EXPLORATION AND PRODUCTION SHARING CONTRACT
BETWEEN
THE GABONESE STATE AND
THE COMPANY

(Indicate the name of the company)
(Deep and Ultra Deep Zone Offshore)

Date of signature
GABONESE REPUBLIC

MINISTRY OF OIL, GAS
HYDROCARBONS AND MINES

GENERAL DIRECTION OF HYDROCARBONS

EXPLORATION AND PRODUCTION
SHARING CONTRACT

BETWEEN

THE GABONESE STATE

AND

THE COMPANY XXXX

(indicate the name of the Block) N°G4-(number)
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EXPLORATION AND PRODUCTION SHARING CONTRACT

[indicate the name of the permit] N°G4-[indicate the number]

BETWEEN

The Gabonese State, represented by:
- Mr. [indicate the name], Minister of Oil, Gas, Hydrocarbons and Mines and
- Mr. [indicate the name], Minister of Economy and Finance,

(Hereinafter referred to as the “State”),

On one hand,

And

[indicate the company], incorporated under the laws in force in [indicate the place], with its head office located in [indicate the place], represented by [indicate the name and title], having full powers to this effect (hereinafter referred to as the “Contractor”),

On the other hand,

The State of Gabon and the Contractor being also hereinafter jointly referred to as the “Parties” and individually as the “Party”.

Whereas:

♦ the State is the owner of the natural resources in the soil and sub-soil of its territory, as well as the marine areas under its sovereignty or which parts of its exclusive economic zone are;

♦ the discovery and development of national Hydrocarbons resources will contribute to the implementation of the economic and social development policy of the country and the advancement of the welfare of its inhabitants, particularly through the definition and implementation of the Local Content policy;

♦ the exploration and exploitation of Hydrocarbons are considered to be of public interest;

♦ the exploration and exploitation of Hydrocarbons are carried out in compliance with the Law no 002/2019 dated July 16 2019, regulating the Hydrocarbons sector in the Gabonese Republic;

♦ the State intends to undertake operations for the exploration, exploitation, transportation, storage and marketing of Hydrocarbons by entrusting such operations to a Contractor who has sufficient capital, required technical expertise, personnel, and organizational capacity to carry out such operations and who desires to assist the State by participating in the development of the national Hydrocarbons Industry;

♦ the Hydrocarbons exploration and exploitation operations must be carried out in strict compliance with the norms and standards prevailing in the Petroleum Industry;

♦ preservation of the environment is a requirement. In this respect, the hydrocarbons exploration and exploitation activities must be conducted in strict compliance with the laws and regulations in force and the commitments made by the State of Gabon vis-à-vis the International Community.

Now, therefore, the Parties have agreed as follows:
ARTICLE 1er
DEFINITIONS

For the purpose of interpreting this Contract, the following definitions are accepted:

**Association Agreement**: agreement, compliant with the practices of the petroleum industry, governing the rights and obligations between the Contractor's members in the performance of the Contract.

**Department**: public service or administrative unit responsible for all or part of the execution and monitoring of the implementation of the State policy;

**Calendar Year**: a period of twelve (12) consecutive months starting on the first (1st) of January and ending on the thirty-first (31st) of December, in accordance with the Gregorian calendar;

**Contractual Year**: a period of twelve (12) consecutive months commencing respectively on the signing date of the order issuing the Exclusive Exploration Permit or on the anniversary date of the signature;

**Annex**: any document attached to and supplementing this Contract;

**Exclusive Exploration Permit (EEP)**: administrative act by which the State authorizes the Contractor to undertake, on an exclusive basis, in the Demarcated Area, the exploration work, notably seismic work, exploration drilling, appraisal drilling, studies and any type of work required for Hydrocarbons exploration;

**Exclusive Development and Production Permit (EDPP)**: administrative act by which the State authorizes the Contractor to undertake, on an exclusive basis, all Hydrocarbons development and production work and restoration of sites within a Demarcated Exploitation Area around the Deposit, extended, where applicable, to a maximum of two successive contour lines located beyond the closure point of this Deposit;

**Barrel**: 42 American gallons measured at a temperature of 60°F and at atmospheric pressure. It equals 159 liters;

**Budget**: the estimated expenditures and income broken down by item for the Petroleum Operations appearing in the Annual Work Programs and development plans;

**Field**: Deposit under exploitation;

**SRE Account**: account held in United States dollars domiciled in Gabon, opened at the Bank of Central African States or a credit institution under Gabonese law chosen by mutual agreement, and subject to the supervision of the Banking Commission of Central Africa (C.O.B.A.C.), into which are paid the funds which are allocated exclusively for the payment of expenses related to the execution of the RES Work to be carried out in accordance with the RES plan.

**Local Content**: National hydrocarbon policy of an economic and social nature focused on development capacity, use of national human and material resources, training and
development of national skills, technology transfer, use of local goods and services and creation of additional value at the local level;

**Contractor:** the legal person(s), individually or jointly, acting alone or jointly and severally liable for the commitments made with regard to the State under the Contract;

**Contract:** this document and its annexes, as well as any modification that may be decided upon by the Parties;

**Exploration and Production Sharing Contract (EPSC):** contract between the State and a Contractor by which the latter commits to carry out within a Demarcated Area on which the Contractor has exclusive rights, at its own risks, on behalf of the State, exploration activities for the discovery of Hydrocarbons, development, and production entitling the Contractor, in return for the service rendered, the technical and financial risks assumed, to a remuneration represented by the allocation of a portion of the Hydrocarbons produced;

**Company Control:** effective direct or indirect possession of the capital and/or decision-making power within a legal entity as defined by the provisions of the OHADA Uniform Act relating to Commercial Companies and Economic Interest Groups;

**Petroleum Costs:** all expenses strictly related to the performance of the Petroleum Operations, which are actually incurred, paid for and duly justified by the Contractor in accordance with market prices charged between unrelated parties for similar services or goods for which a right to recovery is recognized in the Demarcated Zone;

**Effective Date:** date upon which the present Contract enters into force, which corresponds to the date of publication in the Official Gazette of the Gabonese Republic of the decree of the President of the Republic approving this Contract;

**State:** Government of the Gabonese Republic and its administration;

**Partner State:** Gabonese Republic, in its capacity as holder of interests in the Petroleum Operations as a member of the Contractor;

**Independent Expert:** a natural or legal person qualified in a given field, enjoying a good international reputation in its field of competence and having no relationship liable to create a conflict of interest with either Party. This person shall be appointed by the International Centre for Expertise, in accordance with the Rules for Expertise of the International Chamber of Commerce in Paris;

**Fault:** any action or omission committed by one of the Parties, in breach of an obligation arising from this Contract, or from a regulatory or legislative provision;

**Site Rehabilitation Funds (SRE):** financial allocations made and paid by the Contractor in United States dollars and intended to cover the expenses relating to the site rehabilitation operations and jointly managed by the Contractor and the State;

**Exploration Drilling:** drilling intended to reveal the proof of the existence of a Deposit;

**Appraisal Drilling:** drilling intended to appraise the extension of Hydrocarbons contained in a Deposit;
Development or Production drilling: drilling intended to produce Hydrocarbons from a Deposit, including those intended for the injection and/or reinjection of fluids and/or gas;

Force Majeure: Any unforeseeable, uncontrollable and irresistible event which is not attributable to the Party availing itself of it, but rather to circumstances that are beyond its control and which momentarily prevents the performance of all or part of the obligations arising from this Contract;

C.F.A. Franc: currency with legal tender and power to discharge in Gabon and the Member States of the Bank of Central African States (BEAC);

Wastage: loss and natural transformation of Hydrocarbons resulting in a decrease in amounts counted between the Field exit and either the Lifting Point or the Delivery Point;

Natural Gas: fossil fuels composed mainly of methane and some other gaseous hydrocarbons, which are present in the reservoirs;

Deposit: an accumulation of Hydrocarbons contained in the subsoil;

Group of companies: a group made up of one Parent Company and its Subsidiaries as defined by the provisions of the OHADA Uniform Act on the law of commercial companies and economic interest groups;

Hydrocarbons: Fossil energy sources made up of organic bodies, composed mainly of carbon and hydrogen present in the nature in gaseous, liquid and solid form;

Calendar Month: a period of one month in the Gregorian calendar starting on the first day of the month and ending on the 28th, 29th, 30th or 31st day of the said month, as the case may be;

Operator: a company which is a member of the Contractor with the technical and financial capacity required to conduct Petroleum Operations, duly mandated, acting in the name and on behalf of, and under the responsibility of the Contractor and whose designation is approved by the State;

Petroleum Operations: set of operations for the prospecting, research, appraisal, development, production, transportation, treatment, storage of Hydrocarbons and, more generally, any operation which is directly related to the foregoing, including site abandonment and rehabilitation operations conducted out as part of this Contract, except for downstream activities;

Site Refurbishment Operations: set of operations, of any kind required in order to assure the rehabilitation of the sites;

Party: one of the legal persons that is a signatory of this Contract;

Crude Oil: crude mineral oil, condensate, asphalt, ozocerite and any type of Hydrocarbons and bitumen, whether solid or liquid in their natural state or obtained from gaseous hydrocarbons by extraction;

Permit or Authorization: administrative act authorizing the exploration, development or production of hydrocarbons in an area defined by the administrative authority;
Development Plan: proposed work programs relating to the development, production of Hydrocarbons and site restoration. This Plan includes notably the duration of the development necessary for the entry into production, the technical, legal, economic and financial aspects, the security and environmental measures, as well as the Local Content plan.

Delivery Point: connection point located at the entrance of the Hydrocarbon transformation facilities in Gabon;

Official Transfer Price: fiscal price determined by the joint commission made up of representatives of the competent administrations and Hydrocarbon producing companies and approved by the Government.

Lifting Point: place where the counting and fiscal measurements of the quantity of Hydrocarbons for export are performed;

Net Production: Total Available Production of Hydrocarbons less the State’s share with respect to the Proportional Mining Royalty;

R Factor: method for determining the production shares accruing to each party in respect of the sharing of the remaining production share which takes into account variations in the price per barrel on the international market, the level of petroleum costs incurred and the level of production in an operating area and which is based on the determination of a ratio between the cumulative revenues and the cumulative petroleum costs of the project;

Remaining Production: Net Production less the Hydrocarbons levied by the Contractor to recover Petroleum Costs;

Available Total Production: total volume of Hydrocarbons determined by using a fiscal measuring point located at the effluent extraction site, separator outlet, prior to storage, from the exploitation of all deposits located within the delimited zone of the development and production exclusive permit;

Annual Work Program: description of all work commitments and the corresponding budget that the Contractor is required to perform during a Calendar Year in the Demarcated Area;

Restoration of Sites: set of activities of restoration of sites following Petroleum Operations;

Affiliated Company or Subsidiary: legal entity over which a Parent Company exercises control within the meaning of Articles 179 and 180 of the OHADA Uniform Act relating to the rights of commercial companies and Economic Interest Groups;

Affiliated Company: a company which directly or indirectly through one or more companies Controls or is Controlled by, or is under Common Control with, the Contractor;

Gabonese Company: company created and domiciled in the Gabonese Republic;

Parent Company: company that controls directly or indirectly another company by holding the majority of its capital and/or voting rights;

National Hydrocarbons Company of Gabon: a commercial company created by Order No. 1017/PR/MMPH of 24 August 2011 whose capital is entirely held by the State of Gabon;
Field Exit: point where the metering and fiscal measuring of Hydrocarbons leaving the Fields are performed.

Underlifting: a situation in which one of the parties has failed, at a given time, to remove and take possession of the full share of Hydrocarbons to which it is entitled pursuant to the provisions of this Contract;

Overlifting: a situation in which one of the Parties, at a given time, has already removed and taken possession of a quantity of Hydrocarbons that exceeds that to which it is entitled pursuant to the provisions of this Contract;

$ LIBOR Rate: the US Dollar interbank rate for the reference period as published on the LIBOR01 page of the Reuters screen, under the aegis of the British Banker’s Association (BBA), at approximately 11:30a.m. (London time) two (2) working days before the first day of the period for which this rate is to apply;

Third Party: any natural or legal person other than the parties to the Contract, or other than the entities forming the Contractor, or which is neither a Subsidiary, nor a Parent Company of the Contractor or of entities forming it.

SRE Work: works which are necessary for the rehabilitation and restoration of the sites. Such works must be carried out in accordance with the regulations in force in the Gabonese Republic and with the norms and standards generally accepted in the Hydrocarbons industry;

Demarcated Area: the surface area within the perimeter described by the geographical coordinates according to the UTM projection system, based on Clarke’s 1880 spheroid, time zone 32, having the astronomical point of M’PORALOKO as its origin and being subject of anExclusive Exploration Permit, whose coordinates are in Annex I;

Exploitation Area: the surface area located within the (initial or remaining) Demarcated Area which is subject to an EDPP granted by the State to the Contractor, in accordance with the regulations in force and by virtue of this Contract;

Exploration Area: the surface area which is subject to an EEP granted by the State to the Contractor, in accordance with the regulations in force and by virtue of this Contract;

Unitized Area: Exploitation Area resulting from the Unitization of a Deposit
ARTICLE 2
PURPOSE OF THE CONTRACT

The purpose of this Contract is to engage in research, development, production and sharing of Hydrocarbons by the Contractor at its own exclusive risk, for and on behalf of the State. It entitles the Contractor, in consideration for the service rendered as well as the financial and technical risks assumed, to remuneration represented by the allocation of a share of the produced Hydrocarbons.

ARTICLE 3
GENERAL PROVISIONS

3.1 The Contract defines the rights and obligations of the Parties, governs their mutual relationship and establishes the rules and terms for exploration and exploitation.

It applies to the Petroleum Operations to be performed by the Contractor, it being understood that all substances other than Hydrocarbons are beyond its scope of application.

The present Contract cannot be held by the Parties as a pledge, collateral, fiduciary alienation as a guarantee or as any other guarantee or security.

Nevertheless, each of the Contracting members can provide as a guarantee the respective share of the rights he holds in the present Contract.

3.2 The Contractor is required, in respect of all works performed within the Petroleum Operations, to use its best efforts to comply with the norms and standards generally accepted in the petroleum industry.

3.3 The Contractor shall provide all of the financial and technical means necessary for the proper performance of the Petroleum Operations.

The Contractor is free to resort to the capital of Third Parties, Affiliates, Subsidiaries or Parent Company for the financing of Petroleum Operations.

However, interest, bank fees, financial charges of any nature, as well as any possible currency exchange losses arising from such financing, whatever their source and conditions, shall be chargeable to Petroleum Costs only when in compliance with the conditions and restrictions of this Contract and the Accounting Procedure Schedule attached hereto.

3.4 The petroleum companies constituting the Contractor shall jointly and severally support the technical and financial risks attached to the performance of the Petroleum Operations.

However, the Partner State shall not bear any risk during the exploration period.

3.5 Nevertheless, in the event of discovery of commercially exploitable Hydrocarbons, from the start of production, the Partner State shall have, with respect to the petroleum operations, the same rights and obligations as the other members of the Contractor, in proportion to its interest in the Contract.
3.6
In the Month following the Effective Date, the Contractor shall submit for approval by the Department of Hydrocarbons the name of the company that has been designated as Operator responsible for the realization of the Petroleum Operations.

The Contractor may, at any time, name another Operator under the same conditions described above, provided that it has justified its decision for the change.

3.7
Before the date of signature of this Contract, the Contractor is required to provide the Department of Hydrocarbons with the following documents:

i) the identity of the Contractor;

ii) the place of residence or head office;

iii) the share capital;

iv) the authority of the signatories;

v) the certified copy of the company’s articles of association;

vi) the certified financial statements for the last three financial years, or, where relevant, those of the Parent Company;

vii) the undertaking by which its Parent Company undertakes to ensure the proper performance of the obligations entered into by the Contractor under this Contract. This undertaking constitutes an Appendix to this Contract;

viii) a solemn undertaking by the Contractor not to engage in illegal activities, such as money laundering, arms sales, or acts of terrorism.

The Contractor is required to provide the Department of Hydrocarbons with any modification or change to the aforementioned documents and forward the amended copies to the Department within thirty (30) days.

3.8
Once incorporated under Gabonese law, the Operator is required to have, acquire or build its own premises in Gabon within five (05) years from the date of issuance of the EDPP.

The costs associated thereto are included in the Petroleum Costs account.

3.9
During the term of this Contract, the Contractor is entitled to a variable remuneration from the State consisting of the portion of the Remaining Production allocated to it according to the conditions and principles set out in this Contract.

3.10
The entities constituting the Contractor, including any potential assignees pursuant to this Contract, shall be considered as a single entity for the purpose of the Contract. With regard to the State, the Operator acts in the name and on behalf of all entities which form the Contractor in relation to the payment of royalties, taxes, support funds, production accruing to the State and miscellaneous expenses incumbent on the Contractor under this Contract.

However, for accounting and tax purposes, each of the companies comprising the Contractor shall be treated as a separate company acting on its own behalf for accounting and tax purposes.
3.11
The Operator is required to provide the Department of Hydrocarbons with all reports, data and information required by regulations in effect and by this Contract, as well as all contracts or agreements linking the companies comprising the Contractor.

3.12
In the context of the implementation of the terms for the performance of this Contract, the person responsible for the Department of Hydrocarbons acts on behalf of the State. Within the limits of the legal and contractual powers conferred on him, the person makes any decision, gives any consent and authorization necessary for the completion of Petroleum Operations.

3.13
The Contractor shall provide at least once a year to the Department of Hydrocarbons and the Tax administration a statement including the following:

• the amounts realized for any transfer of assets;
• the gains or losses on disposal of petroleum interests made by the Contractor;
• the estimated values of the assets acquired under this Contract, along with a summary table of the aforesaid assets with their prices and purchase dates and the accounting depreciation table;
• the estimated amounts of contractual work that remain to be performed.

3.14
The Contractor shall contribute to the Provisions and Support Fund mentioned in Articles 26 and 27 whose principles, conditions of supply and use are specified in this Contract. This includes:

- Training Fund;
- Hydrocarbons Support Fund;
- Equipment Fund for the Department of Hydrocarbons;
- Fund for the Development of Local Communities;
- Fund for the mitigation of the impacts of petroleum activities on the environment;
- Provision for Diversified Investments;
- Provision for Investments in Hydrocarbons.

3.15
Except as otherwise stated by law or stipulated in this Contract, in case of delayed payment of amounts due by the Contractor to the State, such payments shall bear interest calculated from their due date at the $ LIBOR Rate plus 300 base points.

3.16
Each Party shall consider the content of this Contract and its Annexes to be confidential and undertakes, on its behalf and on behalf of the service companies or consulting firms working on its behalf, to refrain from disclosing such information to Third Parties without the prior consent of the other party.

For the State, this obligation shall remain, at the Contractor's expense, for ten (10) years after the expiration of this Contract.
This shall not prevent the Contractor from dissolving or liquidating any Gabonese company incorporated pursuant to the Contract.

After authorization of the Department of Hydrocarbons, each entity constituting the Contractor may, after informing the other entities and without requiring their consent and after approval of the Department of Hydrocarbons, communicate the aforementioned confidential information and data.

Notwithstanding the above provisions, confidential information and data can be freely communicated in the cases below:

I- Communication to any company interested in good faith in the potential transfer/acquisition or assistance in connection with Petroleum Operations after obtaining a non-disclosure agreement from this company to ensure the confidentiality of this information and data and restrict their use to the sole purpose of such transfer or assistance;

II- Communication between the Affiliated Companies, as well as to any employee, director or officer of any of the aforementioned entities, and to its Parent Company, the Subsidiaries, as well as to any external professional consultant involved in Petroleum Operations, after obtaining from the above a similar non-disclosure agreement;

III- Communication to any bank or financial institution from which the Contractor seeks or obtains funding, after obtaining a similar non-disclosure agreement from such institutions;

IV- Communication in order to comply with the rules governing a stock exchange, or upon a regular official requisition of an administrative supervisory or control authority;

V- Communication as part of any judicial, administrative or arbitral litigation or as required by the applicable law.

3.17
The Contractor is required to keep all documents, information and data related to Petroleum Operations in Gabon, and has the obligation to submit them to the person responsible for the Administration of Hydrocarbon.

Core samples, rock samples or any other data or material taken during Petroleum Operations may not be duplicated without the prior consent of the Hydrocarbon Administration. Such data shall be kept by the Contractor, shall be available for consultation at any time by representatives of the Hydrocarbon Administration and shall be transmitted to the Hydrocarbon Administration no later than three (3) months prior to the expiry date of the Contract or one (1) month prior to the manifestation of the intention to waive the rights inherent in the Contract.

Magnetic tapes and other data, the originals of which are to be analyzed or processed outside Gabon, shall be repatriated to Gabon after use.

The Hydrocarbon Administration shall have access, as required, to information and data concerning Petroleum Operations held by the Contractor. The Contractor may not hinder or prevent the consultation of data by representatives of the Hydrocarbon Administration on its premises, at its Head Office or at its service providers.

The Contractor shall provide the Hydrocarbon Administration with all information, reports, records or other data (geological, geophysical, logs, interpretations, drilling reports, etc.) concerning the Petroleum Operations, including documents and evidence of related petroleum costs.
3.18 Within the context of the Petroleum Operations, the Contractor shall act in the name and on behalf of the State vis-à-vis Third Parties. It shall remain responsible for any damage caused to others pursuant to the provisions of the present Contract and the provisions of the Hydrocarbons Code.

However, notwithstanding the form of the ordinary law mandate resulting from the present provisions, the present mandate specific to the petroleum domain places all the technical and financial risks resulting from the exploration and exploitation of Hydrocarbons under the exclusive responsibility of the Contractor.

Any paid indemnities accruing from any damage caused shall not constitute Petroleum Costs.

3.19 The Contract comes under the regulations concerning the exchange controls in force. In addition, pursuant to CEMAC currency exchange regulations, the contractor may request from the Administration and from the central bank the authorization to hold foreign currency accounts outside Gabon for purposes of making and receiving all payments and receipts in relation with the Petroleum Operations.

3.20 With respect to this Agreement, the Parties have complied with, and agree to comply with, all applicable laws, regulations and other texts relating to the fight against corruption applicable to each of the Parties, including in particular all laws, regulations and texts in force in the Gabonese Republic, as well as with the principles described in the OECD Convention of December 17, 1997 on Combating Bribery of Foreign Public Officials, which came into force on February 15, 1999 (the « ABC Laws »).

3.21 The Parties agree to cooperate in all possible manners in order to fully achieve the economic and financial objectives of this Contract. The State shall facilitate the performance of the Petroleum Operations to allow the Parties to gain an optimal mutual benefit from the Contract.

ARTICLE 4

TECHNICAL MONITORING COMITTEE FOR THE PETROLEUM OPERATIONS

4.1 To monitor the Petroleum Operations, a Technical Monitoring Committee for Petroleum Operations (TMCPPO) shall be set up. It shall be composed of representatives of the Contractor and the Department of Hydrocarbons.

The TMCPPO is chaired by the Head of the Department of Hydrocarbons or his/her representative. The Operator shall be responsible for the secretariat of the aforesaid Committee and draft the minutes of each meeting.

4.2 The Technical Monitoring Committee for Petroleum Operations is an advisory body. It is responsible for reviewing and providing opinions, suggestions and recommendations on:

- the overall research and development plan as well as the projected economic and financial terms established for the duration of the Contract;
• the development in terms of achievement of the initial economic and financial forecasts;
• the work programs and the annual budget relating to Petroleum Operations and all modifications or reviews that can be contributed;
• the conduct of Petroleum Operations (projects, management of equipment and installations) and the performance of service contracts;
• anticipated and carried out studies;
• development and production work carried out on the discovered deposits and the corresponding expenses;
• the performance of exploration, development, and production works relating to the discovered Deposits and the corresponding expenditures;
• the commerciality of any discovery of Hydrocarbons;
• the annual payments and the capitalized interests on the SRE Account for the SRE Operations;
• the demarcation of the discovered Hydrocarbons Deposits and the configuration of the areas requiring an Exclusive Development and Production Permit;
• preliminary development studies;
• sizing of essential equipment and installations;
• the state and evolution of the reserves;
• the annual production profiles;
• the application of the rules for the conservation of Deposits as laid down by the Department, or as based on commonly accepted practices in the Hydrocarbons industry;
• the methods and procedures established and to be followed by the operator for the efficient conduct of petroleum operations;
• the choice between purchasing or leasing of major equipment by the Operator in application of the provisions of this Contract;
• the Quality, Health, Safety, Security, Surety and Environment (QHSSSE) measures relating to the Petroleum Operations;
• the compliance with the regulatory provisions in matters of labor law;
• the training of Gabonese nationals and the transfer of skills and technologies;
• any other aspect of human resource management that can impact the smooth function of petroleum operations;
• the monitoring of the Local Content execution program.

The TMCPO may recommend that one of the Parties carries a further review on a specific point. The findings of this review shall be presented at a date agreed by the Parties.

4.3
The TMCPO shall meet at least twice (2) a year. Meetings shall be held alternatively at the head office of the Department of Hydrocarbons, and at the head office of the Operator in Gabon or, if necessary at the technical premises of the Parent Company of the Operator, at the initiative of the Contractor or the Head of the Department of Hydrocarbons.
Meetings of the TMCPO are convened by the Operator or the Head of the Department of Hydrocarbons at least thirty (30) days prior to the meeting date.

The agenda of the meetings of the TMCPO is proposed by the Party requesting the meeting. The required documents related to the items on the agenda are prepared by the Operator or, if applicable, by the Department of Hydrocarbons and communicated to the members of the TMCPO at least fifteen (15) days prior to the meeting date.

During the meetings of the TMCPO, each Party may be assisted by an expert on specific issues related to work commitments. The involvement of the expert will be restricted to these issues on the agenda.

4.4
The costs incurred by the activities of the TMCPO are borne by the Contractor and treated as Petroleum Costs.

ARTICLE 5
EXPLORATION PERIOD AND WORK COMMITMENTS

5.1
Following the execution of the present Contract, the decree is adopted and the EEP is issued by order of the Minister in charge of Hydrocarbons for a first phase of [indicate the duration] Contractual Years, as from the date of signature of the order issuing the EEP, for the first phase, renewable one time at the request of the Contractor for a second phase of [indicate the duration] years.

However, the renewal of the EEP for the second period is conditional upon the performance of the work commitments made for the first phase in accordance with article 5.3 below.

5.2
Without prejudice to the provisions of article 5.8 regarding the extension of the exploration phases, the eight (08) Contractual Years exploration period may be prorogued by one (01) year maximum at the request of the Contractor which must demonstrate that this additional time is required for the completion of the exploration works.

The prorogation request shall be transmitted to the Department of Hydrocarbons at least forty-five (45) days before the end of the exploration period.

This prorogation shall give rise to the payment of a bonus equal to one million five hundred thousand (1 500 000) USD

5.3
The two exploration phases are accompanied by the respective work commitments below:

1. During the first exploration phase, the Contractor is required to realize at least:
   [indicate the work];

   To carry out this Work Program under the technical conditions generally accepted in the Hydrocarbon Industry, the Contractor shall incur an estimated amount of seventy [indicate the amount] US dollars.

2. During the second exploration phase, the Contractor is required to realize at least:
   [indicate the work];
To carry out this Work Program under the best technical conditions generally accepted in the Hydrocarbon Industry, the Contractor shall incur an estimated amount of [indicate the amount] US dollars.

5.4 The Contractor is required to complete all the work planned for a relevant exploration phase. The financial commitments inherent in the work programs are only an estimate and cannot limit the financing of the totality of the said works.

The performance of any of the obligations of Works commitments prior to the signing of this Contract exempts the Contractor from the performance of this obligation, without prejudice to their accounting as Petroleum Costs, as soon as they have been approved by the Hydrocarbon Administration.

If, upon the expiration of an exploration phase, the Contractor has not fulfilled its work commitments as defined in article 5.3, it shall pay to the State, within thirty (30) days of the expiration of said phase, an indemnity, equal to the value of unperformed Works.

In case of a late payment of the compensation to the State, the amounts due for that purpose shall bear interest calculated from the due date for the payment of said compensation up to their payment by the Contractor, at the LIBOR rate increased by two hundred (200) base points.

The Contractor shall be entirely released from its obligation to carry out the Work Program for the phase concerned by paying this indemnity.

If, during the first phase of exploration, the Contractor carries out additional work and expenditures over and above the work commitment and sum(s) referred to in Article 5.3(1), the additional work and expenditures may be carried forward by the Contractor into the second phase and credited to the work commitment and sum(s) referred to in Article 5.3(2).

5.5 The request for transition from one exploration phase to another may be sent to the Department of Hydrocarbons subject to the condition precedent that the Contractor has fulfilled all its work commitments and other contractual obligations.

To this effect, the Contractor is required to make a presentation to the Department of Hydrocarbons concerning the review of all the activities carried out for purposes of obtaining a discharge for the transition to the next phase. This presentation must be made before the application for transition from one exploration phase to another which must be filed with the Department of Hydrocarbons no later than ninety (90) days before the end of the exploration phase underway.

5.6 When the Department of Hydrocarbons observes that the Contractor has not fulfilled its work commitments with respect to a given exploration phase, it shall notify in writing the said insufficiencies to the Contractor.

The Contractor must point out to the Department its decision:
- either to proceed with the performance of the works and postpone them to the next phase;
- or to stop the works and accordingly pay the compensation provided for in article 5.4.
5.7
At the request of the Contractor duly justified by additional work, or proof of difficulties having prevented the full compliance with the contractual commitments during the relevant phase, the Contractor may be granted exceptionally an extension deadline for completion of the Works.

The requested extensions for all exploration phases may not exceed a total of twelve (12) months.

Each phase extension will result in the payment of a bonus of one hundred thousand (100,000) US Dollars per month of extension.

The extension of the phase will be granted by decision of the Department of Hydrocarbons if the Contractor wishes to undertake additional work or can prove that difficulties prevented him from complying fully and effectively with his contractual obligations for the relevant phase.

The request for a phase extension must be submitted to the Department of Hydrocarbons forty-five (45) days before the end of the said phase.

The absence of a response from the Department of Hydrocarbons before the end of the phase in question will be deemed approval.

5.8
Upon discovery of a commercially exploitable Field, the Contractor has, for the duration of the exploitation period, the right to continue exploring the rest of the Demarcated Area. To this end, the State and the Contractor shall agree to new work commitments.

Petroleum Costs connected with such new work commitments are recovered under the same terms and conditions provided for in Article 21 of this Contract.

ARTICLE 6

DEPTH OF EXPLORATION DRILLING AND SOLE RISK OPERATION

6.1
Drilling must be performed in accordance with the generally accepted norms and standards of the petroleum Industry.

Drilling operations must stop if in the Operator’s opinion there is a health, safety, surety or environment risk.

6.2
All exploration wells shall be drilled until the main pre-salt and post-salt reservoirs which are identified in the Annual Drilling Program approved by the Department of Hydrocarbons are all recognized at the targeted depth as per the Annual Drilling Program approved by the said Department.

If these reservoirs have not been found at the targeted depth provided under the Annual Drilling Program approved by of the Department of Hydrocarbons, the Contractor shall immediately inform the Department of Hydrocarbons of their intention either to stop or to continue the drilling operations.
6.3
Following this notification, if the State wishes to explore and test deeper geological levels than those provided under the Annual Drilling Program approved by the Department of Hydrocarbons, it shall ask the Operator to continue the aforesaid drilling up to any depth indicated by the State.

The Operator shall then be required to pursue the said drilling further to the depth indicated by the State. In this case:

I- The Operator agrees to continue the well deepening operations and to bear the costs for financing such operations on behalf of the Contractor; the corresponding expenditures will be included in the Petroleum Costs account;

II- The Operator agrees to continue the well deepening operations but not to bear the costs for financing such operations; the costs and risks associated with the well deepening carried out by the Contractor as specifically requested by the State shall be entirely borne by the State. The corresponding expenses shall not be included in the Petroleum Costs account. Consequently, the Contractor shall send an invoice to the State which shall be paid by the State sixty (60) days after receipt.

In the event of discovery of commercially exploitable Hydrocarbons as a result of well deepening operations for which all costs and risks are borne by the State, and if the Operator should decide to participate in the development of this discovery, the latter shall be required to reimburse the State the costs incurred for the said deepening, increased by three hundred per cent (300%). This bonus of three hundred per cent (300%) shall not be included in the Petroleum Costs account.

6.4
Subject to the approval of the Department of Hydrocarbons drilling may be stopped at a depth less than originally targeted provided that the Operator has notified this interruption to the Department of Hydrocarbons.

Within seventy-two (72) hours at the latest, the Parties must work together in order to assess the conditions for stopping the drilling operations. This consultation shall be recorded in the minutes of meetings. The decision of the Department of Hydrocarbons is formally notified to the Operator.

This interruption may notably take place under the following conditions:

- the reservoirs, are reached at a depth which is inferior than the contractual depth; in this case the Parties shall consult to assess if the continuation of the drilling is relevant;
- the targeted reservoirs are not encountered despite the deepening of the borehole;
- the base is reached at a depth which is inferior to the targeted depth;
- the continuation of the drilling presents a clear danger due to the existence of a abnormal pressure;
- rock formations are reached whose hardness does not permit further drilling;
- rock formations are reached, whose crossing requires, for their isolation, the laying of tubing not allowing the defined depth to be reached.

Should the Department of Hydrocarbons approve the stopping of the drilling operations, the Contractor is discharged from the performance of the commitment to the said drilling work.
ARTICLE 7

ANNUAL WORK PROGRAMS AND CORRESPONDING BUDGETS

7.1
Within a maximum of three (03) months after the Effective Date, the Contractor shall submit to the Department of Hydrocarbons for approval an Annual Work Program and the corresponding Budget, specifying the Petroleum Operations.

No later than 30 November of each Calendar Year, the Contractor shall submit to the Department of Hydrocarbons for approval an Annual Work Program and the corresponding Budget after they have been presented to the TMCPO.

7.2
The work program and corresponding budget must include a technical and financial description of each type of Petroleum Operations as well as the work schedule.

The work program and corresponding Budget may include, where appropriate, and without this list being exhaustive:

- geological, geophysical and/or geochemical studies;
- field geology;
- geophysical acquisition work;
- processing and reprocessing of seismic data and their subsequent interpretation;
- laboratory analyses;
- interpretation of measurements made;
- reservoir modelling and/or simulations;
- drilling projects and the necessary tools and equipment;
- reservoir management;
- well completions and well reconditioning;
- the necessary logistical support;
- pre-development project studies;
- the design, sizing, installation and, if necessary, dismantling of essential equipment and facilities;
- work to guarantee the integrity of equipment and installations;
- the training of Gabonese and the transfer of skills and technologies;
- production forecasts and achievements;
- QHSSE performance planned and achieved;
- any other aspect of human resources management affecting the conduct of operations;
- the monitoring of the Local Content implementation program;
- the main projects relating to corporate social responsibility;
- the updated site abandonment plan;
- the Budget broken down for each Petroleum Operations, in accordance with this Article and the accounting procedure.

7.3
If the Department of Hydrocarbons wants to make changes to the Petroleum Operations set forth in the Annual Work Program, it must send its written recommendations to the Contractor within thirty (30) days of receipt of this program.

In case of disagreement, the Operator and the Department of Hydrocarbons shall meet as quickly as possible to examine the items of disagreement and endeavor to establish the Annual Work Program and corresponding Budget by mutual agreement.
In the absence of agreement within fifteen (15) days, a Party may submit the matter to an Independent Expert.

If, at the expiry of the thirty (30) day period provided for above, the Department of Hydrocarbons has not asked the Operator for modifications to be made or in case of disagreement of parties on the modifications to be integrated, the Annual Work Program and corresponding Budget shall be deemed approved.

7.4 Any modification of the content of the Annual Work Program underway shall require the approval of the Department of Hydrocarbons. The Contractor must submit its proposals for modifications to the Annual Work Program to the Hydrocarbon Administration, which will make written recommendations within thirty (30) days of receipt of the program.

In the event of disagreement, the Contractor and the Hydrocarbon Administration shall meet as soon as possible, but in any event within fifteen (15) days of receipt by the Hydrocarbon Administration of the Contractor’s notification requesting such meeting, to review the points of disagreement and make their best efforts to agree on changes to the content of the Annual Work Program.

7.5 The expenditure incurred by the Contractor under the Annual Work Program may be ten per cent (10%) higher comparatively to the approved budget.

Budget overruns beyond the ten per cent (10%) limit must be approved in advance by the Department of Hydrocarbons which shall respond within thirty (30) days from the reception of the Operator’s request. In the event of no reply from the Department within this time period, the aforementioned shall be deemed approved.

Any unauthorized overrun beyond this ten per cent (10%) limit shall not constitute a Petroleum Cost.

7.6 Notwithstanding the provisions of articles 7.1 to 7.5 of the present Contract, in the event of an unforeseen event, according to the operator, which would require an immediate commitment of expenses, the Operator is authorized to so incur such expenses. Accounting for such expenses in the Petroleum Costs account is conditioned by the Contractor justifying the unforeseen event having motivated the expenses and by the audit followed by the approval of the expenses by the Department of Hydrocarbons.

ARTICLE 8

USE OF LAND, NATURAL RESOURCES, AND FACILITIES

8.1 The Contractor shall have the right, if applicable, in consideration for the payment of appropriate royalties and subject to compliance with regulations in force and obtaining the required authorizations from the competent Departments, to use the land and facilities and collect the natural resources necessary to perform the Petroleum Operations.

The State shall make available to the Contractor, free of charge, for the needs of Petroleum Operations, the land belonging to the Contractor necessary for the performance of these operations. The Contractor may construct and maintain, above and below ground, the
facilities necessary for the conduct of Petroleum Operations, and the competent Administration shall authorize the Contractor, within the framework of the regulations, to construct, use and maintain these facilities.

The use of land and taking of natural resources by the Operator must not interfere with the life of the local residents and other economic activities.

8.2
If the Petroleum Operations require the occupation of land belonging to natural or legal persons, the Operator must strive to come to an agreement with the latter including the determination of a fair and equitable compensation for the loss of using of their land. In the event of disagreement, the Operator must call upon the State who shall intervene in order to find an adequate solution for the Parties.

The amount of the compensation referred to above shall be included in the debit of the Petroleum Costs account.

8.3
In exceptional cases, the State may proceed with the requisition of the Contractor’s goods and/or services under the conditions provided for in the legislation applicable in Gabon, notably in order to ensure the continuity of the Petroleum Operations and against indemnification of the Contractor and the duration of the corresponding EEP and AEDP. The Contractor shall help make its resources available for the benefit of the State.

The costs associated with that requisition shall constitute Petroleum Costs.

ARTICLE 9
OWNERSHIP OF ASSETS

9.1
The movable and immovable assets as well as the data and studies, acquired or created by the Contractor for purposes of the Petroleum Operations, shall automatically be the exclusive property of the State. The use by the Contractor, for purposes of the Petroleum Operations is a tacit provision, granted by the State, free of charge for a period of time fixed by agreement between the parties according to the nature of the property concerned. Operations, free of charge.

However, Movable and immovable assets which are leased to Third Parties are neither the property of the State nor of the Contractor.

9.2
At equivalent economic conditions, the Contractor guarantees to give priority to the purchase of equipment and goods compared to the renting or leasing of the same.

Any purchase, production or rental of such equipment and goods must be approved by the Department of Hydrocarbons.

Any export of hydrocarbon samples must be approved by the Department of Hydrocarbons as soon as possible.

9.3
The Contractor shall use such movable and immovable assets at no charge under this Contract. It may also use such assets in order to conduct other Petroleum Operations
governed by other contracts signed with the State, against the payment of lease price approved by the Department of Hydrocarbons and calculated according to the use and practices of the petroleum industry.

The revenue from this lease shall be accounted to the Petroleum Costs account and deducted from the said account. However, these revenues shall be paid to the State if the Petroleum Costs remaining to be recovered only correspond to current operating expenses.

9.4 To cover and protect these assets, the Operator shall subscribe on behalf of the State, to all insurance policies required by the regulations and in accordance with the generally accepted practices in the petroleum Industry. Insurance premiums paid for such purpose are included in Petroleum Costs.

The compensation received in case of loss is recorded in the Petroleum Costs account and is deducted from the said account.

9.5 Notwithstanding any contrary provision contained herein and in Annex 5, with respect to the acquisition or lease of property or services, the Operator must exert national preference in favor of Gabonese Companies under competitive conditions of pricing, quality, performance, safety, security, health, environment and capacity to perform within the given time limits.

For contracts with a unit value higher than or equal to one million (1 000 000) United States dollars, the Operator is required to call for the competitive bidding procedure under the supervision of the Department of Hydrocarbons, in accordance with the hydrocarbons tender procedure included in Annex 4 of the present Contract.

ARTICLE 10
QUALITY, HYGIENE, HEALTH, SAFETY, SECURITY, AND ENVIRONMENT

10.1 The Operator is required to have a Quality, Hygiene, Health, Security, Safety and Environment (QHSSSE) policy in accordance with the regulations in force in the Republic of Gabon and to the international norms which are applicable in the hydrocarbon sector, communicated and approved by the Department of Hydrocarbons.

This policy should be disseminated, explained and understood by all staff of the Operator and all subcontractors.

10.2 The Operator and its subcontractors are required to update their QHSSSE procedures and instructions.

10.3 The Operator shall ensure that Personal Protection Equipment (PPE) available to his agents and those of the Department are suitable for the existing risks, adapted to the conditions for performing the work, to ergonomics and to users.
10.4 The Operator shall clearly identify hazardous products. The storage and handling of these products must comply with the manufacturer’s recommendations and with the regulations in force.

The Operator is required to control, report, and examine hydrocarbons spills and leaks.

10.5 The Operator shall take all necessary measures to limit the quantities of waste generated, especially by giving priority to all possible valorization operations in accordance with the regulations in force.

As part of the waste management process, the Operator must ensure that the steps listed below are followed:
1- sorting;
2- collecting;
3- processing;
4- eliminating.

10.6 The Operator shall maintain and periodically check the detection, firefighting and fire protection equipment

The evacuation procedures and instructions as well as the emergency plans must be displayed visibly and publicly in the premises and sites of the Operator.

10.7 The Operator shall not discharge the waters from production tests in the nature without prior analyses being carried out. Such water discharges must comply with the limits and requirements of the regulations in force.

10.8 The Operator shall avoid generating pollution and environmental damage in accordance with the regulations in force.

With respect to any event that is detrimental to persons, property and the environment, the Operator shall submit to the Department of Hydrocarbons a detailed report of the situation.

In case of an emergency, he can request the partial or total interruption of operations, depending on the severity of the incident.

10.9 The Department of Hydrocarbons and the Operator shall meet regularly in order to make an assessment of incidents which occurred and action plans developed in order to take corrective actions.

10.10 The Operator is required to conduct an assessment of industrial and specific risks. This assessment should be updated periodically. A response plan must be established for any risk situation (internal emergency plan).
10.11
Any project for Classified Installations for the Protection of the Environment (CIPE) is subject to the prior completion of a hazard analysis and an environmental impact assessment in accordance with the regulations in force.

10.12
The Operator shall perform a regular medical check of its agents. Medical fitness for the position must be checked and traced before hiring or job change. Workers exposed to specific risks must have additional checks depending on exposure.

10.13
As soon as the Contractor's liability is incurred in accordance with the regulations in force, the Contractor shall take all appropriate and necessary actions to compensate Third Parties for harm they suffered or damage caused to their property as a result of Petroleum Operations.

10.14
Under this Contract, the Operator’s offshore works shall, depending on their nature and the circumstances, be carried out, placed, set, marked, equipped and maintained to allow, on a permanent basis and under good safety conditions, navigation to take place freely in the waters of the Demarcated Zone, provided that this free passage does not adversely affect the ongoing scheduled Petroleum Operations.

ARTICLE 11
ACTIVITY REPORTS DURING THE EXPLORATION PERIOD

11.1
The Operator shall provide to the State, through the Department of Hydrocarbons, all petroleum information and data relating to his activity. This includes, among other things:

1) reports to be submitted on paper and in digital format as required by the exploration operations, in particular reports concerning:
   1) the follow up of the quarterly and annual Petroleum Operations;
   2) summary of the activities in each phase of the exploration;
   3) the implementation feasibility studies and test results of the various campaigns;
   4) the raw field data on geophysical, non-geophysical and various acquisitions;
   5) the full set of data on the position/navigation of the various acquisition studies;
   6) the full set of seismic profiles or cubes subject to processing and/or seismic and other reprocessing;
   7) the full set of seismic volumes or cubes (two and three dimensions) and well, defined in time and depth, interpreted and generated at the Work Station;
   8) research, geophysical and non-geological interpretation and other reports;
   9) geophysical and non-geophysical design studies, drilling situation reports, technical and other reports;
   10) the daily reports on geophysical, non-geophysical acquisition campaigns, campaigns related to drilling, geological surveillance, geological description, production tests, drilling progress as a function of costs;
   11) the full set of electrical measurements taken in real time, and delay times, interpreted and of varied recordings;
   12) the collection of raw field samples (core samples, drill cuttings, fluids and gas);
13) the reports on analyses carried out on samples (core samples, drill cuttings, fluid and gas);
14) the final reports on geophysical, non-geophysical acquisitions, drilling, surveys and production tests;
15) the drilling material stock management inventory,
16) performance report on petroleum services associated with the activities involving Hydrocarbon exploration;
17) the report on end of operations for various Petroleum Operations, in particular well plugging and abandonment;
18) the Prospecting and volume information for the Deposit;
19) the economic results associated to the deposit
20) technical evaluation of the exploration permit;
21) various technical studies;

II- accounting, financial, legal and tax reports to send before the end of each Calendar Year, to the Department of Hydrocarbons, in compliance with the provisions of the Accounting Procedure attached under Schedule 2, namely:

1) the value of assets acquired, constructed or rented;
2) the dates of acquisition, commissioning, production and rental of assets;
3) the net book value and the depreciation rates applicable to the assets;
4) amounts received in respect of sales of assets and gains or losses on disposal of assets;
5) amounts received under the lease;
6) copies of services provision contracts;
7) statistics and tax reporting;
8) paid taxes;
9) payments under the Support Funds.

11.2 Without prejudice to the provisions of the preceding paragraphs, the Operator is required to send to the Department of Hydrocarbons, a report on the Petroleum Operations carried out during each Calendar Month. The said report must be submitted before the fifteenth (15) of the following Calendar Month.

11.3 The Operator shall immediately notify the Department of Hydrocarbons of any discovery of mineral substances other than Hydrocarbons,

11.4 The State owns petroleum information and data. Therefore, it may dispose of it subject to complying with the rules of confidentiality provided under article 3.16 above.

The State has a general authority to control the Petroleum Operations. In this regard, it may at any time request that any information it deems necessary be sent to it, within a twenty-four (24) hour time period.

The Contractor may not object to any request for information concerning all contracts related to Petroleum Operations.
ARTICLE 12
DISCOVERY AND PRODUCTION

12.1
Upon discovery of a field of hydrocarbons, the Operator is required to reserve the right of early information to the Department of Hydrocarbons by telephone within the following hours. This information must be confirmed in writing within the next twenty-four (24) hours following the discovery.

12.2
Within the one hundred and fifty (150) days following the discovery of the Deposit, if the Deposit seems to present a commercial character, the Operator shall submit for approval of the Department of Hydrocarbons an appraisal program and budget of this discovery.

The Department shall have thirty (30) days from the date of receipt thereof to give its opinion, otherwise the appraisal program and budget will be deemed approved. Should the Department require changes, the Operator shall have forty-five (45) days to submit a new appraisal program and budget.

If the Administration does not notify the Contractor of its new notice within thirty (30) days, the new assessment program and budget will be deemed approved.
If the Administration requests further modifications to the new appraisal program and budget, both Parties shall be required to meet promptly to make a final decision on the matter.

If the disagreement persists, the Parties undertake to entrust the settlement to an Independent Expert chosen by mutual agreement. The latter shall have a period of thirty (30) days to deliver his report, which shall be binding on the Parties.

Once this appraisal program and budget has been approved, the Operator implements the appraisal program, presents a report on the appraisal work and declares the commerciality or the lack of commerciality of the discovery.

The appraisal of the discovery is made pursuant to the stages described above and may not exceed, in any case, twenty-four (24) months from the declaration of the discovery. However, if the declaration of commerciality takes place before this period, the appraisal phase ends.

Should a discovery not be declared commercial, it may be declared commercial at any time in the future if additional appraisal works establish that there are enough Hydrocarbons in the Demarcated Area to justify a commercial development.

12.3
Upon signing the declaration of commerciality mentioned in article 12.2 here above, the Operator shall have a nine (09) month period to present to the Department of Hydrocarbons, in order to examine it for approval, the Development Plan and the budget related thereto.
The Development plan shall include in particular the following elements:

I- **On the Legal Level:**

i) the domiciliation or headquarters;

ii) the share capital.

II- **On the Economic and Financial Level:**

i) the share or shares of interest held by each Contractor member;

ii) the Contractor's financing plan and associated terms and conditions;

iii) the Hydrocarbon development and production budget;

iv) the production profile, the forecast assumptions for the selling price of the Barrel, the annual investment costs and the annual operating costs;

v) the production cost of the Barrel estimated over the period.

III- **On the Technical Level:**

i) project of delimitation of the Exploitation Zone which must be strictly circumscribed by the geographical coordinates in the UTM projection system, based on the Clarke ellipsoid 1880, spindle 32, whose origin is the astronomical point of M’PORALOKO;

ii) interpretative documents, including geological, geophysical, seismic, logging and other well information on which the determination of the Deposit is based;

iii) Extract from the 1/200,000 scale map on which the summits and boundaries of the area covered by the application are plotted;

iv) a detailed memorandum indicating the results of the exploration and appraisal work carried out in the Delimited Zone, including well test data and results, and giving the position, nature and characteristics of the Hydrocarbon Deposit;

v) declaration of commerciality;

vi) the equipment and necessary works planned for bringing into production, such as the number of development wells, the number of platforms, pipelines, production, processing, storage and loading facilities required;

vii) Initial plan for decommissioning of facilities and site restoration;

viii) Plan for gas flaring reduction and gas upgrading;

ix) Method of determining the volumes of Hydrocarbons produced and exported;

x) Timeline for the execution of the work relating to the development and exploitation of the Hydrocarbons discovered;

xi) estimate of the recoverable reserves and monthly production forecasts over a ten (10) years period constituting the first phase of exploitation.
IV- **Concerning Quality, Health, Safety and the Environment:**

i) Environmental Impact Assessment;

ii) Plan to prevent and/or fight against possible oil spills and fires;

iii) Hazard study.

V- **Concerning Local Content:**

i) Actions to implement Local Content.

The enumeration of the above elements is not exhaustive. It may be supplemented according to the needs of the Administration by any other element that will be necessary for the constitution of the Development Plan.

The Development Plan project and the budget related thereto must be given to the Department of Hydrocarbons no later than fifteen (15) days before their presentation.

During the presentation, the Department of Hydrocarbons can make observations and suggestions concerning the Development Plan and the budget related thereto. The Operator is required to take into account the conclusions of these exchanges and to send back to the Department the final development plan within a fifteen (15) day period.

The Administration has a period of thirty (30) days after receipt of the final Development Plan to give its approval. The act of approval of the Development Plan is a constituent element of EDPP's application.

If the Administration does not approve the Final Development Plan, the Operator and the Administration shall meet within thirty (30) days to review the points of discrepancy in order to agree on the Final Development Plan.

If the discrepancy persists, the Parties undertake to entrust the settlement to an Independent Expert chosen by mutual agreement. The latter shall have a period of thirty (30) days to deliver his report, which shall be binding on the Parties.

12.4
Within a thirty-day (30) period from the confirmation of tacit approval or the notification of the approval of the development plan and the budget related thereto by the Department of Hydrocarbons, the Operator shall submit an application for the Exclusive Development and Production Authorization.

The application must contain the items mentioned under article 12.3 of the present Contract.

The Department of Hydrocarbons shall have a period of forty-five (45) day following the reception of the application to deliver the EDPP to the contractor.

12.5
From the date of issue of the AEDP, the Operator has a deadline set in the Development Plan to put into production the Hydrocarbons deposit. The commitment to put into production within the deadline set in the Development Plan is recorded in minutes jointly signed by the Hydrocarbons Administration and the Operator which indicates penalties in case of delay in execution.
However, in consideration of technical constraints duly justified by the Operator, the Minister in charge of Hydrocarbons may extend this period which may not exceed one (1) year.

12.6 The discovery of a commercially exploitable Hydrocarbons Deposit shall not discharge the Contractor from the obligations subscribed to in the commitments of exploration work provided for in article 5 of the present Contract.

ARTICLE 13
UNITIZATION

13.1 The Operator shall notify the Department of Hydrocarbons of any discovery of a commercially exploitable hydrocarbons deposit that would extend beyond the scope of its Demarcated Area.

13.2 If this commercially exploitable discovery lies within a free block, the Operator may submit a request for extension of the Demarcated Area to the Service in charge of hydrocarbons which will decide whether such an extension is appropriate.

13.3 In case the commercially exploitable Hydrocarbons Deposit extends to a perimeter held by another Contractor or any other entity, the Operator shall notify the Department of Hydrocarbons of the extension of the reservoir to perimeter of the adjacent permit.

The Department of Hydrocarbons shall inform the holder of the adjacent permit of the extension of the reservoir revealed by the Operator and invite the two Contractors to collaborate in view of a joint development agreement of the commercially exploitable deposit.

13.4 The Contractor under the present Contract and the contractor detaining the adjacent permit have a ninety (90) day period beginning on the notification of the Department of Hydrocarbons asking the two parties to exchange their respective data and to undertake studies in view of reaching a joint development agreement for the commercially exploitable Deposit. Both contractors shall keep the Department of Hydrocarbons updated about the progress of their work.

13.5 The Contractor under the present Contract and the contractor detaining the adjacent permit shall have a maximum time period of twenty-four (24) months from the date of notification by the Department of Hydrocarbons to negotiate and submit their unitization agreement which must namely include the percentage of the Parties’ respective share in the unitized Deposit and as well as the Operator designation report. These two points are submitted to the approval of the Hydrocarbons Administration which has a forty-five (45) days period to statute.

If, on the other hand, the two Unitization Contractors have not reached an agreement at the end of the twenty-four (24) month period, the Hydrocarbon Administration shall convene a final meeting during which it shall invite them to refer the matter to an Independent Expert
within thirty (30) days, whose mission shall be to settle the disagreement by drawing up a final unitization agreement, in accordance with Article 13.9 and the international practice of the oil industry in matters of unitization. This agreement shall be binding and binding on the Parties.

At the end of the period allowed to him, the Independent Expert shall notify his final report to the State and to the two parties to the unitization. From then on, the State has a firm period of fifteen (15) days to notify the approval of the agreement to the two parties.

13.6
The distribution of the accumulations between the blocks detained by the contractors whose Deposit is to be unitized shall take into account the available reserves contained in each block.

13.7
According to the unitization agreement, the designated Operator of the unitized deposit shall present a Development Plan to the Department of Hydrocarbons within six (06) months, in accordance with article 12.3, concerning the Development Plan.

Upon approval of the development plan by the Department of Hydrocarbons, the designated Operator must apply for an EDPP in accordance with Article 12.4 of the present Contract.

13.8
The production from the unitized Deposit shall start based on the same terms and conditions set out in article 12.5

13.9
The economic and fiscal terms applicable to the Unitized Area shall be those applicable to each member of the new Contractor according to the contract that each one has signed with the State.

13.10
When there is a unitization of a Deposit, the Minister in charge of Hydrocarbons is obligated to deliver an EDPP for the Unitized Area and to amend the initial EEP and/or EDPP concerned by the unitization.

13.11
In case the commercially exploitable Deposit should extend beyond the borders of the Gabonese Republic, the Contractor shall send a written notice to the Department of Hydrocarbons concerning the trans-border extension of the said Deposit.

The Department of Hydrocarbons has the right to refuse any proposed unitization agreement concerning a trans-boundary Deposit. However, if a unitization agreement can be signed within a reasonable time following the expiry of this Agreement, the Contractor shall have the right to participate in the continuation of the Petroleum Operations.
ARTICLE 14
EXCLUSIVE DEVELOPMENT AND PRODUCTION PERMIT AND
DEMARcation OF EXPLOitation AREAS

14.1
The EDPP is issued by order of the Minister in charge of Hydrocarbons for a period of fifteen (15) years for Crude Oil and twenty (20) years for Natural gas. The duration of these periods shall run from the start of the production.

14.2.
If, at the end of these initial periods of fifteen (15) years or twenty (20) years, the commercial exploitation of the Deposit is still possible, the EDP is, upon a request from the Contractor, renewed by order of the Minister in charge of Hydrocarbons upon request from the holder, subject to compliance with the dispositions set out under articles 14.3 to 14.5, for a period of eight (08) years.

The EDPP is renewed a second time by order of the Minister in charge of Hydrocarbons upon request from the holder, under the same conditions as above, but for a period of seven (07) years.

14.3.
Any renewal request must be accompanied by evidence from the Operator that all the legal and contractual obligations for which the Contractor is liable since the previous phase have been fulfilled, especially with respect to the level of achievement of the Contractor’s business plan, the level of investment completion, the control of equipment compliance with the norms, and the Local Content.

The renewal request must also be accompanied by a report on the exploitation of the Deposit since the granting of the EDPP, presenting a summary of the accumulated costs incurred for exploration, development and production, a summary of the production unit cost of the barrel, the realized cumulated production, the cumulated revenue received by the Contractor, the cumulated expenses incurred in Gabon with the Gabonese Companies, the estimates of the remaining recoverable reserves, the profitability of the capital invested by the Contractor.

The renewal application file must also include a minimum work and investment commitment for the requested period.

14.4
The request for the EDPP issuance must contain the final Development Plan approved by the State and established in compliance with the elements mentioned in Article 12.3.

14.5
The recommendations made by the Department of Hydrocarbons regarding the review of the EDPP application must be notified in writing to the Contractor.

The Contractor is required, within a thirty (30) day period following receipt of the notification, to make the amendments desired by the Hydrocarbons Administration to the AEDP application.
14.6
The EDPP renewal must be done based on the same terms and conditions as those provided for under article 14.4. However, the Operator is required to provide the Department of Hydrocarbons with the following elements:

i) the proof of being incorporated under Gabonese law;
ii) the proof of ownership of the premises housing the headquarters of the Operator in Gabon;
iii) the convention for the investment and securing of the SRE Fund;
iv) the situation of the SRE Account;
v) the updated SRE Work Plan;
vi) the review of work carried out;
vii) the assessment of efforts to reduce gas flaring and, if applicable, the valuation of gas;
viii) the accumulated production realized since the beginning of production;
ix) the estimation of the remaining reserves and the monthly production forecasts for the duration of the requested phase;
x) the minimum work program for the requested period.

14.7
Upon any renewing of an EDPP, without prejudice to the implementation of the provisions provided under article 46.1, the Parties may request that certain economic and fiscal terms of the present Contract be modified, especially if the initial economic and financial conditions have evolved significantly or if the financial forecasts have been achieved or turn out to be difficult to realize.

14.8
The EDPP renewal application must be submitted no later than ninety (90) days before the expiry of the EDPP phase underway.

The EDPP renewal application must include:

1. for the second exploitation phase: the decision for the granting of the EDPP for a first exploitation phase and the declaration for the start of production;
2. for the third exploitation phase: the decision for the renewal of the EDPP for a second exploitation phase.

14.9
The various renewal applications shall be submitted in three (3) original copies to the person responsible for the Department of Hydrocarbons.

At the expiry of an EDPP, at the end of the third exploitation phase, the Contractor has a right of priority for negotiating a new Exploitation and Production Sharing Contract related to the Exploitation Area which is subject to the expired EDPP.

The Contractor must exercise this right of priority within two (2) years at the latest before this deadline, and the negotiations undertaken in that case shall be concluded one (1) year at the latest before the expiration of the EDPP.
14.10
In case of failed negotiations, the State shall reserve the right to negotiate with a third party.

14.11
The Hydrocarbons Administration may authorize the Contractor to carry out exploration work in the development area, in particular to test different themes or structures.

**ARTICLE 15**

**ESSENTIALS INFRASTRUCTURES**

15.1
Infrastructures for the treatment, transport and storage of hydrocarbons are essential for Petroleum Operations.

15.2
The Contractor shall construct and set up all the production equipment and facilities for production, processing, storage and transportation and the measuring of hydrocarbons up to the Lifting Point.

Concerning the construction of facilities up to the Delivery Point, the Parties shall mutually agree based on the nature of the project.

15.3
Before the start of any work, the Operator shall submit the following to the approval of the Department of Hydrocarbons:

i) the plans of the different infrastructures to be realized;

ii) the detailed schedule for the execution of the works;

iii) the map and location of the storage tanks, the processing points;

iv) the map of the layout for determining the point of departure and arrival of the pipelines;

v) the location planned for the installation of the pipelines;

vi) the plans implemented to avoid interference with the crossing with other lines or roads and pathways;

vii) the transport conditions as well as the safety rules of these structures;

viii) the corresponding budgets;

Without prejudice to other existing administrative formalities, the issuance of the Authorization by Order of the Minister in charge of Hydrocarbons for the construction of essential infrastructures is conditional upon the validation of the above-mentioned elements.

15.4
The Operator shall, to the extent that it does not interfere with the conduct of Petroleum Operations, allow Third Party users to have access to the essential infrastructures subject to the technical and operational capacities determined by the Operator and the State, and the Administration approval of terms and conditions of the said access.
The setting of user fees for essential infrastructures is determined in a transparent and non-discriminatory manner.

All the costs of construction of essential infrastructures are included in the Petroleum Costs account.

15.5.
Revenues from the use of essential infrastructures are deducted from the Petroleum Costs account for fifty percent (50%) of their value. The Contractor shall pay to the Public Treasury the remaining fifty per cent (50%) accruing to the State.

When the Petroleum Costs only correspond to current operating expenses, the Contractor is required to pay the State Treasury fifty per cent (50%) of the revenue accruing from the use of the main infrastructures. The remainder, corresponding to fifty per cent (50%) is reintegrated to the Profit Oil for purposes of sharing in accordance with the provisions of this Contract.

ARTICLE 16

CONSERVATION OF DEPOSITS

16.1
The Contractor is required to use all the technical and financial resources required to enable an optimum and achievable recovery of Hydrocarbons, by complying with the rules for the conservation of the Deposits issued by the Administration or, failing this, inspired by the practices generally accepted in the Hydrocarbon industry.

16.2
The Contractor is required to provide the Department of Hydrocarbons with all the reports, studies, results from measurements, tests and trials, as well as the documents enabling the monitoring and supervision of the exploitation of the Fields in accordance with the procedures and methods defined by the Department.

16.3
The Contractor must carry out the following operations on each production well:

♦ Daily, monthly and annual production sheets as well as the total production from the start of the exploitation;

♦ Monthly check of the gas/oil ratio

♦ Annual measurement of the pressure in the reservoirs of carefully chosen wells sample representative of all the wells of the Deposit.

All the information listed above and the analytical reports related must be sent to the Hydrocarbons Administration.

16.4
The start of production must be the subject of a start of production declaration signed jointly by the Parties. The date of this declaration constitutes the starting point for the countdown of the first phase of the EDPP.
This declaration specifically includes the starting date of production, the forecasts of the level of recoverable reserves and the average volume of production per day. It is attached to the request for renewal of the duration of the EDPP for a second exploitation phase.

16.5
The signature for the start of production declaration gives the right to the payment by the Contractor, within thirty (30) days, of the production bonus.

ARTICLE 17
MEASURING AND METERING OF THE HYDROCARBONS

17.1
Under the exclusive control of the State and without prejudice to any system that it may establish with regard to the measuring and metering of the Hydrocarbons in the Republic of Gabon, the Contractor must carry out continuous, static and dynamic measuring of the quantities of Hydrocarbons produced, injected and flared. To this effect, the Contractor shall submit for approval and certification to the Department of Hydrocarbons all the measuring and metering equipment, their site location and their operating process.

17.2
All the equipment for measuring and metering Hydrocarbons must comply, among others, with the provisions defined in the international recommendation R117 of the International Organization of Legal Metrology (IOLM).

17.3
The measuring and metering equipment used by the Contractor or made available to it must be calibrated and sealed in the presence of the Representatives from the Department of Hydrocarbons.

17.4
Any modification or change in all or part of all the measuring and metering equipment, the site location and the operating process by the Contractor or a Third party duly authorized by the State is subject to prior authorization by the Department of Hydrocarbons.

17.5
Before all the measuring and metering equipment is put into use, a preliminary check must be made on the operations site by the Department of Hydrocarbons in accordance with the rules generally acknowledged in the Hydrocarbons industry.

This equipment must be checked and calibrated periodically by the Department of Hydrocarbons at least twice (02) during every Calendar Year.

17.6
The Department of Hydrocarbons is authorized to carry out general audits of everything relating to all the measuring and metering equipment for Hydrocarbons. Such audits may be announced or unscheduled.
17.7
The Contractor and/or the Third Party duly authorized by the State is/are liable for the reliability of the results declared regarding the quantities of Hydrocarbons produced. A report of the said quantities must be printed out and sent daily to the Parties, if applicable.

17.8.
If one of the measuring and metering devices used leads to errors in the metering of the quantities of Hydrocarbons produced, these errors shall be considered as having existed from the date that the last verification was made by the Department of Hydrocarbons or from the date of occurrence of the event as indicated by the Operator and recognized by the Department of Hydrocarbons as being at the origin of the said errors. The necessary corrections must be made on this basis. The results from these adjustments and corrections must be approved by the Department in order to be taken into account.

17.9.
The Wastage rate is set by mutual agreement between the Department of Hydrocarbons and the Contractor after the Hydrocarbons process analysis. It is applied to the quantities of Hydrocarbons with respect to removals.

The Wastage rate can be revised based on the same forms and conditions used to set it.

ARTICLE 18
PARTICIPATION OF THE STATE IN PETROLEUM OPERATIONS

18.1
The Partner State shall automatically have a ten per cent (10%) participating interest in the rights and obligations arising from this Contract, effective from the start of production from a Hydrocarbons Deposit. The State as a Partner, shall rightfully participate in the rights and obligations arising from this Contract as soon as a Hydrocarbon Field is brought into production. The participation of the State as a Partner in the rights and obligations arising from this Contract may not exceed ten percent (10%) of the petroleum interests.

The Partner State shall participate, in proportion to its interest percentage set out above, to the Petroleum Costs relating to the development and the production of the Exploitation Area, excluding any exploration expense.

18.2
The Partner State shall sign an Association Agreement with the Contractor’s members. The rights and obligations arising from such Association Agreement between the Partner State and the companies constituting the Contractor must not under any circumstances neither limit the exercise by the Partner State of its rights nor increase its obligations in respect of its participation, subject to the breach by the Partner State of its obligations under said Association Agreements.

18.3
Effective from the date of start of production, the State as a Partner shall reimburse the Contractor, in-kind, its share of the Petroleum Costs related to development and production by allocating exclusively to the other members of the Contractor a portion of the production to which it is entitled under the terms of this Contract under the conditions defined below.
The payment in-kind shall be made at the end of each Calendar Month by provision of a portion of the production accruing to the State in respect of its participation, pursuant to Articles 21 and 23 below valued in accordance with Article 29 below.

18.4
With respect to the repayment of the sums due by the Partner State, the related revenues come from its share of production arising from the production share and the recovery of petroleum costs related to its participating interest.

For each Calendar Month, the amount to be reimbursed by the Partner State is limited to seventy percent (70%) of the production to which it is entitled in respect of its shareholding.

The remaining amounts due by the Partner State, if any, are carried forward to the following month. However, the reimbursement of the outstanding balance and cash calls for any given month shall be limited to seventy percent (70%) of the production to which it is entitled. The surplus shall be carried forward on the following Calendar Month and reimbursed under the same conditions.

The valorization of quantities of Hydrocarbons belonging to the Partner State will be valued at the Official Transfer Price.

18.5
The Operator will keep an up-to-date “Partner State” account for any transaction relating to the Partner State’s participating interest. This account will be charged at the end of each Calendar Month for the share of the Petroleum Costs attributable to its participating interest. The “Partner State” account held by the Operator shall be credited at the end of each Calendar Month with the quantities of Hydrocarbons from the Exploitation of Fields valued at the Official Transfer Price in accordance with Article 18.4 above.

18.6
The Partner State may, after having informed the Contractor, transfer at any time, all or part of its participation to a company of its choice which has the financial capacity to hold such participation and which has never been subject to any measure of prohibition or sanctions in application of international conventions and treaties, and which is not engaged in illegal activities such as money laundering, corruption, arms sales and terrorist acts.

18.7
If the Partner State transfers all or part of its participating interest to a Third Party, the latter shall not benefit from any of the advantages granted to the Partner State in respect of its participation by virtue of this Contract.

Consequently, the transferred participating interests shall not be borne by the Contractor. The Third Party transferee, as a contractor pursuant to the terms of this Contract, shall finance its share of all the Petroleum Costs. The Third Party transferee shall bear the rights and obligations of the Contractor related to this participation acquired under this Contract.

The transfer shall take effect on the date of the Third Party assignee's accession to the Contract as a member of the Contractor and to the Association Agreement as a partner other than the Partner State.
18.8
The State may at any time take a maximum shareholding of ten percent (10%) in the Operator's share capital.

The acquisition by the State of a stake in the Operator's share capital shall be on market terms on the day it communicates this decision to the Operator in accordance with Article 18.9 below and on the terms agreed between the State and the Operator. The market value shall be calculated on the basis of the nominal value of the shares increased by a premium to be agreed by the Parties in accordance with Article 18.9 below.

18.9
The State is required to notify the Operator of the percentage of the capital that it intends to acquire in the capital of the Subsidiary under Gabonese law through the "Acquisition Notification". The Operator is required to communicate to the State the acquisition price of the shares.

The State shall communicate to the Operator either its agreement with this price or the price that it considers as corresponding to the market value, in the event that the latter is different from the price proposed by the Operator.

In the latter case, the State and the Operator undertake to reach an agreement on the final price within fifteen (15) days following the Operator's communication.

If no agreement is reached within this fifteen (15) days period, the determination of the value of the shares shall be entrusted to an Independent Expert chosen by mutual agreement. The latter shall also have fifteen (15) days to issue his expert's report.

In the event that the parties to the transfer are unable to agree on the choice of the Independent Expert within the fifteen (15) day period, the latter is appointed by the International Centre for Expertise, in accordance with the Rules for Expertise of the International Chamber of Commerce in Paris. The State and the Operator undertake to accept this appointment.

18.10
The Parties undertake to accept in good faith the valuation of the shares determined by the Independent Expert.

Once this decision is communicated to the Parties, the State shall be required within ten (10) days either to renounce the acquisition or to confirm its intention to acquire, by means of a notification to the Operator (the "Confirmation of Acquisition").

Within a period of five (05) days following receipt of the Acquisition Confirmation by the Operator, the Parties shall formalize the stake acquired by the State in the capital of the subsidiary governed by Gabonese law.
ARTICLE 19
PARTICIPATION OF THE GABONESE NATIONAL HYDROCARBONS COMPANY IN PETROLEUM OPERATIONS

19.1
The National Hydrocarbons Company of Gabon has the right to acquire a maximum of fifteen per cent (15%) of the rights and obligations arising from this Contract as from the signing thereof. Such acquisition shall be exercisable on a market conditions basis and in accordance with the terms agreed between the National Hydrocarbons Company of Gabon and the Contractor.

The transfer shall take effect on the date of accession of the National Hydrocarbons Company of Gabon to the Contract, as a member of the Contractor, and to the joint operating agreement as a Partner, including the carrying or portage of the Partner State up to the percentage of the acquired interests.

19.2
The market value of the interests during the Exploration Period shall be determined on the basis of all the Recoverable and Non-Recoverable Costs incurred by the Contractor up to the date of the acquisition offer (including bonuses and other contributions incurred for the purposes of the Petroleum Operations).

The market value of the interests in the event of a commercial discovery of Hydrocarbons or during the development or exploitation period shall be determined on the basis of the reserves known at the time of the acquisition offer and all the Petroleum Costs already incurred as referred to in the first paragraph.

In the event of disagreement between the National Hydrocarbons Company of Gabon and the Contractor, the valuation of the interest shall be made in accordance with the following provisions:

The National Hydrocarbons Company of Gabon shall notify the Operator of the percentage of rights and obligations it intends to acquire in this Contract through the "Acquisition Notification". The Operator shall notify the National Hydrocarbons Company of Gabon of the acquisition price of such rights and obligations.

The National Hydrocarbons Company of Gabon shall communicate to the Operator either its agreement with this price or the price which it considers as corresponding to the market value, in the event that the latter is different from the price proposed by the Operator.

In the latter case, the National Hydrocarbons Company of Gabon and the Operator undertake to reach an agreement on the final price within fifteen (15) days following the Operator's communication.

In the absence of agreement within this fifteen (15) day period, the determination of the value of the rights and obligations that the National Hydrocarbons Company of Gabon wishes to acquire shall be entrusted to an Independent Expert chosen by mutual agreement. The latter shall also have fifteen (15) days to deliver his expert report.

In the event that the parties to the transfer do not agree on the choice of Independent Experts within the fifteen (15) day period, the latter shall be appointed by the International Centre for Expertise, in accordance with the Rules for Expertise of the International Chamber of Commerce of Paris. The National Hydrocarbons Company of Gabon and the Operator
undertake to accept this appointment. Each Independent Expert will propose his own valuation and the purchase price selected will be the average of the valuations. The Parties undertake to accept in good faith the valuation of the rights and obligations determined by the Independent Expert.

Once this decision is communicated to the Parties, National Hydrocarbons Company of Gabon shall, within ten (10) days, either renounce the acquisition or confirm its intention to acquire, by means of a notification to the Operator (the "Acquisition Confirmation").

Within five (5) days after receipt of the Acquisition Confirmation by the Operator, the Parties shall formalize the percentage of rights and obligations acquired by National Hydrocarbons Company of Gabon.

19.3
In case of acquisition, the National Hydrocarbons Company of Gabon is required to sign the Joint Operating Agreement governing the relations between members of the Contractor.

19.4
Independently of the acquisition of interest under the conditions referred to above in Articles 19.1 to 19.3, the National Hydrocarbons Company of Gabon may be designated by the Partner State as manager of its petroleum interests under the State Participation referred to in Article 18, in accordance with the regulations in force.

In the event of transfer of management, the Partner State shall ensure that the manager respects the rights and obligations of the Partner State as they result from the Contract and the Joint Operating Agreement concluded to this effect.

**ARTICLE 20**

**ACCOUNTING METHOD AND CURRENCY UNIT**

20.1
The Contractor’s records and books of accounts shall be kept in accordance with the OHADA General Accounting Plan and, with respect to Petroleum Costs, in accordance with the contractual stipulations the attached Accounting procedure.

The originals of such records and books of accounts for the Petroleum Operations shall be kept in the French language, and in US Dollars. All the original documents justifying the expenses shall be kept in Gabon and presented to the Department at the first request of the latter.

20.2
The Operator must show and justify the original currency used for expenses relating to the Petroleum Operations entered into the Petroleum Costs Account. The exchange rate used must be equal to the current sale rate of the said currency used by the Bank of Central African States (BEAC) on the day the expenses were paid.

The conversion rates used are those published by the Bank of Central African States (BEAC) and, in the absence of publication by the said bank, those published by the European Central Bank (ECB).
20.3
For expenses paid in a currency other than the US Dollar from a dollar account, the invoices relating thereto must be accompanied by a document indicating the exchange rate provided under the terms above between the US Dollars and the currency used for the payment.

**ARTICLE 21**

**RECOVERY OF PETROLEUM COSTS**

21.1
The Contractor shall have the right to recover the Petroleum Costs that it has borne in relation to the Demarcated Area, through the levy of a portion of the Net Production in accordance with the conditions set out below.

The recovery shall be capped at the rate of [indicate the rate in letters] [indicate the rate in numbers] for Liquid Hydrocarbons and [indicate the rate in letters] [indicate the rate in numbers] for Gaseous Hydrocarbons of the Net Production obtained during one Calendar Year.

The Contractor has the right to recover the Petroleum Costs incurred through the exploration made in the Demarcated Area.

When the Total Available Production comes from several Exploitation Areas located within the Demarcated Area, the recovery of the Petroleum Costs is made through the levy on the portion of the Net Production from all such Exploitation Areas.

The recovery of Petroleum Costs may not, under any circumstance, be done by way of levy on the production of Hydrocarbons coming from deposits located outside of the Demarcated Area.

21.2
Except as otherwise provided in Annex 2, accumulated Petroleum Costs shall be recovered by the Contractor according to the principle of “last in, first out” by which the Hydrocarbons exploitation and development costs are the first Petroleum Costs to be recovered. The exploration costs may be recovered when the rate of recovery of Petroleum Costs so allows.

21.3
The remainder of the non-recovered Petroleum Costs shall be added to the amount of the Petroleum Costs for the following Calendar Year. Whatever the volume of Petroleum Costs that may be carried over, recovery shall always be capped at the rate of [indicate the rate in letters] [indicate the rate in numbers] for Liquid Hydrocarbons and [indicate the rate in letters] [indicate the rate in numbers] for Gaseous Hydrocarbons of the Net Production obtained during the Calendar Year.

21.4
Hydrocarbons levied by the Contractor as recovery of Petroleum Costs are valued for the purpose of their recording to the Petroleum Costs account at the price formalized by the Government of the Gabonese Republic.
21.5
The State shall enjoy a pre-emptive right on the quantities of Hydrocarbons allocated to the Contractor to recover its Petroleum Costs. In return for the quantities of hydrocarbons pre-empted, the State shall pay to the Contractor an amount equivalent to the quantities of hydrocarbons valued at the price formalized by the Government of the Gabonese.

If the State exercises its right of pre-emption, it must notify the Contractor in advance within a minimum period of ninety (90) days.

21.6
When the State exercises its right of pre-emption stipulated in Article 21.5, the Contractor shall submit the corresponding invoice made out in United States of America Dollars to the Department of Hydrocarbons, fifteen (15) days at the latest after the loading date of the hydrocarbons transferred to the State.

The State shall proceed to the payment of this invoice within ninety (90) days following the reception of the invoice.

In the event the State fails to pay the said invoice, within the ninety (90) day period mentioned above, the pre-emption right mentioned in article 21.5 is suspended until payment of the amounts due, unless otherwise agreed by the Contractor.

21.7
Whatever method is adopted for the recovery of the Petroleum Costs such as through the levy of hydrocarbons, cash payments, or a combination of these two methods, the total recovery, during a Calendar Year, expressed in Hydrocarbon quantities, may, in no case, exceed the limit of [indicate the rate in letters] [indicate the rate in numbers] for Liquid Hydrocarbons and [indicate the rate in letters] [indicate the rate in numbers] for Gaseous Hydrocarbons of the Net Production of the said Calendar Year.

21.8
Without prejudice to the stipulations of Article 21.7 here above, an increase of ten percent (10%), applied to the Petroleum Costs spent in Gabon through purchases from Gabonese Companies, shall be granted to the Contractor for all expenses related to the exclusive management of Petroleum Operations.

The benefit of the ten percent (10%) increase provided for above is open to the Contractor when purchases made with Gabonese Companies represent thirty percent (30%) at least of the total Petroleum Costs carried out over a single Calendar Year.

The Petroleum Costs thus increased are recovered within the limit of [indicate the rate in letters] [[indicate the rate in numbers] for Liquid Hydrocarbons and [indicate the rate in letters] [indicate the rate in numbers] for Gaseous Hydrocarbons as stipulated in Article 21.3 of the present Contract.
ARTICLE 22

BOOKKEEPING FOR PETROLEUM COSTS

22.1
Concurrently with the obligation to have accounting consistent with current regulations, the Contractor shall keep a Petroleum Costs Account in accordance with the contractual provisions and the Accounting Procedure Schedule in Annex 2 of this Contract.

In the event of contradiction or discrepancy between the provisions of this Contract and the Accounting Procedure Schedule, the provisions of this Contract shall prevail.

22.2
The Contractor is required to keep the original copies of all the substantiating documents relating to the Petroleum Operations in Gabon. This obligation shall remain in force for a period of ten (10) years from their date of issuance. However, for practical reasons, it is required to digitize all accounting documents.

22.3
The Petroleum Costs Account is designed to record as debit all expenditures incurred for Petroleum Operations, as they are actually paid. It shows as credit all revenue received as part of the performance of this Contract.

22.4
The Petroleum Costs Account is divided into sub-accounts allowing the visibility of all the expenditure and revenue associated with the Petroleum Operations, as provided for in the Accounting Procedure Schedule, allowing, notably, to show as follows:

I- expenditure on exploration: all types of payments associated with geological, geophysical and drilling operations, well equipment and production trials, as well as all related operations aimed at discovering Hydrocarbons;

II- expenditure on appraisal: all types of payments associated with geological, geophysical and drilling operations, well equipment and production trials, aimed at determining if the Deposit discovered is commercially exploitable and at determining the limits thereof;

III- expenditure on development: all types of payments relating to drilling, well equipment and production trials, installation of platforms and pipelines and any other operations carried out in relation to the production, transportation, processing and storage of Hydrocarbons at the loading terminal;

IV- operating expenditure: all types of payments associated with the study, conduct and carrying out of works relating directly or indirectly to the exploitation and to the maintenance of facilities for production, processing, storage, and transport of Hydrocarbons.

22.5
The following shall not be chargeable to the Petroleum Costs Account: Payments made in respect of costs, charges or expenditure not attributable to the Petroleum Operations, those whose deduction or attribution is excluded by the provisions of this Contract or the Accounting Procedure Schedule, or those which are not necessary for the requirements of said Petroleum Operations. This involves, in particular, payments made for:

i- costs relating to the increase in capital of the member of the Contractor;

ii- marketing costs;
iii- costs regarding the period before the Effective Date;
iv- costs relating to external audit fees paid by the Contractor in the framework of special relationships between the companies constituting the Contractor;
v- all bonuses and penalties;
vi- fines and penalties;
vii- the costs and charges of arbitration and convictions in any dispute, subject to the provisions of article 41.2;
viii- the land royalty;
ix- costs incurred in relation to meetings, studies and work carried out with regard to the association binding the companies constituting the Contractor;
x- subject to article 3.5, interest on bank loans or intra-group loans which have not been subscribed to under market conditions;
xi- compensation for claims arising due to the fault of the Operator;
xii- any exchange losses suffered and linked to the equity capital invested;
xiii- the variable share of the Hydrocarbons Support Fund;
xiv- the twenty-five per cent (25%) of the share of the Provision for Diversified Investment (PDI) and of the provision for Investment in the Hydrocarbons (PIH) which cannot be repaid to the Contractor;
xv- expenditure in a currency other than the US Dollar whereby the invoices are not supplemented with a document indicating the exchange rate provided under the conditions set out in articles 20.2 and 20.3 of this Agreement;
xvi- the part of general costs paid abroad exceeding the limit stated in the Accounting Procedure Schedule.

22.6
Shall not be recoverable the expenditures paid whose recovery is excluded by an express provision of this Contract, expenditures which appear to be extravagant or exaggerated, gifts not authorized by the regulations and, generally, any expenditure which is not needed for normal management of the Petroleum Operations.

The following expenses shall also not be considered as Petroleum Costs: expenditures corresponding to an abnormal management of Petroleum Operations, especially over-invoicing of services rendered within the same Group of Companies when the Contractor having benefited from the said services is under the Control or is dependent, by right or in fact, of the same Group of Companies.

22.7
The Contractor may not be guaranteed against exchange risks or loss of earnings linked to the origin of equity capital invested and its internal financing; any losses suffered as a result of these do not constitute Petroleum Costs. The same applies for insurance premiums and costs that the Contractor must take out to cover such risks.
22.8
The following must in particular appear under credit in the Petroleum Costs Account:
i) the revenue from the quantities of Hydrocarbons to which the Contractor is entitled in respect of the recovery of Petroleum Costs valued at the official price set out by the Government of the Republic of Gabon;
ii) the sums received by the Contractor when the State has exercised its pre-emptive right on the quantities of Hydrocarbons to which the Contractor is entitled in respect of the recovery of Petroleum Costs;
iii) Without prejudice to the provisions to the contrary, all other revenues, receipts, products and related ancillary or incidental profits directly or indirectly linked to the Petroleum Operations in accordance with this Contract.

22.9
Without prejudice to contractual liability and the accounting adjustment of the petroleum costs account, any violation of the petroleum costs account as per the provisions above relating to the Petroleum Costs accounting by the Contractor is subject to penalties in accordance with the applicable regulations.

Without prejudice to the contractual liability and tax redress of the Petroleum Costs account, any over-invoicing of the Petroleum Costs shall be subject to payment by the Contractor of a penalty equivalent to the amount of the said over-invoicing.

ARTICLE 23
PRODUCTION SHARING

23.1
From the start of the production and all along the exploitation of the Deposit, after levying from the Net Production the recoverable Petroleum Costs, the Contractor has the right, as remuneration for its service and in compensation of its technical and financial risks, to the assignment by the State of a share in the Remaining Production of Hydrocarbons.

23.2
The Remaining Hydrocarbons Production defined above shall be shared between the State and the Contractor depending on the production-sharing method retained by the Parties.

ARTICLE 24
ACTIVITY REPORTS DURING DEVELOPMENT AND PRODUCTION PERIOD

24.1
The Contractor is required to send to the State, through the Department of Hydrocarbons, any information and petroleum data relating to the development and production of Hydrocarbons. In particular, this includes:
i) information concerning a Calendar Year relating to all the development, production and transportation operations as well as the total quantities of Hydrocarbons produced, stored and sold;
ii) once a year at least, information concerning the location and status of each of the essential infrastructures and other installations constructed by the Contractor;

iii) an annual statement specifying the number of employees, their qualification, nationality and the staff training program;

iv) a quarterly statement of the petroleum operations carried out;

v) a QHSSSE quarterly report describing accidents, pollutions, incidents and corrective actions;

vi) an annual descriptive statement of all the capital assets acquired, built or leased with their date, acquisition price and rental price;

vii) a daily report of the production carried out, accompanied by the tax counting tickets;

viii) a statement of the production achieved during the preceding month;

ix) a statement of cumulative production since the start of exploitation;

x) a statement of all lifting during the preceding month, specifically indicating the quantities sold, the price formula, the characteristics of Hydrocarbons sold, the name of the tanker and the destination

x) once a year at least, an updated statement on the execution of the initial business plan with updates of the expenditures and production and the indication of internal performance achieved as of the reporting date of the statistical and dynamic model information for the discovered deposit.

24.2 Each entity constituting the Contractor shall transmit to the Tax Administration in charge of Tax and the Department of Hydrocarbons no later than 30 April of each Calendar Year, a copy of its statistical and tax declaration and the documentation and information required to be attached therewith in accordance with current legislation.

24.3 For any incident which occurred in the running of the Petroleum Operations, the Contractor must inform the Department of Hydrocarbons thereof and to indicate the arrangements made by telephone or by any other traceable means in the hours that follow. The details of this incident must be notified in writing within twenty-four (24) hours.

The Contractor is required to investigate and take any corrective measures necessary to rectify any incident which occurred in the course of the Petroleum Operations.

24.4 Any subsequent modification of the legal structure, by-laws or share capital of the companies constituting the Contractor must be brought immediately to the attention of the Department of Hydrocarbons.

24.5 Each member of the Contractor shall send annually to the Department of Hydrocarbons one original copy of its financial statements.
ARTICLE 25
TAX AND CUSTOMS REGIME

25.0
For any activity described in Article 2 of this Contract, the Contractor is subject to taxes, duties, fees and royalties and benefits from the tax and customs advantages provided by the regulations in force and by this Contract.

As a result of the Petroleum Operations carried out in the Delimited Zone, the Contractor is therefore subject to the following taxes, duties, fees, royalties and contractual levies:

i) Signature Bonus of this Contract;
ii) Exploration period extension bonus;
iii) Exploration Phase Extension Bonus;
iv) AEDP renewal Bonus;
v) Production Bonus;
vi) Contract Amendment Bonus;
vii) Royalty;
viii) Surface Fee;
i) Import duties and taxes collected by the Customs Administration;
x) Corporation Tax; Value Added Tax;
xi) Land Tax on Built Property;
xii) Registration Fees;
xiii) Contribution to Support Funds;
xiv) Provision for Diversified Investments;
xv) Provision for Investments in Hydrocarbons.

The Contractor is exempt from any other tax, duty, fee or royalty.

25.1. TAX REGIME

25.1.1.
Without prejudice to current regulations with respect to taxation, liquidation of taxes, duties, fees, and royalties owed by the Contractor shall be made by the Department of Hydrocarbons, and the recovery of petroleum revenues generated by these fees and taxes shall be made jointly by the Departments in charge of Taxation and of Hydrocarbons and they shall be paid to the Department in charge of the Public Treasury.

Taxes, fees, charges, contributions and payments of contractual obligations based on the production shall be paid up by the Operator in the name and for the account of the Contractor.

These include the support funds, the PID/PIH, the royalty, the surface fee, the Profit Oil accruing to the State, the Corporation Tax included in the State's Profit Oil, the signature bonus, the contract amendment bonus, the exploration period extension bonus, the exploration phase extension bonus, the AEDP renewal bonus and the production bonus.
However, each company that is a member of the Contractor Party is individually responsible for the payments to be made by the Operator.

Transfer fees, registration fees, fees on the transfer of interest and all other taxes, duties and fees are payable by each of the Contractor's members.

25.1.2. Signature Bonus

The Contractor shall pay a Signature Bonus to the State on the day of the publication in the Official Gazette of the Gabonese Republic of the decree approving the present Contract.

The amount of the Signature Bonus is defined in [indicate the amount in letters] [indicate the amount in numbers] United States Dollars (USD).

Payment of the signature bonus shall be made into an account opened by the State with the Public Treasury within seven (7) working days after publication in the Official Gazette of the decree approving this Contract.

The amount paid as a signature bonus does not constitute Petroleum Costs.

25.1.3 Exploration Phase Extension Bonus

Any extension of the duration of an Exploration Phase of an EEP shall give rise to the payment to the State by the Contractor of an Exploration Phase Extension Bonus in the amount of one hundred thousand (100,000) United States dollars (USD) per month of extension.

This amount shall be payable to the Public Treasury within seven (7) working days of receipt by the Operator of the letter from the Hydrocarbon Administration relating to the extension of the Exploration Phase.

The amount paid as an Extension Bonus does not constitute Petroleum Costs.

25.1.4 Exploration Period Extension Bonus

The extension of the duration of the exploration period shall give rise to the payment by the Contractor of an Exploration Period Extension Bonus in the amount of one million five hundred thousand ($1,500,000) United States Dollars.

This amount shall be payable to the Public Treasury within seven (7) working days of receipt by the Operator of the Order extending the Exploration Period.

The amount paid as an extension bonus does not constitute Petroleum Costs.

25.1.5 Renewal Bonus of the EDPP

The renewal of the EDPP shall require a payment by the Contractor of an EDPP Renewal Bonus in the amount of two million five hundred thousand (2 500 000) United States dollars.

This amount is payable to the Public Treasury within seven (7) working days of the Operator's receipt of the decree renewing the AEDP.

The sum paid as a renewal bonus does not constitute Petroleum Costs.
25.1.6 Production Bonuses

The Contractor shall pay the State the following amounts as a production bonus:

a) [indicate the amount in letters] [indicate the amount in numbers] of United States Dollars upon commencement of production from an Oil Field in each AEDP;

b) [indicate the amount in letters] [indicate the amount in numbers] of United States Dollars, when the aggregate Total Available Production of all AEDPs reaches [insert production in words] ([insert production in figures]) of Barrels;

c) [indicate the amount in letters] [indicate the amount in numbers] of United States Dollars when the aggregate Total Available Production of all AEDPs reaches [state production in words] ([state production in figures]) of Barrels;

d) [state amount in words] [state amount in figures] of United States dollars when the aggregate Total Available Production of all AEDPs reaches [state production in words] [state production in figures] of Barrels;

Such amounts shall be payable within sixty (60) days from the date of achievement of the production levels indicated above.

The amounts paid as production bonuses do not constitute Petroleum Costs.

25.1.8 Contrat Amendement Bonus

Any modification undertaken at the initiative of the Contractor, the effect of which is to modify the economic balance of the present Contract, gives rise to the payment by the Contractor of a contractual modification bonus negotiated by mutual agreement.

Notwithstanding the foregoing, the Contractor shall under no circumstances be obliged to pay a bonus for contractual amendment of this Contract if such amendment results from the exercise by the State or the National Hydrocarbons Company of Gabon of their respective participation rights.

The payment of the bonus for a contractual amendment shall be made, into an account opened by the State at the Public Treasury, within seven (7) working days after the publication in the Official Gazette of the decree approving the amendment to this Contract.

The sum paid as a contractual amendment bonus does not constitute Petroleum Costs.

25.1.8 Royalty

25.1.8.1 During the exploitation period, the Contractor is subject to the payment of a royalty, on the basis of the Total Available Production, counted by all the metering equipment placed at the Field Outlet.

The quantities of Hydrocarbons used by the Contractor for the needs of the Petroleum Operations are not included in the royalty base, in particular those:
1/- lost or burned during production tests in the Exploitation Zone or in the production, collection or storage facilities in the said zone, provided that the Contractor has complied with the regulations in force and the Administration's directives and recommendations;

2/- re-injected into the Deposits in the Exploitation Zone;

3/- used for the preparation of drilling fluids for the needs of the Delimited Zone;

4/- used for work carried out, after drilling, on wells of the Field in the Exploitation Zone;

5/- consumed in the engines or turbines supplying the energy used:
   – to operate the necessary pumping units on the wells of the Field in the Exploitation Zone
   – to collect Hydrocarbons in the Exploitation Zone,
   – to operate drilling rigs established within the Delimited Zone for operational needs.

25.1.8.2
The rate of the royalty shall be set as follows:

- for Crude Oil, [insert the percentage rate in words] [insert the percentage rate in figures] of the Total Available Production of Crude Oil at the point of extraction;

- for Natural Gas, [give the percentage rate in words] [give the percentage rate in figures] of the Total Available Production of natural gas at the point of extraction.

The proportional mining royalty shall not constitute Petroleum Costs.

25.1.8.3
The royalty shall be paid either in Hydrocarbons or in cash, at the option of the State.

If within thirty (30) days, the State does not make its choice known, it shall be deemed to have opted for payment in cash. In this case, the quantities determined under the royalty shall be valued at the Official Transfer Price.

If the State wishes to receive all or part of the royalty in kind, it shall notify the Contractor in writing at least ninety (90) days in advance, specifying the quantity it wishes to receive during the period in question. Otherwise, he is deemed to have opted for payment in cash. In this case, the quantities determined under the royalty are valued at the Official Transfer Price.

When the royalty is paid in cash, it is calculated on the Free On Board (F.O.B.) value of the Hydrocarbons. For the determination of this F.O.B. value, the price used is the Official Transfer Price.

25.1.8.4
Cash payment of the royalty shall be made directly to the Public Treasury, no later than the twenty-eight (28) of each calendar month, on the basis of the average monthly production of the previous calendar quarter.

Payment shall be made at the latest at the beginning of the following quarter, as soon as the Official Transfer Price by the Government of the Gabonese Republic, the exchange rates and the final production volumes are known.
25.1.8.5
Failure to pay the proportional mining royalty within the aforementioned time limits shall result in an increase in the sums due of 1/500th for each day of delay.

25.1.9 Surface Fees

25.1.9.1
The Contractor is subject to the payment of Surface Fees.

The surface fee is payable in advance, per Calendar Year, on the basis of the area considered in the permit as of 1 January of each year.

For the year in which the Contract is signed and the year in which it expires, the surface royalty is paid pro rata temporis.

25.1.9.2
The rate of the surface fees is set as follows:
I) hundred (100) CFA Francs per hectare during the exploration period;
ii) five thousand (5,000) CFA Francs per hectare during the exploitation and development period.

25.1.9.3
From the Effective Date and up until the final expiry date of this Contract, the Contractor is required to pay the amounts of the surface fees.

The Department of Hydrocarbons shall send to the Contractor a statement calling for the payment of the surface fees. This statement shall specify the payment time limit.

Any delay in the payment of the surface fees shall result in a penalty of hundred per cent 100% of the amounts due in addition to an increase in such amounts at the rate of ten per cent (10%) per day of delay.

25.1.9.4
The surface fee does not constitute a Petroleum Cost. Any penalties and increases accruing from late payment of the surface fee do not constitute Petroleum Costs.

25.1.10: Corporate Tax

25.1.10.1
As a result of the Petroleum Operations carried out in the Delimited Zone, the Contractor is subject to Corporate Tax. Each entity constituting the Contractor pays its share of the corporate tax in force on the Effective Date. Payment is made in kind by remittance to the State of a quantity of Hydrocarbons corresponding to the amount of the said tax.

In accordance with Article 23 of this Contract, this quantity shall be included in the share accruing to the State under the production sharing, without the entity liable to pay any additional tax if the Corporation Tax calculated in accordance with this Article exceeds the share accruing to the State.

The quantities of Hydrocarbons thus remitted to the State pursuant to Article 23 shall therefore have the effect of fully discharging all of the Contractor's Corporate Tax liability.
The related taxable profit is that which appears from the Annual Statistical and Fiscal Declaration referred to in Article 25.

The quantity of Hydrocarbons received by the State during each Calendar Year in application of Article 23 therefore includes:

i) the representative share of the mining rights other than those due on the occasion of the institution, renewal and transfer of petroleum titles, the surface royalty and the proportional mining royalty, and

ii) the representative share of the Corporation Tax due by the companies constituting the Contractor pursuant to the provisions of Article 25.1.10.

The value of the Hydrocarbons received by the companies constituting the Contractor pursuant to the provisions of Article 23 represents the net profit after payment of the Corporation Tax due by each of the said companies.

25.1.10.2
For the purposes of tax and customs regulations, each of the companies making up the Contractor is treated as a separate company. However, in the event of default by one of them, the Parent Company will be substituted for it in accordance with Article 42.

25.1.10.3
The entities constituting the Contractor shall keep, per calendar year, accounts in United States dollars that are separate from the Petroleum Operations, making it possible to establish, in particular, a characteristic management balance and a detailed balance sheet showing both the results of the said operations and the assets and liabilities that are allocated to them or are related to them. This accounting must comply with the regulations in force, in particular the OHADA chart of accounts. It must, in particular, highlight the elements necessary for the establishment of the Annual Statistical and Fiscal Declaration and its appendices.

25.1.10.4
Each company constituting the Contractor is required to subscribe and send to the Tax Authorities, before April 30 of the following year, two (02) copies, on a form provided by the Tax Authorities, a declaration of the results obtained under this Contract.

The Tax Authorities, after consulting the Hydrocarbon Administration, shall issue, within sixty (60) days following the said declarations, to each of the companies that make up the Contractor, a tax certificate certifying that it has fulfilled its tax obligations resulting from the regulations in force.

25.1.10.5
The tax authorities, after examining the documents referred to above, issue to each of the companies making up the Contractor, within sixty (60) days following the date of their production, tax certificates, receipts and any other documents certifying that they have fulfilled their tax obligations resulting from the regulations in force, subject to the rights of verification and repetition of the tax authorities provided for by the regulations in force.

With respect to tax regulations, the value of the Hydrocarbons made available to the Contractor during a Calendar Year, pursuant to Articles 21 and 23, is considered to represent the recovery of the Petroleum Costs and the net profit after Corporate Tax.
25.1.10.6
The share of Production allocated by the State to the Contractor, as remuneration, is determined by applying to the Remaining Production the sharing or remuneration key defined between the State and the Contractor.

The Remaining Production is determined by subtracting from the Total Available Production the royalty paid to the State and the Cost Oil.

The terms and conditions for the recovery of the Petroleum Costs are provided for in this Contract, in particular in the Accounting Appendix.

25.1.10.7
The quantity of Hydrocarbons received by the State during each Calendar Year pursuant to the provisions of Article 23 shall include the representative share of the Company Tax due by the Contractor.

The value of the Hydrocarbons received by the Contractor pursuant to Article 23 shall be the net profit after payment of Company Tax.

The Company Tax shall be paid by the Contractor on a lump sum basis, by remittance to the State of its share of production.

This remittance to the State of its share of production shall be in full discharge of the Company Tax.

25.1.10.8
The Hydrocarbons Administration, after verifying and consolidating the quantity of Hydrocarbons delivered to the State, shall issue the Contractor with a certificate of payment for the quantities due to the State under the production shares.

The Tax Administration, on the basis of the payment certificate issued to the Contractor, issues a tax certificate.

25.1.11 Annual Income Statement and Tax Certificate
Each company constituting the Contractor is required to subscribe and send to the Tax Authorities, before April 30 of the following year, two (02) copies, on a form provided by the Tax Authorities, a statement of the results obtained under this Contract.

The Tax Authorities, after consulting the Hydrocarbon Administration, shall issue within sixty (60) days following the said declarations, to each of the companies making up the Contractor, a tax certificate certifying that it has fulfilled its tax obligations resulting from the regulations in force.

25.1.12 Ordinary Tax Rules

25.1.12.1
The Contractor is required to pay taxes collected by way of withholding tax on behalf of the State, in accordance with the General Tax Code.

25.1.12.2
In accordance with the provisions of the General Tax Code in force, the Contractor is liable for the following taxes, duties and fees in particular:
i) withholding tax on services provided by non-residents, with the exception of services provided by an Affiliated Company, which are exempt;
ii) withholding tax on services provided by residents not subject to VAT;
iii) the Personal Income Tax (IRPP) of the Contractor's employees and managers;
iv) insurance tax;
v) special tax on rents;
vi) local and port taxes and duties in force, payable in return for services rendered by the Gabonese Administrations, communities and public establishments used by the Contractor.

For this purpose, the corresponding expenses incurred by the Contractor in the conduct of Petroleum Operations are understood to include all taxes and constitute Petroleum Costs.

25.1.12.3
The distribution of dividends by each Contractor member company to its shareholders is exempt from all taxes and withholding taxes. The Contractor's member companies, their managers and their shareholders are exempt from tax on income from movable assets.

The net after-tax profits made by the companies that make up the Contractor are exempt from all taxes and withholding taxes.

All sums that the Contractor pays to its Parent Company or its Affiliated Companies in remuneration for services performed in Gabon are exempt from all taxes and withholding taxes.

25.1.12.4
As an exception to the provisions of ordinary law in force, transfers of interests and corporate rights made by the Contractor to Third Parties or Affiliated Companies during the first Exploration phase are exempt from payment of the duties and taxes provided for by the regulations in force.

25.1.13 Value added tax

25.1.13.1
All activities carried out by the Contractor within the context of the Petroleum Operations shall come under the Value Added Tax (VAT).

By derogation from the principle of common law, activities realized within the context of Petroleum Operations shall be subject to the VAT at the rate of zero per cent (0%) 

25.1.13.2
Goods and services of any kind acquired from foreign suppliers or subcontractors and intended for Oil Operations are imported free of VAT.

Each Calendar Year, the Operator is required to apply for VAT exemption from the Tax Authorities, which issues a VAT exemption certificate upon presentation of the hydrocarbon contract.

25.1.13.3
Sub-contractors and suppliers who carry out services and provide goods and/or provide services of any nature in the name of and for the account of the Operator as part of conducting of Petroleum Operations, shall also benefit from the exemption of the VAT payment when importing in the name and for the account of the Contractor and/or Operator. For that
purpose, customs documents related thereto must be written up in the name of the Operator and must specify the type and nature of the goods imported in an order form which should not include goods and services not associated with conducting Petroleum Operations. The exemption status delivered to the Operator must be attached to the customs documents.

25.1.13.4
Acquisitions of goods or services by the Contractor from individuals or companies subjected to the VAT in Gabon shall be subject to the payment of the VAT at the standard tax rate.

However, the acquisitions of goods and services from sub-contractors recognized by the Department of Hydrocarbons and Tax and Regime Administration, shall be subjected to the VAT tax at the rate of zero per cent (0%).

25.1.13.5
The Contractor, its suppliers or subcontractors approved by the Hydrocarbon Administration and the Tax Administration shall benefit from the right to deduct the VAT charged on the acquisition and importation of goods or services used in the performance of the Petroleum Operations.

However, this right to deduction does not apply to the acquisition of goods or services expressly excluded from the right to deduct VAT as provided for by the General Tax Code.

25.1.13.6
VAT paid up on acquisitions of goods or services associated with the execution of Petroleum Operations, and thereby consisting of a VAT credit, shall be subject to reimbursement according to the terms and conditions provided for in the General Taxation Code.

25.1.13.7
A regulatory text establishes the list of goods and equipment falling within the scope of Petroleum Operations accepted for VAT. Certain Petroleum Operations, listed exhaustively by regulation, benefit from an exemption in respect of the Special Solidarity Contribution (CSS).

25.2. CUSTOMS REGIME

25.2.1.
During the term of this Contract, the Contractor and its sub-contractors are authorized to import and export any goods necessary for the fulfillment of their obligations under this Agreement, in accordance with the applicable custom regulations, and subject to the following customs benefits:

i) the normal or special temporary admission regime for all implements, materials, products, machines, equipment spare parts and tools required for the performance of the Petroleum Operations and which are not owned by the State;

ii) the admission regime with exemption from all entry taxes and duties for hardware, materials, products, machines, equipment, spare parts and tools exclusively intended for and actually used for petroleum prospecting and exploration in the Demarcated Area, subject to the production of a final use certificate. For the application of this rule, any well which has not produced 10,000 tons of Crude oil is considered as prospecting and exploration drilling.

iii) admission at a global reduced rate of five per cent (5%) of the import duties and taxes on implements, materials, products, machines, equipment, spare parts and tools which, although not falling in the category of goods cited in the preceding paragraphs (i) and (ii), are necessary for, intended for and used for the production, storage, processing, transportation,
shipping and transformation of Hydrocarbons from the Exploitation Area. The goods benefiting from admission at a global reduced rate of five per cent (5%) are those approved and indicated by the Customs Administration.

25.2.2. The benefit from the regime of temporary, normal or special admission, as well as from admission regime with exemption is granted by the Customs Administration, at the Contractor’s request. This request must be validated in advance by the Department of Hydrocarbons.

Requests relating to the above-stated regimes must specify:

i) the trade name of the goods and the corresponding customs tariff code under which they are found;

ii) the quantities and their FOB value or Cost Insurance Freight (CIF) values.

25.2.3. Requests to obtain customs benefits must be sent no later than fifteen (15) days before the arrival of the goods concerned to the Department Hydrocarbons for purposes of review for approval.

25.2.4. Upon change of residence by the Contractor’s expatriate personnel, the effects and furnishings for personal and household use are admitted tax free pursuant to the provisions and limits in accordance with current regulations.

25.2.5. With the exception of fines and penalties pursuant to the custom regulations in force, customs duties and taxes constitute Petroleum Costs.

25.2.6. The Contractor’s suppliers, sub-contractors, service providers and Parent Companies, and Subsidiaries of the Contractor which are under Gabonese law also have the same tax and customs benefits as those granted to the Contractor under this Contract.

ARTICLE 26
SUPPORT FUNDS

26.1. Without prejudice to the provisions of this Article, all contributions to the Support Funds are included in the Petroleum Costs account.

The Support Funds are due annually by the Contractor. However, the amounts relating to the first and last years of the Contract are determined on a daily pro rata temporis basis.

26.2. The Contractor shall contribute annually to a Hydrocarbons Support Fund created for purposes of developing petroleum research and promoting the petroleum industry.

The contribution is as follows:

i) [insert amount in words] ([insert amount in figures]) United States dollars per Calendar Year during the exploration period;
ii) [insert amount in words] ([insert amount in figures]) United States dollars per Calendar Year during the production period;

iii) zero point zero five (0.05) United States dollars per Barrel of Total Available Production. This contribution shall not be included in the Petroleum Costs Account.

26.3. The Contractor is required to contribute to the Support Fund for the equipment of the Department of Hydrocarbons.

The contribution is as follows:

   i) [insert amount in words] [insert amount in figures] United States dollars per Calendar Year during the exploration period;

   ii) [insert amount in words] ([insert amount in figures]) United States dollars per Calendar Year during the production period.

26.4. The Contractor is required to take part in the capacity building of the Department of Hydrocarbons by contributing to financing for development and continued training of the agents of the said Administration.

This contribution may also serve for the training of other Gabonese nationals in the Hydrocarbons sector who are designated by the said Department.

The contribution is equal to:

   i) [insert amount in words] [insert amount in figures] United States dollars per Calendar Year during the exploration period;

   ii) [insert amount in words] ([insert amount in figures]) United States dollars per Calendar Year during the production period.

26.5. All the contributions defined in the preceding paragraphs are transferred to the State Treasury and entrusted to the Department of Hydrocarbons.

26.6. The Contractor is required to contribute to the Support Fund for the Development of Local Communities. This fund is dedicated to the financing of community projects for Gabonese populations, namely, those living near petroleum sites.

The Support Fund for the Development of Local Communities is domiciled in an account opened in Gabon and intended to receive the annual contributions paid by the contractor.

The contribution is as follows:

   i) [insert amount in words] [insert amount in figures] United States dollars per Calendar Year during the exploration period;

   ii) [insert amount in words] ([insert amount in figures]) United States dollars per Calendar Year during the production period.

The terms and conditions of the administration and management of the Fund to support the Development of Local Communities are provided under the regulations in force.
The contributions of the Contractor shall be transferred according to the instructions of the Department of Hydrocarbons to a bank account open by the State Treasury at the Caisse de Dépôts et Consignations or to any other financial institution established in the Republic of Gabon.

26.7. The Contractor is required to contribute to the Support Fund to mitigate the impact of petroleum activities on the environment.

The Support Fund for the mitigation of impact of petroleum activities on the environment is domiciled in a bank account opened in the Republic of Gabon to receive the annual contributions of the Contractor.

This contribution amounts to:

i) [insert amount in words] [insert amount in figures] United States dollars per Calendar Year during the exploration period;

ii) [insert amount in words] ([insert amount in figures]) United States dollars per Calendar Year during the production period

The terms and conditions of the administration and management of the Fund to support the mitigation of impact of petroleum activities on the environment are provided under the regulations in force.

The contributions of the Contractor shall be transferred according to the instructions of the Department of Hydrocarbons to a bank account open by the State Treasury at the Caisse de Dépôts et Consignations or to any other financial institution established in the Republic of Gabon and of which the State remains holder throughout the duration of this contract.

ARTICLE 27
CORPORATE SOCIAL RESPONSIBILITY

27.1. The corporate social responsibility is expressed by the obligation for the latter to contribute to the challenges of sustainable development.

To this end, when operating their businesses, companies must take into account the social and environmental impacts by adopting the best practices possible which contribute to the improvement of the well-being of the population.

27.2. The social responsibility of the Contractor is specifically expressed through:

i) the contribution to the mechanism of the Provision for Diversified Investment (PDI) in the amount of one per cent (1%) of the Contractor’s turnover from the Exploitation Area, reduced by the amount of the royalty and the State’s share of the Profit Oil. The mechanism of the Provision for Diversified Investment (PDI) is intended for the financing of investments or the payment of financial commitments adapted to the objectives of diversification of the national economy;
the contribution to the mechanism of the Provision for Investment in Hydrocarbons (PIH) in the amount of two per cent (2%) of the Contractor’s turnover from the Production Area reduced by the amount of royalty and the State’s share of the Profit Oil. The mechanism of the Provision for Hydrocarbon Investment is intended for the financing of investments or the payment of financial commitments adapted to objectives involving development in the Hydrocarbon industry.

The turnover serving as a basis for the PDI and PIH corresponds to the Contractor's share of production each year.

The PID and PIH contributions referred to above shall each be included, to the extent of seventy-five percent (75%), in the Petroleum Costs Account.

27.3.
The Contractor’s annual contributions with respect to the PDI and the PIH are paid into the PDI/PIH Fund constituted by a bank account open at the BEAC in the name of the State.

The State must propose to the Contractor procedures for managing and operating the PDI/PIH Fund which will guarantee to the latter or its representatives an effective participation in defining the general policy for investments eligible for financing by the PDI/PIH Fund and an effective control, before and after the payment of projects financed by the PDI/PIH Fund.

The Contractor and the Gabonese State must determine the list of business sectors and investments eligible for financing by PDI/PIH.

Periodically, the Gabonese State shall provide the Contractor, for its assessment review and approval, with a list of projects requesting PDI/PIH financing.

The Gabonese State shall provide the Contractor, at least once every quarter, with a statement of documented transactions that have occurred on the PDI/PIH Fund bank account.

27.4.
The State shall determine the procedures for the payment of the contributions provided for in Article 27.2 above.

ARTICLE 28

CONTRIBUTION TO MEETING THE NEEDS OF THE DOMESTIC MARKET

28.1.
The Contractor is required to contribute to the needs of the domestic market by delivering a quantity of hydrocarbons determined by the State or a Third Party purchaser mandated by the State.

Its contribution of the Contractor is determined on a prorated basis to its share of the production of hydrocarbons from the total national production.

28.2.
The quantity to be delivered will be determined by the State prior to the end of each Calendar Year for the subsequent Calendar Year on the basis of the projected production and the needs
of the domestic market for the Calendar Year in question. Any necessary adjustments will be made as soon as the actual final data is available.

28.3. The Contractor’s sale price of the portion of Hydrocarbons intended to meet the needs of the domestic market is equivalent to the Official Transfer Price of the quality of the Crude Oil produced in the Delimited Zone, after a fifteen percent (15%) discount.

The discount is charged to the Petroleum Costs account.

28.4. The Hydrocarbons sold pursuant to Article 28 shall be delivered by the Contractor to the Delivery Point, whereby the ownership of the Hydrocarbons is transferred to the State or to a Third Party purchaser mandated by the State.

The transport costs between the Lifting Point and the Delivery Point, as well as the insurance costs relating to the Hydrocarbons delivered, are the responsibility, if applicable, of the beneficiary organization, or failing this, the State. When these costs are charged to the State, they constitute Petroleum Costs.

28.5. The transfer of Hydrocarbons provided for in Article 28 shall be paid within ninety (90) days of the delivery date.

ARTICLE 29

VALUATION AND SALE OF HYDROCARBONS

29.1. The Official Transfer Price can be applied to value the following quantities of Hydrocarbons:

♦ lifted in respect of Petroleum Costs recovery;
♦ representing the Royalty;
♦ constituting the Contractor’s gross revenue;
♦ representing the production share accruing to the State and marketed by the Contractor at the request of the State;
♦ delivered as contribution to the domestic consumption requirements;
♦ received by way of payment from the State;
♦ received in consideration of the State’s exercise of its pre-emptive right over the quantities of hydrocarbons to which the Contractor is entitled.

29.2. The Official Transfer Price is determined in United States Dollars by the Joint Technical Commission taking into account the international market prices for Hydrocarbons of similar quality.

The price shall be calculated on a FOB basis every calendar quarter for the previous quarter on the basis of information and data thereof; the Contractor shall be informed thereof for implementation and any potential adjustments.
If during a given calendar quarter, no Official Assignment Price has been notified to the Contractor, the price resulting from the most recent notification shall be applied provisionally.

29.3.
If, for a given period, the Official Transfer Price is applied and higher than the market price for sales to Third Parties of Hydrocarbons originating from the Demarcated Area, the difference will be recovered by the Contractor by recording a debit in the Petroleum Costs Account, subject to the verification of the actual price by the State.

If, on the other hand, the Official Transfer Price is lower than the market price, the difference is credited to the Petroleum Costs account, subject to verification of the actual price by the State.

29.4.
The international market price used for calculating the Official Transfer Price will be determined according to modalities to be defined by the Parties; the Parties will meet periodically to this end at the request of any one of them, on the basis of the evolution of the international Hydrocarbons market.

29.5.
As soon as production from a Hydrocarbons Deposit becomes regular, the Contractor is required to endeavor to obtain the best valuation possible from the Hydrocarbon products so that the sales conditions of the quantities accruing to it do not adversely affect the price of Gabonese Hydrocarbons on the international market.

29.6.
The Contractor is required to do its best so that the prices obtained for the export of Gabonese Hydrocarbons conform to those found on the international market at the time of sale, in equivalent quality, quantities, freight, and payment conditions.

29.7.
The State will take its share of the production in kind. However, the Operator must, when requested by the State, ensure the sale of all or part of the quantities of Hydrocarbons to which it is entitled under this Contract and to pay it the price thereof, which shall be at least equal to the Official Transfer Price.

On the occasion of this sale, the Operator shall benefit from a remuneration fixed at sixty percent (60%) of the positive difference between the price of the said sale and the Official Transfer Price. To this end, the Operator shall be required to send to the Hydrocarbons Administration all documents relating to the sale of Hydrocarbons thus carried out.

29.8.
The State may ask for the payment of the profit from the sales of its production procured by the Contractor in the foreign currency of its choice, it being understood that the costs associated with such a request shall be borne exclusively by the State. The choice of currency for payment must be notified to the Contractor at the time of the request for sale referred to in this Article. In the absence of notification, payment shall be made in the currency in which the Official Transfer Price is expressed.
29.9. 
In the case of Gaseous Hydrocarbons, marketing is carried out in accordance with the regulations in force and according to the terms and conditions defined in the resulting gas sales contracts.

**ARTICLE 30**

**EXPORT, TRANSFER OF OWNERSHIP AND RULES ON PROVISION OF HYDROCARBONS**

30.1. 
The Contractor shall have the right to export its share of Hydrocarbons from the export point approved by the Administration less the deliveries made to meet the needs of the domestic market.

30.2. 
Transfer of ownership of the share of Hydrocarbons to which the Parties are entitled takes place at the Lifting Point.

The Operator acting on behalf of the Parties shall take out any insurance necessary to cover any damage, loss or harm which may occur and affect the Petroleum Operations.

30.3. 
For the requirements of Petroleum Costs accounting, the lifting of Hydrocarbons occurring during a given Calendar Month is recorded at the end of each Calendar Month.

30.4. 
The transfer of ownership of the quantities of Hydrocarbons assigned by the Contractor by way of contribution to meet the needs of the domestic market is made at the Delivery Point. All transportation and insurance costs beyond this point shall be borne by the State or of the Third Party purchaser, mandated by the latter.

30.5. 
The transfer of ownership of the quantities of Hydrocarbons assigned by the Parties for export is done on a FOB basis at the place of transfer from the connection point to the oil tanker.

30.6. 
The Department of Hydrocarbons shall supervise, inspect and monitor the lifting of Hydrocarbons and the management of the loading terminal. The costs incurred in relation to the supervision, inspection and monitoring operations shall constitute Petroleum Costs. The Department of Hydrocarbons may resort to a Third Party to carry out the above-mentioned operations.

30.7. 
The Parties will meet periodically to establish a provisional lifting schedule and will use all reasonable efforts to make loads jointly, if necessary, in order to avoid Over-lifting or Under-lifting on the part of each Party towards the other.

30.8. 
If the quantity of Hydrocarbons available in stocks at the Lifting Point is sufficient to make the loading of the tankers; the first shipment shall be made for the State. The Hydrocarbons
will then be available to the Contractor for subsequent loading operations until the share of Hydrocarbons to which it is entitled has been lifted.

30.9. However, if one of the Parties cannot lift its share of production in a timely manner, the other Party will have the option to dispose of it, provided that an equivalent quantity of Hydrocarbons is given later to the Party which was unable to lift its share.

30.10. The practical terms for the application of the provisions of article 30 can be negotiated at any time by mutual agreement between the Department of Hydrocarbons and the Contractor within the framework of a lifting and delivery procedure.

**ARTICLE 31**

**NATURAL GAS**

31.1. Natural Gas is one of the strategic resources of the national economy. The State enjoys an exclusivity right for the purchase from the Contractor of the quantities of Natural Gas earmarked for meeting the needs of the domestic market.

The Contractor may sale the remaining quantities of Natural Gas outside of Gabon at fair and equitable prices.

The Contractor may, on a priority basis, use the quantities of natural gas that it would need to improve the recovery of Crude Oil reserves from the fields it operates within the Demarcated Zone.

The Contractor shall have the right to use the quantities of natural gas it would need to improve the recovery of Crude Oil reserves from fields outside the Demarcated Zone upon payment of the price agreed upon by the parties.

31.2. In the event of a Natural Gas discovery, the Parties shall start negotiations to amend the present Contract which shall complete the contractual conditions necessary to allow the exploitation and marketing of the said gas resource.

Without prejudice to the provisions of this Contract, the duration of exploitation of Natural Gas is thirty-five (35) years, divided into three (03) phases:

i) twenty (20) years for the first phase;
ii) eight (8) years for the second phase;
iii) seven (7) years for the third phase.

The renewals of the duration of the EDPP with regard to Natural Gas are done in the same forms and conditions provided for in article 14.

31.3. The Contractor is required to develop or use techniques adapted to the recovery and reinjection of Natural Gas in order to optimize production and conserve the resource.
The quantities of Natural Gas necessary to carry out the petroleum operations must be declared.

31.4. The flaring and the rejection of Natural Gas are prohibited.

31.5. However, the Hydrocarbons Administration shall set for each Deposit a tolerated flaring threshold, after examination of the Contractor's duly justified proposals. This threshold is revised periodically.

Any quantity of gas flared above the tolerated threshold is subject to penalties set by regulation.

31.6 Flaring authorizations may be granted exceptionally by the Hydrocarbon Administration at the request of the Operator, subject to provisions relating to the safety of the installations and when justified by technical or economic factors.

31.7 The quantities of gas flared and related greenhouse gas emissions in each Production Area must be declared on a monthly basis by the Contractor to the Department of Hydrocarbons no later than the 15th of the subsequent month.

Failure to declare any quantity of gas flared shall expose the Contractor to a penalty, the rate of which is set by current regulations.

31.8 Whenever it is necessary to determine the equivalence between Natural Gas and Crude Petroleum, especially in order to determine the procedures for lifting the quantities of Hydrocarbons allocated for recovery of the Petroleum Costs defined, the sharing of Remaining Production, the payment of royalties and to determine the amount of bonuses, it is agreed that one hundred and sixty-five (165) cubic meters of Natural Gas are equal to one barrel of Crude Petroleum. Volumes are calculated at so-called “normal” conditions, that being at a temperature of 15° Celsius and a pressure of 101,325 Pascal’s or “standard”, that being at a temperature of 60° Fahrenheit and an absolute pressure of 14.69 psi.

31.9 In the event of the discovery of Natural Gas, the Parties shall enter into negotiations to enter into an amendment which shall complete the contractual conditions necessary to allow the exploitation and marketing of the said resource under the best legal and fiscal conditions in accordance with the regulations in force.

ARTICLE 32

DECOMMISSIONING AND SITE RESTORATION

32.1 When exploitation of a Hydrocarbons Deposit ends the Contractor is required to decommission the equipment and petroleum facilities in accordance with the Site Restoration (SRE) Plan approved by the Department of Hydrocarbons in accordance with the applicable regulations of the Republic of Gabon and the norms and standards generally accepted in the Hydrocarbons industry.
32.2
In order to guarantee the correct performance of its SRE obligations, the Contractor must, no later than twelve (12) months following the start of production from a Deposit, create a SRE Fund in USD Dollars provisioned by financial allocations for the SRE Fund, on the basis of one allocation for each EDPP.

The annual financial allocation for the SRE Fund shall be determined by the ratio between the total initial or re-appraised amount of the SRE plan and the duration of the EDPP including renewals or the estimated duration of production.

The financial allocation of the SRE fund must be wholly constituted no later than three (03) months before the expiration of the last EDPP.

32.3
The annual financial allocations for the SRE Fund constitute Petroleum Costs. Allocations for the SRE Fund which are established and recorded as petroleum costs cannot be assets belonging to the Contractor.

32.4
The SRE Fund is domiciled in a SRE account open by the Contractor in the name of and on behalf of the State in the books of the BEAC au Gabon or in a credit institution registered in Gabon and accredited by COBAC and chosen and agreed upon by both parties.
The State and the Contractor shall be co-managers and co-signatories of the SRE Fund account.

Without prejudice to the stipulations of Article 32.9 iii) below, all debit operations related to the said account must bear the joint signatures of the duly authorized signatories designated by the State and the Contractor.

The terms, conditions and modalities for the co-management of the SRE Fund account are defined in the agreement on the opening and management of the SRE Account signed between the State, the Contractor and the BEAC or the credit institution. Once agreed, it shall constitute an Annex to the present Contract.

32.5
When the Contractor holds more than one EDPP under the present Contract or other contracts, a single SRE Account shall be opened to receive all SRE payments constituted by the Contractor.

32.6
The Contractor is required for any EDPP to transfer in the SRE Account each year by April 30 at the latest, the annual amount of the contribution for the SRE Fund in respect of the preceding fiscal year constituting the fund to finance site rehabilitation.

The periodic evaluation and re-evaluation of the costs of the SRE Work is carried out by the Operator and approved by the Hydrocarbons Administration.

The periodic evaluation and re-evaluation of the costs of SRE Work shall be written up in an analytical accounting report allowing for the determination of the anticipated costs for the related SRE works for each Deposit or Field, and each facility or equipment concerned.
32.7
The SRE Funds and the SRE Account shall be earmarked exclusively for the financing of SRE operations.

32.8
The SRE Fund and the SRE Fund account must be endowed by the Contractor with a legal guarantee mechanism allowing for a transfer of ownership as collateral or security based on the provisions of the OHADA Uniform Act relating to the organization of sureties for the purpose of assuring the protection of the funds against the risks of bankruptcy of the Contractor, the State and the depositary, and against the risk of seizure by the creditors of the Contractor, the State and the depositary.

32.9
The terms and conditions for the realization of the SRE Work and use of the SRE Fund must apply the following stipulations:

i) For the realization of SRE Work, the Contractor shall give the Department of Hydrocarbons one hundred and eighty (180) day notice of their intention to abandon the Exploration Area and then submit a technical report on the stopping of the production operations.

ii) If, after examination of the said technical report for stopping production operations, the State wishes to keep all or part of the installations in the same state or to rehabilitate them itself, the Hydrocarbon Administration shall inform the Contractor in writing within ninety (90) days following the submission of the technical report for stopping production operations. This decision by the Administration relieves the Contractor of the obligation to carry out the RES Works on the installations concerned and releases it from the thirty-year period of the contractual provisions below.

In the event that the exploitation of the deposits in the Exploitation Zone is taken over by a third party or by the State alongside a third party, a transfer agreement will be concluded between the purchasers and the Contractor, specifying in particular the transfer date, the identification of the wells, of all the installations necessary for exploitation, the custody and/or ownership of which is transferred to the purchasers.

The State and/or the transferee acknowledges that it accepts these assets as they are without any right of subsequent recourse against the Contractor and will assume custody of these assets from the date of transfer as specified in the transfer agreement.

iii) The Contractor and the State shall notify the BEAC or the credit institution of the amount of the RES Works to be paid by the State for the installations concerned, the end of the co-management of the RES funds and the full and exclusive transfer of the free management of the RES Account to the State up to this amount;

- The State releases the Contractor from its obligation to carry out RES Operations in the Exploitation Zone. Consequently, the State waives any recourse against the Contractor and its Affiliates in direct or indirect relation to the RES Operations in the Exploitation Zone, including for any resulting damages and losses. In addition, the State guarantees the Contractor and its Affiliated Companies against any recourse
by third parties of any nature whatsoever in connection with these RES operations or in respect of their non-performance by the Contractor;

iv) If, for duly justified reasons, the Contractor decides not to proceed in their entirety with the RES Works, for example to preserve the installations necessary for the operation of other deposits located outside the perimeter of an Exploitation Zone covered by this Contract, the State and the Contractor shall agree on the nature and scope of the operations to be carried out, in particular for the safety of the installations and wells, and on the evaluation of the portion of the SRE funds allocated to the RES Works that has not been carried out, carried forward;

v) If, after examination of the said technical report for stopping production operations, the State agrees to carry out the RES Works, the Hydrocarbons Administration shall inform the Contractor in writing within sixty (60) days following the submission of the technical report for stopping production operations. Upon receipt of this notification, the Contractor shall submit to the Hydrocarbons Administration, a program for the execution of the site rehabilitation works and the corresponding budget for approval;

vi) The Hydrocarbon Administration's approval of the said program and the related budget must be notified in writing to the Contractor within ninety (90) days of receipt of the execution program for the RES Works and the related budgets. If the Contractor does not receive a response from the Hydrocarbons Administration within this ninety (90) day period, the site rehabilitation program and budget shall be deemed to be approved.

vii) If the Hydrocarbons Administration notifies the Contractor of the failure to approve the site rehabilitation program and budget, the Contractor and the Hydrocarbons Administration shall meet within fifteen (15) days to discuss the points of discrepancy and agree on the said program and budget.

In case of persistent discrepancy, the Parties shall, within fifteen (15) days following the first meeting, meet, each accompanied by one (1) expert of recognized standing in the sector to decide the matter by mutual agreement and in a final manner.

The budget relating to the RES Works must be approved by the Hydrocarbon Administration.

For the execution of the RES Works, the disbursement or transfer of the RES funds from the RES Account can only be validly made on a payment or transfer order duly signed by the authorized representatives of the State and the Contractor, accompanied by the budget for the works duly approved by the Hydrocarbon Administration.

32.10 Unless otherwise agreed in the present article, the Contractor is required to finance all expenses related to the RES Works.

If expenses exceed the total SRE Fund, including the capital and interest payments, the Contractor shall be required to supply the balance needed to finance the execution of all the rehabilitation work.
If the expenses are lower than the total RES Fund, including capital and interest payments, and if there is no other EDPP or other RES work underway or not yet carried out, the amount remaining in the RES Fund which is not used in compliance with the purpose of the fund, may be used as follows:

i) paid to the Contractor, only it has Petroleum Costs remaining to be recovered, up to the balance of the said Petroleum Costs and then, if applicable, the debit balance of the “Partner-State” account;

ii) paid to the State if a balance remains after payment of the expenses inherent in the RES Works and after payment to the Contractor of the balance of the Petroleum Costs still to be recovered and, if applicable, the debit balance of the "Partner-State" account;

The remainder of the RES Fund due to the State Fund shall be entirely paid over to the Public Treasury as soon as the Contractor has been notified by the Hydrocarbons Administration, with a copy of the BEAC or to the credit institution holding the SRE Account, of the extinction of the Contractor's RES obligations. This notification shall be deemed to be a discharge for the performance of the obligations incumbent upon it. A disbursement or transfer order is given to the BEAC or the credit institution by the Parties to this effect.

32.11
The Operator is obligated to present annually to the Department of Hydrocarbons the balance of the SRE Fund Account, all the transactions on this account, all the information related to the annual contribution to the SRE Fund and, if required, the updated SRE plan and corresponding budget.
This information shall be included in a special rubric « Position and Movement of the SRE Account » in the Operator’s annual report.

32.12
In the name and on behalf of the State, the Parties may decide to withdraw the funds from the RES Account domiciled in any credit institution and transfer them to the BEAC or to another Gabonese credit institution when, at the duly justified appreciation of one of the Parties, it appears necessary to anticipate events or signs of systemic risks for the Gabonese banking system.

When the risk is limited to the domiciliary banking institution, the transfer may be made to another Gabonese banking institution

32.13
Concerning any situation which might lead to a security risk of the SRE Fund Account, upon the duly justified appreciation of the parties, in particular in anticipation or in the event of an actual degradation of the financial soundness of the Gabonese banking institution where the SRE Account is domiciled, either party may, after having informed the other party, transfer the SRE Account funds to a new SRE Account open in the books of another Gabonese credit institution, in order to secure the SRE Funds.

During the next TMCPO, the Operator shall present the financial situation of the transferred SRE Account and its main management factors. The TMCPO shall then make recommendations to the Parties who can unanimously decide to maintain the SRE Account in this new Gabonese credit institution or transfer it to another Gabonese credit institution to chosen by the Operator after having consulted the Department of Hydrocarbons.
32.14
In case it should become impossible to recover from the credit institution all the SRE Funds, including the principal and interest earned, the Contractor, after having given to the Department of Hydrocarbons the documents justifying the fault on the part of the credit institution, shall in all due diligence together with the State, try to obtain the restitution of the amount due from the failing credit institution, its parent company, if applicable, and/or its subrogees; and to this end, the parties shall require a guarantee from the parent company of the credit institution when the RES account is opened.

However, in case of insufficient sums recovered, the Contractor upon his own initiative and within the limits of his means, can participate in the financing of the complete rehabilitation of the site, beyond the amounts eventually recovered by him from the failing credit institution and/or their subrogates.

32.15
Within the six (6) months following the end of the SRE Operations, the Hydrocarbons Administration observes the end of the present Contract and notifies the Contractor on condition that he has fulfilled all contractual obligations.

32.16
However, in spite of the acceptance by the State of the decommissioning and site rehabilitation works performed by the Contractor, and the delivery of the notification of the end of the Contract provided for here above, the responsibility of the Contractor shall remain intact and totally applicable for a thirty (30) year period effective from the notification mentioned in Article 32.15 for bad quality work or defects, imperfections and any eventual damage which might occur to the environment, to property and to people as a consequence of Petroleum Operations under the responsibility of the Contractor.

32.17
The notification putting an end to the present Contract shall specify expressly the stipulations of Article 32.16.

**ARTICLE 33**

**TRANSFER OF PETROLEUM INTERESTS**

33.1
Each company comprising the Contractor may assign all or part of its petroleum interests resulting of the present contract to a Third Party, if the technical and financial capacity of such assignee has been well-established. The assignee then becomes jointly and severally liable with the other companies forming the Contractor for the performance of this Contract. The assignor’s rights and obligations in respect of the percentage of participating interest thus transferred shall be fully transferred to the assignees.

33.2.
Under the conditions set out in Article 33.4 below, the State has a right of pre-emption on the transfer of petroleum interests to any natural person or legal entity other than an Affiliated Company of the transferor.
In the event that the State exercises this right of pre-emption, the acquisition of these petroleum interests will be made on market conditions offered to Third Parties, who are candidates for acquisition.

33.3. Any transfer of petroleum interests to a third party must be submitted for review and prior approval by the Department of Hydrocarbons.

The assignor shall send to the Department of Hydrocarbons a request for approval of the assignment, comprising the following elements in particular:

i) Name, corporate name and nationality of the purchaser;
ii) Details relating to its financial and technical capacities;
iii) Details relating to its legal status as assignee;
iv) Solemn written undertaking by the purchaser that it does not engage in illegal activities, such as money laundering, sale of arms or acts of terrorism;
v) Economic and financial terms and conditions of the planned transfer;
vii) Certified true copy of the transfer agreement signed and executed subject to the conditions precedent including the approval of the State and the non-exercise by the State of its pre-emptive right.

33.4. The Hydrocarbons Administration has sixty (60) days to issue its decision with respect to the assignor’s request and in order to exercise his right of pre-emption.

If, at the end of this period of sixty (60) days, the Hydrocarbons Administration has not exercised its right of pre-emption, the State shall be considered to have waived that right. At that point, the National Operator shall then in his turn have a forty-five (45) day period to exercise his right of pre-emption within the same conditions.

If, at the end of this forty-five (45) day period, the national operator does not exercise its right of pre-emption, it shall be deemed to have waived its right of pre-emption as well.

After the double renunciation of the State and the national operator to exercise their right of pre-emption, the Contractor shall then recover the freedom to transfer its rights to a Third Party.

The transfer is deemed to be approved under the suspensive condition of the payment of corporate tax in respect of the possible capital gains from the assignment due by the transferor and the registration fees due by the transferee.

The assignee and the assignor shall be jointly and severally responsible for the payment, of the taxes mentioned in the present Article.

33.5. The capital gains from the transfer of the petroleum interests made up of the positive difference between the transfer price and the amount of the petroleum costs not yet recovered by the transferor at the time of the transaction and calculated proportionately to the percentage of interests transferred.

33.6. The eventual capital gain from the transfer generated at the time the petroleum interests are transferred is subject to the Corporate Tax at the ordinary rate, subject to article 33.8.
33.7
In case of a partial or total transfer of the petroleum interests, if the transfer price is lower than the value of the certified Petroleum Costs, the Operator shall integrate the amount corresponding to the price of the assignment only into the debit of the accounting for the Petroleum Costs of the assignee.

33.8
As an exception to the provisions of this Article, each company constituting the Contractor may freely assign, at any time, all or part of its petroleum interests arising from this Contract, to one or more Affiliated Companies under Gabonese law.

However, the assignor is required to inform the Hydrocarbon Administration in writing. Consequently, the amendment provided for in Article 33.10 may not modify the economic, financial and fiscal conditions of this Contract.

As an exception to the provisions of this Article, transfers of interests made by the Contractor's members to their Subsidiaries under Gabonese law, to their Parent Companies or to Third Parties during the first phase of exploration shall be exempt from the payment of the duties and taxes provided for by the regulations in force.

Any transfer to the State is exempt from the payment of the duties and taxes provided for by the regulations in force.

33.9
Transfers of petroleum interests shall not, under any circumstances, be of such a nature as to prejudice the interests of the State, hinder the performance of Petroleum Operations or reduce the Contractor's technical and financial capacities. If the Hydrocarbons Administration considers that this is the case, it may oppose such transfers of petroleum interests.

33.10
Transfers of petroleum interests authorized by the Hydrocarbons Administration shall necessarily entail the drawing up of an amendment to this Contract indicating the new composition of the Contractor and the new distribution of the interest shares.

The drawing up of this amendment requires the new purchaser to provide the Hydrocarbon Administration with its Parent Company's guarantee commitment and the tax payment receipts relating to the transfer.

The Minister in charge of Hydrocarbons issues new administrative authorizations that take into account changes in the composition of the Contractor.

33.11
Transfers of petroleum interests made in violation of the provisions of this section are null and void.

**ARTICLE 34**

TRANSFER AND ASSIGNMENT OF SECURITIES

34.1
Transfers or assignment to Third Parties of securities in the share capital of legal entities holding petroleum interests derived from this Contract whether they occur by sale,
contribution, assignment or any other legal method, as well as the transfer of securities of legal entities constituting the Contractor whose assets comprise the main such rights or rights held directly or indirectly in such entities are subject to registration fees and to the Corporate Tax on capital gains as applicable, based on the actual value of the corporate rights transferred and assessed at the time of the transfer.

34.2
Are exempted from the payment of stamp duties and corporate tax in respect of capital gains if they have been declared to the Hydrocarbons Administration and to the Tax Administration at least fifteen (15) days prior to their effective date, transfers or assignments of corporate rights in the share capital of legal entities holding oil interests arising from this Contract, carried out by a Parent Company for the benefit of its Subsidiaries under Gabonese law, between Subsidiaries of Gabonese Law of the same Parent Company.

In the event of a transfer of corporate rights, only the portion of the value of the corporate rights corresponding to the rights and obligations relating to the assets located in Gabon shall be taken into account.

34.3
Any proposed transfer or assignment to Third Parties of securities in the share capital of legal entities owning petroleum interests deriving from this Contract must be communicated, by the transferor to the Hydrocarbons Administration and to the Tax Administration and must include the following information in particular:

   i) Name, corporate name, capacity and nationality of the purchaser;
   ii) Details relating to its financial and technical capacities;
   iii) Details relating to its legal status;
   iv) Economic and financial terms and conditions of the transfer or assignment;
   v) Solemn undertaking by the purchaser that it is not engaged in any illegal activities, such as money laundering, sale of arms or acts of terrorism.

34.4
The above transfers or assignments to Third Parties are subject to a registration duty based on the value of the transferred or assigned securities and to the Corporate Tax on capital gains tax in compliance with the General Taxation code.

34.5
The assignee and the assignor are jointly and severally liable for the payment of the taxes mentioned in the present Article.

34.6
In accordance with the Hydrocarbon Law, by exception to the provisions of Articles 34.1, et 34.5 above, any transfer or assignment of securities made by any member of the Contractor to Third Parties are exempt, during the first exploration period, from any tax or duty provided for under the regulations in force.

34.7
Transfers or assignments of securities executed in violation of the stipulations of the present article are null and void.
ARTICLE 35
CURRENCY EXCHANGE CONTROL

The Contractor is submitted to the foreign exchange regulations in force in the Member Countries of the Economic and Monetary Community of Central Africa (CEMAC) including any present or future special provisions granted to the petroleum industry, emanating from CEMAC, whether implemented by it or by any agency or government mandated by it.

ARTICLE 36
PROTECTION OF RIGHTS

36.1
The Contractor shall endeavor to achieve the objectives of this Contract. It shall properly indemnify and compensate the Third Parties for any loss or damage which it or its employees may cause during the Petroleum Operations.

The Contractor will be liable for its errors, fault or negligence and those of its employees with regard to the conduct of Petroleum Operations and shall bear the cost of all compensation and damages payable to Third Parties.

36.2
The costs of compensation, including damages, shall not form part of the Petroleum Costs.

ARTICLE 37
NATIONAL PREFERENCE & LOCAL CONTENT

37.1
The Operator is required, for purposes of Petroleum Operations, to employ national labor in a proportion of its total work force in Gabon defined through mutual agreement of the parties, and at least equal to the minimum thresholds established by the current laws and regulations in Gabon, and this, within the limit of the possibilities of recruitment offered by the domestic market.

In this respect, the possibility of recruiting foreign staff, which is left to the Operator, nevertheless remains subject to the obligation by the Operator to provide the Department of Hydrocarbons with a report outlining the lack of Gabonese nationals in the areas indicated for the performance of Petroleum Operations.

The recruited specialized and qualified expatriate personnel must be replaced as the Operator recruits and trains Gabonese personnel, within the limit of the recruitment possibilities offered by the domestic market.

The recruited expatriate personnel must be replaced by Gabonese personnel within five (5) years at the latest after the launching of the production of hydrocarbons, within the limits of the possibilities of recruiting offered in the national market.

As part of recruiting expatriate personnel, the Operator is required to associate with the expatriate personnel Gabonese counterparts who shall take part in the Petroleum Operations, in compliance with the provisions of the regulations in force.
The modalities, terms and conditions of mentoring must be communicated to the Department of Hydrocarbons.

37.2 As of the Effective Date, the Contractor undertakes to [indicate the commitment, in particular training grants, support for local SMEs, etc.].

The costs inherent in this commitment are not Petroleum Costs.

37.3 The Contractor has the obligation to train his Gabonese employees in the field of competence required for being eligible for promotion opportunities. To this end, he must inform the Department of Hydrocarbons about the activities undertaken in order to attain this objective.

37.4 The Contractor must inform the Department of Hydrocarbons about the job positions available and the steps taken for recruiting Gabonese The selection and hiring of employees remain under the Operator’s responsibility.

ARTICLE 38
REVIEWS, AUDITS AND CONTROLS

38.1 The Departments in charge of Hydrocarbons and the Tax Administration shall respectively have a general auditing power over all the Petroleum Operations. To this end, they have the right to access any and all the information related directly or indirectly to the conduct of the Petroleum Operations.

For the requirements of controlling and monitoring Petroleum Operations, the Department of Hydrocarbons and the Tax Administration may be assisted by any other Gabonese administrative entity or Third Party with proven expertise.

Audits of an accounting, fiscal, economic, and financial nature initiated by either of the Departments shall be validly conducted only when performed jointly by the Department of Hydrocarbons and the Tax Administration. Audits of a purely technical nature are solely under the domain of the Department of Hydrocarbons.

38.2 Following the inspections, reviews, audits and controls of Petroleum Operations, the Department of Hydrocarbons may require from the Contractor that it make any adjustment, correction, rectification and modification deemed necessary to the Petroleum Costs and to the technical means used for carrying out the Petroleum Operations.

Should the Contractor contest the measures prescribed by the Department of Hydrocarbons, such a dispute may be settled in accordance with the procedure set out under article 38.4 below.
38.3
The Contractor shall be notified in writing by the Department of Hydrocarbons and by the Tax Administration of the findings and results of the reviews, controls and audits which they conduct. The Contractor is required to provide the appropriate responses within thirty (30) days of receipt of the said notifications. This deadline may be extended to sixty (60) days upon motivated request of the Contractor.

After this period and if no response has been received from the Contractor, the Department of Hydrocarbons will send a formal demand to the Contractor.

However, with regard to an audit of the Petroleum Costs, if no response is received from the Contractor within the time period ascribed by the Department of Hydrocarbons to the Contractor to respond to the conclusions of the audit, the Contractor will be considered as having accepted the results and findings of the said audit.

Upon reception of the Contractor’s observations the Department of Hydrocarbons must, within a ninety (90) daytime period, convene the Contractor to draft and sign the minutes ending the audit operations.

38.4
In the event of prolonged disagreement on the results and conclusions of the reviews, audits and controls, and in particular the Petroleum Costs audits, the Parties will attempt to resolve this disagreement informally.

Otherwise, the Parties agree to have recourse by mutual agreement, to an Independent Expert. If at the end of the amicable settlement or after the reception of the Independent Expert’s conclusions, the disagreement still exists, such dispute shall be resolved in accordance with the arbitration procedure under article 41 below.

38.5
As far as the reviews, audits and controls of the Petroleum Costs are concerned, these must occur within two (02) years after the end of the exploration phases or, during the development and production period, for any one (01) given Calendar Year, within the same time-limit of two (02) years following the end of the said Calendar Year.

The Operator shall receive the findings and results of the reviews, controls and audits conducted by Department.

In the absence of any reviews, audits and controls of the Petroleum Costs account within the periods specified above, no adjustment may be made by the Parties.

For purposes of applying the provisions of this article, the Contractor shall submit to the Administration, no later than April 30 of each calendar year, two (02) copies of the detailed report on its activities during the preceding Calendar Year. This report shall include, specifically, in addition to data of a technical nature, a detailed account of the Petroleum Costs pertaining to that Calendar Year, presented in accordance with the Accounting...
Agreement Schedule. The Contractor’s files, as well as the pertinent and necessary records, accounting and technical documents and documentary evidence relating thereto shall be made available to the Administration in compliance with the above provisions, and presented at their request or requisition.

38.6
The costs arising from the missions of oversight, review, audit and control performed by the Department of Hydrocarbons and the Tax Administration by virtue of the general oversight power conferred upon them by the State shall constitute Petroleum Costs and shall be borne by the Contractor.

38.7
Subject to the prescription periods set out in the applicable regulations in force and by this Contract, and notwithstanding the provisions of this article, the Department may request in writing any information, substantiation, and clarifications, as well as any accounting, financial, legal and technical documents and reports, which it may deem necessary or useful for its information relating to the conduct and development of the Contractor’s activities and the Petroleum Costs, as well as in the exercise of its right to review, audit, and control such activities and the Petroleum Costs.

ARTICLE 39
PENALTIES AND FORFEITURE

39.1
Without prejudice to the criminal sanctions provided for by current laws and regulations, any breach of a substantial obligation or the repeated breach of a non-substantial obligation by the Contractor may result in the termination of same after formal notice which has gone without effect at the expiry of a reasonable period in consideration of the nature of the obligation as well as of the circumstances.

39.2
Without prejudice to the criminal sanctions provided for by current laws and regulations, the breaches of this Contract in relation with the Petroleum Operations mentioned below may lead to the forfeiture of the rights granted to the Contractor under an EEP or an EDPP, if the formal notice concerning the said breaches remains without effect or response from the Contractor one (01) month after its notification by the Administration. This sanction can be applied to the following case:

i) no response by the Contractor after the required period of time;

ii) non-performance, within the agreed timeframe, of the remedies agreed by the Parties pursuant to the notice;

iii) refusal to communicate to the administration within the time specified the information provided for in this Contract;

iv) failure to pay on time, the bonuses and royalties and the sums due to the Support Fund according to the terms and conditions defined in this Contract;
v) failure to pay on time, the proceeds from the sale by the Contractor of any quantity of the State’s share of Hydrocarbons, when the Contractor handles such sales;

vi) failure to deliver to the State its share of production in kind or the proportional mining royalty;

vii) suspension or restriction, without legitimate reason, of the exploitation activity of the Deposit(s) discovered in the Demarcated Area, it being understood that the modification related to economic factors, such as, in particular, variations in the international Hydrocarbons market, cannot be invoked as constituting a legitimate reason;

viii) tax fraud;

ix) failure to establish a SRE endowment fund per year;

x) transfer or assignment of petroleum interests and securities that are not declared or authorized by the Department of Hydrocarbons;

In case of forfeiture of the rights granted to the Contractor by an EEP or an EDPP, the Contract will be terminated if no other EDPP is still in force.

Loss of rights is announced by order of the Minister in charge of hydrocarbons and notified to the Contractor in the forty-eight (48) hours following the announcement.

39.3
Without legitimate pattern approved by the Hydrocarbon Administration, the stoppage of exploration, development or production work without legitimate reason approved by the Department of Hydrocarbons for three (3) consecutive months shall be reason enough to cancel the Contract with the exclusive fault remaining with the Contractor provided that it is notified by the State. The same is true for the unilateral abandonment of the work in the exploration or Exploitation Area.

The decision of the Department of Hydrocarbons to cancel the Contract, in application of the stipulations of the present Article, shall be notified in writing to the Contractor; and the Contractor shall then lose all his rights based on the present Contract.

39.4
Termination of this Contract does not release the Contractor or the State from their respective contractual obligations which have arisen prior to administrative act terminating this Contract.

In the event of a dispute related to a matter mentioned in article 39 in respect of which an arbitral procedure has been initiated, in accordance with article 41 below, within a ninety (90) day period following the notice sent by the State in respect of the present article, neither the EEP nor the EDPP may be terminated or annulled until this dispute has been settled. In the event of a breach or non-compliance by an entity comprising the Contractor in respect of articles 39.1 or 39.2 but independently of the other entities, any termination or forfeiture thus resulting would apply only vis-à-vis the entity responsible of the said breach or noncompliance.
ARTICLE 40
FORCE MAJEURE

40.1 Any delay or incapacity of one of the Parties in the execution of the obligations included thereto of the present contract shall not be considered as a violation of the said Contract if the delay or incapacity is due to a case of Force Majeure.

The delay period of time resulting from the case of Force Majeure, increased by the time that may be required for the repairs of the damages caused because of or during this delay, shall be added, if applicable, to the time periods provided for in the Contract.

In the case of total or partial suspension of the obligations of one Party, caused by a case of Force Majeure, the present Contract, as well as all authorizations, permits or decisions dependent upon it shall automatically be extended for a period equivalent to the duration of the event of Force Majeure, increased by the duration provided for in the preceding paragraph, and the Parties shall guarantee to take all necessary measures to do so.

40.2 In the event of a case corresponding to the characteristics of Force Majeure, the Party which is the victim of this event shall notify the other Party as quickly as possible, and shall specify the consequences and probable duration of the event.

As soon as possible, from the date of the reception of this notice, the Parties shall meet to negotiate in good faith any solution that might allow the Parties to overcome the adverse consequences of that event. During the implementation period of this procedure, the provisions of the Contract which have become impossible to fulfill, shall be fully suspended.

40.3 If the execution of one or several obligations of the Contract is partial or late because of a case of Force Majeure, the Parties shall continue to execute the obligations based on the Contract which can still be carried out. The Party which is a victim of the Force Majeure shall do everything possible to pursue the execution of their contractual obligations, and to reasonably mitigate the consequences of the Force Majeure over the execution of the Contract.

The Party which is the victim of the case of Force Majeure shall resume the execution of their contractual obligations within a reasonable time period after the disappearance of the event of Force Majeure. The other Party shall make every effort to help out during the recovery and/or the resumption and/or continuation with the implementation of their contractual obligations.

40.4 The Force Majeure can be invoked only in respect to obligations whose fulfillment has become momentarily or finally impossible.

40.5 In case of a disagreement concerning:

- the qualification of an event which might potentially be considered as a case of Force Majeure, or

- the measures to take in order to overcome the adverse consequences, or
Any element provided for in application of article 40.

The Parties shall strive to settle their dispute amicably during a period which cannot exceed thirty (30) days, except if there should be a better agreement between the Parties, effective from the reception of the notice of disagreement from the other Party.

If no agreement is reached within this period, the Parties shall have fifteen (15) days to submit their dispute to an Independent Expert chosen by mutual agreement. The latter shall have thirty (30) days to issue his report.

In the event that the discrepancy persists, the Parties undertake to submit the dispute, within sixty (60) days, to the arbitration procedure, in accordance with Article 41 below.

**ARTICLE 41**

**ARBITRATION PROCEDURE**

41.1
Disputes arising from the present Contract or in relation thereof must be settled through arbitration in accordance with the Arbitration regulation of the International Chamber of Commerce (ICC), subject to the specific provisions set out below.

The conduct of the Arbitration and the designation of arbitrators take place in accordance with the arbitration regulation of the institution to which the Parties have entrusted the organization of their arbitration. There shall be three (3) arbitrators.

The decision of the arbitrators is final; it is binding on the Parties and is immediately enforceable.

41.2
Except for the fees and costs of the Third Party arbitrator which shall be borne by the Contractor and shall be included in the Petroleum Costs, each Party shall bear the expenses and fees of its arbitrator and, equally, the other expenses and fees of the arbitration. Such expenses and fees shall not be included in the Petroleum Costs.

41.3.
The place of arbitration shall be Paris (France). The language used shall be French, the applicable law shall be the law of Gabon and the provisions of the Contract shall be interpreted in accordance with that law. Where no provision is made in the Gabonese law, the lex mercatoria as well as the principles generally applicable in the petroleum industry and the settlement of disputes relating to international investments shall be applied.

41.4
Compliance of the Parties with their obligations under the present Contract shall not be suspended during the development of the arbitration, unless such suspension is required by the nature of the subject of the dispute.
ARTICLE 42
SOLIDARITY AND GUARANTEES OF THE PARTIES

42.1
The provisions of this Contract are binding on the Parties, their respective successors and assignees. They constitute the only agreement between them. No prior verbal or written promise or agreement between the Parties pertaining to the purpose of the Contract can be invoked in order to modify it or to give it a different interpretation.

The State guarantees that no other agreement exists concerning the Petroleum Operations in the Demarcated Area with the objective or effect of granting rights to Third Parties which could conflict with those granted to the Contractor in respect of this Contract.

42.2
Each of the entities constituting the Contractor shall have the option to perform the Petroleum Operations through a Subsidiary or a branch registered in Gabon and created to this effect.

However, from the granting of an EDPP, the Contractor is required to incorporate as Gabonese Law Subsidiary.

However, the Parent Company shall remain guarantor of the proper performance of the obligations arising from this Contract and shall be liable for the activity of its Subsidiary or branch located in Gabon under the Contract. This commitment forms the subject of Annex 3 which is an integral part of this Contract.

ARTICLE 43
WAIVER OF RIGHTS

43.1
At any time, the Contractor may waive all or some of its rights arising from this Contract; however, it will not be released from its obligations as yet unfulfilled.

43.2
The Contractor must inform the Department in writing of its decision to waive its rights. This notification shall be accompanied by a detailed report on the works performed and the corresponding expenses, giving reasons for this waiver.

Within thirty (30) days following receipt of the notification of waiver, the Demarcated Area will be deemed to be vacant. However, the waiver Decree will only be issued to the Contractor after compliance with all its contractual commitments.

43.3
Variations in the Hydrocarbons markets cannot be invoked to justify a suspension, restriction or final ending of the exploitation activity of the Deposit(s) discovered in the Demarcated Area.
ARTICLE 44

DURATION AND EXPIRATION OF THE CONTRACT

44.1
This Contract takes effect from the Effective Date.

Except in case of termination, this Contract will remain in force as long as there is one EEA and/or at least one EDPP during its period of validity, or an application for an EDPP submitted to the Department of Hydrocarbons.

The withdrawal or forfeiture of the EEP by virtue of article 39 will result in the automatic termination of the present Contract if not EDPP exists.

The expiration of the last current EDPP or its withdrawal by the Minister in charge of Hydrocarbons shall carry with it the automatic invalidation of the Contract.

44.2
If at the end of the exploration period, the Contractor has made no discovery of Hydrocarbons deposits commercially exploitable, the Contract shall terminate. In the event of a discovery, the Contract shall continue in accordance with the provisions of articles 12 and following.

If, during an exploitation phase the commercial exploitation of the Hydrocarbons deposit is no longer possible, this Contract shall terminate if no other deposit is producing under the present Contract. The end of the Contract closes the Petroleum Costs account and puts an end to the obligation of repayment of these costs by the State, subject to article 32.10.

Apart from the obligations relating to the recovery of Petroleum Costs, neither the Contractor nor the State shall be relieved of its contractual obligations arising prior to the date of that expiry and which would not yet have been fulfilled in their entirety or in part on that expiry date. However, the Contractor shall continue to benefit from the rights and advantages provided for under the present Contract for the needs of the performance of the SRE Works.

ARTICLE 45

APPLICABLE LAW, INTERPRETATION AND LANGUAGE OF THE CONTRACT

45.1
The present Contract shall be interpreted according to the laws and regulations in force in the Gabonese Republic.

French is the language of the present Contract. All correspondences, requests for information and notifications must be written in French.

45.2
The present Contract and its Annexes shall constitute an indivisible whole.

In case of any contradiction in the terms of the Contract and those of one of the Annexes, the terms of the Contract shall prevail and the concerned Annexes shall be modified, as a consequence.
45.3
If a stipulation of the present Contract not constituting an essential obligation is deemed null by virtue of the applicable law, the other provisions shall remain in force and the Parties shall agree to the extent possible, in the light of the applicable law, on a new stipulation having the same effect in order to maintain the previous economic balance of the balance.

ARTICLE 46
STABILITY AND ADAPTABILITY OF THE CONTRACT

46.1
The terms and conditions of the present Contract can only be modified in writing and agreed to by both Parties in an amendment to the present Contract duly signed by the Parties.

The State and the Contractor have signed the present Contract on the basis of a legal and fiscal framework in force effective from the date of its signature and the economic terms agreed to in the Contract.

46.2
In order to achieve the objective of the present Contract and during its entire duration, the State shall guarantee to the Contractor the stability of the legal, economic and fiscal conditions based on the present Contract and the regulations in force at the date of its signature.

The rights and obligations of the Parties related to the present Contract shall not be modified adversely by one of the Parties to avoid affecting the general economy of the present Contract.

46.3
If after the date of the signing of the present Contract, a change in the applicable legal and regulatory framework should intervene and the purpose or effect of which would worsen the general economy of the present Contract, upon request of the Contractor, the conditions for the execution of the Contract will have to be modified in such a way so as to guarantee its stability.

To this end, the Contractor can send a written notice with acknowledgement of receipt to the Minister in charge of Hydrocarbons whereby, on the one hand, he informs the State of the legislative or regulatory modification or improvement introduced and of its effects upon the general economy of the Contract, and whereby, on the other hand, he requests the State to apply measures which are provided for that would ensure the general scheme of the present Contract.

46.4
In the case provided for in Article 46.3 above and if the Contractor has contacted the State, the State shall have a maximum of three (3) calendar months beginning upon the reception of the request from the Contractor to inform him of the measures retained to ensure the general scheme of the present Contract.

After the deadline indicated above has passed, and upon the request of the Contractor, the Parties must obligatorily meet within a time period not to exceed fifteen (15) days in order to find the ways and means required to maintain the general scheme of the present Contract.
If no agreement can be found beyond ninety (90) days, the most diligent Party can submit the case to an independent Expert in order to have mediation. The Independent Expert shall be appointed by mutual agreement. Should the Parties fail to reach an agreement; the most diligent Party can submit the matter to arbitration in compliance with the procedure provided for in article 41.

46.5
The stipulations concerning the stability of the present article shall not prevent the State from making some modifications to its legislation in application of its international commitments, notably with regard to complying with the rules on the preservation of the environment, hygiene and safety, as well as the voluntary principles on security and Human Rights, or those intended for the implementation of the national strategy of Local Contents, as long as these modifications do not change the general scheme of the present Contract.

46.6
Subject to article 46.1, the stipulations concerning stability included in the present article shall not prevent one of the Parties from proposing the opening of negotiations in view of a modification of all or part of the stipulations of the present Contract, notably the financial and economic elements mentioned in article 14.7, without the other Party being able to oppose negotiations.

46.7
Any measure of total or partial, whether direct or indirect nationalization, requisition of the Operator and any confiscation of the rights that the Contractor holds in application of the present Contract, shall impose a fair and equitable indemnification, in compliance with the rules and principles recognized internationally.

ARTICLE 47
NOTICES

47.1
Notifications and other communications provided for in the present Contract are considered as having been submitted by one Party when they have been hand delivered with acknowledgement of receipt by a qualified representative of the other Party, sent by rapid courier service, sent by electronic mail or any other means of written telecommunications or by registered letter.

The expenses of all these various means of communication shall be paid for by the issuing Party. These means of communication must all be confirmed by an acknowledgement of receipt.

Notifications and other communications shall be considered as having been submitted on the date when the addressee receives them at the following addresses:

For the Gabonese State:
Ministry of Oil, Gas, Hydrocarbons and Mines
BP: 874 or 576
Libreville, GABON
To the attention of the Minister of Oil, Gas, Hydrocarbons and Mines

With a copy to:

    The General Direction of Hydrocarbons
    B.P. 2199
    Libreville, GABON

For technical information and the practical details of executing the contract, the notifications must be sent to the following addresses:

    The General Direction of Hydrocarbons
    B.P. 2199
    Libreville, GABON

    To the attention of the General Directorate of Hydrocarbons

For accounting, fiscal and financial information, notifications must be sent jointly to:

    The General Direction of Hydrocarbons
    B.P. 2199
    Libreville, GABON
    To the Attention of the General Directorate of Hydrocarbons

    The General Direction of Taxation
    B.P. 37 / 45
    Libreville, GABON
    To the attention of the General Directorate of Taxation

For the Contractor:

    xxxxx
    xxxxx

To the attention of the General Manager.
ARTICLE 48

HUMAN RIGHTS

48.1
Respecting Human Rights is a behavior that must be observed during the execution of all Petroleum Operations.

In compliance with the United Nations Program “Protect, Respect and Remedy” and its execution by the Guiding Principles on the Activities and Human Rights, the Contractor and the State undertake to:

i) avoid provoking or contributing to any violation of Human Rights in all places of execution of this Contract;

ii) prevent by any means that Petroleum Operations have a negative impact on Human Rights. To this end, the Parties are required to take all appropriate measures likely to prevent, reduce or control the possible consequences of Petroleum Operations at risk.

iii) observe and respect customs and practices as well as the practices of the indigenous communities bordering the Petroleum Operations sites;

iv) behave with humility and dignity by contributing to the moral and material development of the indigenous populations concerned, in accordance with universal human rights principles and the United Nations instruments drawn up for the protection of the rights of indigenous peoples and other minorities.

48.2
The Operator shall endeavor to require that the business people, advisors and agents engaged in the Petroleum Operations respect Human Rights in a way that is compatible with the conditions stipulated in this article.

48.3
Any violation of the present article shall expose the offender to the penalties provided for by the laws and regulations in force in Gabon.
ARTICLE 49

EFFECTIVE DATE

The Contract shall be approved by a Decree of the President of the Republic.

The present Contract comes into force on the Effective Date.

In witness whereof, the Parties have signed the Contract in ten (10) original copies.

Signed in Libreville, on

For the Gabonese State,  
For the Contractor

The Ministry of Oil, Gas,  
Hydrocarbons and Mines  
[indiquer la fonction]

[indicate the name]  
[indicate the name],

The Ministry of Economy and Finances

[indicate the name]
APPENDIX 1

DEMARCATED ZONE
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Système de projection : UTM 32
Sud
Datum : M'PORALOKO
Ellipsoïde : Clark 1880

Superficie : XXX Km²
APPENDIX 2

ACCOUNTING PROCEDURE
ACCOUNTING AGREEMENT

CHAPTER I – GENERAL RULES AND PRINCIPLES

I-1 General provisions:
The Accounting Agreement forms an Annexure to the Contract of which it is an integral part. It sets out the main accounting rules and determines the specific rules and principles applicable to the Petroleum Costs accounting, as well as the accounting methods, rules and procedures with which the Contractor is required to comply.

The technical, accounting, financial or legal reports, statements, declarations, documents, information and data must compulsorily be supplied to the Department in charge of Hydrocarbons.

The terms used in the Accounting Agreement have the same meaning as is given to them in this Contract, unless the context clearly confers a different meaning on such terms.

In the event of contradiction or discrepancy between the Accounting Agreement and the provisions of this Contract, the later shall prevail.

I-2 Account structure and currency
The Contractor keeps its accounting in the French language and in United States Dollars.

Petroleum Operations carried out in a currency other than the United States dollar may be recorded on the basis of standard exchange rates established by the company such that they are as close as possible to the exchange rates prevailing during the recording period.

Any discrepancies noted between the initial record at the standard exchange rate and the amount resulting from the application of the actual exchange rate in force at the time the payment or receipt, as calculated in accordance with the provisions of this Contract, are recorded in the same accounts as those used for the original recording in such a manner as to show, for each of the said accounts, the capital losses suffered and the capital gains made as a result of fluctuations in the exchange rates in relation to the United States dollar.

CHAPTER II – GENERAL ACCOUNTING

II-1 – Principles
The general accounting records the activities performed under the Contract by the Contractor. It must comply with the rules, principles and methods of the General Accounting Plan for Companies in force (OHADA Accounting Plan).

However, the Contractor has the option of applying the rules of the professional accounting plan for the Hydrocarbons Industry, as well as their own usual accounting techniques, provided that none of these are contrary to the above-mentioned regulations and General Accounting Plan.

II-2 – Balance sheet
The general accounting must truthfully reflect the status of the Contractor’s assets and liabilities, and must enable the preparation of an annual balance sheet in sufficient detail to permit the competent Administrations to trace the changes in each asset and liability item and to appraise the Contractor’s financial situation, as well as its rights and obligations to the State, Third Parties and the Parent Company and its Subsidiaries.

The balance sheet must make clear the result of each category of operations. The latter consists of the difference between the value of the net assets allocated thereto at the end and the beginning of the Calendar Year, less any additional contributions corresponding to
goods or cash newly allocated to the said operations, plus any deductions corresponding to withdrawals, by the Contractor, of goods or cash previously allocated thereto.

Net assets are understood to be the difference between the value of the assets and the total formed, under liabilities, by any Third Party and the Parent Company and its Subsidiaries claims and any authorised and justified depreciations and reserves.

Items belonging to the State, including RES Funds, in application of the provisions of this Contract, are recorded in the appropriate accounts which clearly show the legal status and the purchase, construction or fabrication price thereof.

The Contractor is responsible for keeping its own separate accounting records enabling the Petroleum Operations governed by this Contract to be differentiated from any other activities carried out in Gabon.

The Contractor is required to keep the originals of all the substantiating documents relating to the Petroleum Operations in Gabon. These documents must be presented on request to the Administration. This obligation of retention shall remain in force for a period of ten (10) years from the date they are issued.

All the reports, statements and documents that the Contractor is required to provide to the Department in charge of Hydrocarbons, either under the current regulations, or in application of this Contract, must include all the data, information and indications that its competent departments wish to have access to. Such reports, statements and documents must comply with the templates produced, if applicable, by the Department in charge of Hydrocarbons.

Each company forming the Contractor is responsible for keeping its own accounting records and must comply with its legal and fiscal obligations in that regard.

II-3 – Expense accounts

II-3-1- All expenses, losses and costs, whether actually paid or merely due, relating to the Calendar Year under consideration may be debited to the Expense and Loss Accounts according to type, provided that they are justified by and required for the purposes of the Petroleum Operations and are actually incumbent on the Contractor, excluding any whose deduction is not authorised by the regulations in force or the provisions of this Contract and those corresponding to sumptuary expenses.

II-3-2- Capital assets acquired or completed shall be depreciated at their book price over three years, at the rate of 40% (forty per cent) the first year, 30% (thirty per cent) the following year and 30% (thirty per cent) the third year.

Provisions for depreciation, if any, must be calculated on the original value of the asset items to which they relate and must be clearly shown on the balance sheet.

They must be duly substantiated and authorised and be shown in a detailed table which enables their legitimacy to be checked.

With respect more particularly to debts, provisions may be constituted only for those established by the Contractor as unrecoverable or doubtful, to the exclusion of provisions intended to cover the general risk of non-recovery of debts.

Such provisions concern debts for which the Contractor has been unable to obtain payment despite bona fide attempts with the debtors involved, and whose recovery is considered as seriously compromised.

II-3-3- Provisions for expenses, if justified, may be constituted in order to meet any tax deductible losses or expenses which are clearly specified as regards their type and purpose and which on-going events make likely, provided that they have actually been recorded in
the accounts for the year during which they were constituted, and provided that they are contained in a detailed statement of provisions attached to the tax declaration.

Provisions constituted in order to cover risks or possible losses are not allowed as deductions.

Provisions which no longer have a purpose are credited to the appropriate Proceeds and Profits accounts according to type.

Provisions which, in whole or in part, are used in a subsequent year for a purpose for which they were not intended are credited to the appropriate Proceeds and Profits accounts by type for the said year.

II-3-4

Expenses to be paid and proceeds to be received, i.e. debts and claims which are certain but have not yet been invoiced, paid or received, are also taken into account; they are calculated on the basis of the details available for estimation purposes.

The Contractor must take care to ensure that any entry of this type is adjusted as soon as possible by posting the corresponding actual expenses or proceeds.

**II-4 – Proceeds and profits accounts**

Proceeds of any type, whether actually collected or merely established by the Contractor, must be credited to the Proceeds and Profits Accounts by type.

**CHAPTER III – PETROLEUM COSTS ACCOUNTING**

**III – 1 – General rules and principles –**

**Classification and groupings**

III-1-1

In parallel with the accounting required by current legislation, and in compliance with the same rules and principles as those referred to above, the Contractor will at all times keep a set of accounts specially reserved and organised for the purposes of recording the Petroleum Costs. These must show details of the expenses actually paid by it and recoverable in application of the provisions of the Contract and of this Accounting Agreement, the recovered Petroleum Costs as and when the product intended for such purpose is allocated or as and when collection takes place, in the event of recovery in cash, as well as any sums deducted from the Petroleum Costs.

III-1-2

The Petroleum Costs accounting must enable to following to be identified at any time:

- the total amount of the Petroleum Costs paid by the Contractor since the Effective Date;
- the sums reducing the Petroleum Costs and the type of operations to which such sums relate;
- the amount of the Petroleum Costs yet to be recovered.

III-1-3

The Petroleum Costs accounting records, under debits, all actually paid expenditures relating directly to the Petroleum Operations, in application of this Contract and of the provisions of the Accounting Agreement, and considered as chargeable to Petroleum Costs.
Such actually paid expenditures must at the same time:

♦ be actually incumbent on the Contractor;
♦ be necessary for the proper performance of the Petroleum Operations;
♦ be substantiated and supported by supporting papers and documents enabling effective auditing by the Department in charge of Hydrocarbons.

III-1-4

The Petroleum Costs accounting records, under credits, the amount of receipts and proceeds of any type which may be deducted from the Petroleum Costs.

III-1-5

The Petroleum Costs are recovered in accordance with the “Last-in, First-out” principle. However, the Petroleum Costs related to the exploration and development operations are deemed recovered or recoverable first.

III-1-6

The Petroleum Costs accounting must be truthful and accurate. It is organised into sub-accounts enabling different categories of expenditure relating to the Petroleum Operations to be grouped together, such as:

♦ exploration;
♦ assessment;
♦ development;
♦ production of Crude Petroleum;
♦ production of Natural Gas;
♦ evacuation of Hydrocarbons and storage;
♦ related, additional or incidental activities by distinguishing each of them.

III-1-7

For each of the activities above, the Petroleum Costs accounting must in particular highlight the expenses:
a) regarding tangible assets, in particular those regarding the acquisition, creation, construction or completion of:
♦ land;
♦ buildings (workshops, offices, shops, accommodation, laboratories, etc.);
♦ storage loading facilities;
♦ access roads and general infrastructure works;
♦ means of transporting the Hydrocarbons (drain pipes, tankers, etc.);
♦ general equipment;
♦ specific equipment and installations;
♦ transportation vehicles and civil engineering vehicles;
♦ equipment and tools (the normal service life of which is more than one year);
♦ productive drilling;
other tangible assets.

b) regarding intangible assets, in particular those related to:
   ♦ geological and geophysical field work, laboratory work, studies, reprocessing, etc.;
   ♦ exploration drilling;
   ♦ other intangible assets.

c) regarding consumable equipment and materials;

d) operating costs, except for the overhead costs mentioned below, and directly related to the study, the conduct and performance of the Petroleum Operations;

e) non-operating or overhead costs. This involves expenses borne by the Contractor, in connection with the Petroleum Operations and regarding the direction and administrative management of the said operations.

III-1-9

Furthermore, the Petroleum Costs accounting must, for each of the listed expense categories, emphasise the payments made to:

♦ the Operator, for the goods and services provided by him;
♦ the companies making up the Contractor, for the goods and services provided by them;
♦ the Parent Company and its Subsidiaries ;
♦ Third Parties.

III-2 – Analysis of expenses and Tax Credit Methods:

III-2-1

The Contractor’s usual imputation principles and analytical methods regarding distribution and repayment must be applied homogeneously, fairly and in a non-discriminatory manner to all its activities. They are communicated to the Department in charge of Hydrocarbons upon request from the latter.

The Contractor must inform the Department in charge of Hydrocarbons of any modification that it might make to its principles and methods.

III-2-2

The tangible assets constructed, manufactured, created or completed by the Contractor as part of the Petroleum Operations and actually allocated to these operations, as well as their servicing are accounted at the cost price of construction, manufacture, creation or completion.

III-2-3

The equipment, material and consumable materials required by the Petroleum Operations other than those mentioned above, are:

a) either acquired for immediate use, subject to delivery times and, if necessary, temporary warehousing by the Contractor (without, however, these having been assimilated with his own stock). This equipment, material and consumable materials acquired by the Contractor are valued for imputation in the Petroleum costs, at their onsite delivery prices (Gabon Delivery Price).

The Gabon Delivery Price includes the following elements, allocated according to the Contractor’s analytical methods:

♦ the purchase price after rebates and discounts;
- the transportation, insurance, transit, handling and customs fees (and other taxes and duties, if any) from the vendor’s shop to that of the Contractor or to the place of use, as the case may be.

b) or provided by the Contractor from the formed stock:

- The new equipment and material, as well as the consumable materials provided by the Contractor are valued, for allocation, at the latest weighted average cost price, calculated in accordance with the provisions of the Accounting Agreement;

- The depreciable material and equipment already provided by the Contractor from the formed stock or that of its other activities, including that of the Parent Company and its Subsidiaries, are valued, for allocation to the Petroleum Costs, according to the scale below;

- New equipment (Condition “A”): New equipment which has never been used: one hundred per cent (100%) of the net cost;

- Equipment in good condition (Condition “B”): Used equipment in a good condition which can still be used for its initial purpose without repairs: seventy five per cent (75%) of the net cost of the new equipment as defined above;

- Other used equipment (Condition “C”): Equipment can still be used for its initial purpose, but only after repairs and restorations: fifty per cent (50%) of the net cost of the new equipment as defined above;

- Equipment in poor condition (Condition “D”): Equipment cannot be used for its initial purpose, but it can be used for other services: twenty five per cent (25%) of the net cost of the new equipment as defined above;

- Scrap iron and left overs (Condition “E”): Out-of-use and irreparable equipment: current price of the left overs.

Stocks of equipment, consumables and spare parts are charged to the consumables petroleum cost accounts.

III-2-3-1

The Operator does not guarantee the quality of the new equipment mentioned above beyond that done by the manufacturer or the reseller of the equipment concerned. In the event of defective new equipment, the Contractor must seek to obtain repayment or compensation from the manufacturer or the reseller; however, the corresponding credit is only written down upon receipt of the repayment or the compensation.

III-2-3-2

In the event of defectiveness of the used equipment mentioned above, the Contractor credits the Petroleum Costs account with the amounts which it would have actually collected in compensation.

III-2-3-3-

Use of material, equipment and facilities belonging to the Contractor personally.

The cost of renting material, equipment and facilities belonging to the Contractor personally and used on a temporary basis for the purposes of the Petroleum Operations is allocated to the Petroleum Costs account for an amount covering:

a) maintenance and repairs;

b) a share, in proportion to the time of use for the Petroleum Operations, of the depreciations calculated by using the historical cost price (initial unadjusted cost) of a rate no more than equal to that provided by the tax regulations in force;
c) the transportation and operating expenses and all other expenses not already allocated elsewhere.

The invoice price excludes any charges inherent to the additional costs due, in particular, to immobilisation or abnormal or temporary use of the said equipment and facilities as part of the Contractor’s activities other than the Petroleum Operations.

In any event, the costs allocated to the Petroleum Costs account for the use of this equipment and these facilities must not exceed those which would normally be practiced in Gabon by third party companies, or show up as a cascading allocation of costs and margins.

The Contractors keeps a detailed statement of the material, equipment and facilities belonging to him personally and allocated to the Petroleum Operations, indicating the description and identification number of each unit, the maintenance and repair costs pertaining thereto and the dates on which each unit was allocated and then withdrawn from the Petroleum Operations. This statement must reach the Department in charge of Hydrocarbons no later than on 1 March every year.

III-2-3-4

The tangible assets, as well as the equipment, material and consumable materials acquired by the Contractor from Third Parties, for the purposes of the Petroleum Operations, automatically become assets of the State at the time of acquisition as soon as ownership thereof is automatically transferred to the Contractor. The equipment, material and consumable materials provided by the Contractor become such when they are delivered in situ or in the shops serving the Petroleum Operations and allocated to these.

**III-3 – Operating Expenses**

**III-3-1**

Expenses of this nature are allocated to the Petroleum Costs account at the cost price for the Contractor of the services or expenses regarding them, as this follows from the accounts of the latter and as determined in application of the provisions of the Accounting Agreement. These expenses include, in particular, the taxes, duties and fees established and paid in Gabon by virtue of the regulations in force and the stipulations of this Agreement and directly related to the Petroleum Operations.

**III-3-2**

The following are not allocated to the Petroleum Costs account: the proportionate mining license fee, ground-rent, expenses before the Effective Date, expenses related to the origin of the invested stockholder’s equity, corporate income tax or any other tax similar to income tax, payments made for the variable section of the Hydrocarbon Private Support Fund and bonuses provided for in this Agreement, taxes paid abroad in operating a stable foreign establishment of the Contractor, as well as the taxes, duties, fees and licence fees which are not authorised by tax regulations to be allocated to expenses deductible from the taxable profit or which, according to the provisions of this Agreement or the Accounting Agreement, cannot be recovered.

The following are allocated to the Petroleum Costs account: taxes paid abroad due to the operation of a stable establishment of the Contractor abroad when the activity of this stable establishment is exercised exclusively to the benefit of the Contractor’s Petroleum Operations in Gabon.

**III-3-3 – Staff expenses and staff environment expenses**

**III-3-3-1 – Principles**
Staff expenses and staff environment expenses of the Contractor’s staff are deductible expenses as far as these correspond to actual work and services and as long as they are not excessive with regard to the importance of the responsibilities exercised, the work carried out and normal practices, these expenses cover all the payments made for the use and environment of the staff working in Gabon and hired for conducting and carrying out the Petroleum Operations or for their supervision. This staff includes persons recruited locally by the Contractor and those made available to it by the Parent Company and its Subsidiaries, the State and Third Parties.

III-3-3-2 – Items

The staff and environment expenses include, on the one hand, all the amounts paid or repaid regarding the staff mentioned above, by virtue of the legal and regulatory texts, collective agreements, employment agreements and the Contractor's own regulations and, on the other hand, the expenses paid for the environment of this staff:

a) activity or leave salaries and wages, overtime, bonuses and other compensation;

b) employer’s contributions pertaining thereto resulting from the legal and regulatory texts, collective agreements and employment conditions;

c) expenses paid for the environment of the staff; this representing, in particular:

- expenses for medical and hospital assistance, social insurance and any other social expenses specific to the Contractor;

- expenses for transporting employees, their families and their personal belongings, when the employer is responsible for these expenses as provided for by the employment agreement;

- the staff accommodation costs, including the benefits pertaining thereto, when the employer is responsible for them as provided for by the employment agreement (water, gas, electricity, telephone);

- the compensation paid upon installation and departure of the employees;

- expenses pertaining to administrative staff rendering the following services: management and recruitment of local staff, management of expatriated staff, professional training, maintenance and operation of offices and accommodation, when these expenses are not included in the overhead costs or under other items;

- the office rental fees or the costs for occupying them, the collective administrative services costs (secretariat, real estate, office furniture, telephone, etc.).

III-3-3-3 – Conditions of allocation

The staff expenses correspond to:

i) either the direct expenses allocated to the corresponding Petroleum Costs account;

ii) or indirect or shared expenses allocated to the Petroleum Costs account from the data of the analytical accounting determined in proportion to the time dedicated to the Petroleum Operations.

III-3-4

The expenses paid due to service deliveries provided by Third Parties, the companies making up the Contractor and the Parent Company and its Subsidiaries including in particular:
i) The services rendered by the Third Parties, including by the Parties, are allocated at their accounting cost price for the Contractor, in other words at the price invoiced by the suppliers, including any additional duties, taxes and charges, if any.

ii) Any discounts, rebates, reductions and price cuts obtained by the Contractor, either directly or indirectly, are deducted from the cost price.

III-3-4-1

The technical assistance provided to the Contractor by the Parent Company and its Subsidiaries consists of services rendered for the Petroleum Operations by the departments and services of the Parent Company or its Subsidiaries which deal in particular with the following activities:

- Geology;
- Geophysics
- Engineering;
- Drilling and production;
- Deposit and study of reservoirs;
- Economic Studies, Financial
- Technical contracts;
- Laboratories;
- Purchasing and transportation;
- Drawing;
- IT
- Certain administrative and legal activities that relate to well-defined or occasional studies or works and that are not part of current or regular activity or legal activity.

Technical assistance must be the subject of service contracts concluded between the Contractor and the Parent Company or its Subsidiaries.

The technical assistance expenses provided by the Parent Company and its Subsidiaries are charged to the cost price for the Parent Company or its Subsidiaries providing this assistance. This cost price includes, in particular, personnel costs, costs of materials and consumables used, repair and maintenance costs, insurance, taxes, a share of the amortization of general investments calculated on the original value of the acquisition or construction of the related property and any other expenses resulting from these services not already charged elsewhere.

The price excludes, on the other hand, any charge inherent to the surcharges due, in particular, to an immobilisation or to an abnormal or cyclical use of materials, installations and equipments at the Parent Company or its Subsidiaries.

In any event, the expenses relating to these services may not exceed those which would normally be required for similar services by technical service companies and independent laboratories. They should not result in cascading charges and margins.

In addition, all such services, including synthesis studies, must be supported by reports at the request of the Administration.

They must be subject to written orders placed by the Contractor, followed by detailed invoices.
These work orders must include an estimate of the number of times required to perform these services, a reasonable description of the services desired, the professional category required of the workers and the valid rates related to their category.

For each work order, the reference of the technical report should be attached to each respective invoice and the technical report should be filed by the operator in Gabon.

The rates for work orders provided by the Parent Company and its Subsidiaries, must be certified by an independent firm, to confirm that it results neither loss nor gain for said companies.

III-3-4-2

When the Contractor, for the Petroleum Operations, uses the material, equipment or facilities which are the exclusive property of a company constituting the Contractor, it allocated the corresponding charge to the Petroleum Costs account on a proportion of the time of use as determined according to its usual methods and according to the principles defined above. This charge includes, in particular:

♦ A share of the annual depreciation calculated on the original Gabon Delivery Price defined above;
♦ A share of the implementation costs, insurance, servicing, financing and period revisions;
♦ Stockage rent and handling costs (staff costs and service operation costs) are allocated to the Petroleum Costs in proportion to the value of the recorded asset expenses;
♦ Transportation costs.

The following are allocated to the Petroleum Costs: expenses for transporting staff, material and equipment intended for and allocated to the Petroleum Operations and which are not already covered by the paragraphs above and which are not integrated in the cost prices.

III-3-5 – Damages and losses affecting the shared assets

All the expenses required for the repair and restoration of assets following damages or losses resulting from fires, floods, storms, theft, accidents or any other cause are allocated according to the principles defined in the Accounting Agreement.

The amounts recovered from the insurance companies for these damages and losses are credited to the Petroleum Costs account.

III-3-6 – Maintenance costs

The maintenance costs (servicing and general maintenance) of the material, equipment and facilities allocated to the Petroleum Operations are allocated to the Petroleum Costs account at cost price.

III-3-7

Attributable to the Petroleum Costs account:

a) premiums and costs regarding the compulsory and contractual insurance taken out to cover the Hydrocarbons extracted, the persons and goods allocated to the Petroleum Operations or to cover the civil liability of the Contractor with regard to Third Parties as part of the said operations;
b) expenses borne by the Contractor when damage occurred as part of the Petroleum Operations, those borne in settlement of any losses, claims, damages and other related expenses not covered by the insurance taken out;

c) expenses paid in settlement of losses, claims, damages or legal actions not covered by insurance and for which the Contractor is not held to take out insurance. The amounts recovered from insurance under policies and guarantees are accounted in accordance with the stipulations in this agreement.

III-3-8 – Legal costs

These following costs are allocated to the Petroleum Costs account: expenses regarding cost of proceedings, investigation and settlement of disputes and claims (claims for repayment or compensation), which occur on the occasion of the Petroleum Operations or which are necessary to protect or recover the assets, including in particular lawyer or expert fees, legal costs, the costs of investigating and obtaining evidence, as well as the amounts paid as transactional settlement or finally liquidation of any dispute or claim.

When such services are carried out by the Contractor’s staff, compensation corresponding to the actual time and costs incurred is included in the Petroleum Costs account. The price thus allocated should not be higher than that which would have been paid to Third Parties for identical or similar services.

The following cannot be allocated to the Petroleum Costs account: expenses relating to costs of proceedings, investigation and settlement of litigation and claims, including in particular fees of lawyers or experts, legal fees, the costs of investigating or obtaining evidence, as well as the amounts paid as transactional settlement or final liquidation of any dispute or claim, borne or paid by the Contractor in a dispute of arbitral or judicial proceeding between it and the State or as a penalty for a fault of the Contractor.

III-3-9

Consecutive payments of the costs set out on the occasion of inspections and verifications carried out by Management, in accordance with the stipulations of this Agreement, are included in the Petroleum Costs account.

Furthermore, except for provisions contrary to the regulations in force, the Contractor may, if he so desires, make contributions of an economic, social, cultural and sportive nature, with the imperative exception of funding of a political nature. These contributions will be debited to the Petroleum Costs account.

III-4 – Overhead Costs

These expenses are relative to the Petroleum Costs not taken into account elsewhere. They include:

III-4-1 – Expenses paid outside of Gabon

These must correspond to services actually required for the purposes of the Petroleum Operations and must correspond to the actual services performed abroad by the Contractor or the Parent Company and its Subsidiary. They include a section of the wages and salaries paid to staff residing abroad, as well as a portion of the administrative overheads for the central departments located abroad. They must not amount to cascading allocation in costs and margins.

Their amounts must be supported by accounting documents and by the copies of reports regarding the services and work performed; any once-off distribution must be supported by supporting explanations as well as the rules used for this purpose.

The amount of these overheads allocated to Petroleum Operations is capped at:
four per cent (4%) of exploration, development and production expenses during the exploration, development and production period

These percentages apply to the expenses, excluding foreign and local overheads, which can be allocated to the Petroleum Costs account for the Calendar Year in question.

III-4-2 – Expenses paid inside Gabon

These expenses in particular cover payments regarding the following activities and services:

- General management and general secretariat;
- Information and communication;
- General administration (legal services, insurance, taxation, IT);
- Accounting and budget;
- Internal audit.

These must correspond to services actually required for the purposes of the Petroleum Operations and must correspond to the actual services performed in Gabon by the Contractor or the Affiliated Companies. They must not amount to cascading allocation in costs and margins.

Their amounts are either the actual amounts when it comes to direct expenses, or the amounts resulting from distributions when it comes to indirect expenses. In the latter case, the rules of distribution must be clearly defined and the amounts supported by analytical accounting.

III-5 – Expenses that cannot be allocated to the Petroleum Costs account

Except for a provision to the contrary in this Agreement, payments made to pay costs, charges or expenses that cannot directly be allocated to the Petroleum Costs, those which cannot be deducted or allocated according to the stipulations of this Agreement or the Accounting Agreement, or those which are not required for the purposes of the said Petroleum Operations, are not taken into account and thus do not give rise to recovery.

This includes, in particular, payments made for:

- capital increase costs;
- marketing costs;
- costs regarding the period before the Effective Date;
- external audit costs paid by the Contractor as part of the specific relationship between the companies making up the Contractor;
- the variable section of the Hydrocarbon private support fund and the bonuses mentioned respectively in the stipulations of this Agreement;
- costs borne on the occasion of meetings, studies or work conducted as part of the association linking the companies making up the Contractor and the subject of which is not the proper functioning of the Petroleum Operations;
- interest, exchange premiums and expenses other than those for which allocation is provided by this Agreement;
- any foreign exchange losses that may be incurred other than those chargeable under this Agreement;
- Exchange losses constituting lost income resulting from risks related to the origin of the shareholder’s equity and self-financing;
x) Annual ground-rent, the proportionate mining license fee.

III-6 – Material, Equipment and Facilities sold by the Contractor

III-6-1

The material, equipment, facilities and consumables which are unused or unusable are removed from the Petroleum Operations for being either declassified or considered as “scrap metal and left overs”, or repurchased by the Contractor for its own purposes, or sold to Third Parties or to the Parent Company and its Subsidiaries.

III-6-2

In the event of transfer to the companies making up the Contractor or to the Parent Company and its Subsidiaries, the prices are determined in accordance with the provisions of this Agreement and the Accounting Agreement.

When use of the asset in question in the Petroleum Operations was temporary and does not justify the price reductions fixed in the Article above, the said asset is assessed so that the Petroleum Costs account is debited with a net expense corresponding to the value of the service rendered.

III-6-3

Sales to Third Parties of material, equipment, facilities and consumable are made by the Contractor at the best possible price. Any repayments or compensation granted to a purchaser for defective equipment are debited in the Petroleum Costs account insofar as and once they are actually paid by the Contractor.

An annual summary of sales is forwarded to the Department in charge of Hydrocarbons.

III-6-4

Regarding assets that belong to the State by virtue of the stipulations of this Agreement above the value of USDxxxxxxx, the sales or removals mentioned above must receive the prior approval of the Department in charge of Hydrocarbons before being carried out.

III-6-5

When an asset is used for the benefit of a Third Party or the Contractor for operations not covered by this Agreement, the corresponding license fees are calculated at rates which cannot be calculated on a lower basis than the cost price, except with the agreement of the Department in charge of Hydrocarbons.

CHAPTER IV – INVENTORY PROCEDURES AND RULES

The Contractor maintains a permanent inventory, in quantities and in values, of all the movable and immovable assets, in particular the stock inventory of equipment and consumable materials, of which the acquisition or completion costs are included in the Petroleum Costs account.

The Contractor takes stock at reasonably intervals but at least once (01) every six month, in accordance with the normal accounting practices or according to the methods set by the Parties, in order to conduct stock control following the written accounting documents and, if applicable, to make the necessary adjustments and rectifications to it.

The Contractor will send a written notification to the Department in charge of Hydrocarbons, at least one (01) month before any stock take operation starts, so that the latter may be represented during the course of the said operation.
Comparing the physical inventory and the accounting inventory, as it follows from the accounts, will be done by the Contractor. A statement detailing the differences, whether surplus or shortfall, will be provided to the Department in charge of Hydrocarbons.

The Contractor will make the necessary adjustments to the accounts at the end of the stock take operations and an annual summary statement thereof is sent to the Department in charge of Hydrocarbons.

CHAPTER V – WORK PROGRAMMES AND ANNUAL BUDGETS

V-1 – General Rules

The Contractor is held to submit a Work Programme as well as the corresponding Budget for each Calendar Year to the Technical Committee for the Monitoring of Petroleum Operations (CTSOP) for examination and to the Department in charge of Hydrocarbons for approval.

The first Work Programme and the corresponding Budget are presented to the Department in charge of Hydrocarbons, for approval, no later than two (02) months after the Effective Date, for the period from this date to the end of the current Calendar Year.

For the following Calendar Years, the said documents must be presented no later than on the thirty first (31) of October of each year for the following Calendar Year.

These Work Programmes and corresponding Budgets, which will be, as needed, explained and commented on by the Contractor, will include, in particular:

i) a detailed cost estimate statement, per category;

ii) a valued stock statement of equipment and consumable materials.

V-2 – Presentation

The Work Programmes and corresponding Budgets are broken down into budgetary lines.

The breakdown diagram, presented for CTSOP’s opinion, is submitted for approval to the Department in charge of Hydrocarbons which can request the modification thereof.

It is drawn up so that each budget line corresponds to a group of the Contractor’s analytical account regarding the Petroleum Operations in question.

The budget lines are broken down, on the one hand, per Deposit, and on the other hand, by the type of operation: exploration, assessment, development, mining and others.

The budgetary documents and Work Programmes indicate, in addition, the completions and forecasts for the end of the current year, and contain explanations on the significant differences between projected and actual figures, per budget line. Differences of more than ten per cent (10%) are considered significant.

V-3 – Monitoring and Inspection

V-3-1

Within forty-five (45) days from the end of each of the first three quarters of the Calendar Year and within seventy-five (75) days from the end of the fourth quarter, the Contractor sends the Department in charge of Hydrocarbons a statement for the work completed in the previous quarter.

V-3-2

Within the first forty-five (45) days of the Calendar Year, the Contractor sends the Department in charge of Hydrocarbons the list of analytical accounts making up each
budget line, with an update each quarter, if needed, so as to reconstitute the completed work related to each budget line in the approved annual Budgets.

V-3-3

With the support of the information above, the Contractor attached the following appendices:

i) an extract from the analytic ledger corresponding to the Petroleum Costs account and indicating the allocations made during the quarter in question and the accumulation since the beginning of the financial year;

ii) a current account statement of each company making up the Contractor shows the development of its situation in the Contractor’s books and specifies the following for each quarter:

- the balance at the end of the previous quarter;
- the payments made by it during the quarter;
- the debit and credit notes issued by the Contractor during the quarter;
- the balance at the end of the quarter.

V-3-4

When the Contractor sends the statements regarding the fourth quarter of each year to the Department in charge of Hydrocarbons, he at the same time sends the final balance of the current account of each company making up the Contractor for the previous financial year, within the period provided for in the Accounting Agreement above.

CHAPTER VI – INSPECTION OF ACCOUNTS

VI-1 – General Provisions

The Department exercises the right to audit provided for in this Agreement, either by its own agents or by an independent firm of its choice.

For this purpose, the Administration in charge of Hydrocarbons and the Contractor shall inform each other of the periods that are convenient for them to proceed with the verification of the Petroleum Costs account. The closure of the audit mission shall take place within six (6) months from the date of receipt by the Contractor of the notifications relating to the conclusions, results and reviews of the Petroleum Cost Account.

After the above-mentioned period and without response from the Contractor, the audit exceptions are considered accepted and must be the subject, as the case may be, of a revision, adjustment or payment.

The sections of the Contractor’s analytical accounting that record the expenses regarding both the Petroleum Operations and other activities not falling under this Agreement, may, upon the choice of the Department in charge of Hydrocarbons, be the subject of either direct inspection, by its own agents or a firm whose services it uses, or inspection by means of the Contractor’s auditors required for this purpose, in order for them to be able to certify that the stipulations of this Agreement and the Accounting Agreement are properly applied and that the accounting and financial procedures of the Contractor are correctly followed and applied fairly and without discrimination to the various operations concerned.

The overhead costs outside of Gabon as well as the general assistance fees including the technical assistance invoiced by the Affiliated Companies to the companies making up the Contractor, will be the subject of inspection carried out by the firm in charge of certifying the accounts of the companies concerned. The firm must certify that the costs allocated to the Petroleum Operations are determined in a fair and non-discriminatory way. The general
and technical assistance services provided by the parent companies of the companies making up the Contractor must be certified by the said firm as having been invoices in such a manner that no losses or gains result from it for the said parent companies.

During an audit, the Department in charge of Hydrocarbons may recheck the Contractor’s account regarding the rectifications, revisions and adjustments on which disagreement continues; the accounts thus concerned remain open for inspection until this has been operated and the disagreements have been settled.

**CHAPTER VII – STATEMENTS OF COMPLETION, SITUATIONS AND REPORTS**

**VII-1 – Principles**
In addition to the statements and information provided for elsewhere, and under the conditions, forms and deadlines indicated below, the Contractor sends the details to the Department in charge of Hydrocarbons of all the operations and work carried out, as they are entered into the accounts, documents, reports and statements held or drawn up by it and regarding the Petroleum Operations.

**VII-2 – Statement of Exploration Work**
This statement must reach the Department in charge of Hydrocarbons no later than the 25th of the first month of each calendar quarter.

It indicates, in particular, for the previous calendar quarter, the details and the nature of the exploration work carried out in the Delimited Area and the expenses relating thereto by distinguishing, in particular, the work relative to:

i) the geology, by distinguishing the geology of the terrain and the geology of the office and the laboratory;
ii) the geophysics, per work category (seismic, magnetometry, gravimetry, interpretation, etc.) and per team:
   ◆ the exploration drilling, per well;
   ◆ assessment drilling, per well;
   ◆ access routes, water wells and other work relating to the drilling space;
   ◆ and for other exploration work.

**VII-3 – Statement of Development and Mining Work**
This statement must reach the Department in charge of Hydrocarbons no later than the 25th of the first month of each calendar quarter. It indicated, in particular, for the previous calendar quarter, the details and the nature of the development and mining work carried out in the Mining Area and the expenses relating thereto, by distinguishing, in particular, the work regarding:

◆ development drilling, per Deposit and per well;
◆ specific production facilities;
◆ development drilling, per Deposit and per well;
◆ facilities and methods of transporting Crude Petroleum and Natural Gas, per Deposit;
◆ storage facilities for Crude Petroleum and Natural Gas, per Deposit, after primary treatment.
VII-4 – Statement of Variations in the Intangible Asset Account and the Equipment and Consumable Materials Stock Accounts
This statement must reach the Department in charge of Hydrocarbons no later than the 25th of the first month of each calendar quarter.
It indicates, in particular, for the previous calendar quarter, the acquisition and creation of intangible assets, equipment and consumable materials required for the Petroleum Operations, per Deposit and per broad category, as well as the outgoing items (transfers, losses, destructions, decommissioning) of these assets.

VII-5 – Production Statement of the Month
This statement must reach the Department in charge of Hydrocarbons no later than the 15th of every month.
If indicated, per Deposit, the quantities of Crude Petroleum and Nature Gas actually produced during the previous month and the portion of this production returning to each of the Parties in application of the stipulations of the Agreement.

VII-6 – Estimated Annual Production Statement
This statement must reach the Department in charge of Hydrocarbons no later than on 31 October of every year.
It presents an annual production plan detailing the quantities of Crude Petroleum and Natural Gas, per Deposit and per month, for which production is planned in the next Calendar Year. If needed, the Contractor will send corrective statements.

VII-7 – Statement of quantities of Crude Petroleum and Natural Gas transported during the month.
This statement must reach the Department in charge of Hydrocarbons no later than the 15th of every month.
It indicates, per Deposit, the quantities of Crude Petroleum and Natural Gas transported during the previous month, between the Deposit and the point of exportation or delivery, as well as the identification of the channelling used and the price of transport paid when this was conducted by Third Parties.
The statement in addition indicates the distribution between the Parties of products thus transported.

VII-8 – Statement of Removals for the month
This statement must reach the Department in charge of Hydrocarbons no later than the 15th of every month.
It indicates, per Deposit, the quantities of Crude Petroleum and Natural Gas actually removed for exportation or delivery by each Party or returned to it, during the previous month, in application of the stipulations of this Agreement.
In addition, each company making up the Contractor will send a statement to the Department in charge of Hydrocarbons, within the same deadline and on its own behalf, of the quantities of Crude Petroleum and Natural Gas which were removed for exportation or delivery, by giving all directions regarding each removal or delivery operation (purchase, ship, price, final destination, etc.)

VII-9 – Statement of recovery of Petroleum Costs
This statement must reach the Department in charge of Hydrocarbons no later than the 25th of every month.
It presents, for the previous month, the details of the Petroleum Costs account which, in particular, highlight the following:

- the remaining Petroleum Costs have to be recovered at the end of the previous month;
- the Petroleum Costs pertaining to the activities for the month;
- the Petroleum Costs recovered during the month with an indication, in quantities and in value, of the production allocated for this purpose;
- the amounts increasing or decreasing the Petroleum Cost during the month;
- the remaining Petroleum Costs to be recovered at the end of the month.

**VII-10 – Inventory of Crude Petroleum and Natural Gas stock**

This statement must reach the Department in charge of Hydrocarbons no later than the 15th of every month.

It indicates, for the previous month and per storage area:

- the stock at the beginning of the month;
- the stock issues during the month;
- the stock withdrawals during the month;
- the theoretical stock at the end of the month;
- the stock measured at the end of the month;
- the explanation of possible differences.

**VII-11 – Statement of movable and immovable assets acquired, created, rented or manufactured**

The Contractor daily updates a detailed statement of all the movable and immovable assets acquired, created, rented or manufactured for the purposes of the Petroleum Operations, by distinguishing those which are the property of the State, by virtue of the stipulations of this Agreement.

This statement includes the description and identification of each asset, the expenses related thereto, the cost price and the date of acquisition, creation or manufacture and, if applicable, the end date of the allocation of the Petroleum Operations (withdrawal) and the fate reserved for it in the latter case.

The above-mentioned statement must necessarily be forwarded to the Department in charge of Hydrocarbons before the 1st of March of every year for the previous Calendar Year.

**VII-12 – Tax Statements**

The Contractor transmits to the Administration in charge of Hydrocarbons a copy of all declarations that the companies constituting the Contractor are required to subscribe to the Tax Administration responsible for the tax base, in particular those relating to taxes on Companies, accompanied by all annexes, documents and justifications attached to it.

**VII-13 – Statement of Tax and Duty Payments**

No later than on the 15th of the first month of every calendar quarter, the Contractor draws up and sends to the Department in charge of Hydrocarbons a statement of payment of taxes, duties and fees of any nature which it paid during the previous calendar quarter, accurately indicating the nature of the taxes, duty and rights in question (Companies’ Tax,
proportional mining license fee, customs duties, etc.), the nature of the payment (discounts, balances, settlements, etc.), the date and the amount of payment, the description of the receiver in charge of recovery, as well as all other useful information.

**VII-14 – Specific Provisions**

The statements, situations and information indicated in this agreement will be drawn up and presented in the printout templates set by the Department.

The Department may, as needed, request the Contractor to provide it with any statements, situations and information which it deems useful.
APPENDIX 3

JOINT AND SEVERAL PARENT COMPANY GUARANTEE
APPENDIX 3

JOINT AND SEVERAL PARENT COMPANY GUARANTEE

CONSIDERING that XXXXXXX indicate the name owns the majority of the shares or voting rights of XXXXXXX, the signatory of the contract, of which it is the parent company;

CONSIDERING that XXXXXXX, hereinafter referred to as "the Company", has signed with the Gabonese Republic, hereinafter referred to as "the State", an Exploration and Production Sharing Contract, hereinafter referred to as "The Contract", referring to the delimited area defined in Appendix 1 attached to the said Contract, and that the Company will assume obligations towards the State.

XXXXXX xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx hereby acknowledges that it is fully aware of the legal and contractual obligations entered into by the Company under the Contract, and declares that it will make available to the Company all the necessary technical, personnel, equipment and financing resources, in accordance with petroleum industry practice, to enable it to fully perform the aforementioned obligations subscribed by the company and in the event of default by the Company, it will be bound by the proper performance of these obligations as a joint and several guarantor without the benefit of division or discussion. However, this commitment will be proportional and limited to the participation of XXXXXXX in the said license and within the limit of the participation of XXXXXXX xxxxxxxxxxxxxxxxxxxxin XXXXXXX

This letter of commitment as joint and several guarantors will take effect from the Effective Date and as long as the Company is part of the Contractor or until the obligations resulting from the Contract have been fully executed.

Disputes arising from the application or interpretation of this letter, which forms an integral part of the Contract, shall be settled by arbitration in accordance with the provisions of Article 41 of the present Contract.

Made in Libreville, on

For (indicate the name of parent company)
APPENDIX 4

TENDER PROCEDURE
TENDER PROCEDURE

I. General principles

I.1. The Contractor is required to comply with the procurement rules described in this Annex as part of the execution of the Petroleum Operations.

Notwithstanding the possibility for the Contractor to enter into an over-the-counter contract for quantities of less than one million (US $ 1,000,000), the tender procedure remains the standard procurement mode for amounts equal to or greater than one million (1,000,000) US dollars.

The invitation to tender may be open or restricted. The call for tenders is conducted on the basis of objective evaluation criteria previously made known to tenderers in the tender documents.

The call for tenders is open when any candidate can submit an offer. In this case, it is the subject of advertising by public call for tender.

The call for tenders may be preceded by a pre-qualification in the case of complex works or equipment or specialized services. In this case, it is a restricted call for tender: The Contractor preselects specialized candidates who can submit their bids. This pre-qualification must be approved by the General Directorate of Hydrocarbons. It is conducted on the basis of objective evaluation criteria made known to the candidates.

I.2. All procurement is subject to the prior approval of the Directorate General of Hydrocarbons, whenever it is necessary for the Contractor to procure goods or services for the execution of Petroleum Operations the amount of which is equal to or higher than one million (US $ 1,000,000) US dollars.

I.3. The Contractor shall inform the General Directorate of Hydrocarbons, in writing, at least fifteen (15) days in advance, of the date, time and place of the examination of tenders.

This letter of information and invitation must be accompanied by proof of the official publication of the call for tenders and proof that the specifications have been sent to the tenderers.

The Director General of Hydrocarbons or his representatives participate in the analysis, analysis and evaluation of technical and commercial offers.

The information resulting from the processing, analysis and evaluation of the offers by the commission is strictly confidential.

I.4. However, when a call for tenders is issued and only one bid has been registered, the Directorate General of Hydrocarbons, after acknowledging this situation, may authorize the Contractor to examine and examine the single bid in the presence of the representatives of the Directorate General of Hydrocarbons for the award of the contract.

I.5. A list and a copy of all the contracts entered into by the Contractor during each calendar quarter, for the completion of the Petroleum Operations, shall be forwarded for information to the General Directorate of Hydrocarbons within fifteen (15) days following the end of the quarter concerned.

For each contract, the object, the amount, the duration, the name of the manager and the service provider as well as the complete address and location of its registered office must be specified.

Thirty (30) days after the transmission of the list of contracts, the Directorate General of Hydrocarbons carries out, on the premises of the Operator, the audit of the contracts for the purchase of goods and services.
I.6. For the execution of the Petroleum Operations, the General Directorate of Hydrocarbons establishes and maintains a general list of pre-qualified companies benefiting from a technical accreditation of aboriginal companies supplying goods and services for the Petroleum Operations; these companies must be consulted by the Contractor during a call for tenders or an over-the-counter market.

I.7. It is admitted for the performance of certain services, at the discretion of the General Directorate of Hydrocarbons, that the call for tenders be restricted to indigenous companies only, in view of the stipulations relating to local content.

II. Specifications

II.1. The Contractor is requested to send to the General Directorate of Hydrocarbons, for examination and validation, at least one (01) month before the date of examination of the tenders, the specifications for the project.

The specifications must be validated by the General Directorate of Hydrocarbons, before being sent to the tenderers.

The specifications must be sent in French to the Directorate General of Hydrocarbons. These specifications must include in particular:

i. the description of the needs;

ii. the nature of the call for tenders (open or restricted);

iii. the general planning of the project;

iv. priority setting and lots submission timeline;

v. the conditions of execution of the project;

vi. the methods used to analyze and evaluate the offers;

vii. the financial estimate of the project;

viii. the date of launching and closing of tenders.

II.2. The launching of the tendering process is subject to the examination and prior approval of the specifications by the Directorate General of Hydrocarbons.

III. Components of the tender dossier

III.1. To have the right to compete in a tender, all bidders must have a technical accreditation issued by the Directorate General of Hydrocarbons.

III.2. All the bidders must have their administrative and legal files up to date and justify of the technical and financial capacity necessary for the realization of the Petroleum Operations by presenting, for the constitution of their file, in particular the following documents:

i) Legal verification:

   - accreditation or valid "Fiche Circuit";
   - extract from the commercial register;
   - social security certificate;
   - tax certificate;
   - certificate of non-bankruptcy;
   - third party liability insurance;
   - attestation of the financial capacity issued by banks.
(ii) **Technical verification:**
- technical and operational means
- availability of equipment;
- detailed schedule of work execution;
- human resources;
- competence and experience in the project field.

(iii) **Commercial verification:**
- details of the cost of the service;
- detail of the cost of the equipment;
- detail of the commercial margin;
- payment terms;
- discounts and rebates;
- insurance.

IV. **Disqualification of offers**

IV.1. The inaccuracy or absence of any of the above information may result in the disqualification of an offer, unless clarified or supplemented by the information provided by the board.

When examining bids, companies not registered in Gabon may produce equivalent documents from their respective country of origin. These equivalent supporting documents must be authenticated by authorized public services.

IV.2. Without prejudice to the foregoing is accepted as reason for the disqualification of an offer, in particular:

i) a conviction for breaching a provision of the Criminal Code or other situation relating to the life of enterprises;

ii) transmission of tenders after the closing date;

iii) the opening of one of the tenders in the absence of the General Directorate of Hydrocarbons;

iv) the submission of the technical and commercial offer in the same envelope;

v) the participation of a company affiliated to that having prepared in all or in part the tender dossier;

vi) dumping;

vii) the failure to comply with local content.

V. **Invitation to tender**

V.1. Call for tenders must be the subject of a notice. The notice of a call to submit an application must be made known to the public by the insertion of this notice by one of the legal means of communication, namely, in a newspaper of legal notices or specialized publication, a daily national or international newspaper, and in electronic mode, according to a model approved by the Directorate General of Hydrocarbons, guaranteeing the integrity of the data and the confidentiality of the information until the opening of the bids.

The invitation to tender shall include the reference of the invitation to tender including the number, the Contractor's identification, the subject of the contract, the type of invitation to
tender, the place and deadline for submission of the offers and the main criteria for evaluating the offers.

The invitation to tender will be sent to the Hydrocarbons Directorate General at the invitation to open the bids.

V.2. Tenders must be submitted in two separate sealed and personalized envelopes, with the mention technical offer and commercial offer, which may be sent, with acknowledgment of receipt from the Contractor, by public or private postal service, or by hand deliveries.

Each envelope must contain two documents (an original and a copy) as well as a digital support for each offer.

Offers must be presented with care. They must be submitted within the time indicated in the invitation to tender.

Tenders must be written in French and exceptionally if approved by the Directorate General of Hydrocarbons, in English.

When the Directorate General of Hydrocarbons authorizes the presentation of an offer in English, it must be accompanied by a certified translation into French.

VI. Opening and evaluation of the offers

VI.1. The Contractor is required to invite the Directorate General of Hydrocarbons within a period of fifteen (15) days before the opening of the tenders.

VI.2. A commission made up of representatives of the Hydrocarbons Directorate General and the Contractor opens the tenders in two distinct phases. The first phase is the opening of the technical offer; the second is the opening of the commercial offer.

The Directorate General of Hydrocarbons chairs commission and the Operator ensures its secretariat.

The opening of the commercial offers takes place only after the evaluation of the technical offers. For this purpose, only the commercial offers of tenderers who have been technically qualified will be opened.

At each bid opening stage, the Commission may expressly authorize the tenderers to participate in it for the purpose of ensuring the effective opening of their tenders for examination. The participation of tenderers is strictly limited to this opening.

The work of the commission is sanctioned by minutes.

VI.3. The closing date of the call for tenders is the deadline for the constitution of the tender dossiers.

However, when the tenders are examined by the Commission, if clarifications are necessary, the Contractor shall be given the mandate to inform the concerned tenderers for additional information or documents within a clearly defined period. Failure to comply with the deadline set by the commission automatically results in the disqualification of the offer.

Any additional information or documents must be sent before the opening of commercial offers. In the absence of transmission of the requested items, before the opening of the commercial offers, the concerned tenderer is disqualified.

VI.4. If an offer considered does not meet the required criteria, the said offer is disqualified.

VI.5. The commission shall draw up a report of the results and conclusions of the examination of the tenders and make its recommendation of the successful bidder.

The evaluation of the technical or commercial offers must indicate the ranking of the bidders by percentage obtained.
It is the sole responsibility of the Operator to formalize the results and conclusions of the opening of bids.

VI.6. The Contractor must wait for the General Directorate of Hydrocarbons to give it its approval for the award of the contract.

In order to enforce the local content measures, the Directorate General of Hydrocarbons may reject the choice of the successful tenderer made by the Operator and choose a disqualified aboriginal company, having obtained at least fifty percent (50%) of points without prejudice to the sanctions in force.

In addition, the General Directorate of Hydrocarbons may request the Operator to resume a call for tenders in case of irregularities.

VI.7. The award of the contract is the subject of a contract between the Contractor and the successful bidder. A copy of this contract is sent as soon as it is signed to the Directorate General of Hydrocarbons.