ENCLOSURE TO PRODUCTION

LICENCE NO xxx

xx LICENSING ROUND/ AWARD IN PREDEFINED AREAS 20xx

**AGREEMENT**

**CONCERNING**

**PETROLEUM ACTIVITIES**

**AGREEMENT CONCERNING PETROLEUM ACTIVITIES**

**PURSUANT TO**

**PRODUCTION LICENCE NO xxx**

**SPECIAL PROVISIONS**

1. **Background**

By Royal Decree of xx.xx.20xx have

xxxx

yyyy

Petoro AS

jointly been awarded petroleum production licence no xxx concerning petroleum

activities (the Production Licence) covering block(s) xxxx/x and xxxx/x.

Pursuant to Article 6 of the Production Licence, the Parties to the Production Licence are today entering into the following agreement for petroleum activities (“the Agreement”).

The Agreement comprises:

1. Special provisions
2. Attachment A - Joint Operating Agreement (”Attachment A”)
3. Attachment B - Accounting Agreement (”Attachment B”)

Under this Agreement, the Partieshereby establish a joint venture for the purpose of conducting petroleum activities in accordance with the Production Licence.

In the event of any discrepancies between the provisions of the Special provisions, Attachment A and Attachment B, the Special provisions shall supersede the provisions of Attachment A and Attachment B, and Attachment A shall supersede the provisions of Attachment B.

1. **The Parties and Participating interests**

The Parties to this Agreement and their Participating interest are as follows:

xxxx xx %

yyyy xx %

Petoro AS\* xx %

\* Petoro AS is licensee for the State’s Participating interest (the State’s Direct Financial Interest - SDFI).

The Parties’ interests in the joint venture shall at all times be identical to the Parties’ interests in the Production Licence.

1. **Voting rules**

3.1 Unless otherwise specified in this Agreement, each Member casts a vote in accordance with the Participating interest of the Party represented by the Member.

3.2 Unless otherwise specified in this Agreement, a decision by the management committee is adopted when at least x of the Members representing at least x % of the Participating interests have voted in favour of a proposal[, provided, however, that Equinor Energy AS and Petoro AS do not constitute a quorum together].

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

xxxx xx,xx %

yyyy xx,xx %

In such cases, a decision is adopted by the management committee when at least x of these Parties representing at least x % of the Participating interest have voted in favour of the proposal.

The management committee shall make no decision which could render an unreasonable advantage to certain Parties or others to the detriment of other Parties or the joint venture.

3.3 The State or the Manager may oppose a decision by the management committee which would not respect the conditions and requirements, specified in the Production Licence, regarding the State's depletion policies or the State's financial interests.

If the Manager's Member in the management committee declares that an adopted decision is of a nature as described in the first paragraph, such decision cannot be executed. If the matter is not brought before the Ministry of Energy (“the Ministry”) within 4 weeks after the day of adoption, the decision may nevertheless be executed.

3.4 Matters concerning the relinquishment of acreage within the licence area or surrender of the Production Licence require a unanimous decision by the management committee.

3.5 In case of changes in the joint venture, either a change in the number of participants or of the Participating interests, the joint venture shall propose new voting rules. The voting rules are subject to the Ministry's approval. If the joint venture does not submit any proposal, the Ministry may determine new voting rules for the joint venture. The new voting rules shall be formulated so as to influence each Party's proportional voting right as little as possible.

1. **The Operator**

Xxxx has been appointed and assumed the position of operator (”the Operator”) for the Production Licence.

1. **Definitions**

The definitions included in Attachment A shall also apply to the Special provisions as far as they are suitable.

1. **Duration**

This Agreement shall be binding for the Parties until expiry of the Production Licence and, in addition, for the time required to prudently discontinue the operations and the execution of abandonment decisions according to Article 31 of Attachment A.

1. **Production Licences with two licensees**

In Production Licences with two licensees, Article 16.2 of Attachment A shall read as follows:

"*A Party may submit a PDO with the appurtenant documentation to the Ministry and other relevant authorities, together with the application for approval of the field development plan.*"

1. **Approval**

Amendments to, exceptions from or supplements to this Agreement shall be

submitted to the Ministry for approval.

1. **Norwegian law**

This Agreement shall be governed by Norwegian law.

This Agreement has been signed in electronic version only.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Place Date

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Xxxx

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Zzzz

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Petoro AS

**ATTACHMENT A**

**TO AGREEMENT CONCERNING PETROLEUM ACTIVITIES**

**PURSUANT TO**

**PRODUCTION LICENCE NO xxx**

**ATTACHMENT A – JOINT OPERATING AGREEMENT**

**C O N T E N T**

DEFINITIONS ………..……………………………………………………………………..4

I. THE JOINT VENTURE

[ARTICLE 1. THE MANAGEMENT COMMITTEE 6](#_Toc862993)

[ARTICLE 2. DECISIONS AND PROCEDURES 7](#_Toc862994)

[ARTICLE 3. THE OPERATOR 9](#_Toc862995)

[ARTICLE 4. RESIGNATION AND REMOVAL OF OPERATOR 11](#_Toc862996)

[ARTICLE 5. PARTNER FORUM 12](#_Toc862997)

II. FINANCE

[ARTICLE 6. THE JOINT ASSETS, INTELLECUTAL PROPERTY RIGHTS ETC. 15](#_Toc862998)

[ARTICLE 7. LIABILITIES AND PAYMENTS 16](#_Toc862999)

[ARTICLE 8. DUTY OF CONTRIBUTION 16](#_Toc863000)

[ARTICLE 9. DEFAULT 17](#_Toc863001)

[ARTICLE 10. ACCOUNTS 18](#_Toc863002)

III. THE ACTIVITIES

[ARTICLE 11. CORPORATE GOVERNANCE 19](#_Toc863003)

[ARTICLE 12. WORK PROGRAM, BUDGETS, AUTHORIZATIONS FOR EXPENDITURE ETC. 21](#_Toc863004)

[ARTICLE 13. PROCUREMENT 27](#_Toc863005)

[ARTICLE 14. INSURANCE 29](#_Toc863006)

IV. FIELD DEVELOPMENT

[ARTICLE 15. CLARIFICATION OF FIELD DEVELOPMENT FEASIBILITY 31](#_Toc863007)

[ARTICLE 16. PLAN FOR DEVELOPMENT AND OPERATION (PDO) 32](#_Toc863008)

[ARTICLE 17. FIELD DEVELOPMENT 33](#_Toc863009)

V. SOLE RISK OPERATIONS

[ARTICLE 18. SOLE RISK OPERATIONS 34](#_Toc863010)

[ARTICLE 19. SOLE RISK FIELD DEVELOPMENT 36](#_Toc863011)

VI. DISPOSAL OF PETROLEUM

[ARTICLE 20. LIFTING OF OIL 38](#_Toc863012)

[ARTICLE 21. ANNUAL LIFTING OF OIL 39](#_Toc863013)

[ARTICLE 22. DISPOSAL OF NATURAL GAS 40](#_Toc863014)

VII. ASSIGNMENT ETC.

[ARTICLE 23. ASSIGNMENT OF PARTICIPATING INTEREST 41](#_Toc863015)

[ARTICLE 24. WITHDRAWAL FROM THE JOINT VENTURE 42](#_Toc863016)

[ARTICLE 25. DISSOLUTION 43](#_Toc863017)

VIII. MISCELLANEOUS PROVISIONS

[ARTICLE 26. TRANSACTIONS IN SEISMIC DATA, DRILLING RESULTS ETC. 44](#_Toc863018)

[ARTICLE 27. OBLIGATION OF INFORMATION AND CONFIDENTIALITY 44](#_Toc863019)

[ARTICLE 28. DISPUTES 46](#_Toc863021)

[ARTICLE 29. CESSATION OF PETROLEUM ACTIVITIES 47](#_Toc863022)

[ARTICLE 30. ABANDONMENT PLAN 48](#_Toc863023)

[ARTICLE 31. IMPLEMENTATION OF AN ABANDONMENT PLAN 48](#_Toc863024)

**DEFINITIONS**

Unless otherwise specified, the following definitions shall apply:

1. "DTC" means decision to concretize – milestone where the management committee has identified at least one technological and economically feasible concept providing a basis to commence studies leading up to concept selection.
2. "DOC" means decision on continuation – milestone where the management committee decides to continue with studies of one concept leading up to a DTI.
3. "DTI" means decision to implement – milestone where the management committee takes an investment decision leading to the submission of a PDO.
4. "Gross book value" means each Party's share of the aggregate cumulative development costs which are charged to the joint account in accordance with the Operator's specifications.
5. "Participating interest" means the undivided percentage share which a Party holds at any time in the Production Licence and in the joint venture or, as appropriate, in a sole risk project.
6. "Deposit" means an accumulation of Petroleum in a geological unit limited by the rock characteristics by structural or stratigraphic boundaries, contact surface between Petroleum and water in the formation, or a combination of these, so that all the Petroleum comprised is in pressure communication through liquids or natural gas.
7. "Intellectual property rights" means rights in inventions, intellectual property, design and the like, and rights in business secrets.
8. "Investment Period" means the time period needed to consummate the investment phase.
9. "Quarter" means three (3) consecutive calendar months commencing on and from either 1 January, 1 April, 1 July or 1 October.
10. "Member" means each Party's representative in the management committee.
11. "Natural gas" means all hydrocarbons which at standard atmospheric conditions of pressure and temperature are in a gaseous phase, including nonhydrocarbon gas which is in association with and produced with such gaseous hydrocarbons. The quantity is expressed in standard cubic metres.
12. "Oil" means all Petroleum, other than Natural gas, which under standard atmospheric pressure and temperature is in a liquid state.
13. "Party" means a company being a licensee and holding a Participating interest. Companies holding a Participating interest as a group shall be considered as one Party.
14. "Petroleum" means all liquid and gaseous hydrocarbons existing in a natural condition in the strata, as well as all substances produced in association with such hydrocarbons, including sulphur, but excluding basic sediments and water.
15. "Program period" means one calendar year unless the management committee otherwise determines.
16. "PDO" means plan for development and operation.
17. "Accounting year" means one calendar year.
18. "Standard atmospheric pressure" is 1.01325 bar. "Standard atmospheric temperature" is 15 degrees Centigrade.
19. "Affiliated company" means:
20. a company which directly or indirectly holds more than 50 % of the share capital or voting rights, or which in any other way directly or indirectly, controls one of the Parties of the Joint venture (parent company).
21. a company in which one of the Parties, directly or indirectly, holds more than 50 % of the share capital or voting rights, or in any other way, directly or indirectly, controls such company (subsidiary company).
22. a company whose share capital or voting rights, directly or indirectly and by more than 50 %, is owned or otherwise controlled, directly or indirectly, by one or more concerns which themselves, either directly or indirectly, own more than 50 % of the share capital or voting rights, or otherwise control one of the Parties of the joint venture (associated company).
23. "Year" is one calendar year.
24. "Manager" means the legal person which is entrusted with representing and attending to the State's Direct Financial Interest (SDFI), in such capacity.

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

1. T H E J O I N T V E N T U R E

# THE MANAGEMENT COMMITTEE

## Before the joint venture activities commence, a management committee shall be established. Each Party shall appoint one Member and one deputy Member and may at any time change such appointments.

## The Member appointed by the Operator shall be chair of the management committee. In the chair’s absence, the chair’s deputy shall act as chair.

## The management committee is the supreme body of the joint venture. Each Party shall contribute to the management and control of the joint venture activities.

The management committee shall have a key role in the joint venture’s strategy process focusing on goals, the choice of direction and the monitoring of the activities. The Management Committee shall ensure the balance between strategic organization, monitoring and control.

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

The management committee may demand that all matters concerning the joint venture activities be presented to it, and may make decisions concerning such matters.

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

## The management committee shall have a secured electronic communication and documentation system for the joint venture. The system shall have functionalities for the use of digital signatures, encryption, or equivalent electronic security options, as well as storage, archiving and retrieval.

## The management committee itself shall deal with and decide matters pertaining to:

1. Appointment of an auditor for the joint venture and for the Operator's activities,
2. such circumstances as referred to in Article 3.4 of the Special Provisions,
3. all matters pertaining to co-operation with licensees of other licence areas,
4. claims for damages which are of importance as a matter of principle or which are of considerable economic importance,
5. any other matter being submitted for consideration by any of the Parties,
6. any other matter as specified in this Agreement; and
7. procurement and contract strategy, unless otherwise provided by this Agreement.

# DECISIONS AND PROCEDURES

## General The chair of the management committee shall ensure that the management committee deals with matters of relevance falling under the authority of the management committee.

The management committee shall deal with matters and make decisions in meetings or in writing. The chair of the management committee or a Member may demand that matters are dealt with in a meeting.

## Decisions When a matter is presented for consideration in the management committee, the chair of the management committee shall ensure that sufficient background material and any proposals for decisions are presented to the management committee. In relation to matters to be dealt with in writing the chair of the management committee shall, when presenting background material and proposals for decisions, specify a deadline for the Members to cast their vote in accordance with Article 2.3.

A Member may itself submit a matter or draw up a proposal for a decision for consideration by the management committee and shall, in such case, ensure that sufficient background material is included.

## Deadlines for submission of background material and proposals for decisions

Sufficient background material and any proposals for decisions shall be submitted to the management committee no later than 10 working days before the management committee meeting where the matter is to be dealt with, or no later than 10 working days before the end of the deadline for a written vote on a matter, unless it concerns matters regulated in Article 13.3 second paragraph and 13.4 second paragraph.

If an unexpected event or other special circumstances require an urgent decision, the chair of the management committee or a Member may demand that a matter be dealt with within a shorter timeframe than the deadline following from Article 2.3, first paragraph.

## Meetings The chair of the management committee convenes meetings of the management committee. Meetings shall be held at least once every three months unless the Members unanimously decide otherwise. A Member may call a meeting itself if the chair of the management committee does not comply with a request to do so.

The chair of the management committee shall make an annual plan for the quarterly meetings and specify the time for the meetings. The notice shall be presented to the management committee no later than 10 working days before the meeting. It shall at least state the time and place/format of the meeting and the matters to be dealt with. A Member may, with at least 5 working days’ notice to the chair of the management committee and the other Members, demand that other matters be added to the agenda for the meeting; the deadline for a decision will still be 10 working days.

Matters that are not listed on the agenda can only be dealt with at the meeting if all Members agree.

## Participation at meetings

During deliberations on matters in the management committee, the Members may meet with the necessary expert personnel. The number can be limited by the management committee. The management committee may decide that only the Members shall be present when a proposal is put to vote.

## Minutes

The chair of the management committee shall ensure that minutes of the meeting are kept. The minutes shall be presented to the management committee within 15 working days. The Members shall, without undue delay, inform the management committee if the minutes are approved, and if necessary indicate the corrections or additions that are required.

If the management committee has not received a notification from a Member within 15 working days after the management committee received the minutes, the Member shall be deemed to have approved the minutes.

## Notices and archiving

Unless otherwise specified, notices under this Agreement shall be given in writing. Notices shall be in Norwegian or English. Where notices, decisions or matters are to be dealt with in writing, this shall be done through the joint venture's electronic system, cf. Article 1.4.

The chair of the management committee shall ensure that case material and documentation presented to the management committee and subcommittees established by the management committee are continuously stored on the joint venture's electronic system. This shall also apply to agreements entered into on behalf of the joint venture, with the exception of agreements regulated by Article 13.5, second paragraph. Information made available in accordance with Article 3.4 shall also be stored continuously on the joint venture's electronic system. This does not apply if it is more appropriate for such information to be kept available to the Parties on other electronic systems.

# THE OPERATOR

## The Operator shall carry out and administer the day to day management of the joint venture activities.

The activities shall be carried out in accordance with the terms of this Agreement, the decisions of the management committee, the conditions specified in the Production Licence, applicable law and other resolutions made by the authorities.

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

## Unless otherwise specified, the Operator shall act on behalf of the Parties of the joint venture. This includes the rights and obligations to obtain all necessary consents, approvals and licences, to enter into requisite agreements in the name of and on behalf of the joint venture, and to make timely payments in accordance with the Agreement of all expenses incurred from the activities for the Parties of the joint venture.

## The Operator shall prepare the matters that are to be considered by the management committee. He shall keep the management committee informed of events and circumstances which may be of importance to the joint venture.

The Operator's organization of the activities shall enable the management committee and the Parties to supervise and, moreover, have access in Norway to all information concerning the activities.

The Operator shall, in cooperation with the Parties and in accordance with good corporate governance, facilitate efficient information sharing in the joint venture. The Operator shall endeavour to use common industry standards, open interfaces and machine readability, so that integration into the Parties' own systems is simplified, and shall also, as appropriate, endeavour to use real-time sharing.

The Parties' access to information and data regarding the activities in the joint venture shall not be limited by the Operator's choice of software and work processes. If the selected software and work processes are subject to the Operator's Intellectual property rights, the joint venture shall be given the right to utilize these to the extent necessary to give the Parties such access in accordance with the Agreement. Unless otherwise agreed between the Operator and the joint venture, Article 6.3 shall, with the exception of the first sentence, apply to the joint venture's right to exploit such Intellectual property rights.

## The Operator shall prepare and shall unsolicited make information and data concerning the activities available to the management committee.. Such information shall, inter alia, include:

1. Information a Party needs to contribute to the management and control of the joint venture's activities, including an overview of the Operator's organization and staffing, considerations and assessments of a technical, financial and other nature, and periodic development and status reports with explanations of any significant deviations in relation to the approved budget and work programme;
2. Information a Party needs to ensure safe operations, including exercising its see-to duty in relation to health, environment and safety, including safety procedures, contingency plans, safety manuals, safety reports, accident reports and reports related to the work environment;
3. Information a Party needs to be able to continuously assess the exploration and/or production strategy and technical solutions to ensure that the production is carried out in accordance with sound technical and economic principles, including analyses, logs, reports, studies and data on geological conditions, geophysical conditions, well conditions, survey conditions, drilling operations, cores and samples of rocks and fluids from boreholes, developments (including progress and cost estimates), production conditions (including quantity and quality of Petroleum produced), maintenance and other activities;
4. Correspondence with other joint ventures, including information about planned meetings and copies of minutes and presentations from such meetings; and
5. Correspondence between the Operator and the Norwegian authorities and relevant background information related to this, including minutes of meetings.

Such information and data shall be made available as soon as such information and data is available and in line with the management committee's decisions and instructions. The management committee may require the Operator to prepare changes to or additions to this information.

Other information and data regarding the activities shall be made available as and when the management committee or a Party reasonably requests. Samples and cores that remain after distribution to the Parties and the Norwegian authorities shall be stored in Norway.

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

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

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

# RESIGNATION AND REMOVAL OF OPERATOR

## The Operator may resign as operator on six (6) months' written notice. The management committee may, subject to the Ministry's consent, direct the Operator to continue until another company is ready to take over the operatorship.

## The management committee may remove the Operator. The reason for the removal shall be stated and shall be subject to six (6) months' notice.

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

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

1. The Operator's management or supervisory personnel has caused an economic loss to the Parties as the result of willful misconduct or gross negligence,
2. the Operator or any of his Affiliated companies is declared bankrupt, applies for a composition with its creditors or becomes insolvent,
3. any of the Operator's Affiliated companies, as referred to in sub-section 19 litra a) of the definitions herein, is dissolved, or
4. the Operator transfers his Participating interest or a substantial part thereof, to another entity.

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

If a change of Operator has taken place, the management committee shall ensure that the joint accounts are audited and that all equipment, supplies etc. provided by the Operator for the joint activities shall be inventoried. Stored Petroleum shall also be recorded.

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

1. All contracts/agreements, assets, core samples, log studies, records, data etc. which have been in the Operator's custody,
2. all information and data necessary for accurate reporting during the period the change of operator is taking place,
3. books of account, accounting records and accounts concerning the joint activities. The retiring Operator shall, however, keep verifications etc. for control purposes for as long as this Agreement remains in effect and, thereafter, for such a period of time as required by law or the management committee, and
4. copies of documents which are retained by the Operator.

The Operator shall be liable to the other Parties for the expenses connected to the change of operator if the Operator has been removed in accordance with Article 4.1 or Article 4.2 third paragraph litra a) through c).

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

# PARTNER FORUM

## The Operator shall establish a partner forum (Partner Forum) for joint ventures having the same operator. Each participant in the joint ventures shall appoint one member and one alternate and may at any time make new appointments.

## The Operator's member shall be the chair of the Partner Forum. In the absence of the chair, its alternate shall act as chair.

In the Partner Forum, matters shall be subject to common discussions. The Partner Forum has no authority to make decisions.

## The chair shall convene the meetings of the Partner Forum. A meeting shall be held at least once a Year and shall in any case be held before the Operator submits his proposal for a work program and budget according to Article 12, but in any case, no later than 15 September.

A notice of a meeting shall be submitted to the participants at least ten (10) working days in advance of the meeting. The notice shall state the time and place/format for the meeting and the agenda as well as requisite background materials. A participant may, giving at least five (5) working days' notice to the chair and the other participants, demand that other matters, cf. Article 5.4, be added to the agenda for the meeting.

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

The individual joint venture may, following a decision by the management committee, demand that the chair of the Partner Forum convene a meeting to deal with matters stated in Article 5.4.

In matters relating to unsettled audit claims, the chair shall convene a Partner Forum to handle claims according to provisions of Attachment B – Accounting Agreement.

## The Partner Forum shall deal with matters that are common to all the joint ventures of the Operator within the scope of the provisions of Attachment A – Joint Operation Agreement, Attachment B – Accounting Agreement and applicable legislation. Such matters comprise, among others:

1. The Operator's allocation methods for the charging of costs,
2. criteria for charging of the Operator's costs to the Joint Account and the Operator's own costs,
3. the Operator's hourly rates, efficiency measures and stretch targets;
4. benchmarking of the Operator's costs,
5. reorganization or restructuring costs that the Operator proposes to charge to all joint ventures according to rules set forth in Attachment B – Accounting Agreement,
6. unsettled audit claims from a multi-venture audit of the Operator according to procedures set forth in Attachment B - Accounting Agreement, and
7. the Operator's methodology, systems and strategy for sharing of information in the joint ventures.

Information received in connection with matters dealt with in the Partner Forum shall be handled in accordance with Articles 27.2 and 27.3.

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

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

## The chair shall ensure that minutes of the meetings are kept. The minutes shall be submitted to the members within 15 working days. The members shall notify the chai without undue delay of whether the minutes are approved and shall, as appropriate, specify any corrections or additions required. Information concerning corrections and additions shall at the same time be submitted to the other Members.

If the chairman has not received any notification from a member within 15 working days of the member’s receipt of the minutes, the member shall be assumed to have approved the minutes.

1. F I N A N C E

# THE JOINT ASSETS, INTELLECTUAL PROPERTY RIGHTS ETC.

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

The size of the individual Party’s ideal share is equal to its Participating interest.

## Each Party has an ideal share in Intellectual property rights to the extent set out in Article 6.1.

Subject to any limitations due to the rights of third parties each Party has, at its own expense and risk, the right to exploit inventions and computer programs covered by the first paragraph, notwithstanding the other Parties' ideal rights according to the first paragraph and without the management committee's consent according to Article 27.2, provided that this can be done without sharing other proprietary information that belongs to the joint assets. The right of exploitation includes both use and further development within a Party’s own business and in other joint ventures where the Party is a participant. The right of exploitation can be licensed to Affiliated companies, the Parties' suppliers and other contracting parties. A Party that transfers its Participating interest or withdraws from the Agreement retains the right to exploit inventions and computer programs that were acquired or developed before the transfer or withdrawal.

Patenting of inventions covered by the first paragraph can only be carried out by the Parties jointly following a decision of the management committee. The Operator shall, on behalf of the Parties, register the patent in its own name. In the event of a change of operator, the patent registrations shall be transferred to the new operator.

Decisions on the enforcement of rights towards third parties as mentioned in the first paragraph are made by the management committee.

## A Party may grant the joint venture the right to exploit the Party’s Intellectual property rights. The content, scope and other conditions of the right of exploitation should be agreed in writing between the Party and the joint venture. Remuneration for the right of exploitation can only be claimed if it has been decided by the management committee. Unless the Party and the joint venture agree otherwise, the right of exploitation is limited to the joint venture’s activities.

Unless otherwise agreed, the results of further development based on Intellectual property rights as mentioned in the first paragraph shall vest in the Party that has made the original rights available for exploitation in the joint venture’s activities. Such results of further development may nevertheless be freely used in the joint venture’s activities.

If losses are incurred by the joint venture or any of the Parties as a result of the joint venture’s use of Intellectual property rights to which exploitation rights are granted pursuant to this Article 6.3, including losses as a result of infringement of a third party’s Intellectual property rights, the Party that grants the joint venture such exploitation rights is only liable if the loss is the result of wilful misconduct or gross negligence by the management or supervisory personnel of the Party or any of the Party’s Affiliated companies, unless the Party and the joint venture have agreed otherwise. The Party that grants the joint venture the right of exploitation according to this Article 6.3 shall under no circumstances be liable for delay in or stop of production, nor for damages caused to third parties.

# LIABILITIES AND PAYMENTS

## Unless otherwise specified in this Agreement, the Parties shall be primarily liable to each other on a pro rata basis, secondarily jointly and severally liable for all obligations arising by virtue of the joint venture's activities. This applies irrespective of a liability towards third parties.

## Each Party is responsible for his share of the area fee. If a Party does not pay his share, the Operator shall make the payment on his behalf and apportion the amount between the other Parties in accordance with their Participating interest.

## None of the other Parties may be held liable pursuant to Article 7.1 for direct taxes which a Party is obliged to pay.

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

# DUTY OF CONTRIBUTION

## The Parties are obliged to provide sufficient funds to cover all expenses relating to the activities of the joint venture.

Unless otherwise specified in the Production Licence, the amount to be contributed by each Party shall be calculated in accordance with the Participating interest at the time the payment is made.

## Further provisions regarding the Parties' duty of contribution in this respect are specified in Attachment B - Accounting Agreement.

# DEFAULT

## If a Party does not comply with his obligation to make payments pursuant to Articles 7 or 8, the amounts which are not paid shall be advanced by the non-defaulting Parties in accordance with their Participating interest. Following notice to the defaulting Party, the other Parties may cover the advance which has been made or is pending by acquiring his share of the Petroleum produced. The acquired Petroleum will be regarded as lifted by the defaulting Party. Accounting is made in accordance with the norm price applicable at any time or, if a norm price is not stipulated, the contract price obtained.

If a Party is in default of his obligation to make payments pursuant to Articles 7, 8 or the preceding paragraph, he shall be charged a penal interest pursuant to Article 1.2.2 of Attachment B – Accounting Agreement.

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

The Operator shall inform the management committee and the Ministry of any defaults comprised by this Article.

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

## If a Party's default remains in effect for more than three (3) months after the Operator has informed the management committee, the Ministry and those who have registered a mortgage in the Participating interest, the non-defaulting Parties may demand that the defaulting Party assign his Participating interest to them, effective from the expiry of the calendar month in which such demand is made. Such request for transfer has priority above an agreement concerning the assignment of a Participating interest and pre-emption rights in accordance with Article 23.

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

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

When a settlement has been made in accordance with the preceding paragraph, the Participating interest shall be assigned without any encumbrances.

## The assigned Participating interest shall be apportioned pro rata amongst the non-defaulting Parties in accordance with their Participating interest, unless otherwise agreed. Any liability which the defaulting Party might have for unpaid contributions or other unsecured obligations pursuant to this Agreement shall be assumed by the non-defaulting Parties.

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

## If a Party's continuous default is due to intervention by Norwegian authorities, a demand for assignment of a Participating interest pursuant to the provisions in Article 9.3 may not be asserted on the basis of such default. Such default does not deprive the Party of its rights to data and information.

# ACCOUNTS

## The Operator shall keep accounts in Norway for all activities pursuant to this Agreement, in accordance with laws and regulations and accounting practices in Norway, and the provisions of Attachment B – Accounting Agreement. The accounts shall be so kept that the other Parties may supervise the activities of the Operator. Thus, the accounts shall reflect the joint operations and activities in each Deposit in the licence area.

## Further provisions regarding the Operator's keeping of accounts are specified in Attachment B – Accounting Agreement.

1. T H E A C T I V I T I E S

# CORPORATE GOVERNANCE

## Requirements for corporate governance

The management committee shall ensure that processes are established for integrated corporate governance so as to achieve the highest possible value added and to implement applicable requirements relating to health, safety and the environment. The Operator shall prepare and continuously further develop processes for corporate governance. The governance system of the Operator shall serve as the basis for the corporate governance of the joint venture and shall enable each Party to fulfill its see-to duty. The corporate governance shall integrate the control and follow-up processes of the joint venture, including strategy development, goal-oriented management, decision-making processes, processes for significant procurements, risk management, and reporting.

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

## Goals and strategy development

The management committee shall establish overall goals for the activities of the joint venture. The Operator shall prepare strategies for realization of the goals and submit them to the management committee.

In connection with the establishment of goals and strategies, the Operator shall submit to the management committee a description of opportunities for increasing revenues, reducing costs, improving health, safety and the environment, improving information sharing in the joint venture, and for how interaction and information sharing with and between suppliers can contribute to making the joint venture's activities more efficient. Emphasis shall be put on the comparison with and learning from similar and other activities.

## Long-term plan

The Operator shall submit a proposal for a long-term plan to the management committee that shall reflect the goals and strategies that have been decided, adapted to the relevant phase of the activities and the challenges the joint venture is facing. The plan shall describe how opportunities for digitization and machine learning can be exploited.

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

The long-term plan shall describe the long-term and overall ambitions of the joint venture, its goals and main activities. The management committee shall each year decide whether an update of the long-term plan is needed.

When preparing the long-term plan, the activities of the joint venture shall be considered in relation to possible synergies through collaboration with licensees of other licence areas.

## Goal-oriented management

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

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

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

## Decision-making processes

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

## Risk management

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

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

## Follow-up of the activities

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

The Operator shall each month prepare periodic reports. The reporting shall be based on the activities in the reporting period and the key performance indicators, and shall focus on deviations and the need for corrective actions.

Unless otherwise decided by the management committee, the Operator shall include an updated forecast for the Year in the monthly report for April, July and October.

# WORK PROGRAM, BUDGETS, AUTHORIZATIONS FOR EXPENDITURE ETC.

## General

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

The work program shall, among others:

1. Define clear goals, deliverables and deadlines for significant activities,
2. clarify how the activities in the coming Year will contribute to realizing goals set forth for the activities, and
3. identify significant risk factors and relevant actions to manage risk.

## Work program and budget - deadlines

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

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

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

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

During the budget year, a Party may propose that the management committee adopt alterations to the work program and the budgets.

By the end of January each Year, the Operator shall prepare and submit to the Parties a periodic overview of the operation and investment budgets for the current year.

Time limits referred to in this Article may be amended by the management committee, and by the Operator if the reporting obligations towards the authorities so require.

## The main elements of the budget proposal

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

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

## Structure and contents of the budget items

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

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

| Item | Definition/description |
| --- | --- |
| 1 Exploration |  |
| 1.1 Geology and geophysics | Costs related to block evaluation and general exploration activities. |
| 1.2 Seismic | Costs related to the collection, processing, reprocessing and test processing of geophysical data. |
| 1.3 Special studies | Costs related to dedicated studies in early phases (e.g. studies of migration, maturing of hydrocarbons, whether the trap is tight, etc.). |
| 1.4 Other exploration costs | Costs related to data storing, core samples, administration and other exploration costs. |
| 2 Exploration drilling and testing |  |
| 2.1 Regional positioning costs | Costs related to the collection and processing of geophysical data for the selection of well location. |
| 2.2 Well X |  |
| 2.2.1 Drilling | Costs related to the drilling, completion and plugging of wells, also including planning costs. |
| 2.2.2 Testing | Costs related to all testing and data collection in the well, normally only in case of discoveries. Includes test production. |
| 3 Field evaluation | Consideration of development solutions |
| 3.1 Discovery A | Costs related to geology, geophysics as well as evaluation of various development options and commercial activities. |
| 3.2 Discovery B |  |
| 4 Concept studies | This phase begins at choice of concept |
| 4.1 Project A | Costs related to concept development in relation to a possible project from and including a decision on continuation in the planning phase. It is presupposed that the decision point for choice of concept has been passed and that the development of a specific concept continues. Normally comprising both internal and external activities (studies, pre-engineering, Front End Engineering Design, PDO work, etc.). |
| 4.2 Project B |  |
| 5 Investments | This phase begins when a decision on implementation of a development project has been made. |
| 5.1 Development investments | Development investments concern the development of new resources. There will always be concept studies before such an investment is made. The budget for the project is sanctioned by an approved PDO/PIO. Some projects are exempt from PDO requirement. |
| 5.1.1 Part project X |  |
| 5.2 Operating investments | Operating investments are permanent investments that:   * Increase the production capacity * Substantially increase the quality and thus the value of the products * Substantially improve the production process and thereby substantially lower the level of other production costs * Measures that enhance safety and prevent/reduce future pollution of the environment * Extensions of the plant and/or new functions   This will normally be investments in operating equipment that have been put to use (after the project investment was made) and that are not classified as maintenance. |
| 5.2.1 Part project X |  |
| 5.3 Production drilling | Production drilling is all activities related to the drilling and completion of production and injection wells after a decision on project implementation, and/or a decision on new wells or drilling targets in the production phase has been made. All associated/indirect activities with the objective of production drilling also belong under the classification “production wells” (e.g. well planning, mob/demob rig, modification rig, etc.). |
| 6 Operating costs | This phase begins when a field enters the operating phase |
| 6.1 Operating preparations | Activities related to recruiting, training and preparing the operating organization for taking over the plant and perform the operation. Start-up activities related to the testing of a facility are not included as part of preparations for operation. |
| 6.2 Operating costs and support activities |  |
| 6.2.1 Operation | All work that is directly attributable to production and operation of a facility. This mainly comprises operating activities on the offshore/onshore facilities, as well as costs such as support activities from land and production chemicals. |
| 6.2.2 Maintenance | All maintenance activities related to an offshore facility, land plant and associated pipes. These mainly comprise inspection, status check, preventive and corrective maintenance, surface maintenance, maintenance drilling module as well as maintenance support. |
| 6.2.3 Well maintenance | All costs related to down-hole work up to the choke, and which do not form part of a drilling project. |
| 6.2.4 Modifications | Activities related to extension or modification of existing equipment and facilities requiring amended technical documentation. Change projects and reconstruction that are neither maintenance nor an operating investment are included. |
| 6.2.5 Subsea operations and maintenance | All operating and maintenance activities related to subsea facilities, including inspection and contingency costs for the subsea facilities. |
| 6.2.6 Platform services | Costs related to the accommodation/catering on the platform and any other support services on the platform, as appropriate.. |
| 6.2.7 Administration | Costs related to management, direct and indirect administration of operative organization, e.g. field manager, economy, personnel and IT. |
| 6.2.8 HSE | Activities related to HSE work as well as licence specific HSE projects. |
| 6.2.9 Reservoir management and development | Costs in connection with long-term planning, quality assurance, reservoir management, production optimizing, modelling and enhanced oil recovery. |
| 6.2.10 Business development | Commercial activities in connection with evaluating business opportunities for a licence in operation. |
| 6.3 Logistics |  |
| 6.3.1 Maritime operations | Operating activities related to vessel operations, with the exception of standby vessels which are attributed to item 6.3.4. Vessel costs included in the report will comprise supply vessels, storage vessels, special assignment/support vessels and anchor handling, as well as consequential costs and administration of vessels. |
| 6.3.2 Air transport | Transport services between helicopter bases and the installation as well as shuttling between facilities on the fields. Costs relating to SAR (Search and Rescue) and ambulance transport are attributed to item 6.3.4. |
| 6.3.3 Supply bases | Costs related to the operation of bases such as area, rents, personnel, etc., as well as any transport to and from bases. |
| 6.3.4 Preparedness | Vessel and helicopter costs related to operative preparedness on the fields. Installation specific standby vessels, any share of area standby vessels and consequential costs related to such vessels. SAR helicopter (Search and Rescue) and ambulance transport. |
| 6.4 Tariff costs | Costs related to field external processing and transportation of oil and gas between fields. |
| 6.5 Other operating costs | Costs that cannot be attributed to other operative items, e.g. write-down of stocks, obsolete stocks, previous years’ costs, excess field times, gas purchases in connection with injection, insurance/guarantee matters related to operations, etc. |
| 7 Operating income | Tariff income, processing and any other income. |
| 8 Shutdown and removal |  |
| 8.1 Shutdown | Preparation for abandonment and removal, plugging and abandonment of wells and other abandonment of facilities. |
| 8.2 Removal | Physical removal of facilities. |
| 9 General costs |  |
| 9.1 Licence administration | Costs related to the Operator's responsibilities in connection with the administration of the joint venture, e.g. licence coordination. |
| 9.2 Area fee | Fees to be paid annually to public authorities based on the area comprised by the licence. |
| 9.3 Environmental taxes | Costs related to the emission of defined substances harmful to the environment, e.g. CO2 tax and other environment taxes. |
| 9.4 Other taxes and duties | Other taxes and duties that are not defined by other items, e.g. property tax. |
| 9.5 Research and development (R&D) | Costs related to research and development projects performed by or under the auspices of the Operator and which are relevant for upstream activities. |
| 9.6 General management | Costs related to the Operator's general management. |
| 9.7 Business and industry and special interest organizations | Costs related to business and industry and special interest organizations such as e.g. Offshore Norge and NOFO. |
| 9.8 Financial costs | Financial costs such as exchange gains and losses and interest. |
| 9.9 Restructuring costs | Costs related to workforce reductions and severance pay in connection with reorganization processes in the company. |

## Authorizations for expenditure

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

In carrying out an approved work program, however, the Operator may exceed a budget item or an AFE by up to 10%. A budget item means each of the main items 1-9 in Article 12.4. None of the budgets may be exceeded by more than the lower of 5% or NOK 75 million during the Accounting year. These percentages may be changed by a unanimous resolution of the Parties.

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

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

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

## Project management

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

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

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

The Operator shall submit the current control estimate and control plan to the management committee together with an analysis of opportunities for added value/cost reductions and potential risks, which may influence the planned target achievements. The current control estimate and control plan shall be revised and submitted to the management committee for consideration twice a Year, unless otherwise decided by the management committee.

# PROCUREMENT

## Overall procurement and contract strategy

The Operator shall prepare an overall procurement and contract strategy for significant purchases, including a time schedule for the procurements, adapted to the various phases of the activities, to be submitted to the management committee for approval. The Operator shall submit proposals for significant changes in the overall procurement and contract strategy to the management committee for approval.

## Overview of significant procurements

When presenting a budget proposal for activities in the coming Year, the Operator shall include an overview showing what significant procurements the Operator is planning for the budget year. Among others, this overview shall state the expected contract value and time schedule for each individual procurement, and describe suitable framework agreements and/or similar agreements on long-term cooperation with suppliers that the Operator plans to use. The Operator shall report significant changes to the management committee.

When considering the budget proposal, the management committee shall decide which procurements are to be included in the plan for significant decisions for the coming Year.

For procurements of a duration exceeding the budget for the Year, the Parties shall organize themselves in such manner as to enable the joint venture to commit itself according to the duration of the procurement.

## Separate procurement and contract strategy and selection of suppliers in tenders

In respect of procurements expected by the Operator to have a contract value of more than NOK 100 million, a proposal shall, prior to submitting a request to the suppliers, be made to the management committee for a decision concerning a separate procurement and contract strategy including the expected contract value, a market assessment, as well as overall evaluation criteria and a bidding list. A decision shall be made within 10 working days after the Operator has submitted the proposal to the management committee.

When the offers received have been evaluated by the Operator, a proposal shall be made for a decision in the management committee regarding the selection of a supplier and the award of a contract. The proposal shall include an overall overview of the basis for choosing the supplier, including an overview of offers received, evaluation of the offers, contract amount achieved, and an indication of circumstances which the Operator considers to involve a particular or unusual risk. A decision shall be made within 5 working days after the Operator has submitted a proposal to the management committee.

## Separate procurement and contract strategy and selection of suppliers in direct procurements

In respect of procurements which the Operator expects will have a contract value of more than NOK 50 million, and where the Operator recommends a direct procurement, the Operator shall, prior to the negotiations with the supplier, submit a proposal to the management committee for a decision concerning approval of a separate procurement and contract strategy, with expected contract value, a market assessment and the reasons why the Operator recommends a direct procurement from the supplier in question. A decision shall be made within 10 working days after the Operator has submitted a proposal to the management committee.

Before the contract award in the case of direct procurement, the Operator shall submit a proposal to the management committee for a decision on award of the contract. The proposal shall include an overall overview of the basis for the recommendation and the contract amount achieved, and an indication of circumstances which the Operator considers to involve a particular or unusual risk. A decision shall be made within 5 working days after the Operator has submitted a proposal to the management committee.

## General

By a unanimous decision, the Parties may change the amount thresholds in Articles 13.3 and 13.4.

The Operator shall upon request from a Party make the invitation to tender and the final contract with the supplier electronically available to the Party.

The Operator shall upon request from a Party subsequently report procurements with an agreed contract value exceeding NOK 10 million to the management committee.

## If the Operator has an ownership interest in a company bidding for a contract, or has a self-interest in the procurement or is in any other way in a possible conflict of interest, the management committee shall be made aware of this fact when a separate procurement and contract strategy is proposed in accordance with Article 13.3 first paragraph and 13.4 first paragraph, or before awarding a contract if the procurement is below the amount thresholds in Articles 13.3 and 13.4..

If a Party other than the Operator has an ownership interest in a company bidding for a contract above the amount thresholds in Articles 13.3 and 13.4, or has a self-interest in the procurement or is in any other way in a possible conflict of interest, the management committee shall be made aware of this fact at the latest at the time of approval of the separate procurement and contract strategy according to Articles 13.3 first paragraph and 13.4 first paragraph.

# INSURANCE

## The Operator shall, on behalf of the joint venture, take out and maintain such insurances as required by laws and regulations and other resolutions by the authorities, and other insurances as decided by the management committee. Copies of such policies shall be submitted to the Parties.

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

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

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

## The Operator shall establish that the insurer of those Parties which are covered by a joint insurance or other equivalent coverage taken out by the Operator, has waived recourse claims against a Party which has taken out its own insurance.

## The Operator shall ensure that suppliers of goods and services to the joint venture activities take out and maintain such insurances as are required by laws and regulations and other requirements by the authorities, or which are decided by the management committee. The Operator shall endeavour to secure waivers of recourse actions against the Parties.

1. F I E L D D E V E L O P M E N T

# CLARIFICATION OF FIELD DEVELOPMENT FEASIBILITY

## Where a DTC is made, the management committee shall decide how to manage the further progress through all phases of the project from planning through to operation. The management systems shall focus on decision milestones and a description of the factors the decision is to be based upon, which shall be submitted to the management committee at these milestones. The management committee may decide how the management committee is to be involved in the processes.

## A proposal for a DOC shall specify the assumptions forming the basis for evaluating the possibilities of exploiting the Deposit(s) commercially. Information shall, in any case, be provided on:

1. The goals on profitability, execution, and health, environment and safety,
2. design basis, resource basis, production and operation strategy, and other premises relevant to the development concept,
3. cost estimates, which should meet a certainty level of +/- 30% in the estimate,
4. profit calculations based on the cost estimates and price and market assumptions for the petroleum products that are planned to be delivered from the field,
5. indication of the studies which are planned to be executed as part of the development concept ensuring the necessary accuracy of the cost estimates, such as sensitivity analyses of the resource base, price and market assumptions, technical solutions, feasibility and profitability, and
6. planned impact assessment program

## If the management committee adopts a DOC, the Operator shall prepare a PDO in close co-operation with the other Parties. The Operator shall ensure that any relevant information for the approval of the PDO is made available to the Ministry well in advance.

The management committee may choose to execute and make available to the Ministry and other relevant authorities initiatives necessary for the approval of the PDO, such as impact assessments, prior to the submission of the PDO.

## If the management committee does not adopt the DOC or does not deal with the matter within a reasonable period of time, any Party may prepare a PDO. Upon request, the Operator shall assist the Party in its work, to the extent this does not involve cost or inconvenience to the joint venture.

# PLAN FOR DEVELOPMENT AND OPERATION (PDO)

## The Operator shall submit a proposal for a DTI and subsequent submission of a PDO to the Parties in the management committee.

## The management committee decides if the PDO with appurtenant documentation shall be submitted to the Ministry and other relevant authorities, together with the application for approval of the PDO.

## Each Party shall within three (3) months after the adoption of the PDO in the management committee, notify the Ministry and the other Parties in writing whether or not he accedes to the PDO. The notification shall be submitted electronically with a digital signature.

The Party must indicate if it wishes to acquire all, or at least a proportionate share of the Manager's share in case the Manager does not accede to the PDO, or if the Manager's accession is not approved by the Ministry.

In the event that not all of the Parties have acceded to the PDO, the Operator shall with no undue delay inform the Ministry and suspend the application for approval of the PDO. The acceding Parties may resume the application in accordance with the provisions of Article 19.

## A Party's accession to the PDO is binding in relation to the other Parties.

In the event that the Manager does not accede to the PDO or the Manager's accession is not approved by the Ministry, the development plan is still to be considered as acceded to by all Parties if the other Parties jointly accept to take over the Manager's participating interest. The interest shall be distributed proportionally between the Parties who have accepted to take over the whole interest or at least a proportionate share.

## In case a Party has prepared a PDO according to the provisions of Article 15.4, the provisions in this Article 16 shall apply accordingly to a proposal and accession of such plan. The Party may include the costs of preparing the PDO in the field development budget.

## The Manager's accession to the PDO pursuant to Article 16.3 is subject to approval by the Ministry. Such approval shall, at the latest, be given at the same time as the Ministry approves the development plan. In the event that the approval of the Manager's accession is refused, the provisions of Article 19 shall apply accordingly.

In the event that the Manager has not acceded to the PDO, the Ministry may, nonetheless, within three (3) months from the time limit specified in Article 16.3 decide that the Manager shall participate in the development.

# FIELD DEVELOPMENT

## When all the Parties have given notice of their accession to a PDO, or when a development is adopted as a sole risk project pursuant to Article 19, the development shall take place on behalf of the participating Parties.

After the Ministry's approval of the PDO, the development shall be carried out with no undue delay.

## If the Ministry has not approved the PDO within six (6) months after having received the application for approval of the PDO, or a proposed sole risk development, a Party may withdraw his accession to the PDO unless contracts for delivery or renting of production facilities or other major equipment have been entered into with his consent. If no contracts for delivery or renting of production facilities or other major equipment have been entered into within two (2) years after the PDO has been approved, a Party may withdraw his accession to the PDO.

1. S O L E R I S K O P E R A T I O N S

# SOLE RISK OPERATIONS

## A Party may propose that a project which is not adopted by the management committee be carried out as a sole risk project.

Sole risk development shall take place in accordance with the provisions of Article 19.

## The following activities may be carried out on a sole risk basis:

1. Geological, geophysical and stratigraphic surveys and tests,
2. drilling of exploration wells, resumption of drilling of exploration wells, or drilling made to estimate reserves in connection with unitization,
3. deeper drilling, deviation drilling or testing of zones which have already been penetrated by the drilling of an exploration well, and
4. further evaluation of a Deposit comprised by a PDO which has not been adopted pursuant to Article 16.2.

## Nonetheless, sole risk operations may not take place:

1. At or in connection with appraisal drilling of a Deposit which has been developed or is comprised by an adopted PDO. This, however, does not apply to drilling for purposes of estimating reserves in connection with a unitization,
2. if they may reduce the production from a Deposit which has been developed or for which a PDO has been adopted,
3. if they wholly or in part may interfere with plans or work programs adopted by the joint venture before the sole risk project is commenced, and
4. before the work commitment defined in the Production Licence has been completed. This, however, does not apply to activities described in Article 18.2, litra c).

## A proposal to carry out a sole risk project shall be submitted in writing to the other Parties with a detailed description of the work to be carried out, along with a corresponding budget estimate.

Those Parties who wish to participate in the project shall give notice to the other Parties within sixty (60) days after receiving the proposal. With respect to projects mentioned under Article 18.2, litra c), the term shall be forty-eight (48) hours.

## If a number of Parties with Participating interests satisfying the requirements for adoption of a decision have given notice that they want to participate in the project, the project with the appurtenant work program and budget shall be considered to be approved on behalf of the joint venture and shall be carried out by the Operator as a joint venture project.

If the requirements for adoption of a decision have not been satisfied, the project shall be completed for the account and risk of those Parties which have given notice that they want to participate.

## In sole risk projects each Party participates in proportion to its Participating interest, unless the Parties otherwise agree.

## Sole risk projects shall be carried out by the Operator. If the Operator is not a participant, one of the other participants may be approved as operator for the project.

## The participating Parties are entitled, on reasonable conditions established by the management committee, to use the property and equipment of the joint venture to carry out the project, if this does not unreasonably disturb the joint activities.

## The Operator shall keep separate accounts for the sole risk project. The account shall be submitted to the management committee and to all of the Parties.

## The project, including data and information, is in its entirety owned by the participating Parties and is managed by a separate management committee, consisting of the participating Parties only. Article 3.5 of the Special Provisions shall apply accordingly.

If a sole risk project results in an increase of produced Petroleum from the licence area, such increased production shall be wholly owned by the participating Parties. Each of them has the right and obligation pursuant to the provisions of Articles 20 – 22 to dispose of its proportionate share of the extra Petroleum produced.

## The participating Parties shall keep the non-participating Parties informed about the project and shall indemnify them against all liabilities, expenses and obligations resulting from the sole risk project.

## If a sole risk project pursuant to Article 18.2 litra a), b) or c) results in the discovery of structures which the participating Parties want to drill or Deposit(s) which they want to develop, any of the non-participating Parties wishing to join the project shall pay one thousand (1000) % of their proportionate share of the costs of the project. The payment shall be apportioned between the initial participants according to their Participating interest in the project.

Offers to enter into the project shall, with sufficient background material, be submitted to the non-participating Parties. In case of drilling, an offer to enter into the project shall be submitted to the non-participating Parties in ample time before the drilling is carried out. In case of field development the offer shall, at the latest, be submitted to the non-participating Parties at the same time as the proposal to prepare a PDO pursuant to Article 15. Entry into a project shall take place no later than the time of accession to the PDO pursuant to Articles 16 or 19.

If further evaluation of a Deposit on a sole risk basis according to Article 18.2 litra d) leads to a management committee decision to submit a PDO to the Ministry for the development of the Deposit, Article 16.5 shall apply accordingly to cover the participating Parties’ costs of the project.

## Unless otherwise expressly stated in this Article, the remaining Articles of this Agreement shall apply accordingly to sole risk operations.

## Unless the project is commenced within twelve (12) months after the time limits described in Article 18.4, the participating Parties lose their right to carry out the project. In such event, the relationship between the Parties shall be as if the project had never been proposed.

# SOLE RISK FIELD DEVELOPMENT

## If not all Parties have acceded to the PDO within the time limit given in Article 16.3, Parties having acceded to the PDO may propose that the development be carried out on a sole risk basis. The proposal shall be submitted in writing to the Ministry and to the Parties having acceded to the PDO.

## A Party wanting to participate in a sole risk development shall give notice thereof in writing to the Ministry and the other relevant Parties within three (3) months after having received the proposal mentioned in Article 19.1. The provisions of Article 16.6 shall apply accordingly.

## The Parties participate in sole risk developments in accordance with their Participating interest, unless the Parties otherwise decide. If a Party wants to limit or increase his Participating interest, notice must be given thereof within the time limit set out in Article 19.2.

## A proposal for a sole risk development in accordance with Articles 19.1 shall be considered to have been adopted when the proposal has obtained a 100% Participating interest. The Party having put forward the proposal shall with no undue delay confirm to the Ministry that the application for approval of the PDO is resumed.

## If the Operator does not participate in the development, the participating Parties shall select an operator. The choice of operator is subject to approval by the Ministry.

## The Parties not participating in the sole risk development have no right to enter into or acquire an interest in the project at a later stage. Moreover, the provisions of Articles 18.9, 18.10, 18.11 and 18.13 shall apply accordingly.

1. D I S P O S A L O F P E T R O L E U M

# LIFTING OF OIL

## Each Party has the right and obligation to take in kind and dispose of a share of the produced Oil, which shall be equivalent to his Participating interest.

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

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

## At the same time as the production program is submitted, the Operator shall submit to the management committee a draft Petroleum lifting program for the Program period in question.

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

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

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

The management committee shall immediately be notified if the produced quantity deviates from the production program.

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

# ANNUAL LIFTING OF OIL

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

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

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

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

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

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

If an Under-lifter during a Quarter fails to lift a quantity which has been placed at its disposal as compensation, it shall nevertheless be considered to have received that quantity. In such event, the quantity which is not lifted by the Under-lifter shall be placed at the disposal of those Over-lifters who have offered the compensation with an acceptance time limit of forty-eight (48) hours. The provisions of Article 21.2 second paragraph, second and third sentence shall apply accordingly.

## If a Party for reasons other than those mentioned in Article 21.2 during a Program period lifts less than the quantity of Oil to which he is entitled, the quantity which he does not lift shall be apportioned between the other Parties in accordance with their Participating interest without later incurring an obligation to compensate as provided for in Article 21.3.

# DISPOSAL OF NATURAL GAS

## Each Party has the right and obligation to take in kind and dispose of a share of produced Natural Gas which shall be equivalent to its Participating interest.

The property right, and the liability and risk pertaining to the Natural Gas are transferred to the individual Party upon lifting at a delivery point which shall be determined by the management committee prior to commencement of production.

## The Parties shall enter into a gas lifting and balancing agreement which is subject to approval by the Ministry prior to the commencement of production. For adoption of the gas lifting and balancing agreement, a unanimous vote by the management committee is required.

## No later than eight (8) working days after the first day of each month the Operator shall submit to the management committee an overview of produced and lifted Natural Gas for the previous month and for accumulated volume since commencement of production.

1. A S S I G N M E N T E T C.

# ASSIGNMENT OF PARTICIPATING INTEREST

## A Party may assign its Participating interest or a part thereof. The assignment agreement shall contain provisions stipulating that the assignee shall be bound by this Agreement and the conditions of the Production License with subsequent amendments and supplements.

Before the obligatory work commitment pursuant to the Production Licence has been carried out a Party cannot, without the consent of the management committee, assign its Participating interest or part thereof to others than an Affiliated company.

## A Party which has entered into an assignment agreement concerning its Participating interest or part thereof, shall notify the Manager of the price and other terms agreed between the Party and another Party or third party.

## The Manager may take over the whole Participating interest at the price and on the conditions agreed. Notice of exercise of this pre-emptive right shall be given to the Party no later than forty (40) days following the receipt of a notification according to Article 23.2.

This pre-emptive right does not apply when a Party assigns its Participating interest, or part thereof, to an Affiliated company.

A Party may include a clause in the assignment agreement to the effect that the agreement shall be terminated if a preemptive right is exercised.

## After the exercise of a pre-emptive right or the completion of another assignment, the Party shall notify the management committee with no undue delay of the assignment. If the assignment agreement contains other terms than those notified to the Manager by the assignor, the provisions in Article 23.2 shall apply accordingly.

## If the Operator assigns its Participant interest or a substantial part thereof, the Operator shall notify the management committee of the assignment without undue delay after the assignment agreement has been entered into.

If the Operator resigns as operator in connection with such assignment or is removed in accordance with Article 4.2, third paragraph, litra d), the management committee shall submit a proposal for a new operator to the Ministry no later than 10 working days after notification has been received. If the proposal is not unanimous, it must be stated who has been proposed as the new operator by the minority. If a proposal for a new operator is not submitted within the deadline, or if the Ministry does not approve the proposal, the Ministry may appoint a new operator.

## If the Ministry approves or appoints a new operator in accordance with Article 23.5, the Operator shall resign from its position as Operator as soon as the assignment has been completed, unless the Ministry decides otherwise.

Article 4.3 shall apply accordingly to the transfer of operator responsibility to the new operator. The Operator shall be liable to the other Parties for the expenses connected with the change of operator.

# WITHDRAWAL FROM THE JOINT VENTURE

## A Party may withdraw from this Agreement when the work obligation described in the Production Licence has been carried out. If a Party has acceded to a PDO, the Party may only withdraw when the Ministry has determined that the plan is completed.

A notice of withdrawal must be submitted to the management committee at least four (4) months in advance. The other Parties shall within thirty (30) days notify the management committee of whether they want to take over the Participating interest. A Party failing to give such notice within the expiry of the time limit, will lose his right to take over the Participating interest unless otherwise agreed by the other Parties.

## After a notice of withdrawal has been submitted, the withdrawing Party ceases to be liable for decisions taken by the joint venture which involve expenses not comprised by the agreed budget. A withdrawal from the Agreement shall be effective as of the first day of the month following the expiry of the four (4) month time limit which started when the notice of withdrawal was submitted to the management committee. Notwithstanding the above the withdrawing Party is liable for expenses comprised by the agreed budget, resulting from a decision taken within the first day of the month subsequent to the expiry of the four (4) month time limit, unless the Party taking over has accepted to cover such expenses.

The withdrawing Party shall continue to be liable for obligations which are not met at the time of withdrawal, and which have been established by damage, resolution by the authorities or in any other way independently of any decision made by the joint venture.

## The other Parties may require that a satisfactory guarantee be provided concerning a proportionate share of the joint venture's liability for decommissioning of facilities belonging to the joint venture at the time of withdrawal.

## If the other Parties as well as third parties do not want to take over the Participating interest pursuant to Article 23, the other Parties are entitled to take over their proportionate share of the Participating interest without compensation. An amendment to this Agreement following the withdrawal of a Party shall be submitted to the Ministry, cf. Article 8 of the Special Provisions.

## If nobody wants to take over the Participating interest pursuant to Article 24.4, the joint venture shall be dissolved pursuant to the provisions of Articles 25.2 and 25.3. In such case, the effects of a notice of withdrawal will lapse.

# DISSOLUTION

## The Parties may decide that the Production Licence shall be surrendered and the joint venture dissolved. Upon expiry or lapse of the Production Licence, the joint venture shall be dissolved. Such dissolution may nevertheless not take place before the expiry of the duration of the Agreement in accordance with the Special provisions.

## Upon dissolution the Parties shall meet the obligations which have arisen as a result of the joint venture activities.

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

Obligations which are not met through the sale of joint Petroleum and property shall be met by the Parties pursuant to the provisions of Article 8.

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

## If obligations arising out of the surrender of the Production Licence or arising out of the joint venture activities are claimed after the dissolution has been completed, the Parties shall remain liable for fulfilling such obligations pursuant to the provisions in Article 7.

1. M I S C E L L A N E O U S P R O V I S I O N S

# TRANSACTIONS IN SEISMIC DATA, DRILLING RESULTS ETC.

## The management committee shall, in due consideration of the need for efficiency, select a Party, or another entity or organization which is not a Party to this Agreement, to carry out and execute negotiations and agreements with third parties concerning the acquisition, sale or exchange of seismic data, drilling results etc. At any given time, no more than one entity shall be chosen by the joint venture to negotiate and enter into such agreements. Proposals from the other Parties to enter into such agreements shall be given due consideration. The entity or organization selected by the management committee in accordance with the first sentence cannot refuse exchanges that the Parties of the joint venture jointly wish him to perform, or execute exchanges that the Parties of the joint venture jointly oppose, unless specific reasons necessitating such execution or refusal can be shown. If a Party is selected to negotiate and execute agreements concerning exchanges, this Party cannot refuse exchanges that the other Parties of the joint venture jointly wish him to perform, or execute exchanges that the other Parties of the joint venture jointly oppose unless specific reasons necessitating such execution or refusal can be shown.

## Agreements concerning the acquisition and sale of data are subject to approval by the management committee. Agreements regarding the exchange of data shall be submitted to the management committee for information and possible comments, prior to conclusion of any final agreement.

# OBLIGATION OF INFORMATION AND CONFIDENTIALITY

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

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

## No Party shall without the consent of the management committee inform a third party about, or in other ways make public plans, programs, maps, archive data, reports, technical or scientific data or any other information concerning technical, economic or commercial activities pursuant to this Agreement.

The management committee shall, when dealing with a case concerning the release of information or data, place emphasis on whether such release will promote health, the environment, safety, value creation and/or efficiency in the business, also across joint ventures or to suppliers. Whether such release can facilitate deliberate attacks against facilities or other criminal acts shall also be taken into account. The reasons for the rejection of a request for the release of information or data must be provided.

Consent as mentioned in the first paragraph shall not be given, and sharing or other disclosure shall not take place if this would be in breach of confidentiality obligations pursuant to an agreement with a third party, in breach of conditions relating to information received by a Party under the Agreement, breach of law, regulations or order from a public authority, or violation of a Party's or a third party's proprietary rights. The same applies to information which forms part of the preparation of matters under the Agreement and which is either of a preliminary nature or expresses a Party's view.

The Parties' obligation to obtain consent according to the first paragraph does not apply to the sharing of information:

1. to the Parties’ Affiliated companies,
2. to participants in the Partner Forum according to Article 5 as regards matters and associated information that are dealt with in the Partner Forum,
3. to financial institutions when sharing takes place in connection with the financing of a Party's or its Affiliated companies’ activities,
4. to companies with whom the Party is negotiating a direct or indirect assignment of an interest in the Production licence and preparations thereof, when sharing takes place in connection with such negotiations or preparations. The other Parties shall be informed in advance that a Party wishes to share such information.
5. to advisers or other service providers who perform assignments for the Party or its Affiliated companies if this is necessary for the performance of the assignment,
6. to suppliers who are engaged in the joint activities under the Agreement, if this is necessary for the performance of the work,
7. to other joint ventures in which a Party is a participant, and to the Parties' suppliers and other contracting parties, to the extent that the sharing of information is necessary for the application of the right of exploitation according to Article 6.2, second paragraph,
8. to research institutions and other research professionals as a necessary part of the Party's participation in projects for research and development,
9. to companies that have a secondary financial liability according to the Petroleum Act Section 5-3 third paragraph for a proportionate share of the activities under this Agreement. Such sharing shall be limited to the same information concerning estimated and actual disposal costs received by the Parties from the Operator,
10. to a Party's contracting party(ies) under agreements entered into in connection with the lifting, transport and sale of produced petroleum, to the extent this includes information made available by the Operator under Articles 20 – 22 or under agreements entered into between the Parties pursuant to these provisions,
11. which the Party or its Affiliated company is obliged to share pursuant to law, regulations, stock exchange rules, accounting standards, orders from a competent authority or court or as part of a Party's court or arbitration proceedings,
12. which is publicly known or available, and have become available to the general public other than through a breach of this Agreement,
13. which a Party already had in its possession when the Agreement entered into force, or which is lawfully made available to a Party from a third party without an obligation of confidentiality.

When a Party shares information with a third party in accordance with items a) – j) above, the Party is responsible for ensuring that the recipient of the information undertakes to treat the information confidentially and, where relevant, to only use the information for the purpose for which it was shared.

## A Party who ceases to be a Party shall remain obliged to comply with the provisions of Article 27.2. The obligations under this Article cease 5 years after the termination of the Agreement, but still so that a Party cannot share information after such time if sharing would be in breach of a confidentiality agreement with a third party, in breach of conditions for information received by a Party under the Agreement, violation of law, regulations or order from a public authority, or violation of a Party's or a third party's proprietary rights. The same applies to information that is included in the preparation of matters under the Agreement and that is either of a preliminary nature or expresses a participant's view.

# DISPUTES

## Any dispute in relation to this Agreement shall be decided by the ordinary courts of law with the district court in Stavanger as venue unless the parties to the dispute in question agree in writing on the district court in Oslo as venue.

## If the Operator is a party to the dispute, the Operator shall have the right to choose the district court in Oslo as venue, and if the Operator is sued the plaintiff shall, in the notice of the suit, cf. the Dispute Act Section 5-2, request the Operator to state in his written response whether he will plead this right.

## The venue stated by the Dispute Act Sections 4-3 to 4-5 shall not be applied to any dispute in relation to this Agreement.

## The plaintiff shall inform the Ministry about the lawsuit and about the legally binding decision. The other licensees in production licenses on the Norwegian Continental Shelf shall be informed accordingly via Industry Forum.

# CESSATION OF PETROLEUM ACTIVITIES

## The Operator shall submit a proposal to the management committee to prepare an abandonment plan in accordance with the time limits stipulated in the Petroleum Act.

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

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

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

## If the management committee does not adopt a proposal to prepare an abandonment plan, or does not deal with the matter within a reasonable period of time, any Party may himself prepare an abandonment plan. Upon request from such Party, the Operator shall assist the Party in its work to the extent this does not involve cost or inconvenience to the joint venture.

## The abandonment plan shall specify any provide information in accordance with what is required by applicable law, regulations and guidelines.

# ABANDONMENT PLAN

## An abandonment plan as mentioned in Article 29 shall be submitted to the management committee and the Parties.

## Any Party may prepare an alternative abandonment plan or make suggestions for alterations and shall, in such case, attach an account of the Party's diverging conclusions. Upon request, the Operator shall assist the Party in its work to the extent this does not involve costs or inconvenience to the joint venture.

## The management committee may adopt an abandonment plan no earlier than three (3) months after it received the plan. If a Party within this period has notified that it will prepare proposals for substantial alterations in the abandonment plan or an alternative abandonment plan, the management committee shall set a period of at least three months for the submittal of such proposal.

## If the management committee adopts an abandonment plan prepared pursuant to Articles 29.2, 30.2 or 30.3, or makes substantial use of such abandonment plan, the Party who has prepared the plan may require that the cost relating to its preparation be reimbursed.

## An approved abandonment plan with appurtenant documentation shall be submitted to the Parties, the Ministry, the Norwegian Ocean Industry Authority and the Norwegian Offshore Directorate.

## In case one or more Parties intend(s) to oppose a decision by the management committee to submit an abandonment plan and instead continue the production, this or those Party(ies) may submit a proposal to this effect to the management committee, including a draft agreement for continued production. If no agreement is obtained about such agreement for continued production, the agreed abandonment plan shall be submitted in accordance with Article 30.5 together with the proposal for continued production.

# IMPLEMENTATION OF AN ABANDONMENT PLAN

## As soon as the Ministry has made its decision on disposal the Operator shall submit a proposal to the management committee concerning the execution of the decision.

## The management committee shall discuss the Operator's proposal within three months; otherwise the Operator's proposal shall be deemed to be adopted.

The management committee may change, adopt or reject the Operator's proposal for execution of the Ministry's decision on disposal.

## The provisions of Article 12 shall, as appropriate, apply accordingly to the budget for the cost of execution of decisions on disposal.

## The provisions of Article 12 shall, as appropriate, apply accordingly to the budget for the cost of execution of decisions on disposal.

**ATTACHMENT B**

**TO AGREEMENT CONCERNING PETROLEUM ACTIVITIES**

**PURSUANT TO**

**PRODUCTION LICENCE NO xxx**

**ATTACHMENT B – ACCOUNTING AGREEMENT**

**C O N T E N T**

[ARTICLE 1. GENERAL PROVISIONS ……………………………………………………54](#_Toc861985)

[1.1 Definitions …………………………………………………………………….…….54](#_Toc861986)

[1.2 Cash requirements – Advances ……………………………………………………..55](#_Toc861987)

[1.2.1 General provisions ……………………………………………………………..55](#_Toc861988)

[1.2.2 Interest on late payments …….…………………………………………………56](#_Toc861989)

[1.2.3 Interest on cash balances …….………………………………………………....57](#_Toc861990)

[1.3 Statements and billings …………………………………….………………..………59](#_Toc861991)

[1.3.1 General provisions ……………………………………………………………..59](#_Toc861992)

[1.3.2 Interest on recalculations ….…..……………………………………………….60](#_Toc861993)

[1.3.3 Corrections ……………………………………………………………………..60](#_Toc861994)

[1.3.4 Relinquishment of Production Licences ……………………………………….60](#_Toc861995)

[1.4 Audits ……………………………………………………………………………….61](#_Toc861996)

[1.4.1 General provisions ……………………………………………………………..61](#_Toc861997)

[1.4.2 Audit of costs for General Research and Development ………………………..63](#_Toc861998)

[1.4.3 Audit of Corporate Management and Corporate Staff costs …………………63](#_Toc861999)

[1.4.4 Audit of standard rates for Affiliated Companies ……………………………...63](#_Toc862000)

[ARTICLE 2. CHARGES TO THE JOINT ACCOUNT …………………………………..…63](#_Toc862001)

[2.1 Direct Charges ....…………………………………………………………………....63](#_Toc862002)

[2.1.1 Procurement of goods and services …………………………………………….63](#_Toc862003)

[2.1.2 Personnel ……………………………………………………………………….64](#_Toc862004)

[2.1.3 Pension …………………………………………………………………………65](#_Toc862005)

[2.1.4 Material and services from Operator, Non-operator or Affiliated companies …68](#_Toc862006)

[2.1.5 Damage to or loss of Joint property ……………………………………………69](#_Toc862007)

[2.1.6 Insurance ………..……………………………………………………………...69](#_Toc862008)

[2.1.7 Legal assistance …………………………………………………………….......70](#_Toc862009)

[2.1.8 Taxes, duties and fees ………………………………………………………….70](#_Toc862010)

[2.1.9 Offices, bases and miscellaneous facilities …………………………………….70](#_Toc862011)

[2.1.10 Implementation of decisions concerning disposal …………………………….70](#_Toc862012)

[2.2 Indirect costs ………………………………………………………………………...70](#_Toc862013)

[2.2.1 General …………………………………………………………………………70](#_Toc862014)

[2.2.2 General Research and Development …………………………………………...71](#_Toc862015)

[2.2.3 Corporate Staff and Corporate Management …………………………………..73](#_Toc862016)

[2.2.4 Additional Indirect costs ……………………………………………………….73](#_Toc862017)

[2.3 Industry Forum ………………………………………………………………..……74](#_Toc862018)

[2.3.1 Participation and management …………………………………………………74](#_Toc862019)

[2.3.2 Tasks ………………………………………………………………………..…74](#_Toc862020)

[2.3.3 Expert assistance ………………………………………………………………75](#_Toc862021)

[2.3.4 Confidentiality …………………………………………………………………75](#_Toc862022)

[ARTICLE 3. CREDITS TO THE JOINT ACCOUNT ………………………………………75](#_Toc862023)

[3.1 Sale and return of Material …………………………………………………………75](#_Toc862024)

[3.2 Insurance ……………………………………………………………………………76](#_Toc862025)

[ARTICLE 4. MISCELLANEOUS PROVISIONS ……………………………………..……76](#_Toc862026)

[4.1 Inventories ………………………………………………………………………….76](#_Toc862027)

[4.2 Sole risk operations …………………………………………………………………76](#_Toc862028)

# GENERAL PROVISIONS

## Definitions

The definitions in Attachment A - Joint Operating Agreement shall also apply to this Attachment B. In addition, the following definitions shall apply:

1. "Joint Property" shall mean equipment acquired for the Joint Operations and fixed property subordinated the Joint Operating Agreement.
2. "Joint Account" shall mean the accounts maintained by the Operator to record all charges and credits relative to the Joint Operations.
3. "Joint Operations" shall mean all activities carried out under the provisions of the Joint Operating Agreement for all the Parties jointly.
4. "General Research and Development" shall mean projects (in accordance with the definition of "Research and Development" adopted by the Research Council of Norway) that are carried out by or under the direction of the Operator. The projects shall be beneficial to the upstream operations and be charged to the Operator.
5. "Corporate Management" shall mean that part of the Operator's top management, or as appropriate, Affiliated Companies' top management, that is directly engaged in upstream-related activities.
6. "Hybrid-based Pension Scheme" shall mean pension schemes established in accordance with the Act of 13 December 2013 No. 106 relating to occupational pension.
7. "Non-operators" shall mean the Parties to the Joint Operating Agreement other than the Operator.
8. "Indirect cost" shall mean cost that cannot be directly charged to a single Joint Operation.
9. "Industry Forum" shall mean the forum described in Article 2.3.
10. "Defined-Contribution Pension Scheme" shall mean pension schemes where the pension obligation consists of a deposit of a certain size for each member of the scheme.
11. "Internal booking rates" are the rates established by the Parties for use in translation of foreign currencies into Norwegian Kroner.
12. "Corporate Staff" shall mean the following of the Corporate Management’s staff activities: accounting and economics, tax, information technology, internal and external information, health/safety/environment, finance, insurance, internal audit and human resources/organization
13. "Material" shall mean all equipment and supplies acquired for use in the Joint Operations.
14. "Pensionable Salary" shall mean the sum of paid salary, wages and remuneration comprised by Articles 2.1.2.1 and 2.2.1 and which is pensionable salary to the employees of an operator.
15. "Defined-Benefit Pension Scheme" shall mean pension schemes where the pension obligation consists of providing a future pension that is calculated on the basis of future benefits.
16. "Annual Service Cost Hybrid" shall mean the Operator’s contributions to a Hybrid-based Pension Scheme during the year for which the charges are to be made for the Operator’s employees who are temporarily or permanently employed in the Joint Operations.
17. "Annual Service Cost Contribution" shall mean the Operator’s contributions to a Defined-Contribution Pension Scheme during the year for which the charges are to be made for the Operator’s employees who are temporarily or permanently employed in the Joint Operations.
18. "Annual Service Cost Benefit" shall mean the present value per 1 January of pension payments relating to services during the year for which the calculation is to be made under a Defined-Benefit Pension Scheme for the Operator’s employees who are temporarily or permanently employed in the Joint Operations.

## Cash requirements – Advances

### General provisions

At least ten (10) days prior to the beginning of each month, the Operator shall submit to the Non-operators a three (3) month forecast, specified by month, of estimated cash requirements.

Upon request, the Non-operators shall advance their share of estimated cash requirements for the following month. The Operator shall submit a written request for advances at least fifteen (15) days prior to the due date. The due date shall be set by the Operator, but shall be no earlier than the first business day of the month for which the advances are requested. Notwithstanding the terms of Article 1.2.3, the Operator shall avoid accumulating unnecessary cash balances from cash advances.

To avoid build-up of such cash balances, substantial cash advances may be divided into two payments to coincide with disbursements.

The prognosis for cash requirements and the request for cash advances shall specify the currencies in which the advances are to be made. Cash advances shall be called in currency when the Operator is obliged to make a payment in that currency exceeding more than the equivalent of NOK 50 mill. annually. The amount may be altered by the management committee.

If the advance payments prove insufficient, the Operator may make a written request for additional advances. Such request shall state which expenditures the unpredicted payments refer to. The due date shall be set by the Operator, but shall at the earliest be set at five (5) working days after receipt of the request.

If the actual monthly need for cash proves to be significantly less than the advances called for, the Operator shall refund the excess amounts as soon as possible, unless the Parties agree to transfer the amount to the following period. If the Operator sees that the cash requirement will be reduced before the due date, the Parties shall be so informed through a revised cash call to the extent this is feasible.

The difference between the monthly cash advances and the actual payments in each currency shall be stated, and the next request for advances shall be adjusted accordingly.

Where the total cash requirement is less than NOK 5 million a month, the Operator is not required to make cash calls. The amount may be adjusted by the management committee.

If the Operator has made no request for advance payments, the Non-operators shall pay their proportionate share of the actual monthly payments within fifteen (15) days after receipt of the Operator's billing with request for payment.

### Interest on late payments

Payments of advances or billings shall be made on or before the due date thereof. If they are not so paid, the unpaid balance shall be subject to interest for each month or pro-rata portion thereof, in accordance with the following:

Interest is due for the period starting on and including the due date of payment and ending on, but excluding, the value date for payment.

For NOK the interest shall be calculated at an annual rate equal to three (3) months' Norwegian Interbank Offered Rate (NIBOR) as published daily on Norske Finansielle Referanser’s page NIBP at 12:00 noon Oslo time, as per the due date of payment, plus 3 percentage points.

For Euro the interest shall be calculated at an annual rate equal to three (3) months' EURIBOR as published daily on Refinitiv Eikon’s page EURIBOR 01 at 12:00 noon Brussels time, as per the due date of payment, plus three (3) percentage points.

For British pounds (GBP), the interest shall be calculated based on the three (3) months' ICE Term Sterling Overnight Index Average (SONIA) rate as published by Bloomberg under the ticker TISONI3M applicable to the first day of the relevant period for which the interest is to be calculated, with the addition of 3.12 percentage points.

For other currencies the interest shall be calculated based on the three (3) months' CME Term Secured Overnight Financing Rate (SOFR)for the t US dollar as published by Bloomberg under the ticker TSFR3M applicable to the first day of the relevant period for which the interest is to be calculated, with the addition of 3.26 percentage points.

If the reference interest rate is lower than zero for any day in the relevant period, the interest rate shall be deemed to be zero for the day in question.

Interest on late payments shall be proportionally distributed to the Parties financing the default.

### Interest on cash balances

Interest is to be credited/charged on the Parties' daily cash balances with the Operator (positive and negative).

This interest credit/charge is to be calculated on the Operator's internal accounts showing daily cash balances per currency called and/or arising from the use of separate bank accounts for the Joint Operations.

The Operator's contribution shall be credited to the Joint Account on the due day of payment for the cash call.

Interest and other conditions shall in principle correspond to the conditions that a company with a similar cash flow would obtain in a first-class bank, but not less than those corresponding to the interest obtained by the Operator. The following two (2) alternatives shall be considered as equal:

ALTERNATIVE 1:

The rate of interest shall be determined on a three (3) month basis and be linked to a relevant Interbank Rate:

Group 1: NOK – NIBOR (3 months) + 1.0% / - 1.0%

Group 2: EUR – EURIBOR (3 months) + 0.5%/- 0.5%

Group 3: GBP – SONIA (3 months) + 0.62% / - 0.62%

Group 4: Others (e.g. USD) – SOFR (3 months) + 0.76% / - 0.76%

NIBOR is defined as:

A one (1) month average of this month for three (3) months' "Norwegian Interbank Offered Rate" as published on Norske Finansielle Referansers page NIBP at 12:00 noon, Oslo time. For the day or days when such rates are not available,

the rate shall be the rate that applied on the immediately preceding publication date. If the above-mentioned NIBOR quotations are based on 365/360 days, the rate shall be multiplied with the fraction 365/360 to reflect the Norwegian principle of calculating the interest rate in 360/360 or 365/365 days. In calculating the monthly average, quotations given with four (4) decimals shall be used.

EURIBOR is defined as:

A one (1) month average of this month for three (3) months' "Euro Interbank Offered Rate" as published on Refinitiv Eikon’s page EURIBOR 01 at 12:00 noon. Brussels time. For the day or days when such rates are not available, the rate shall be the rate that applied on the immediately preceding publication date. In calculating the monthly average, quotations stated with four (4) decimals shall be used.

SONIA is defined as:

A one (1) month average of this month for three (3) months' ICE Term Sterling Overnight Index Average (SONIA) rate as published by Bloomberg under ticker TISONI3M applicable for the first day of the relevant period for which the interest rate is to be calculated. If there is no publication for certain days, the rate shall be the rate that applied on the immediately preceding publication date. In calculating the monthly average, quotations stated with four (4) decimals shall be used.

SOFR is defined as:

A one (1) month average of this month for three (3) months' CME Term Secured Overnight Financing Rate (SOFR) for US dollar as published by Bloomberg under ticker TSFR3M applicable for the first day of the relevant period for which the interest rate is to be calculated. If there is no publication for certain days, the rate shall be the rate that applied on the immediately preceding publication date. In calculating the monthly average, quotations stated with four (4) decimals shall be used.

The above-mentioned interest rate shall be amended if there is a discrepancy between the basis for the interest rate and the calculation principles regarding the days of interest.

ALTERNATIVE 2:

If the Operator has established separate bank accounts for licence cash balances (covering one or more licences), the interest earned/paid by the Operator shall be allocated to the Parties based on the Operator's and the Non-operators' actual deposits in these accounts. Both the Operator and the Non-operators shall pay to such accounts according to cash calls.

The calculation of interest shall be based on the Non-operators' daily cash balances with the Operator, or on the basis of an average cash balance calculated for each month, or on the basis of formulas reflecting the build-up of daily cash balances, and on the quarterly balance. The amount of interest shall be specified under "Financial items" in the accounts, no later than the month after the expiry of the period. The day of payment shall be determined on the same credit/debit principles, no later than the first day in this following month.

## Statements and billings

### General provisions

Each Party is responsible for preparing its own accounts in compliance with Norwegian rules, regulations and in compliance with good accounting practice. The Operator's billings and statements shall be sufficiently detailed to meet these requirements. The Operator shall also furnish the Non-operators with such other information as they may reasonably request in connection with their own keeping of accounts.

The Operator shall furnish the Non-operators with a chart of accounts and a brief description of its accounting procedures. The Non-operators shall be informed of significant amendments thereto.

The Joint Account shall be kept in NOK, and it is presupposed that none of the Parties shall incur a gain or loss at the expense of or to the benefit of the other Parties due to exchange or conversion of currencies.

On conversion of foreign currency expenditures to Norwegian kroner the Operator is entitled to use Internal booking rates, based on sales rates as distributed by DNB or other places of notification as proposed by the Operator and approved by the Non-operators.

When the Operator makes cash calls in foreign currencies, Internal booking rates shall also be used for the receipt and disbursement of such currencies. When Internal booking rates are changed, the NOK value of the balance in other currencies shall be adjusted at the same time. To facilitate control, adjustment of Internal booking rates should only be made at the end of the month.

Payments in foreign currencies which have not been called by the Operator, shall be recorded at the actual rate as charged by the bank. If payments are made from the Operator's own currency accounts, transactions are to be recorded at sales rates as distributed by DNB or other places of notification as proposed by the Operator and approved by the Non-operators, two (2) working days prior to the value date.

The difference in NOK between the amounts charged to expenses and amounts paid in foreign currencies and translated to NOK in accordance with the Internal booking rate, shall be debited or credited by the Operator to an exchange gain or loss account maintained for the Joint Account (agio and disagio).

Within fifteen (15) days after the end of each month, the Operator shall furnish the Non-operators with the information listed below. If this time limit proves too short, the Operator shall immediately make a cost estimation for each budget group and forward this to the Non-operators. If activities in the Joint Operations are low, the management committee may decide that account statements shall be sent to Non-operators fifteen (15) days after each Quarter only:

1. A statement of expenditures showing all charges and credits to the Joint account, summarized by appropriate classifications which coincide with approved budget classifications, indicating the nature thereof and including the total amount of provisions and accruals separately identified. This statement shall also contain accumulated figures from the beginning of the year as compared to the budget. For investments, accumulated figures from the commencement of the investments shall be given.
2. A statement showing the joint liabilities and receivables.
3. A statement showing each Party's advance payments in the respective currencies and the corresponding shares of payments made for the month and for the accumulated figures.
4. Detailed specifications of unusual charges and credits, including audit adjustments to be separately identified.
5. Information concerning the exchange rates applied.
6. A statement showing each Party's share of draws on joint export credits paid directly to suppliers of goods and services.

The Operator's progress reports in accordance with Attachment A - Joint Operating Agreement, Article 12, shall include budget progress reports and summary of AFE's.

### Interest on recalculations

If the Operator charges/credits the Joint Operations with provisional recalculations for this year and recalculations for a previous year, the Joint Operations shall be charged/credited interest on these. The interest shall be calculated from the time it should have been charged/credited, or from 1 July that year, until the time when the interest is charged/credited the Joint Operations. The interest rate shall be equal to the average of three (3) months' NIBOR, based on a representative three (3) months' average, cf. Article 1.2.3, Alternative 1, but without any interest margin.

### Corrections

The Operator shall carry out corrections of debits/credits as soon as possible, and at the latest within twenty-four (24) months after expiration of the relevant financial year. The interest shall be calculated from the point in time when it should have been debited/credited, or from 1 July of that year, to the day it is debited/credited the Joint Account. The interest rate shall be equal to the average of three (3) months' NIBOR, calculated in accordance with Article 1.2.3, Alternative 1, but without interest margin.

### Relinquishment of Production Licences

The Operator may charge the Joint Operations only for expenses necessary to properly wind up the activities after the Production Licence has been surrendered. Unless otherwise agreed, this shall take place within six (6) months following the month of surrender. Debits/credits stemming from post calculations, corrections or audits shall be subject to interest in accordance with Article 1.2.3, Alternative 1 and be charged to the Non-operators in a separate statement.

## Audits

### General provisions

A Non-operator shall have the right to audit the accounts, ledgers, records and documents relating to the Joint Operations, within a twenty-four (24) month period following the end of each Financial Year, unless the Parties have agreed to extend this period. The Operator shall give the auditors access to all Operator's systems, documents, data and other information necessary for the audit and shall allow a general assessment of the Operator's control procedures and systems as far as these are relevant to the Joint Operations. The Operator shall also ensure that the audit is performed efficiently and without unnecessary delay.

Furthermore, the Non-operators shall be entitled to review and appraise the Operator's cash management procedures according to Article 1.2 and the procedures used in securing tenders, awarding contracts and purchasing goods and services.

The Operator and the other Non-operators shall have at least thirty (30) days written notice before the planned commencement of an audit.

The Non-operators shall conduct the audit simultaneously and in a manner resulting in a minimum of inconvenience to the Operator. If the Non-operators agree, audits should be performed by a joint audit group.

For operators with more than one (1) operatorship, the Non-operators and Operator may agree with other non-operators in other joint ventures with the same operator to carry out joint audits of Indirect cost and joint charging systems that are common to all operatorships. Under such an agreement these charges shall be excluded from the dedicated audit of the Joint Operations. The provisions in Articles 1.4.1.1 and 1.4.1.2 shall also apply to such joint audits.

#### Audit report

A written report (audit report) shall be sent to all Parties within three (3) months of the conclusion of the audit.

The report shall include a summary of all matters reviewed by the auditors with relevant comments concerning the handling of accounts and vouchers. Before the written report is distributed to all Parties, unresolved audit matters shall be dealt with in writing and in at least one (1) meeting. Unresolved audit matters shall be dealt with in a solution-oriented dialog between the Operator and the audit team who perform the audit on behalf of the Non-operators. Signed minutes from the meeting shall be attached to the written report when it is forwarded to all Parties. An agreed closing date for the audit shall be stated in the minutes of the meeting.

If the report is not submitted within the time-limit, the Non-operators shall lose their right to assert objections to the Operator’s charges to the Joint Account. In exception cases, and where special reasons exist, the Non-operators may, by a written notification to the Operator, extend the deadline to submit the report by a new short time-limit that may not exceed fifteen (15) working days.

#### Treatment of unresolved audit comments

The Operator shall give a written reply to the audit report within three (3) months of the receipt thereof. If a Non-operator has comments concerning the Operator’s written reply, such comments shall be submitted in writing. The Operator shall give a written reply to the comments. Unresolved matters shall be dealt with in a dialog between the Operator and the Non-operators with a view to finding an agreed solution.

Should the Operator fail to give a written reply to the report within three (3) months from the date it was received, the Operator shall forfeit its right to assert objections regarding outstanding items in the report. In exceptional cases, and where special reasons exist, the Operator may, by issuing a written notification to the Non-operators, extend the deadline to submit its reply by a new short time-limit that may not exceed fifteen (15) working days.

Should any unresolved audit items not be settled within nine (9) months after the Operator received the written report, the Operator shall:

1. List the unresolved audit item on the agenda for the next ordinary management committee meeting and together with the notice of the meeting give a written summary of the communication and treatment of the unresolved audit item(s), and
2. in case of a joint audit of the Operator’s Indirect costs and cost allocation systems that are common to all operatorships, convene the Partner Forum to deal with unresolved audit items.

A Party may propose the use of a jointly appointed independent expert to give an opinion on unresolved audit items or an alternative simplified dispute solution for settling any unresolved audit item. Such decision requires unanimous agreement among the Parties.

#### Interest and costs

Any adjustments between the Joint Operations and the Operator or other Joint Operations resulting from an audit shall be credited/debited interest according to the rules under Article 1.2.3, Alternative 1, but without interest margin. The interest shall accrue from the day the debit/credit was made or, if there is vagueness with regard to the original date, from 1 July of the year the debit/credit was made, until the date when the correction is debited/credited to the Joint Operations.

The Operator shall bear no portion of the cost in connection with the audit unless otherwise agreed.

### Audit of costs for General Research and Development

Costs for General Research and Development as delimited in Article 2.2.2 shall not be subject to partner audit. The Operator’s external certified accountant shall submit an attestation that costs for general Research and Development have been charged according to Article 2.2.2 of this Agreement.

### Audit of Corporate Management and Corporate Staff costs

Expenses covered by the percentage for Corporate Management and Corporate Staffs in Article 2.2.3 shall not be subject to an audit. Expenses of an extraordinary nature that are charged directly according to the same Article may be subject to an audit.

### Audit of standard rates for Affiliated Companies

Standard rates for personnel and services for Affiliated companies that are charged directly shall not be subjected to a full audit. The Operator's external certified accountant shall present an attestation that these are cost-based and in compliance with this Agreement.

To the extent Affiliated companies carry out and are responsible for substantial activities that are chargeable to the Joint Account, such cost is fully auditable.

# CHARGES TO THE JOINT ACCOUNT

All expenditures necessary to properly conduct the Joint Operations shall be charged to the Joint Account. The charges shall be reasonable in relation to the nature and extent of the Joint Operations and shall be adequately documented.

At the end of each month, the Operator shall make provisional charges for costs incurred, but not yet recorded. Such provisional charges shall be reversed in the following month.

Expenditures shall include, but are not necessarily limited to:

## Direct Charges

### Procurement of goods and services

Goods and services that are procured shall be charged to the Joint Account at the net amount invoiced after deduction of discounts and bonuses, including transport to the operations areas, as well as other related costs such as loading and unloading, dock charges, insurance, duty and freight etc.

### Personnel

#### Salaries and social cost

Salaries and social cost for employees of the Operator and its Affiliated companies directly engaged in the Joint Operations, whether temporarily or permanently assigned. Social cost includes expenses incurred in accordance with laws and tariff agreements, as well as other costs and allowances pursuant to common oil industry practice.

#### Transportation of employees

Transportation of employees that are needed for the performance of the Joint Operations.

#### Relocation costs

Relocation costs for employees to locations from which the Joint Operations are carried out. Relocation costs back to the place from where the employee was moved, except when, according to normal practice, such relocation costs will be attributable to other Joint Operations. Such costs shall include transportation of employees' families and their personal effects and all other relocation costs in accordance with the Operator's normal practice.

#### Restructuring cost

Before the Operator may make any charge to the Joint Account for restructuring cost, including cost for retirement before the Pensionable Age (“early retirement”) and severance pay, such charge shall be approved by the management committee pursuant to Article 3 of the special provisions of this Agreement. For the discussion in the management committee, the Operator shall show the probable cost effect of the measures for the Joint Operations. To the extent the Operator substantiates that the cost will entail savings for the Parties, the Parties shall be obligated to approve the charge to the Joint Account.

For those cases where the Operator substantiates that the activity shall cease or be substantially reduced, and the Operator proposes a necessary restructuring as a consequence of this, the Parties shall be obligated to approve the charge to the Joint Account in the management committee.

Restructuring costs shall be charged to the Joint Account as a discounted non-recurring amount. Charging may take place when binding agreement(s) have been entered into or when the employment of the relevant employee(s) with the Operator ceases.

The costs shall be charged to the Joint Operation concerned. If the restructuring concerns several of the Operator’s Joint Operations, the cost shall be apportioned pro rata between the relevant Joint Operations’ Joint Accounts based on their relative share of the last three (3) years' hourly charges.

### Pension

#### General provisions

The pension liability rests with the Operator as the employer. The Operator's pension expenses shall be charged to the Joint Account according to the rules in Article 2.1.3, with the exception of restructuring costs that are charged according to Article 2.1.2.4.

#### Main rule for charging of pension cost

Annual Service Cost Contribution can be charged to the Joint Account continuously. Costs related to the level of return under Defined-Contribution Pension Schemes cannot be charged to the Joint Account.

Annual Service Cost Hybrid can be charged to the Joint Account continuously. Costs related to the level of return under Hybrid Pension Schemes cannot be charged to the Joint Account.

The Annual Service Cost Benefit can be charged to the Joint Account continuously. The calculation method for the Annual Service Cost Benefit shall adhere to the current accounting standard which the Operator uses in the annual accounts. All preconditions and member data for the calculation shall be the same as that which form the basis for the annual accounts that the Operator adopts and approves for the year in which the charge is made. The Annual Service Cost Benefit shall be approved by the Operator’s external certified accountant.

The Annual Service Cost Contribution, Annual Service Cost Hybrid and Annual Service Cost Benefit are final settlements for the accrued pension obligations during the period.

#### Employer’s contribution

The Operator can calculate and charge the employer’s contribution to the Joint Account for Annual Service Cost Contribution, Annual Service Cost Benefit and Annual Service Cost Hybrid.

#### Associated costs

The Operator can charge associated costs from its pension schemes to the Joint Account.

In addition to the Operator’s internal costs, this includes costs in relation to the current statutes, including technical insurance premiums that are paid by the Operator to life insurance companies or pension funds, premium for interest rate guarantee, mandatory contributions that entitle the Operator to deduction according to tax law, and the Operator’s other reasonable and commercial external costs related to the Operator’s pension schemes that are necessary to execute the Joint Operations responsibly.

#### Implementation difference

One-time effect as a result of change in accrued pension commitment for Defined-Benefit Pension Schemes, Defined-Contribution Pension Schemes or Hybrid Pension Schemes (implementation difference) can be debited/credited if the balance between the Parties is disrupted based on the principle in Article 3.1, third subsection in Attachment A – Joint Operating Agreement, and this is either due to amendments or changes in mortality or disability tariffs.

The Operator shall also be entitled to debit/credit implementation difference over the course of certain transition periods prior to when a statutory amendment enters into force.

The Operator will decide at what date the implementation difference will be debited/credited.

Before debiting/crediting of implementation difference as a result of amendments can take place, the Operator shall present the case to the Industry Forum.

Before debiting/crediting of implementation difference as a result of changes in mortality tariffs or disability tariffs can take place, the Operator shall send a written statement to the Industry Forum secretariat. The chair of Industry Forum shall ensure the statement is made available to members.

The implementation difference shall be calculated by the Operator’s actuary. The calculation methods shall follow the prevailing accounting standard that the Operator uses in the annual accounts. All assumptions for the calculations shall be the same that form the basis for the Operator’s most recent approved annual accounts. The one-time effect shall be calculated by the Operator and constitutes the difference between accrued pension commitments before and after the change.

#### Contractual pension (AFP)

The Operator can charge actual costs for AFP to the Joint Account according to the cash basis.

If the nature of the AFP scheme changes, the charging of costs for AFP shall follow the rules for charges for either Defined-Benefit Pension Scheme, Defined-Contribution Pension Scheme or Hybrid Pension Scheme, depending on which scheme has more similarities with the changed AFP scheme.

If the authorities determine that there is a basis for recognising the AFP obligations in the balance sheet in the Operator’s annual accounts, the Operator shall charge the Joint Account for AFP costs, same as for Defined-Benefit Pension Schemes.

In the year after the above-mentioned date, the Operator shall debit/credit the historic under/over coverage until the AFP obligations are recognised in the balance sheet. The same applies if the nature of AFP changes in another manner.

Before such debiting/crediting can take place, the Operator shall present the case to Industry Forum.

The calculation methods for the under/over coverage shall follow the prevailing accounting standard that the Operator uses in the annual accounts. All assumptions for the calculations shall be the same as those that form the basis for the Operator’s most recent approved annual accounts.

The Operator’s debiting/crediting of the under/over coverage shall be distributed evenly over a period of five (5) years.

#### Early retirement schemes

Costs related to:

1. Early retirement schemes based on a collective agreement as defined in the Act of 27 January 2012, No. 9 relating to Labour Disputes, or
2. an early retirement scheme agreed as part of the employee’s employment terms and which does not form part of a restructuring process, or
3. individual cases due to illness or labour disputes,

may be charged to the Joint Account by the Operator without any special discussions in the management committee. The Joint Account shall be charged with a discounted non-recurring amount at the time when employment of the relevant employee(s) with the Operator is terminated.

The costs shall be charged to the relevant Joint Operation. If the restructuring involves several of the Operator's Joint Operations, the costs shall be divided pro rata among the relevant Joint Operations’ Joint Accounts based on their relative share of the last three (3) years’ time writing.

#### Transitional rules

The Operator shall charge the Joint Account a settlement for employer’s contribution, which has not previously been charged to the Joint Account for incurred pension obligations as of 31 December 2016 under unfunded Defined-Benefit Pension Scheme and unfunded Defined-Contribution Pension Scheme, and for potential under coverage in funded Defined-Benefit Pension Scheme.

The settlement shall be charged to the Joint Account with an even distribution over a period of five (5) years, with the earliest possible start-up in 2017.

### Material and services from Operator, Non-operator or Affiliated companies

a) Material

For Material owned by the joint venture, all costs relating to acquisition, storage and operation of the joint venture's storage facility shall be charged to the Joint Account. In case of Material being borrowed by one or more licences, the borrowing licence shall replace the Material unit by unit in accordance with a separate agreement.

Material being transferred to the Operator's common storing facility shall be charged according to the average acquisition cost or the agreed price. Used Material suitable for reuse after reconditioning may be re-allocated to stock, cf. Article 3.1. The Material shall then be classified as new.

The average procurement cost for Material shall include the cost of buying and storing such Material, as well as reasonable interest and dead stock.

b) Services

Technical and other services including, but not limited to, laboratory analyses, drafting, geological and geophysical interpretation, construction, research, data processing and accounting for the direct benefit of the Joint Operation, shall be charged to the Joint Account at actual cost, provided such cost does not exceed the cost that would have been incurred if such services were performed by independent external consulting and service companies.

c) Equipment and facilities

Use of equipment and facilities shall be charged to the Joint Account at rates that include direct operating and maintenance costs, reasonable depreciation costs and interest on depreciated investments. Such rates shall not exceed those currently prevailing in the area of operation. Calculation of rates shall be documented upon request. If equipment and facilities are used for other operations, the cost shall be allocated according to the actual use in the period.

### Damage to or loss of Joint property

Expenses necessary for the repair or replacement of damaged or lost Joint property shall be charged to the Joint Account and classified in a way that enables subsequent identification. To the extent such damage or loss is covered by joint insurance, insurance settlements shall be credited accordingly.

The Operator shall as soon as practicable give the Non-operators written notice of any significant damage or loss, and any other information which the Non-operators need for insurance purposes.

### Insurance

1. Net premiums for insurance required by law or regulations or which have been decided by the management committee as joint insurance for the Parties.
2. Actual expenditures incurred in the settlement of claims which are not recoverable from the insurance.

### Legal assistance

All costs related to the handling of claims and disputes arising in connection with the Joint Operations, including expenses for legal advice and other assistance in connection with the evaluation of such claims and disputes, conciliation board proceedings and conduct of cases, as appropriate. No charge in excess of NOK 250,000 may be made for services rendered by the legal staff of the Operator for a single case without the prior approval of the Non-operators. This limit may be changed by the management committee.

### Taxes, duties and fees

All taxes, duties and fees of any kind levied by the Norwegian authorities, except income and capital taxes.

### Offices, bases and miscellaneous facilities

Net cost of establishing and operating any offices, sub-offices, operating bases and other facilities or properties exclusively serving the Joint Operations. If facilities or properties also serve other purposes than the Joint Operations, the net cost shall be allocated fairly between the different operations in accordance with normal distribution criteria.

### Implementation of decisions concerning disposal

Cost related to the implementation of a decision concerning disposal made in accordance with the legislation applicable at any time, including pre-engineering and administrative expenses.

## Indirect costs

### General

Indirect costs are costs related to organizational units/functions which are by nature indirect, e.g.:

* Corporate management,
* support and staff functions such as economy and finance, personnel, organizational, legal and joint service functions,
* indirect functions in operational departments, or
* indirect costs from Affiliated companies.

Moreover, costs can be indirect according to their nature, and may include financing cost and depreciation, office leasing and communications cost.

Finally, certain activities may entail Indirect costs, such as General Research and Development.

Services rendered by the aforementioned or similar departments and which are directly attributable to the Joint Operations shall, to the extent practicable, be charged as direct costs in accordance with Article 2.1.4 a) Material above.

According to different systems for intermediate distribution, Indirect cost shall ultimately be charged to the individual Joint Operation or to activities for which the Operator itself bears the cost. The charges shall be made pursuant to fair distribution methods. Examples of such methods are:

* According to direct time, applied to direct personnel costs,
* according to direct material consumption, applied to direct material costs,
* according to turnover ratios, including sliding scale systems, or
* other capacity and/or consumption-based distribution methods.

Charges related to such distribution methods shall be calculated on the basis of time and cost studies and shall be reviewed annually to verify that they compensate the Operator fairly for the charges they are intended to cover. If the Operator uses provisionally budgeted hourly fees etc. for the charges throughout the year, and does a recalculation the following year, see Article 1.3.3, the recalculation shall be concluded and charged/credited to the Joint Operations including interest, preferably within the first Quarter of the following year, but at the latest 1 June of the following year.

In order to provide the basis for such annual review, the Operator shall provide the Non-operators with a current organization chart together with the basis for charging cost to the Joint Account and an identification of those sections of the organization for which cost will be charged directly to the Joint Account under Articles 2.1.2, 2.1.4 a) and 2.1.9, and those parts of the organization that are covered by charges under this Article.

### General Research and Development

The Operator's cost for General Research and Development may be charged to the Joint Account in proportion to the exploration, development and operating cost of the year in accordance with the following provisions:

Projects which are not subjected to unlimited audit may be charged to the Joint Account according to the following per cent rates and limits based on annual costs except for area fees, CO2 tax, NOX tax when directly imposed on the Joint Operations, purchase of gas for injection and tariffs paid in connection with the processing of petroleum on third party field installations:

Exploration cost: 0 - 300 million NOK 2.5%

Operating cost: 0 - 1000 million NOK 2.7%

1000 - 2500 million NOK 1.0%

Development cost: 0 - 1000 million NOK 2.5%

1000 - 2000 million NOK 1.0%

2000 - 3500 million NOK 0.5%

Tariffs received for the processing of other companies’ petroleum and other revenues that are credited to the Joint Account shall not be deducted when calculating the above-mentioned cost.

Exploration cost means all costs charged to the Joint Account as exploration cost by decision of the management committee, i.e. normally costs until an approved development plan is established, as well as all costs outside the area comprised by the development plan.

Operating cost means all costs charged to the Joint Account as operating cost by decision of the management committee, i.e. normally direct cost of production and direct and indirect expenses of the operating organization before and after commencement of production, excluding exploration costs.

Development cost means all costs charged to the Joint Account as investments by decision of the management committee, i.e. normally all costs excluding operating costs (including costs related to preparation for operation) for activities in the area comprised by the development plan.

Removal costs shall be treated as development costs.

Each year, the Operator shall document that General Research and Development costs have a beneficial effect for the Norwegian Continental Shelf and have been charged to an extent at least corresponding to the chargeable amounts against the relevant Joint Accounts. The Operator shall charge the Joint Account with the percentage additions in connection with the periodic settlement of accounts. Costs charged to the Joint Account in accordance with this Article 2.2.2 are not to be included in the basis of calculation.

To the extent the Operator is unable to document a cost level sufficient to fully Charge the percentage additions to the relevant Joint Accounts, the charges made by the Operator to the relevant Joint Accounts shall be reduced correspondingly on a pro rata basis.

The intervals above will be adjusted at the beginning of each year on the basis of the consumer price index as published by Statistics Norway per 15 July of the current year. The starting basis is 15 July 2004.

### Corporate Staff and Corporate Management

The Operator's cost for Corporate Management and Corporate Staff may be charged to the Joint Account with zero point sixty-five (0.65) % of the annual costs for exploration, operation and development of the Joint Operations, except charges for General Research and Development which may be charged to the Joint Account according to Article 2.2.2. Costs for exploration, operation and development shall have the same meaning as in Article 2.2.2.

The percentage shall cover the Operator's Corporate Management and Corporate Staff cost to the extent that Corporate Management and Corporate Staffs perform work of a general nature for the Operator that does not refer directly to the operation of one or more fields on the Norwegian Continental Shelf. The activities covered by the percentage shall comprise the Corporate Management and Cooperate Staff’s costs related to the preparation and maintenance of group management documentation and procedures as well as services that are not covered by Article 2.2.3 fourth paragraph. The percentage shall cover internal services as well as services purchased externally.

The expenses covered by the percentage shall not be subject to audit.

Services of an extraordinary nature which are beneficial for one or more joint ventures on the Norwegian Continental Shelf shall be chargeable directly to the relevant joint ventures in addition to the percentage. If the expenses for services of an extraordinary nature are known at the time when the Operator submits the budget proposal for the coming year, these expenses are to be included in the budget proposal. In all cases, the management committee shall be informed of any such expenses in the monthly report. Extraordinary nature means work performed by the Corporate Staffs of a particularly large or unusual scope and not comprising work which forms part of the ordinary operation of one or more joint ventures (major investigations, reports and crisis management related to accidents and the like, the establishment of new group systems and other extraordinary activities). Expenses related to services of an extraordinary nature shall be documented by way of work description and may be subject to an audit.

Expenses covered by this Article 2.2.3 shall not be charged to the joint ventures in any other way.

### Additional Indirect costs

The Indirect costs not covered by Articles 2.2.2 and 2.2.3 and which accrue to the Operator or the Operator’s Affiliated companies for the Joint Operations in Norway, shall be calculated on the basis of cost studies and shall be charged to the Joint Account each month pursuant to the distribution formulas described in Article 2.2.1.

## Industry Forum

### Participation and management

Together with other joint ventures on the Norwegian Continental Shelf which have entered into a Joint Operating Agreement and an Accounting Agreement with corresponding provisions, the Parties are entitled to participate in an Industry Forum. Each licensee is entitled to one (1) member. The licensees in Affiliated Companies are all together entitled to one (1) member only. Each member is entitled to be assisted in the meetings by relevant expert personnel.

Offshore Norge (or another entity appointed by the Ministry) shall act as its secretariat and appoint the chair of the Industry Forum.

The chair shall convene the meetings of the Industry Forum. Any member can recommend that the chair convene meetings. Meetings shall always be convened for processing matters in pursuance of Article 2.3.2 litra b). Otherwise, meetings are convened when the chair finds that a case fulfils the terms in Article 2.3.2 litra a), or when at least two (2) members request such meetings.

Notice of the meeting shall be received by the members no later than ten (10) working days prior to the meeting. It shall state the time and place for the meeting and the matters to be dealt with, as well as contain sufficient background material. A member may, by giving at least five (5) working days’ notice to the chair and the other members, require that other matters, within the framework of the objects of the Industry Forum, be listed on the agenda for the meeting. Minutes shall be kept of the meetings. The provisions in Article 5.6 in Attachment A - Joint Operating Agreement relating to protocol for the Partner Forum shall apply correspondingly.

### Tasks

The purpose of the Industry Forum is to share information regarding matters that pertain to the interpretation and application of Attachment A – Joint Operating Agreement and Attachment B – Accounting Agreement, which are of mutual interest to the licensees, and discuss such matters in an effort to, in the extent possible, achieve uniform processing of similar cases across the joint ventures.

The Industry Forum shall, inter alia, process:

1. Matters that are suited for ensuring uniform practice in joint ventures with different operators that concern the interpretation and application of this Attachment B – Accounting Agreement and related matters in Attachment A – Joint Operating Agreement, including the operators’ charges and distribution of pension costs, and
2. debiting/crediting of implementation differences as a result of statutory amendments in pursuance of Article 2.1.3.5 and changes in AFP in pursuance of Article 2.1.3.6.

### Expert assistance

The chair of the Industry Forum may, as appropriate, receive assistance from an expert. The members of Industry Forum shall be consulted prior to any such appointment.

The chair of the Industry Forum may demand that each licensee entitled to membership in the Industry Forum submit to the expert such material as the chair of the Industry Forum deems necessary for such assistance.

The costs related to the expert shall be paid by Offshore Norge, which shall distribute a share to all licensees entitled to membership in the Industry Forum. The cost shall be distributed according to Offshore Norge’s distribution formula, as if all members of the Industry Forum had been members of Offshore Norge.

### Confidentiality

The provisions on confidentiality in Attachment A - Joint Operating Agreement shall apply correspondingly to the expert as mentioned in Article 2.3.3, and Offshore Norge’s personnel. However, the provision in Attachment A – Joint Operating Agreement Article 27.2 fourth paragraph litra c) to h) shall not apply to the expert.

The provision on confidentiality in Attachment A – Joint Operating Agreement Article 27.2 first paragraph does not apply to the members of Industry Forum in the relationship between them with regard to matters and associated information that is processed in or made available to Industry Forum.

# CREDITS TO THE JOINT ACCOUNT

All credits from Joint Operations shall be credited to the Joint Account at the net amount actually collected.

## Sale and return of Material

The Operator shall have the right to dispose of surplus Material, but shall obtain the approval of the management committee for all sales with a total purchase cost of NOK 5 million or more. The amount may be changed by the management committee.

The Operator shall be under no obligation to purchase the Non-operators' shares in new or used surplus Material.

When Material is returned to the Operator or Affiliated companies, the Joint Account shall be credited with the current average purchase price of new Material or the agreed price, cf. Article 2.1.4 a). Any reconditioning cost shall be charged to the Joint Account. Used Material which cannot be repaired shall be scrapped without crediting the Joint Account.

## Insurance

Credits for settlements received from the insurance companies or others.

If a Party does not participate in the insurance, it shall not share in any such settlements.

# MISCELLANEOUS PROVISIONS

## Inventories

The Operator shall take periodic inventories of all warehouse stock at least once a year. The Operator shall give the Non-operators thirty (30) days' written notice of its intention to take an inventory to allow them to be represented. If a Non-operator fails to be represented, it is nevertheless bound to accept the result of the inventory.

A list showing overages and shortages shall be furnished to the Non-operators. The Joint Account shall be adjusted accordingly as soon as possible.

In case of assignment of participating interests in accordance with Article 23 in Appendix A - Joint Operating Agreement, a special inventory shall be undertaken by the Operator, provided that the seller and/or buyer agree to cover all the associated costs.

## Sole risk operations

Charges and credits relating to sole risk operations under Article 19 of Attachment A - Joint Operating Agreement shall be recorded on separate accounts. The provisions of this Attachment B - Accounting Agreement shall also apply to sole risk operations.