

**AGREEMENT**  
**RELATING TO THE UNITISATION AND OPERATION OF**  
**THE UNKNOWN FIELD**

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## **BACKGROUND**

The following companies are participants in Production License XX:

Company [A]  
Company [A]

The following companies are participants in Production License YY:

Company [A]  
Company [A]

Etc

**WHEREAS** the Parties wish to unitise their rights and obligations under the above mentioned Production Licenses to the extent they relate to the Unit Reservoir, and

**WHEREAS** the Parties wish to perform joint development, operation and production of the Petroleum from the Unit Reservoir, and

[**WHEREAS** ....]

**NOW, THEREFORE, THE PARTIES HAVE AGREED THE FOLLOWING:**

## **DEFINITIONS**

Unless otherwise specified, the following definitions shall apply:

1. "Accounting year" means one calendar year.
2. "Affiliated company" means:
  - a) a company which directly or indirectly holds more than 50 % of the share capital or voting rights, or which in any other way directly or indirectly, controls one of the Parties of the Unit (parent company).
  - b) a company in which one of the Parties, directly or indirectly, holds more than 50 % of the share capital or voting rights, or in any other way, directly or indirectly, controls such company (subsidiary company).
  - c) a company whose share capital or voting rights, directly or indirectly and by more than 50 %, is owned or otherwise controlled, directly or indirectly, by one or more concerns which themselves, either directly or indirectly, own more than 50 % of the share capital or voting rights, or otherwise control one of the Parties of the Unit (associated company).

3. "Agreement" means the main body of this agreement and all appendices hereto, that may from time to time be supplemented, amended or otherwise modified.
4. ["Communication" shall have the meaning as outlined in Appendix C].
5. "Deposit" means an accumulation of Petroleum in a geological unit limited by the rock characteristics by structural or stratigraphic boundaries, contact surface between Petroleum and water in the formation, or a combination of these, so that all the Petroleum comprised is in pressure Communication through liquids or natural gas.
6. "Gross book value" means each Party's share of the aggregate cumulative development costs which are charged to the Joint Account in accordance with the Operator's specifications including Pre Unit Cost.
7. "Group" means the Parties jointly holding all License Interests in any Production License [or, in case not all Parties to a Production License accede the PDO, those Parties holding one hundred (100) per cent of the [Sole Risk License Interests] in any Production License].
8. "Joint Account" means the accounts maintained by the Operator to record all the charges and credits relating to Unit Operations.
9. "Joint Operating Agreement" means as the case may be Attachment A of the agreement concerning petroleum activities for Production License XX, Production License YY [etc].
10. "Investment Period" means the time period needed to consummate the investment phase.
11. "License Interest" means the undivided percentage interest which a Party holds at any time in a Production License.
12. ["Manager" means the legal person which is entrusted with representing and attending to the State's Direct Financial Interest (SDFI), in such capacity.]
13. "Management Committee" means the management committee of the Unit, constituted pursuant to Article 4.1
14. "Ministry" means the the Ministry of Petroleum and Energy.
15. "Member" means each Party's representative in the Management Committee.
16. "Natural gas" means all hydrocarbons in or from the Unit Reservoir which at standard atmospheric conditions of pressure and temperature are in a gaseous phase, including nonhydrocarbon gas which is in association with and produced with such gaseous hydrocarbons. The quantity is expressed in standard cubic metres.
17. "Oil" means all Petroleum in or from the Unit Reservoir, other than Natural gas, which under standard atmospheric pressure and temperature is in a liquid state.

18. "Party" means a company holding a Unit Interest. Companies holding a Unit Interest as a group shall be considered as one Party.
19. "Petroleum" means all liquid and gaseous hydrocarbons existing in a natural condition in the strata, as well as all substances produced in association with such hydrocarbons, including sulphur, but excluding basic sediments and water.
20. "Plan for Development and Operation" or "PDO" means the "[Unknown] Plan for Development and Operation".
21. ["Pre Unit Cost" means the cost specified in Appendix E.]
22. "Production License" or "PL" means either Production License XX, Production License YY [etc] or collectively all of them as the case may be, either originally awarded or as they may from time to time be supplemented, amended or otherwise modified or any production license or licenses awarded or issued in substitution or partial substitution therefor provided that such license covers part of the Unit Reservoir.
23. "Program period" means one calendar year, unless the Management Committee otherwise determines.
24. "Quarter" means three (3) consecutive calendar months commencing on and from either 1 January, 1 April, 1 July or 1 October.
25. ["Sole Risk License Interest" means...]
26. "Standard atmospheric pressure" is 1.01325 bar. "Standard atmospheric temperature" is 15 degrees Centigrade.
27. ["Subsequent Field Development Plan" means a plan for development and operation pertaining to the Unit Reservoir (other than the PDO) or an amendment of or addition to the PDO.]
28. "Tract" means the part of the Unit Area which lies within the geographical limits of any Production License.
29. "Tract Participation" means each Group's share of Petroleum in the Unit Reservoir as set out in Appendix A.
30. "Unit" shall have the meaning given in Article 1.1.
31. "Unit Area" means the area as defined in Appendix B.
32. "Unit Cost" means all expenditures which are incurred in connection with Unit Operations.
33. "Unit Interest" means the undivided percentage interest which a Party holds at any time in the Unit [or, as appropriate, in a sole risk project] as defined in Appendix A

34. "Unit Operations" means all activities carried out under the provisions of the Agreement for all Parties jointly.
35. "Unit Reservoir" shall have the meaning defined in Appendix C.
36. "Unit Rock Volume" shall have the meaning defined in Appendix C.
37. "Year" is one calendar year.

The Unit established pursuant to this Agreement shall not be considered to be a company, cf. Act No. 83 of 21 June 1985 concerning liable companies and limited liability partnerships (the Companies Act) Section 1-1 fourth paragraph.

**I THE UNIT**

*ARTICLE 1      FORMATION OF A UNIT*

*ARTICLE 2*

*CHANGES TO THE UNIT AREA, THE UNIT ROCK VOLUME  
AND/OR UNIT RESERVOIR*



*ARTICLE 3*

*TRACT PARTICIPATION AND UNIT INTEREST*

*ARTICLE 4 THE MANAGEMENT COMMITTEE*

- 4.1 Without undue delay after the Agreement enters into force a Management Committee shall be established. Each Party shall appoint one Member and one deputy Member and may at any time change such appointments.
- 4.2 The Member appointed by the Operator shall be chairman of the Management Committee. In his absence, his deputy shall act as chairman.
- 4.3 The Management Committee is the supreme body of the Unit. Each Party shall contribute to the management and control of the Unit Operations. The Management Committee shall have a key role in the Unit strategy process focusing on goals, the choice of direction and the monitoring of the activities. The Management Committee shall ensure the balance between strategic organization, monitoring and control.

The Management Committee shall establish guidelines for and exercise control over the Operator's activities. The Management Committee may issue general and specific directions for the Operator's performance of its duties.

The Management Committee may demand that all matters concerning the Unit Operations to be presented to it, and may make decisions concerning such matters.

The Management Committee may establish sub-committees to deal with particular matters and may determine their terms of reference. Any such sub-committee shall be advisory, unless otherwise specified in this Agreement or specifically determined by the Management Committee. All Parties shall have the right to be represented in any sub-committee, unless otherwise specified in this Agreement.

- 4.4 The Management Committee itself shall deal with and decide matters pertaining to:
- a) Appointment of an auditor for the Joint Account and for the Operator's activities;
  - b) [Such circumstances as referred to in Article 5.4;]
  - c) All matters pertaining to co-operation with licenses;
  - d) Claims for damages which are of importance as a matter of principle or which are of considerable economic importance;
  - e) Any other matter being submitted for consideration by any of the Parties;
  - f) Any other matter as specified in this Agreement; and
  - g) Procurement and contract strategy, unless otherwise provided by this Agreement.

ARTICLE 5            VOTING RULES

- 5.1 Unless otherwise specified in this Agreement, each Member casts vote in accordance with the Unit Interest of his Party.
- 5.2 Unless otherwise specified in this Agreement, a decision by the Management Committee is adopted when at least y of the Members representing at least x % of the Unit Interests have voted in favour of a proposal, [provided, however, that {one or more individualized company(ies)/public entity(ies)} do not constitute a quorum.]

[The Manager shall not be party to information nor exercise any voting rights on decisions regarding sources of procurement to the activities. When calculating the individual Party's proportional voting right when voting over sources of procurement, the Manager's voting right shall be distributed among the other Parties in proportion to their Unit Interests so that the total voting rights in such cases are distributed as follows:

X .....%  
Y .....%  
Z .....%

In such cases, a decision is adopted by the Management Committee when at least y' of these Parties representing at least x' % of the Unit Interest have voted in favour of the proposal.]

The Management Committee shall make no decision which could render an unreasonable advantage to certain Parties or others to the detriment of other Parties or the Unit.

- 5.3 [Special voting rule if necessary to accommodate specific needs for the individual units]
- 5.4 [The State or the Manager may oppose a decision by the Management Committee which would not respect the conditions and requirements, specified in this Production Licence, regarding the State's depletion policies or the State's financial interests.

If the Manager's Member in the Management Committee declares that an adopted decision is of a nature as described in paragraph one, such decision cannot be executed. If the matter is not brought before the Ministry within 4 weeks after the day of adoption, the decision may nevertheless be executed.]

- 5.5 In case of changes to the License Interest and corresponding changes in the Unit Interest, be it a change in the number of Parties or Unit Interests, the Unit shall propose new voting rules. The voting rules are subject to the Ministry's approval. If the Unit does not submit any proposal, the Ministry may determine new voting rules for the Unit. The new voting rules shall be formulated so as to influence each Party's proportional voting right as little as possible.

- 6.1 The chairman shall convene the meetings of the Management Committee. Meetings shall be held at least once every three (3) months, unless the Members unanimously otherwise decide. A Member may himself convene a meeting if the chairman does not comply with a request to do so.

A notice of a meeting shall be received by the Members at least ten (10) working days in advance of the meeting. The notice shall at least state the time and place for the meeting and the agenda as well as draft decisions along with requisite background materials. A Member may, on at least five (5) working days' notice to the chairman and the other Members, demand that other matters be added to the agenda for the meeting.

Matters not included in the agenda may only be acted upon at the meeting provided that all Members agree.

- 6.2 A Member of the Management Committee may be accompanied by the necessary expert personnel. Their number may be limited by the Management Committee. The Management Committee may also determine that Members only shall be present when a proposal is to be voted on.

- 6.3 The chairman shall see to it that minutes of the meetings are made. Copies of the minutes of meetings shall be submitted to the Members within fourteen (14) working days. Each Member shall with no undue delay inform the chairman whether the minutes are approved and shall, as appropriate, specify such corrections or additions as he proposes. Information concerning corrections and additions shall at the same time be given to the other Members.

If the chairman has not received any notification from a Member within fourteen (14) working days following his receipt of the minutes, that Member shall be assumed to have approved the minutes.

The chairman shall ensure that approved minutes are signed by the Members, and that copies of the original are submitted to the Members within 14 working days after it was signed.

The Management Committee may decide that a confirmation by the parties shall have the same effect as signature. In such a case, the chairman shall note on the minutes that such confirmation has been given.

6.4 If, as a result of an unexpected occurrence there is no time to convene a meeting, the chairman may by electronic communication, telefax or other notices in writing to the Members submit a motion for a decision in the Management Committee. The same procedure may also be applied if the chairman determines that it is not necessary to convene a meeting in order to adopt a decision.

Such notice from the chairman shall contain draft decisions with sufficient background material, as well as specifying the time limit for voting. The voting results shall immediately be reported to the Members in writing.

- 7.1 [name of the operator] has, subject to the approval of the Ministry been appointed as Operator with the rights and duties which follow from this Agreement. The Operator shall carry out and administer the day-to-day management of the Unit Operations.

The Unit Operations shall be carried out in accordance with the terms of this Agreement, the decisions of the Management Committee, the conditions specified in the Production Licences, applicable law and other resolutions made by the authorities.

The Operator shall in its capacity as such neither have profit nor loss through the execution of its duties, unless otherwise provided in this Agreement.

- 7.2 Unless otherwise specified, the Operator shall act on behalf of the Parties of the Unit. This includes the rights and obligations to obtain all necessary consents, approvals and licences, to enter into requisite agreements in the name of and on behalf of the Unit, and to make timely payments in accordance with this Agreement of all expenses incurred from the Unit Operations.
- 7.3 The Operator shall prepare the matters that are to be considered by the Management Committee. He shall keep the Management Committee informed of events and circumstances which may be of importance to the Unit.

The Operator's organization of the Unit Operations shall enable the Management Committee and the Parties to supervise and, moreover, have access in Norway to all information concerning the Unit Operations.

- 7.4 Reports and other information concerning the Unit Operations shall be prepared and submitted to the Management Committee as soon as such information is available, or as often as the Management Committee or one of the Parties reasonably makes a request for it. Such information shall, inter alia, include:

- a) Copies of logs;
- b) Copies of records on drilling operations;
- c) Copies of reports on testing analysis etc.;
- d) Copies of the "final well report" with the "composite log";
- e) Copies of all geological and geophysical reports, maps in connection with work carried out by the Operator or by contractors engaged by the Operator, with the exception of magnetic tapes. Such magnetic tapes shall be stored by the Operator in Norway and made available to all Parties upon request;
- f) Field and well data, including reservoir studies and evaluations of reserves;
- g) Cores and samples of stones and liquids from the drilling wells. Samples and cores left after distribution to the Parties and Norwegian authorities shall be

stored in Norway;

h) Copies of detailed final reports for each completed well and reports of subsequent alterations and reparations, including the result from completed functional tests and the "flow test";

i) Copies of daily and periodic reports on exploration, development, maintenance, production and other activities. The reports shall, inter alia, contain information on problems or accidents, with a statement of the cause and a description of repair work. The reports for the development phase shall, inter alia, provide a summary of the progress. The production reports shall, inter alia, contain information concerning the quantity and quality of the Petroleum produced;

j) Copies of contingency plans, safety manuals, safety and accident reports;

k) A chart of the Operator's organization and of how the Operator, the contractors and the subcontractors at any time man their organization with regard to Unit Operations;

l) Copies of evaluations and reports on technical, economical as well as other issues in connection with the Unit Operations;

m) Copies of reports submitted to the Norwegian authorities by the Operator, and copies of minutes and correspondence between the Operator and the Norwegian authorities regarding the Unit Operations;

n) Periodic development reports and status reports. The reports shall give account for any substantial deviations from the approved budget and work program.

The Operator may also be required to prepare amendments or supplements to the available information.

- 7.5 If the Unit or any of the Parties sustain losses arising from the Operator's performance of its functions as an operator, the Operator shall only be liable for such losses provided it is the result of wilful misconduct or gross negligence by the management or supervisory personnel of the Operator or any of its Affiliated companies.

The Operator shall under no circumstances be liable for losses caused by delay in or stop of production. Nor is the Operator liable for any loss suffered by the Parties in connection with damages to third parties caused by a spill of Petroleum outside the safety zone in excess of the loss the Operator suffers as a Party.

The same limitation of liability shall apply to a Party performing the Operator's functions in its place.



*ARTICLE 8*

*CHANGE OF OPERATOR*

- 8.1 The Operator may resign as operator on six (6) months' written notice.

The Management Committee may, subject to the Ministry's consent, direct the Operator to continue until another company is ready to take over the operatorship.

- 8.2 The Management Committee may remove the Operator. The reason for the removal shall be stated and shall be subject to six (6) months' notice.

Before a decision concerning such removal may be adopted, the Operator shall be given the opportunity to express its views in a Management Committee meeting. The Operator is not entitled to vote on the proposal to remove him. The adoption of any such proposal requires the unanimous vote of the Members of the Management Committee who are entitled to vote.

Subject to the consent of the Ministry, a removal of the Operator may take place with immediate effect provided that:

- a) The Operator's management or supervisory personnel has caused an economic loss to the Parties as the result of willful misconduct or gross negligence;
- b) The Operator or any of his Affiliated companies is declared bankrupt, applies for a composition with its creditors or becomes insolvent;
- c) any of the Operator's Affiliated companies, as referred to in sub-section 2 litra a) of the definitions herein, is dissolved;
- d) The Operator transfers his License Interest and corresponding Unit Interest or a substantial part thereof, to another entity.

- 8.3 The Operator shall cooperate with the new operator with regard to the transfer of the operatorship.

If a change of Operator has taken place, the Management Committee shall ensure that the Joint Account are audited and that all equipment, supplies etc. provided by the Operator for the Unit Operations shall be inventoried. Stored Petroleum shall also be recorded.

The Operator shall, no later than at the time of change of operator and without compensation therefor, hand over to the new operator:

- a) All contracts/agreements, assets, core samples, log studies, records, data etc. which have been in the Operator's custody;
- b) All information and data necessary for accurate reporting during the period the change of operator is taking place;

c) Books of account, accounting records and accounts concerning the Unit Operations. The retiring Operator shall, however, keep verifications etc. for control purposes for as long as this Agreement remains in effect and, thereafter, for such a period of time as required by law or the Management Committee;

d) Copies of documents which are retained by the Operator.

The Operator shall be liable to the other Parties for the expenses connected to the change of operator if the Operator has been removed in accordance with Article 8.1 or Article 8.2 third paragraph litra a) through d).

8.4 The Management Committee shall within sixty (60) days following a notice of change of operator submit a proposal for a new operator to the Ministry. Failing such notice, or if the Ministry does not approve the proposed operator, the Ministry may appoint a new operator.

*ARTICLE 9*

*PARTNER FORUM*

- 9.1 The Operator shall establish a partner forum (Partner Forum) for joint ventures having the same operator. Each participant in the joint ventures shall appoint one member and one alternate member, and may at any time make new appointments.
- 9.2 The Operator's member shall be the chairman of the Partner Forum. In his absence, his alternate member shall act as chairman.
- 9.3 The chairman shall convene the meetings of the Partner Forum. A meeting shall be held at least once a Year, and in any case a meeting shall be held before the Operator submits his proposal for work program and budget according to Article 17, but in any case no later than 15 September.

A notice of a meeting must be received by the participants at least 10 working days in advance of the meeting. The notice shall state the time and place for the meeting and the agenda as well as requisite background materials. A participant may, giving at least 5 working days' notice to the chairman and the other participants, demand that other matters, cf. Article 9.5, be added to the agenda for the meeting.

Matters not included in the agenda may only be acted upon in the meeting provided that all licensees are attending the Partner Forum and agree that the matter may be raised in the meeting.

The individual joint venture may, following a decision by the Management Committee, demand that the chairman of the Partner Forum convene a meeting to deal with matters stated in Article 9.5.

In matters relating to unsettled audit claims, the chairman shall convene a Partner Forum to handle claims according to Appendix D.

- 9.4 In the Partner Forum, matters shall be subject to common discussions. The Partner Forum has no authority to make decisions.
- 9.5 The Partner Forum shall deal with matters that are common to all the joint ventures of the Operator concerning the Operator's charging of costs and other matters of common interest within the scope of the provisions of joint operating agreements, accounting agreements and applicable legislation. Such matters comprise, among others:
- a) The Operator's allocation methods for the charging of costs;
  - b) Criteria for charging of the Operator's costs to the joint accounts and the Operator's own costs;
  - c) The Operator's hourly rates, efficiency measures and stretch targets;

- d) Benchmarking of the Operator's costs;
- e) Reorganization or restructuring costs that the Operator proposes to charge to all joint ventures according to rules set forth in Appendix D – Accounting Agreement; and
- f) Unsettled audit claims from a multi-venture audit of the Operator according to procedures set forth in Appendix D.

The Operator and the other licensees shall seek to find solutions to the matters raised in the Partner Forum and implement such solutions in the individual joint ventures.

9.6 When matters are dealt with in the Partner Forum, the members may be assisted by expert personnel as needed. The number of such personnel may be limited by the Partner Forum.

9.7 The chairman shall ensure that minutes of the meetings are kept. The minutes shall be sent to the members within 14 working days. The members shall notify the chairman without undue delay of whether the minutes are approved and shall, as appropriate, specify any corrections or additions required. Information concerning corrections and additions shall at the same time be given to the other Members

If the chairman has not received any notification from a member within fourteen (14) working days of the member's receipt of the minutes, the member shall be assumed to have approved the minutes.

The chairman shall ensure that approved minutes are signed by the members and that copies of the signed original document are sent to them within fourteen (14) days of its signature.

Any written or electronic confirmation by members shall have the same effect as a signature. In such case, the chairman shall duly note such confirmation on the minutes.

### **III FINANCE**

*ARTICLE 10*

*PRE UNIT COST*

*ARTICLE 11*

*THE JOINT ASSETS*

Each Party shall own an ideal share of the capital assets, including rights of any kind which have been acquired or developed by the Operator or by any of the Parties on behalf of the Unit. This also applies to produced Petroleum which has not been disposed of by any Party.

The size of the ideal share is equal to the Unit Interest.

- 12.1 Unless otherwise specified in this Agreement, the Parties shall be primarily liable to each other on a pro rata basis, secondarily jointly and severally liable for all obligations arising by virtue of the Unit Operations. This applies irrespective of a liability towards third parties.
- 12.2 [Each Party is responsible for his share of the area fee. If a Party does not pay his share, the Operator shall make the payment on his behalf and apportion the amount between the other Parties in accordance with their Unit Interest.]  
Comment: Provision to be included only if area fee accrues within the Unit Area.
- 12.3 None of the other Parties may be held liable pursuant to Article 12.1 for direct taxes which a Party is obliged to pay.

Each Party is obliged to pay the direct taxes charged to him.

*ARTICLE 13*

*DUTY OF CONTRIBUTION*

13.1 The Parties are obliged to provide sufficient funds to cover all expenses relating to the Unit Operations.

The amount to be contributed by each Party shall be calculated in accordance with the Unit Interest at the time the payment is made.

13.2 Further provisions regarding the Parties' duty of contribution in this respect are specified in Appendix D.



- 14.1 If a Party does not comply with his obligation to make payments pursuant to Articles 12, 13 or this Article 14, the amounts which are not paid shall be advanced by the non-defaulting Parties in the defaulting Party's Group (s) in accordance with their License Interest. If the defaulting Party has License Interests in two or more of the Groups and the default cannot be allocated to a specific Production License, the defaulted sum shall initially be split between such Groups in accordance with the Tract Participation of each such Group. Following notice to the defaulting Party, the other Parties in the defaulting Party's Group(s) may cover the advance which has been made or is pending by acquiring the defaulting Party's share of the Petroleum produced. The acquired Petroleum will be regarded as lifted by the defaulting Party. Accounting is made in accordance with the norm price applicable at any time or, if a norm price is not stipulated, the contract price obtained.

If a Party is in default of his obligation to make payments pursuant to Articles 12, 13 or the preceding paragraph, he shall be charged a penal interest pursuant to Article 1.2.2 of Appendix D.

- 14.2 If a Party's default has not ceased within five (5) working days after he has received a demand for payment from the Operator, he loses his right to vote and his access to data and information for as long as the default remains in effect. The defaulting Party is nevertheless bound by decisions adopted by the Unit.

The Operator shall inform the Management Committee and the Ministry of any defaults comprised by this Article.

The default shall be deemed to have ceased when the defaulting Party has met his obligation to make payments to the other Parties, including accrued interest, deducting, however, settlement for any of its share of produced Petroleum acquired by the other Parties.

- 14.3 If a Party's default remains in effect for more than three (3) months after the Operator has informed the Management Committee, the Ministry and those who have registered a mortgage in the License Interest, each of the non-defaulting Parties of the relevant Group who has advanced an amount in accordance with Article 14.1 have the right, after giving thirty (30) days notice to the defaulting Party and to the other non-defaulting Parties in the Group, to demand that the defaulting Party assign his License Interest and corresponding Unit Interest to them, effective from the expiry of the calendar month in which such demand is made. Such request for transfer has priority above an agreement concerning the assignment of a License Interest and preemption rights in accordance with the respective Joint Operating Agreements.

The mortgagees are entitled to make remedial payments with releasing effect for the defaulting Party.

The compensation shall be agreed between the Parties, but shall not exceed the book value of the Party's share of the investment in connection with the activities under this Unit, deducting unpaid contributions, any mortgage and the costs connected to the assignment. The book value in this connection shall be the difference between the Gross book value at the time of the assignment and the aggregate financial depreciation made in accordance with good accounting practice up to that point.

When settlement has been made in accordance with the preceding paragraph, the License Interest(s) together with the corresponding Unit Interest shall be assigned without any encumbrances.

- 14.4 The assigned License Interest and corresponding Unit Interest shall be apportioned pro rata amongst the non-defaulting Parties in accordance with their License Interest and Unit Interest, unless otherwise agreed. Any liability which the defaulting Party might have for unpaid contributions or other unsecured obligations pursuant to this Agreement shall be assumed by those non-defaulting Parties which acquire some or all of the defaulting Party's License Interest and corresponding Unit Interest.

The defaulting Party, however, remains liable for obligations which have not been settled at the time of the assignment and which have been established due to injuries or damage, resolutions by the authorities or in any other way independent of any decision by the Unit.

- 14.5 If a Party's continuous default is due to intervention by Norwegian authorities, a demand for assignment of License Interest and corresponding Unit Interest pursuant to the provisions in Article 14.3 may not be asserted on the basis of such default. Such default does not deprive the Party of its rights to data and information.

- 14.6 In the event that all members of a Group do not comply with their obligation to make payments according to Articles 12 and 13, the amounts which are not paid shall be split between the other Group(s) in proportion to the Tract Participation of each such Group and advanced by the members of the other Group(s) in accordance with their License Interest. The members of such other Groups shall immediately consult with the Ministry to determine the necessary course of action. In addition to being entitled to all of the remedies available to them under this Agreement, or at law, the members of such other Group shall be entitled to all such remedies as the Ministry may determine. The defaulting Parties shall be obliged to do all things necessary to transfer their respective License Interests and corresponding Unit Interests under this Agreement to those non-defaulting Parties in the other Group(s) wishing to acquire the same in the manner as provided for in Article 14.3.

*ARTICLE 15      ACCOUNTS*

- 15.1    The Operator shall keep accounts in Norway for all activities pursuant to this Agreement, in accordance with laws and regulations and accounting practices in Norway, and the provisions of Appendix D. The accounts shall be so kept that the other Parties may supervise the activities of the Operator. Thus, the accounts shall reflect the Unit Operations.
  
- 15.2    Further provisions regarding the Operator's keeping of accounts are specified in Appendix D.

## IV THE ACTIVITIES

### *ARTICLE 16 CORPORATE GOVERNANCE*

#### 16.1 Requirements for corporate governance

The Management Committee shall ensure that processes are established for integrated corporate governance in order to achieve the highest possible added value and implement the requirements relating to health, safety and the environment. The Operator shall prepare and continuously further develop processes for corporate governance. The corporate governance of the Unit shall be based on the governing system of the Operator. The corporate governance shall integrate the control and follow-up processes of the Unit, including strategy development, goal-oriented management, decision-making processes, processes for significant procurements, risk management, and reporting.

The corporate governance shall be adapted to the phase and level of activity of the operations.

#### 16.2 Goals and strategy development

The Management Committee shall establish overall goals for the activities of the Unit. The Operator shall prepare strategies for realisation of the goals and submit them to the Management Committee.

In connection with the establishment of goals and strategies, the Operator shall submit to the Management Committee a description of opportunities for increasing revenues, reducing costs and improving health, safety and the environment. Emphasis shall be put on the comparison with and learning from similar and other activities.

#### 16.3 Long term plan

The Operator shall submit a proposal for a long-term plan to the Management Committee that shall reflect the goals and strategies that have been decided, adapted to the relevant phase of the activities and the challenges the Unit is facing.

Consistency between the long-term plan and the annual work programs and budgets shall be aimed at.

The long-term plan shall describe the long-term and overall ambitions of the Unit, its goals and main activities. The Management Committee shall each year decide whether an update of the long-term plan is needed.

When preparing the long-term plan, the activities of the Unit shall be

considered in relation to possible synergies through collaboration with licensees of other licence areas.

#### 16.4 Goal-oriented management

The Operator shall prepare relevant management parameters for short-term and long-term goal achievement and submit them to the Management Committee.

In connection with the budgetary procedure, the Operator shall prepare an overview showing developments in relation to the control parameters established and submit it to the Management Committee.

Goals for key performance indicators shall be included in work programs and budgets and shall be submitted to the Management Committee for approval.

#### 16.5 Decision-making process

In connection with the determination of work program and budget, the Management Committee shall prepare and approve a plan for significant decisions for the coming Year, including requirements for handling and decision-making processes.

#### 16.6 Risk management

The Operator shall establish and maintain processes, procedures and plans for risk management and shall make visible a systematic process for the identification and management of risk.

For major projects or special activities implying a substantial risk exposure, the Operator shall submit an overview of the risk management to the Management Committee.

#### 16.7 Follow-up of the activities

The Operator shall follow up the activities in accordance with the framework determined by the Management Committee and regularly report to the Management Committee on status, deviations and measures.

The Operator shall each month prepare periodic reports. The reporting shall be based on the activities in the reporting period and the key performance indicators, and shall focus on deviations and the need for corrective actions. Unless otherwise decided by the Management Committee, the Operator shall include an updated forecast for the Year in the monthly report for April, July and October.

*ARTICLE 17                      WORK PROGRAM, BUDGETS, AUTHORIZATIONS FOR EXPENDITURE ETC.*

*17.1    General*

The work program and budget shall specify the main activities and the economic framework for the coming Year and shall include preliminary estimates for activities which are planned to be submitted to the Management Committee for approval during the budget year (optional budget).

The work program shall, among others:

- a) Define clear goals, deliverables and deadlines for significant activities,
- b) Clarify how the activities in the coming Year will contribute to realizing goals set forth for the activities, and
- c) Identify significant risk factors and relevant actions to manage risk.

*17.2    Work program and budget – deadlines*

No later than 1 June each Year the Operator shall submit to the Management Committee a brief overview of the economic framework and goals for the exploration, operation and investment activities in the coming year. The overview shall specify the major factors determining revenues and expenses and focus on level and development.

No later than 1 October each Year the Operator shall submit to the Management Committee a proposal for a work program for the exploration, operation and investment activities with appurtenant budgets, a long term budget for operation and investment for the 3 subsequent years, as well as updated cost estimates for the exploration activities and operations for the present Year and planned investments for the entire Investment period.

When preparing proposals for work programs and budgets, the Operator shall involve the Parties before the proposal is submitted to the Management Committee for final adoption.

No later than 1 December each year the Management Committee shall adopt the work program and the exploration, operation and investment budgets for the next Year, as well as approve the operation and investment budgets for the subsequent three (3) Years and for the entire Investment period.

During the budget year, a Party may propose that the Management Committee adopt alterations to the work program and the budgets. By the end of January each Year, the Operator shall prepare and submit to the Parties a periodic overview of the operation and investment budgets for the current year.

Time limits referred to in this Article may be amended by the Management Committee, and by the Operator if the reporting obligations towards the

authorities so require.

### 17.3 The main elements of the budget proposal

The draft budgets for the coming Year shall include an operating budget and an investment budget. The Operator shall explain the allocation procedures for charging of costs.

In the investment budget, fixed and contingent entries shall be specified separately. Expenses in connection with reconnaissance, exploration drilling and the evaluation of discovered Deposits shall not be included in the investment budget, unless otherwise decided by the Management Committee.

### 17.4 Structure and contents of the budget items

The following items for budgets, reporting and settlement shall be applied, however, the Management Committee may decide that the items shall be identified in further detail.

Budget/work programs, monthly reports and settlements shall be specified in the following items:

Item	Definition/Description
<b>1 Exploration</b>	
1.1 Geology and geophysics	Costs related to block evaluation and general exploration activities
1.2 Seismic	Costs related to the collection, processing, reprocessing and test processing of geophysical data.
1.3 Special studies	Costs related to dedicated studies in early phases (e.g. studies of migration, maturing of hydrocarbons, whether the trap is tight, etc.)
1.4 Other exploration costs	Costs related to data storing, core samples, administration and other exploration costs.
<b>2. Exploration drilling and testing</b>	
2.1 Regional positioning costs	Costs related to the collection and processing of geophysical data for the selection of well location.
2.2 Well X	
2.2.1 Drilling	Costs related to the drilling, completion and plugging of wells, also including planning costs.
2.2.2 Testing	Costs related to all testing and data collection in the well, normally only in case of discoveries. Includes test production
<b>3 Field evaluation</b>	Consideration of development solutions
3.1 Discovery A	Costs related to geology, geophysics as well as evaluation of various development options and commercial activities.
3.2 Discovery B	

<b>4 Concept studies</b>	This phase begins at choice of concept
4.1 Project A	Costs related to concept development in relation to a possible project from and including a decision on continuation in the planning phase. It is presupposed that the decision point for choice of concept has been passed and that the development of a specific concept continues. Normally containing both internal and external activities (studies, pre-engineering, Front End Engineering Design, PDO work, etc).
4.2 Project B	
<b>5 Investments</b>	This phase begins when a decision on implementation of a development project has been made
5.1 Development investments	Development investments concern the development of new resources. There will always be concept studies before such an investment is made. The budget for the project is sanctioned by an approved PDO/PIO. Some projects are exempt from the PDO requirement.
5.1.1 Part project X	
5.2 Operating investments	Operating investments are permanent investments that: <ul style="list-style-type: none"> <li>- Increase the production capacity;</li> <li>- Substantially increase the quality and thus the value of the products;</li> <li>- Substantially improve the production process and thereby substantially lower the level of other production costs;</li> <li>- Measures that enhance safety and prevent/reduce future pollution of the environment;</li> <li>- Extensions of the plant and/or new functions.</li> </ul> This will normally be investments in operating equipment that have been put to use (after the project investment was made) and that are not classified as maintenance.
5.2.1 Part project X	
5.3 Production drilling	Production drilling is all activities related to the drilling and completion of production and injection wells, after a decision on project implementation, and/or a decision on new wells or drilling targets in the production phase have been made. All associated/indirect activities with the objective of production drilling also belong under the classification "production wells" (e.g. well planning, mob/demob rig, modification rig, etc.).
<b>6 Operating costs</b>	This phase begins when a field enters the operating phase
6.1 Operating preparations	Activities related to recruiting, training and



	<p>preparing the operating organization for taking over the facility and perform the operation.</p> <p>Start-up activities related to the testing of a facility are not included as a part of the preparations for operation.</p>
6.2 Operating costs and support activities	
6.2.1 Operation	All work that is directly attributable to production and operation of a facility. This mainly comprises operating activities on the offshore/onshore facilities, as well as costs such as support activities from land and production chemicals.
6.2.2 Maintenance	All maintenance activities related to an offshore facility, land plant and associated pipes. These mainly comprise inspection, status check, preventive and corrective maintenance, surface maintenance, maintenance drilling module as well as maintenance support.
6.2.3 Well maintenance	All costs related to down-hole work up to the choke, and which do not form part of a drilling project.
6.2.4 Modifications	Activities related to extension or modification of existing equipment and facilities requiring amended technical documentation. Change projects and reconstruction that are neither maintenance nor an operating investment are included.
6.2.5 Subsea operations and maintenance	All operating and maintenance activities related to subsea facilities, including inspection and contingency costs for the subsea facilities.
6.2.6 Platform services	Costs related to the accommodation/catering on the platform and any other support services on the platform, as appropriate.
6.2.7 Administration	Costs related to management, direct and indirect administration of operative organization, e.g. field manager, economy, personnel and IT.
6.2.8 HSE	Activities related to HSE work as well as License specific HSE projects.
6.2.9 Reservoir management and development	Costs in connection with long-term planning, quality assurance, reservoir management, production optimizing, modelling and enhanced oil recovery.
6.2.10 Business development	Commercial activities in connection with evaluating business opportunities for a License in operation.
6.3 Logistics	
6.3.1 Maritime operations	Operating activities related to vessel operations, with the exception of standby vessels which are attributed to item 6.3.4. Vessel costs to be included in the report will comprise supply vessels, storage vessels, special assignment/support vessels and anchor handling, as well as consequential costs and

	administration of vessels.
6.3.2 Air transport	Transport services between helicopter bases and the installation as well as shuttling between facilities on the fields. Costs relating to SAR (Search and Rescue) and ambulance transport are attributed to item 6.3.4.
6.3.3 Supply bases	Costs related to the operation of bases such as area, rents, personnel, etc., as well as any transport to and from bases.
6.3.4 Preparedness	Vessel and helicopter costs related to operative preparedness on the fields. Installation specific standby vessels, any share of area standby vessels and consequential costs related to such vessels. SAR helicopter (Search and Rescue) and ambulance transport.
6.4 Tariff costs	Costs related to field external processing and transportation of oil and gas between fields.
6.5 Other operating costs	Costs that cannot be attributed to other operative items, e.g. write-down of stocks, obsolete stocks, previous years' costs, excess field times, gas purchases in connection with injection, insurance/guarantee matters related to operations, etc.
<b>7. Operating income</b>	Tariff income, processing and any other income.
<b>8. Shutdown and removal</b>	
8.1 Shutdown	Preparation for decommissioning and removal, plugging and decommissioning of wells and other decommissioning of facilities.
8.2 Removal	Physical removal of facilities.
<b>9. General costs</b>	
9.1 License administration	Costs related to the Operator's responsibilities in connection with the administration of the Unit, e.g. License coordination.
9.2 Area fee	Fees to be paid annually to public authorities based on the area comprised by the License.
9.3 Environment taxes	Costs related to the emission of defined substances harmful to the environment, e.g. CO <sub>2</sub> duty and other environment taxes.
9.4 Other taxes and duties	Other taxes and duties that are not defined by other items, e.g. property tax.
9.5 Research and development (R&D)	Costs related to research and development projects performed by or under the auspices of the Operator, and which are relevant for upstream activities.
9.6 General management	Costs related to the Operator's general management.
9.7 Business and industry and special interest organizations	Costs related to business and industry and special interest organizations such as e.g. OLF and NOFO
9.8 Financial costs	Financial costs such as exchange gains and losses and interest
9.9 Restructuring costs	Costs related to workforce reductions and severance

	pay in connection with reorganization processes in the company.
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#### 17.5 Authorisation for expenditure

The Operator may only incur expenses and financial obligations on behalf of the Unit within the limits of the authorizations for expenditure as approved by the Management Committee pursuant to the exploration, operation and investment budgets, unless otherwise decided by the Management Committee.

In carrying out an approved work program, however, the Operator may exceed a budget item or an AFE by up to 10%. A budget item means each of the main items 1-9 in Article 17.4 . None of the budgets may be exceeded by more than the lower of 5% or NOK 75 million during the Accounting year. These percentages may be changed by a unanimous resolution of the Parties.

The Operator may also incur liability on behalf of the Unit for expenses in connection with activities which are not comprised by the work program and the exploration, operation and investment budgets, up to an aggregate amount for each budget of NOK three (3) million during the Accounting year. The amount limits may be adjusted by the Management Committee.

If, in case of emergency, there is not sufficient time to present a matter to the Management Committee, the Operator may incur liability on behalf of the Unit for expenses which the Operator considers necessary to protect life, health or property or to prevent or limit pollution.

The Operator shall with no undue delay provide the Management Committee with a written notice concerning all expenses incurred which are either unforeseen or which might exceed the budget or a budget item.

#### 17.6 Project management

A master control estimate and master control plan to be created prior to the initiation of the project shall be used for the management and progress control of significant development and modification projects.

The master control estimate and master control plan shall be amended in case of significant changes to the scope of the project or the assumptions on which the project are based. When updated, changes to the assumptions shall be clarified and submitted to the Management Committee for consideration.

The applicable control estimate and control plan shall represent the best estimate at the time of the estimate and reflect the approved budget limits.

The Operator shall submit the current control estimate and control plan to the Management Committee together with an analysis of opportunities for added value/cost reductions and potential risks, which may influence the planned target achievements. The current control estimate and control plan shall be

revised and submitted to the Management Committee for consideration twice a Year, unless otherwise decided by the Management Committee.

*ARTICLE 18      PROCUREMENT*

- 18.1 The Operator shall prepare an overall procurement and contract strategy for significant purchases adapted to the various phases of the activities, to be submitted to the Management Committee for approval.

When presenting a budget proposal for activities in the coming Year, the Operator shall include an overview showing what significant purchases the Operator is planning for the budget year. Among others, this overview shall state the expected contract value for each individual purchase, contain a market evaluation and describe suitable framework agreements.

When considering the budget proposal, the Management Committee shall decide which purchases are to be included in the plan for significant decisions for the coming Year.

For purchases, the duration of which exceed the budget for the Year, the Parties shall organize themselves such that the Unit may commit itself according to the duration of the purchase.

In respect of purchases which the Operator expects will have a contract price of more than NOK 50 million, or NOK 25 million without competitive bidding, a proposal shall be made to the Management Committee for a decision concerning specific purchase strategies including a bidding list and approval of the supplier. A decision shall be made within 5 working days after the Operator has submitted his proposal to the Management Committee.

- 18.2 By a unanimous resolution, the Parties may change the amount thresholds.

The Operator shall upon request send a copy of the bid invitation to the Parties.

- 18.3 Procurements with an agreed contract value exceeding NOK 10 million shall be subsequently reported to the Management Committee.

- 18.4 If a Party has an ownership interest in a company which is a bidder for a purchase, or has a self-interest in the purchase or in any other way is in a possible conflict of interest, the Management Committee shall be made aware of this fact before the contract is entered into.

- 19.1 The Operator shall, on behalf of the Unit, take out and maintain such insurances as required by laws and regulations and other resolutions by the authorities, and other insurances as decided by the Management Committee. Copies of such policies shall be submitted to the Parties.

The Operator shall duly file all claims covered by such insurances and collect indemnities which are to be credited to the Joint Account. A Party may also make investigations in connection with an insurance claim.

- 19.2 A Party is entitled to take out his own insurance or in other equivalent ways ensure coverage. In such case he shall notify the Operator well in advance before the Operator takes out insurance on behalf of the Unit, and give the Operator and the other Parties the necessary information on his insurance coverage, and ensure that recourse against the other Parties has been waived.

The Operator shall in such cases give the Party requiring it, the information necessary to establish the insurances and duly assist a Party promoting claims under such insurances. Extra cost arising in this respect shall be covered by the Party concerned

- 19.3 The Operator shall establish that the insurer of those Parties which are covered by a joint insurance or other equivalent coverage taken out by the Operator, has waived recourse claims against a Party which has taken out its own insurance.
- 19.4 The Operator shall ensure that suppliers of goods and services to the Unit Operations take out and maintain such insurances as are required by laws and regulations and other requirements by the authorities, or which are decided by the Management Committee. The Operator shall endeavour to secure waivers of recourse actions against the Parties.

## **V FIELD DEVELOPMENT**

### *ARTICLE 20*

### *ACCESSION TO THE PLAN FOR DEVELOPMENT AND OPERATION*

Each Party shall notify the other Parties in writing whether or not it accedes to the Plan for Development and Operation in accordance with the Joint Operating Agreements.

*ARTICLE 21 [PROPOSALS FOR SUBSEQUENT FIELD DEVELOPMENT PLAN]*



*ARTICLE 22*

*[SUBSEQUENT FIELD DEVELOPMENT PLAN]*

*ARTICLE 23*

*FIELD DEVELOPMENT*

- 23.1 When all the Parties have given notice of their accession to a development plan, [or when a development is adopted as a sole risk project pursuant to Article 25], the development shall take place on behalf of the participating Parties.
- 23.2 After the Ministry's approval of the plan, the development shall be carried out with no undue delay.
- 23.3 If the Ministry has not approved the development plan within six (6) months after having received the application for approval of the development plan, [or a proposed sole risk development], a Party may withdraw his accession to the development plan unless contracts for delivery or renting of production facilities or other major equipment have been entered into with his consent. If no contracts for delivery or renting of production facilities or other major equipment have been entered into within two (2) years after the development plan has been approved, a Party may withdraw his accession to the development plan.

**VI [SOLE RISK OPERATIONS]**

*ARTICLE 24 [SOLE RISK OPERATIONS]*

*ARTICLE 25 [SOLE RISK FIELD DEVELOPMENT]*

## VII DISPOSAL OF PETROLEUM

### ARTICLE 26 *LIFTING OF OIL*

- 26.1 Each Party has the right and obligation to take in kind and dispose of a share of the produced Oil, which shall be equivalent to his Unit Interest

The property right, and the liability and risk pertaining to the produced Oil, is transferred to the individual Party at a point of delivery which shall be determined by the Management Committee prior to the commencement of production.

- 26.2 The Operator shall, at the point of time decided by the Management Committee, submit to the Management Committee a production program covering the Year in which production is to commence. If production is expected to commence after 1 June, the program shall also cover the subsequent Year. Thereafter, and before 1 June of each Year, the Operator shall submit to the Management Committee and to the Ministry a production program which comprises the three (3) subsequent Years and a production estimate for the rest of the field's life. The program shall be specified for each Quarter and shall describe the quality of the Oil which is expected to be produced.

- 26.3 At the same time as the production program is submitted, the Operator shall submit to the Management Committee a draft Petroleum lifting program for the Program period in question.

The draft lifting program shall be adapted to the production program and to information collected in advance concerning the Parties' plans for lifting and shipment of Oil. The draft shall contain a schedule for the lifting as well as detailed terms and conditions concerning lifting, delivery and transportation of Oil, and shall specify the requisite steps in a lifting and shipment procedure.

The Management Committee shall establish the lifting program within thirty (30) days following receipt of the draft.

- 26.4 If the Oil production exceeds the Parties' aggregate demands under the program, such excess quantity shall be apportioned amongst the Parties in accordance with their Unit Interest. If the production has become lower than the Parties aggregate demands, the demands shall be reduced in accordance with the Unit Interest. None of the Parties, however, shall be obliged to return any Oil they have lifted.

The Management Committee shall immediately be notified if the produced quantity deviates from the production program.

26.5 Within twenty (20) days following the end of each Quarter, the Operator shall submit a summary to the Management Committee, showing the quantity of Oil which each Party has lifted during the Quarter.

*ARTICLE 27*

*ANNUAL LIFTING OF OIL*

27.1 Each Party shall, during the Program period, seek to lift its share of the produced Oil at an even pace and in conformity with the lifting program. When calculating the quantity which a Party has lifted during a one (1) Year Program period, the Party may demand that the lifted quantity during the first or the last sixty (60) days of such a Program period shall be considered as having been made in the previous or the succeeding Program period respectively.

27.2 If a Party, for reasons beyond its control and wholly related to the completion of the lifting program, has lifted a lesser quantity of Oil during the Program period than it is entitled to, it shall be considered as an "Under-lifter" and the quantity which it has not lifted will be considered as an "Under-lift".

If one or more Parties are Under-lifters, the Operator shall promptly notify the Parties and specify the quantity of each Party's Under-lift. Each Party which is not an Under-lifter shall have the right to lift the Under-lift, in addition to its own share. If two or more Parties want to take the Under-lift, it shall be apportioned between them in proportion to their Unit Interest.

A Party lifting an Under-lift or a part thereof pursuant to this provision shall be considered an "Over-lifter" and the quantity which thereby has been lifted shall be considered as an "Over-lift".

27.3 When Over-lift has taken place, the Under-lifter is entitled to compensation for its Under-lift, to the extent it is covered by the Over-lift.

Unless the Management Committee has established another compensation arrangement, 10 % of each Over-lifter's share shall be placed at the Under-lifters' disposal as compensation until the Over-lift is balanced, commencing as of the first Quarter in a succeeding Year. If there are more than one Under-lifter, the quantity placed at their disposal shall be apportioned amongst them in proportion to their Under-lift.

If an Under-lifter during a Quarter fails to lift a quantity which has been placed at its disposal as compensation, it shall nevertheless be considered to have received that quantity. In such event, the quantity which is not lifted by the Under-lifter shall be placed at the disposal of those Over-lifters who have offered the compensation with an acceptance time limit of 48 hours. The provisions of Article 27.2 second paragraph, second and third sentence shall apply accordingly.

27.4 If a Party for reasons other than those mentioned in Article 27.2 during a Program period lifts less than the quantity of Oil to which he is entitled, the quantity which he does not lift shall be apportioned between the other Parties in accordance with their Unit Interest without later incurring an obligation to compensate as provided for in Article 27.3.

- 28.1 Each Party has the right and obligation to take in kind and dispose of a share of produced Natural Gas which shall be equivalent to its Unit Interest. The property right, and the liability and risk pertaining to the Natural Gas are transferred to the individual Party upon lifting at a delivery point which shall be determined by the Management Committee prior to commencement of production.
- 28.1 The Parties shall enter into a gas lifting and balancing agreement which is subject to approval by the Ministry prior to the commencement of production. For adoption of the gas lifting and balancing agreement, a unanimous vote by the Management Committee is required.
- 28.3 No later than 8 (eight) working days after the first day of each month the Operator shall submit to the Management Committee an overview of produced and lifted Natural Gas for the previous month and for accumulated volume since commencement of production.



## VIII ASSIGNMENT ETC.

### *ARTICLE 29            ASSIGNMENT OF UNIT INTEREST*

- 29.1 If a License Interest is assigned in whole or in part, the corresponding Unit Interest shall also be assigned simultaneously to the same assignee. Such assignment shall be made in accordance with the provisions governing assignment in the respective Joint Operating Agreement.
- 29.2 Any assignment agreement shall contain provisions stipulating that the assignee shall be bound by this Agreement and the conditions of the relevant Production Licenses with later amendments and supplements.
- 29.3 After the completion of an assignment, the Party shall notify the Management Committee with no undue delay of the assignment.

*ARTICLE 30 WITHDRAWAL*

- 30.1 If a Party has acceded to a development plan, it may only withdraw from this Agreement when the Ministry has determined that the plan is completed.
- 30.2 If a Party, in compliance with Article 30.1, and pursuant to the terms and conditions of the respective Joint Operating Agreements, gives notice of withdrawal from any of the Production Licenses, such notice shall also constitute a notice of withdrawal from the corresponding Unit Interest under this Agreement. Such notice shall at the same time also be submitted to the Management Committee. The effective date of withdrawal from this Agreement shall be the same date as the effective date of withdrawal from the Production License in accordance with the terms and conditions of the respective Joint Operating Agreements.
- 30.3 In case of such withdrawal, the other licensees in the withdrawing Party's Group(s) shall undertake efforts to take over their proportional share of the said License Interest(s) and corresponding Unit Interest.

If, following such take-over, any said License Interest and corresponding Unit Interest remains unallocated, then the Parties of the other Group shall make efforts to take over their proportional share of said License Interest and the corresponding Unit Interest.

Take-over in accordance with this Article 30.3 shall take place without any compensation to the withdrawing Party.

- 30.4 After a notice of withdrawal has been submitted, the withdrawing Party ceases to be liable for decisions taken by the Management Committee which involve expenses not comprised by the agreed budget. A withdrawal from the Agreement shall be effective as of the same day as the withdrawal from the respective Production License becomes effective. Notwithstanding the above the withdrawing Party is liable for expenses comprised by the agreed budget, resulting from a decision taken within the same day as the withdrawal from the respective Production License becomes effective.
- 30.5 The withdrawing Party shall continue to be liable for obligations which are not met at the time of withdrawal, and which have been established by damage, resolution by the authorities or in any other way independently of any decision made by the Unit.
- 30.6 The other Parties may require that a satisfactory guarantee be provided concerning a proportionate share of the Unit's liability for decommissioning of facilities belonging to the Unit at the time of withdrawal.

- 30.7 Following a takeover, the Unit Interest shall be recalculated in accordance with Article 3.
- 30.8 If the other Parties do not want to take over the License Interest and the corresponding Unit Interest the Unit shall be dissolved in accordance with Article 31 as of the effective date of such withdrawal.

*ARTICLE 31            DISSOLUTION*

31.1 The Parties may decide that the Unit shall be dissolved.

31.2 Upon dissolution the Parties shall meet the obligations which have arisen as a result of the Unit Operations.

Each Party may demand that the obligations shall be met through the sale of produced Petroleum which has not been disposed of and through the sale of joint property of the Unit which is not taken over by the Norwegian State. The Operator shall execute the sale.

Obligations which are not met through the sale of joint Petroleum and property of the Unit shall be met by the Parties pursuant to the provisions in Article 13.

Remaining properties shall be distributed between the Parties according to their Unit Interest at the time of dissolution.

31.3 If obligations arising out of the Unit Operations are claimed after the dissolution has been completed, the Parties shall remain liable for the fulfilment of such obligations pursuant to the provisions in Article 12.

## IX MISCELLANEOUS PROVISIONS

### ARTICLE 32

### *TRANSACTIONS IN SEISMIC DATA, DRILLING RESULTS ETC.*

- 32.1 The Management Committee shall, in due consideration of the need for efficiency, select a Party, or another entity or organization which is not a Party to this Agreement, to carry out and execute negotiations and agreements with third parties concerning the purchase, sale or exchange of seismic data, drilling results etc. At any time, no more than one entity shall be chosen by the Management Committee to negotiate and enter into such agreements. Proposals from the other Parties to enter into such agreements shall be given due consideration. The entity or organization selected by the Management Committee in accordance with the first sentence, cannot refuse exchanges that the Parties jointly wish him to perform, or execute exchanges that the Parties oppose, unless specific reasons necessitating such execution or refusal can be shown. If a Party is selected to negotiate and execute agreements concerning exchanges, this Party cannot refuse exchanges that the other Parties jointly wish him to perform, or execute exchanges that the other Parties jointly oppose unless specific reasons necessitating such execution or refusal can be shown.
- 32.2 Agreements concerning the purchase and sale of data are subject to approval by the Management Committee. Agreements regarding the exchange of data shall be submitted to the Management Committee for information and possible comments, prior to conclusion of any final agreement.

- 33.1 Each Party and his Affiliated companies shall, for a reasonable compensation, make available to the Operator and the other Parties all geological and geophysical materials and other information which is directly relevant to the activities within the Unit Area. The parties' obligation to inform also includes interpretation of crude data of significance to the activities.

However, the above shall not apply to information which a Party cannot disclose according to Norwegian law or the law of the country of residence of the Party's parent company, or due to a contract with a non-Affiliated company which has been entered into prior to entering into this Agreement. The Party shall do what may reasonably be required to be released of such confidentiality obligation.

- 33.2 No Party shall without the consent of the other Parties inform a third party about, or in other ways make public plans, programmes, maps, archive data, reports, technical or scientific data or any other information concerning technical, economic or commercial activities pursuant to this Agreement. This shall not apply to information provided to the Parties' Affiliated companies or information as specified in the second paragraph of this Article to companies which are secondarily liable according to the Petroleum Act Section 5-3, third paragraph for a proportionate share of the activities under this Agreement.

Upon written request from a company which has a secondary liability according to the Petroleum Act Section 5-3, third paragraph for a proportionate share of the activities under this Agreement, the Operator shall give such company the same information about estimated and actual abandonment cost as the Parties get from the Operator.

However, the obligation pursuant to the first paragraph does not apply to the participants in the partner forum according to Article 9 in their internal relationship as regards matters and associated information that are dealt with in the Partner Forum.

A Party is, however, entitled to provide financial institutions with such information as may be required and which is necessary in connection with the financing of the Party's participation in the Unit Operations. Information as mentioned in the first paragraph may also be given to companies with whom the Party is negotiating an assignment of the Unit Interest in accordance with the Petroleum Act Section 10-12. The other Parties shall be informed in advance as to which information is requested by the potential assignee.

The Operator is entitled to provide information as mentioned above to consultants and suppliers who are directly engaged in Unit Operations, if such information is necessary in order to carry out the work. Any Party has the right to provide such information to professional consultants carrying out work for the Party.

In any case, the Party providing information comprised by this sub-section shall ensure that the information given is kept confidential.

- 33.3 A Party who ceases to be a Party, is nonetheless obliged to keep confidential information comprised by Article 33.2, and may no longer make use of its right pursuant to Article 33.2 to present such information to other persons than the Parties.

*ARTICLE 34*

*NOTICES*

Unless otherwise decided, notices pursuant to this Agreement shall be submitted in writing. Notices between the Parties may be communicated by direct delivery, mail, facsimile, or by electronic mail. Statements relating to participation in the development of a Deposit shall be dispatched by registered mail or be directly delivered against receipt.

The use of electronic mail shall at all times be in accordance with internationally accepted standards for electronic transmission of documents as defined by the Management Committee. The standard chosen shall make possible the use of a digital signature or a similar electronic safety device, scrambling, as well as filing and retrieval.

Notices may be given in Norwegian or English. They shall be dispatched to the Parties' most recently stated business address/electronic mail address. Notices to the Management Committee shall be dispatched to the chairman with copies to the other Members.



*ARTICLE 35*

*DISPUTES*

Unless the Parties agree to bring a dispute before the courts of law, any dispute arising in connection with this Agreement shall be settled by arbitration in Norway pursuant to Norwegian law. The provisions of the Act no. 25 of 14 May 2004 relating to arbitration shall apply unless otherwise agreed.

- 36.1 The Operator shall submit a proposal to the Management Committee to prepare an abandonment plan in accordance with the time limits stipulated in the Petroleum Act.

If the Operator or a Party is of the opinion that activities should be terminated or the use of a facility should cease before the Production Licence expires, it may within the same time limits propose to the Management Committee that an abandonment plan for the activities or the facility be prepared.

If the Management Committee so decides, the Operator shall in close cooperation with the other Parties prepare such abandonment plan.

The Management Committee may also decide to apply to the Ministry for an extension of the time limit for submitting an abandonment plan, or for an exemption from the requirement to present an abandonment plan.

- 36.2 If the Management Committee does not adopt a proposal to prepare an abandonment plan, or does not deal with the matter within a reasonable period of time, any Party may himself prepare an abandonment plan. Upon request from such Party, the Operator shall assist the Party in its work to the extent this does not involve cost or inconvenience to the Unit.
- 36.3 The abandonment plan shall specify any proposals for continued production or shutdown of the production and disposal of facilities, for example further use of the facility in the petroleum activities, other use, complete or part removal or abandonment. Technical matters, matters concerning safety and matters relating to protection of the environment and economical issues as well as a due consideration of other users of the ocean shall be discussed in the abandonment plan for the relevant disposal alternative(s). Further, any information required by applicable laws, regulations or guidelines shall be included.

*ARTICLE 37 ABANDONMENT PLAN*

- 37.1 An abandonment plan as mentioned in Article 37 shall be submitted to the Management Committee and the Parties.
- 37.2 Any Party may prepare an alternative abandonment plan or make suggestions for alterations and shall, in such case, attach an account of the Party's diverging conclusions. Upon request, the Operator shall assist the Party in its work to the extent this does not involve costs or inconvenience to the Unit.
- 37.3 The Management Committee may adopt an abandonment plan no earlier than three months after it received the plan. If a Party within this period has notified that it will prepare proposals for substantial alterations in the abandonment plan or an alternative abandonment plan, the Management Committee shall set a period of at least three months for the submittal of such proposal.
- 37.4 If the Management Committee adopts an abandonment plan prepared pursuant to Articles 36.2, 37.2 or 37.3 , or makes substantial use of such abandonment plan, the Party who has prepared the plan may require that the cost relating to its preparation be reimbursed.
- 37.5 An approved abandonment plan with appurtenant documentation shall be submitted to the Parties, the Ministry, the Ministry of Labour and Social Inclusion and the Norwegian Petroleum Directorate.
- 37.6 In case one or more Parties intend(s) to oppose a decision by the Management Committee to submit an abandonment plan and instead continue the production, this or those Party(ies) may submit a proposal to this effect to the Management Committee, including a draft agreement for continued production. If no agreement is obtained about such agreement for continued production, the agreed abandonment plan shall be submitted in accordance with Article 37.5 together with the proposal for continued production.

*ARTICLE 38*                      *IMPLEMENTATION OF AN ABANDONMENT PLAN*

- 38.1 As soon as the Ministry has made its decision on disposal the Operator shall submit a proposal to the Management Committee concerning the execution of the decision.
- 38.2 The Management Committee shall discuss the Operator's proposal within three months; otherwise the Operator's proposal shall be deemed to be adopted.
- 38.3 The Management Committee may change, adopt or reject the Operator's proposal for execution of the Ministry's decision on disposal.
- 38.4 The provisions of Article 17 shall, as appropriate, apply accordingly to the budget for the cost of execution of decisions on disposal.

*ARTICLE 39 FINAL PROVISIONS*

39.1 The Agreement is subject to Ministry approval of:

- a) the PDO and
- b) the Agreement

on conditions that are acceptable to all Parties.

The Agreement shall enter into force when approvals according to the first paragraph are granted and shall remain in full force and effect until terminated by the Parties or until dissolution according to Article 31.

The Agreement shall not extend beyond the expiry of either of the Production Licenses and any additional time required to conclude the Unit Operations and the proper and orderly execution of the Abandonment Plan.

39.2 Articles [12 (liability), 33 (confidentiality), 35 (disputes) 37 (abandonment plan) and 38 (implementation of abandonment plan)] of the main body of the Agreement and Article 1.4 of Appendix D shall survive the termination of the Agreement.

39.3 [Other provisions as agreed]