

SCHEDULE A:

GENERAL LICENCE CONDITIONS

Petroleum Prospecting Licence (PPL) No. [●]

DRAFT LICENCE

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1.0 DEFINITIONS AND INTERPRETATIONS

1.1 Definitions

In this Licence the following words shall have the subsequent meanings, and such words used in this Licence and not defined below shall carry the meanings and definitions given to them in the Act and other Regulations made thereto, at the time of the grant of this Licence:

“Act” means the Petroleum Industry Act, 2021.

“Annual Work Programme and Budget” means an annual work programme for the following year along with a budget setting forth reasonable estimates and forecasts of the cost of the Upstream Petroleum Operations which the Licensees proposes to carry out in the following year.

“Appraisal Area” means an area within the Licence Area approved by the Commission that is no larger than the outer boundary of the Discovery and a zone of not more than two (2) kilometres surrounding the outer boundary of the Discovery, provided that the appraisal area does not extend beyond the area provided for in the applicable Licence.

“Appraisal Budget” means a budget accompanying the Appraisal Programme that represents the Licensees’ good faith estimate of the minimum value of financial resources required to fully implement the Appraisal Programme.

“Appraisal Commencement Date” means the date the application submitted by the Licensees to the Commission in respect an Appraisal Programme is approved or deemed approved by the Commission.

“Appraisal Financial Commitment” has the meaning ascribed to it in Clause 6.4.

“Appraisal Performance Security” means the performance security that the Licensees is required to submit along with the application for an Appraisal Programme, to guarantee the fulfilment of the Appraisal Financial Commitment.

“Appraisal Programme” means a specific programme to appraise a Discovery with a scope and nature permitting the Licensees to declare a Commercial Discovery, where the result of the appraisal is positive.

“Appraisal Term” has the meaning ascribed to it in Clause 6.5.

“Business Day” means a day (other than a Saturday, Sunday or public holiday declared by the Federal Government of Nigeria) on which banks are open for normal business in Lagos, Nigeria.

“Commission” means the Nigerian Upstream Petroleum Regulatory Commission.

“Data” includes but is not limited to reports, core samples, reservoir fluid samples, ditch cutting, plans, maps, charts, accounts, materials, seismic records, magnetic records, geophysical records and other information relating to Upstream Petroleum Operations.

“Decommissioning and Abandonment Programme” means the programme required to be submitted by the Licensees to the Commission for approval under Section 232(6) of the Act.

“Deficit” means in respect of the implementation of the Work Programme, the difference between the Financial Commitment and the monetary amounts actually expended by the Licensees to implement the said programme; while in respect of the implementation of the Appraisal Programme, the difference between the Appraisal Financial Commitment and the monetary amounts actually expended by the Licensees to implement the said programme.

“Discovery” means the finding of a deposit of hydrocarbons, whose existence in the Licence Area was not known prior to the Commencement Date, and which hydrocarbons are measurable by generally accepted international petroleum industry practice.

“Environmental Management Plan” means the plan required to be submitted by the Licensees to the Commission in accordance with Section 102 of the Act and in accordance with the Upstream Petroleum Environmental Management Plan Regulations.

“Environmental Remediation Fund” means the environmental remediation fund established by the Commission in accordance with Section 103 of the Act.

“Exit Programme” means an integrated programme of activities that the Licensees will undertake to ensure that on the proposed date of surrender or upon relinquishment, the Decommissioning and Abandonment Programme will be completed to decommission and abandon all facilities, wells and operations existing in the Surrendered Area or Relinquished Area and the Environmental Management Plan will be implemented to remediate the impact of the Licensees’ operations in the Surrendered Area or Relinquished Area.

“Extension Period” has the meaning ascribed to it in Clause 2.2.

“Extension Period Commencement Date” means the next day after the expiry of the Initial Exploration Period.

“FDP Budget” means a budget accompanying the Field Development Plan that represents the Licensees’ good faith estimate of the minimum value of financial resources required to fully implement the Field Development Plan.

“FDP Financial Commitment” has the meaning ascribed to it in Clause 6.16.

“FDP Performance Security” means the performance security that the Licensees’ are required to submit along with the application for a Field Development Plan, to guarantee the fulfilment of the FDP Financial Commitment.

“Financial Commitment” has the meaning ascribed to it in Clause 5.5.

“Financial Obligations Review” means the annual review undertaken by the Commission, of the financial commitments of the Licensees to perform relevant programmes and obligations to contribute into relevant funds as required under the terms of this Licence. The Commission’s review shall be based on status updates provided by the Licensees from the implementation of the Annual Work Program and Budget for the previous year and the forecasts for the Annual Work Programme and Budget of the following year presented by the Licensees in accordance with Clause 5.11.

“General Licence Conditions” means this General Licence Conditions attached as Schedule A to the Licence Instrument.

“Government” means the Government of the Federation of Nigeria, the entity granting the Licence Instrument to the Licensees.

“Initial Exploration Period” has the meaning ascribed to it in Clause 2.1.

“Licence” means the Petroleum Prospecting Licence issued to the Licensees.

“Licence Area” means the area specified in Schedule B of the Licence Instrument.

“Licence Commencement Date” means the date stated in the commencement clause of the Licence Instrument.

“Licence Instrument” means the instrument conveying the grant of the Licence to the Licensees.

“Licence Term” means the period from the Licence Commencement Date to either the end of the Initial Exploration Period or end of the Extension Period as contemplated in Clause 2.4.

“Licensees” refers to the entities named in the Licence Instrument that have been granted this Licence and each of them a **“Licensee”**.

“Minimum Work Obligation” is as described in Clause 4.1.

“Model Contract” means the contract executed by the Licensees and the Commission and attached to the Licence Instrument as Annexure 1.

“Notice of Surrender” has the meaning ascribed to it in Clause 11.1.

“PML Option Period” has the meaning ascribed to it in Clause 6.15.

“Previous Year Operating Expenditure” means the actual annual operating expenditure of the preceding financial year in the Upstream Petroleum Operations affecting the Host Communities for which the applicable Host Communities Development Trust Fund was established. Provided that operating expenditure shall not include capital expenditures, impairment, depreciation, amortization etc.

“Proposed Lease Area” means an area within an Appraisal Area or Retention Area, no larger than the outer boundary of the field on oil-water contacts, spill point, intersection of planned development wells within the reservoirs or other reservoir limits including a zone surrounding the boundary consisting of all parcels that are in whole or in part within one kilometre of such outer boundary, provided that such area shall not contain parcels (i) outside the original Licence Area from which the lease area is being proposed to be derived; (ii) in areas relinquished by the licensee; or (iii) in an existing Petroleum Mining Lease.

“Relinquished Area” means an area covering all or part of the Licence Area which is to be relinquished by the Licensees.

“Retention Area” means an area within the Licence Area no larger than the outer boundary of the said Significant Gas Discovery or Significant Crude Oil Discovery including a zone of not more than two (2) kilometres surrounding the outer boundary of the declared Significant Gas Discovery or Significant Crude Oil Discovery, provided that such area shall not extend beyond the area described in the applicable Licence.

“Retention Term” has the meaning ascribed to it in Clause 6.12.

“Surrendered Area” has the meaning ascribed to it in Clause 11.1.2.

“US Dollar” means United States Dollar.

“Work Programme” means the work programme containing details of the programme of exploration and prospecting activities the Licensees have committed to undertake within the Licence Area, which was submitted by the Licensees to the Commission prior to the grant of the Licence, either as part of a winning bid or otherwise, which the Commission has approved and is attached to the Licence Instrument in Annexure 2.

“WP Performance Security” means the performance security submitted by the Licensees prior to the grant of the Licence to guarantee the fulfilment of the Financial Commitment and attached to the Licence Instrument as Annexure 3.

1.2 Interpretation

- 1.2.1 Reference to any statute or statutory provision includes a reference to that statute or statutory provision as amended, extended or re-enacted from time to time.
- 1.2.2 A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under the statute or statutory provision.
- 1.2.3 Timelines regarding obligations of the Licensees which are not prescribed in this General Licence Conditions, or the Model Contract shall be provided in Regulations issued by the Commission.
- 1.2.4 In the computation of periods of time from a specified day to a later specified day:
 - (a) the first specified day is not included in the computation of the period, whereas the other specified day is included in the computation of the period; and
 - (b) any requirement that an action may or shall be taken within a specified number of days means that such action may or shall be taken within the number of days so specified starting at 00:00 hours on the day on which the requirement to take such action arose.
- 1.2.5 Headings of this Licence are for convenience of reference only and not intended to define, interpret, limit, or describe the scope or intent of any of the provisions of this Licence.
- 1.2.6 The terms of this Licence shall be read in tandem with the Act, Regulations and the Model Contract. Where there is any ambiguity or contradiction between them, they shall be construed in the following order of priority to resolve the said ambiguity or contradiction:
 - (a) the Act;
 - (b) the Regulations;
 - (c) the Licence Instrument;
 - (d) the Model Contract; and
 - (e) this General Licence Conditions.

1.2.7 These General Licence Conditions provide the default terms that broadly apply to all Licences, which may be amended by the Model Contract to be executed by the Licensees and the Commission that more specifically provides the terms applicable to a particular Licence, especially the fiscal obligations binding on the Licensees. For the avoidance of doubt, where the terms of the Model Contract provide for any subject matter already dealt with in these General Licence Conditions, the terms of the Model Contract shall be deemed to amend such terms of these General Licence Conditions. Provided that save as otherwise provided in Clauses 1.2.6 and this 1.2.7, these General Licence Conditions shall not be amended, modified, altered or supplemented other than by subsequent amendments to the Act and the Regulations.

2.0 TERM OF LICENCE

2.1 The term of this Licence shall be [*three (3)*]¹ [*five (5)*]² years commencing from the Licence Commencement Date (the “**Initial Exploration Period**”).

2.2 Where the Licensees fulfil the Minimum Work Obligations stipulated in Clause 5.2 below and are not in breach of the provisions of this Licence, the Commission may extend the Licence for an additional [*three (3)*]³ [*five (5)*]⁴ years (the “**Extension Period**”), commencing from the Extension Period Commencement Date.

2.3 The Licensees shall apply to the Commission for the Extension Period not later than three (3) months to the end of the Initial Exploration Period.

2.4 The Parties agree that the duration of this Licence is not renewable and notwithstanding any other provision of this Licence, where the Extension Period is granted by the Commission in addition to the Initial Exploration Period, the extended term of the Licence shall terminate no later than the [*sixth (6th)*]⁵ [*tenth (10th)*]⁶ anniversary of the Licence Commencement Date. Where no Extension

¹ To be used as the Initial Exploration Period for PPLs in respect of onshore and shallow water acreages

² To be used as the Initial Exploration Period for PPLs in respect of deep water and frontier acreages

³ To be used as the Extension Exploration Period for PPLs in respect of onshore and shallow water acreages

⁴ To be used as the Extension Exploration Period for PPLs in respect of deep water and frontier acreages

⁵ To be used as the maximum term for PPLs in respect of onshore and shallow water acreages

⁶ To be used as the maximum term for PPLs in respect of deep water and frontier acreages

Period is granted by the Commission, the term of the Licence shall terminate on the [*third (3rd)*]⁷ [*fifth (5th)*]⁸ anniversary of the Licence Commencement Date.

2.5 Notwithstanding the expiration of the Licence Term, the Licence shall continue to subsist in respect of the Appraisal Area, Retention Area and Proposed Lease Area for the duration of the Appraisal Term, Retention Term and PML Option Period respectively, in accordance with Clause 6.0 and the Act.

3.0 DESCRIPTION OF THE ACREAGE

3.1 The area to which this Licence shall apply is [*an onshore acreage*]⁹ [*a shallow water acreage*]¹⁰ [*a deep offshore acreage*]¹¹ [*a frontier acreage*]¹² with boundaries outlined in Schedule B of the Licence Instrument. Provided that the boundaries of the Licence Area shall be subject to consequential modifications as a result of relinquishment and surrender (Clause 11.0), or areas falling within a Mining Lease (Clause 6.20).

4.0 RIGHTS GRANTED BY THE LICENCE

4.1 Subject to the fulfilment of the obligations imposed on the Licensees by this Licence and under the Act and Regulations issued thereunder from time to time, the Licence confers on the holder an exclusive right to drill exploration and appraisal wells within the Licence Area and to carry away and dispose of crude oil or natural gas won or extracted during the drilling of exploration or appraisal wells as a result of production tests.

4.2 The Licence also confers on the Licensees a non-exclusive right to carry out geological, geophysical, geochemical and other surveys and any interpretation of Data relating thereto, and the drilling of such shot holes, core holes and stratigraphic tests, related to the exploration for crude oil and natural gas within the Licence Area.

4.3 The Licensees shall be entitled to enter and remain on the land covered by the Licence Area and utilise the land in any manner necessary or incidental to

⁷ To be used as the cut off period for PPLs in respect of onshore and shallow water acreages.

⁸ To be used as the cut off period for PPLs in respect of deep water and frontier acreages.

⁹ For PPLs granted in respect of onshore acreages.

¹⁰ For PPLs granted in respect of shallow water acreages.

¹¹ For PPLs granted in respect of deep offshore acreages.

¹² For PPLs granted in respect of frontier acreages.

exercising the Licensees' rights in Clause 4.1 and 4.2 above but shall in all cases comply with applicable Regulations and laws with respect to the use of such land.

- 4.4 The Licensees are entitled to apply for a right of way for the laying, operation and maintenance of gathering pipelines, telephone lines, power lines and other similar utilities incidental to the operations occurring as a result of the rights granted in Clause 4.1 and 4.2 above, through or across any required area. The Licensees shall apply and obtain the Commission's prior approval in accordance with applicable Regulations before exercising this right.
- 4.5 The Parties agree that despite the grant of this Licence over the Licence Area, the Commission retains the right of way, easement or other right over any part of the Licence Area, which the Commission considers necessary for the laying, operation and maintenance of pipelines, telephone lines and power lines. These residual rights retained by the Commission may be exercised for the benefit of any person to whom the Commission may subsequently grant such right.

5.0 WORK PROGRAMME COMMITMENT

- 5.1 In consideration for the grant of the Licence, the Licensees hereby commits to fully fund and implement the Work Programme during the Licence Term.
- 5.2 Unless as otherwise specifically agreed in the Model Contract, the Work Programme shall achieve the following minimum activities in the Licence Area (the "**Minimum Work Obligations**"):
 - 5.2.1 During the Initial Exploration Period, the Licensees must *[acquire and process 2D or 3D seismic Data covering at least fifty percent (50%) of the Licence Area and drill a minimum of one exploratory well to the minimum depth specified in the Model Contract in Annexure 1.]¹³ The acquired seismic Data shall be for a minimum of eight (8) seconds.]¹⁴ [undertake the scope of geophysical work specified in the Model Contract in Annexure A.]^{15]}*¹⁶

¹³ The minimum depth shall be stipulated in the Model Contract in Annexure 1.

¹⁴ For PPLs in respect of onshore, shallow water and deep offshore acreages.

¹⁵ The geophysical work scope shall be stipulated in the Model Contract in Annexure 1.

¹⁶ For PPLs in respect of frontier acreages.

5.2.2 If the Commission opts to grant the Extension Period, Licensees shall during the Extension Period, drill at least one exploratory well to a minimum depth as specified in the Model Contract in Annexure A.¹⁷

5.3 Where at the end of the Initial Exploration Period, the Licensees have fully implemented the Work Programme or exceeded the Minimum Work Obligations for the Initial Exploration Period (Clause 5.2.1) and the Commission opts to grant the Extension Period, any activity implemented under the Work Programme in excess of the said Minimum Work Obligations, shall be credited against the subsequent Minimum Work Obligations in respect of the Extension Period (Clause 5.2.2).

5.4 Save as provided for in Clause 20.0, where at the end of the Initial Exploration Period, the Licensees fails to meet the Minimum Work Obligations, the Licensees shall not be entitled to apply to the Commission for the Extension Period.

5.5 The Licensees shall during the Licence Term expend the following minimum value of financial resources to implement the Work Programme (the “**Financial Commitment**”):

5.5.1 During the Initial Exploration Period, the Licensees shall be obligated to expend monetary sums equal to:

- (a) The US Dollar value specified in the Model Contract in Annexure 1;¹⁸ or
- (b) such amount that the Commission subsequently anticipates will achieve the full implementation of the outstanding portion of the Work Programme.

5.5.2 During the Extension Period (where applicable), the Licensees shall be obligated to expend monetary sums equal to the higher of:

- (a) The US Dollar value specified in the Model Contract in Annexure 1;¹⁹ or
- (b) such amount that the Commission subsequently anticipates will achieve the full implementation of the outstanding portion of the Work Programme for the Extension Period.

¹⁷ The minimum depth shall be stipulated in the Model Contract in Annexure 1.

¹⁸ The financial commitment shall be as stipulated in the Model Contract in Annexure A.

¹⁹ The financial commitment shall be as stipulated in the Model Contract in Annexure A.

- 5.6 The assessment by the Commission of the amounts in Clauses 5.5.1(b) and 5.5.2(b) above as well as any other financial commitment or obligation of the Licence stipulated in the terms of the Licence, shall be undertaken annually, during the Financial Obligations Review.
- 5.7 If the Licensees fulfil the Minimum Work Obligation for each period of the term of the Licence as specified in Clauses 5.2.1 and 5.2.2 above, then the Licensees shall be deemed to have satisfied the Financial Commitment specified in Clauses 5.5.1 and 5.5.2, regardless of the fact that the Work Programme was not fully funded and implemented.
- 5.8 If by the end of the Initial Exploration Period or the Extension Period, the Licensees have failed to fulfil the relevant Minimum Work Obligation and did not fulfil the Financial Commitment to fund the Work Programme, the Deficit shall become due and payable to the Commission and the Commission shall be entitled to have recourse to the WP Performance Security to recover the said Deficit in accordance with Clause 7.3.
- 5.9 Where a Deficit arises as contemplated in Clause 5.8, the actual amount expended by the Licensees in implementing the Work Programme shall be ascertained by the Commission.
- 5.10 The Licensees shall not later than 31st of August of the preceding year, submit the Annual Work Programme and Budget for the approval of the Commission.
- 5.11 The Commission and the Licensees shall jointly review the Annual Work Programme and Budget for the previous year and the proposed Annual Work Programme and Budget for the following year. The Commission may propose amendments to the Annual Work Programme and Budget submitted by the Licensees. Upon receipt of the proposed amendment, the Licensees shall revise the work programme and budget and re-submit to the Commission. Provided the Annual Work Programme and Budget shall be finalised and approved by 30th November of every year.
- 5.12 Any proposed amendment to the approved Annual Work Programme and Budget by the Licensees, must be approved by the Commission within a period of sixty (60) days of the submission of the application to amend along with all required supporting documents and information.

5.13 The Licensees may, at any time after or during the execution of the Work Programme, propose the execution of additional exploratory work programs in the Licence Area during the term of the Licence (the “**Additional Work Programme(s)**”). The Commission shall approve an application submitted by the Licensees in respect of such Additional Work Programme within sixty (60) days of receiving the said application along with all required supporting documents and information.

6.0 APPRAISAL, RETENTION & COMMERCIAL DISCOVERY

6.1 Where the Licensees make a Discovery within the Licence Area during the term of the Licence, the Licensees shall notify the Commission in writing of the said Discovery within fourteen (14) days thereof.

6.2 The Licensees shall, within one hundred and eighty (180) days of the Discovery, notify the Commission whether it considers that the Discovery merits appraisal and if it fails to so notify the Commission, the Licensees shall be deemed to have determined that the said Discovery does not merit appraisal and shall accordingly relinquish the relevant parcels of the Licence Area covering the said Discovery, to the Commission.

6.3 Where the Licensees notify the Commission that they consider the Discovery deserving of appraisal, the Licensees shall within one (1) year thereof, submit an Appraisal Programme in respect of the Appraisal Area to the Commission for approval.

6.4 In the application for the Appraisal Programme, the Licensees shall make a financial commitment to expend the monetary sum estimated in the Appraisal Budget (the “**Appraisal Financial Commitment**”) and the said application shall not be valid unless the Licensees include an Appraisal Performance Security to guarantee the fulfilment of the Appraisal Financial Commitment. The Commission shall respond to a valid appraisal application submitted by the Licensees, within sixty (60) days of the said application, failing which the Licensees’ application shall be deemed approved.

6.5 The Licensees shall be entitled to undertake the approved Appraisal Programme in the Appraisal Area from the Appraisal Commencement Date and for a maximum period of three (3) years thereafter (the “**Appraisal Term**”). The Appraisal Term

shall continue to subsist in respect of the Appraisal Area, notwithstanding the expiration of the Licence Term.

- 6.6 The Licensees may apply to the Commission to modify the Appraisal Programme and the Commission shall endeavour to respond to the application within sixty (60) days of receiving such application along with all supporting documents and information, failing which the said application shall be deemed approved. Provided that any modification to the Appraisal Programme shall not result in the extension of the Appraisal Term but may require a consequential modification to the Appraisal Financial Commitment.
- 6.7 Activities undertaken by the Licensees as part of the Appraisal Programme shall be considered by the Commission as activities in fulfillment of the Licensees' Minimum Work Obligations, provided that such activities are performed during the Licence Term.
- 6.8 If by the end of the Appraisal Term, the Licensees fail to complete the Appraisal Programme and have not fulfilled the Appraisal Financial Commitment to fund the Appraisal Programme, the Deficit shall become due and payable to the Commission and the Commission shall be entitled to have recourse to the Appraisal Performance Security to recover the said Deficit in accordance with Clause 7.3.
- 6.9 Where a Deficit arises as contemplated in Clause 5.8, the actual amount expended by the Licensees on implementing the Appraisal Programme shall be ascertained by the Commission.
- 6.10 Where the Licensees successfully complete the Appraisal Programme in respect of the Appraisal Area, the Licensees shall within thirty (30) days of the end of the Appraisal Programme, notify the Commission in writing of the decision:
 - 6.10.1 to declare a Commercial Discovery;
 - 6.10.2 to declare a Significant Gas Discovery or Significant Crude Oil Discovery; or
 - 6.10.3 that it has no further interest in the Discovery.

6.11 Where the Licensees decide that they have no further interest in the Discovery, the Licensees shall from the date of the said notification be deemed to have relinquished the relevant parcels of the Licence Area covering the Appraisal Area, to the Government.

6.12 Where the Licensees declare a Significant Gas Discovery or Significant Crude Oil Discovery, the Licensees shall apply for the Commission's approval of a Retention Area in respect of such Significant Gas Discovery or Significant Crude Oil Discovery. The Commission shall respond to a retention application submitted by the Licensees within sixty (60) days of the said application indicating the duration of the period of retention, failing which the Licensees' application shall be deemed approved and the period of retention shall be deemed to be ten (10) years from the date of the deemed approval (the "**Retention Term**"). The Retention Term shall continue to subsist in respect of the Retention Area, notwithstanding the expiration of the Licence Term.

6.13 During the Retention Term, the Licensees may undertake the drilling of additional appraisal wells in the Retention Area subject to the Commission's approval. The Licensees shall prior to the expiration of the Retention Term apply to the Commission to declare a Commercial Discovery, failing which it shall be deemed on the last day of the Retention Term to have relinquished the relevant parcels of the Licence Area covering the Retention Area, to the Government.

6.14 Where the Licensees, after completing the Appraisal Programme or during the Retention Term, apply to the Commission to declare a Commercial Discovery and a Proposed Lease Area, the Commission shall respond to such application, within sixty (60) days of the said application, failing which the Licensees' application shall be deemed approved. Where the Commission declines the approval to this application, the relevant Appraisal Area or Retention Area shall be relinquished from the date the Commission's decision to decline the application, is communicated to the Licensees.

6.15 Where the Commission approves a Commercial Discovery in respect of a Proposed Lease Area, the Licensees shall within two (2) years of the date of the said approval (the "**PML Option Period**"), apply to the Commission for the approval of the Field Development Plan in respect of such Commercial Discovery and the Proposed Lease Area. Where the Licensees fail to submit such application within the PML Option Period, the Licensees shall be deemed on the last day of

the PML Option Period to have relinquished the relevant parcels of the Licence Area covered in the Proposed Lease Area, to the Government.

- 6.16 In the application for the Field Development Plan, the Licensees shall make a financial commitment to expend the monetary sum estimated in the FDP Budget (the “**FDP Financial Commitment**”) and the said application shall not be valid unless the Licensees include an FDP Performance Security to guarantee fulfilment of the FDP Financial Commitment.
- 6.17 The Commission shall have up to one hundred and eighty (180) days after receipt of the application to respond to the application for the Field Development Plan, failing which, the Field Development Plan shall be deemed approved in accordance with relevant Regulations and guidelines.
- 6.18 Upon the approval of the Field Development Plan, the Commission shall make a recommendation to the Minister for the grant of a Petroleum Mining Lease to the Licensees in respect of the Commercial Discovery and the Proposed Lease Area.
- 6.19 The PML Option Period in respect of the Proposed Lease Area, shall continue to subsist and be extended until the Minister grants or declines to grant the Petroleum Mining Lease to the Licensees.
- 6.20 This Licence shall cease to apply to any part of the Licence Area in respect of which a Petroleum Mining Licence has been granted to the Licensees pursuant to this Clause 6.0 and the Act and the boundaries of such Licence shall be consequently modified to exclude the boundaries of the relevant Petroleum Mining Lease(s).

7.0 PERFORMANCE SECURITY

- 7.1 The Licensees undertake to maintain the WP Performance Security for the period commencing on the Licence Commencement Date, up until one hundred and eighty (180) days after the term of the Licence expires. Where an Appraisal Programme is approved, the Licensees undertake to provide and maintain the Appraisal Performance Security for the duration of the Appraisal Term plus an additional period of not less than one hundred and eighty (180) days. Where the FDP is approved by the Commission, the Licensees undertake to provide the FDP Performance Security.

- 7.2 The Licensees may be required to increase or entitled to reduce the value of the WP Performance Security or the Appraisal Performance Security to match the Commission's current assessment of the value of the Licensees' Financial Commitment or Appraisal Financial Commitment, following the Financial Obligations Review. The Licensees' failure to maintain the WP Performance Security or Appraisal Performance Security to the required value under this Licence for a period exceeding seven (7) days, shall constitute a breach of this Licence.
- 7.3 The Commission shall be entitled as provided in the terms of this Licence to make recourse to recover a Deficit immediately the Licensees default in the Financial Commitment or Appraisal Financial Commitment. The Commission shall in accordance with the terms of the WP Performance Security in Annexure 3 of the Licence Instrument or an Appraisal Performance Security, notify the financial institution or entity guaranteeing the Licensees' Financial Commitment or Appraisal Financial Commitment, of the value of a Deficit and request for payment of an amount equal to the Deficit and the said financial institution or entity shall honour the payment request without recourse to the Licensees, within fourteen (14) days thereof.
- 7.4 After the Commission determines that the Licensees have satisfied the Financial Commitment, the Commission shall immediately return the WP Performance Security to the Licensees. After the Commission determines that the Licensees have satisfied the Appraisal Financial Commitment, the Commission shall immediately return the Appraisal Performance Security to the Licensees.

8.0 LICENSEE'S PAYMENT OBLIGATIONS

- 8.1 The Licensees shall pay royalties, fees, rents, bonuses, production or profit shares, in the amount and at the times specified in the Model Contract and in accordance with the Act, Regulations and any other applicable law.
- 8.2 In the event such required payments remain unpaid for a period of thirty (30) days after the date when it becomes due for payment, it shall be considered as a debt to the Commission with interest accruing at a prevailing rate to be provided for in any Regulation as may be issued by the Commission from time to time. Provided that where the said payment remains unpaid for more than thirty (30) days, the Licensees shall be in breach of this Licence and the Commission may exercise its rights under the Act.

9.0 CONDUCT OF OPERATIONS

9.1 The Licensees shall at all times conduct Upstream Petroleum Operations in a diligent, efficient and appropriate manner in adherence to the terms of this Licence, the Act, any applicable law and Regulations, directive, or guidelines made by the Commission relating to health, safety, and environment as well as in accordance with Good International Petroleum Industry Practices.

9.2 The Licensees covenant:

- 9.2.1 to maintain adequate personnel, domiciled in Nigeria, with the ability to manage the daily Upstream Petroleum Operations in an efficient and effective manner;
- 9.2.2 to continuously monitor all activities involving operational, environmental, or human health risks through a monitoring center located in Nigeria;
- 9.2.3 to prepare emergency response procedures and studies of risk analysis of the activities performed within the scope of this Licence, pursuant to Good International Petroleum Industry Practices;
- 9.2.4 to establish an organizational structure and resources in Nigeria with personnel responsible for operational safety to provide the appropriate balance between the operational decisions and operational safety risk management and ensure that operational risks are deemed priority in the Licensees' decision-making process.
- 9.2.5 to establish contingency plans for swift and adequate response to oil spill and other emergencies resulting from Upstream Petroleum Operations.
- 9.2.6 to submit to the Commission a detailed programme on or before 31st October annually for training of Nigerians in all phases of petroleum operations handled directly by the Licensees or through agents and contractors of the Licensees, and shall make provisions for scholarship schemes, internships, continuous professional development and other training requirements.

- 9.3 The Licensees shall comply with the Nigerian content plan pursuant to the Nigerian Oil and Gas Industry Content Development Act.
- 9.4 The Licensees shall submit all Data obtained during Upstream Petroleum Operations in the Licence Area to the Commission, in the prescribed format. Title to such Data and its interpretation, shall be vested in the Government and shall be administered by the Commission.
- 9.5 The Licensees, for their own account and risk, is fully responsible for execution of the Upstream Petroleum Operations, and the Commission is not liable to the Licensees or any third party for any direct or consequential damages or losses arising from the said Upstream Petroleum Operations notwithstanding any assistance or authorization the Commission grants to the Licensees in respect of such activities.

10.0 INSURANCE

- 10.1 The Licensees shall provide and keep in force, during the Licence Term, adequate insurance coverage as required by the Act, Regulations and in accordance with Good International Petroleum Industry Practices.
- 10.2 The insurance policies procured by the Licensees' shall cover risks to (i) properties and personnel, (ii) extraordinary expenses for the operation of wells, (iii) oil spill clean-up and remediation, in the event of accidents; and (iv) civil liability for damages to the environment.
- 10.3 The Licensees shall include the Commission as co-insured in the said insurance policies, which shall however not impair the Commission's right to be fully reimbursed for losses and damages exceeding the indemnification received by virtue of the coverage provided for in the policy.
- 10.4 The Licensees' self-insurance policies and global insurance programs may be used for the purposes of this Licence, subject to prior approval by the Commission.
- 10.5 The Licensees shall deliver to the Commission, within seven (7) days of a request from the Commission, a copy of all policies in respect of the insurance policies referred to in this Clause 10.0 as well as a copy of any amendment, change, endorsement or extension thereof, and a copy of any related occurrence, claim, complaint, or report of any loss.

11.0 SURRENDER AND RELINQUISHMENT

11.1 At any time during the Licence Term the Licensees may subject to Section 89 of the Act, surrender all or part of the Licence Area to the Commission, by giving the Commission not less than three (3) months advance notice in writing (the “**Notice of Surrender**”), indicating:

- 11.1.1 the proposed date of surrender,
- 11.1.2 the parcels and zones within the Licence Area that the Licensees intends to surrender (the “**Surrendered Area**”),
- 11.1.3 the monetary amount the Licensees has so far expended in fulfilment of the Financial Commitment and/or Appraisal Financial Commitment, and
- 11.1.4 the Exit Programme for the Surrendered Area.

11.2 The Commission may extend the proposed date of surrender and impose any required obligation on the Licensees to ensure that the Surrendered Area is in good condition when surrendered by the Licensees. Prior to the date of surrender the Commission may conduct a physical inspection of the Surrendered Area in the presence of the Licensees’ representatives, to verify the Exit Programme has been successfully implemented.

11.3 The Licensees shall not voluntarily relinquish any parcel within the Licence Area unless the Licensees have performed the Work Programme. Provided that where the Licensees elect to voluntarily relinquish any parcel within the Licence Area before completing the Work Programme, the Licensees shall be liable to the Commission for any Deficit in respect of the Financial Commitment or Appraisal Financial Commitment (where applicable) as it pertains to the Relinquished Area. The Commission shall immediately after the date of the said voluntary relinquishment, be entitled to make recourse to the WP Performance Security or Appraisal Performance Security as appropriate to recover the said Deficit.

11.4 The Licensees shall be required to implement an Exit Programme in respect of the Relinquished Area. The Commission may extend the proposed date of relinquishment and impose any required obligation on the Licensees to ensure that the Relinquished Area is in good condition when relinquished by the Licensees.

Prior to the date of relinquishment, the Commission shall conduct a physical inspection of the Relinquished Area in the presence of Licensees' representatives, to verify the Exit Programme has been successfully implemented.

- 11.5 Any Licensee not in default may surrender its Participating Interest in the Licence by giving the Commission not less than three (3) months advance notice in writing stating its decision to surrender its interest. Such notice of surrender shall be unconditional and irrevocable when given.
- 11.6 The Commission may extend the proposed date of surrender and impose any required obligation on the surrendering Licensee to ensure that the surrendering Licensee has met all its obligations under the License.

12.0 DECOMMISSIONING AND ABANDONMENT

- 12.1 The Licensees shall comply with the obligations under Section 232 and 233 of the Act and Regulations made thereto on the decommissioning and abandonment of petroleum wells, installations, structures, utilities, plants and pipelines for petroleum operations.
- 12.2 The Licensees shall set up, maintain, and manage a decommissioning and abandonment fund held by a financial institution that is not an affiliate of the Licensees, in the form of an escrow account accessible by the Commission, as the case may be, under the provisions of the escrow agreement and shall comply with the Regulations and guidelines as may be issued by the Commission from time to time.
- 12.3 The escrow agreement shall specify that in the event of revocation of the Licence, insolvency, liquidation, or winding up of all the Licensees, the Commission shall be deemed sole signatory to the said escrow account.
- 12.4 The Licensees shall comply with all obligations and requirements under the Act and any regulations and guidelines made pursuant thereto on the decommissioning and abandonment of petroleum wells, installations, structures, utilities, plants and pipelines for petroleum operations.

13.0 ENVIRONMENTAL MANAGEMENT

- 13.1 The Licensees shall comply with the obligations under Section 102 and 103 of the Act and Regulations made thereto in respect of the management and remediation of the environment.
- 13.2 The Licensees shall, within six (6) months from the Licence Commencement Date, submit to the Commission for approval an Environmental Management Plan. The Commission shall have the right to direct that the Licensees amend the Environmental Management Plan.
- 13.3 The Licensees shall pay a prescribed financial contribution to be determined by the Commission in accordance with applicable Regulations. The size of this initial contribution shall be based on the size of the operations and the level environmental risks that may exist.
- 13.4 The Licensees shall assess the environmental liability annually and based on this self-assessment, increase its financial contribution into Environmental Remediation Fund to the satisfaction of the Commission. This increased contribution may however be further increased by the Commission where the assessment conducted by an independent assessor appointed by the Commission, indicates that the said contribution should be higher. The Licensees and Commission shall accept the assessment of this independent assessor as final.

14.0 HOST COMMUNITIES OBLIGATION

- 14.1 The Licensees shall incorporate the Host Communities Development Trust for the Host Community where the Proposed Lease Area is located, in line with the Act and comply with the procedures under the relevant Regulations and guidelines as may be issued by the Commission from time to time, before proceeding to apply for a Field Development Plan in respect of the Commercial Discovery. The Licensees shall be in breach of this Licence if they fail to incorporate the relevant Host Communities Development Trust as mandated by the Act.
- 14.2 The Licensees shall make an annual contribution to the applicable Host Communities Development Trust Fund of an amount equal to three percent (3%) of their Previous Year Operating Expenditure.
- 14.3 The Licensees shall submit an annual report of the activities of the Host Communities Development Trust accompanied with the audited account of the

Host Communities Development Trust to the Commission no later than March 31st of every year.

14.4 The expiry or revocation of this Licence, or the surrender or relinquishment of any part of the Licence Area, shall not affect any obligation of the Licensees under this Clause that has not been discharged as of the date of such expiry, revocation, surrender or relinquishment.

15.0 ASSIGNMENT/TRANSFER

15.1 Each Licensee shall not, either directly or indirectly, sell, assign, novate, transfer, convey or otherwise dispose of its Participating Interest in Licence or any right, power or interest therein (**Assignment**), without the prior written consent of the Minister. A Change of Control of a Licensee shall be deemed to be an Assignment under this Licence.

15.2 Any Assignment or Change of Control of a Licensee made without the consent of the Minister shall be null and void and shall constitute a breach of the terms of this Licence.

15.3 Notwithstanding Clause 15.1, a Licensee may by way of security, wholly or partly assign, pledge, mortgage, charge or hypothecate its Participating Interest in the Licence or grant a security interest in respect of such interest provided that the prior consent of the Commission is obtained.

15.4 The procedure for applying for the consent of the Minister or Commission shall be in accordance with the Regulations.

15.5 The Commission shall record any changes to a Licensee's Participating Interest in the Licence arising from the grant of consent in Clauses 15.1 and 15.3, in the title register for upstream acreages.

15.6 Where the whole or part of an interest in the Licence is assigned, novated or otherwise transferred to another party, the proportionate legal and equitable interests, rights and obligations of the transferring Licensee in respect of any associated Host Communities Development Trust, Environmental Remediation Fund, decommissioning obligations, shall be deemed to be attached to the property transferred to the transferee and such legal and equitable interest, rights

and obligations shall be deemed to become the interests, rights and obligations of the transferee.

15.7 Until the name of the transferee is recorded by the Commission, the transferor is deemed to remain the holder of the interest in respect of this License.

16.0 REPRESENTATIONS, WARRANTIES AND INDEMNITIES

16.1 The Licensee hereby represents and warrants that on the Licence Commencement Date and throughout the duration of this Licence, that:

- 16.1.1 the Licensee is duly incorporated and validly existing in accordance with Nigerian law, is a separate legal entity capable of suing and being sued and has the power, capacity and authority to own its assets and to conduct its business as currently conducted and as contemplated in this Licence;
- 16.1.2 this Licence constitutes a valid, binding and enforceable obligation of the Licensee in accordance with its terms and this Licence is in the proper legal form for enforcement against the Licensee;
- 16.1.3 the Licensee has not entered into any agreements or obligations which would have an adverse effect on the Licensee's ability to fulfill its commitments and perform its obligations in accordance with this Licence;
- 16.1.4 it has full power and authority to perform all its obligations under this Licence;
- 16.1.5 there are no bankruptcy, insolvency, reorganization or receivership proceedings pending, being contemplated by, or to the best of its knowledge, threatened against it;
- 16.1.6 it is not party to any litigation, arbitration or other proceedings nor subject to any investigation or enquiry nor bound by any order, injunction, declaration, judgment or award of any court, arbitrator or other forum which could adversely affect the ability of the Licensee to perform its covenants or obligations under this Licence.

16.1.7 it has access to sufficient financial resources and technical capacity to implement the work programmes and fulfil the financial obligations it has committed to under the terms of this Licence;

16.1.8 it has sufficient investment capital, including available lines of credit and cash to fund the Financial Commitment, the Appraisal Financial Commitment, provide the respective performance securities to underpin these commitments, as well as all other financial obligations imposed by the terms of this Licence;

16.1.9 it possesses the technical competent, capacity, skilled personnel and expertise required to exploit the Licence Area;

16.1.10 it shall disclose to the Commission, all relevant information and Data in relation to the Licence Area;

16.1.11 it has not and will not, directly or indirectly, in connection with this Licence and the business resulting therefrom, offer, pay, promise to pay, or authorize the giving of anything of value to a government official (including employees of a government oil company), to any employee of the Commission, to any officer or employee of a public international organization, to any political party or official thereof or to any candidate for political office, or to any Person, while knowing or being aware of a high probability that all or a portion of such thing of value will be offered, given or promised, directly or indirectly, to any government official, to any officer or employee of a public international organization, to any political party or official thereof, or to any candidate for political office, for the purpose of:

- (a) influencing any act or decision of such official, officer, employee, political party, party official, or candidate in his or its official capacity, including a decision to fail to perform his or its official functions; or
- (b) inducing such official, officer, employee, political party, or candidate to use his or its influence with the government or instrumentality thereof (including a government oil company) or organization to affect or influence any act or decision of such government or instrumentality or organization to obtain or retain business related to this Agreement, to direct business related to this Agreement to any Person or to obtain any improper advantage or benefit in order

to assist in obtaining or retaining business for or with, or directing business to any other Person in relation to this Agreement.

- 16.2 For the avoidance of doubt, any breach of the representations and warranties in Clause 16.1 above by a Licensee, will constitute a breach of the terms of this Licence by the defaulting Licensee.
- 16.3 Notwithstanding the grant of this Licence to the Licensees, the Commission, Minister or Government (“**Indemnified Parties**”), the Indemnified Parties, shall not be liable to the Licensees or any third party for claims, damages, losses, penalties, costs and expenses arising directly or indirectly from, or related to any liability arising from the Upstream Petroleum Operations, conducted in the Licence Area. Accordingly, the Licensees shall defend and hold harmless the Indemnified Parties from and against any and all claims, damages, losses, penalties, legal and other costs and expenses arising directly or indirectly from or related to any liability arising from the Upstream Petroleum Operations, conducted in the Licence Area. Provided that this indemnity shall survive the term of this Licence.

17.0 BREACHES AND SANCTIONS

- 17.1 The Commission may impose administrative penalties against the Licensees for breach of the terms of this Licence as prescribed in the Regulations. However, this does not reduce or amend the right of the Commission to recommend the revocation of this Licence in respect of all or some of the Licensees in breach to the Minister, upon the said breach of the terms of this Licence.

18.0 REVOCATION

- 18.1 In the event of the occurrence of the events specified in Section 96 of the Act, the Commission shall serve a notice of default on the defaulting Licensee(s) stating the grounds and a remediation period of not less than sixty (60) days within which the Licensee(s) shall remedy the default.
- 18.2 In the event that the Commission is satisfied with the remedy provided by the Licensee(s), the revocation process shall be terminated.
- 18.3 Where the default persists at the expiration of the remediation period, the Minister may revoke the Licence as to the defaulting Licensee(s) upon the recommendation of the Commission. Upon revocation of the Licence, all rights, privileges and

powers conferred upon the defaulting Licensee(s) for the purpose of carrying out petroleum operations under this Licence shall cease.

- 18.4 Revocation, termination of this Licence shall not affect any obligation or liability that may have been incurred under the terms of this Licence or in connection with the Upstream Petroleum Operations.

19.0 INTELLECTUAL PROPERTY AND DISCLOSURES

- 19.1. All Data acquired by the Licensees or leased from the Commission during petroleum operations shall be vested in the Government and be treated as strictly confidential throughout the term of the Licence or data lease agreement or any extension or renewal hereof, except that the Commission shall have the right to use, or grant rights to a third party, for the purpose of licensing rounds, research, arbitration or litigation.
- 19.2. The Licensees shall be entitled to disclose such Data in the following circumstances:
 - 19.2.1 To an affiliate or a transferee of the Licensees' interest in the Licence.
 - 19.2.2 To a Government agency or entity;
 - 19.2.3 To contractors, sub-contractors, consultants and attorneys employed by the Licensees where disclosure of such Data or information is essential to their work;
 - 19.2.4 To a bank or other financial institution to for the purposes of funding of the Licensees' obligations under the Licence;
 - 19.2.5 When required to be furnished pursuant to an order of a court, laws or regulations.
- 19.3. The Licensees shall not make any disclosure pursuant to Clause 19.2 to 19.2.4 above, unless the prior written consent of the Commission is obtained, which said consent shall not be unreasonably withheld. Where the Licensees is required to disclose the data in accordance with Clause 19.2.5, the Licensees shall to the extent permitted by law, use the best endeavour to inform the Commission in advance of the disclosure, of the full circumstances of the disclosure and the

information that will be disclosed and take possible steps to avoid or limit the scope of the disclosure to ensure that there is no significant adverse consequences to the intellectual property rights of the Government to such Data.

- 19.4. Where a Licensee surrenders its Participating Interest in the Licence, all rights to the Data including disclosure by the surrendering Licensee shall cease and the Data shall return to the Government.
- 19.5. The Licensees shall ensure that any proposed recipient of such Data is made aware of the terms of this Licence, and if the disclosure is made under the terms of this Licence, is bound to maintain the confidentiality of the Data. The Licensees shall be liable to the Commission for any loss or damage suffered by the Commission arising out of the disclosure of the Data by any person to whom it has been disclosed directly or indirectly by the Receiving Party.

20.0 FORCE MAJEURE

- 20.1 Where there is any delay or failure by the Licensees in the fulfilment of any term or condition of this Licence caused by Force Majeure, the delay or failure shall be excused to the extent attributable to the Force Majeure; provided however that the occurrence of the Force Majeure (i) has been notified to the Commission in accordance with Clause 20.3; (ii) is beyond the control and without the fault or negligence of the Licensees and (iii) despite the exercise of reasonable diligence, the Licensees is unable to provide against or mitigate the impact.
- 20.2 For the avoidance of doubt, the following shall not be considered to be a Force Majeure occurrence and the Licensees shall not be entitled to an extension of time on the grounds of Force Majeure in respect of the following occurrences:
 - 20.2.1 late performance by the Licensees caused by acts or omissions of the sub-contractors or counterparties, inefficiencies on the part of the Licensees, lack of, or damaged equipment, shortages of personnel or labour or shortage of goods;
 - 20.2.2 economic hardship of the Licensees or an inability to pay the debts (whether caused by changes or fluctuations in the market prices for crude oil or any other commodity or for any other reason);

20.2.3 delays resulting from strikes, lockouts or other industrial actions which arise out of any dispute between the Licensees and/or any subcontractor, counterparties, co-venturers and/or their respective directors, officers, employees and/or agents; and

20.2.4 site conditions (including extraordinary subsurface conditions).

20.3 In the event of a Force Majeure occurrence affecting the Licensees' performance of the terms of this Licence, the Licensees shall notify the Commission within fourteen (14) days thereof, giving the full particulars of the incident and stating the steps the Licensees intends to take to remedy the situation or mitigate the effects of the Force Majeure and the estimate of the time it would take for the Force Majeure to cease. Thereafter, and until the Force Majeure ceases, the Licensees shall notify the Commission on a monthly basis of the efforts to overcome, remove and/or mitigate the effects of the Force Majeure.

21.0 GOVERNING LAW DISPUTE RESOLUTION

21.1 The terms of this Licence shall be subject to and governed by the Laws of the Federal Republic of Nigeria.

21.2 A dispute shall be deemed to have arisen when any Party notifies the other Parties in writing to that effect ("Dispute Notice"). Such notice shall contain the nature of the dispute and the relief requested.

21.3 Any dispute arising out of or in connection with this Licence shall be subjected to good faith negotiations between the duly nominated representatives of the disputing Parties, towards achieving an amicable resolution.

21.4 In the event that the disputing Parties are unable to reach an amicable settlement within forty-five (45) days of the Dispute Notice, the dispute shall be finally settled under the UNCITRAL Arbitration Rules contained in the Schedule to the Arbitration and Conciliation Act Cap A18 of the Laws of the Federation of Nigeria (LFN) 2004.

21.5 The arbitration shall take place at the Regional Centre for International Commercial Arbitration Lagos, its successor, or at any other venue to be mutually agreed by

the Parties before a panel of three (3) arbitrators appointed further to the UNCITRAL Arbitration Rules.

- 21.6 The arbitration shall be held in English. Any decision of the arbitrators shall be final and binding upon the parties to the arbitration. The Seat of the arbitration shall be Nigeria.
- 21.7 Where the disputing Licensee is unsuccessful in any litigation or arbitration proceedings against the Commission, the Minister or the Government, instituted in relation to the Licence, the disputing Licensee shall be liable to reimburse the legal and other associated costs incurred by the Commission, Minister or Government to participate in such proceedings.

22.0 NOTICES

- 22.1 Unless as provided in this Clause 22.0, all notices required to be given under this Licence by either party to the other shall be in writing and shall be sufficiently served upon the other party when delivered by hand delivery or by courier and addressed to the Chief Executive of either party at the address stated in the Model Contract. A party may change its address by notifying the other party in writing from time to time.
- 22.2 Any notice or other communication that the Government gives to the Licensees under or in connection with the Licence shall be deemed to have been received, at the time it is left at the Licensee's address.
- 22.3 A notice or other communication given as described in clause 22.2 on a day that is not a Business Day, or after normal business hours, in the place it is received, shall be deemed to have been received on the next Business Day.
- 22.4 Any notice or other communication given to the Government by the Licensees shall be deemed to have been received only on actual receipt and acknowledgement by the Commission.
- 22.5 Notwithstanding the above, general notices or circulars issued by the Commission shall be deemed delivered, three (3) days after they are issued or posted by the Commission on its secured website.

22.6 Clauses 22.1 to 22.4 (inclusive) do not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.

23.0 GENERAL PROVISIONS

23.2 No failure or delay on the part of either Party hereto to exercise any right or remedy under this Licence or the partial exercise thereto shall be construed or operate as a waiver thereof. The rights and remedies provided in this Licence are cumulative and are not exclusive of any rights or remedies provided under the Act, Regulations.

23.3 If and for so long as any provision of this Licence is found by a court or other tribunal of competent jurisdiction or is declared by applicable law to be invalid, then such invalid provision shall be deemed to be severed from this Licence to the extent of its invalidity. The remaining provisions of this Licence shall continue in full force and effect and such severance shall not (to the greatest possible extent) affect the validity or operation of any other provision of this Licence.

23.4 Any remedy which provides for the payment of liquidated damages by a Party (including the payment of the Deficit) represents a genuine pre-estimate of the likely or possible loss or damage which might otherwise be suffered by the Party to whom such liquidated damages are payable in consequence of the act or omission of the Party liable to pay such liquidated damages and shall not in any way be construed as a penalty.

SCHEDULE B:

LICENCE AREA DESCRIPTION

Petroleum Prospecting Licence (PPL) No. [:]

ANNEXURE 1:
MODEL CONTRACT

DRAFT LICENCE

ANNEXURE 2:
WORK PROGRAMME

DRAFT LICENCE

ANNEXURE 3:
WP PERFORMANCE SECURITY

DRAFT LICENCE