

DRAFT – FOR DISCUSSION PURPOSES ONLY SUBJECT TO FURTHER NEGOTIATION AND RESPECTIVE MANGEMENT APPROVALS

EXPLORATION LICENCE

BLOCK NAME:

ISSUED TO:

.....

DATED THE DAY OF20..

BARBADOS

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EXPLORATION LICENCE

This Licence is entered into this _____ day of _____ 20__ (hereinafter referred to as “the Effective Date”) between **THE GOVERNMENT OF BARBADOS** acting herein through the Minister with responsibility for Energy(hereinafter referred to as “the **Designated Authority**”) of the **FIRST PART**, and registered in and registered as an External Company under the Companies Act, Chap. 308 of the Laws of Barbados, with its registered office in Barbados situate in the parish of Saint (hereinafter referred to as “the **Licensee**”) of the **SECOND PART**.

The Designated Authority and the Licensee may hereinafter be referred to collectively as “the Parties” or individually as “the Party.”

WHEREAS, section 5 of the Offshore Petroleum Act, Chapter 282A of the Laws of Barbados (hereinafter referred to as “the Act”) provides that the property in petroleum (as defined in the Act) in the territorial waters, exclusive economic zone and continental shelf of Barbados, is vested in the State;

AND WHEREAS, pursuant to section 15 of the Act, the Designated Authority is authorized to issue an Exploration Licence to explore for petroleum and undertake appraisal activities in the Licence Area (as defined in the Act) on such terms and conditions as the Cabinet may approve;

AND WHEREAS, the Designated Authority acting as the agent of the Government is responsible for the collection of fees, costs and revenues accruing under this Exploration Licence;

AND WHEREAS, the Designated Authority invited applications for an Exploration Licence in respect of certain blocks, through the _____;

AND WHEREAS, the Licensee submitted a on the day of 20__ for the block in accordance with and pursuant to the said _____;

AND WHEREAS, the Licensee has represented to the Designated Authority that it has the requisite technical and financial capabilities to carry out Petroleum Operations and wishes to assist the Government in thoroughly evaluating the petroleum potential and promptly and efficiently developing petroleum discovered in the Licence Area;

AND WHEREAS, by a Cabinet Decision dated theday of, 20... the Cabinet approved the award of this Exploration Licence;

AND WHEREAS, by a Cabinet Decision dated the day of, 20.. the Cabinet approved the form and execution of this Licence;

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NOW THEREFORE, in consideration of the premises, mutual covenants and conditions herein contained, it is hereby agreed as follows:

1. Commencement

This Exploration Licence (hereinafter called the “Exploration Licence”) is effective as of the ___ day of _____, 20__ (hereinafter called the “Effective Date”).

2. Definitions and Interpretation

In this Exploration Licence, unless the context indicates otherwise:

- (i) "Act" means the Offshore Petroleum Act, Cap 282A, as it may be amended from time to time, or any Act substituted therefor;
- (ii) "Affiliate" means an affiliated body corporate within the meaning of this subparagraph (ii). For the purpose of this Exploration Licence:
 - (a) one body corporate is affiliated with another body corporate if one of them is the subsidiary of the other, or both are subsidiaries of the same ultimate parent body corporate, or each of them is controlled by the same person; and
 - (b) if two bodies corporate are affiliated with the same ultimate parent body corporate at the same time, they are affiliated with each other.

For the purposes of this Exploration Licence, a body corporate is controlled by a person if, whether directly or indirectly and whether by the ownership of shares (excluding those held by way of security only), the possession of voting power, contract or otherwise, that person has the power to appoint and/or remove a majority of the directors of the body corporate or controls or has the power to control the affairs of the body corporate.

For the purposes of this Exploration Licence:

- (c) an ultimate parent body corporate is the holding body corporate of another if that other body corporate is its subsidiary; and
 - (d) a body corporate is a subsidiary of an ultimate parent body corporate if it is controlled by that ultimate parent body corporate.
- (iii) "Anti-Corruption Laws and Obligations" means for each Party: (i) the Prevention of Corruption Act, Cap. 144 of the laws of Barbados, as amended from time to time; (ii) the principles described in the Convention on Combating Bribery of Foreign Public Officials in International Business

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Transactions, signed in Paris on December 17, 1997, which entered into force on February 15, 1999, and the Convention's Commentaries; (iii) the U.S. Foreign Corrupt Practices Act, as amended from time to time; (iv) the U.K. Bribery Act, as amended from time to time; and (v) the laws relating to combating bribery and corruption in the countries of such Party's place of incorporation, principal place of business, and/or place of registration as an issuer of securities, and/or in the countries of such Party's ultimate parent company's place of incorporation, principal place of business, and/or place of registration as an issuer of securities.

- (iv) "Best Industry Practice" means a practice, procedure or specification which is generally applied by the international petroleum industry as good, safe, efficient and appropriate in the carrying out of Petroleum Operations and includes a practice, procedure or specification approved by:
 - (a) the American Gas Association;
 - (b) the American Petroleum Institute;
 - (c) the American Society of Mechanical Engineers;
 - (d) the American Society for Testing and Materials;
 - (e) the British Standards Institute; or
 - (f) the International Organisation for Standardisation;
- (v) "Business Day" means a day on which the banks in Barbados and New York are customarily open for business;
- (vi) "Calendar Year" means a period of twelve (12) consecutive months beginning on the first day of January and ending on the following thirty-first day of December in the same year;
- (vii) "Designated Authority" means the Minister responsible for Energy;
- (viii) "Exploration Period" means the period from the Effective Date until expiry or termination of this Exploration Licence in accordance with paragraph 6 below subject to earlier termination or cancellation in accordance with this Exploration Licence;
- (ix) "First Production" means the first day petroleum is produced into the measurement meters;
- (x) "Force Majeure" means an extraordinary event or circumstance beyond the Licensee's reasonable control that could not have been reasonably foreseen or reasonably overcome by the Licensee that prevents or impedes the due performance of this Exploration Licence, and that by the exercise of reasonable diligence, the Licensee is unable to prevent, including act of war,

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act of terrorism, riot, rebellion or civil unrest, act of God, flood, earthquake, hurricane or other natural physical disaster, explosion or fire, strikes, lockout or other similar industrial disturbances (other than strikes, lockout or disturbances of the Licensee’s employees or those of its Affiliates or sub-contractors);

- (xi) “Generally Accepted Accounting Principles” means the accounting rules used to prepare and standardize the reporting of financial statements, such as balance sheets, income statements and cash flow statements, for publicly traded companies and many private companies internationally.
- (xii) “Government” means the government of Barbados and any duly authorized Ministry, Department, agency, statutory board, company or instrumentality of Government;
- (xiii) “International Financial Reporting Standards” means the entire body of International Accounting Standards Board (IASB) pronouncements, including standards and interpretations approved by the IASB, the international Accounting Standards (IAS) and Standing Interpretations Committee (SIC) interpretations approved by the predecessor International Accounting Standards Committee;
- (xiv) "Joint Operating Agreement" means an agreement between persons who jointly apply for or hold a licence, that governs the relationship between those persons in respect of the rights and liabilities under the licence;
- (xv) "Licence Area" means the area subject to this Exploration Licence issued pursuant to the Act, which is delineated in paragraph 5 and shown on the map in Schedule 1 attached hereto, but does not include:
 - (a) an area which becomes subject to a Production Licence;
 - (b) an area relinquished pursuant to the Act; or
 - (c) an area surrendered pursuant to the Act;
- (xvi) “Licence Year” means a period of twelve (12) consecutive months within the term of this Exploration Licence, beginning on the Effective Date or any anniversary thereof;
- (xvii) “Local Content” means the local component of goods, services and human resources employed in the conduct of Petroleum Operations under this licence;
- (xviii) “Minimum Exploration Commitments” means the work programme and/or financial commitments of the Licensee in connection with each respective phase of the exploration period.

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- (xix) "Participating Interest" means the Licensee's undivided share in the rights, interests, obligations and liabilities of the Parties derived from this Exploration Licence.
- (xx) "Petroleum Operations" means activities related to the exploration for petroleum and the development and production of petroleum within the Licence Area, and also includes other activities connected with those operations, such as the gathering, separation and treatment, storage and transportation of petroleum to a point of export or to an agreed point of supply within Barbados;
- (xxi) "Production Licence" means a licence which authorises a Licensee to undertake production activities in a delimited area;
- (xxii) "Regulations" means the Offshore Petroleum Regulations, 2013, made under the Act, as it may be amended from time to time;
- (xxiii) "Signature Bonus" means the bonus offered and paid by the Licensee pursuant to direct negotiations to secure this Exploration Licence; and
- (xxiv) Construction - The headings and captions herein are inserted for convenience of reference only and are not intended to govern, limit, or aid in the construction of any term or provision hereof. It is the intention of the Parties that every covenant, term, and provision of this Exploration Licence shall be construed simply according to its fair meaning and not strictly for or against any Party. Furthermore, all Parties agree to act in good faith and any approvals or consents or the like contemplated herein shall not be unreasonably withheld. If a decision as to any such approval or consent or the like is not communicated within the specified period provided herein, such decision will be deemed to have been approved or granted, as the case may be.

Further, unless the context requires otherwise:

- (a) words and expressions defined in the Act or Regulations and used in this Exploration Licence have the same meaning in this Exploration Licence as they have in the Act or Regulations;
- (b) reference to any statutory provision includes reference to any subordinate legislation and regulations made under that provision as of the Effective Date;
- (c) terms defined in paragraph 2 or elsewhere in this Exploration Licence have the meanings assigned to them in that paragraph for purposes of this Exploration Licence;

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- (d) the gender (or lack of gender) of all words used in this Exploration Licence includes the masculine, feminine, and neuter;
- (e) references to Articles and Sections (other than in connection with the Offshore Petroleum Act, Chapter 282A, Offshore Petroleum Regulations 2013, or other applicable Law) refer to paragraphs and sub-paragraphs, respectively, of this Exploration Licence unless otherwise indicated by the context thereof;
- (f) the words “herein,” “hereof,” “hereunder,” and other words of similar import refer to this Exploration Licence as a whole and not to any particular paragraph or sub-paragraph;
- (g) “include, “includes,” and “including” mean “include, without limitation,” “includes, without limitation,” and “including, without limitation,” respectively;
- (h) terms defined herein include the plural as well as the singular;
- (i) all references to Schedules or Exhibits are to Schedules or Exhibits attached to this Exploration License, each of which is made a part of this Exploration Licence for all purposes;
- (j) the serial comma is sometimes included and sometimes omitted, its inclusion or omission shall not affect the interpretation of any phrase; and
- (k) whenever any action must be taken hereunder on or by a day that is not a Business Day, then such action may be validly taken on or by the next day that is a Business Day.

3. Licensee

This Exploration Licence is issued to
(hereinafter called the “Licensee”).

Name:.....

Address:.....
.....
.....
.....

Subject to paragraph 7, the participating interest share of the Licensee is:
..... percent (...%).

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Except as expressly provided elsewhere in this Exploration Licence, in the event that Petroleum Operations do not produce a commercial discovery of petroleum in the Licence Area as a result of

- (i) the Licensee opting not to proceed to the second or third phases as provided for in this Exploration Licence; or
- (ii) the Licensee not making a commercial discovery at the end of the third phase,

then the Licensee shall not be entitled to any reimbursement or compensation for any of its expenditure incurred during the Petroleum Operations.

4. Exploration Rights

This Exploration Licence grants the Licensee an exclusive right to explore for and to appraise petroleum in the Licence Area specified in paragraph 5, which rights shall be exercised by the Licensee (and the Licensee hereby undertakes that it shall exercise those rights) subject to and in accordance with the Act and Regulations.

5. Licence Area

The Licence Area totalling square kilometres, shown on the map in Schedule 1, is defined by the coordinates in Schedule 1 delineated according to the Mercator projections (21N latitude of true scale) referred to the International Geodesic System WGS-84.

6. Duration of Exploration Licence

- (i) This Exploration Licence is valid for a period of up to eight (8) years from the Effective Date, divided into consecutive phases as follows:
 - (a) an obligatory first phase of (..) years;
 - (b) an optional second phase of (..) years; and
 - (c) an optional third phase of (..) years.
- (ii) The Licensee's right to enter into the next optional phase is subject to it having fulfilled its obligations for the then current phase.
- (iii) The Licensee shall notify the Designated Authority of its election to enter into (or not to enter into) the optional second or third phase at least one hundred

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and twenty (120) days prior to the end of the first or second phase, as the case may be.

- (iv) If the Licensee does not elect to enter the next phase, this Exploration Licence shall automatically terminate with effect from the end of the then current phase and this licence shall terminate in any event on the expiry of the term of eight (8) years except for any portion of the Licence Area which is subject to an extension pursuant to sub-paragraph (v) below.
- (v) Where insufficient time is available during the Exploration Licence to complete the commercialization determination under an appraisal plan approved by the Designated Authority, the Licensee shall make written application to the Designated Authority not less than sixty (60) days before the end of the final phase of the Exploration Licence, for an extension of the term of the Exploration Licence for a period during which a commercialization determination may be made. Such application shall not be unreasonably refused by the Designated Authority and the extension shall be issued in the form as provided for in the Regulations.
- (vi) If pursuant to section 18 of the Act, the Licensee submits a preliminary plan for the evaluation of a discovery for non-associated natural gas in sufficient detail to be able to seek a market for such natural gas, the Licensee shall be entitled, subject to any extension of the Exploration Licence (if required), to retain the natural gas discovery for a market development phase. If the Licensee requests a market development phase for such natural gas discovery, the Designated Authority and the Licensee shall, within sixty (60) days after such election, define by mutual agreement, the portion of the Licence Area to be subject to such market development phase. The duration of such market development phase shall not exceed such period as is reasonably required by the Licensee to conduct such market development and the Designated Authority shall not unreasonably withhold any approval of an extension to this Exploration Licence requested by the Licensee necessary for the purposes of such market development. The market development phase shall end on the first to occur of:
 - (a) the date on which the natural gas discovery is declared a commercial discovery;
 - (b) the date that the Licensee voluntarily surrenders the market development area; or
 - (c) the expiry of any extension to this Exploration Licence granted for the purposes of the market development phase under this sub-paragraph (vi).

7. State Participation

- (i) An undivided per cent (....%) interest in a Production Licence shall be reserved for the following state entity (hereinafter called the “State Participant”).

Name:

Address:
.....

- (ii) The interest shall be subject to the following conditions:
 - (a) Within thirty (30) days after the filing of an application for a Production Licence, the State Participant shall be entitled to exercise the interest referred to in sub-paragraph (i) above.
 - (b) The State Participant’s share of costs shall be carried by the Licensee until First Production.
 - (c) The State Participant will assume its share of costs in the Production Licence commencing at First Production in accordance with the first approved production work programme and budget.
 - (d) Following notification of a discovery to the Designated Authority, the Licensee shall provide to the State Participant copies of all studies, evaluations, results of appraisals and other information that relates to the discovery that the State Participant may request.
 - (e) Subject to sub-paragraph (f) below, the Licensee shall be entitled to reimbursement of all carried costs incurred by the Licensee on behalf of the State Participant, excluding the cost associated with dry holes, from the Effective Date of the Exploration Licence.
 - (f) The State Participant and the Licensee shall execute a Joint Operating Agreement contemporaneously with the approval by the Designated Authority of the assignment of an undivided per cent (%) interest to the State Participant in the Production Licence to be granted to the Licensee pursuant to paragraph 8. The Joint Operating Agreement shall be based on the 2012 Association of International Petroleum Negotiators (“AIPN”) Model Form International Operating Agreement and the 2012 AIPN Model Form Accounting Procedures but with such variations as shall be negotiated and agreed between the State Participant and the Licensee. The State Participant and the Licensee shall endeavour to agree to the form of the said Joint Operating Agreement no later than eighteen (18) months after the signature date.

8. Production Licence

- (i) In accordance with section 24 of the Act, the Licensee has the exclusive and unconditional right to apply for a Production Licence in respect of a commercial discovery with respect to the Licence Area. The Designated Authority shall grant a Production Licence where the Licensee has satisfied the work programme set out in this Exploration Licence and otherwise complied with the requirements of the Act. The terms and conditions of the resulting Production Licence shall not conflict with the terms and conditions of this Exploration Licence.
- (ii) The area in respect of which a Production Licence is granted to the Licensee under this paragraph 8 shall, as from the date of the grant of such Production Licence, be severed from and no longer form part of the Licence Area for the purposes of this Exploration Licence.

9. Operator

- (i) The operator designated to execute and cause to be executed all of the work inherent to this Exploration Licence is:

Name:

Address:
.....
.....
.....
.....
- (ii) Any change of operator shall require prior written approval from the Designated Authority.

10. Exploration Work Programme

- (i) The Licensee shall commence exploration activities hereunder within ninety (90) days after the Effective Date. Such exploration activities shall be diligently and continuously carried out for the duration of the Exploration Period in accordance with Best Industry Practice.
- (ii) During the first phase of the Exploration Period the Licensee shall carry out and complete at least the following Minimum Exploration Commitments:
 - (a) G&G Studies:

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Minimum expenditure commitment:.....United States Dollars (US\$)

(b) Seismic:

Acquire and process to industry standards a minimum of line kilometres of seismic, including onboard gravity and magnetics.

Minimum expenditure commitment:United States Dollars (US\$)

(c) Final Report:

Evaluate, integrate and map all G&G data related to the Licence Area, as well as the seismic, gravity and magnetics data acquired and processed during the first obligatory phase of the Exploration Period. This is to be submitted in the form of a final report.

TOTAL EXPENDITURE COMMITMENT:.....United States Dollars (US\$)

(iii) During the optional second phase of the Exploration Licence, the Licensee shall carry out the following work programme:

(a) G&G Studies:

Minimum expenditure commitment:United States Dollars (US\$)

(b) Seismic:

Acquire and process to industry standards a minimum of

Minimum expenditure commitment:United States Dollars (US\$)

Final Report:

Evaluate, integrate and map all G&G data related to the Licence Area, as well as the seismic, gravity and magnetics data acquired and processed during the second phase of the Exploration Period. This is to be submitted in the form of a final report.

TOTAL EXPENDITURE COMMITMENT:United States Dollars (US\$)

(iv) During the optional third phase of the Exploration Licence, the Licensee shall carry out the following minimum work programme:

(a) Evaluate, integrate and map all data related to the Licence Area.

(b) Drilling:

Drill one (1) well to at least one of the following depths to test the prospectivity of the Licence Area:

-true vertical depth below mudline or deeper, as agreed by the Designated Authority and the Licensee, based on the results of previously acquired and interpreted data, or
- economic basement, whichever is shallower.

For the avoidance of doubt, “Economic Basement” means any stratum in and below which the geological structure or physical characteristics of the rock sequence do not have the properties for the accumulation of petroleum in commercial quantities and which reflects the maximum depth at which any such accumulation can be reasonably expected.

If the drilling to such depth is impossible or imprudent in accordance with Best Industry Practice or the well has penetrated a stratigraphic horizon or Economic Basement, beyond which the objectives of the exploration drilling programme cannot or will not be realized, the Licensee may, with the approval of the Designated Authority, discontinue such drilling operations.

**TOTAL EXPENDITURE COMMITMENT: (\$.....)
CUMULATIVE FINANCIAL COMMITMENT: (\$.....)**

(v) The Licensee must obtain prior approval of the Designated Authority to amend this work programme.

(vi) If during an exploration phase, the Licensee should spend more than the amount of money required to be spent on the work programme, the excess may, with the approval of the Designated Authority, be subtracted from the amount of money to be so expended by the Licensee during the next exploration phase. Where in any exploration phase, the Licensee expends less than the minimum expenditure commitment required to be expended, an amount equal to the under expenditure shall be carried forward to the next phase or paid to the Designated Authority unless, on prior written application

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from the Licensee, the Designated Authority agrees that the amount of the under expenditure may be waived. Unless otherwise agreed by the Designated Authority, if this Exploration Licence is cancelled, surrendered or otherwise terminated, the Licensee shall, within sixty (60) days of receiving a request for payment, pay to the Designated Authority the amount by which the Licensee's expenditure falls short of the expenditure commitment (or revised expenditure commitment) for the phase during (or at the end of) which this Exploration Licence is cancelled, surrendered or terminated.

- (vii) The Licensee shall present to the Designated Authority for approval with respect to each Calendar Year during the Exploration Period an annual work programme and budget for the Licence Area and, for each Calendar Year after the first, an interim report detailing the work actually or projected to be undertaken and the Licensee's expenditures (actual and projected) in respect of the then current Calendar Year against the work and expenditures identified in the original work programme and budget for that year. The Designated Authority shall respond within ninety (90) days of receipt. The first such programme and budget shall be submitted within thirty (30) days after the Effective Date and each subsequent annual work programme and budget shall be submitted at least sixty (60) days prior to the commencement of the relevant Calendar Year. The interim work and expenditures report shall be submitted no later than September 1 of the relevant Calendar Year. The Licensee shall present to the Designated Authority for approval a final version of the work and expenditures report within sixty (60) days following the end of the relevant Calendar Year.

11. Joint Operating Agreement

- (i) Where there is more than one licensee party to this Exploration Licence, a Joint Operating Agreement shall be presented to the Designated Authority no later than thirty (30) days after its execution.
- (ii) Any amendments to the Joint Operating Agreement made thereafter to such agreement shall be submitted to the Designated Authority for his approval thirty (30) days prior to the execution of the proposed changes.
- (iii) There shall be no change of operator under this Exploration Licence unless the change has been approved by the Designated Authority.

12. Guarantees

- (i) Within sixty (60) days after the Effective Date of the Exploration Licence, and within thirty (30) days after the commencement of each subsequent optional phase of the Exploration Licence, the Licensee shall provide the Designated Authority with a guarantee for the amounts set forth below in order to

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guarantee the performance of the work programme specified in paragraph 10 for the applicable exploration phase. The guarantees shall be provided by the Licensee’s parent company or Affiliate that is acceptable to the Designated Authority and shall be in the form as that attached hereto in Schedule 2.

- (ii) The respective amounts of the guarantees for obligations arising out of the work programme referred to in paragraph 10 shall be:
 - (a) for the first exploration phase: US\$
 - (b) for the optional second exploration phase: US\$
 - (c) for the optional third exploration phase: US\$
- (iii) In the event of partial performance of the work programme, the Licensee shall make an application to the Designated Authority for approval for a reduction in the value of the guarantee. The Licensee shall notify the Designated Authority why it is unable to fully perform the work program. Otherwise, the amount of any guarantee shall be adjusted to reflect any variations to the expenditure commitment for any exploration phase arising from the application of paragraph 10(vii).
- (iv) Where the Licensee has failed to perform all or any part of the work programme in any phase entered into in accordance with this Exploration Licence:
 - (a) at the end of that phase of the Exploration Period; or
 - (b) at the end of an approved period in respect of any exploration area subject to an extension granted pursuant to sub-paragraph (v) of paragraph (6); or
 - (c) at the end of an approved period in respect of an appraisal plan; or
 - (d) upon termination of this Exploration Licence, and

where approval pursuant to sub-paragraph (iii) was not given, the Designated Authority may demand from the Licensee the entire amount by which the value of the work performed falls short of the applicable sum guaranteed as referred to in sub-paragraph (ii) above. If Licensee fails to pay that amount in cleared funds within ten (10) days of receipt of a written notice from the Designated Authority indicating the amount due to be paid, the Designated Authority may make demand in accordance with the guarantee including the cost of enforcing the guarantee.

13. Relinquishment

- (i) The Licensee shall, other than after the final exploration phase, relinquish per cent (....%) of the Licence Area after each phase of the Exploration Licence.
- (ii) At the end of the final phase, the Licensee shall relinquish any remaining Licence Area, not subject to:
 - (a) a Production Licence;
 - (b) activities specified in an approved appraisal plan; or
 - (c) additional exploration activities specified in an approved Exploration Licence extension.

Unless the Licence Area is earlier surrendered or the Exploration Licence is cancelled, the Licensee shall furnish the Designated Authority with a description of the boundaries of the part to be relinquished not less than thirty (30) days in advance of the end of each applicable phase of the Exploration Licence.

14. Management Committee

- (i) Within thirty (30) days after the Effective Date of the Exploration Licence, a Management Committee composed of four (4) members, two (2) of whom shall be appointed by the Designated Authority and two (2) by the Licensee, shall be established. A Party, by at least ten (10) days' notice to the other Party, may replace one or more of its members on the Management Committee. The chairman of the Management Committee shall be appointed by the Designated Authority from the members appointed by him. Additional representatives of either Party may attend as observers, experts, advisors or alternate members.
- (ii) The mandate of the Management Committee is to assist the Licensee in its activities under this Exploration Licence by providing a forum for continuous dialogue and flow of information between the Designated Authority and the Licensee regarding the Licensee's planned activities and progress related to the Licence Area. The Management Committee shall review proposals for revisions to the agreed annual work programmes and periodically evaluate the Licensee's progress in respect of agreed annual work programmes and other matters related to ongoing Petroleum Operations under the Exploration Licence.
- (iii) Ordinary meetings of the Management Committee shall be held not less than twice annually in Bridgetown, Barbados, or any other location agreed to by

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the Parties. Special meetings of the Management Committee may also be called upon reasonable notice by either Party for the purpose of considering any major developments or issues related to the activities under the Exploration Licence.

- (iv) The Licensee shall prepare a proposed agenda for the Designated Authority’s consideration not less than fourteen (14) days prior to the meeting. The minutes of a meeting shall be prepared by the Licensee, circulated, approved and signed by a representative of each Party within thirty (30) days after the date on which the meeting is held. A copy of such minutes shall be delivered to each of the Parties for information and appropriate action.
- (v) The Management Committee may, from time to time, designate one or more technical committees, composed of specialists appointed by each of the Parties to assist as required.

15. Minimum Annual Training Expenditure

- (i) For the purpose of the training of residents of Barbados and in accordance with the Regulations, the Licensee commits, subject to sub-paragraph (ii), to the following minimum annual training expenditure, payable directly to the Designated Authority: the sum of United States Dollars (US\$).
- (ii) The minimum annual training expenditure specified in sub-paragraph (i) shall be:
 - (a) payable within thirty (30) days from the Effective Date and within thirty (30) days of each anniversary of the Effective Date thereafter during the Exploration Period; and
 - (b) increased annually after the first Licence Year at a rate equivalent to the United States Industrial Goods Producer Price Index (“USIGPPI”) or agreed alternative, plus three per cent (3%); and
 - (c) without prejudice to the obligations of the Licensee to submit and implement training plans pursuant to paragraph 20 below.
- (iii) The contributions made by the Licensee under this Paragraph 15 will be used solely for the valid purposes stated herein and for no other purpose whatsoever.

16. Coastal and Marine Environment Research Fee

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- (i) For the purpose of coastal and marine environmental research, the Licensee commits, subject to sub-paragraph (ii), to the following annual coastal and marine environment research fee, payable directly to the Designated Authority: the sum of United States Dollars (US\$).
- (ii) The annual fee specified in sub-paragraph (i) shall be:
 - (a) payable within thirty (30) days from the Effective Date and within thirty (30) days of each anniversary of the Effective Date thereafter during the exploration period; and
 - (b) increased annually at a rate equivalent to the USIGPPI (or agreed alternative) plus three per cent (3%).
- (iii) The contributions made by the Licensee under this Paragraph 15 will be used solely for the valid purposes stated herein and for no other purpose whatsoever.

17. Signature Bonus

A Signature Bonus of United States Dollars (US\$.....), payable to the Government of Barbados, shall be made within thirty (30) days from the Effective Date of this Exploration Licence.

18. Other Financial Obligations

- (i) Licence Area fees are payable by the Licensee in accordance with section 46 of the Act and the Third Schedule to the Regulations.
- (ii) The Licensee’s financial obligations shall also consist of the following;
 - (a) A one-time payment of United States Dollars (US\$.....) to supplyto the Energy Division or the State Participant. This payment shall be made to the Designated Authority, within thirty (30) days after the Effective Date of the Exploration Licence.
 - (b) In consultation with the Designated Authority, a one-time payment in the amount of United States Dollars (US\$.....) to an appropriate program or field of study associated with the petroleum industry to..... This payment shall be made to the Designated Authority, within thirty (30) days after the Effective Date of the Exploration Licence.

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- (c) In consultation with the Designated Authority, funding the award of (..) scholarships annually during the first three (3) years of the Exploration Licence for the training of Barbadian nationals in appropriate fields of study associated with the petroleum industry, such as geosciences, petroleum engineering, environmental studies and oil and gas law. The value of each scholarship shall be United States Dollars (US\$.....) per scholarship per annum. The annual aggregate sum of these payments shall be made to the Designated Authority within thirty (30) days after the Effective Date of the Exploration Licence and within thirty (30) days of each anniversary of the Effective Date thereafter during the first three (3) years of the Exploration Licence. If any of the scholarships are not awarded and/or funded by the Licensee in any particular Licence Year the outstanding balance shall be carried forward and applied in addition to the scholarship value available for the succeeding Licence Year.
- (iii) If the Licensee elects to enter into the optional second or third phases of the Exploration Licence, these scholarship commitments shall be continued at the same or, if agreed by the Parties, at higher values during the particular phase and payable within thirty (30) days of commencement of each new phase and within thirty (30) days after the anniversary date of the Effective Date of such new phase.
- (iv) If any moneys due to the Designated Authority remain unpaid after the due date then, without prejudice to any other rights or remedies, the Designated Authority shall be entitled to receive interest payable by the Licensee on the amount due from the day falling immediately after the due date to and including the date on which the moneys are paid at the rate equivalent to London Interbank Offered Rate for one month U.S. dollar deposits plus three per cent (3%).
- (v) The contributions made by the Licensee under this paragraph 18 will be used solely for the purposes stated herein and for no other purpose whatsoever.

19. Appraisal Plans

- (i) Where there is a discovery that warrants further appraisal to determine whether it is a commercial discovery, the Licensee shall submit an appraisal plan for approval by the Designated Authority within sixty (60) days of the date of notification of the discovery. The appraisal plan shall specify a period not exceeding two (2) years during which the work set out in the plan is to be completed and the Licensee shall complete the work within the specified time and in accordance with the plan.
- (ii) The Licensee shall not amend the appraisal plan without the approval of the Designated Authority, and, by undertaking work pursuant to the plan, is

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considered to have completed the work programme set out in the Exploration Licence. The Licensee shall within thirty (30) days of the completed work specified in the appraisal plan state whether the discovery either by itself or in conjunction with another discovery in the Licence Area, is a commercial discovery.

- (iii) If the Licensee applies for approval for an appraisal plan or an amendment to an appraisal plan and the Designated Authority does not approve the plan or the amendment, the Designated Authority shall within ninety (90) days notify the Licensee of the reason for the decision and the measures that the Licensee is required to take for the plan or amendment to be approved. Subject to sub-paragraph (iv) below, the Licensee shall revise the plan or amendment as indicated by the Designated Authority and resubmit the plan or the amendment for approval within thirty (30) days of notification from the Designated Authority.
- (iv) If the Licensee does not agree with the measures proposed by the Designated Authority to approve the appraisal plan or amend the previously approved appraisal plan, in accordance with regulation 13 of the Regulations, the Licensee shall notify the Designated Authority in writing within thirty (30) days after receipt of such proposed measures and state its reasons for disagreement. The Designated Authority and the Licensee shall discuss the matter with a view to resolving any differences.
- (v) If the Parties are unable to resolve any differences between them the Parties shall on notice of a demand from either Party seek to settle the dispute by mediation in accordance with sub-paragraph (i) of paragraph 25 below.
- (vi) If settlement is not reached within sixty (60) days after service of the written demand for mediation, either Party may, by written notice to the other Party, request that the dispute be referred for determination by a sole expert to be appointed by mutual agreement between the Parties. Such sole expert shall be an internationally recognized specialist in the interpretation of the subject under dispute. If the Parties are unable to agree on designation of the expert within thirty (30) days following the submission of written notice under this sub-paragraph, the expert shall be named by the International Centre for Dispute Resolution (“ICDR”). Such sole expert’s determination shall be final and binding on both Parties. As an alternative to the procedure described herein, and if agreed upon by the Parties, such dispute may be referred to the arbitration process stipulated in sub-paragraphs (ii) and (iii) of paragraph 25.

20. Training Plans

- (i) The Licensee shall submit a training plan for the training of residents of Barbados within thirty (30) days prior to the commencement of a Licence

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Year, for the approval of the Designated Authority. The plan should include provision for the following in respect of that Licence Year:

- (a) in-house training;
 - (b) institutional, tertiary training;
 - (c) training of personnel employed by the Designated Authority;
 - (d) training of personnel employed by a state entity;
 - (e) acceptance of interns;
 - (f) all positions including administrative, technical and executive management positions in respect of:
 - the conduct of Petroleum Operations;
 - the provision of goods and services related to the conduct of Petroleum Operations; and
 - the private sector, state entities and the State;
 - (g) the transfer of knowledge of petroleum technology and the necessary management experience in order to enable residents of Barbados to use, in Petroleum Operations, the most advanced and appropriate technology available including proprietary and patented technology, and other confidential technology, subject to appropriate confidentiality agreements; and;
 - (h) the replacement, by residents of Barbados, of the personnel of the Licensee who are not residents of Barbados.
- (ii) The Parties acknowledge that a plan for each Licence Year in the first phase of this Exploration Licence which is consistent with the provisions of Schedule 3 will be sufficient for the purposes of sub-paragraphs (i) (a) to (i) (e) above.
- (iii) If the Designated Authority does not approve the plan or the amendment of a plan previously approved by him within thirty (30) days, the Designated Authority shall notify the Licensee of the reason for the decision and the measures that the Licensee is required to take for the plan or amendment to be approved. Subject to sub-paragraph (iv) below, the Licensee shall revise the plan or amendment as specified by the Designated Authority and resubmit the plan or the amendment for approval within thirty (30) days of notification from the Designated Authority.

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- (iv) If the Licensee does not agree with the measures proposed by the Designated Authority to approve the training plan or amend a previously approved training plan, the Licensee shall so notify the Designated Authority in writing within thirty (30) days after receipt of such proposed measures and state its reasons for disagreement. The Designated Authority and the Licensee shall discuss the matter with a view to resolving any differences. If the Parties are unable to reach mutual agreement within sixty (60) days after the Licensee's written notification, the Licensee may request determination pursuant to the dispute resolution process stipulated in paragraph 25.

21. Procurement Plans

- (i) A Licensee shall, at least fifteen (15) days prior to the commencement of a Licence Year, submit to the Designated Authority for approval, a Procurement Plan in respect of that Licence Year.
- (ii) The Licensee shall in the Procurement Plan:
 - (a) include a list of contracts for equipment, facilities, goods, materials, supplies and services required for Petroleum Operations in the following year;
 - (b) identify any equipment, facilities, goods, materials, supplies and services on the list which the Licensee believes are not available from suppliers that are resident in Barbados; and
 - (c) provide details of the process to be used to procure goods and services.
- (iii) If the Licensee applies for approval for a Procurement Plan or an amendment to a Procurement Plan and the Designated Authority does not approve the plan or the amendment within thirty (30) days, the Designated Authority shall notify the Licensee of the reason for the decision and the measures that the Licensee is required to take for the plan or amendment to be approved. Subject to sub-paragraph (vi) below, the Licensee shall revise the plan or amendment as indicated by the Designated Authority and resubmit the plan or amendment for approval within thirty (30) days of notification from the Designated Authority.
- (iv) Where the Designated Authority approves a Procurement Plan, the Designated Authority shall make the plan available for inspection by the public by publication in at least two (2) daily newspapers and by any other means, including electronic means.

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- (v) The Licensee shall, where reasonably practicable, procure goods and services required for Petroleum Operations in accordance with the Procurement Plan of the Licensee.
- (vi) If the Licensee does not agree with the measures proposed by the Designated Authority to approve the Procurement Plan or amend the previously approved Procurement Plan, in accordance with regulation 59 of the Regulations, the Licensee shall notify the Designated Authority in writing within thirty (30) days after receipt of such proposed measures and state its reasons for disagreement. The Designated Authority and the Licensee shall discuss the matter with a view to resolving any differences.
- (vii) If the Parties are unable to reach mutual agreement within sixty (60) days after the Licensee's written notification, the Licensee may request determination pursuant to the dispute resolution process stipulated in paragraph 25.
- (viii) The Licensee may only sub-contract all or any parts of the performance of its obligations under this Exploration Licence in accordance with a Procurement Plan approved by the Designated Authority and all sub-contracting by the Licensee is on condition that:
 - (a) the Licensee shall remain responsible for all the acts and omissions of its subcontractors as fully as if they were the acts and omissions of the Licensee or its employees or agents;
 - (b) the Licensee will remain the Designated Authority's sole point of contact in relation to this Exploration Licence; and
 - (c) the Licensee shall incorporate appropriate provisions in the relevant sub-contract to enable the Licensee to comply fully with its obligations under this Exploration Licence.

22. Recruitment Plans

- (i) The Licensee shall, within thirty (30) days prior to the commencement of a Licence Year, submit to the Designated Authority for approval, a Recruitment Plan in respect of that Licence Year.
- (ii) The Licensee shall include in the plan:
 - (a) the process to be utilised for employing personnel;
 - (b) the programme to be implemented for the gradual replacement of foreign personnel by residents of Barbados including the action to occur in the year;

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- (c) details of all new positions to be filled during the year including the title, level, responsibility and required skill set; and
 - (d) details of all payments, benefits and privileges accorded to each classified category of the personnel of the Licensee to ensure that all personnel in the same category enjoy equal conditions irrespective of nationality.
- (iii) If the Licensee applies for approval for a Recruitment Plan or an amendment to a Recruitment Plan and the Designated Authority does not approve the plan or the amendment within thirty (30) days, the Designated Authority shall notify the Licensee of the reason for the decision and the measures that the Licensee is required to take for the plan or amendment to be approved. Subject to sub-paragraph (iv) below, the Licensee shall revise the plan or amendment as indicated by the Designated Authority and resubmit the plan or amendment for approval within thirty (30) days of notification from the Designated Authority.
- (iv) If the Licensee does not agree with the measures proposed by the Designated Authority to approve the Recruitment Plan or amend the previously approved Recruitment Plan, in accordance with regulation 60 of the Regulations, the Licensee shall notify the Designated Authority in writing within thirty (30) days after receipt of such proposed measures and state its reasons for disagreement. The Designated Authority and the Licensee shall discuss the matter with a view to resolving any differences.
- (v) If the Parties are unable to reach mutual agreement within sixty (60) days after the Licensee's written notification, the Licensee may request determination pursuant to the dispute resolution process stipulated in paragraph 25.

23. Insurance

- (i) From the Effective Date and throughout the exploration period the Licensee shall effect and maintain all insurance required by applicable law and such other insurance as may be agreed with the Designated Authority from time to time in conformity with Best Industry Practice. The Licensee shall insure with a respectable insurance company that shall repay claims in convertible currency. .
- (i)
- (ii) All such policies of insurance with respect to the operations of the Licensee shall name the Government of Barbados as an additional named insurer or "loss payee" and shall contain an express waiver of subrogation against the Government and the Designated Authority.

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- (iii) The Licensee shall provide the Designated Authority with copies of all policies of insurance.
- (iv) The Licensee shall actively pursue any claims against the insurers. Any amount received from insurance settlements shall be applied and accounted for in accordance with the claims of each Party.
- (v) The Licensee shall not self-insure or insure through Affiliates without the specific prior written approval of the Designated Authority.
- (vi) The Licensee may, with the prior written approval of the Designated Authority, utilise its normal worldwide insurance programmes and coverage to satisfy these insurance requirements.

24. Books of Account, Financial Reporting and Audit

- (i) The Licensee shall maintain, in accordance with Generally Accepted Accounting Principles and international Financial Reporting Standards, books of account, financial records and other books and records as may be necessary to show the work performed under the Exploration Licence, the costs incurred and the quantity and value of all petroleum produced and saved from the Licence Area.
- (ii) The Licensee shall prepare for each Calendar Year financial statements reflecting a balance sheet and profit and loss statement reflecting its operations under the Exploration Licence. Accounting methods, rules and practices applied for determining revenue and expense shall be consistent with sound and usual Best Industry Practice and the laws of Barbados.
- (iii) Upon the Designated Authority's request and cost, the Designated Authority shall have the right to inspect and audit the Licensee's books, accounts and records relating to the Petroleum Operations conducted under the Exploration Licence for the purpose of verifying the Licensee's compliance with the terms and conditions hereof. Upon reasonable advance notice such books, accounts and records shall be made available in Barbados at all reasonable times for inspection and audit by duly authorized representatives of the Designated Authority, including independent auditors that may be employed by it.

25. Dispute Resolution

- (i) In the event of any controversy or claim arising out of or relating to this contract, or a breach thereof, the Parties hereto agree first to try and settle

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the dispute by mediation. The Parties may agree on the appointment of a mediator or where the Parties cannot agree on a mediator and:

- (a) the Designated Authority is not a party to the dispute, either Party may apply to the Designated Authority for the appointment of a mediator; or
 - (b) the Designated Authority is a party to the dispute, either Party or the Designated Authority may refer the matter to mediation, administered by the International Centre for Dispute Resolution (“ICDR”) under its Mediation Rules.
- (ii) If settlement is not reached within sixty (60) days after service of a written demand for mediation, any unresolved controversy or claim arising out of or relating to this contract shall be settled by and in accordance with the Rules of Arbitration of the United Nations Commission in International Trade law (UNCITRAL) then in effect, which Rules are deemed to be incorporated by reference into this sub-paragraph. The issue or dispute shall be referred to the determination of two (2) arbitrators, one to be appointed by each Party to the dispute and both arbitrators shall select an umpire before entering upon the matters submitted to them for determination. In the event that the arbitrators fail to agree, the umpire shall resolve the question or dispute. The decision of such arbitrators or the umpire shall be final and binding on the Parties.
- (iii) Unless otherwise agreed by the Parties, and subject as provided below, the place and seat of arbitration shall be London, England; provided that on prior written request from the Designated Authority all or any part of the hearings may take place in Barbados. The arbitration proceedings shall be conducted in the English language. The resulting arbitral award shall be final and binding and judgement upon such award may be entered by a court of competent jurisdiction.

26. Application of Barbadian Law

All activities conducted under this Exploration Licence shall be governed by the laws of Barbados. In the absence of a specific Barbadian law governing any matter that may be raised, the principles of international law relating to oil and gas shall apply

27. Fiscal/Economic Stabilization

- (i) The Parties base their relationship hereunder on the principles of mutual goodwill, good faith and mutual benefit with respect to the investment guarantees and other rights accorded to investors in accordance with the laws of Barbados.

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(ii) The Government of Barbados and the Designated Authority shall take all steps necessary to ensure that the Licensee will enjoy during the term of this Exploration Licence the material rights and benefits conferred as of the Effective Date of the Exploration Licence.

(iii) If after the Effective Date, existing law(s), regulation(s), or administrative order(s), including, without limitation, the Act, the Regulations, and the Offshore Petroleum (Taxation) Act, Chapter 80 (the “Tax Act”) are amended or repealed or new Act(s), Regulation(s), or other law(s) and administrative practice are introduced in Barbados or an official interpretation or application of changes of regulations of a law, or licence is cancelled, not renewed, or the conditions therefore are revised, and in all such cases these changes adversely, materially and substantially affect the economic interests of the Licensee under this Exploration Licence in a manner that could not be foreseen as of the Effective Date and that is not required by public necessity, then upon notice from the Licensee the Parties shall consult promptly with each other and make such changes to this Exploration Licence as are necessary both to maintain the Licensee’s material rights, benefits and interests hereunder as of the Effective Date of the Exploration Licence. In the event the Parties cannot reach an agreement on such changes, the question of whether a change is required, and what it should be, may be submitted to arbitration under clause 85 at the request of a Party.

(iv) For the avoidance of doubt, at the time when the Licensee was issued with this Exploration Licence under which the Licensee made a discovery that led to the issue or grant of a Production Licence, the Licensee shall pay:

(a) pursuant to section 49 of the Act, the rate of payment of the prescribed royalty; and

(b) pursuant to section 5 of the Tax Act, the rate of tax that was payable on the taxable income accruing to the Licensee that was payable at the Effective Date.

27. Assistance by the Designated Authority

(i) To enable the Licensee to implement this Exploration Licence expeditiously and efficiently, the Designated Authority shall, when specifically requested and where practical, assist the Licensee in the performance of its obligations under this Exploration Licence with:

(a) complying with import/export controls and regulations and custom formalities where applicable and, obtaining financial incentives and reliefs from VAT, customs and other duties for the importation and export of materials and equipment required for Petroleum Operations

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pursuant to sections 24 and 25 of the Offshore Petroleum (Taxation) Act; Cap 80;

- (b) obtaining entry and exit visas for the foreign employees of the Licensee and foreign subcontractors who may come to Barbados for the implementation and performance of this Exploration Licence;
 - (c) obtaining relevant work permits;
 - (d) obtaining access to all available geological, geophysical, drilling and well information relevant to the Licensee's exploration efforts in the Licence Area;
 - (e) obtaining licences or permits for pipelines, transportation and other required facilities;
 - (f) obtaining licences, permits and other required approvals from government agencies in connection with environmental related activities, including that of the Ministry of Environment; and
 - (g) dealing in general with the authorities of the Government of Barbados.
- (ii) All reasonable expenses incurred in the assistance provided by the Designated Authority shall be reimbursed by the Licensee.

28. Local Content

- (i) The Licensee shall train and employ nationals of Barbados as far as practicable for all work in the management and conduct of its operations for which they are suited. The Licensee agrees to provide training in all industry positions including administrative, technical and management, with a view to ultimately preparing local residents to replace positions held by expatriate personnel.
- (ii) The Licensee further agrees to the development and training of personnel employed by the Government who are involved in the monitoring, enforcement and undertaking of obligations or responsibilities in accordance with the Act.
- (iii) If the local supply of unskilled, skilled or technical employees should, in the reasonable judgment of the Licensee, be inadequate or unsuitable, even after or with the benefit of training, the Licensee shall have the right to recruit other employees from outside of Barbados.

29. Information and Data: Ownership and Confidentiality

- (i) Any and all data, reports, samples, information, interpretation of such data and all other information or work product pertaining to the Licence Area including, in particular, all data for which the cost was recorded by the Licensee as a cost of Petroleum Operations shall be the property of the Government.
- (ii) Except as provided in sub-paragraphs (iii), (iv) and (v), all data shall be maintained by the Parties as strictly confidential and shall not be divulged by either Party during the term of the Exploration Licence without prior written consent of the other Party, except to the extent required to comply with applicable law, unless such data become part of the public domain.
- (iii) Such confidentiality undertaking shall continue to apply to the Licensee for a period of five (5) years after the termination of the Exploration Licence. The Licensee shall not trade, sell or publish data pertaining to the Licence Area at any time without the prior written consent of the Designated Authority.
- (iv) A Party may disclose such information to its employees, Affiliates, consultants, banks, financial institutions, auditors, subcontractors and prospective assignees to the extent required for the efficient conduct of Petroleum Operations. Prior to making any such disclosures in circumstances where a duty of confidentiality owed by the recipient does not already exist, such Party shall obtain from such individuals or entities a written confidentiality undertaking to keep the data and information strictly confidential. The Licensee may also, upon written notice to the Designated Authority, make such disclosures as may be required by applicable law or the rules of a recognized stock exchange and such notice shall include copies of the information to be disclosed. For the avoidance of doubt, the Designated Authority may provide information to the State participant in pursuance of its rights under the Exploration Licence.
- (v) All data furnished under this Exploration Licence shall, subject to the exemptions in this sub-paragraph, be treated as strictly confidential for the term of this Exploration Licence or any extension or renewal hereof, except that the Designated Authority and the Licensee shall have the right to use such data for the purpose of any arbitration or litigation between the Designated Authority and the Licensee.
 - (a) Data related to Petroleum Operations in areas which have been relinquished by the Licensee, or where this Exploration Licence has terminated for whatever reason, may be released by the Designated Authority immediately on relinquishment or termination.
 - (b) Data related to the Petroleum Operations in areas not relinquished in accordance with the terms of this Exploration Licence may be

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released by the Designated Authority at the end of the eighth (8th) year of the Exploration Licence or upon the granting of a Production Licence if earlier, but in any event on termination of this Exploration Licence for whatever reason.

30. Force Majeure

- (i) Any failure on the part of the Licensee as a consequence of a Force Majeure event shall not constitute or be considered a breach of the Exploration Licence.
- (ii) If the Licensee is prevented from fulfilling its obligations under this Exploration Licence, the Licensee shall, in writing, promptly notify the Designated Authority and take all reasonable steps to investigate and remove the cause thereof. The Licensee shall promptly notify the Designated Authority, in writing, as soon as the Force Majeure event ends and shall as soon as is reasonably practicable resume fulfilment of its obligations.
- (iii) Where the Petroleum Operations of the Licensee are partially or totally suspended as a result of a Force Majeure event, the Designated Authority shall extend the Exploration Licence for the lesser of the following periods:
 - (a) a period which corresponds to the length of time for which the Petroleum Operations were suspended; or
 - (b) three (3) years.
- (iv) Where the Force Majeure event extends beyond three (3) years, the Designated Authority may issue a notice indicating that the Exploration Licence is cancelled. However, the Designated Authority shall not be permitted to cancel the Exploration Licence if the force majeure event was caused by the Government of Barbados.
- (v) Cancellation of the Exploration Licence pursuant to sub-paragraph (iv) does not absolve the Licensee of any obligation and liabilities that accrued prior to the cancellation of the Exploration Licence and which obligations and liabilities the Licensee was not prevented from fulfilling as a consequence of the Force Majeure event.

31. Notices

Any notice, request, report and other communications required or given under this Exploration Licence shall be deemed given when delivered in writing and shall be delivered either by hand to an authorized representative of the receiving Party, or

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sent by courier, telefax or email to the addresses set forth below (or such other address as may be so notified by the relevant Party to the other):

IF TO THE DESIGNATED AUTHORITY:

Physical address: The Permanent Secretary
 Ministry of Energy, Business Development and Consumer
 Affairs
 Trinity Business Centre
 Country Road
 St. Michael
 BARBADOS

Telephone No: (246) 535-2501

Email address:

IF TO THE LICENSEE:

Physical address:

Telephone No.:

Fax Number:

Email address:

with copy to:

Telephone No.:

Fax Number:

Email address:

32. Transfer or Assignment of Licence

(i) The Licensee shall not, without the approval of the Designated Authority, transfer or assign, wholly or partially, its rights or obligations under this

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Exploration Licence or grant any form of mortgage, charge, lien, pledge, encumbrance or security interest in or over any right or obligation under this Exploration Licence.

- (ii) The Designated Authority shall, within thirty (30) days of receipt of the application, notify the Licensee in writing of the decision to approve or not approve the transfer or assignment.
- (iii) Subject to sub-paragraphs (v) and (vi), the Licensee shall:
 - (a) unless the proposed transfer or assignment is to an Affiliate:
 - offer the transfer to the State, and to any person with a percentage interest in the Exploration Licence, with a period of thirty (30) days for acceptance or rejection of the offer, prior to offering the transfer or assignment to a third party; and
 - obtain the approval of any person with a percentage interest in the Exploration Licence for a transfer or assignment to a third party.
 - (b) not make a transfer or assignment under this paragraph to a person who is not qualified as an operator or a participant pursuant to section 8 of the Act.
- (iv) Notwithstanding sub-paragraph (iii)(b), where the Licensee is the operator under this Exploration Licence, the Licensee shall:
 - (a) not make a transfer or assignment under this paragraph to a person who is not qualified as an operator; and
 - (b) submit to the Designated Authority, with the application for approval to transfer or assign, an application for approval for a change of operator.
- (v) A Licensee shall not transfer or assign all or part of its interests under the Exploration Licence, or its right or interests in the Licence Area to a third party without first providing written notice to interested parties with information concerning its proposed transfer of assignment, including:
 - (a) the name and address of the prospective transferee;
 - (b) the percentage interest to be transferred or assigned; and
 - (c) the final terms and conditions of the transfer or assignment in full and complete detail

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For avoidance of doubt, “Interested Parties” in this paragraph 33 refers to “the State and any person with a percentage interest in the Exploration Licence.” “Interested Party” should be construed accordingly.

- (vi) The State shall always retain a preferred right of refusal to accept or reject the offer in its entirety, prior to the Licensee offering the right to any other person with a percentage interest in the Exploration Licence. Such preferred right shall be exercised by the State within thirty (30) days.
- (vii) If the State, or subsequently, the other Interested Party, exercises its right to accept the offer on the terms and conditions offered, without reservations or conditions, within thirty (30) days of receipt of such notification, such party shall acquire the available interest accordingly.
- (viii) If the State, and subsequently, the other Interested Party, refuses the offer, the Licensee shall have the right to complete the transfer or assignment to a third party on terms and conditions no more favorable than those offered to either the State or Interested Party.
- (ix) The Licensee shall ensure that a transfer or assignment is:
 - (a) in writing and executed by the Licensee and the assignee; and
 - (b) submitted to the Designated Authority for the Designated Authority to endorse on the transfer or assignment his approval of the transfer or assignment.
- (x) The Licensee shall not, by virtue of a transfer or assignment under this paragraph, be relieved of any obligations and liabilities which it incurred prior to the transfer or assignment, except to the extent such obligations are performed by the assignee.

33. Change of Control of Licensee

There shall be no change of control of the Licensee without the prior written approval of the Designated Authority. The Licensee may at any time apply to the Designated Authority for approval to a change of control and will provide the Designated Authority with such documentation and information as it shall require to assess such application. The Designated Authority shall, within forty-five (45) days of the receipt of such application, have the right to approve or not approve such application and any approval may be given subject to such conditions for compliance as the Designated Authority sees fit.

For the purpose of this paragraph 34, “control” means, in relation to a body corporate, where a person, whether directly or indirectly and whether by the

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ownership of shares (excluding those held by way of security only), the possession of voting power, contract or otherwise, that person has the power to appoint and/or remove a majority of the directors of the body corporate or controls or has the power to control the affairs of the body corporate.

34. Surrender of Licence

- (i) The Licensee shall not surrender this Exploration Licence or the whole or a part of the Licence Area, without the approval of the Designated Authority.
- (ii) The Licensee may apply to the Designated Authority for approval for the surrender of the Exploration Licence within ninety (90) days of a proposed surrender and on payment of the prescribed fee as determined in accordance with the Regulations. The Designated Authority shall, within thirty (30) days of receipt of the application, notify the Licensee in writing of the decision to approve or not approve the surrender.
- (iii) The Designated Authority shall not approve a surrender unless the Licensee has, to the satisfaction of the Designated Authority,
 - (a) satisfied any monetary obligations incurred before the surrender or made arrangements for the satisfaction of the monetary obligations;
 - (b) provided for the conservation and protection of the natural resources in the area to be surrendered;
 - (c) made good any damage caused by Petroleum Operations to the seabed or subsoil in the area to be surrendered;
 - (d) provided information that should have been but was not previously provided to the Designated Authority;
 - (e) removed or caused to be removed from the area to be surrendered all property brought into the area by the Licensee or made arrangements with respect to the property; and
 - (f) plugged or closed off all wells in the area to be surrendered.
- (iv) Notwithstanding sub-paragraph (iii), the Designated Authority may, where it is considered appropriate, waive any of the requirements of sub-paragraph (iii).
- (v) Where the Licensee surrenders a part of the Licence Area, the Exploration Licence shall continue in force in respect of the remainder of the Licence Area subject to any modification of the conditions of the Exploration Licence specified by the Designated Authority in his approval of the surrender.

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- (vi) Where the Licensee proposes to surrender an Exploration Licence, the Licensee shall perform or discharge any outstanding obligations under the Exploration Licence prior to the surrender.
- (vii) The Designated Authority shall specify the Effective Date of a surrender.

35. Suspension of Licence

- (i) The Designated Authority may, by written agreement with the Licensee, suspend this Exploration Licence for a specified period and on specified terms.
- (ii) The Designated Authority may, by written notice to the Licensee, suspend this Exploration Licence where the Licensee:
 - (a) fails to comply with a material requirement of the Act or a material requirement, material obligation or other material provision contained in any report, plan or programme, approved by the Designated Authority, in relation to the Licensee, or any material guidelines issued, approved or adopted by the Designated Authority; or
 - (b) breaches a material term or condition of the Exploration Licence.
- (iii) Where the Designated Authority intends to suspend this Exploration Licence, the Designated Authority shall, prior to the suspension, issue a notice of default which:
 - (a) specifies the material default of the Licensee;
 - (b) in the case of a material default that is:
 - capable of remedy, requires the Licensee to remedy the material default within a specified period; or
 - incapable of remedy, requires the Licensee to provide good grounds within a specified period as to why the Exploration Licence should not be suspended; and
 - (c) states the action that the Designated Authority proposes to take where:
 - the material default is not remedied; or
 - good grounds are not provided,within the specified period.

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- (iv) Where the Designated Authority is satisfied that the Licensee has failed to remedy a material default or provide good grounds as to why the proposed action should not be taken, the Designated Authority may suspend the Exploration Licence.
- (v) The Designated Authority shall specify the Effective Date of the suspension in the notice.
- (vi) The Licensee shall not, by virtue of a suspension of this Exploration Licence, be relieved of any valid outstanding obligations and liabilities incurred by the Licensee prior to and during the period of suspension.
- (vii) The Designated Authority may, for the purpose of sub-paragraph (iv), suspend this Exploration Licence for a specified period, or until the Licensee remedies a material default that is capable of remedy, or, indefinitely.

36. Suspension of Licence for Emergencies

- (i) The Designated Authority may, in the event of a major environmental incident, major hazard, major health and safety incident or an emergency, partially or totally suspend the Petroleum Operations of the Licensee for a specified period.
- (ii) The Licensee may, in the event of a major environmental incident, major hazard, major health and safety incident or an emergency, partially or totally suspend Petroleum Operations, with the approval of the Designated Authority, and for a period of time agreed upon by the Licensee and the Designated Authority.
- (iii) Notwithstanding sub-paragraph (ii), where it is impractical or unreasonable in the circumstances for the Licensee to obtain the approval of the Designated Authority for the suspension of the Petroleum Operations, the Licensee may suspend the Petroleum Operations, and shall notify the Designated Authority as soon as practicable of the suspension.
- (iv) The Designated Authority may extend a period of suspension where necessary.
- (v) Where the Petroleum Operations of the Licensee are suspended by virtue of this paragraph, the Licensee shall not, by virtue of the suspension, be taken to be in breach of this Act or a term or condition of this Exploration Licence.

37. Cancellation of Licence

- (i) The Designated Authority may, by written notice to the Licensee, cancel the whole or part of this Exploration Licence where the Licensee:
- (a) fails to comply with:
- a material requirement of the Act or Regulations;
 - a material requirement, material obligation or other material provision contained in any report, plan or programme approved by the Designated Authority;
 - any material guidelines issued, approved or adopted by the Designated Authority; or
- (b) breaches a material term or condition of the Exploration Licence;
- (c) knowingly provides false or misleading information, or omits to provide material information to the Designated Authority, in respect of the application for the Exploration Licence or any requirement of the Act;
- (d) is declared bankrupt or placed into liquidation or where a receiver is appointed; or
- (e) does not pay an amount payable by him pursuant to the Act or this Exploration Licence within ninety (90) days from the date on which the amount becomes payable.
- (ii) Where the Designated Authority intends to cancel the Exploration Licence pursuant to sub-paragraph (i) (a), (b) or (e), the Designated Authority shall, prior to the cancellation, issue to the Licensee a notice of default which:
- (a) specifies the material default of the Licensee;
- (b) in the case of a material default that is:
- capable of remedy, requires the Licensee to remedy the material default within a specified period; or
 - incapable of remedy, requires the Licensee to provide good grounds, within a specified period, as to why the Exploration Licence should not be cancelled; and
- (c) states the action that the Designated Authority proposes to take where:

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- the material default is not remedied; or
 - good grounds are not provided,
- within the specified period.
- (iii) Where the Designated Authority is satisfied that the Licensee has failed to remedy a material default or provided good grounds as to why the proposed action should not be taken, the Designated Authority may cancel this Exploration Licence.
- (iv) The Designated Authority shall specify the Effective Date of the cancellation in the notice.

38. Corrupt Practices

The Designated Authority shall be entitled to terminate this Exploration Licence if the Licensee or any of the Licensee’s employees, Affiliates, agents or subcontractors acting on the Licensee’s behalf, in relation to the application process and the obtaining, execution or performance of this Exploration Licence, or any agreement with the Designated Authority, State Participant or any public official, employee or agent of the Designated Authority, are determined by final adjudication to have committed an offence under the Prevention of Corruption Act, Cap. 144 of the laws of Barbados, or under any act replacing the same or under any other applicable anti-bribery or anti-corruption law. The Designated Authority shall also be entitled to recover from the Licensee the amount of any actual loss suffered by the Designated Authority resulting from the commission of any such offence.

39. Miscellaneous

- (i) This Exploration Licence shall not be amended or modified in any respect except by written agreement entered into by the Designated Authority and the Licensee.
- (ii) The headings of this Exploration Licence are for convenience of reference only and shall not be taken into account in interpreting the terms of this Exploration Licence.
- (iii) The provisions of this Exploration Licence shall inure to the benefit of and be binding upon the Parties and their permitted assignees and successors in interest.

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- (iv) This Exploration Licence shall be read in conjunction with the Act and the Regulations and subject thereto this Exploration Licence and its Schedules attached hereto contain the entire agreement between the Parties and supersedes all prior negotiations, representations, understandings and agreements between the Parties with respect to such Exploration Licence.
- (v) The Parties recognise that there are rights and obligations contained in this Exploration Licence which are supplemental to the Act and the Regulations and which rights and obligations are binding on the Parties.

This Exploration Licence is issued in three (3) originals, of which two (2) are retained by the Designated Authority.

EXECUTED by the Authorised Representative of:

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EXECUTED by the Authorised Representative of:

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Bridgetown, Barbados, the day of 20...

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SCHEDULES

SCHEDULE 1 - Licence Area

SCHEDULE 2 – Form of Guarantee

SCHEDULE 3 – Training

SCHEDULE 4 – Form of Production Licence