall be resolved in accordance with Article XVIII.

* 15.3 Proprietary Technology *

Nothing in this Agreement shall require a party to divulge proprietary technology to the other Parties; provided that where the cost of development of proprietary technology has been charged to the Joint account, such proprietary technology shall be disclosed to all Parties bearing a portion of such cost and may be used by such Party, or its Affiliates, in other operations.

15.4 Trades

Notwithstanding the foregoing provisions of this Article, Project Manager may, with approval of the Project Committee, make trades and data trades for the benefit of the Parties, with any data, the cost of which has been charged to the Joint Account, so obtained to be furnished to all Parties. In such event, Project Manager must enter into an undertaking with any third party to such trade to keep such information confidential.

1 ARTICLE XVI - FORCE MAJEURE

2 16.1 Obligations

3 If as a result of Force Majeure any Party is rendered unable,
4 wholly or in part, to carry out its obligations under this Agreement,
5 other than the obligation to pay any amounts due or to furnish security,
6 then the obligations of the Party giving such notice, so far as and to
7 the extent that the obligations are affected by such Force Majeure,
8 shall be suspended during the continuance of any inability so caused,
but for no longer period. The Party claiming Force Majeure shall notify
10 the other Parties of the Force Majeure situation within a reasonable
11 time after the occurrence of the facts relied on and shall keep all
12 Parties informed of all significant developments. Such notice shall
13 give reasonably full particulars of said Force Majeure, and also
14 estimate the period of time which said Party will probably require to
15 remedy the Force Majeure. The affected Party shall use all reasonable
16 diligence to remove or overcome the Force Majeure situation as quickly
17 as possible in an economic manner, but shall not be obligated to settle
18 any labor dispute except on terms acceptable to it and all such disputes
19 shall be handled within the sole discretion of the affected Party.

20 16.2 Definition of Force Majeure

21 *Check one Alternative.*

22 ☐ ALTERNATIVE NO. 1

23 For the purposes of this Agreement, "Force Majeure" shall mean
24 circumstances which were irresistible or beyond the reasonable control
25 of the Party concerned.

26 ☒ ALTERNATIVE NO. 2

27 For the purposes of this Agreement, "Force Majeure" shall have the
28 same meaning as is set out in the Contract.

ARTICLE XVI - FORCE MAJEURE

16.1 Obligations

If as a result of Force majeure any Party is rendered unable, wholly or in part, to carry out its obligations under this Agreement, other than the obligation to pay any amounts due or to furnish security, then the obligations of the Party giving such notice, so far as and to the extent that the obligations are affected by such Force Majeure, shall be suspended during the continuance of any inability so c

ARTICLE XVII - NOTICES

Except as otherwise specifically provided, all notices authorized or required between the Parties by any of the provisions of this Agreement, shall be in writing, in English and delivered in person or by registered mail or by courier service or by any electronic means of transmitting written communications which provides confirmation of complete transmission, and addressed to such parties as designated low. The originating notice given under any provision of this Agreement shall be deemed delivered only when received by the Party to whom such notice is directed, and the time for such Party to deliver any such notice in response to such originating notice shall run from theate the originating notice is received. The second or any responsive notice shall be deemed delivered when received. "Received" for purposes of this Article with respect to written notice delivered pursuant to this Agreement shall be actual delivery of the notice to the address of the Party to be notified specified in accordance with this Article. Each Party shall have the right to change its address at any time and/or designate that copies of all such notices be directed to another person at another address, by giving written notice thereof to all other Parties.

Attention: _____
Telecopy: _____
Telex: _____
Answerback Code: _____

Attention: _____
Telecopy _____
Telex: _____
Answerback Code: _____

Attention: _____

Telecopy: _____

Telex: _____

Answerback Code _____

Attention: _____

Telecopy: _____

Telex: _____

Answerback Code _____

ARTICLE XVIII - APPLICABLE LAW AND DISPUTE RESOLUTION

18.1 Applicable Law

This Agreement shall be governed by, construed, interpreted and applied in accordance with the laws of United Kingdom, excluding any choice of law rules which would refer the matter to the laws of another jurisdiction.

18.2 Dispute Resolution

Check one Alternative.

[] ALTERNATIVE NO.1 - Courts

Each Party submits to the exclusive jurisdiction of the courts of _____, _____ (or if jurisdiction is not granted by such court by another court having jurisdiction) for the purpose of finally resolving any dispute, controversy or claim arising out of or in relation to or in connection with this Agreement or the operations carried out under this Agreement, including without limitation any dispute as to the validity, interpretation, enforceability or breach of this Agreement. Each Party irrevocably designates, appoints and empowers the agent specified below to receive on its behalf service of any and all process in any legal action or proceeding which may be instituted in the courts of _____, _____ in connection with any such dispute, controversy or claim:

A party's submission to the jurisdiction of the courts of _____ in accordance with the foregoing shall not limit the right of such Party to institute any legal action or proceeding for the enforcement of any order or judgment of such courts in any other court having jurisdiction.

[] ALTERNATIVE NO. 2 - Arbitration

(A) Any dispute, controversy or claim arising out of or in relation to or in connection with this Agreement or the operations carried out under this Agreement, including without limitation any dispute as to the validity, interpretation, enforceability or breach of this Agreement, shall be exclusively and finally settled by arbitration, and any Party may submit such a dispute, controversy or claim to arbitration.

Check one Alternative

[] ALTERNATIVE NO.1

(B) A single arbitrator shall be appointed by unanimous consent of the Parties. If the Parties, however, cannot reach agreement on an arbitrator within _____ (_____) Days of the submission of a notice of arbitration, the appointing authority for the implementation of such procedure shall be the _____, who shall appoint an independent arbitrator who does not have any financial interest in the dispute, controversy or claim. If _____ refuses or fails to act as the appointing authority within ninety (90) Days after being requested to do so, then the appointing authority shall be _____, who shall appoint an independent arbitrator who does not have any financial interest in the dispute, controversy or claim.

[] ALTERNATIVE NO. 2

(B) The arbitration shall be heard and determined by three (3) arbitrators. Each side shall appoint an arbitrator of its choice within _____ (_____) Days of the submission of a notice of arbitration. The Party-appointed arbitrators shall in turn appoint a presiding arbitrator of the tribunal within _____ (_____) Days following the appointment of both Party-appointed arbitrators. If the Party-appointed arbitrators cannot reach agreement on a presiding arbitrator of the tribunal and/or one Party refuses to appoint its Party-appointed arbitrator within said _____ (_____) Day period, the appointing authority for the implementation of such procedure shall be the

law of the place of arbitration, other than those laws which would refer the matter to another jurisdiction;

(6) The costs of the arbitration proceedings (including attorney's fees and costs) shall be borne in the manner determined by the arbitrator(s);

(7) The decision of the sole arbitrator or a majority of the arbitrators, as the case may be, shall be reduced to writing; final and binding without the right of appeal; the sole and exclusive remedy regarding any claims, counterclaims, issues or accountings presented to the arbitrator; made and promptly paid in U.S Dollars free of any deduction or offset; and any costs or fees incident to enforcing the award, shall to the maximum extent permitted by law, be charged against the Party resisting such enforcement;

(8) Consequential, punitive or other similar damages shall not be allowed; provided, however, the award may include appropriate punitive damages where a Party has engaged in delaying and dilatory actions;

(9) The award shall include interest from the date of any breach or violation of this Agreement, as determined by the arbitral award, and from the date of the award until paid in full, at the Agreed Interest Rate; and

(10) Judgement upon the award may be entered in any court having jurisdiction over the person or the assets of the Party owing the judgement or application may be made to such court for a judicial acceptance of the award and an order of enforcement, as the case may be.

(11) Whenever the Parties are of more than one nationality, the single arbitrator or the presiding arbitrator, as the case may be, shall not be of the same nationality as any of the Parties or their ultimate parent entities.

ARTICLE XIX - ALLOCATION OF COST RECOVERY RIGHTS

19.1 Allocation of Total Production

For the purposes of recovery of Petroleum Costs, the total quantity of Hydrocarbons which are produced and saved from all Exploitation Areas in a Calendar Quarter and to which the Parties are entitled under the Contract shall be designated as either Cost Oil or Profit Oil. Such Cost Oil and Profit Oil shall be allocated among the Exploitation Areas in proportion to each Exploitation Area's total quantity of Hydrocarbons produced and saved in such Calendar Quarter with adjustments in quantities to reflect the differences in value if different qualities of Hydrocarbons are produced, segregated and sold separately.

19.2 Allocation of Cost Oil

Cost Oil allocated to each Exploitation Area pursuant to Article 19.1 shall be allocated to the Parties in proportion to their respective Participating Interests in each such Exploitation Area to the extent required to recover in the sequence incurred all Petroleum Costs which are specifically attributable to each such Exploitation Area and which are recoverable in such Calendar Quarter.

19.3 Allocation of Profit Oil

Profit Oil allocated to each Exploitation Area pursuant to Article 19.1, if any, shall be allocated among the Parties in proportion to their respective Participating Interests in each such Exploitation Area.

19.4 Allocation of Excess Cost Oil

Subject to the Contract, to the extent that the value, determined in accordance with Article 9.2(H), of the Cost Oil allocated to each Exploitation Area pursuant to Article 19.1 exceeds the Petroleum Costs which were specifically attributable to each such Exploitation Area and

which were recovered pursuant to Article 19.2, the excess ("Excess cost Oil") shall be allocated as follows:

(A) First, a percentage (equal to the percentage of Profit Oil, if any, to which the Parties would have been entitled during such Calendar Quarter if the Contract applied separately to each such Exploitation Area) of Excess Cost Oil shall be allocated among the Parties in proportion to their respective Participating Interests in each such Exploitation Area;

(B) Second, the Excess Cost Oil that is not allocated pursuant to Article 19.4(A) shall be allocated among the Parties in proportion to their respective Participating Interests as set out in Article 3.1(A) in order to recover in the sequence incurred any Petroleum Costs which were incurred in the conduct of Joint Operations and which are recoverable in such Calendar Quarter; and

(C) Third, the Excess Cost Oil that is not allocated pursuant to Article 19.4(A) or Article 19.4(B) shall be allocated among the Parties in proportion to their respective Participating Interests in each Exclusive Operation in order to recover in the sequence incurred any Petroleum Costs which were incurred in the conduct of Exclusive Operations and which are recoverable in such Calendar Quarter.

(B) If a Party wishes to issue or make any public announcement or statement regarding this Agreement or the Joint Operations, it shall not do so unless prior to its release, such Party furnishes all the Parties with a copy of such announcement or statement, and obtains the approval of at least two (2) non-affiliated Parties holding fifty percent (50%) or more of the Participating Interests; provided that, notwithstanding any failure to obtain such approval, no Party shall be prohibited from issuing or making any such public announcement or statement if it is necessary to do so in order to comply with the applicable laws, rules or regulations of any government, legal proceedings or stock exchange having jurisdiction over such Party as set forth in Articles 15.1 (A) (3) and (7).

20.3 Successors and Assigns

Subject to the limitations on transfer contained in Article XII, this Agreement shall inure to the benefit of and be binding upon the successors assigns of the Parties.

20.4 Waiver

No waiver by any Party of any one more defaults by another Party in the Performance of this Agreement shall operate or be construed as a waiver of any future default or defaults by the same Party, whether of a like or of a different character. Except as expressly provided in this Agreement no Party shall be deemed to have waived, release or modified any of its rights under this Agreement unless such Party has expressly stated, in writing, that it does waive, release or modify such right.

20.5 Severance of Invalid Provisions

If and for so long as any provision of this Agreement shall be deemed to be judged invalid for any reason whatsoever, such invalidity shall not affect the validity or operation of any other provision of this Agreement except only so far as shall be necessary to give effect to the construction of such invalidity, and such invalid provision

shall be deemed severed from this Agreement without affecting the validity of the balance of this Agreement.

20.6 Modifications

Except as is provided in article 20.5, there shall be no modification of this Agreement except by written consent of all Parties.

20.7 Headings

The topical headings used in this Agreement are for convenience only and shall not be construed as having any substantive significance or as indicating that all of the provisions of this Agreement relating to any topic are to be bound in any particular Article.

20.8 Singular and Plural

Reference to the singular includes a reference to the plural and vice versa.

20.9 Gender

Reference to any gender includes a reference to all other genders.

20.10 Counterpart execution

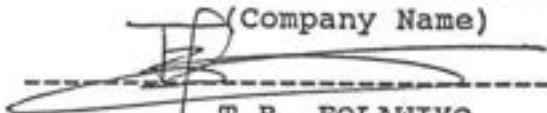
This Agreement may be executed in any number of counterparts and each such counterpart shall be deemed an original Agreement for all purposes; provided no Party shall be bound to this Agreement unless and until all Parties have executed a counterpart. For purposes of assembling all counterparts into one document, Project Manager is authorized to detach the signature page from one or more counterparts and, after signature thereof by the respective Party, attach each signed signature page to a counterpart.

20.11 Entirety

This Agreement is the entire agreement of the Parties and supersedes, all prior understandings and negotiations of the Parties.

IN WITNESS of their agreement each Party has caused its duly authorized representative to sign this instrument on the indicated below such representative's signature.

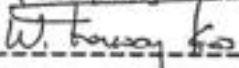
YINKA FOLAWIYO PETROLEUM COMPANY LIMITED

(Company Name)
By: -----
T.B. FOLAWIYO

(Print or type name)

Title: -----
Executive Director
Date: -----
March 13, 1992

Liberty Technical services Limited

(Company Name)
By: -----
W.G. Cherwayko

(Print or Type name)
President

Title: -----
March 13, 1992
Date: -----

(Company Name)
By: -----

(Print or type name)

Title: -----
Date: -----

(Company Name)
By: -----

(print or type name)

Title: -----

APPENDIX "P"

YINKA FOLAWIYO PETROLEUM COMPANY LIMITED CONSENT TO THE ASSIGNMENT OF UNDIVIDED
INTEREST OF THE OIL PROSPECTING LICENSE TO LIBERTY TECHNICAL SERVICES LTD. DATED MARCH
19, 1992

MINISTRY OF PETROLEUM RESOURCES

MINISTER'S OFFICE

FALOMO OFFICE COMPLEX, IKOYI, P.M.B. 12701, LAGOS.

Cablegram: NAPETCOR

Telephone: 681146

Telex: 21609 - 11 NG
21643 NG.



PI.BAL/3717/S.68/V.1/24

Ref:

Date: March 19, 1992

The Chairman,
Yinka Folawiyo Petroleum Company Ltd.
Unity House, 15th Floor),
37 Marina,
P. O. Box 2288,
Lagos.

Dear Sir,

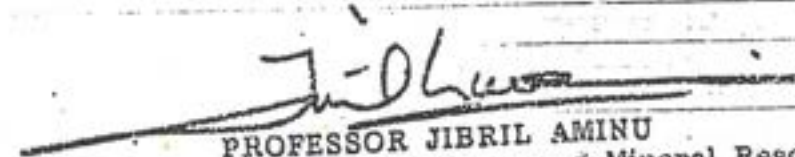
CONSENT TO THE ASSIGNMENT
BY YINKA FOLAWIYO PETROLEUM COMPANY LTD.
TO LIBERTY TECHNICAL SERVICES LTD.,
OF UNDIVIDED INTEREST IN OPL 309

Your application of 12th March 1992 for my consent to the assignment of undivided interest in the subject oil prospecting licence refers.

2. In exercise of the powers conferred on me by paragraph 14, Schedule I of the Petroleum Act of 1969, I hereby grant my consent to the assignment of 40% undivided participating interest in your OPL 309 to Liberty Technical Services Ltd. with effect from 19th day of March 1992.

3. This consent is subject to the strict compliance with the Agreement of 8th day of March 1992 between Yinka Folawiyo Petroleum Company Ltd. and Liberty Technical Services Ltd.

Yours faithfully,


PROFESSOR JIBRIL AMINU
Honourable Minister of Petroleum and Mineral Resources.

File

APPENDIX "Q"

YINKA FOLAWIYO PETROLEUM COMPANY LIMITED OIL PROSPECTING LICENSE NO. 309 DATED
JUNE 26, 1991



FEDERAL REPUBLIC OF NIGERIA

Oil Prospecting Licence No. 309

THIS LICENCE is hereby granted for a term of xxxxxxx FIVE xxxxxxxxxxxxxxxx years

terminating on the 26TH day of JUNE, 19 91

YINKA FOLAWIYO PETROLEUM COMPANY LIMITED

(Name of Company)

11TY HOUSE, 37 MARINA,

(Address of Company)

P.O. BOX 2288, LAGOS.

for the purpose of prospecting for petroleum in, upon and under the lands described in the schedule hereto and
shown in red in the plan attached.

This licence is granted subject to the Petroleum Act 1969 and the regulations thereunder
in force at the date of the licence which may come into force during the continuance of this licence * (and also
to the special terms and conditions in the Annex attached hereto).

In witness whereof the Secretary of Petroleum and Mineral Resources has hereunto set his hand

this 11th day of July, 19 94

Obafemi Awolowo
SECRETARY OF PETROLEUM
AND MINERAL RESOURCES



APPENDIX "R"

LETTER FROM MACDONALD HANLEY TO COPYSEIS LTD. DATED SEPTEMBER 11, 2023

MacDONALD HANLEY

2050, 736 - 6th Avenue S.W. Calgary, Alberta T2P 3T7

James G. Hanley
(403) 668-5432 (Phone)
(403) 233-2033 (Fax)

jhanley@macdonaldhanley.com

Valerie Finigan
(403) 668-5428 (Phone)
vfinigan@macdonaldhanley.com
53310.001/JGH

September 11, 2023

VIA EMAIL: MATTHEW.BENZEN@COPYSEIS.COM

Matthew Benzen
Vice President
Copyseis Ltd.

Re: *In the Matter of the Bankruptcy of Abacan Resource Corporation("Abacan")*

Mr. Benzen,

We have been retained as counsel for KPMG Inc. the trustee in the bankrupt estate of Abacan (the "Trustee"). We are in receipt of the correspondence relating to your claim for storage of seismic data and the Trustee has instructed us to send the enclosed response.

It appears from the review of the matter that Copyseis Ltd. ("Copyseis") filed a claim in March of 2000 in this estate relating to storage, which our records confirm, in an effort to ensure ongoing services, was paid in full in August of 2000. Please find enclosed copies of the proof of claim form and confirmation of payment of the same for your records. No further claim has been received, and therefore Copyseis is not considered a creditor in the estate and will not be eligible to take part in any potential distribution, should one occur.

Furthermore, Copyseis is claiming post bankruptcy arrears for storage of seismic data, although no invoice for seismic data storage has been received by the Trustee for the past 20 years. Needless to say, your current position was unexpected.

Our review indicates that there were two areas of seismic information initially stored by Copyseis. The areas were Benin and Nigeria (the "Benin Assets" and the "Nigeria Assets" respectively). The Benin Assets were sold, and as you acknowledge, the Trustee authorized the release and shipment of the Benin Assets to Kerr-McGee (the "Purchaser") who paid for retrieval and shipping. Presumably, this leaves the Nigerian Assets still in your possession. The difficulty that we are having is that contrary to your suggestion that the Trustee would have received monthly invoices, the fact is they did not. Furthermore, the amount you have claimed for storage of the seismic data appears to be unsupported.

You acknowledge that a party by the name of Amni International advanced a claim with respect to some of the Nigerian data. You further state in your June 26 email that:

'KPMG... directed Copyseis to continue to store the data until further notice.

MacDONALD HANLEY, BARRISTERS & SOLICITORS

An Independent Association for the Practice of Law

At some point, KPMG ceased providing Copyseis with direction on seismic data and ceased paying fees for the storage of data. Storage fees for the data had been accruing ever since and Copyseis had been left in limbo without authorization to release the data or dispose of the data'.

There is not enough information to conclude whether in fact Copyseis was left in limbo, or a result of the failure of Copyseis to pursue instructions. Had the Trustee been receiving monthly invoices, as you suggest, this matter would not have been left unattended and would have been dealt with far more expeditiously. While we understand the issue of your claim, the facts suggest that this matter has slipped between the cracks in the Copyseis record keeping, only now just arising, resulting in this claim.

Furthermore, as the Trustee has not received an invoice relating to seismic storage for an excess of 20 years, to now suggest that Copyseis has a claim against the Trustee for storage for that period of time is disputed by the Trustee, as this is well beyond a limitation date for any claim that may be advanced.

Your letter dated July 18, 2023 includes a claim for \$225,000.00 (\$225,205.85), claiming arrears from 2001 to 2023. We have attached here for your records confirmation of payment for the storage for the full year of 2001. In 2007, 2011, 2014, 2019 and 2023 the comments suggest 'listed rate increase'. Presumably this is an increase in your storage fees, however the Trustee was never advised, or agreed to, this increase and is not bound by any portion of the existing contract, which expired in 1999. Copyseis would have difficulty in establishing any sort of contractual obligation of the Abacan estate, notwithstanding the initial payments made by the Trustee to allow the release of the seismic data.

Lastly, the adjustment noted for the volume reduction as it relates to the transaction is minimal compared to the support provided, which confirmed a large majority of all seismic data on site related to the Benin Assets and should have been released. The 22 year claimed for storage fees are grossly overstated with the facts presented, as it relates to what remains onsite as Nigerian Assets only. Based on the communication you have provided between Copyseis and the Purchaser, the majority of the seismic data was to be released to the Purchaser, yet Copyseis is claiming a slightly reduced amount for storage fees annually. This claim is therefor completely unsupported.

The combination of all of the above facts suggest that the claim you advance in your July 18, 2023 letter is not supported and baring any additional information, the Trustee will not be arranging for payment of this amount.

Yours very truly,

MacDONALD HANLEY



JAMES G. HANLEY

JGH/vf

ENCL

MacDONALD HANLEY, BARRISTERS & SOLICITORS

An Independent Association for the Practice of Law

11 ed.

Courier
Copsyseis Limited
5326 Burleigh Crescent
Suite 116
Calgary AB T2H 1Z8

Attention: Ms Sue Benzen, Vice President

August 10, 2000

Dear Sue

ABACAN RESOURCE CORPORATION – IN BANKRUPTCY

Further to our recent meeting, we are writing to provide you with our cheque in the amount of \$9,028.84 to cover the storage costs for the period January 1, 2000 to December 31, 2000 for the seismic of Abacan Resources Corporation stored at Copsyseis Ltd. As discussed, we confirm the following:

- All the seismic data stored at your facility vests with the Trustee in Bankruptcy of Abacan Resources Corporation, KPMG Inc.
- The seismic data is not to be released to any person or party.
- KPMG Inc. will advise you in writing if anyone is to be allowed access to the seismic data.
- Should anyone contact you regarding the seismic data, please have them contact the undersigned.

We appreciate your co-operation in the matter and should you have any question, please contact the undersigned at (403) 691-8310.

Yours very truly
KPMG Inc.,
Trustee for the Estate of
Abacan Resource Corporation

Per: C. Brian Trypka
Senior Vice President

mw 07271copyseis

Enclosure

copyseis ltd.

INVOICE

To: Abacan Resources Corp.
3050 Post Oak Blvd.
Suite #699
Houston, Texas
77056

Date: Dec 31, 99

Page 1

Invoice # 50009

Attn: Tom Horricks

Copyseis WO #

AREA:

AFE #

Description	Quantity	Unit Price	Amount
Storage for 2000			
Storage: Reels (Yearly)	6,555	1.20	7,866.00
Storage: Sections (Yearly)	582	0.48	279.36
Storage: Geophysical Items (Yearly)	61	4.80	292.80
Sub Total			8,438.16
Federal Goods and Services Tax Reg. # R121280374	Goods & Services Tax		590.68
Total Invoice			9,028.84

TERMS: NET 30 DAYS

"Thank You For Your Business"

COPYSEIS LTD. 116, 5726 Burleigh Crescent S.E., Calgary, Alberta T2H 1Z8 Bus: (403) 253-3425 Fax: (403) 259-8882

www.copyseis.com

ABACAN RESOURCE CORPORATION RE: INV#50009

\$9,028.84

REMITTANCE ADVICE - PLEASE DETACH BEFORE DEPOSITING CHEQUE

KPMG

KPMG Inc.
1200, 205-5th Avenue S.W.
Calgary, Alberta
T2P 4B9

MAIN BRANCH
339 8TH AVE SW
CALGARY AB T2P 2N4

000005

DATE: 10 August, 2000

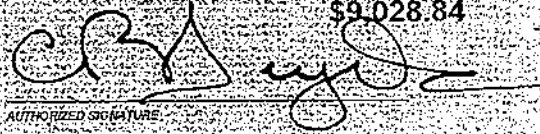
PAY

9,028dollars84cents

\$9,028.84

TO THE
ORDER OF

COPYSEIS LTD.
116, 5725 BURLEIGH CRESCENT SE
CALGARY AB T2H 1Z8


AUTHORIZED SIGNATURE

AUTHORIZED SIGNATURE

⑈000005⑈ ⑆00009⑈003⑆ 100⑈465⑈4⑈

PLEASE FORWARD YOUR COMPLETED PROOF OF CLAIM TO THE FOLLOWING OFFICE:

17.0

KPMG Inc.

1200, 205 5 Ave SW
Calgary, Alberta T2P 4B9

Ph: (403) 691-8000 Fax: (403) 691-8009

FORM 33

PROOF OF CLAIM

Subsection 50(13), 50.1(1) and 65.2(4),
paragraphs 51(1)(e) and 56.14(b)
and subsections 81.2(1), 102(2), 124(2) and 128(1)

IN THE MATTER OF THE BANKRUPTCY (OR PROPOSAL OR RECEIVERSHIP OF THE PROPERTY) OF

COPYSEIS LTD. OF CALGARY ALBERTA
(name of debtor) (City and Province)

and the claim of ABACAN RESOURCE CORPORATION creditor.
All notices or correspondence regarding this claim to be forwarded to the following address:

16 5720 BURLEIGH CR. S.E. Phone: 253-3425

I, ROBERT BENZEN of CALGARY AB DO HEREBY CERTIFY:
(name of individual completing form) (City and Province)

1. That I am a creditor of the above-named debtor, or that I am

PRESIDENT of COPYSEIS LTD.
(State position or title) (name of creditor)

2. That I have knowledge of all the circumstances connected with the claim referred to below.

3. That the debtor was at the date of the bankruptcy (or proposal or the receivership) namely the 3rd day of

March 2000 and is still indebted to the above-named creditor (referred to as the "creditor") in the
sum of \$ 9,028.84, as specified in the statement of account (or affidavit) attached and marked "Schedule A", after
deducting any counter claims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other
evidence in support of the claim.)

4. (Check and Complete appropriate category)

☒ (A) UNSECURED CLAIM OF \$

That in respect of the said debt, I do not hold any assets of the debtor as security and (check appropriate description.)

☐ Regarding the amount of \$, I do not claim a right to priority.☐ Regarding the amount of \$, I claim a right to priority under Section 136 of the Bankruptcy and Insolvency Act.
(Set out on an attached schedule details to support priority claim.)☐ (A.1) CLAIM OF LANDLORD FOR DISCLAIMER OF A LEASE \$

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:

Give full particulars of the claim, including the calculations upon which the claim is based.

☒ (B) SECURED CLAIM OF \$ 9,028.84That in respect of the said debt, I hold assets of the debtor valued at \$40,000,000.00 security, particulars of which are as follows:
(Give full particulars of the security, including the date on which the security was given and the value at which the creditor assesses the
security, and attach a copy of the security documents.)possession of physical seismic data☐ (C) CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ (Attach a copy of sales agreement and delivery documents.)
That I hereby make a claim under subsection 81.2 of the Bankruptcy and Insolvency Act for the unpaid amount of \$☐ (D) CLAIM AGAINST DIRECTOR OF \$ (To be filed when a proposal provides for the compromise of claims against directors)
That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:

Give full particulars of the claim, including the calculations upon which the claim is based.

5. That to the best of my knowledge and belief, the creditor (is or is not) related to the debtor within the meaning of Section 4 of the Bankruptcy and Insolvency Act.

6. That the following are the payments that I have received from and credits that I have allowed to the debtor within the three months (Or, if the creditor and the debtor are related as defined in Section 4 of the Bankruptcy and Insolvency Act, within the twelve months) immediately preceding the date of bankruptcy within the meaning of Section 2 of the Act:

Dated at CALGARY this 30th day of MARCH A.D. 19 2000
(name of city, town or village)

ABenzen
Signature of Witness

[Signature]
(Signature of individual completing this certificate)

NOTE: If an affidavit is attached, it must have been sworn to before a person qualified to take affidavits.

WARNINGS:

- (1) A trustee may, pursuant to subsection 128(3) of the Bankruptcy and Insolvency Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in the proof of security, by the secured creditor.
(2) Subsection 201(1) of the Bankruptcy and Insolvency Act prescribes severe penalties for making any false claim, proof, declaration or statement of account.

PLEASE SEE REVERSE FOR PROXY AND INSTRUCTIONS

copyseis ltd.

STATEMENT

Page 1

Mar 21, 00

RABACAN

Abacan Resources Corp.
3050 Post Oak Blvd.
Suite #699
Houston, Texas
77056

DATE	REF. #	Description	Amount	Balance
Dec 31, 99	50009	Invoice	9,028.84	9,028.84

Please pay all invoices over 60 days immediately!

0-30 days	30-60 days	60-90 days	Over 90 days	Total Due
0.00	0.00	9,028.84	0.00	9,028.84

South Office: 116, 5726 Burleigh Crescent S.E., Calgary, Alberta T2H 1Z8 Bus: (403) 253-3425 Fax: (403) 259-8882
Downtown Office: 210, 603 - 7th Avenue S.W., Calgary, Alberta T2P 2T6 Bus: (403) 261-9021 Fax: (403) 265-2462
www.copyseis.com • E-mail: copyseis@copyseis.com

Received Mar-22-00 07:58am

From: 403 259 8882

To:

Page 02

copyseis ltd.

INVOICE

To: Abacan Resources Corp.
 3050 Post Oak Blvd.
 Suite #699
 Houston, Texas
 77056

Date: Dec 31, 99

Page 1

Invoice # 50009

Attn: Tom Horricks

Copyseis WO #

AREA:

AFE #

Description	Quantity	Unit Price	Amount
Storage for 2000			
Storage: Reels (Yearly)	6,555	1.20	7,866.00
Storage: Sections (Yearly)	582	0.48	279.36
Storage: Geophysical Items (Yearly)	61	4.80	292.80
Sub Total			8,438.16
Federal Goods and Services Tax Reg. # R121280374			
Goods & Services Tax			590.68
Total Invoice			9,028.84

TERMS: NET 30 DAYS

"Thank You For Your Business"

COPYSEIS LTD. 116, 5726 Burleigh Crescent S.E., Calgary, Alberta T2H 1Z8 Bus: (403) 253-3425 Fax: (403) 259-8882 www.copyseis.com

Received Mar-22-00 07:58am

From-403 259 8882

To-

Page 03

copyseis Ltd.**Fax**

To: KPMG Inc. From: Bob Benzen
Attn: 252-3425
Fax: 691-8009 Pages: 4
Phone: 691-8000 Date: Mar. 22/2000
Re: Abacan Bankruptcy cc:
☒ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

• Comments:

copyseis Ltd. 116, 5726 Burlfelgh Crescent S.E., Calgary, Alberta T2H 1Z8 BUS: (403) 253-3425 FAX: (403) 259-8882
WWW.COPYSEIS.COM

Received Mar-22-00 07:57am

From-403 259 8882

To-

Page 01



KPMG Inc.

1200 205 - 5th Avenue SW
Calgary AB T2P 4B9

Telephone (403) 691-8000
Telefax (403) 691-8009
www.kpmg.ca

Courier
Copyseis Ltd.
116, 5726 Burleigh Crescent SE
Calgary AB T2H 1Z8

Attention: Ms Sue Benzen, Vice President

January 17, 2001

Dear Ms Benzen

ABACAN RESOURCE CORPORATION - IN BANKRUPTCY ("ABACAN")

Enclosed please find our cheque in the amount of \$8,704.24 as payment of your recent invoice #50838 for the annual storage of the records of Abacan for the period January 1, 2001 to December 31, 2001.

Yours very truly,
KPMG Inc.,
Trustee of the Estate of
Abacan Resource Corporation

Per: C. Brian Trypka
Senior Vice President

mw 0117/copyseis
Enclosure



KPMG Ltd., a Canadian owned limited liability partnership established under the laws of Ontario, is a member firm of KPMG International, a Swiss association.



KPMG Inc.

00008

15 January , 2001

CDN

REFERENCE

DESCRIPTION
COPYSEIS LTD.
COPYSEIS LTD.

AMOUNT
8134.80
569.44

ABACAN RESOURCE-IN BANKRUPTCY INV#50838

\$8,704.24

REMITTANCE ADVICE - PLEASE DETACH BEFORE DEPOSITING CHEQUE

APPENDIX "S"

LETTER FROM COPYSEIS LTD. DATED SEPTEMBER 23, 2023



September 23, 2023

Mr. James G. Hanley
MacDonald Hanley
2050, 736 – 6 AVE SW
CALGARY AB T2P 3T7

WITHOUT PREJUDICE

Subject: Abacan Resource Corporation ("Abacan")

Dear Mr. Hanley:

Thank you for your letter of September 11, 2023. Capitalized terms in this response shall have the same meaning as in your letter of September 11.

As we have already stated in our email correspondence with KPMG over the summer, Copyseis is eager to resolve this matter fairly and expeditiously. I am sending you this response on a "*Without Prejudice*" basis in the hope of avoiding a protracted dispute. However, in the event that we cannot quickly resolve this matter on terms acceptable to both KPMG and Copyseis, we have already confirmed the availability of our outside counsel, Mr. Michael J. Donaldson, K.C., of Lawson Lundell LLP, to represent us in this matter going forward.

Pre-Bankruptcy Arrears

In regards to the assertion that Copyseis has been paid for Abacan's pre-bankruptcy arrears, we thank you for bringing this to our attention as it did not conform to my initial review of our records. I have undertaken a further search and indeed found a hard copy deposit slip in our files from August 2000 that confirms we received and deposited cheque #000005 for \$9,028.84. We therefore withdraw our claim to any pre-bankruptcy arrears.

Invoices and Accrued Storage Fees

We are surprised to hear of KPMG's position that "no invoices have been received for the past 20 years", and that Copyseis' current position was unexpected. In the first place, the record is clear that KPMG was aware of the data being stored at Copyseis. Mr. Robert Benzen, president of Copyseis, attended the first meeting of creditors held on March 23, 2000. The minutes of that meeting clearly record that Mr. Benzen outlined that there were over 10,000 individual pieces of seismic data being held by Copyseis on behalf of Abacan (the minutes are attached for your reference). KPMG's letters of August 10, 2000 (the "August 2000 Letter") and January 17, 2001 also make clear that KPMG was aware of, and agreed to pay for, continuing storage services.

Moreover, invoices were sent to KPMG, initially on an annual basis (as was practice for Abacan pre-bankruptcy), then on a monthly basis, and then, after years without response or payment, on an annual basis once again. For your information, I am enclosing invoices from three random fiscal years as examples, pulled from our hard copy files. As you can see, invoices were sent on a monthly basis to Mr. Brian Trypka in 2002-03, on a monthly basis to Ms. Maureen Walsh in 2005-06, and on an annual basis to Ms. Walsh in 2011-12. My letter of July 18, 2023, subject line "Abacan Resources Corporation Seismic Data at Copyseis Ltd/Outstanding Storage Fees", concluded with the sentence *"I would be happy to share detailed accounting of these amounts at your request."* Despite this offer to provide details, KPMG never asked for details and support. To now claim that our fees are unsupported when we have specifically offered to provide support is puzzling to us.

In regards to the August 2000 Letter, we note that this letter clearly confirms that at KPMG's explicit direction, the assets were *"not to be released to any person or party"* and KPMG *"will advise you in writing if anyone is to be allowed access to the seismic data"*. Excluding the Kerr-McGee transaction that resulted in KPMG's written authorization to release the Benin Assets, it is abundantly clear that KPMG never provided Copyseis with any additional direction to release or dispose of the remaining data—leaving Copyseis, as bailee, obligated to continue storage of the data awaiting further instructions. After providing specific and rigid standing instructions to Copyseis, it was KPMG's responsibility to notify Copyseis of any change releasing Copyseis from these obligations, including the obligation to continue storing the data.

We strenuously disagree with the characterization that *"this matter appears to have slipped between the cracks in the Copyseis record keeping"*. From our perspective, it is clear instead that KPMG lost track of (or decided to abandon) the Nigeria Assets held by Copyseis despite years of Copyseis raising this issue with KPMG in person, over the phone, by letter, fax, and email, and by issuing monthly or annual invoices sent by regular mail. For context, as a data storage provider specializing in seismic data for over 30 years, it is not uncommon for data to go untouched for decades before that data needs to be accessed again. In the specific circumstance of assets trapped by bankruptcy or insolvency proceedings, it is even more common for a period of years to elapse and storage fees to accrue under a Warehouseman's Lien. Typically, at the resolution of proceedings, accrued storage fees and handling fees are paid to transfer the data to the new legal owner (or dispose of the data if there is no successor). Copyseis had every reason to expect that KPMG would proceed in a similar manner once the Abacan estate was fully resolved. To be frank, however, we did not expect a resolution to take 23 years, hence our eagerness now to finally resolve this matter.

Storage Volumes

With respect to the accounting of the relative volume of the Benin Assets and the Nigeria Assets, in fact our accounting is correct and the Benin Assets were subtracted from the storage total in 2001. My email of July 18, 2023 to KPMG outlined that the current volume of data, once retrieved from itemized storage, could be packed into an estimated 328 boxes. As you can see from the Kerr-McGee correspondence we provided, only 41 boxes of Benin Assets were shipped to Kerr-McGee. The fact of the matter is, the vast majority of data in storage at the time the bankruptcy was initiated was for the Nigeria Assets. Again referring to the Kerr-McGee correspondence, in our email of April 3, 2001 to Mr. B.J. White of Kerr-McGee, we itemized 1,813 items of "Digital Media" (described as "3480 Cartridges", "8mm", and "DLT") and 115



copyseis Ltd.

Data Storage & Data Management
Seismic Data • Corporate Records • Geological Rock Samples

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Telephone: (403) 253-3425 • Fax: (403) 259-8882
www.copyseis.com • Email: orderdesk@copyseis.com

"Sections" that formed part of the Benin Assets and were subsequently shipped to Kerr-McGee. These totals match perfectly the reduction in the invoiced amounts after the Kerr-McGee shipment.¹

Removal of Data from Copyseis

We note that your letter does not address the issue Copyseis has placed at the top of our concerns in our recent correspondence with KPMG, namely, what Copyseis is to do with the stored assets now that KPMG has re-engaged on this matter. Copyseis unequivocally wants the assets removed from our facilities as soon as possible. My email of July 18, 2023, included cost estimates for either i) disposal of the data or ii) delivery of the data to KPMG. These estimates are included again below and account for the tremendous amount of labour involved in the process to retrieve and verify nearly 6,000 individual items from our warehouses, in addition to substantial third-party disposal fees in the event that destruction and disposal is necessary.

Option To Destroy & Dispose of All Data

Item	Volume	Price	Total
Deletion: Per Item	5,779	\$3.50	\$20,226.50
Tape Media Destruction & Disposal, Per Item	4,550	\$2.00	\$9,100.00
Paper Shredding & Disposal, Minimum Charge	1	\$75.00	\$75.00
Mylar Shredding & Disposal, Minimum Charge	1	\$75.00	\$75.00
Sub-total			\$29,476.50
GST			\$1,473.83
Total			\$30,950.33

Option To Deliver All Data to KPMG Inc.

Item	Volume	Price	Total
Deletion: Per Item	5,779	\$3.50	\$20,226.50
Delivery Costs, Hourly	4	\$75.00	\$300.00
Supply Standard Size Boxes	320	\$4.25	\$1,360.00
Supply Long Boxes	8	\$5.00	\$40.00
Sub-total			\$21,926.50
GST			\$1,096.33
Total			\$23,022.83

Proposed Settlement Terms

In an effort to resolve this matter quickly and without a protracted legal fight, Copyseis is generously prepared to accept only a fraction of the rightfully owed storage fees. Our proposed settlement is outlined below and reflects our desire to put this matter behind us after so many years of the Nigeria Assets taking up valuable storage space without payment. Any settlement of the accrued storage fees must also include the additional terms outlined as #2 through #4 below to bring a final conclusion to this matter.



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1. Payment to Copyseis of the most recent three years of storage fees, totalling \$38,868.61 including GST (matching the invoiced amounts on invoices 169501, 170315, and 171622, included as an attachment to this letter).
2. Agreement for discontinuance of storage services as soon as possible, and removal of all stored data from Copyseis as soon as possible.
3. Payment to Copyseis of \$30,950.33 (including GST) in the event Copyseis is to dispose of the data; or payment to Copyseis of \$23,022.83 (including GST) in the event that Copyseis is to deliver the data to KPMG.
4. A mutual release in a form acceptable to both parties.

We look forward to your response and cooperation in this matter. We note that time is of the essence, given that Copyseis has faithfully continued to provide the requested storage services for over 20 years without payment. This has been a significant burden to bear and each day that goes by the burden grows larger. A swift resolution is in both parties' interests.

Sincerely,
COPYSEIS LTD.



Matthew Benzen
Vice President

Enclosures:

1. Minutes of the First Meeting of Creditors on March 23, 2000.
2. Samples of invoices issued to KPMG (Periods 2002-03, 2005-06, and 2011-12 provided as representative samples).
3. Invoices 169501, 170315, and 171622 for 2021-2023 storage fees.

¹Invoice 50838, dated December 30, 2000 specified a quantity of 6,366 Digital Media being stored. In subsequent invoices, including the attached examples from 2002-03, 2005-06, and 2011-12, the quantity billed was 4,553, a difference of 1,813. Likewise, invoice 50838 specifies 582 Sections, and subsequent invoices specify 467 sections, a difference of 115. These reductions are due to the retrieval of the Benin Assets and match the data lists approved for release to Kerr-McGee by KPMG.



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Data Storage & Data Management
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DISTRICT OF ALBERTA
DIVISION NO: 02
COURT NO. 25-070477
ESTATE NO. 25-070477

IN THE MATTER OF THE BANKRUPTCY OF

Abacan Resource Corporation

KPMG Inc.
Trustee

MINUTES OF THE FIRST MEETING OF CREDITORS HELD

March 23, 2000 10:00 AM
510, 639 5th Ave SW
Calgary, Alberta

CHAIRMAN: Barry Schur, Official Receiver
PRESENT: Brian Trypka, Trustee
Creditors as per the attached attendance list

ATTENDANCE:

The chairperson informs all persons present, that a creditor will not be entitled to vote unless he has lodged with the Trustee a proof of claim prior to the time specified for the meeting and proceeds to record the attendance of those creditors present or represented.

QUORUM:

The chairman reviewed the proofs of claimed filed with the trustee and the proxies and determined that a quorum was present or represented at the meeting.

CALL TO ORDER:

The chairman called the meeting to order, proceeded with the necessary introductions and informed the meeting of the chairman's authority and the right of appeal provided by Section 105. (1) of the Bankruptcy & Insolvency Act.



PURPOSE OF THE MEETING:

The chairman informed the creditors that the purpose of the meeting was to consider the affairs of the bankrupt, to affirm the appointment of the trustee or substitute another in place thereof, to appoint inspectors and to give such directions to the trustee as the creditors see fit with reference to the administration of the estate.

DOCUMENTS TABLED:

The following documents were tabled:

- Assignment in Bankruptcy filed on March 3, 2000
- Statement of Affairs filed on March 3, 2000
- Notice of the meeting sent to creditors
- Proof of publication
- Trustee's Preliminary report

TRUSTEE'S REPORT TO CREDITORS:

The Trustee presented his report to the meeting.

QUESTION PERIOD:

There was a discussion regarding the seismic data that is currently being stored at Copyris Ltd. Mr. Benzen of Copyris Ltd explained that they are currently holding over 10,000 individual pieces of seismic data on behalf of Abacan Resources.

There was a discussion regarding the potential marketability of this information. Mr. Trypka advised that he wished to discuss this matter further with Mr. Benzen next week to determine the best course of action for the estate.

Mr. Trypka advised that there has been a cheque for \$150,000 in US funds that was written and cashed by the president of the company between the meeting of the Board of Directors where it was determined the company was insolvent and the actual date of bankruptcy. Mr. Trypka advised that the estate has commenced legal action in Texas to attempt to recover these funds for the general benefit of the creditors.

Mr. Trypka explained that the majority of the assets of Abacan Resources are located in 100% wholly owned subsidiaries located in Nigeria and Benin.



AFFIRMATION OF TRUSTEE'S APPOINTMENT :

On a motion made by A. Robert Anderson, representing C S First Boston, and seconded by Bob Benzen, representing Copyris Ltd, the creditors affirmed the appointment of KPMG Inc. as trustee in this bankruptcy.

APPOINTMENT OF INSPECTORS:

The meeting was advised that the Bankruptcy & Insolvency Act provided for a board of up to five inspectors to be appointed. The following individuals were nominated or volunteered to act as inspectors:

Alex Gantner representing C S First Boston

Robert Giovannone representing Total International Ltd.

Moved by A. Robert Anderson and seconded by Bob Benzen that these individuals be appointed as inspectors. Carried.

CREDITORS' INSTRUCTIONS:

The meeting gave no instructions or directions to the trustee.

SECURITY:

The Official Receiver advised the meeting that the estate bond would be maintained at \$50,000.

ADJOURNMENT

There being no further business, the meeting, with the consent of the creditors, was adjourned.

Barry Schur
Official Receiver & Chairman

Attachments:
Attendance list
Trustee's Preliminary Report

ATTENDANCE LIST

Office of the Superintendent
of Bankruptcy

ESTATE NO.: 25-070477

DATE, TIME & LOCATION: March 23, 2000 10:00 AM

NAME: Abacan Resources Corporation

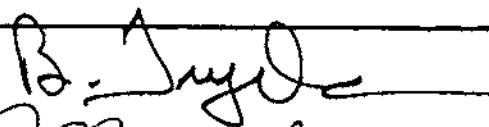
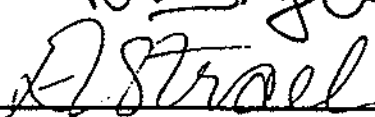
510, 639 5th Ave SW, Calgary, Alta

Debtor and Representatives:

Trustee and Representatives:

C BRIAN TRYPKA

EL STRACK

Creditors present or represented:

NAME	REPRESENTING	AMOUNT
Barry Schur	Official Receiver	
BOB BENZEN	COPYSRIS LTD.	\$19,200.00
TOM HORRICKS REPRESENTED BY KPMG	TOM HORRICKS	\$32,833.33
A Robert Anderson	CS First Boston, Total	\$36 mil approx. USD, of which \$4,349,802.54 USD IS UNSECURED.



To: KPMG Inc.
1100, 205 - 5th Avenue SW
Calgary, Alberta
T2P 4B9

Date: Oct 31, 02

Page 1

Invoice # 51697

Attn: Brian Trypak

Copyseis WO #

AREA:

AFE

Description	Quantity	Unit Price	Amount
Storage for November 2002			
Storage: Digital Media	4,553	0.10	455.30
Storage: Section	467	0.04	18.68
Storage: Per Floppy Disk	1	0.02	0.02
Storage: Geoph. Items	60	0.40	24.00

TERMS: NET 30 DAYS

"Thank You For Your Business"



To: KPMG Inc.
1100, 205 - 5th Avenue SW
Calgary, Alberta
T2P 4B9

Date: Nov 29, 02

Page 1

Invoice # 51727

Attn: Brian Trypka

Copyseis WO #

AREA:

AFE

Description	Quantity	Unit Price	Amount
Storage for December 2002			
Storage: Digital Media	4,553	0.10	455.30
Storage: Section	467	0.04	18.68
Storage: Per Floppy Disk	1	0.02	0.02
Storage: Geoph. Items	60	0.40	24.00
Sub Total			498.00
Federal Goods and Services Tax Reg. # R121280374			
Goods & Services Tax			34.86
Total Invoice			532.86

TERMS: NET 30 DAYS

"Thank You For Your Business"

To: KPMG Inc.
1100, 205 - 5th Avenue SW
Calgary, Alberta
T2P 4B9

Date: Dec 30, 02

Page 1

Invoice # 51761

Attn: Brian Trypka

Copyseis WO #

AREA:

AFE

Description	Quantity	Unit Price	Amount
Storage for January 2003			
Storage: Digital Media	4,553	0.10	455.30
Storage: Section	467	0.04	18.68
Storage: Per Floppy Disk	1	0.02	0.02
Storage: Geoph. Items	60	0.40	24.00
Sub Total			498.00
Federal Goods and Services Tax Reg. # R121280374			
Goods & Services Tax			34.86
Total Invoice			532.86

TERMS: NET 30 DAYS

"Thank You For Your Business"

To: KPMG Inc.
1100, 205 - 5th Avenue SW
Calgary, Alberta
T2P 4B9

Date: Jan 31, 03

Page 1

Invoice # 51841

Attn: Brian Trypka

Copyseis WO #

AREA:**AFE #**

Description	Quantity	Unit Price	Amount
Storage for February 2003			
Storage: Digital Media	4,553	0.10	455.30
Storage: Section	467	0.04	18.68
Storage: Per Floppy Disk	1	0.02	0.02
Storage: Geoph. Items	60	0.40	24.00
Sub Total			498.00
Federal Goods and Services Tax Reg. # R121280374	Goods & Services Tax		34.86
TERMS: NET 30 DAYS "Thank You For Your Business"	Total Invoice		532.86

To: KPMG Inc.
 1100, 205 - 5th Avenue SW
 Calgary, Alberta
 T2P 4B9

Date: Feb 28, 03

Page 1

Invoice # 51874

Attn: Brian Trypka

Copyseis WO #

AREA:

AFE #

Description	Quantity	Unit Price	Amount
Storage for March 2003			
Storage: Digital Media	4,553	0.10	455.30
Storage: Section	467	0.04	18.68
Storage: Per Floppy Disk	1	0.02	0.02
Storage: Geoph. Items	60	0.40	24.00

TERMS: NET 30 DAYS

"Thank You For Your Business"

To: KPMG Inc.
1100, 205 - 5th Avenue SW
Calgary, Alberta
T2P 4B9

Date: Mar 28, 03

Page 1

Invoice # 51907

Attn: Brian Trypka

Copyseis WO #

AREA:

AFE

Description	Quantity	Unit Price	Amount
Storage for April 2003			
Storage: Digital Media	4,553	0.10	455.30
Storage: Section	467	0.04	18.68
Storage: Per Floppy Disk	1	0.02	0.02
Storage: Geoph. Items	60	0.40	24.00
Sub Total			498.00
Federal Goods and Services Tax Reg. # R121280374			
Goods & Services Tax			34.86
Total Invoice			532.86

TERMS: NET 30 DAYS

"Thank You For Your Business"

To: KPMG Inc.
1100, 205 - 5th Avenue SW
Calgary, Alberta
T2P 4B9

Date: Apr 30, 03

Page 1

Invoice # 51979

Attn: Brian Trypka

Copysels WO #

AREA:

AFE

Description	Quantity	Unit Price	Amount
Storage for May 2003			
Storage: Digital Media	4,553	0.10	455.30
Storage: Section	467	0.04	18.68
Storage: Per Floppy Disk	1	0.02	0.02
Storage: Geoph. Items	60	0.40	24.00

TERMS: NET 30 DAYS

"Thank You For Your Business"

To: KPMG Inc.
1100, 205 - 5th Avenue SW
Calgary, Alberta
T2P 4B9

Date: May 30, 03

Page 1

Invoice # 52014

Attn: Brian Trypka

Copyseis WO #

AREA:

AFE

Description	Quantity	Unit Price	Amount
Storage for June 2003			
Storage: Digital Media	4,553	0.10	455.30
Storage: Section	467	0.04	18.68
Storage: Per Floppy Disk	1	0.02	0.02
Storage: Geoph. Items	60	0.40	24.00

TERMS: NET 30 DAYS

"Thank You For Your Business"

To: KPMG Inc.
 1100, 205 - 5th Avenue SW
 Calgary, Alberta
 T2P 4B9

Date: Jun 27, 03

Page 1

Invoice # 52072

Attn: Brian Trypka

Copyseis WO #

AREA:

AFE #

Description	Quantity	Unit Price	Amount
Storage for July 2003			
Storage: Digital Media	4,553	0.10	455.30
Storage: Section	467	0.04	18.68
Storage: Per Floppy Disk	1	0.02	0.02
Storage: Geoph. Items	60	0.40	24.00
Sub Total			498.00
Federal Goods and Services Tax Reg. # R121280374	Goods & Services Tax		34.86
TERMS: NET 30 DAYS	Total Invoice		532.86

TERMS: NET 30 DAYS

"Thank You For Your Business"

To: KPMG Inc.
1100, 205 - 5th Avenue SW
Calgary, Alberta
T2P 4B9

Date: Jul 31,03

Page 1

Invoice # 52125

Attn: Brian Trypka

Copyseis WO #

AREA:

AFE

Description	Quantity	Unit Price	Amount
Storage for August 2003			
Storage: Digital Media	4,553	0.10	455.30
Storage: Section	467	0.04	18.68
Storage: Per Floppy Disk	1	0.02	0.02
Storage: Geoph. Items	60	0.40	24.00
Sub Total			498.00
Federal Goods and Services Tax Reg. # R121280374			
Goods & Services Tax			34.86
Total Invoice			532.86

TERMS: NET 30 DAYS

"Thank You For Your Business"

To: KPMG Inc.
1100, 205 - 5th Avenue SW
Calgary, Alberta
T2P 4B9

Date: Aug 29, 03

Page 1

Invoice # 52152

Attn: Brian Trypka

Copyseis WO #

AREA:

AFE

Description	Quantity	Unit Price	Amount
Storage for September 2003			
Storage: Digital Media	4,553	0.10	455.30
Storage: Section	467	0.04	18.68
Storage: Per Floppy Disk	1	0.02	0.02
Storage: Geoph. Items	60	0.40	24.00
Sub Total			498.00
Federal Goods and Services Tax Reg. # R121280374			
Goods & Services Tax			34.86
Total Invoice			532.86

TERMS: NET 30 DAYS

"Thank You For Your Business"

To: KPMG Inc.
1100, 205 - 5th Avenue SW
Calgary, Alberta
T2P 4B9

Date: Sep 30, 03

Page 1

Invoice # 52179

Attn: Brian Trypka

Copyseis WO #

AREA:

AFE

Description	Quantity	Unit Price	Amount
Storage for October 2003			
Storage: Digital Media	4,553	0.10	455.30
Storage: Section	467	0.04	18.68
Storage: Per Floppy Disk	1	0.02	0.02
Storage: Geoph. Items	60	0.40	24.00
Sub Total			498.00
Federal Goods and Services Tax Reg. # R121280374			
Goods & Services Tax			34.86
Total Invoice			532.86

TERMS: NET 30 DAYS

"Thank You For Your Business"

To: KPMG Management Services
1100, 205 - 5th Avenue SW
Calgary, Alberta
T2P 4B9

Date: Oct 28, 05

Page 1

Invoice # 53678

Attn: Maureen Walsh

Copyseis WO #

AREA:

AFE

Description	Quantity	Unit Price	Amount
Storage for November 2005			
Storage: Digital Media	4,553	0.10	455.30
Storage: Section	467	0.04	18.68
Storage: Per Floppy Disk	1	0.02	0.02
Storage: Geoph. Items	60	0.40	24.00
Sub Total			498.00
Federal Goods and Services Tax Reg. # R121280374	Goods & Services Tax		34.86
TERMS: NET 30 DAYS "Thank You For Your Business"	Total Invoice		532.86

To: KPMG Management Services
1100, 205 - 5th Avenue SW
Calgary, Alberta
T2P 4B9

Date: Nov 29, 05

Page 1

Invoice # 53726

Attn: Maureen Walsh

Copyseis WO #

AREA:

AFE

Description	Quantity	Unit Price	Amount
Storage for December 2005			
Storage: Digital Media	4,553	0.10	455.30
Storage: Section	467	0.04	18.68
Storage: Per Floppy Disk	1	0.02	0.02
Storage: Geoph. Items	60	0.40	24.00
Sub Total			498.00
Federal Goods and Services Tax Reg. # R121280374			34.86
TERMS: NET 30 DAYS "Thank You For Your Business"			532.86
Total Invoice			

To: KPMG Management Services
1100, 205 - 5th Avenue SW
Calgary, Alberta
T2P 4B9

Date: Dec 30, 05

Page 1

Invoice # 53824

Attn: Maureen Walsh

Copyseis WO #

AREA:

AFE

Description	Quantity	Unit Price	Amount
Storage for January 2005			
Storage: Digital Media	4,553	0.10	455.30
Storage: Section	467	0.04	18.68
Storage: Per Floppy Disk	1	0.02	0.02
Storage: Geoph. Items	60	0.40	24.00
Sub Total			498.00
Federal Goods and Services Tax Reg. # R121280374			34.86
Goods & Services Tax			532.86
TERMS: NET 30 DAYS "Thank You For Your Business"			Total Invoice

To: KPMG Management Services
1100, 205 - 5th Avenue SW
Calgary, Alberta
T2P 4B9

Date: Jan 31, 06

Page 1

Invoice # 53918

Attn: Maureen Walsh

Copyseis WO #

AREA:

AFE

Description	Quantity	Unit Price	Amount
Storage for February 2006			
Storage: Digital Media	4,553	0.10	455.30
Storage: Section	467	0.04	18.68
Storage: Per Floppy Disk	1	0.02	0.02
Storage: Geoph. Items	60	0.40	24.00
Sub Total			498.00
Federal Goods and Services Tax Reg. # R121280374			34.86
Goods & Services Tax			532.86
TERMS: NET 30 DAYS "Thank You For Your Business"			Total Invoice

To: KPMG Management Services
1100, 205 - 5th Avenue SW
Calgary, Alberta
T2P 4B9

Date: Feb 28, 06

Page 1

Invoice # 53978

Attn: Maureen Walsh

Copyseis WO #

AREA:

AFE

Description	Quantity	Unit Price	Amount
Storage for March 2006			
Storage: Digital Media	4,553	0.10	455.30
Storage: Section	467	0.04	18.68
Storage: Per Floppy Disk	1	0.02	0.02
Storage: Geoph. Items	60	0.40	24.00
Sub Total			498.00
Federal Goods and Services Tax Reg. # R121280374			34.86
Goods & Services Tax			532.86
TERMS: NET 30 DAYS "Thank You For Your Business"			Total Invoice

To: KPMG Management Services
1100, 205 - 5th Avenue SW
Calgary, Alberta
T2P 4B9

Date: Mar 31, 06

Page 1

Invoice # 54072

Attn: Maureen Walsh

Copyseis WO #

AREA:

AFE

Description	Quantity	Unit Price	Amount
Storage for April 2006			
Storage: Digital Media	4,553	0.10	455.30
Storage: Section	467	0.04	18.68
Storage: Per Floppy Disk	1	0.02	0.02
Storage: Geoph. Items	60	0.40	24.00
Sub Total			498.00
Federal Goods and Services Tax Reg. # R121280374			34.86
Goods & Services Tax			532.86
TERMS: NET 30 DAYS "Thank You For Your Business"			Total Invoice

To: KPMG Management Services
1100, 205 - 5th Avenue SW
Calgary, Alberta
T2P 4B9

Date: Apr 28, 06

Page 1

Invoice # 54164

Attn: Maureen Walsh

Copyseis WO #

AREA:

AFE

Description	Quantity	Unit Price	Amount
Storage for May 2006			
Storage: Digital Media	4,553	0.10	455.30
Storage: Section	467	0.04	18.68
Storage: Per Floppy Disk	1	0.02	0.02
Storage: Geoph. Items	60	0.40	24.00
Sub Total			498.00
Federal Goods and Services Tax Reg. # R121280374			34.86
Goods & Services Tax			532.86
TERMS: NET 30 DAYS			
"Thank You For Your Business"			
Total Invoice			

To: KPMG Management Services
1100, 205 - 5th Avenue SW
Calgary, Alberta
T2P 4B9

Date: May 31, 06

Page 1

Invoice # 54211

Attn: Maureen Walsh

Copyseis WO #

AREA:

AFE

Description	Quantity	Unit Price	Amount
Storage for June 2006			
Storage: Digital Media	4,553	0.10	455.30
Storage: Section	467	0.04	18.68
Storage: Per Floppy Disk	1	0.02	0.02
Storage: Geoph. Items	60	0.40	24.00
Sub Total			498.00
Federal Goods and Services Tax Reg. # R121280374	Goods & Services Tax		34.86
TERMS: NET 30 DAYS "Thank You For Your Business"	Total Invoice		532.86

To: KPMG Management Services
1100, 205 - 5th Avenue SW
Calgary, Alberta
T2P 4B9

Date: Jun 30, 06

Page 1

Invoice # 54324

Attn: Maureen Walsh

Copyseis WO #

AREA:

AFE

Description	Quantity	Unit Price	Amount
Storage for July 2006			
Storage: Digital Media	4,553	0.10	455.30
Storage: Section	467	0.04	18.68
Storage: Per Floppy Disk	1	0.02	0.02
Storage: Geoph. Items	60	0.40	24.00
Sub Total			498.00
Federal Goods and Services Tax Reg. # R121280374			34.86
Goods & Services Tax			532.86
TERMS: NET 30 DAYS "Thank You For Your Business"			Total Invoice

To: KPMG Management Services
1100, 205 - 5th Avenue SW
Calgary, Alberta
T2P 4B9

Date: Jul 31, 06

Page 1

Invoice # 54405

Attn: Maureen Walsh

Copyseis WO #

AREA:

AFE

Description	Quantity	Unit Price	Amount
Storage for August 2006			
Storage: Digital Media	4,553	0.10	455.30
Storage: Section	467	0.04	18.68
Storage: Per Floppy Disk	1	0.02	0.02
Storage: Geoph. Items	60	0.40	24.00
Sub Total			498.00
Federal Goods and Services Tax Reg. # R121280374	Goods & Services Tax		34.86
TERMS: NET 30 DAYS "Thank You For Your Business"	Total Invoice		532.86

Invoice # 54464

Copyseis WO #

AFE #

6705 Fairmount Drive S.E., Calgary, Alberta T2H 0X6 • Bus: (403) 253-3425 • Fax: (403) 259-8882 • www.copyscans.com

To: KPMG Management Services
 1100, 205 - 5th Avenue SW
 Calgary, Alberta
 T2P 4B9

Date: Sep 29, 06

Page 1

Invoice # 54562

Attn: Maureen Walsh

Copyseis WO #

AREA:

AFE #

Description	Quantity	Unit Price	Amount
Storage for October 2006			
Storage: Digital Media	4,553	0.10	455.30
Storage: Section	467	0.04	18.68
Storage: Per Floppy Disk	1	0.02	0.02
Storage: Geoph. Items	60	0.40	24.00
Sub Total			498.00
Federal Goods and Services Tax Reg. # R121280374			29.88
Goods & Services Tax			527.88
TERMS: NET 30 DAYS			Total Invoice
<i>"Thank You For Your Business"</i>			

**copyseis Ltd.****INVOICE**

To: KPMG Management Services
1700, 205 - 5th Avenue SW
Calgary, Alberta
T2P 4B9

Date: Dec 15, 11

Page 1

Invoice # 160365

Attn: Maureen Walsh

Copyseis WO #

AREA:**AFE #**

Description	Quantity	Unit Price	Amount
Yearly Storage for 2012 (January - December)			
Storage: Digital Media	4,553	1.92	8,741.76
Storage: Sections	467	0.96	448.32
Storage: Floppy Disks	1	0.48	0.48
Storage: Geophysical Data (Per Ft^3)	60	6.00	360.00
		Sub Total	9,550.56
Federal Goods and Services Tax Reg. # R121280374		Goods & Services Tax	477.53
TERMS: NET 30 DAYS "Thank You For Your Business"		Total Invoice	10,028.09

**copyseis Ltd.****INVOICE**

To: KPMG Management Services LP
1200-205 5 AVE SW
CALGARY AB T2P 4B9

Date: Jan 01,21

Page 1

Invoice # 169501

Attn: Accounts Payable

Copyseis WO #

AREA:**AFE #**

Description	Quantity	Unit Price	Amount
Storage for 2021 (January - December)			
Storage: Digital Media	4,549	2.40	10,917.60
Storage: Rolled Sections	467	1.20	560.40
Storage: Rolled Maps	139	1.20	166.80
Storage: Floppy Disks	1	1.20	1.20
Storage: Geophysical Data (Per Cubic Foot)	11	7.32	80.52
Storage: Well Data (Per Cubic Foot)	2	7.32	14.64
Sub Total			11,741.16
Federal Goods and Services Tax Reg. # R121280374			587.06
TERMS: NET 30 DAYS "Thank You For Your Business"			12,328.22
Total Invoice			



INVOICE

Page 1

Copyseis WO #

AFE #

[illegible]



INVOICE

Page 1

Copyseis WO #

AFE #

Description	Quantity	Unit Price	Amount
Storage for 2023 (January - December)			
Storage: Digital Media	4,549	2.76	12,555.24
Storage: Rolled Sections	467	1.44	672.48
Storage: Rolled Maps	139	1.44	200.16
Storage: Floppy Disks	1	1.44	1.44
Storage: Geophysical Data (Per Cubic Foot)	11	8.16	89.76
Storage: Well Data (Per Cubic Foot)	2	8.16	16.32
		Sub Total	13,535.40
Federal Goods and Services Tax Reg. # R121280374		Goods & Services Tax	676.77
TERMS: NET 30 DAYS "Thank You For Your Business"		Total Invoice	14,212.17

Jaswal, Harman

From: CAL Reception
Sent: Monday, September 25, 2023 9:39 AM
To: Shellon, Jackie; CA-FM CAL Central Services
Subject: RE: Incoming Mail

Hi
Nothing at Reception

Thanks
Mary

Calgary Reception
403-691-8000

From: Shellon, Jackie <jshellon@kpmg.ca>
Sent: Monday, September 25, 2023 9:35 AM
To: CA-FM CAL Central Services <calcentralservices@kpmg.ca>; CAL Reception <CALReception@Kpmg.ca>
Cc: CA-FM Cal Conf Centre <ca-fmcalconfcentre@kpmg.ca>
Subject: RE: Incoming Mail
Importance: High

Thanks very much Colton, really appreciate it.

Any insight reception could provide would be very helpful.

Jacqueline Shellon, CPA, CIRP, LIT (*she/her*)
Manager
Deal Advisory | Restructuring & Turnaround
T (403) 450-6716
jshellon@kpmg.ca

From: CA-FM CAL Central Services <calcentralservices@kpmg.ca>
Sent: Monday, September 25, 2023 9:34 AM
To: Shellon, Jackie <jshellon@kpmg.ca>
Cc: CA-FM Cal Conf Centre <ca-fmcalconfcentre@kpmg.ca>; CAL Reception <CALReception@Kpmg.ca>
Subject: RE: Incoming Mail

Hello,

I reached out to reception to see if they may have a record of anything and was just waiting for their reply.

We don't have a record down here of receiving anything matching "Copyseis", it should also be noted that the address on the below sample isn't correct as it has the incorrect suite number but since it is addressed to KPMG if it was delivered downstairs they would provide it up to us regardless of the number if they were coming here but we don't have any record of receiving any physical copies.

Thank you,

Colton Williams

Mail Clerk, KPMG

From: Shellon, Jackie <jshellon@kpmg.ca>
Sent: Monday, September 25, 2023 9:27 AM
To: CA-FM CAL Central Services <calcentralservices@kpmg.ca>
Subject: RE: Incoming Mail
Importance: High

Hello,

Very sorry to pester on this, I was hoping we could have an answer on this quickly. It is a matter of urgency.

Thanks in advance for your assistance,

Jacqueline Shellon, CPA, CIRP, LIT (she/her)
Manager
Deal Advisory | Restructuring & Turnaround
T (403) 450-6716
jshellon@kpmg.ca

From: Shellon, Jackie
Sent: Monday, September 25, 2023 8:53 AM
To: CA-FM CAL Central Services <calcentralservices@kpmg.ca>
Subject: Incoming Mail

Good morning,

We have been advised by a creditor they have been sending invoices to us for 23 years and we are just checking to confirm if this is the case.

It appears they are sending invoices to KPMG Management Services LP. Can you let me know if we have been receiving these and where they are going?

Here is a sample of what they look like:



copyre/ ltd. INVOICE

To: KPMG Management Services LP
1200-205 5 AVE SW
CALGARY AB T2P 4R9

Date: Jan 01, 22 Page 1

Invoice # 170315

Am: Accounts Payable Copyres RU #

AREA: AFE #

Description	Quantity	Unit Price	Amount
-------------	----------	------------	--------

Thanks very much,

Jacqueline Shellon, CPA, CIRP, LIT (she/her)

Manager
Deal Advisory | Restructuring & Turnaround
T (403) 450-6716
jshellon@kpmg.ca

APPENDIX "T"

CONFIRMATION FROM TRUSTEE MAIL ROOM OF NO MAIL RECEIVED FROM COPYSEIS LTD. DATED
SEPTEMBER 25, 2023

Jaswal, Harman

From: CAL Reception
Sent: Monday, September 25, 2023 9:39 AM
To: Shellon, Jackie; CA-FM CAL Central Services
Subject: RE: Incoming Mail

Hi
Nothing at Reception

Thanks
Mary

Calgary Reception
403-691-8000

From: Shellon, Jackie <jshellon@kpmg.ca>
Sent: Monday, September 25, 2023 9:35 AM
To: CA-FM CAL Central Services <calcentralservices@kpmg.ca>; CAL Reception <CALReception@Kpmg.ca>
Cc: CA-FM Cal Conf Centre <ca-fmcalconfcentre@kpmg.ca>
Subject: RE: Incoming Mail
Importance: High

Thanks very much Colton, really appreciate it.

Any insight reception could provide would be very helpful.

Jacqueline Shellon, CPA, CIRP, LIT *(she/her)*
Manager
Deal Advisory | Restructuring & Turnaround
T (403) 450-6716
jshellon@kpmg.ca

From: CA-FM CAL Central Services <calcentralservices@kpmg.ca>
Sent: Monday, September 25, 2023 9:34 AM
To: Shellon, Jackie <jshellon@kpmg.ca>
Cc: CA-FM Cal Conf Centre <ca-fmcalconfcentre@kpmg.ca>; CAL Reception <CALReception@Kpmg.ca>
Subject: RE: Incoming Mail

Hello,

I reached out to reception to see if they may have a record of anything and was just waiting for their reply.

We don't have a record down here of receiving anything matching "Copyseis", it should also be noted that the address on the below sample isn't correct as it has the incorrect suite number but since it is addressed to KPMG if it was delivered downstairs they would provide it up to us regardless of the number if they were coming here but we don't have any record of receiving any physical copies.

Thank you,

Colton Williams

Mail Clerk, KPMG

From: Shellon, Jackie <jshellon@kpmg.ca>
Sent: Monday, September 25, 2023 9:27 AM
To: CA-FM CAL Central Services <calcentralservices@kpmg.ca>
Subject: RE: Incoming Mail
Importance: High

Hello,

Very sorry to pester on this, I was hoping we could have an answer on this quickly. It is a matter of urgency.

Thanks in advance for your assistance,

Jacqueline Shellon, CPA, CIRP, LIT (*she/her*)
Manager
Deal Advisory | Restructuring & Turnaround
T (403) 450-6716
jshellon@kpmg.ca

From: Shellon, Jackie
Sent: Monday, September 25, 2023 8:53 AM
To: CA-FM CAL Central Services <calcentralservices@kpmg.ca>
Subject: Incoming Mail

Good morning,

We have been advised by a creditor they have been sending invoices to us for 23 years and we are just checking to confirm if this is the case.

It appears they are sending invoices to KPMG Management Services LP. Can you let me know if we have been receiving these and where they are going?

Here is a sample of what they look like:



copyseis Ltd.

To: KPMG Management Services LP
1200-205 5 AVE SW
CALGARY AB T2P 4B9

Date: Jan 01,22

Invoice # 170315

Attn: Accounts Payable

Converseis WU #

Thanks very much,

Jacqueline Shellon, CPA, CIRP, LIT (*she/her*)

Manager
Deal Advisory | Restructuring & Turnaround
T (403) 450-6716
jshellon@kpmg.ca

APPENDIX "U"

SUMMARY OF ALL PROFESSIONAL FEES FOR THE PERIOD MARCH 1, 2000 TO DISCHARGE

Professional Fees Schedule for the Period of March 1, 2000 to discharge

Summary of Trustee Fees													
No.	Trustee's Fees	Invoice Number	Invoice Date	GL Date	Total before GST	Disbursements	Fees only	GST	Total Invoice	On Hand	Taxed	Paid	Inspector Approved
Invoices Paid													
1	KPMG Inc.	Invoice #306931	20-May-00	March 1, 2000 to April 30, 2000	\$ 39,908.21	\$ 9,355.21	\$ 30,553.00	\$ 2,793.57	\$ 42,701.78	x		x	x
2	KPMG Inc.	Invoice #304043	22-Aug-00	May 1, 2000 - July 30, 2000	\$ 16,279.96	\$ 5,037	\$ 11,243.00	\$ 1,139.60	\$ 17,419.56	x		x	x
3	KPMG Inc.	Invoice #311800	2-Oct-00	August 1, 2000 - September 30, 2000	\$ 8,984.38	\$ 647.38	\$ 8,337.00	\$ 628.91	\$ 9,613.29	x		x	x
4	KPMG Inc.	Invoice #311810	15-Nov-00	October 1, 2000 to October 30, 2000	\$ 10,209.94	\$ 368.94	\$ 9,841.00	\$ 714.70	\$ 10,924.64	x		x	x
5	KPMG Inc.	Invoice #311811	15-Nov-00	October 31, 2000 to November 3, 2000	\$ 16,921.06	\$ 7,921.06	\$ 9,000.00	\$ 1,184.47	\$ 18,105.53	x		x	x
6	KPMG Inc.	Invoice #311837	22-Jan-01	November 4, 2000 - December 31, 2000	\$ 13,895.71	\$ 508.71	\$ 13,387.00	\$ 972.70	\$ 14,868.41	x		x	
7	KPMG Inc.	Invoice 313237	25-Jun-01	January 1, 2001 - May 31, 2001	\$ 2,836.95	\$ 101.95	\$ 2,735.00	\$ 198.58	\$ 3,035.53	x		x	x
8	KPMG Inc.	Invoice #315035	17-Dec-01	June 1, 2001 - December 10, 2001	\$ 411.11	\$ 19.11	\$ 392.00	\$ 28.77	\$ 439.88	x		x	x
9	KPMG Inc.	Invoice #41182571	25-Mar-2003	08-Apr-2016	\$ 1,044.00	\$ -	\$ 1,044.00	\$ 73.08	\$ 1,117.08	x	x	x	
10	KPMG Inc.	Invoice #41495444	17-Dec-2003	08-Apr-2016	\$ 1,764.00	\$ -	\$ 1,764.00	\$ 123.48	\$ 1,887.48	x	x	x	
11	KPMG Inc.	Invoice #41816977	20-Sep-2004	08-Apr-2016	\$ 980.00	\$ -	\$ 980.00	\$ 68.60	\$ 1,048.60	x	x	x	
12	KPMG Inc.	Invoice #42348147	6-Mar-2006	08-Apr-2016	\$ 8,122.46	\$ 2,099.46	\$ 6,023.00	\$ 568.57	\$ 8,691.03	x	x	x	
13	KPMG Inc.	Invoice #8000103217	24-Oct-2013	08-Apr-2016	\$ 11,587.50	\$ -	\$ 11,587.50	\$ 579.38	\$ 12,166.88	x	x	x	
14	KPMG Inc.	Invoice #7000084982	9-Mar-2016	08-Apr-2016	\$ 11,402.00	\$ -	\$ 11,402.00	\$ 570.11	\$ 11,972.11	x		x	
Subtotal of invoices paid					144,347	26,059	118,289	9,645	153,992				
Invoices to be paid													
15	KPMG Inc.	Invoice #7000429216	18-Dec-23	March 5, 2016 - October 27, 2023	\$ 71,877.50	\$ -	\$ 71,877.50	\$ 3,593.88	\$ 75,471.38	x			
16	KPMG Inc.	Invoice #5005610064	7-Feb-24	October 28, 2023 - January 10, 2024	\$ 20,577.50	\$ -	\$ 20,577.50	\$ 1,028.88	\$ 21,606.38	x			
17	Estimated Trustee Fees to Complete				\$ 7,125.00		\$ 7,125.00	\$ 356.25	\$ 7,481.25				
Subtotal of invoices to be paid					99,580	-	99,580	4,979	104,559				
Total Trustee Fees					243,927	26,059	217,869	14,624	258,551				
Approved by OSB					189,446			11,899	201,346				
KPMG Write off					54,481			2,724	57,205				

Summary of Legal Fees														
No.	Legal Counsel to Estate fees	Invoice Number	Invoice Date	GL Date	Total before GST	Disbursements	Fees only	GST	Total Invoice	On Hand	Taxed	Paid	Inspector Approved	
Invoices Paid														
1	VINSON & ELKINS	NA	20-Apr-2000	14-Mar-2000	\$ 7,500.00		\$ 7,500.00		\$ 7,500.00	x		x		
2	Armstrong Perkins Hudson LLP	134013	28-Sep-2000	10-Nov-2000	\$ 120.45		\$ 120.45	\$ 8.43	\$ 128.88	x		x		
3	James G. Hanley Barrister and Solicitor	587	8-Nov-2000	08-Dec-2000	\$ 35,101.27	\$ 2,280.47	\$ 32,820.80	\$ 2,306.59	\$ 37,407.86	x		x	x	
4	Armstrong Perkins Hudson LLP	135295	31-Jan-2001	13-Mar-2001	\$ 440.05		\$ 440.05	\$ 30.80	\$ 470.85	x		x		
5	Hanley Law Office	Invoice #1792	3-Jan-2013	02-Apr-2013	\$ 5,660.04		\$ 5,660.04	\$ 282.69	\$ 5,942.73	x	x	x		
6	James G. Hanley Law Office	Invoice #2045	30-Apr-2014	23-Jul-2014	\$ 5,419.01		\$ 5,419.01	\$ 267.95	\$ 5,686.96	x		x		
7	James G. Hanley Law Office	Invoice #2421		08-Apr-2016	\$ 6,273.25		\$ 6,273.25	\$ 313.66	\$ 6,586.91	x		x		
8	Legal Fees rolled over from US Account	NA	NA		\$ 65,841.17		\$ 65,841.17		\$ 65,841.17			x		
Subtotal of invoices paid					126,355	2,280	124,075	3,210	129,565					
9	James G. Hanley Law Office	Invoice #3170	28-Aug-2023		\$ 9,162.47	\$ 197.47	\$ 8,965.00	\$ 450.42	\$ 9,612.89	x				
10	Estimated Legal Fees to complete				\$ 3,387.74		\$ 3,387.74	\$ 169.39	\$ 3,557.13					
Subtotal of invoices to be paid					12,550	197	12,353	620	13,170					
Total Legal Fees					138,905	2,478	136,428	3,830	142,735					
Approved by OSB									142,735					