الملامح الأساسية لعقد الخدمة لحقول جولة التراخيص الأولى

1. **نوع العقد**.
عقد خدمة .

2. **مدة العقد** .
(20) عشرون سنة من تاريخ نفاذ العقد "Effective Date" ، قابلة للتمديد لمدة (5) خمس سنوات باتفاق طرفي العقد .

3. **أطراف العقد.**
الشركة الأستخراجية التابعة لوزارة النفط ، كطرف أول (رب العمل) والشركة أو أئتلاف الشركات الفائزة بالعقد، اضافة الى أحدى شركات القطاع النفطي (الشريك الحكومي) ، كطرف ثاني (المقاول) .

4. **خلاق العقد.**
يلتزم المقاول بما يلي :-
أ. تحقيق زيادة بالانتاج مقدارها (10%) فوق معدل الانتاج الأولي (خط الشروع) بأسرع ما يمكن بعد المصادقة على خطة اعادة التأهيل .
ب. تحقيق هدف انتاج الذروة اعتباراً من بداية السنة السابعة بعد تاريخ نفاذ العقد والبالغ (---) ألف برميل في اليوم ، يستمر لفترة لا تقل عن (7)سبع سنوات " وفقا للجدول المرفق" .
ت. توفير كافة متطلبات تنفيذ العقد من رأس المال ، المعدات ، المواد ، التكنلوجيا ، الاشخاص والخدمات وبموجب الخطط ، برامج العمل والميزانيات المصادق عليها .

5. **المكامن المشمولة بالعقد.**
هي المكامن المنتجة حالياً والتي تتضمن :-
أ.
ب.
ت.
ث.
أما المكامن المكتشفة غير المطورة (غير المنتجة) فان تطويرها وانتاجها يتطلب اعادة النظر والاتفاق على اجور ربح جديدة تحت العقد .
كما ان المكامن غير المكتشفة تخضع الى اتفاق أو عقد منفصل لغرض استكشافها ، تطويرها وانتاجـــها .

6. **مكافأة التوقيع .**
مقدارها (---) مليون دولار ، يتم دفعها من قبل المقاول خلال (30) ثلاثين يوماً من تاريخ نفاذ العقد .

7. **التزام الحد الأدنى للصرف.**
يلتزم المقاول بصرف (---)مليون دولار خلال فترة (3) ثلاث سنوات من تاريخ المصادقة على خطة اعادة التأهيل ، وهي تمثل كفالة حسن أداء "Performance Guarantee" ، تتم مصادرتها أو المتبقي غير المصروف منها في حالة انهاء العقد بسبب نكول المقاول .

8. الجانب الأمني .

أ. تقوم الشركة الأستخراجية بتوفير الظروف الأمنية الملائمة في منطقة التعاقد لتنفيذ العقد بالتنسيق مع القوات المسلحة (الدفاع والداخلية) . كما يمكن للمقاول الاستعانة بالشركات الأمنية الخاصة المرخصة للعمل في العراق لحماية كوادره المتقدمة . وتتم مراجعة هذه الاجراءات حسب تطور الوضع الأمني .

ب. كذلك يجب تسليم منطقة التعاقد التي تضم الحقل الى المقاول خاليةً من الالغام والاجسام غير المنفلقة والخطرة . وسيقوم المقاول بتنفيذ هذه العملية وتمويلها على أن تتحمل الكلفة الشركة الأستخراجية بتعويض المقاول عما تكبده من نفقات .

9. انهاء العقد .

يمكن للشركة الأستخراجية انهاء العقد في الحالات :-

أ. اذا قام المقاول معلومات خاطئة وبشكل مقصود الى الشركة الأستخراجية ، تؤثر بشكل كبير على تنفيذ العقد .

ب. اذا قامت الشركة الاخيرة والمتبقية من الشركات التي تكوَن المقاول بالتخلي عن حقوقها وواجباتها الى طرف آخر دون موافقة الشركة الأستخراجية .

ت. اذا فشل المقاول بشكل مؤثر في الالتزام بالخطط ، برامج العمل والميزانية المصادق عليــها .

ث. اذا فشل المقاول بتحقيق تواجد فعلي بيَن لكوادره والمعدات في العراق واللازمة لتنفيذ العمليات البترولية بعد (6) ستة أشهر من تاريخ المصادقة على خطة اعادة التأهيل .

وفي حالة انهاء العقد استناداً الى أي من الحالات أعلاه ، فان المقاول يخسر كافة حقوقه أعتباراً من تاريخ انهاء العقد .

10 . تنفيذ العمليات البترولية .

يتم تنفيذ العمليات البترولية في الحقل كما يلي :-

أ. في السنة الاولى بعد تاريخ نفاذ العقد : من قبل الشركة الأستخراجية تحت اشراف وادارة لجنة الادارة المشتركة "Joint Management Committee" ولحين تشكيل هيئة تشغيل الحقل .

ب. بعد السنة الاولى : من قبل هيئة تشغيل الحقل بعد تشكيلها ، وتحت اشراف وادارة لجنة الادارة المشتــركة .

تتم المباشرة بتشكيل هيئة تشغيل الحقل بعد (30) ثلاثين يوماً من تاريخ نفاذ العقد بالتنسيق بين الشركة الأستخراجية والمقاول على أن يتم اكتمال تشكيلها بعد سنة واحدة من ذلك التاريخ ، حيث تنتقل اليها مسؤولية تشغيل الحقل .

هيئة تشغيل الحقل عبارة عن هيئة مستقلة ادارياً ومالياً عن الشركة الأستخراجية تعمل كمشغل للحقل بكوادر عراقية نسبتها (85%) ، وكوادر من المقاول بنسبة (15%) ، يتم تمويل أعمالها بالكامل من قبل المقاول وهي لا تحقق أرباحاً ولا تتحمل خسائر . يعمل الكادر العراقي في الهيئة بنظام الاعارة .

تكون ادارتها مشتركة بين الشركة الأستخراجية والمقاول في السنتين الأوليتين ثم يكون مديرها من المقاول ونائبه من الشركة الأستخراجية في السنتين التاليتين ، بعدها يكون مديرها من الشركة الأستخراجية ونائبه من المقاول في السنتين التي تليهما ، وهكذا يتم تداول وانتقال الادارة . تعمل هذه الهيئة تحت اشراف وادارة لجنة الادارة المشتركة .

يتم تشكيل لجنة الادارة المشتركة خلال (30) ثلاثين يوماً من تاريخ نفاذ العقد ويبلغ عدد اعضائها (-)اعضاء ، (-) أعضاء منهم من الشركة الأستخراجية والوزارة ، و (-) الاعضاء الآخرون من المقــاول ، أحدهم يمثل الشريك الحكومي (شركة ----) . وهناك عدد مماثل لهم من الاعضاء الاحتياط .

تبلغ الصلاحيات المالية لهيئة تشغيل الحقل لغاية (20) عشرين مليون دولار في حين تبلغ تلك الصلاحيات للجنة الادارة المشتركة (100) مائة مليون دولار ، وما زاد عن ذلك يكون من صلاحية الوزارة أو الحكومة .

11 . **الغاز المصاحب .**

أ. لايجوز حرق الغاز المصاحب الا في حدود ضيقة وبموافقة الشركة الأستخراجية.

ب. يمكن استخدام الغاز المصاحب المنتج في العمليات البترولية من قبل المقاول مجاناً ، والفائض يتم تسليمه الى الشركة الأستخراجية **دون مقابل** .

ت. ليس من واجب المقاول تصنيع الغاز المصاحب .

12 . **الخطط وبرامج العمل .**

يقوم المقاول بتقديم ما يلي الى لجنة الادارة المشتركة :-

أ. خطة اعادة التأهيل "Rehabilitation Plan" **خلال** (6) ستة أشهر من تاريخ نفاذ العقد ، **والتي تتضمن** :-

أولاً. برنامج الاصلاح "Remedial Program" ، **وذلك لوقف أنخفاض** الانتاج وزيادته **بنسبة** (10%) **فوق معدل الانتاج الأولي** .

ثانياً. برنامج التقييم الاضافي "Additional Appraisal Program" **للمكامن المنتجة** والمكامن المكتشفة غير المطورة .

ب. برامج العمل والميزانية .

ت. خطة اعادة التطوير "Enhanced Redevelopment Plan" **خلال** (6)**ستة** أشهر من اكمال برنامج التقييم الاضافي ، وعلى ألا يتعدى ذلك (3) ثلاث سنوات من تاريخ نفاذ العقد ، **وتتم الموافقة** عليها من قبل الشركة الأستخراجية ، **بعد مصادقة لجنة الادارة المشتركة** . تتضمن هذه الخطة الاجراءات والاعمال المطلوبة لتحقيق هدف انتاج الذروة .

للشركة الأستخراجية **الحق** بمراجعة معدل الانتاج ، والطلب من المقاول تخفيضه في الحالات الآتية :-

أولاً. تجنب الضرر بالمكامن المنتجة .

ثانياً. تقليل هدر الغاز المصاحب المنتج .

ثالثاً. اعتبارات السلامة .

رابعاً. الاعتبارات التشغيلية .

خامساً. تخفيض الانتاج المفروض من قبل الحكومة (اعتبارات الـ OPEC أو غير ذلك) .

13 . **لجنة الادارة المشتركة .**

أ. الواجبات والصلاحيات :-

أولاً. مراجعة الخطط والتوصية بشأنها .

ثانياً. مراجعة برامج العمل والميزانيات والموافقة عليها .

ثالثاً. مراجعة أساليب التشغيل والموافقة عليها .

رابعاً. مراجعة و/ أو الموافقة على احالة العقود الثانوية وحسب الصلاحيات المالية .

خامساً. الموافقة على برامج التدريب للكوادر العراقية .

سادساً. الاشراف على وادراة تنفيذ الخطط وبرامج العمل المصادق عليها .

سابعاً. مراجعة قوة العمل والموافقة عليها .

ثامناً. مراجعة التقارير المالية الفصلية والسنوية .

تاسعاً. مراجعة التقارير الدورية للمقاول والمشغل ورفع التوصيات بشأنها .

عاشراً. التوصية بشأن تعيين المدقق العالمي المستقل .

ب. القرارات : - تكون قرارات اللجنة بالاجماع ، ويتحقق نصابها بحضور (3) ثلاثة اعضاء من كل طرف من طرفي العقد .

ت. الاجتماعات : - تجتمع اللجنة (4) أربع مرات في السنة .
ث. الصلاحيات المالية :- تكون صلاحياتها المالية لغاية (100) مائة مليون دولار .

14 . **الكلف الأضافية "Supplementary Costs "** .

ماعدا الكلف البترولية (الرأسمالية والتشغيلية) وأجور الربح التي يستحقها المقاول ، تعتبر الكلف المبينة أدناه كلفاً أضافية ، يتم تسديدها من نسبة لاتزيد عن (10%) من الأنتاج الحالي للحقل (ليس من الأنتاج الأضافي) :-

أ. مكافأة التوقيع والبالغة (---) مليون دولار ، حيث يتم تسديدها من خلال (20) عشرين قسطاً فصلياً متساويا أبتداءً من السنة الثالثة بعد تأريخ نفاذ العقد .
ب. كلفة عمليات أزالة الألغام والأجسام غير المنفلقة والخطرة ، حيث يتم تسديدها من خلال (8) أقساط فصلية متساوية أبتداءً من الفصل الذي يلي أنفاقها .
ت. كلف بناء المنشأت السطحية خارج منطقة التعاقد ، أو تلك المطلوب بناؤها داخل منطقة التعاقد بموجب الخطط المصادق عليها، حيث يتم تسديدها أبتداءً من الشهر الذي يلي أنفاقها .
ث. كلف أصلاح البيئة المتضررة قبل تأريخ نفاذ العقد ، ويتم تسديدها أبتداءً من الشهر الذي يلي أنفاقها .

يتم تحميل الفروقات المستحقة للكلف الأضافية فائدة مقدارها (LIBOR + 1%) ، أعتباراً من تأريخ أنفاقها ولغاية أستردادها .

15. **أجور الخدمة "Service Fees " .**

تشمل أجور الخدمة مايلي : -

أ. الكلف البترولية " Petroleum Costs " ، وتتضمن الكلف الرأسمالية والكلف التشغيلية التي ينفقها المقاول على أن يستردها بدون أية فوائد .
ب. أجور الربح " Remuneration Fees " ، وهي عبارة عن أرباح المقاول التي يستحقها نتيجةً لتحقيقه الأنتاج الأضافي فوق معدل الأنتاج الأولي ، ومقدارها (2) دولاران عن كل برميل أضافي منتج . وهذه الأجور تقل مع الوقت متناسبةً مع قيم الـ R – Factor ، حيث ستكون : (2 ، 1,6 ، 1,2 ، 1 و0,6) دولار لكل برميل أضافي منتج .

يستحق المقاول أسترداد أجور الخدمة (الكلف البترولية وأجور الربح) أعتباراً من تأريخ تحقيقه زيادة بالأنتاج مقدارها (10%) فوق معدل الأنتاج الأولي أو بعد أنتهاء فترة أعادة التأهيل ، والبالغة (3) ثلاث سنوات من تأريخ المصادقة على خطة أعادة التأهيل ، أيهما أقرب .

تُدفع أجور الخدمة من (50%) من عوائد الأنتاج الأضافي كحد أعلى ، أما بشكل نقد أو نفط خام بما يعادل أستحقاق المقاول ، وحسب تسعيرة النفط الخام المقررة من قبل شركة تسويق النفط التي تعلنها شهرياً .

في حالة أنتهاء مدة العقد أو أنهائه ، يتم تسديد كافة أستحقاقات المقاول غير المدفوعة له خلال فترة (30) ثلاثين يوماً من تأريخ الأنتهاء أو الأنهاء .

16. **ملكية الموجودات " Title To Assets ".**

تكون ملكية كافة المواد والمعدات للشركة الأستخراجية بمجرد دخولها الى أراضي جمهورية العراق ، ويحق للمقاول استخدامها دون مقابل لاغراض تنفيذ العقد .

17. الضرائب "Taxes"

أ. يتم دفع الضرائب بموجب القانون من قبل الشركات المكونة للمقاول .
ب. لا تتحمل الشركة الأستخراجية أية مسؤولية أو تعويض للشركات التي تكوَن المقاول عن الضرائب التي تدفعها هذه الشركات خارج جمهورية العراق .

ت. تُفرض الضرائب على اجور الربح "Remuneration Fees" التي يتقاضاها المقاول فقط وبنسبة لا تزيد عن (35%) من هذه الاجور .
ث. تتحمل الشركة الأستخراجية وتعوَض المقاول عن أية ضرائب تزيد عن (35%) على اجور الربح والتي يتم فرضها نتيجة لتغيير في قانون الضريبة في جمهورية العراق .

18. المشاركة "Participation"

أ. تتمثل هذه المشاركة بالشريك الحكومي "State Partner" والمتمثل بشركة ----- " , تبلغ حصة الشريك الحكومي نسبة مقدارها (25%) في أسهم المقاول ، وتوزع الـ (75%) المتبقية على الشركات المؤلفة لأئتلاف المقاول.
ب. تتحمل الشركات الاجنبية حصة الشريك الحكومي في كافة انواع الكلف والمصاريف طيلة مدة العقد ، ولا تستحق عليها أية فوائد .
ت. يستحق الشريك الحكومي بمقدار حصته من اجور الربح المتحققة .

19. القوانين والأنظمة "Laws & Regulations"

يخضع العقد وكافة أطرافه والمقاولون الثانويون الى القانون العراقي وكافة الأنظمة النافذة في جمهورية العراق .

20. السلع والخدمات المحلية

أ. كافة الخدمات والاعمال المنفذة من خلال العقود الثانوية تخضع لمبدأ المنافسة ، وتُعطى الأفضلية للجهات العراقية بشرط أن تكون منافسة من حيث النوعية والسعر لتلك الموجودة في السوق العالمية .
ب. اعطاء الأفضلية للسلع ، المواد والمعدات المصنعة محلياً بشرط أن تكون منافسة من حيث النوعية ، السعر والتجهيز في الوقت المطلوب .
ت. يضمن المقاول التزام مقاوليه الثانويين بما ورد في (أ) و (ب) أعلاه .

21. القوة القاهرة "Force Majeure"

اضافة الى ما هو متعارف عليه في موضوعة القوة القاهرة ، فقد أُلزم المقاول بما يلي :-
لاتعتبر الظروف الأمنية السائدة في منطقة التعاقد خصوصاً قوة قاهرة وقت توقيع العقد وطيلة مدة العقد. وكذلك عدم أعتبار الظروف الأمنية والسياسية السائدة في جمهورية العراق عموماً ، قوة قاهرة وقت توقيع العقد وطيلة مدته، ما لم تمنع تنفيذ العمليات البترولية .

22. اللغة "Language"

يتم توقيع العقد بنسختين عربية وانكليزية ، وفي حالة حصول خلاف بين النسختين تعتمد النسخة الانكليزية .

23. مكتب المقاول في جمهورية العراق

أ. كل شركة من الشركات التي يتكون منها االمقاول يجب أن تفتح مكتباً لها في جمهورية العراق .
ب. يجب على الشركة التي تقود الائتلاف "Lead Contractor" أن تفتح لها مكتباً في بغداد خلال (90) تسعين يوماً من تاريخ نفاذ العقد .

24. التحكيم .

أ. يتم حل المنازعات بين طرفي العقد بواسطة :-
أولاً. الادارت العليا للطرفين .
ثانياً. الخبير المستقل .
ثالثاً. قواعد التحكيم لغرفة التجارة الدولية .

ب. يكون مكان التحكيم في باريس ، أو أي مكان يتم الاتفاق عليه .
ت. تكون لغة التحكيم هي اللغة الانكليزية .
ث. لا يجوز توقف العمليات البترولية اثناء فترة التحكيم .
ج. يجب أن لا تتجاوز فترة اللجوء الى التحكيم سنتين من تاريخ اخبار أي طرف الطرف الآخر ، أو فترة (3) ثلاث سنوات من تاريخ انتهاء أو انهاء العقد .

25. توقيع العقد والمصادقة عليه .

أ. توقيع العقد من قبل الطرفين .
ب. يُعتبر تاريخ الاتفاق بين الطرفين على معدل الانتاج الأولي للحقل ، هو تاريخ نفاذ العقد .
ت. **اخبار** الشركة الأستخراجية **المقاول كتابةً** بان العقد قد تمت المصادقة عليه بموجب القانون .

26 – التدريب.

يتم تدريب الكوادر العراقية من قبل المقاول داخل وخارج جمهورية العراق على التقنيات الحديثة ، وكذلك توفير فرص الدراسات الجامعية في الخارج ، وذلك من خلال تخصيص مبلغ (5) خمسة ملايين دولار سنوياً غير مستردة (على حساب المقول) .

27. مواد أخرى .

اضافةً لذلك يتضمن العقد مواداً اخرى تتعلق باخلاقيات العمل ، الحفاظ على البيئة والصحة والسلامة ، سرية المعلومات ، التخلي أو التنازل عن الحقوق ، الاستيراد والتصدير ، تحويل العملة وفتح الحسابات المصرفية ، السجلات والتدقيق ، تقييم النفط المصدر ، التقارير والسجلات ، **المعلومات والنماذج ، التفتـيش** . . . . الخ .
ويحتوي العقد على الملاحق A ، B ، C ، D ، E و F .
وكذلك المرفقات Addendum One , Two , Three and Four .

TECHNICAL SERVICE CONTRACT
FOR THE ---------- FIELD

BETWEEN

OF THE IRAQI MINISTRY OF OIL (ROC)

AND

AND

TECHNICAL SERVICE CONTRACT

FOR THE ---------- FIELD

TABLE OF CONTENTS

ARTICLE 1 – DEFINITIONS 3
ARTICLE 2 – SCOPE OF CONTRACT 11
ARTICLE 3 – TERM OF CONTRACT 12
ARTICLE 4 – SIGNATURE BONUS 12
ARTICLE 5 – RELINQUISHMENT 12
ARTICLE 6 – MINIMUM WORK OBLIGATION 13
ARTICLE 7 – ROC'S ASSISTANCE 14
ARTICLE 8 – TERMINATION 16
ARTICLE 9 – CONDUCT OF PETROLEUM OPERATIONS 18
ARTICLE 10 – ASROCIATED GAS 22
ARTICLE 11 – DEVELOPMENT PLANS AND WORK PROGRAMS 23
ARTICLE 12 – APPROVAL OF DEVELOPMENT PLANS AND WORK PROGRAMS 24
ARTICLE 13 – JOINT MANAGEMENT OF PETROLEUM OPERATIONS 26
ARTICLE 14 – DATA AND SAMPLES 28
ARTICLE 15 – REPORTS AND RECORDS 28
ARTICLE 16 – ACCESS AND INSPECTION 29
ARTICLE 17 – MEASUREMENT, TRANSFER, AND DELIVERY OF CRUDE OIL/ EXPORT OIL 30
ARTICLE 18 – VALUATION OF EXPORT OIL 30
ARTICLE 19 – SUPPLEMENTARY FEES AND SERVICE FEES 31
ARTICLE 20 – BOOKS OF ACCOUNT, ACCOUNTING AND AUDIT 35
ARTICLE 21 – EXCHANGE AND CURRENCY CONTROL 37
ARTICLE 22 – TITLE TO ASSETS 37
ARTICLE 23 – TAXES 38
ARTICLE 24 – PARTNERSHIP, INDEMNITY AND INSURANCE 38
ARTICLE 25 – IMPORTS AND EXPORTS 39
ARTICLE 26 – EMPLOYMENT, TRAINING, AND TECHNOLOGY TRANSFER 40
ARTICLE 27 – PARTICIPATION 41
ARTICLE 28 – ASSIGNMENT 41
ARTICLE 29 – LAWS AND REGULATIONS 42
ARTICLE 30 – LOCAL GOODS AND SERVICES 43
ARTICLE 31 – FORCE MAJEURE 44
ARTICLE 32 – ENTIRE AGREEMENT AND AMENDMENTS 44
ARTICLE 33 – CONFIDENTIALITY AND TECHNOLOGY OWNERSHIP 45
ARTICLE 34 – HEADINGS OF ARTICLES 46
ARTICLE 35 – LANGUAGE 46
ARTICLE 36 – CONTRACTOR'S OFFICE IN THE REPUBLIC OF IRAQ 46

ARTICLE 37 – GOVERNING LAW, CONCILIATION AND ARBITRATION 47
ARTICLE 38 – NOTICES 48
ARTICLE 39 – SIGNATURE, RATIFICATION AND EFFECTIVE DATE 49
ARTICLE 40 – WAIVER 49
ARTICLE 41 – PROTECTION OF THE ENVIRONMENT 49
ARTICLE 42 – SITE RESTORATION AND DECOMMISSIONING 53
ARTICLE 43 – GENERAL BUSINESS ETHICS 53
ANNEX A – DESCRIPTION OF CONTRACT AREA 55
ANNEX B – MAP OF CONTRACT AREA 56
ANNEX C – ACCOUNTING PROCEDURE 57
ANNEX D – DEFINITION OF RESERVOIRS 69
ANNEX E – MINIMUM WORK OBLIGATION 70
ANNEX F – FORMS OF GUARANTEE 71
ADDENDUM ONE – HEADS OF JOINT OPERATING AGREEMENT 73
ADDENDUM TWO – HEADS OF CRUDE OIL TRANSFER AGREEMENT 78
ADDENDUM THREE – HEADS OF AGREEMENT FOR ESTABLISHMENT OF THE FIELD OPERATING DIVISION (FOD) 82
ADDENDUM FOUR – HEADS OF EXPORT OIL SALES AGREEMENT 87

TECHNICAL SERVICE CONTRACT
FOR ---------- FIELD

This Technical Service Contract ("Contract") is made and entered into this ___ day of _____ yyyy, by and between:_____, an Iraqi State oil company, the Republic of Iraq ("Regional Operating Company or ROC") of the **First Part**, and _____, a _____company established and existing under the laws of _____, having its registered head office at _____ ("_____"); and _____, a _____company established and existing under the laws of _____, having its registered head office at _____ ("_____"); and _____, a _____company established and existing under the laws of _____, having its registered head office at _____ ("_____"); and (individually a "Company" and collectively the "Companies"); together with _____, an Iraqi State entity established and existing under the laws of the Republic of Iraq ("State Partner"),

Companies and State Partner are collectively referred to as "Contractor", of the **Second Part**;

ROC and Contractor are referred to, individually, as "Party", or, collectively, as "Parties".

WITNESSETH

WHEREAS, all oil and gas resources within the territory and offshore areas of the Republic of Iraq are owned by all the people of the Republic of Iraq; and the Iraqi Government, representing the whole Iraqi people, has sole right to explore, develop, extract, exploit and utilize such natural resources, therefrom; and

WHEREAS, ROC, in its role as an Iraqi State oil and gas company, is exclusively entrusted with and authorized for development and production of the ---------- Field, in accordance with the Law; and

WHEREAS, Contractor has sound financial standing, technical competency, and professional skills to provide any and all of the technical services warranted for rehabilitation, improved production, enhanced recovery, and generally all and any Petroleum Operations as defined herein; and

WHEREAS, the Parties mutually represent that they have the power, authority and desire to enter into this Technical Service Contract for the ---------- Field as defined herein.

NOW THEREFORE, and in consideration of the promises and the mutual covenants hereinafter set out, it is agreed as follows:

ARTICLE 1 – DEFINITIONS

Except as specifically provided otherwise herein, any reference to an Article, Annex or Addendum shall be construed as reference to an Article, Annex or Addendum of this Contract. In this Contract, including its Annexes and Addenda, words in the singular include the plural and vice versa and except where the context otherwise requires, the following terms shall have the meanings set out as follows:

1.1 "**Accounting Procedure**" means the accounting procedures and requirements set out in Annex C.

1.2 "**Additional Appraisal Program**" means as defined in Article 11.1(b).

1.3 "**Affiliate**" in relation to any entity constituting Contractor, means:

(a) a company which controls such entity, or

(b) a company which is controlled by such entity, or

(c) a company which is controlled by a company which controls such entity.

For the purpose of this definition, "control" means the power to dictate and conduct the policy of a company through the control, directly or indirectly, of more than fifty percent (50%) of the shares or voting rights in such company. For the purposes of this Contract, subsidiaries of ROC as well as companies and enterprises of Iraq's Ministry of Oil or Iraq National Oil Company (when established) shall be considered as ROC's Affiliates.

1.4 "**Appraisal**" or "**Appraisal Operations**" shall include, but not be limited to, such geological, geophysical, aerial and any other surveys and any interpretation of data relating thereto and the drilling of such shot-holes, core holes, stratigraphic tests, holes for the appraisal of Petroleum and other related holes and wells, the production testing and the purchase or acquisition of such supplies, materials and equipment therefore, as may be contained in approved Plans and Work Programs.

1.5 "**Associated Gas**" means Gas, occurring as gas-cap gas, which overlies and is in contact with crude oil in a reservoir and/or solution gas dissolved in crude oil in a reservoir.

1.6 "**Barrel**" means a liquid quantity consisting of forty two (42) United States gallons under a pressure of one (1) atmosphere and a temperature of sixty (60) degrees Fahrenheit.

1.7 "**Baseline Production**" for any Quarter means the deemed Net Production for the said Quarter, at the deemed Baseline Production Rate.

1.8 "**Baseline Production Rate**" for any Quarter constitutes the amount for any Incremental Production under this Contract in such Quarter, being derived from an assumed decline from the Initial Production Rate at a compounded annual rate of five percent (5%) as from the Quarter following the Quarter in which the Effective Date occurs, calculated in accordance with Article 19.5(c).

1.9 "**Best International Petroleum Industry Practices**" means all those uses and practices that are, at the time in question, generally accepted in the international petroleum

industry as being good, safe, economical, environmentally sound and efficient in exploring for, developing, producing, processing and transporting Petroleum. They should reflect standards of service and technology that are either state-of-the-art or otherwise economically appropriate to the operations in question in respect of new facilities and should be applied using standards in all matters that are no less rigorous than those in use by the Companies in other global operations.

1.10 "**Budget**" means the estimates of the expenditure expected to be incurred for implementing an approved Work Program for any Calendar Year or part thereof.

1.11 "**Calendar Month**" or "**Month**" means, in respect of any Month in a Calendar Year, a period commencing on the first day of such Month and ending on the last day of the same Month.

1.12 "**Calendar Quarter**" or "**Quarter**" means a period of three consecutive Months commencing on the first day of January, April, July or October in any Calendar Year.

1.13 "**Calendar Year**" means a period of twelve (12) consecutive Months commencing with the first day of January and ending with the last day of December, according to the Gregorian calendar.

1.14 "**Capital Cost**" means all costs and expenditures, excluding Operating Cost, related to Petroleum Operations pursuant to Annex C.

1.15 "**Cash Receipts**" means as defined in Article 19.5(d).

1.16 "**Company**" means any entity that is a signatory party to this Contract and that forms part of the Contractor, excluding the State Partner, and at any time thereafter shall include their legal successors and permitted assignees.

1.17 "**Companies**" means, collectively, each Company that comprises the Contractor, excluding the State Partner, and at any time thereafter shall include their legal successors and permitted assignees.

1.18 "**Contract**" means this agreement between the Parties, including the Annexes and Addenda attached hereto, as amended or supplemented from time to time in accordance with this Contract.

1.19 "**Contract Area**" means the ---------- Field area covered by this Contract; the coordinates of which are described in Annex A and outlined in Annex B.

1.20 "**Contractor**" means, on the Effective Date, Companies and State Partner, and at any time thereafter shall include their legal successors and permitted assignees.

1.21 "**Crude Oil**" means all hydrocarbons regardless of gravity which are produced and saved from the Field in the liquid state at an absolute pressure of fourteen decimal six nine six (14.696) pounds per square inch and a temperature of sixty (60) degrees Fahrenheit, including asphalt, tar, distillates or condensates obtained from oil-gas separation facilities within the Contract Area.

1.22 "**Data**" means as defined in Article 14.2.

1.23 "**Delivery Measurement Point**" or "**DMP**" means the point, immediately upstream of the Delivery Point, where the volume and quality of Export Oil that may be lifted by Contractor under this Contract is measured.

1.24 "**Delivery Point**" or "**DP**" means the point(s) where Contractor may lift Export Oil in lieu of its due and payable Supplementary Fees and Service Fees.

1.25 "**Development or Redevelopment Operations**" means any and all Petroleum Operations other than Appraisal and Production Operations, including primary and subsequent (secondary, tertiary or other) recovery projects and pressure maintenance, conducted with a view to redeveloping the Field including, but without limitations: the drilling, deepening, completing, plugging, side-tracking, re-completing and equipping of evaluation and development wells; the engineering, building and erecting or laying of production plants and facilities (such as, without limitation, separators, compressors, generators, pumps and tankage, gathering lines, pipelines, and all facilities required to be installed for production, pressure maintenance, treatment, storage and transportation of Petroleum, and loading the same into seagoing tankers); the obtaining of such materials, equipment, machinery, articles and supplies as may be required or expedient for the above activities; and all auxiliary operations, activities and services required or expedient for the better conduct or result of the above activities, including decommissioning and abandonment operations, all in accordance with approved Plans and Work Programs and Best International Petroleum Industry Practices.

1.26 "**Development Plan**" or "**Plan**" means a scheduled program and cost estimate specifying the Development or Redevelopment Operations required for developing and/or increasing the production capacity of the Field, which includes the Rehabilitation Plan, Enhanced Redevelopment Plan, and any subsequent Revisions thereof.

1.27 "**Dinar**" or "**IQD**" means the Iraqi Dinar.

1.28 "**Dollar**" or "**USD**" means the United States Dollar.

1.29 "**Effective Date**" means the date when all the conditions listed in Article 39 are satisfied.

1.30 "**Enhanced Redevelopment Plan**" means, pursuant to Article 11.3, the full Field redevelopment plan, based on all knowledge existing on the Effective Date as well as additional knowledge derived from the execution of the Rehabilitation Plan; all with the objective of increased and optimized production and enhanced recovery of Petroleum from the Field.

1.31 "**Expenditure**" means as defined in Article 19.5(d).

1.32 "**Export Oil**" means Crude Oil of standard Iraqi export blend.

1.33 "**Export Oil Price**" means the price per Barrel of Export Oil Free on Board ("FOB") at the Delivery Point, determined in accordance with the provisions of Article 18.

1.34 "**Field**" means the ---------- Field within the Contract Area as defined in Annexes A, B and D, subject to the provisions of Article 5 hereof.

1.35 "**Field Operating Division**" or "**FOD**" means a non-profit, unincorporated, joint

operating entity, administratively and financially independent of the ROC; established in accordance with Articles 9.1, 9.10 and Addendum Three, exclusively to serve as Operator of the Field for conducting Petroleum Operations under the supervision, direction and management of the Contractor as well as the general supervision and control of the Joint Management Committee in accordance with the authorities set out in Article 13.2.

1.36 "**Financial Year**" means the Calendar Year starting on January 1st and ending on December 31st of the same year, both dates being inclusive.

1.37 "**Force Majeure**" means as defined in Article 31.

1.38 "**Gas**" means a mixture of hydrocarbons and varying quantities of non-hydrocarbons that exist either in the gaseous phase or in solution with Crude Oil in natural underground reservoirs and when produced remain in gaseous phase at atmospheric conditions of temperature and pressure, and is classified as either "Associated Gas" or "Non-Associated Gas".

1.39 "**Government**" means the Government of the Republic of Iraq.

1.40 "**Gross Negligence or Wilful Misconduct**" means any unjustifiable act or omission, but not mere negligence, that constitutes an intentional, deliberate**,** reckless or conscious disregard of Best International Petroleum Industry Practices or the terms of this Contract, where such act or omission results in loss, damage or harm by the Senior Supervisory Personnel of a Party or the FOD.

1.41 "**Improved Production Target**" means that Net Production Rate in Barrels of Crude Oil per day defined in Article 2.2(a)(i) measured by the same methodology and the same or equivalent equipment used for measuring the Initial Production Rate regardless of the installation of new or improved methods of measurement or equipment.

1.42 "**Incremental Production**", during a certain period of time, means the incremental volume of Net Production from the Field during the said period that is realized in excess of the deemed Net Production volume at the Baseline Production Rate.

1.43 "**Incremental Production Rate**" in Barrels of Crude Oil per day, means the Incremental Production of Crude Oil for a certain period of time divided by the number of calendar days in that period of time.

1.44 "**Initial Production Rate**" means a Net Production Rate to be determined by the Parties before or on the Effective Date, in accordance with the methodology and the equipment for measuring such Net Production Rate, to be agreed by the Parties, that fairly represents the Net Production Rate as of the Effective Date.

1.45 "**Joint Management Committee**" or "**JMC**" means the committee formed pursuant to Article 13.

1.46 "**Law**" means any constitution, law, decree, resolution, statute, ordinance, rule, directive, order, treaty, code or regulation and any injunction or final non-appealable judgment, as adopted, enacted, issued, promulgated or ratified by the Republic of Iraq or, unless otherwise provided for herein, as such may from, time to time, be amended or repealed.

1.47 "**Lead Contractor**" means the Company that is appointed as from the Effective Date as the representative of Contractor and which is authorized to act on Contractor's behalf in the conduct of Petroleum Operations.

1.48 "**LIBOR" or "London Inter-Bank Offered Rate**" means the interest rate determined as the arithmetic average (rounded upward to the nearest one thousandth of a percentage point) of the offered rates for deposits in Dollars for a period of three (3) Months as published by the Financial Times (London Edition) on the date which is one (1) business day prior to the beginning of the said three (3) Months period corresponding to each interest period. Should the Financial Times rate not be published for a period of seven (7) consecutive days, the Wall Street Journal (New York Edition) shall be used.

1.49 "**Lifting Quarter**" means the Quarter during which Export Oil is available for lifting by Contractor at the Delivery Point under this Contract and Addendum Four, where any Lifting Quarter shall be the Quarter in which Service Fees and Supplementary Fees are due and payable.

1.50 "**Measurement Point**" means the place(s) at which volumes and qualities of Crude Oil pumped out, received, transmitted or delivered shall be measured, such as the Production Measurement Point and Delivery Measurement Point.

1.51 "**Minimum Expenditure Obligation**" means that amount which shall be the minimum amount to be spent by the Contractor as specified in Article 6.2.

1.52 "**Minimum Work Obligation**" means the minimum work commitment undertaken by Contractor under Article 6, and Annex E.

1.53 "**Natural Gas Liquids**" or "**NGL**" means the propane and heavier (C3+) components of natural gas that can be classified according to their vapour pressures as low vapour pressure (Condensate), intermediate vapour pressure (Natural Gasoline) and high vapour pressure (LPG).

1.54 "**Net Production**", over a certain period of time, means all Barrels of Crude Oil and NGL actually produced from the Field over the said period of time, less base sediments and water, saved, measured at the Production Measurement Point, and received by Transporter at the Transfer Point.

1.55 "**Net Production Rate**", in Barrels of Crude Oil per day, means the Net Production of Crude Oil and NGL for a certain period of time divided by the number of calendar days in that period of time.

1.56 "**Official Selling Price**" or "**OSP**" means SOMO's declared price for each of the Iraqi crude oil blends.

1.57 "**Operating Account"** means the account or set of accounts maintained by Contractor and Operator to record Petroleum Costs and Supplementary Costs.

1.58 "**Operating Cost**" means recoverable Contractor's costs**,** expenses**,** duties, fees, and charges related to Production Operations pursuant to Annex C.

1.59 "**Operator**" means the entity designated to conduct Petroleum Operations in accordance with Article 9, namely the ROC until the FOD takes responsibility for

Petroleum Operations and thereafter the FOD.

1.60 "**Participating Interest**" means, in respect of each Contractor's entity, the undivided share expressed as a percentage as defined in Article 27.1 for such party's participation in the rights, benefits, privileges, duties, liabilities and obligations of Contractor.

1.61 "**Performance Factor**", for the purposes of Article 19.5(e), means the ratio of the Net Production Rate to the bid Plateau Production Target, although in no event shall it exceed one point zero (1.0).

1.62 "**Petroleum**" means all hydrocarbons including liquid and gaseous hydrocarbons produced and saved from the Field under this Contract.

1.63 "**Petroleum Costs**" means recoverable costs and expenditures incurred and/or payments made by Contractor in connection with or in relation to the conduct of Petroleum Operations (except corporate income taxes paid in the Republic of Iraq or as otherwise stipulated herein) determined in accordance with the provisions of this Contract, including Annex C.

1.64 "**Petroleum Operations**" means all Appraisal, Development, Redevelopment, Production Operations, and any other activities related thereto.

1.65 "**Plateau Production Period**" means a period of seven (7) Years starting with the earlier of three (3) Years from the approval date of the Enhanced Redevelopment Plan or the date on which the Plateau Production Target has been achieved for a continuous period of thirty (30) days, but in no event shall such period commence either earlier than the approval date of the Enhanced Redevelopment Plan or, subject to Article 12.2, later than six (6) Years from the Effective Date.

1.66 "**Plateau Production Target**" means the Net Production Rate that is to be achieved and sustained for the Plateau Production Period, as bid and as specified in Article 2.2(a)(ii).

1.67 "**Production Measurement Point**" or "**PMP**" means the point, immediately upstream of the Transfer Point within or close to the Contract Area, where the volume and quality of Net Production is measured.

1.68 "**Production Operations**" means, in respect of Contractor, any and all operations related to production of Petroleum, including (but not limited to) workovers, stimulations, remediation, restoration, operating, staffing, supervising, servicing, repairing, decommissioning and maintaining of any and all wells, plants, equipment, pipelines, tank-farms, terminals and all other installations and facilities.

1.69 "**Provisional Export Oil Price**" means the arithmetic average of SOMO's declared OSPs for the Delivery Point for the following destinations, the Americas, Europe and the Far East, for the Month preceding the Month in which the Forward Quantity Statement under Addendum Four is provided or the preceding Month to such Month if the price is not available.

1.70 "**Rehabilitation Period**" means the period starting from the Effective Date and ending thirty six (36) Months after the approval date of the Rehabilitation Plan.

1.71 "**Rehabilitation Plan**" means, pursuant to Article 11.1, the plan to be submitted by Contractor, based on existing knowledge of the Field on Effective Date, for the rehabilitation and improved/optimized production therefrom.

1.72 "**R-Factor**" is the ratio of cumulative Cash Receipts to cumulative Expenditures in the conduct of Petroleum Operations as defined in Article 19.5(d).

1.73 "**Remedial Program**" means as defined in Article 11.1(a).

1.74 "**Remuneration Fee"** means the fee paid to Contractor for Incremental Production as calculated pursuant to Article 19.5.

1.75 "**Remuneration Fee Bid**" or "**RFB**" USD _____ ($x.yy) per Barrel of Crude Oil as utilized in Article 19.5.

1.76 "**Revision**", in respect of a Development Plan or Work Program and Budget, has the meaning given in Articles 12.4 and 12.3, respectively.

1.77 "**Senior Supervisory Personnel"** means, any individual who functions as its senior resident manager who directs all operations and activities of such Party in the country or region in which he is resident, and any manager who directly reports to such senior resident manager in such country or region, but excluding all managers or supervisors who are responsible for or in charge of installations or facilities, onsite drilling, construction or production and related operations, or any other field operations.

1.78 "**Service Fees**" means those Petroleum Costs and the Remuneration Fee as defined in Article 19.6.

1.79 "**Service Fees Eligibility Date**" means the earlier of the end of the Rehabilitation Period or the date when the Improved Production Target is first achieved over thirty (30) consecutive days, provided that in no event can this date be earlier than the approval date of the Rehabilitation Plan.

1.80 "**SOMO**" means the Iraq State entity, Oil Marketing Company.

1.81 "**----------**" or "**ROC**" means an Iraqi State oil company operating the Field prior to the Effective Date.

1.82 "**State Partner**" means ---------- in its capacity as an Iraqi State entity established and existing under the Law holding a share of Contractor's total Participating Interest as set out in this Contract.

1.83 "**Sub-Contractor**" means any company or person contracted by the Contractor and/or Operator to provide goods or services with respect to Petroleum Operations.

1.84 "**Supplementary Costs**" means recoverable costs and expenditures incurred by Contractor, other than those costs defined as Petroleum Costs in Article 19 and as determined in accordance with the provisions of this Contract.

1.85 "**Supplementary Fees**" means those Supplementary Costs invoiced by Contractor as defined in Article 19.3 and Annex C.

1.86 "**Tax**" means Iraqi corporate income tax pursuant to Article 23.

1.87 "**Tax Year**" means the period of twelve (12) consecutive Months according to the Gregorian calendar for which tax returns or reports are required according to the Law.

1.88 "**Term**" means the term of this Contract as defined in Article 3.2.

1.89 "**Training, Technology and Scholarship Fund**" or "**Fund**" means the fund established as defined in Article 26.2.

1.90 "**Transfer Point**" or "**TP**" means the inlet flange(s) of the outgoing pipeline(s), immediately downstream of the Production Measurement Point, where Transporter shall receive Net Production from Operator.

1.91 "**Transportation Facilities**" means the pipelines, pumps, compressors, tanks, meters, and other transportation facilities for Crude Oil that are built by Contractor beyond the Transfer Point(s) or as otherwise provided and integrated into the Transportation System pursuant to this Contract.

1.92 "**Transportation System**" means, at any time, any and all transportation facilities beyond the Transfer Point(s) that are operated by or under control of the Transporter.

1.93 "**Transporter**" means the entity designated by ROC to operate the Transportation System for transporting Crude Oil beyond the Transfer Point(s) pursuant to Article 17 and Addendum Two; all on behalf of ROC.

1.94 "**Work Program**" means an itemisation and time schedule of Petroleum Operations.

1.95 "**Year**" means a period of twelve (12) consecutive Months to the Gregorian calendar, starting at some date and ending at the anniversary thereof.

(End of Article 1)

ARTICLE 2 – SCOPE OF CONTRACT

2.1 This Contract is a Technical Service Contract for the rehabilitation of improved production and enhanced recovery of Petroleum from the ---------- Field in accordance with the provisions herein. It includes 43 Articles, Annexes A, B, C, D, E, and F, and Addenda One, Two, Three, and Four; all attached hereto and made part hereof. In the event of a conflict between the Contract Articles and the Annexes or Addenda, the provisions of the Contract Articles shall prevail. Any reference to an Addendum herein shall be deemed to include the fully-termed agreement which replaces such Addendum, unless the context requires otherwise.

2.2 Contractor, subject to the provisions of this Contract and in accordance with Best International Petroleum Industry Practices, shall:

(a) provide or arrange to perform its obligations set out in this Contract through the Operator to carry out Petroleum Operations to rehabilitate, to further appraise, and to re-develop the Field for improved production and to carry out enhanced recovery of Petroleum from the Field in order to achieve the production targets set out below**:**

(i) the Improved Production Target being a Net Production Rate of 10% above the Initial Production Rate, to be achieved as soon as possible after the approval date of the Rehabilitation Plan; and

(ii) the Plateau Production Target at the Net Production Rate of ---------- Barrels of Crude Oil and NGL per day for the Plateau Production Period. It is understood that the Plateau Production Target shall only include production from producing reservoirs as defined in Annex D, and is to be achieved, subject to Article 12.2, not later than six (6) Years from the Effective Date.

(b) annually assess and determine the maximum volume of reserves and resources of Petroleum in the Contract Area;

(c) provide or arrange to provide all capital, machinery, equipment, technology, personnel and services necessary to conduct Petroleum Operations through the Operator;

(d) incur all costs and expenses required for carrying out Petroleum Operations in accordance with approved Plans, Work Programs and Budgets in order to achieve the production levels set out in this Article 2; and

(e) fulfil all financial and other obligations of Contractor and enjoy all rights and benefits, in accordance with the provisions of this Contract.

2.3 Discovered but undeveloped reservoirs, as defined in Annex D, may be developed and produced under this Contract but shall be subject to a separately agreed remuneration fee which the Parties undertake to, in good faith, agree. If no such agreement is

reached within the period set forth in Article 5, ROC shall be free to develop such reservoirs in any manner it may deem appropriate, taking care not to hinder or unduly interfere with Petroleum Operations.

2.4 For a period of six (6) years from the Effective Date Contractor shall have the right to negotiate a separate agreement to explore for and develop the undiscovered potential reservoirs, as defined in Annex D. If no such agreement is reached in this time period, ROC shall be free to explore and develop such reservoirs in any manner it may deem appropriate, taking care not to hinder or unduly interfere with Petroleum Operations.

2.5 In the event of unintentional infringement on the undeveloped or undiscovered reservoirs, the Parties shall convene to agree in good faith on a proper course of action, taking into consideration the quantities of petroleum involved, safeguarding the interests of both Parties.

2.6 At any time, the entities then constituting Contractor shall be jointly and severally liable to ROC for all obligations of Contractor.

(End of Article 2)

ARTICLE 3 – TERM OF CONTRACT

3.1 This Contract shall come into force on the Effective Date.

3.2 The basic term of this Contract ("Term") shall be twenty (20) Years from the Effective Date. This Term is extendable pursuant to Article 31 or elsewhere in this Contract.

3.3 No later than one (1) Year prior to this Contract's expiry date, Contractor may submit a written request to ROC for an extension of the Term for a maximum period of five (5) Years, subject to newly negotiated terms and conditions.

(End of Article 3)

ARTICLE 4 – SIGNATURE BONUS

4.1 Within thirty (30) days from the Effective Date the Companies shall deposit in cash into a bank account designated by ROC, their respective pro-rated Participating Interest share of a signature bonus of three -------- USD (US$----------).

4.2 The signature bonus paid shall be considered Supplementary Costs and shall be recovered pursuant to and in accordance with Article 19.2(a).

(End of Article 4)

ARTICLE 5 – RELINQUISHMENT

Contractor shall relinquish to ROC, within six (6) Years from the approval date of the Enhanced Redevelopment Plan, any discovered but undeveloped reservoir(s) not targeted in or for which Development Operations have not effectively started in accordance with the Enhanced Redevelopment Plan.

(End of Article 5)

ARTICLE 6 – MINIMUM WORK OBLIGATION

6.1 No later than thirty six (36) Months from the approval of the Rehabilitation Plan and according to the provisions set out in Annex E, to fulfil the Minimum Work Obligation specified therein Contractor shall itself or through the Operator prepare or provide the following activities:

(a) preparation of the Rehabilitation Plan, Enhanced Redevelopment Plan, and Revisions;

(b) conduct of 3-D seismic surveys, including processing and interpretation thereof;

(c) conduct of detailed geological and reservoir engineering studies, including 3-D simulation for the reservoirs targeted for enhanced production;

(d) drilling appraisal and/or development wells with the aim of further Appraisal of the relevant reservoirs defined in Annex D, and achieving planned production in accordance with the Rehabilitation Plan;

(e) conduct of detailed laboratory and reservoir engineering studies to evaluate most suitable secondary and/or enhanced recovery mechanisms for the reservoirs targeted under the Rehabilitation Plan and Enhanced Redevelopment Plan; and

(f) performing engineering studies and building/upgrading all necessary surface installations required under the Rehabilitation Plan, and initiation of engineering work and infrastructure facilities expected to be incorporated in the Enhanced Redevelopment Plan.

6.2 Contractor shall spend a minimum amount of ---------- USD (US$----------) in the course of the Operator implementing the Minimum Work Obligation specified in Annex E. The Minimum Expenditure Obligation shall be deemed to have been met provided that the Minimum Work Obligations under Annex E are fulfilled.

6.3 Notwithstanding Article 6.2, Contractor shall invest the sums consistent with the amounts and timing contemplated in the relevant approved Plans, subject to the terms and conditions set forth in this Contract.

6.4 The performance of each Company and the fulfilment of its contractual and financial obligations under this Contract shall be guaranteed by an Affiliate in the form set out in Annex F where in the case of

(a) ------ this shall be -------.;

(b) ---------- this shall be ----------; and

(c) ---------- this shall be ----------.

Each such guarantee shall be effective as of the Effective Date and must be delivered

to ROC at Contract signing, and as provided in Article 28 in respect of assignees. Any such guarantee may be called by ROC on notice describing the default and issued to either Company in accordance with Annex F.

6.5 Ministry of Oil shall provide to Companies a guarantee through an instrument in the form set out in Annex F, to guarantee the performance of the State Partner, Transporter, ROC, SOMO and any other Iraqi State company in their fulfillment of their respective contractual and financial obligations under this Contract. Such guarantee shall be effective as of the Effective Date and must be delivered to Companies at Contract signing.

6.6 Substantial failure of Contractor to perform timely the levels of investment and to carry out the work contemplated in any approved Plan through the Operator shall lead to Contract termination in accordance with the provisions of Article 8.

(End of Article 6)

ARTICLE 7 – ROC'S ASSISTANCE

The Parties acknowledge that time is of the essence and as permitted by the Law ROC shall, in good faith, provide or procure the provisions of any approval, consent or review required under this Contract in a timely manner**.** In the event that Petroleum Operations are delayed, curtailed or prevented due to extended delays in acquiring necessary approvals, consents, entry visas, work permits or reviews under this Contract, clearing or demining operations, the Parties shall meet and agree appropriate remediation measures.

ROC shall:

7.1 provide Contractor with all available pertinent technical data, if any, (in addition to information provided to Companies during the bidding process) which may become available from time to time, to be used exclusively for Petroleum Operations;

7.2 provide Contractor with the inventory and equipment in its possession used in maintaining petroleum operations prior to the Effective Date;

7.3 provide Contractor within thirty (30) days of the Effective Date the available technical data, not already provided, related to the discovered but undeveloped reservoirs;

7.4 ensure that the Contract Area, including all other areas where Petroleum Operations are required under this Contract, shall be free of any mines or hazardous war remnants and free of any claims by third parties. However, in the event that a clearing operation is deemed necessary by either Party, Contractor shall prepare the respective work program for discussion with ROC prior to submission to the JMC for approval. Once such work program is approved by the JMC, Operator shall execute the de-mining work program through competent service providers and Contractor shall fund the related costs, which shall be considered as Supplementary Costs and recovered pursuant to Article 19;

7.5 provide adequate security, through the Iraqi armed forces within the Contract Area and

any other areas in the Republic of Iraq in which Petroleum Operations or operations related to the Transportation Facilities are conducted including during travel to and from such areas. ROC shall be solely liable for the conduct of all operations by the Iraqi armed forces and shall indemnify and hold Contractor harmless in respect of any liability or obligation due to any loss, damage, fee, compensation to any party for any acts or activities of the Iraqi armed forces or from being obliged to reimburse ROC for the cost and expense of providing security as contemplated herein. However, in the event that the Contractor, in its reasonable opinion and following consultation with ROC, considers the security provided for its personnel is inconsistent with its HSE policies, Best International Petroleum Industry Practices or inadequate to allow Petroleum Operations to be conducted safely and without threat to life, the Parties hereby agree supplementary measures shall be implemented by Contractor and FOD, as the case may be including, but not limited to, the engagement of competent private security providers licensed to operate in the Republic of Iraq, such costs being considered Petroleum Costs. Such arrangements shall be revised from time to time in response to changes in security conditions;

7.6 provide assistance, and shall use its best efforts to seek the assistance of and/or cooperation by any regional, district and/or local government, or other representative, agency or authority of the Government to Contractor and Operator as may reasonably be required to secure and renew all entry visas or work permits for employees of Contractor and Operator or Sub-Contractors and their dependents, all permits and registrations required for Contractor to open and maintain a branch office in the Republic of Iraq, all customs and other clearances required for imports and exports of equipment and supplies required for Petroleum Operations and assist Contractor and Operator in obtaining the office space, its equipment, accommodation, communication facilities and permits, way-leaves, easements, rights of way, licences and renewals thereof, all for the purpose of conducting Petroleum Operations;

7.7 provide Contractor and Operator free of charge:

(a) access to the Contract Area and to any other areas where Petroleum Operations are required;

(b) access to, and use of, water, including water for injection requirements, within or outside the Contract Area for the purpose of Petroleum Operations, provided that all installations for off-take, treatment, distribution, and disposal of water shall be the responsibility of Contractor it being agreed that costs relating to access to, and use of, water, including water for injection incurred outside the Contract Area shall be considered Supplementary Costs and recovered pursuant to Article 19.2 (c), or, at Contractor's option, could be considered Petroleum Costs. The Contractor shall be under no obligation to fund investments related to quantities of water in excess of those required for Petroleum Operations unless agreed otherwise;

(c) use of Petroleum for Petroleum Operations; and

(d) use of all existing wells and facilities related to the Field within the Contract Area.

7.8 In the event of unintentional infringement on Petroleum Operations of either Party, the

Parties shall convene to agree in good faith on a proper course of action, safeguarding the interests of the Parties.

(End of Article 7)

ARTICLE 8 – TERMINATION

8.1 Termination by ROC

(a) ROC may terminate this Contract (i) by giving Contractor written notice if the last remaining Company (or its parent company that provides a guarantee) becomes bankrupt or is declared insolvent, or (ii) by giving Contractor three (3) Months written notice if Contractor commits a breach of a material obligation of this Contract, including but not limited to:

(i) Contractor knowingly submits a false statement to ROC which is of material consideration for the execution of this Contract;

(ii) the last remaining Company assigns any interest, right or obligation under this Contract contrary to the provisions of Article 28; and

(iii) Contractor fails substantially to comply with approved Plans, Work Programs and Budgets.

(b) If Contractor has remedied its breach pursuant to Article 8.1(a) within the three (3) Months' notice period, ROC shall consider the notice as ineffective and automatically revoked. If ROC reasonably believes that Contractor is doing its best to remedy the breach and its efforts look promising then ROC shall extend the notice period accordingly.

(c) If ROC terminates this Contract in accordance with Article 8.1(a) Contractor shall:

(i) forfeit all its future rights and interests under this Contract as from the date of termination;

(ii) release ROC from any and all actions, claims, demands and proceedings that may arise out of such termination other than in respect of a dispute in relation to such termination; and

(iii) pay ROC any unspent portion of the Minimum Expenditure Obligation, otherwise, ROC shall be entitled to recover such balance from Contractor by any means it may deem proper.

(d) If Petroleum Operations are suspended or seriously jeopardized for a period exceeding twelve (12) consecutive Months due to Force Majeure, either ROC or Contractor may terminate this Contract by giving two (2) Months written notice. Upon such termination, the provisions of Articles 8.1(c)(i) and 8.1(c)(ii) shall apply, and ROC shall compensate Contractor for accrued but unpaid Supplementary Fees and Service Fees up to the date of termination.

(e) If Contractor suspends its obligations in respect of Petroleum Operations by order or decree of the government of the home country of any of the Companies

or their parent companies, ROC shall have the right to assume full responsibility for Petroleum Operations in any way it deems appropriate after giving Contractor one (1) Month written notice to this effect. However, if such suspension continues for a period exceeding one (1) Year, either Party shall have the right to terminate this Contract after giving the other Party two (2) Months written notice. Upon such termination, the provisions of Articles 8.1(c)(i), 8.1(c)(ii) and 8.1(c)(iii) shall apply and Contractor shall be entitled to no compensation whatsoever. However, if at any time during the period when Contractor has suspended its obligations and prior to the end of termination notice, Contractor gives ROC notice that it is able and willing to resume its obligations toward Petroleum Operations, ROC and Contractor shall agree on the best course of action to resume Contractor's obligations and on the payment by ROC of the outstanding Supplementary Fees and Service Fees that were due and payable to Contractor prior to the period of suspension. It is understood that Contractor shall not be entitled to any Supplementary Fees or Service Fees during the period of suspension.

(f) Subject to Article 7, if Contractor fails to establish a normal presence in the Republic of Iraq, as manifested by the necessary personnel and equipment required to conduct Petroleum Operations within six (6) Months after the approval date of the Rehabilitation Plan, and in due consideration of Article 31.5, ROC shall have the right to terminate this Contract after giving Contractor two (2) Months written notice. Upon such termination, the provisions of Article 8.1(c) shall apply and Contractor shall be entitled to no compensation.

(g) The provisions of this Article 8.1 shall not prejudice Contractor’s rights to refer any dispute in relation to the termination of this Contract to be resolved in accordance with Article 37.

8.2 Termination by Contractor:

(a) If Contractor elects to terminate this Contract before the end of the Term, Contractor shall give ROC three (3) Months written notice to this effect giving reasons for such election. If by the end of the said notice period the Parties have not agreed on a course of action other than termination then Contractor may terminate this Contract after giving ROC a further written notice of one (1) Month. Upon such termination the provisions of Article 8.1(c) shall apply.

(b) In the event of termination of this Contract (whether by ROC or by Contractor), in accordance with this Article 8, Contractor hereby warrants that it shall not obstruct, hinder or otherwise interfere in anyway with Petroleum Operations by ROC or any third party.

(c) The provisions of this Article 8.2 shall not prejudice ROC’s rights to refer any dispute in relation to the termination of this Contract to be resolved in accordance with Article 37.

8.3 The provisions of this Contract that by their nature survive termination or expiry of this Contract (including indemnities, liabilities, audit, confidentiality, governing law and arbitration) shall remain in full force and effect for a period of three (3) Years after such termination or expiry.

8.4 In the event of the Contract being declared by any competent Iraqi authority invalid or voided under the Law, ROC hereby indemnifies and holds Contractor harmless for any and all costs actually incurred by Contractor, including, demobilisation costs, Petroleum Costs, Supplementary Costs paid by Contractor but not recovered, Remuneration Fees accrued but not paid at the date this Contract is declared invalid or voided and penalties, fines, levies, if any, imposed on Contractor under the Law.

(End of Article 8)

ARTICLE 9 – CONDUCT OF PETROLEUM OPERATIONS

9.1 The Parties acknowledge that all measures and precautions shall be taken to safeguard against any possibility of interruption in the ongoing production from the Field as a result of activities under this Contract. For this purpose and for building upon the long experience of the existing operating manpower unit in the Field, and for securing the continuity of the necessary support by ROC, Contractor and ROC agree to the set up of the Field Operating Division or FOD. The FOD shall inherit the existing manpower unit, which shall be detached from ROC, to conduct Petroleum Operations.

9.2 To guard against any interruption in production from the Field, ROC shall continue to conduct Petroleum Operations until the FOD is established and takes over the conduct of Petroleum Operations. As from the Effective Date, ROC shall operate the Field in close coordination and consultation with Contractor; all under the supervision and control of the JMC. During the interim period while ROC is continuing to operate the Field, ROC shall hold Contractor harmless against any loss or damage caused by non-performance or breach by ROC of Best International Petroleum Industry Practices or the terms of this Contract. All costs paid by ROC for activities related to the Petroleum Operations after the Effective Date shall be reimbursed by the Contractor. The Contractor shall treat such reimbursements as Petroleum Costs.

9.3 Should permission be granted to third parties to operate within the Contract Area, such as for operations that are not related to Petroleum Operations and/or petroleum operations for the reservoir(s) that are excluded under Article 2.3 or those relinquished pursuant to Article 5, or for sole-risk operations under Article 12.6, if any, ROC shall take necessary measures to ensure that such operations within the Contract Area shall not obstruct, hinder, or unduly interfere with Petroleum Operations. ROC shall indemnify and hold Contractor harmless of any damage, cost, or delay caused by or resulting from any such third party operations.

9.4 Contractor shall appoint one of the Companies to serve as Lead Contractor. Hence, the Lead Contractor upon the Effective Date shall be -----. Contractor shall not change the Lead Contractor without prior written consent of ROC. As from the Effective Date, the Lead Contractor shall take a substantial role in all planning, decision-making and activities to ensure the efficient conduct of Petroleum Operations by ROC and shall represent Contractor in all matters related to the set-up of the FOD, all in accordance with approved Development Plans, Work Programs and Budgets, and Addendum Three.

9.5 Immediately following the Effective Date the ROC shall deliver to the Contractor and shall co-operate to refine, and agree no later than thirty (30) days thereafter, an interim Work Program and Budget capable of lasting until sixty (60) days after the approval of the Rehabilitation Plan.

9.6 Within thirty (30) days of the Effective Date, the Parties shall jointly commence setting up the FOD, which shall take over the conduct of Petroleum Operations under the general supervision and control of the JMC; all in accordance with this Contract, approved Plans, Work Programs and Budgets, and Addendum Three.

9.7 Promptly following the setting up of the FOD, the Contractor and ROC shall commence preparation of a plan and procedure for the transfer of direct operatorship from ROC to FOD, taking into consideration that the transfer plan shall include but not be limited to:

(a) a list of the various positions to be taken over by the FOD;

(b) a schedule of transfer stages pursuant to which transfer shall be completed within twelve (12) Months of the Effective Date;

(c) inventories of the relevant facilities, equipment, documents, manuals, data and information necessary for the Petroleum Operations; and

(d) a list of the activities, facilities and infrastructure that will remain under the direct management and responsibility of ROC.

9.8 In accordance with the transfer schedule established in Article 9.7(b), ROC shall transfer to and do all things necessary to allow FOD to operate all facilities and equipment relating to Petroleum Operations and retain all documents, manuals, data and information regarding the use and operation of such facilities and equipment so that FOD personnel are able to manage and handle such facilities and equipment in accordance with Best International Petroleum Industry Practices applicable on the date on which such facilities and equipment are transferred. ROC shall keep managing and funding the common activities and facilities that remain under its direct responsibility, as per Article 9.7(d) above, in close coordination and consultation with the FOD.

9.9 The transfer of the accounting and financial aspects shall be handled in accordance with Article 12 of Annex C attached hereto.

9.10 After the FOD has taken over conduct of Petroleum Operations and has become Operator and in accordance with the authorities of the Joint Management Committee as set out in Article 13.2 Contractor shall supervise, direct and manage all the planning, decisions, surveillance, and day-to-day conduct of Petroleum Operations by the FOD, as set forth in more detail in Addendum Three. In general, Contractor shall make available appropriate managerial and technological skills and personnel to the FOD to ensure that Petroleum Operations can be performed in accordance with Best International Petroleum Industry Practices. In particular, Contractor shall prepare and submit for approval the Rehabilitation Plan and Enhanced Redevelopment Plan and their Revisions, and all annual Work Programs and Budgets and their Revisions. The establishment of the FOD shall in no way relieve Contractor of its obligations to achieve the production targets under this Contract.

9.11 It is understood that any commitments entered into by ROC prior to the Effective Date

that cover activity in support of the Minimum Work Obligations shall be funded by Contractor, which funding shall be Petroleum Costs. However, Contractor shall have the right to review these commitments and, following consultation with ROC, may request ROC to terminate such commitments subject to the provision of suitable alternative arrangements put in place by Contractor or FOD, as the case may be.

9.12 Not later than the twentieth (20^{th}) day of each Calendar Month, the Operator shall furnish Contractor with a detailed written estimate of its total cash requirements for the succeeding Calendar Month expressed in Dollars, in accordance with approved Work Programs and Budgets.

9.13 Such estimate shall take into consideration any forecast cash balance at Calendar Month end. Payment by Contractor for the succeeding Calendar Month shall be made directly to the correspondent bank designated in Article 9.14 below on the first (1^{st}) day of the Month, or the next following working day, if such day is not a working day.

9.14 Each of Operator and Contractor are authorized to keep, at their own disposal, abroad the foreign funds advanced by Contractor, in an account opened with a first class international bank. Interest or similar income generated by the account shall be credited to the account. Withdrawals from said account shall be used to pay for goods and services abroad and to transfer to a local bank in the Republic of Iraq the required amounts to meet expenditures in Dinars for the Operator in connection with Petroleum Operations, converted at the applicable rate of exchange available as published by the Iraqi Central Bank on the date of conversion. Within sixty (60) days after the end of each Financial Year, Operator shall submit to the appropriate exchange control authorities in the Republic of Iraq a statement, duly certified by a recognized firm of independent auditors, showing the funds credited to the account, the disbursements made out of the account and the balance outstanding at the end of such Financial Year.

9.15 Operator shall diligently conduct Petroleum Operations in compliance with the Law, and in accordance with Best International Petroleum Industry Practices.

9.16 Operator's activities aboveground and underground shall be designed to achieve efficient and safe production of Petroleum. Operator shall ensure that all materials, equipment, and facilities used in Petroleum Operations comply with generally accepted engineering norms, are of proper and acceptable construction, and are kept in good working order throughout the Term. The Parties shall at least one (1) Year before the expiry of this Contract agree on a detailed procedure for handing-over the Field and related facilities to ROC as a going concern.

9.17 Operator shall in accordance with the Law and Article 41 take all appropriate and necessary measures to safeguard the environment and prevent or minimise the effect of any pollution which may result from Petroleum Operations.

9.18 Each of Contractor, ROC and Operator shall take all appropriate and necessary measures, in accordance with the Law and international standards, to uphold transparency, accountability, and the strict observance of general business ethics and anti-corruption laws and regulations. Contractor and Operator shall develop procedures and guidance documents to secure compliance with the above.

9.19 Operator shall conduct Petroleum Operations in accordance with the provisions of this Contract, and under the general supervision and control of the JMC.

9.20 Operator shall:

(a) provide all personnel required for the Petroleum Operations, giving first priority to Iraqi nationals, provided the Iraqi nationals have the required qualifications and experience;

(b) without prejudice to the Contractor's right to occupy positions in FOD, adhere to employment and training programs which shall aim at the Iraqization of Operator's manpower pursuant to a plan to be submitted by the Operator and approved by the JMC; no later than three (3) Years from the Effective Date;

(c) utilize Sub-Contractors and suppliers of proven capability and professional experience on competitive basis, and in accordance with the tendering procedures established pursuant to Article 9.22(c); subject to the provisions of Article 29, keeping JMC informed accordingly. Any purchase order and sub-contract shall be in accordance with approved Work Programs and Budgets;

However, prior approval shall be obtained before an award of any individual purchase order or sub-contract as follows, giving details of bids received and the basis for recommended award:

(i) by FOD up to or equal to twenty million USD (US$20,000,000) in value;

(ii) by JMC if exceeding twenty million USD (US$20,000,000) and up to or equal to one hundred million USD (US$100,000,000) in value;

(iii) by ROC if exceeding one hundred million USD (US$100,000,000) in value, where such written approval shall not to be unreasonably withheld, provided if the total period taken by ROC exceeds forty five (45) days then approval of any such purchase order or sub-contract is deemed to have been provided by ROC. If ROC communicates within the specified period its non-approval of the award in question then the matter shall be promptly referred to the senior management of the Parties for resolution; and

(d) prepare and issue reports pursuant to Article 15, and provide any further information as may reasonably be required by ROC.

9.21 Operator shall place fixtures and installations inside and outside the Contract Area, as shall be necessary to carry out Petroleum Operations, in accordance with the approved Plans. Fixtures and installations relating to the Transportation System shall be handed over upon completion and commissioning to the Transporter which will thereafter be responsible for the operation and maintenance thereof in accordance with the provisions of Addendum Two and the subsequent Crude Oil Transfer Agreement.

9.22 Promptly after the Effective Date, but not later than six (6) Months thereafter, Contractor shall prepare and submit for JMC approval, in accordance with Article 12, the following operating procedures:

(a) employment procedures and personnel regulations for locally recruited personnel including scales of salaries, wages, benefits, and all allowances applicable to the respective grade of staff and employees, together with employment requirements such as standard job descriptions and qualifications to fill the jobs, all in accordance with the Law and local market conditions. Salaries and terms of employment of Iraqis shall be determined by consultation between ROC and Contractor subject to the Law; ;

(b) benefits and allowances to be paid in the Republic of Iraq to assigned personnel referred to in Annex C during the assignment for Petroleum Operations;

(c) tendering, bidding and contract awarding procedures for engineering, drilling, construction and other service contracts, and procedures for purchasing materials and equipment, all on a competitive basis (unless otherwise agreed by the JMC), taking into account, where applicable, the provisions of this Contract, Best International Petroleum Industry Practices, and the Law; and

(d) detailed accounting system to be adopted by Contractor and Operator based on the provisions of Annex C.

(End of Article 9)

ARTICLE 10 – ASROCIATED GAS

10.1 Associated Gas shall not be flared except pursuant to the Law, and as provided herein.

10.2 Operator may use, free of charge and on a priority basis, the quantity of Associated Gas necessary for Petroleum Operations including for re-injection into the reservoir(s) for the purpose of pressure maintenance, enhanced recovery or temporary storage, and for power generation.

10.3 All Associated Gas produced from the Field, which is not used in Petroleum Operations pursuant to Article 10.2 shall be delivered unprocessed to ROC, at the outlet of the relevant crude oil separators or such other point as Contractor and ROC may agree. Contractor shall be under no obligation to provide compression or treatment facilities for Associated Gas, unless otherwise agreed by the Parties in an approved Plan.

10.4 If requested by ROC Contractor shall submit to the JMC, as part of any Plan, a proposal for economically and technically feasible schemes for the utilisation, and/or disposal of all the excess Associated Gas not used in Petroleum Operations. Contractor shall be under no obligation to implement such schemes unless otherwise agreed by the Parties in an approved Plan.

10.5 Quantities of Associated Gas made available to, but not received by ROC, may be flared. Upon prior consent of ROC, Operator may flare Associated Gas; provided, however, that the period and volume of Associated Gas flaring shall be kept to the absolute minimum. Associated Gas may also be flared in limited quantities for testing and maintenance purposes and in emergency cases.

10.6 If agreed in an approved Plan Contractor shall finance and/or through the Operator build Transportation Facilities downstream of the delivery point set out in Article 10.3.

Transportation Facilities built by Operator related to the transportation of Associated Gas beyond the delivery point set out in Article 10.3 shall be handed over upon completion and commissioning to the relevant Iraqi entity designated by ROC, which shall thereafter be responsible for the operation and maintenance thereof.

10.7 All costs and expenses incurred by Contractor in connection with the production, re-injection, treatment, transportation, delivery, and disposal of Associated Gas within the Contract Area shall be recovered as Petroleum Costs. All costs and expenses incurred by Contractor in connection with Articles 10.3, 10.4 and 10.6 shall be considered Supplementary Costs.

10.8 The Natural Gas Liquids (NGL) resulting from infield Associated Gas condensation or extraction processes, if any, that are delivered to ROC where one Barrel of NGL is equivalent to one Barrel of Crude Oil for the purposes of Remuneration Fee under Article 19.5.

(End of Article 10)

ARTICLE 11 – DEVELOPMENT PLANS AND WORK PROGRAMS

11.1 Promptly after the Effective Date, and in any case not later than six (6) Months thereafter, Contractor shall prepare and submit for JMC approval the Rehabilitation Plan, based on the available knowledge of the Field including a detailed Work Program and Budget for the remainder of the current Calendar Year. While focusing on near-term Petroleum Operations related to additional Appraisal activities and increased production from the Field, the said Plan shall also anticipate the overall targets and phases of redevelopment of the Field for the Term. The Rehabilitation Plan shall particularly include:

(a) a "Remedial Program" for the immediate and near-term actions to be taken to halt any non-optimal operations, to arrest production decline, and to achieve a sustainable and improved production rate pursuant to Article 2.2(a)(i), all in accordance with Best International Petroleum Industry Practices; and

(b) an “Additional Appraisal Program” for the currently producing as well as the discovered but undeveloped reservoir(s) in the Contract Area which require and justify further Appraisal works, including a time schedule for geophysical surveys and any interpretations of data relating thereto, geological and reservoir engineering studies, as well as laboratory work and Field data gathering programs. The Additional Appraisal Program is aimed at acquiring technical data required to conceive the Enhanced Redevelopment Plan.

11.2 Contractor shall prepare annual Work Programs and Budgets, including production schedules for the succeeding Calendar Years, not later than the first of October of each Calendar Year. Each annual Work Program and Budget shall set out in detail by Quarter all aspects of proposed Petroleum Operations to be carried out including all relevant data and information, estimated cost, duration of each operation, estimated monthly rate of production for each reservoir in the Contract Area. Annual Work Programs shall also include forecasts of yearly activities including costs for the four (4) year period following the end of the relevant Calendar Year or the period up to the

expiry of this Contract whichever is shorter.

11.3 Within six (6) Months after the completion of the Additional Appraisal Program, but no later than three (3) Years from Effective Date, Contractor shall submit for approval the Enhanced Redevelopment Plan, which shall, upon endorsement by ROC, supersede the Rehabilitation Plan.

11.4 Contractor and Operator each in accordance with their respective roles under the provisions of this Contract shall conduct Petroleum Operations in a manner that is designed to achieve the Improved Production Target as soon as possible but no later than the end of the Rehabilitation Period, and the Plateau Production Target no later than six (6) Years after the Effective Date. The Enhanced Redevelopment Plan (and any Revision) submitted by Contractor for approval must contemplate achieving the Plateau Production Target within the designated time periods.

11.5 Contractor may further prepare and submit for ROC's endorsement Revisions of the Enhanced Redevelopment Plan as deemed necessary.

11.6 All Plans and production schedules shall be based on sound geological, reservoir, engineering and economical principles, all in accordance with Best International Petroleum Industry Practices and with the objective of optimizing production and maximizing the volume of Petroleum to be produced from the Contract Area.

(End of Article 11)

ARTICLE 12 – APPROVAL OF DEVELOPMENT PLANS AND WORK PROGRAMS

12.1 Following the establishment of the FOD, no Petroleum Operations shall be carried out unless and until the relevant Work Program and Budget, Plan, or their Revisions have been duly approved.

12.2 Contractor shall prepare and submit to the JMC in a timely manner its proposals concerning the Plans, or their Revisions, as well as the associated annual Work Programs and Budgets, and any administrative, accounting or other operating procedures, complete with supporting studies, data and information, for approval in accordance with the following procedure:

(a) within fourteen (14) days of receiving Contractor's proposal or revised proposal, in respect of annual Work Programs and Budgets, and any administrative, accounting or other operating procedures, the JMC shall review and shall either approve the proposal or return it to Contractor with recommended changes. Contractor shall, within a further fourteen (14) days of receiving recommended changes, amend and re-submit the proposal to the JMC for approval;

(b) within twenty (20) days of receiving Contractor's proposal or proposed Revision in respect of Development Plans the JMC shall review the proposal and pass it to ROC for endorsement or return to the Contractor with recommended changes. Contractor shall amend the proposal and re-submit it to the JMC for approval no later than thirty (30) days thereafter;

(c) within thirty (30) days of receiving a Development Plan from the JMC, the ROC

shall advise Contractor and the JMC of its endorsement or rejection. In the event of a rejection ROC shall provide written advice as to the reasons for its rejection;

(d) it is understood that the Parties shall use their best endeavours to expedite the approval process through close interaction and consultation, and, if necessary, through the intervention of their senior managements;

(e) if line items of an annual Work Program or Budget remain unresolved after submission to senior management the Parties agree that the Operator will be authorized to act as though the most recent submission by the Contractor has been approved until such time as final resolution of disputed items has occurred; and

(f) time periods in this Article 12.2 shall be subject to appropriate extensions corresponding to any delay resulting from Force Majeure or as otherwise agreed between the Parties. In either case, if the total period taken for approval and endorsement by ROC of the Rehabilitation Plan or the Enhanced Redevelopment Plan exceeds one hundred and twenty (120) days, then the Term together with all rights and obligations hereunder shall be extended to reflect the additional time taken for approvals.

12.3 After the approval of the annual Work Program and Budget by the JMC, it shall be implemented by Operator under the general supervision and control of the JMC in accordance with the authorities set out in Article 13.2. Operator may make minor changes to the details of an approved Work Program and Budget, provided, however, such changes shall not change the budgeted amount for each major line item by more than ten percent (10%), change the total approved Budget by more than five percent (5%), or alter the general objectives of the Work Program. Otherwise, the change shall be considered a Revision of said Work Program or Budget requiring JMC's prior approval unless such changes are warranted due to emergency or extraordinary circumstances requiring immediate action, including but not limited to safeguarding lives or property, protection of the environment or health reasons. Such changes shall be reported by Operator to the Parties and the JMC within five (5) working days.

12.4 Any modification to an approved Plan that alters its general objectives or changes its total estimated cost by more than ten percent (10%), shall be considered a Revision of said Plan and shall be subject to approval in accordance with this Article 12.

12.5 ROC shall have the right to review the proposed or target level of production in respect of any proposed or approved annual Work Program and may, with reasonable justification and upon written notification, require Contractor and Operator to increase or decrease the rate of production from the Contract Area for any of the following reasons:

(a) to avoid material damage to reservoirs;

(b) to minimize Associated Gas wastage, provided however ROC shall, at all times, use best endeavours to take all Associated Gas;

(c) for safety consideration;

(d) for operational consideration;

(e) for Government imposed curtailment; and

(f) for curtailments due to failure of Transporter to receive Net Production at the Transfer Point through no fault of Contractor or Operator.

In case reduction of production of Crude Oil is applied as per Articles 12.5(e), ROC shall apply such reduction in a non-discriminatory manner to all of its and its Affiliates' production from the Republic of Iraq. Contractor and Operator shall comply with such reduction upon receipt of notification from ROC to this effect. During the periods when the rate of production is decreased due to minimising Associated Gas wastage under Article 12.5(b), production curtailment imposed under Article 12.5(e) or Article 12.5(f), the Remuneration Fee Bid adjustment under Article 19.5(e) shall cease to apply. Immediately after such ROC notice of minimizing Associated Gas wastage or production curtailment the Parties shall agree in good faith a mechanism to fully compensate Contractor as soon as practicable, which may include, amongst other things, a revised Field production schedule or an extension to the Term or payment of lost income to Contractor in respect of the estimated volumes not produced during the period for which the production levels are decreased under Article 12.5(b) or curtailed under Article 12.5(e) or Article 12.5(f).

12.6 ROC may, at any time, by written notice, request Contractor and Operator to execute specific works or build specific facilities not included in the currently approved Plan or Work Program. Within ninety (90) days of receiving such notice, Contractor and Operator shall amend the relevant Plan or Work Program and Budget accordingly. All costs associated with the construction and operation of the additional facilities or works paid for by the Contractor shall be considered Supplementary Costs. If Contractor decides not to share the possible risks and rewards of such works and facilities in accordance with this Contract, the expenditure incurred shall be borne by ROC, and the said works shall be conducted by and for ROC's sole risk and reward.

(End of Article 12)

ARTICLE 13 – JOINT MANAGEMENT OF PETROLEUM OPERATIONS

13.1 The Parties shall establish, within thirty (30) days from the Effective Date, a joint management committee, referred to herein as the "Joint Management Committee" or "JMC", for the purpose of general supervision and control of Petroleum Operations. The JMC shall consist of eight (8) members. ROC shall nominate four (4) members, including the Chairman. Contractor shall nominate four (4) members, including the Deputy Chairman and the Secretary. The Parties shall also designate one alternate to each of their members and shall promptly inform each other in writing of any change of the members or alternates.

13.2 The JMC shall have the following duties and authorities related to Petroleum Operations:

(a) review and recommendation of Plans and any Revisions thereof;

(b) review and approval of annual Work Programs, Budgets and production schedules, and any Revisions thereof;

(c) review and approval of operating procedures prepared pursuant to Article 9;

(d) review and/or approval of the award of sub-contracts and purchase orders as applicable pursuant to Article 9;

(e) approval of training programs and Iraqization plans for developing Iraqi personnel pursuant to Articles 9 and 26;

(f) supervision and control of the implementation of approved Plans and Work Programs and the overall policy of Operator in accordance with Article 9.10;

(g) review and approval of manpower strength and organisation chart of Operator;

(h) review of Quarterly statements, annual accounts and other financial statements;

(i) review of periodical and other reports submitted by Contractor or Operator and issue of comments and recommendations to ensure proper implementation of Petroleum Operations; and

(j) recommendation of the appointment of the independent international auditor as per Article 20.

13.3 Decisions of the JMC shall be taken by unanimous vote of the members or their alternates present at the meeting or by proxy. In the event that the JMC is unable to reach unanimous decision in respect of any issue, then the issue shall be promptly referred to the senior management of the Parties for resolution. Quorum shall be at least three (3) members or alternates of each Party. Decisions taken by the JMC shall be recorded in official minutes signed by the members present and communicated by Operator to the Parties.

13.4 The JMC shall meet whenever necessary or expedient for the implementation of this Contract and at any time a Party requests a meeting to be held. In any event the JMC shall meet at least four (4) times each Calendar Year. A meeting of the JMC may be convened by either Party giving not less than twenty (20) days prior written notice to the other Party or, in a case requiring urgent action, by giving reasonable shorter notice, with decisions by way of circulated written resolutions. Contractor through the Operator shall prepare the agenda and necessary documents prior to such meetings and communicate the same to the members of the JMC. Either Party may, on seven (7) days prior notice other than in the case of an urgent action, add any matter related to Petroleum Operations not listed by Operator to any JMC meeting agenda.

13.5 The JMC may adopt such procedures as it deems appropriate regarding the conduct of its functions, meetings, and other related matters. For the purpose of facilitating the conduct of its functions, the JMC may appoint such appropriate sub-committees as shall from time to time be required.

13.6 All costs incurred by Contractor and approved by the JMC for carrying out JMC or sub-committee duties shall be considered as Petroleum Costs.

13.7 Decisions made by JMC shall not release the Contractor from its obligations under this Contract.

(End of Article 13)

ARTICLE 14 – DATA AND SAMPLES

14.1 All original data and samples obtained by Contractor or the Operator shall be the property of ROC.

14.2 Contractor and Operator shall provide ROC, free of charge, with copies of any and all data obtained as a result of Petroleum Operations including, but not limited to, geological, geophysical, geochemical, petrophysical, engineering, well logs, maps, magnetic tapes, cores, cuttings and production data as well as all interpretative and derivative data, including reports, analyses, interpretations and evaluation prepared in respect of Petroleum Operations (hereinafter referred to as "Data"). Contractor and Operator shall have the right to make use of such Data, free of charge, for the purpose of Petroleum Operations.

14.3 Contractor and Operator may, for use in Petroleum Operations, retain copies or samples of material or information constituting the Data and, with the approval of ROC, original material. Where such material is capable of reproduction or division and originals have been delivered to ROC, Contractor and Operator may export samples or other reproduced material for processing or laboratory examination or analysis, taking into consideration whether such analysis can be conducted in the Republic of Iraq. Contractor and Operator shall guarantee their proper handling and keeping, and that such exports shall be returned to the Republic of Iraq within a maximum period of three (3) Months from the date of completion of any study, analysis or processing thereof, except for the consumable samples and materials.

14.4 Contractor and Operator shall save and keep in the Republic of Iraq, for a minimum period of one (1) Year, representative portions of each sample of cores and cuttings taken from drilled wells, to be disposed of or forwarded in a manner directed by ROC.

14.5 Contractor shall work with ROC to establish entities in the Republic of Iraq capable of analyzing and processing Data obtained during Petroleum Operations.

(End of Article 14)

ARTICLE 15 – REPORTS AND RECORDS

15.1 Operator shall once the FOD is established report in writing to ROC the progress of Petroleum Operations according to the following schedule:

(a) within one (1) Month of the last day of March, June, September and December covering the previous Quarter; and

(b) within three (3) Months of the last day of December covering the previous Calendar Year.

15.2 A report under Article 15.1 shall contain, without limitation, the following in respect of the period which it covers:

(a) details of Petroleum Operations and the factual information obtained;

(b) description of the area in which Operator has operated;

(c) account of the expenditure on Petroleum Operations in accordance with the Accounting Procedure; and

(d) maps indicating all bore-holes, wells and other Petroleum Operations.

15.3 Contractor and Operator shall prepare at all times during the Term accurate and current records of their operations. Such records shall be maintained by Contractor and Operator in accordance with procedures to be established by the JMC in accordance with Best International Petroleum Industry Practices.

15.4 Operator's reports on Petroleum Operations shall comply with the Law.

(End of Article 15)

ARTICLE 16 – ACCESS AND INSPECTION

16.1 Duly authorised inspectors of ROC shall, upon written prior notice to the Operator and Contractor, have access to the Contract Area and any other area where Petroleum Operations are being carried out, for the purpose of inspection of the same. Such inspectors may examine the books, registers and records of Operator and may require Operator to make a reasonable number of surveys, drawings, tests and the like for the purpose of enforcing the provisions of this Contract. They shall, for this purpose, be entitled to make reasonable use or inspection of devices, machinery and instruments used for measurement and other Petroleum Operations. The inspectors shall make all reasonable efforts to conduct any inspection in a manner that will result in a minimum of inconvenience and interruption to the Petroleum Operations, and the inspectors shall always take due account of the advice from the Operator and the Contractor when conducting the inspections. Such inspectors shall be given assistance by the agents and employees of Operator to facilitate the objectives of their task and to avoid endangering or hindering the safety or efficiency of Petroleum Operations. Operator shall offer such inspectors all privileges and facilities afforded to its own staff in the Field and shall provide them, free of charge, with reasonable office space and adequately furnished housing and lodging while they are in the Field whether on temporary or permanent basis.

16.2 Competent Government authorities shall have access to the Contract Area and to the operations conducted thereon by Operator, in the course of carrying out their duties in accordance with the Law. Operator shall offer the necessary assistance and services to such officials free of charge in order to facilitate their objectives.

16.3 Reasonable costs and expenses incurred by Contractor or Operator in implementing the provisions of this Article shall be considered as Petroleum Costs.

(End of Article 16)

ARTICLE 17 – MEASUREMENT, TRANSFER, AND DELIVERY OF CRUDE OIL/ EXPORT OIL

17.1 The volume and quality of Crude Oil shall be measured at a Production Measurement Point, immediately upstream of the Transfer Point. The location of the PMP and TP shall be specified in the approved Rehabilitation Plan so as to be within or close to the Contract Area.

17.2 In accordance with Addendum Two, the Operator shall deliver Net Production to Transporter at the Transfer Point. The transportation of Crude Oil from the Transfer Point to the Delivery Point shall be carried out by the Transporter, under the terms of Addendum Two and the Crude Oil Transfer Agreement. Transporter shall act exclusively on behalf of ROC, and the Contractor and Operator shall have no liability or obligations in respect of the transportation of Crude Oil from the Transfer Point to the Delivery Point**,** except as set forth in Annex E.

Where production from the Contract Area is curtailed or suspended, other than for minor service outages, through failure of Transporter to receive the same at the Transfer Point through no fault of the Operator or Contractor, the Parties shall meet and agree, as soon as possible, appropriate measures to compensate the Contractor in accordance with Article 12.5.

17.3 Methods and procedures for measurement of volume and quality of Crude Oil at the Transfer Point shall be as per Addendum Two and the Crude Oil Transfer Agreement. Methods and procedures for measurement of volume and quality of Export Oil at the Delivery Point shall be as per standard practice of SOMO in respect of the Export Oil.

17.4 Crude Oil may be commingled with crude oil produced from other fields. If Contractor chooses to receive Supplementary Fees or Service Fees in the form of Export Oil, the quality of Export Oil that may be lifted by Contractor at the Delivery Point shall be any available standard Iraqi export blend of nearest quality to that produced from the Field.

17.5 The volume of Export Oil that may be lifted by Contractor at the Delivery Point shall be determined in accordance with Articles 18 and 19, Annex C and Addendum Four.

17.6 If agreed in an approved Plan, Contractor shall finance and/or through the Operator build Transportation Facilities downstream of the Transfer Point. In the event that Contractor finances and/or builds such Transportation Facilities, they shall be handed over to the Transporter upon completion and commissioning.

17.7 Any cost and expenses incurred by Contractor pursuant to Article 17.6 shall be considered as Supplementary Costs.

(End of Article 17)

ARTICLE 18 – VALUATION OF EXPORT OIL

18.1 It is the intent of both Parties that the pricing of Export Oil for all purposes under this Contract shall reflect the prevailing export market price FOB Delivery Point.

18.2 The Export Oil Price for each quantity and quality of Export Oil that may be lifted by Contractor, during any Month in a Lifting Quarter, shall be SOMO's declared OSP for:

18.2.1 the Month of loading for such quantity;

18.2.2 the quality and Delivery Point for such quantity; and

18.2.3 the final destination to which such Export Oil is delivered by the Contractor.

For the avoidance of doubt in calculating the Export Oil Price for any quantity of Export Oil the standard provisions stipulated in SOMO's standard crude oil sales agreements, shall be applied including provisions relating to (a) API escalation/de-escalation, and (b) freight protection.

18.3 In the event that Export Oil market conditions oblige SOMO to adopt a different pricing mechanism, SOMO shall promptly advise Contractor of the new pricing mechanism.

18.4 The determination of the Export Oil Price, as above, (used for actualising the quantities of Export Oil that may be lifted by Contractor in each Month of the said Lifting Quarter) as well as adjustments required to the quantity of Export Oil to be lifted (due to the timing between estimated and actual dates of liftings) shall be pursuant to Addendum Four and Annex C (Article 9.6).

18.5 Contractor shall cooperate with SOMO in areas such as:

(a) assessment of worldwide evolution in export qualities of crude oil;

(b) market studies and outlet forecasts in various market areas; and

(c) other information concerning Export Oil market conditions.

The costs of such cooperation shall be paid by Contractor.

(End of Article 18)

ARTICLE 19 – SUPPLEMENTARY FEES AND SERVICE FEES

19.1 For the Petroleum Operations performed under this Contract, Contractor is entitled to Supplementary Fees and Service Fees. In accordance with this Article 19, Supplementary Fees shall be comprised of Supplementary Costs. Service Fees shall be comprised of Petroleum Costs and a Remuneration Fee.

19.2 Supplementary Costs

Contractor shall start charging Supplementary Costs to the Operating Account as from the Effective Date, in accordance with this Contract and the Accounting Procedure but the same shall be due and payable according to the following:

(a) the signature bonus paid under Article 4 shall be amortized and recovered over twenty (20) equal Quarterly payments beginning with the ninth Quarter following the Quarter in which the Effective Date occurs;

(b) de-mining costs incurred pursuant to Article 7.4 shall accrue and be recovered over eight (8) equal Quarterly payments beginning with the first Quarter following the date on which de-mining costs start being incurred;

(c) costs or expenses incurred pursuant to Articles 7.7 (b), 10.4, 10.6, 12.6, and 17.6 for additional facilities shall accrue and be payable beginning in the first Month of the Calendar Quarter following their payment date;

(d) costs or expenditures incurred pursuant to Article 41.16 for remediation of pre-existing environmental conditions shall accrue and be payable beginning in the first Month of the Calendar Quarter following their payment date; and

(e) outstanding balances on all Supplementary Costs shall bear interest at LIBOR plus one percent (1%) from the date when Supplementary Costs are first invoiced until the date when they are received, provided that interest shall be fixed for each tranche of Supplementary Costs based on LIBOR prevailing as at the first invoice date.

19.3 Supplementary Fees

The Supplementary Fees due to Contractor shall be paid in Export Oil at the Delivery Point or, at ROC's option, in cash, in USD, within sixty (60) days of the submission of an invoice pursuant to Article 9 of the Accounting Procedure. For payment in Export Oil, the Export Oil Price shall be in accordance with Article 18. ROC shall notify Contractor of its election whether to pay Supplementary Fees in cash or in Export Oil within ten (10) days of receipt of Contractor's first invoice for payment of Supplementary Fees. Such election shall remain in effect for the remainder of this Contract, unless otherwise agreed by the Parties or ROC is unable to pay the Supplementary Fees in Export Oil for any reason whatsoever then payment shall be made in cash.

(a) Supplementary Fees shall be deemed to cover all amounts due to Contractor for Supplementary Costs.

(b) Supplementary Fees shall become due and payable as detailed in Article 19.2 and shall be paid to the extent of ten percent (10%) of the deemed revenues of the Baseline Production.

(c) Any due and payable Supplementary Fees that remain unpaid in respect of any Calendar Quarter shall be carried forward and paid in succeeding Quarter(s) until fully paid.

(d) ROC reserves the right at any time by notice to Contractor to decrease the amortization periods specified in Articles 19.2(a) and 19.2(b), and/or increase the percentage of Baseline Production specified in Article 19.3(b).

19.4 Petroleum Costs

Contractor shall start charging Petroleum Costs to the Operating Account as from the Effective Date, in accordance with this Contract and the Accounting Procedure, but the same shall be due and payable only after the Service Fees Eligibility Date.

19.5 Remuneration Fee

Contractor shall become entitled to the Remuneration Fee and shall start charging the same to the Operating Account only after the Service Fees Eligibility Date.

(a) For each Calendar Quarter, commencing with the Calendar Quarter following the Quarter in which the Service Fees Eligibility Date occurs, the Remuneration Fee shall be an amount equal to the product of the Remuneration Fee per Barrel applicable to such Quarter, multiplied by the Incremental Production applicable to such Quarter and subject to the performance adjustment in Article 19.5(e).

(b) The Remuneration Fee per Barrel of Crude Oil applicable for all Calendar Quarters during any given Calendar Year shall be determined on the basis of the R-Factor calculated at the end of the preceding Calendar Year for the Field as follows:

R-Factor	Remuneration Fee per Barrel (USD)
Less than 1.0	Remuneration Fee Bid (RFB)
1.0 to less than 1.25	80%* RFB
1.25 to less than 1.5	60%* RFB
1.5 to less than 2.0	50%* RFB
2.0 and above	30%* RFB

(c) For the purposes of calculating Baseline Production and Incremental Production, the Baseline Production Rate for any Quarter, expressed to the nearest Barrel of oil per day, will be calculated according to the product of the Initial Production Rate and a Decline Factor for that Quarter according to the formulae:

BPR_n = IPR * DF_n

and

DF_n = DF raised to the power ((n)/4)

where:

BPR_n = Baseline Production Rate for Quarter n

IPR = Initial Production Rate

DF_n = Decline Factor for Quarter n

n = Number of the Quarter following the Quarter in which the Effective Date occurs

DF = 0.95

(d) The R-Factor achieved by Contractor as at the end of any Calendar Year shall be calculated by dividing the aggregate value of Cash Receipts from the Effective Date up to and including that Calendar Year by the aggregate of Expenditure over that same time frame.

For the purposes of calculating the R-Factor:

Aggregate "Cash Receipts" of Contractor from Petroleum Operations as of the end of any Calendar Year is the aggregate value from the Effective Date up to and including that Year of:

(i) Service Fees paid to Contractor as provided in Articles 19.6; plus

(ii) any Contractor's incidental income (of the type specified in the Accounting Procedure) arising from Petroleum Operations; and

Aggregate "Expenditure" made by Contractor for Petroleum Operations as of the end of any Calendar Year is the aggregate value from the Effective Date up to and including that Year of:

(i) Petroleum Costs; plus

(ii) Training, Technology and Scholarship Fund as per Article 26. For the avoidance of doubt, this expense is included as Expenditures for purposes of determining the R-Factor, but shall not be Petroleum Costs.

(e) During the Plateau Production Period the Remuneration Fee payable in respect of any Quarter shall be adjusted by multiplying it by the Performance Factor. However, any adjustment to the Remuneration Fee under this Article may cease to apply in accordance with Article 12.5 in relation to: (i) minimizing Associated Gas wastage (under Article 12.5(b)); (ii) Government imposed production curtailment (under Article 12.5(e)); and/or (iii) where normal production is curtailed or suspended through failure of Transporter to receive the same at the Transfer Point through no fault of the Operator or Contractor (under Article 12.5(f)).

19.6 Service Fees

(a) The Service Fees due to Contractor shall be paid without interest, in Export Oil at the Delivery Point or, at Contractor's option, in cash, in USD, within sixty (60) days of the submission of an invoice pursuant to Article 9 of the Accounting Procedure. For payment of Contractor's entitlement in Export Oil, the Export Oil Price shall be determined in accordance with Article 18. Contractor shall notify ROC of its election whether to receive Service Fees in cash or in Export Oil no later than the end of the Rehabilitation Period and thereafter annually seven (7) months prior to the commencement of each Calendar Year or ROC is unable to pay the Service Fees in Export Oil for any reason whatsoever then payment shall be made in cash.

(b) The Service Fees and Supplementary Fees shall be deemed to cover all costs, expenses, liabilities and remuneration to Contractor under this Contract. ROC shall not be obliged to pay any other compensation whatsoever to the Contractor for the fulfilment of its obligations under this Contract unless otherwise provided for under this Contract.

(c) Service Fees shall become due and payable starting with the first Calendar Quarter following the Quarter in which the Service Fees Eligibility Date occurs

and shall be paid to the extent of fifty percent (50%) of the deemed revenues of the Incremental Production. It is understood that payment of due and payable Petroleum Costs shall have priority over the payment of due and payable Remuneration Fees.

(d) Any due and payable Service Fees that remain unpaid in respect of any Calendar Quarter shall be carried forward and paid in succeeding Quarter(s) until fully paid.

19.7 For the purpose of calculating the Supplementary Fees and Service Fees only, the Baseline Production and Incremental Production of Crude Oil under Articles 19.3 (b) and 19.6 (c) shall be valued at the Provisional Export Oil Price, pursuant to Articles 17 and 18.

19.8 Subject to Article 8, any due and payable Supplementary Fees and Service Fees that remain outstanding at the expiry or termination of this Contract shall become immediately due and payable within thirty (30) days thereof, or under such other terms as may be agreed by the Parties.

19.9 In case the Supplementary Fees or Service Fees are paid in Export Oil, ROC shall arrange with SOMO to deliver to Contractor at the Delivery Point an amount of Export Oil, at the relevant Export Oil Price, equivalent to the amount of Supplementary Fees or Service Fees owed and payable hereunder. Contractor's Quarterly lifting of Export Oil shall be estimated in advance on the basis of Supplementary Fees and Service Fees due and payable in the Lifting Quarter, unpaid Supplementary Fees or Service Fees carried forward, production schedule and Provisional Export Oil Price. Contractor's final lifting shall be adjusted on the basis of actual amounts of Supplementary Fees or Service Fees owed as computed under this Article 19, and on the applicable Export Oil Price in accordance with the provisions of Article 18, Annex C and Addendum Four.

(End of Article 19)

ARTICLE 20 – BOOKS OF ACCOUNT, ACCOUNTING AND AUDIT

20.1 Contractor and Operator shall maintain at their business offices in the Republic of Iraq books of account, in accordance with the Accounting Procedure, generally accepted accounting principles used in the international petroleum industry, and such other books, records and original supporting documents necessary to show the work performed and expenditures and costs incurred including the quantity and value of all Petroleum produced, saved, and delivered as well as the quantity and value of Export Oil received by Contractor at the Delivery Point.

20.2 Contractor and Operator shall keep books of account and accounting records in Dollars and in the English language. Contractor and Operator shall also prepare and keep an Arabic summary of the main items of these books of account and accounting records.

20.3 Operator shall furnish to the Parties or their designees monthly reports showing the quantity of Petroleum produced and saved from the Contract Area. Such reports shall be prepared in accordance with practices generally used in the international petroleum industry and in a form agreed upon with the Parties and shall be signed by the

authorised representative of Operator or his deputy and delivered to the Parties or their designees within thirty (30) days after the end of the Month covered by such report.

20.4 The Parties shall jointly appoint an independent auditor of international qualification and standing to audit all the books and accounts of Contractor and Operator on an annual basis and report thereon. The costs of such audit shall be considered as Petroleum Costs. The auditors shall confirm, inter alia, that:

(a) the record of costs is correct;

(b) the costs are in accordance with this Contract;

(c) the costs are properly classified in accordance with the expenditure classification;

(d) documentation exists to justify such costs and expenditures; and

(e) no evidence exists of fraudulent records and accounts in respect of the costs incurred.

20.5 Contractor shall, within forty five (45) days after the end of each Quarter, submit to ROC a statement of Supplementary Costs and Petroleum Costs showing costs incurred by Contractor during such Quarter, and when applicable a statement for cost recovery for that Quarter as per Annex C.

20.6 Contractor and Operator shall submit to ROC a set of accounts audited by the independent auditor for each Calendar Year within three (3) Months from the last day of said Calendar Year to show the results of Petroleum Operations.

20.7 Contractor's and Operator's books, records and necessary supporting documents shall be made available for auditing by ROC at any time during regular working hours for twelve (12) Months from the end of each Quarter to which such documents relate. If within such twelve (12) Months, ROC has not advised Contractor and Operator of its objections, the said books, records and supporting documents shall be considered approved. Audits conducted by auditors appointed under Article 20.4, the Iraqi Supreme Auditing Board or ROC shall be conducted in accordance with generally accepted accounting principles used in the international petroleum industry.

20.8 If the ROC has an objection to any costs or expenses as reported and invoiced by the Contractor, the ROC will notify the Contractor of its objection in writing but shall pay both the disputed and undisputed amounts pending resolution of the matter. Within one (1) Month from the date of Contractor's receipt of ROC's objection, Contractor and ROC shall mutually agree to either seek in good faith an acceptable solution or nominate one (1) or more Experts to settle the matter. If the matter is referred to an Expert, the Expert shall, within three (3) Months following their appointment, provide their solution to the dispute that is in line with the provisions of this Contract and Annex C. Failing such settlement, either Party may refer the matter to arbitration pursuant to Article 37.

20.9 During, and for a period of three (3) Years after the Term, the books of account and other books and records referred to above shall be made available by Contractor and Operator at all reasonable times for auditing by duly authorised representatives of the

Government, in accordance with the Law.

(End of Article 20)

ARTICLE 21 – EXCHANGE AND CURRENCY CONTROL

21.1 Contractor and Operator shall have the right of availability, free possession, use of, and internal and external disposal of foreign currency.

21.2 Contractor shall provide funds necessary for Petroleum Operations in the Republic of Iraq under this Contract in freely convertible foreign currencies supplied from abroad.

21.3 Contractor and Operator are authorized to open and operate accounts in foreign banks outside the Republic of Iraq and shall have the right to make payments out of the said accounts directly in foreign currencies for goods and services obtained for Petroleum Operations in the Republic of Iraq and to charge such payments in accordance with the provisions of this Contract without having first to transfer the funds for such payments to the Republic of Iraq.

21.4 Contractor and Operator and any non-Iraqi Sub-Contractors shall have the right to open and maintain bank accounts in foreign and/or local currencies in the Republic of Iraq in accordance with Central Bank of Iraq regulations and retain or dispose of any funds therein for its Petroleum Operations in the Republic of Iraq in accordance with Central Bank of Iraq regulations.

(End of Article 21)

ARTICLE 22 – TITLE TO ASSETS

22.1 All assets acquired and/or provided by Contractor or Operator, in connection with or in relation to Petroleum Operations, the costs of which are subject to cost recovery in accordance with the provisions of this Contract, shall become the property of ROC upon their landing in the Republic of Iraq.

22.2 Notwithstanding the above, Contractor and Operator shall be entitled to the full and free use of such assets for the purpose and Term of this Contract. During the Term, ROC and Contractor shall not assign, sell or otherwise dispose of such fixed and/or movable assets except by mutual agreement.

22.3 The provisions of Article 22.1 shall not apply to equipment leased by Contractor or Operator or belonging to Sub-Contractors who perform services or carry out works in connection with Petroleum Operations. Contractor and Operator and non-Iraqi Sub-Contractors may import such equipment on a temporary basis. Unless otherwise agreed by ROC, such equipment shall be re-exported from the Republic of Iraq subject to the provisions of Article 25, as and when they are no longer required for Petroleum Operations.

(End of Article 22)

ARTICLE 23 – TAXES

23.1 Each entity constituting Contractor shall keep books of account and be individually liable for and shall pay corporate income tax in accordance with the Law.

23.2 In no event shall ROC be liable under this Contract for any taxes payable by Companies outside of the Republic of Iraq.

23.3 For the avoidance of doubt, it is the understanding of the Parties that the sole tax liability of Contractor under this Contract shall not exceed corporate income tax levied at a rate not to exceed thirty five percent (35%) of Contractor's taxable profit under the Law which shall, as between the Contractor and ROC, be deemed to be the Remuneration Fee received during the relevant Tax Year calculated in accordance with Article 19.5 ("Contractor's Income Tax Liability").

23.4 In the event Contractor is subject to any demand to pay other taxes (other than or in excess of Contractor's Income Tax Liability) ROC shall bear and pay on behalf of each entity constituting Contractor all such other or additional taxes and shall indemnify and hold each entity constituting Contractor harmless against any and all liabilities relating to the payment of such other or additional taxes.

(End of Article 23)

ARTICLE 24 – PARTNERSHIP, INDEMNITY AND INSURANCE

24.1 It is expressly agreed that it is not the purpose or intention of this Contract to create, nor shall this Contract be construed as creating, any mining partnership, joint venture, commercial partnership or other partnership between the Parties.

24.2 Except for the period when ROC is Operator or as otherwise provided in this Contract, Contractor shall indemnify and hold ROC harmless against all and any claims, actions, demands and proceedings made by third parties arising out of any loss or damage, resulting from an act or omission of Contractor and/or Operator and/or their Sub-Contractors in their conduct of Petroleum Operations. All costs incurred by Contractor to indemnify and hold ROC harmless as aforesaid shall be considered as Petroleum Costs except in the case of Gross Negligence or Wilful Misconduct on the part of the Contractor and/or Operator and/or their Sub-Contractors.

24.3 Except for the period when ROC is Operator and in respect of the Contract Area, Contractor shall be liable for any loss of or damage to any installations belonging to ROC or any third party arising from Gross Negligence or Wilful Misconduct of Contractor and/or Operator or their Sub-Contractors.

24.4 Notwithstanding the foregoing, under no circumstances shall Contractor, its Affiliates or Operator be liable to ROC, its Affiliates or any third party, for consequential or indirect damages, losses, expenses or liabilities, loss of profit, loss of production, reservoir or formation damage or other losses whether or not similar to the foregoing and

howsoever arising.

24.5 Contractor shall establish an insurance plan, to be approved by the ROC, for its operations hereunder and obtain the insurance policies in favour of ROC and/or Contractor, as provided for in accordance therewith. Such insurances shall cover the types of exposure that are normally covered in the international petroleum industry, including but not limited to damage to equipment, installations and third party liabilities. Contractor and/or Operator shall ensure that Sub-Contractors adequately insure their risks under their relevant sub-contracts.

24.6 Such insurance plan shall require that the Contractor obtains and maintains insurance from an Iraqi insurance company or foreign insurance company permitted to conduct business in the Republic of Iraq to cover the risks associated with the Petroleum Operations and any other activities related thereto and as may be required by Law during the Term, including third party liability and environmental damage and injury, where such coverage is available in the Republic of Iraq and available on commercially reasonable terms. If such coverage is unavailable in the Republic of Iraq, insurance shall be obtained from a foreign insurance company. The insurance company shall arrange, in co-operation with Contractor to the extent needed, re-insurance placement for coverages on the international market for the part of exposure in excess of the insurance company's net retention.

24.7 The cost of insurance or reinsurance obtained and maintained by Contractor and/or Operator whether obtained inside or outside the Republic of Iraq and any amounts paid for deductibles, losses, or claims in excess of such insurances and not attributable to the Gross Negligence or Wilful Misconduct of Contractor or Operator or their Sub-Contractors under this Contract shall be considered as Petroleum Costs.

24.8 Contractor and/or Operator shall notify ROC of the issue and terms of all insurance policies obtained by it under this Contract.

(End of Article 24)

ARTICLE 25 – IMPORTS AND EXPORTS

25.1 Contractor, Operator and Sub-Contractors engaged in carrying out Petroleum Operations shall be permitted to import machinery, equipment, vehicles, materials, supplies, consumables and movable property to be used solely for the purpose of carrying out Petroleum Operations and supporting activities. Importation of machinery, equipment, vehicles, materials, supplies, consumables and movable property to be used solely for the purpose of carrying out Petroleum Operations and supporting activities shall be exempted from customs duties to the extent they are imported in the name of ROC. Any other customs duties relevant to carrying out of Petroleum Operations and supporting activities shall be recoverable as Petroleum Costs. Contractor, Operator and Sub-Contractors shall comply with the applicable administrative formalities in this respect.

25.2 Expatriate employees of Contractor, Operator and Sub-Contractors shall be permitted to import and shall be exempted from customs duties with respect to the reasonable importation of household goods and personal effects, provided that such property is

imported for the sole use of the employee and his family and provided further that such imported property shall be re-exported by employee, without any export duty or impost upon termination of his employment, or be disposed of in the Republic of Iraq in accordance with the Law.

25.3 Items imported by Contractor, Operator or Sub-Contractors on temporary basis and no longer required for Petroleum Operations or supporting activities shall, unless otherwise agreed by ROC, be re-exported without any export duty or impost in accordance with the Law.

25.4 The sale in the Republic of Iraq of any items imported under this Contract shall be subject to ROC's prior consent and to the Law.

25.5 Customs duties, as used herein, shall include all duties, taxes and other financial imposts which may be due as a result of the importation of the above-mentioned items but, shall not include charges, dues or fees of general application to be paid to Governmental entities for services rendered.

25.6 Contractor shall be exempted from any export duty or impost with respect to the Export Oil that Contractor may lift under this Contract, except for port dues of general application to all buyers which are payable for services rendered by the port authorities in accordance with the Law. Such port dues shall not be considered Petroleum Costs.

(End of Article 25)

ARTICLE 26 – EMPLOYMENT, TRAINING, AND TECHNOLOGY TRANSFER

26.1 Without prejudice to the right of Contractor and Operator to select and employ such number of personnel as, in the opinion of the Contractor or Operator, are required for carrying out Petroleum Operations in a safe, cost effective and efficient manner, Contractor and Operator shall, to the maximum extent possible, employ, and require Sub-Contractors to employ, Iraqi nationals having the requisite qualifications and experience.

26.2 Through a Training, Technology and Scholarship Fund, Contractor and Operator shall offer and facilitate for an agreed number of Iraqi nationals, as designated by ROC in consultation with Contractor, the opportunity, both inside and/or outside of the Republic of Iraq, for on-the-job training and practical experience in Petroleum Operations, and academic education. The Fund shall also be used for supporting oil and gas related technology and research including the establishment or upgrading of research institutes inside the Republic of Iraq.

26.3 As a minimum, Contractor shall allocate during the Term an annual amount of five million USD (US$ 5,000,000) to the Training, Technology and Scholarship Fund. The Fund payment shall not be recoverable as Petroleum Costs.

26.4 Not later than twelve (12) Months after the Effective Date, Contractor shall, in consultation with ROC, establish and implement training programs for staff positions in each phase and level of Petroleum Operations including skilled, technical, executive and management positions, with a view to ensuring increased employment of Iraqi nationals and a commensurate reduction of expatriate employees.

26.5 Each Company may separately negotiate, in good faith, technical assistance agreements with ROC to make available, on commercially agreeable terms, technology and information of a proprietary nature for use in the Republic of Iraq by ROC and its Affiliates.

(End of Article 26)

ARTICLE 27 – PARTICIPATION

27.1 The State Partner shall have twenty-five percent (25%) of Contractor's total Participating Interest and the remaining Participating Interest of seventy five percent (75%) shall be apportioned between the Companies as follows:

---------: ---------- (------%);

---------: ---------- (------%);

---------: ---------- (------%);

27.2 Companies shall pay for all of the State Partner's share of Petroleum Costs and Supplementary Costs during the Term and any extension thereto. The Companies shall have all Petroleum Costs paid as Service Fees and Supplementary Costs paid as Supplementary Fees, however the State Partner shall be entitled to receive its twenty-five percent (25%) Participating Interest of any Remuneration Fee paid to Contractor.

27.3 Participation shall further be subject to the provisions of Addendum One.

(End of Article 27)

ARTICLE 28 – ASSIGNMENT

28.1 No Company may assign its rights or obligations under this Contract, in whole or in part, without the prior written consent of ROC. The direct or indirect transfer of shares or other ownership interests in any Company (except for the transfer of shares in a listed parent company) shall constitute an assignment of rights and obligations under this Contract and shall be subject to this Article 28.

28.2 By providing ROC one (1) Month prior written notice of its intent, any Company shall have the right to assign any of its Participating Interest, shares, rights, privileges, duties or obligations under this Contract to a wholly-owned and controlled Affiliate. Such assignment shall not release said Company from its obligations under this Contract and it shall remain jointly responsible together with the assignee Affiliate for the proper and timely execution of this Contract.

28.3 In the event that any Company wishes to assign, in whole or in part, any of its Participating Interest, shares, rights, privileges, duties or obligations under this Contract to a third party or an Affiliate that is not wholly-owned and controlled, the Company shall submit to ROC a request to this effect giving detailed evidence of the technical and financial competence of the recommended assignee. ROC shall consider the said request and notify Company of its approval or otherwise within three (3) Months of receipt thereof. Before such assignment becomes effective, the foreign assignee shall

first provide ROC with a guarantee acceptable to ROC in the form set out in Annex F after which ROC shall, to the extent of the assigned Participating Interest, release assignor from its obligations under this Contract and any guarantee provided to it by assignor.

28.4 If any Company wishes to assign part of its Participating Interest in this Contract to a third party pursuant to Article 28.3, ROC shall within the period set out under Article 28.3 have the option to take such part and assign it to a nominated Iraqi entity on the same terms and conditions offered to the third party.

28.5 Notwithstanding the foregoing, for the purpose of financing Petroleum Operations, any entity constituting Contractor may pledge, or otherwise encumber totally or partially, its rights under this Contract to an internationally recognized bank and/or financing institution acceptable to ROC (such acceptance not to be unreasonably withheld) provided that such pledge or encumbrance shall not in any way affect the rights or interests of ROC.

28.6 Without prejudice to the provisions of the Heads of Joint Operating Agreement (Addendum One) between the entities constituting Contractor, in the event that any Company (or the Affiliated company that provides a guarantee) becomes bankrupt, or makes an arrangement with or assignment in favour of its creditors or makes a composition with creditors, or if it assigns to a third party any of its interests/shares in this Contract contrary to the provisions herein, or goes into liquidation other than for reconstruction or amalgamation with a wholly-owned and controlled Affiliate, ROC shall have the right to terminate the participation of such Company in this Contract by a written notice to Contractor**.** The rights and obligations of such Company shall be assigned to the remaining Companies proportionately to their respective Participating Interests or as they may otherwise mutually agree.

28.7 The State Partner shall have the right to assign its Participating Interest only to an entity that is entirely owned and controlled by the Government otherwise any assignment by the State Partner of its Participating Interest shall require the consent of the Companies.

(End of Article 28)

ARTICLE 29 – LAWS AND REGULATIONS

29.1 Contractor and Operator shall be bound by and shall comply, in all respects, with the provisions of the Law. Unless otherwise provided in this Contract, Contractor shall indemnify and save harmless ROC against all penalties, fines and other liabilities of every kind for breach of the Law by Contractor or Operator.

29.2 Notwithstanding the provisions of Article 29.1, Contractor, Operator and their Sub-Contractors shall, in accordance with the Law, be exempted from customs and stamp duties on the execution of this Contract, and from restrictions concerning work licences and employment of expatriates, subject to the provisions of Article 9.22. However, Contractor, Operator and their Sub-Contractors shall submit all data and information required by the relevant Iraqi authorities in this respect.

29.3 Contractor and Operator shall in all their sub-contracts, include a provision whereby Sub-Contractors shall undertake to abide by and comply with the Law.

29.4 Subject to Article 29.5 if, after the Effective Date, the financial interests of Contractor are adversely and substantially affected by a change to the Law that was in force on the Effective Date, or by revocation, modification, or non renewal of any approvals, consents or exemptions granted to Contractor pursuant to this Contract (other than as a result of Gross Negligence or Wilful Misconduct of Contractor or Operator), the Parties shall, within ninety (90) days, agree on necessary adjustments to the relevant provisions of this Contract in order to maintain Contractor's financial interests under this Contract reasonably unchanged.

29.5 It is the understanding of the Parties that the income tax payable by Contractor for any Tax Year shall not exceed Contractor's Income Tax Liability for such Tax Year. Contractor shall bear such income tax once applicable, according to the Law, provided, however, in the event the Contractor's income tax liability due under the Law exceeds Contractor's Income Tax Liability then ROC shall assume, pay and discharge in the name and on behalf of each entity constituting Contractor, any excess tax liability arising under the Law over Contractor's Income Tax Liability. ROC shall reimburse the same entities for the amount exceeding the Contractor's Income Tax Liability should said excess amount be paid by them.

29.6 Should the Parties be unable to agree within ninety (90) days on any amendments to be made in respect of Articles 29.4 and 29.5, or such other period as may be agreed by the Parties, the dispute may be resolved in accordance with Article 37.

(End of Article 29)

ARTICLE 30 – LOCAL GOODS AND SERVICES

30.1 Works and services performed in the Republic of Iraq through sub-contracts shall be carried out on a competitive basis. Preference shall always be given to Iraqi entities and firms, or foreign firms in association therewith, provided that their relevant capabilities and prices are competitive with those available in the international market.

30.2 Preference shall be given to locally manufactured and/or available goods, materials, equipment, consumables and the like provided that their technical specifications, availability, prices, and time of delivery are comparable to those available in the international market.

30.3 Contractor and Operator shall ensure that contracts with Sub-Contractors, agents, assignees and employees shall strictly adhere to the provisions of this Article 30.

(End of Article 30)

ARTICLE 31 – FORCE MAJEURE

31.1 The non-performance or delay in performance by either Party of its obligations or duties under this Contract shall be excused if and to the extent that such non-performance or delay is caused by Force Majeure.

31.2 The Party affected by Force Majeure shall notify the other Party thereof, in writing within fourteen (14) days, stating the cause and the extent of effect of such Force Majeure and shall keep the other Party informed of significant developments. The affected Party shall use all reasonable diligence to remove or overcome the Force Majeure situation as quickly as possible in a cost-effective manner.

31.3 Force Majeure shall mean any cause or event, unforeseen or beyond the reasonable control of the Party claiming to be affected by such event, and shall include, but without limitation, Acts of God, war (whether declared or undeclared), force of nature, insurrection, riot, fire, and with respect to Contractor only legislation/order of the Government and other acts or circumstances beyond the control of either Party affected by it, provided always that such acts or circumstances are not attributable to the Party invoking Force Majeure or its Affiliates. The inability to pay monies due shall not constitute a condition of Force Majeure.

31.4 In the event that the Petroleum Operations are delayed, curtailed or prevented due to Force Majeure for a period exceeding ninety (90) consecutive days, then the Term together with all rights and obligations hereunder shall be extended accordingly, subject to the provisions of Article 8, and the Parties shall meet shortly after a notice sent by the Contractor to ROC to, in good faith, agree on modifications to this Contract which will enable the Contractor's rights and obligations to be restored. If the Parties are unable to reach an agreement on the possible modifications to be made to this Contract within thirty (30) days, such disagreement shall be submitted to arbitration in accordance with the provisions of Articles 37.4 to 37.8.

31.5 It is agreed by the Parties that the security conditions prevailing in the Contract Area on Contract signing date shall not constitute a condition of Force Majeure for either Party. The Parties also agree that the political and security conditions generally prevailing in the Republic of Iraq on the Contract signing date shall not constitute a condition of Force Majeure for either Party unless these conditions prevent the implementation of Petroleum Operations.

(End of Article 31)

ARTICLE 32 – ENTIRE AGREEMENT AND AMENDMENTS

32.1 This Contract constitutes the entire agreement between ROC and Contractor relating to the Field. Hence it supersedes any previous representations, whether explicit or implicit, and any prior agreement of any kind or nature, whether oral or written, in this respect.

32.2 This Contract shall not be amended or supplemented except by an instrument in writing

signed by duly authorized representatives of both Parties.

32.3 If any provision of this Contract shall be found by any court, tribunal or administrative body of competent jurisdiction to be invalid or unenforceable, the invalidity or unenforceability shall not affect the other provisions of this Contract and all provisions not affected by such invalidity or unenforceability shall remain in full force and effect. The Parties shall attempt to substitute, for any invalid or unenforceable provision, a valid and enforceable provision that achieves to the greatest possible extent, the principal objectives of the invalid or unenforceable provisions.

32.4 The provisions of this Contract shall inure to the benefit of and be binding upon the successors and permitted assignees of the Parties.

(End of Article 32)

ARTICLE 33 – CONFIDENTIALITY AND TECHNOLOGY OWNERSHIP

33.1 All information and data obtained in connection with or in relation to this Contract shall be kept confidential by the Parties and their Affiliates and shall not be disclosed or communicated to any third party without the other Party's prior written consent, except (i) to Affiliates; (ii) to any professional consultant retained by a Party, or (iii) where it is necessary for the approval, implementation and/or financing of Petroleum Operations; provided that in all cases of disclosure the party to whom the information is disclosed shall agree to the same confidentiality obligation as contained herein.

33.2 The confidentiality undertaking in Article 33.1 shall not apply:

(a) upon the confidential information becoming public knowledge other than by default on the part of a Party;

(b) upon such confidential information becoming available to a Party from a third party (unless the third party acts in violation of a confidentiality obligation of which the Party is aware);

(c) if such confidential information is independently developed by a Party or its Affiliates; or

(d) to the extent that such confidential information is required by the Law, judicial proceedings or applicable stock exchange regulations to be disclosed.

33.3 The foregoing provisions of Articles 33.1 and 33.2 shall continue in force for three (3) Years following termination or expiry of this Contract.

33.4 To the fullest extent permitted by applicable laws or agreements, the entities constituting Contractor agree to make available on reasonable terms the benefits of their most appropriate technical expertise and technology (and that of their Affiliates) for application in the conduct of Petroleum Operations, including such technology as can best improve the economic yield or performance of the Petroleum reservoirs operated by the Operator under this Contract. Any such technology shall remain the property of the relevant entities constituting Contractor (or their Affiliates), subject to any licensing or other appropriate arrangements entered into in connection with

Petroleum Operations. The Operator shall be entitled to use such technology only for Petroleum Operations, subject to the terms of such licensing or other arrangements.

33.5 Any technology specifically developed by the Contractor or the Operator in the course of their activities under this Contract shall be owned by both the entities constituting Contractor and ROC and, except in the case of disclosure of such to, or use by, a third party, may be used by any of them or their Affiliates in their own operations without the consent of the other and without making any payment to the other.

(End of Article 33)

ARTICLE 34 – HEADINGS OF ARTICLES

Headings of Articles herein are inserted for convenience only and shall not affect the construction and/or interpretation thereof.

(End of Article 34)

ARTICLE 35 – LANGUAGE

35.1 This Contract is executed in the Arabic and English languages, both having equal force. However, if there shall be any conflict between the two versions the English version shall prevail to the extent of the conflict.

35.2 Communication between the Parties may be in English. However, Contractor and Operator shall use the Arabic language or both Arabic and English in all their correspondence and dealings with Government entities in the Republic of Iraq.

35.3 Contractor and Operator shall have no obligation to use any language other than English in their contractual relationships with Sub-Contractors and vendors in connection with Petroleum Operations.

(End of Article 35)

ARTICLE 36 – CONTRACTOR'S OFFICE IN THE REPUBLIC OF IRAQ

36.1 Each Company shall establish a presence in the Republic of Iraq as required by the Law.

36.2 Lead Contractor shall, within ninety (90) days of the Effective Date, establish an office in Baghdad, Iraq and shall maintain such office for the Term. ROC shall assist Lead Contractor in establishing and maintaining the said office.

36.3 Lead Contractor shall notify ROC of the address of its office in Baghdad and of the name of its authorised representative in the Republic of Iraq who shall be assigned on full time resident status. The said representative shall be entrusted with sufficient powers and authorities to represent and bind Contractor in all dealings with the Government, ROC and third parties in the Republic of Iraq, to receive legal notices served on Contractor, and to comply with lawful directions and orders given by the

competent Government authorities and ROC in connection with or in relation to this Contract.

36.4 Lead Contractor shall notify ROC of any change in the address of its office or the appointment of its representative at least ten (10) days prior to the effective date of such change.

(End of Article 36)

ARTICLE 37 – GOVERNING LAW, CONCILIATION AND ARBITRATION

37.1 This Contract and the rights and obligations of the Parties shall be governed, interpreted and construed in accordance with the Law.

37.2 The Parties shall endeavour to settle amicably any dispute ("the Dispute") arising out of or in connection with or in relation to this Contract or any provision or agreement related thereto. Where no such settlement is reached within thirty (30) days of the date when one Party notifies the other Party of the Dispute, then the matter may, as appropriate, be referred by the Parties to their senior management for resolution. Where no such settlement is reached within thirty (30) days of such referral to management, any Party to the Dispute may refer the matter, as appropriate, to an independent expert or, by giving sixty (60) days notice to the other Party, refer the matter to arbitration as stipulated hereunder. It is understood that the rights and obligations under this Contract constitute commercial rather than sovereign rights or obligations.

Expert

37.3 If any Dispute arises between the Parties with respect to relevant technical matters, such Dispute may, at the election of either Party**,** be referred to an independent expert ("Expert") for determination. Such Expert shall be agreed upon by the Parties to the Dispute and shall be willing to undertake such evaluation, and shall be independent, shall not be originated from, or have been at any time a citizen of, the country in which any of the Parties to the Dispute is incorporated, and shall have no interest in or relation to either Party or with any of the entities constituting the Parties and shall be qualified by education, experience and training to evaluate the matter in Dispute. The Expert shall render its decision within one (1) Month following the Expert's formal acceptance of its appointment, or within such further time as the Parties may agree in writing.

The Expert shall act as an expert and not as an arbitrator. The costs of the Expert determination shall be shared equally by the Parties in Dispute.

Arbitration

37.4 All Disputes arising out of or in connection with this Contract, other than those Disputes that have been finally settled by reference to either senior management or Expert, shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by three arbitrators appointed in accordance with the said Rules.

37.5 The seat of the arbitration shall be Paris, France, unless agreed otherwise by the Parties to the Dispute.

37.6 The language of arbitration shall be the English language. The award of arbitration shall be in English and shall be final and binding on the Parties to the Dispute**.** Judgment on the award rendered may be entered and enforced in any court having jurisdiction in recognition and enforcement thereof.

37.7 Unless otherwise agreed by the Parties, the operations and the activities of the Parties with respect to the performance of this Contract shall not be stopped or delayed pending the award of arbitration.

37.8 Any arbitration under this Contract must be initiated within two (2) Years of the date on which one Party notifies the other Party of the Dispute, and in any event within three (3) Years of the date of the expiry or termination of this Contract.

(End of Article 37)

ARTICLE 38 – NOTICES

38.1 All notices, statements and other communication to be given, submitted or made by any Party to the other Party shall be deemed sufficient when sent in writing and shall be addressed to the Parties at their addresses set out below or such other address as may be notified in writing by the Parties in accordance herewith**.**

ROC	Lead Contractor
----------	----------
----------	----------
	Copy to:

38.2 Notices to either Party shall be deemed validly served when delivered in person, at the office of that Party mentioned above in the Republic of Iraq, during regular office hours and during working days and if received outside business hours, on the next following working day, or when received, if posted by registered mail, to the address of the office of the said Party, or when dispatched and acknowledged, if sent by telex or facsimile, or by any other mode mutually agreed between the Parties. Notices to and from Lead Contractor and/or ROC should be copied to each Company, where in the case of ---------- and ---------- the addresses are:

(End of Article 38)

ARTICLE 39 – SIGNATURE, RATIFICATION AND EFFECTIVE DATE

The Contract shall enter into force upon (i) it being signed by the Parties, (ii) the Initial Production Rate being agreed on by the Parties and (iii) ROC notifying and representing to Contractor in writing that ratification has occurred and the Contract is enforceable in accordance with the Law.

(End of Article 39)

ARTICLE 40 – WAIVER

40.1 Failure or delay on the part of either Party to exercise any right, power or privilege under this Contract shall not operate as a waiver thereof.

40.2 No waiver by either Party of any one or more obligations or defaults by the other Party in the performance of this Contract shall operate or be construed as a waiver of any other obligations or defaults whether of a like or of a different character.

(End of Article 40)

ARTICLE 41 – PROTECTION OF THE ENVIRONMENT

41.1 In performance of this Contract, Operator shall conduct Petroleum Operations with due regard to the protection of the environment and conservation of natural resources and shall in particular:

(a) adopt Best International Petroleum Industry Practices in conducting and monitoring its Petroleum Operations and take necessary and adequate steps to:

(i) prevent environmental damage and, should such environmental damage occur, minimize such damage and the consequential effects thereof on property and people;

(ii) prevent harm to or degradation of livelihood or quality of life of surrounding communities and, should some adverse impact occur, minimize such impact and ensure proper compensation for injury to persons or damage to property caused by the effect of Petroleum Operations; and

(b) comply with the requirements of the Law and reasonable requirements of ROC.

41.2 If Operator fails to comply with the provisions of Article 41.1(a)(i) or contravenes any relevant Law relating to the environment, and such failure or contravention results in any environmental damage, Operator shall forthwith take all necessary and reasonable measures to remedy the failure and the effects thereof.

41.3 If ROC in its reasonable opinion believes that any works or installations erected by Operator or any operations conducted by Operator are not in accordance with the Law and are damaging or may damage the environment, or are causing or may cause pollution, ROC shall give notice to Contractor and Operator to promptly consider and

develop for JMC approval a remedial action plan and measures to mitigate such damage within a reasonable period as may be agreed in the remedial action plan to repair any such damage. If ROC deems it necessary, it may also require Operator to suspend Petroleum Operations in whole or in part until Operator has commenced such remedial measures or has repaired any damage caused.

41.4 The measures and methods to be used by Operator for the purpose of complying with the terms of Article 41.1(a)(i) shall be determined in timely consultation with ROC and Contractor upon the commencement of Petroleum Operations by the FOD or later when there is a significant change in the scope or method of conducting Petroleum Operations and shall take into account the international standards applicable in similar circumstances and the relevant environmental impact study carried out in accordance with Article 41.5. Contractor shall notify ROC and Operator, in writing, of the measures and methods finally determined by Contractor and approved in accordance with Article 12 and shall cause such measures and methods to be reviewed from time to time in the light of prevailing circumstances.

41.5 Contractor shall cause a person or persons with special knowledge on environmental matters, to carry out two environmental impact studies in order:

(a) to determine at the time of the studies the prevailing conditions relating to the environment, human beings and local communities, the flora and fauna in the Contract Area and in the adjoining or neighbouring areas; and

(b) to establish the likely effect on the environment, human beings and local communities, the flora and fauna in the Contract Area and in the adjoining or neighbouring areas in consequence of the relevant phase of Petroleum Operations, and to submit, for consideration by the Parties, methods and measures contemplated in Article 41.4 for minimizing environmental damage and carrying out site restoration activities.

41.6 The first of these environmental impact studies shall act as the baseline study for purposes of Article 41.14 and shall be concluded promptly after the Effective Date but in any event before commencement of any fieldwork by the FOD.

41.7 The second environmental impact study shall be submitted by Contractor as part of the Enhanced Redevelopment Plan.

41.8 The studies mentioned in Article 41.5 above shall contain proposed environmental guidelines to be followed in order to minimize environmental damage and shall include, but not be limited to, the following, to the extent appropriate to the respective study taking into account the phase of operations to which the study relates:

(a) proposed access cutting;

(b) clearing and timber salvage;

(c) wildlife and habitat protection;

(d) fuel storage and handling;

(e) use of explosives;

(f) camps and staging;

(g) liquid and solid waste disposal;

(h) cultural and archaeological sites;

(i) selection of drilling sites;

(j) terrain stabilization;

(k) protection of freshwater horizons;

(l) blow-out prevention plan;

(m) flaring during completion and testing of Gas and Crude Oil wells;

(n) abandonment of wells;

(o) rig dismantling and site completion;

(p) reclamation for abandonment;

(q) noise control;

(r) debris disposal; and

(s) protection of natural drainage and water flow.

41.9 Subject to the provisions of the Law on the protection of the environment, any new project or expansion or modernization projects for Petroleum Operations for which a proposal, other than a Plan, is submitted by Contractor, ROC shall consider the assessment of the project and convey a decision with respect to environment clearance within a period of ninety (90) days from the receipt of the requisite documents and data. Subject to actual or pending receipt of the necessary environmental clearance, the JMC shall decide upon the proposal of Contractor within thirty (30) days thereafter.

41.10 Contractor and/or Operator shall ensure that:

(a) the pertinent completed results of the environmental impact studies are made available to its employees and to Sub-Contractors to develop adequate and proper awareness of the measures and methods of environmental protection to be used in carrying out Petroleum Operations; and

(b) the contracts entered into between Contractor and/or Operator and Sub-Contractors relating to Petroleum Operations shall include the provisions stipulated herein and any established measures and methods for the implementation of Contractor's and Operator's obligations in relation to the environment under this Contract.

41.11 Operator shall, in cooperation with Contractor, prior to conducting any drilling activities, prepare and submit for review by ROC contingency plans for dealing with crude oil spills, blowouts, fires, accidents and emergencies, designed to achieve rapid and effective emergency response. The plans referred to above shall be discussed with ROC and concerns expressed shall be taken into account.

(a) In the event of an emergency, accident, oil spill or fire arising from Petroleum Operations affecting the environment, Operator shall forthwith notify ROC and Contractor and shall promptly implement the relevant contingency plan and perform such site restoration as may be necessary in accordance with Best International Petroleum Industry Practices.

(b) In the event of any other emergency or accident arising from the Petroleum Operations affecting the environment, Operator shall, in consultation with Contractor, take such action as may be prudent and necessary in accordance with Best International Petroleum Industry Practices.

41.12 In the event that Contractor and Operator fail to comply with any of the terms contained in Article 41.11, ROC, after giving Contractor and Operator reasonable notice in the circumstances, may take any emergency response action which may be necessary to ensure compliance with the terms of the relevant contingency plan and to recover from Contractor, immediately after having taken such action, all costs and expenditures incurred in connection with such action together with such interest as may be determined in accordance with Annex C.

41.13 Where the Contract Area is partly located in areas forming part of formally designated national parks, sanctuaries, mangroves, wetlands of national importance, biosphere reserves and other biologically sensitive areas passage through these areas shall generally not be permitted unless permitted by the Law. However, if there is no passage, other than through these areas to reach a particular point beyond these areas, permission of the appropriate authorities shall be obtained by ROC for the benefit of Operator.

41.14 In accordance with Article 41.6, the environmental impact study shall act as the baseline study to determine the obligations and liability of Contractor and Operator for the environment which shall be limited to damage to the environment which:

(a) occurs after the Effective Date and prior to the expiry or termination of this Contract; and

(b) results from an act or omission of Contractor or Operator.

41.15 Except for cases of Gross Negligence and Wilful Misconduct on the part of Contractor and/or Operator, all costs incurred towards protection of or damage to the environment shall be treated as Petroleum Costs.

41.16 Any costs approved by ROC and incurred by the Contractor in remediation of conditions existing prior to the Effective Date and identified in the first study noted in Article 41.6 shall be considered Supplementary Costs.

41.17 In the event that Petroleum Operations are delayed, curtailed or prevented due to extended delays in acquiring necessary environmental approvals, the Parties shall meet and agree an appropriate extension of the Term together with all rights and obligations hereunder, subject to the provisions of Article 8.

(End of Article 41)

ARTICLE 42 – SITE RESTORATION AND DECOMMISSIONING

42.1 On expiry or termination of this Contract or relinquishment of part of the Contract Area, Contractor shall, subject to Article 5, remove all equipment and installations from the relinquished area or former Contract Area in a manner agreed with ROC pursuant to an abandonment plan.

42.2 Around mid-Term, Contractor shall prepare a proposal for JMC approval relating to site restoration including a decommissioning plan.

(End of Article 42)

ARTICLE 43 – GENERAL BUSINESS ETHICS

43.1 In the performance of this Contract, Contractor, Operator, ROC or any of their Affiliates and every other person acting on their behalf ("Related Person") shall ensure that they each strictly comply with general business ethics, the provisions of the United Nations Convention against Corruption and any provision of any act, rule or regulation of the laws of the country of incorporation of such entity or such entity's ultimate parent company pertaining to anti-bribery, anti-corruption, anti-money laundering, the export or import of technical data, restrictive trade practices regardless of their technical applicability to the relevant person (the "Business Ethics Laws").

43.2 Contractor and Operator shall in their sub-contracts stipulate their right to terminate the sub-contracts with immediate effect in case of violation of the general business ethics or Business Ethics Laws by Sub-Contractor or suppliers, and Contractor and/or Operator shall terminate a sub-contract in case of such a violation at their discretion or if ROC requests Contractor or Operator to do so.

43.3 Neither Contractor, Operator, ROC nor their Related Persons shall, in relation to or in the performance of this Contract, give or receive from any director, employee or agent of the other or its Affiliates, any gift, entertainment or other benefit of more than minimal cost or value or any commission, fee or rebate, and any hospitality shall be held within reasonable limits.

43.4 Each of ROC and the entities constituting Contractor warrant that neither they nor any of their Related Persons has taken or will take any action or failed to take or will fail to take any action where such action or failure to act would result in a violation of any Business Ethics Law by any Party and that each of them or their Related Persons have not made, offered, or authorized, requested, received, or accepted and will not make, offer, or authorize, request, receive, or accept with respect to the matters which are the subject of or related to the signing of this Contract, any ancillary document related to this Contract or any matter arising out or related to the Petroleum Operations, any payment, gift, promise or other advantage, whether directly or indirectly through any other person or entity, to or for the use or benefit of any public official (i.e. any person holding a legislative, administrative or judicial office, including any person employed by or acting on behalf of a public agency, a public enterprise or a public international organization) or any political party or political party official or candidate for office, or any other person, where such payment, gift, promise or advantage would violate (i) the Law; (ii) the laws of the country of incorporation of such entity or such entity's ultimate parent company and of the principal place of business of such ultimate parent

company; or (iii) the principles described in the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed in Paris on December 17, 1997, which entered into force on February 15, 1999. Each entity shall defend, indemnify and hold the others harmless from and against any and all claims, damages, losses, penalties, costs and expenses arising from or related to, any breach by such first entity of such warranty. Such indemnity obligation shall survive termination or expiration of this Contract.

(End of Article 43)

IN WITNESS WHEREOF, the Parties hereto have executed this Contract in six (6) originals (each in Arabic and English) at Baghdad on the day and year first above written.

For and on behalf of ROC:

_____Witness_____

For and on behalf of Contractor

_____Witness _____
(Company)

_____Witness _____
(Company)

_____Witness _____
(Company)

_____Witness _____
(State Partner)

ANNEX A – DESCRIPTION OF CONTRACT AREA

This Annex A is attached to and made part of the Technical Service Contract for the---------- Contract Area.

The Contract Area is defined by the corner points for numbered as shown for U.T.M. Zone------ and connected by straight lines as shown in Annex B.

CORNER POINT	NORTHING	EASTING
A		
B		
C		
D		
E		
F		
G		
H		

(End of Annex A)

ANNEX B – MAP OF CONTRACT AREA

This Annex is attached to and made part of the Technical Service Contract for the -------- Contract Area. .

(End of Annex B)

ANNEX C – ACCOUNTING PROCEDURE

This Annex C shall be attached to and made part of the Technical Service Contract of the ---------- Field ("Contract"). Terms defined in the Contract shall have the same meanings for the purpose of this Annex C.

ARTICLE 1 – GENERAL PROVISIONS

1.1 Definitions

Terms used in this Accounting Procedure shall have the meanings ascribed to them in this Contract. In addition:

"Material" shall mean and include any and all materials, equipment, machinery, articles and supplies; and

"Operating Account" shall mean the account or set of accounts maintained by Contractor and Operator to record Petroleum Costs and Supplementary Costs.

1.2 Purpose of Accounting Procedure

The purpose of this Accounting Procedure is to establish methods and rules of accounting for Petroleum Operations.

Any procedure established herein may only be modified by mutual agreement of the Parties.

1.3 Operating Account and Records

Contractor and Operator shall open and maintain all accounts and records necessary to document in reasonable detail and in separate accounts the transactions relating to Petroleum Operations, in accordance with generally accepted accounting principles, all in accordance with and subject to the provisions of this Contract.

(a) The accounts and records shall show, among other things, the following:

(i) Costs of assets including:

1. drilling in general and cost of each well;
2. production facilities such as flow lines and degassing stations in sufficient details;
3. Crude Oil and Associated Gas Transportation Facilities;
4. tank-farms and pumping stations; and
5. infrastructure facilities and industrial centres.

(ii) Cost of Materials showing in detail the cost and quantity of each item. The method of pricing should be stated.

(iii) Operating Costs analysed by main items such as salaries, Materials and

services as defined or described in this Accounting Procedure.

(b) Contractor's and Operator's books shall be kept in the Republic of Iraq in English language (with Arabic language summary). All transactions shall be recorded in Dollars, in accordance with the provisions of Article 20 of this Contract.

(c) Accounts shall be kept according to the accounting system approved by the JMC pursuant to Article 9.22(d) of this Contract.

(d) Contractor and Operator shall maintain appropriate cost control records to meet the requirements and obligations under this Contract.

(e) Petroleum production, storage and transfer records shall be maintained according to this Contract and consistent with Best International Petroleum Industry Practices.

(f) Expenditures shall be charged in Dollars as follows:

(i) all Dollar Expenditures shall be charged in the amount incurred;

(ii) for accounting purposes, all Dinar Expenditures shall be translated into Dollars at the exchange rate prevailing on the date of the relevant Expenditure in accordance with the regulations of the Central Bank of Iraq;

(iii) Expenditures in currencies other than Dollars or Dinars, shall be charged in the equivalent amount in Dollars, using the actual exchange rate applied by the relevant first class international bank on the date of payment;

(iv) a record shall be kept of the exchange rates actually used in converting Dinars and other non-Dollar Expenditures into Dollars; and

(v) on the date of each balance sheet, monetary items in currencies other than Dollars shall be translated to Dollars at the rate of exchange applicable on such balance sheet date.

1.4 Statements

(a) Quarterly Statements

Contractor and Operator shall submit to ROC within forty five (45) days from the end of each Quarter, a statement of Petroleum Costs and Supplementary Costs together with reports and statement of the Operating Account of the said Quarter.

(b) Yearly Statements

Contractor and Operator shall submit to ROC within three (3) Months from the last day of each Calendar Year, a statement of Petroleum Costs and Supplementary Costs together with reports and statement of the Operating Account of the said Calendar Year.

1.5 Audits

Yearly statements shall be supported by a report issued by an independent auditor of international qualification appointed according to Article 20.4 of this Contract. The auditor's report shall include a statement that the accounts and statements are prepared according to the terms and conditions of this Contract and this Accounting Procedure.

(End of Article 1)

ARTICLE 2 – OPERATING ACCOUNT

Subject to the provisions of this Contract, Article 19 of this Contract, and this Accounting Procedure, Contractor shall charge the Operating Account with Service Fees and Supplementary Fees. Petroleum Costs and Supplementary Costs shall start being charged as from the Effective Date, while Remuneration Fees shall start being charged as from the Service Fees Eligibility Date.

The Remuneration Fee per Barrel shall be computed pursuant to Article 19.5 of this Contract and charged accordingly to the Operating Account. Petroleum Costs incurred inside or outside the Republic of Iraq shall be prepared on a cash basis for cost recovery purposes and shall include, but not be limited to, the following items unless such items would otherwise qualify as Supplementary Costs:

2.1 Personnel

(a) Operator's Locally Recruited Personnel

The actual cost of all of Operator's locally recruited personnel who are engaged in Petroleum Operations shall be charged as Petroleum Costs. Such costs shall include gross pay, all personnel benefits, employer contributions, taxes and other assessments levied on Operator as an employer by Government authorities, transportation and relocation costs of the personnel and such personnel's family within the Republic of Iraq or elsewhere on temporary assignment in the interest of Petroleum Operations (provided that no relocation costs for the personnel's family shall be charged if the temporary assignment is for less than six (6) consecutive Months) and such other costs that are statutory or customary for Operator. This procedure shall also be applied with respect to personnel of ROC seconded to Operator.

(b) Assigned Personnel

The cost of the personnel of Contractor’s Affiliates working in the Republic of Iraq or in other countries (hereafter referred to as “Countries of Assignment”) for Petroleum Operations on a long-term assignment (more than six (6) consecutive Months). The cost of these personnel shall be as per rates or actual cost as the case may be, representing the Contractor’s Affiliates actual cost which is consistent with the standard employment policies of the head office Affiliate or of other Affiliates employing such personnel.

These rates shall include all costs of salaries, wages, benefits, indemnities and

ROCial charges according to laws, regulations or contractual agreements applicable to such personnel. In addition, they shall include reimbursement of personnel administrative charges according to the standard practice of Contractor's Affiliates.

The charges for personnel assigned on a temporary basis (less than six (6) consecutive Months) shall be made in accordance with Article 2.5(c) of this Annex C.

(c) Personnel Engaged in Other Activities

If local personnel or assigned personnel are engaged in other activities in the Republic of Iraq in addition to Petroleum Operations, the cost of such personnel or assigned personnel shall be allocated on a time sheet or pro rata basis according to sound and acceptable accounting principles.

(d) Training Costs

All costs and expenses incurred by Contractor or Operator in organising, setting up and conducting training activities for their Iraqi personnel engaged in Petroleum Operations or Contractor's training activities under Addendum Three, including the planning, designing, constructing, commissioning and running training facilities and the related software.

All such training costs shall be subject to JMC prior approval.

2.2 Materials and Stock

The cost of Materials and stock purchased for or furnished to Petroleum Operations as detailed under Article 4.1 of this Annex C hereinafter.

2.3 Transportation

(a) Transportation of Personnel and Materials

Transportation of Materials necessary for the performance of Petroleum Operations, including costs of packaging, brokerage, insurance and other related costs. Personnel transportation costs, to the extent covered by the established policy of Operator, shall include travel expenses for personnel and their immediate families to and from the personnel's points of origin at the time employment commences, at the time of final departure and for vacations, as well as travel expenses in the Republic of Iraq for personnel and their immediate families incurred as a result of transfers from one location to another, and travel expenses relating to the periodical recuperation leaves of field personnel. Costs related to immediate families shall be charged for personnel assigned to work in the Republic of Iraq for periods exceeding six (6) consecutive Months.

(b) Transportation Facilities

All costs and expenses for the Transportation Facilities according to Article 17.7 of this Contract and Addendum Two attached thereto.

2.4 Buildings and Equipment

(a) Costs of buildings, equipment, furniture and fixtures and their maintenance and related costs and rents paid for all offices, houses, warehouses and other types of buildings and costs of supplies necessary for the operation of such buildings and facilities, all in the Republic of Iraq.

(b) Costs of vehicles and their maintenance and operation.

(c) Costs of computers and software and their maintenance and operation.

2.5 Services

The services required by Contractor or Operator for Petroleum Operations which may include but are not limited to:

(a) outside services of consultants, contract services, utilities and other services procured from outside sources, rentals or compensation paid for the use of any equipment and facilities;

(b) use of equipment and facilities of Operator for Petroleum Operations on rental basis at rates to be approved by the JMC;

(c) all Specific Services performed under an assistance agreement between Contractor and any Affiliate:;

"Specific Services" shall mean services, activities, studies and projects of a technical nature as well as computer services, carried out or procured by the Affiliate at the Contractor or Operator's specific request under a purchase order procedure, for the benefit of Petroleum Operations. Specific Services shall also include studies and specific tasks such as, administrative, accounting, financial, tax, legal or other services when requested by Contractor or Operator under a purchase order; and

Specific Services shall be charged at cost in accordance with the tariffs and price lists established each Year by the Affiliate and approved by the JMC for each Calendar Year.

2.6 Damages and Losses

All costs or expenses necessary to replace or repair damages or losses incurred by fire, flood, storm, theft, accident or any other cause not controllable by Contractor through exercise of reasonable care and diligence in operations and not resulting from Contractor's failure to timely file and diligently pursue claims against insurance companies. Contractor shall furnish ROC with written notice with details of damages or losses sustained in excess of ten thousand USD (US$10,000) per occurrence as soon as practicable.

2.7 Legal Expenses

All costs and expenses of actual or potential litigation or arbitration or legal services necessary or expedient for the protection of the Contract Area against third party claims, including attorney's fees and expenses as hereinafter provided, together with all judgements obtained against the Parties or any of them on account of Petroleum

Operations, and actual expenses incurred by Contractor and/or Operator and/or ROC in securing evidence or expert advice for the purpose of defending any such action or claim pursued or urged in connection with operations under this Contract.

In the event actions or claims affecting the Parties' interests under this Contract shall be handled by the legal staff of ROC in the Republic of Iraq, an agreed compensation commensurate with cost of providing and furnishing such services shall be paid to ROC and charged to the Operating Account.

2.8 Taxes

Pursuant to Article 23 and subject to other provisions of this Contract, taxes (other than corporate income tax), levies, duties, imposts (if any) and/or charges and fees paid by Contractor (but not previously paid directly by ROC) to Government authorities as assessed or levied upon or in connection with Petroleum Operations.

2.9 Insurance and Claims

(a) The premium of any insurance policy secured by Contractor or Operator pursuant to this Contract.

(b) Any costs sustained by Contractor or Operator arising out of an event covered by insurance. Such costs include, but are not limited to, repairs and replacements of Materials in the Contract Area resulting from damage or loss incurred because of fire, flood, storm, theft, accident, or any other similar risk.

(c) All costs and expenses associated with suing, working or travelling for, or any other cost incurred in consequence of, or because of insurance related disputes, claims or litigation with any party including any insurer and/or any insurer's representatives or agents to the extent that such costs and expenses are not refunded for whatever reasons, by insurance and/or not awarded by an arbitrator or a court of law.

(d) Any compensation received, or any claim collected from insurers or third parties shall be credited to the Operating Account. If no insurance is carried for a particular risk, all related actual expenditures incurred and paid by Contractor or Operator in settling any and all losses, claims, damages, judgement and other expenses, including related legal expenditures. Any such loss, claim or damage shall be charged to the Operating Account unless otherwise provided for under Article 24.7 of this Contract.

2.10 Currency Exchange

The gain or loss, if any, through currency translation or exchange pursuant to the provisions of Article 21 of this Contract and Article 1.3(f) of this Accounting Procedure.

2.11 Tariffs

Subject to the provision of Article 3 of this Annex C, all sums paid to ROC inside or outside the Contract Area, contractor(s) on petroleum fields outside the Contract Area, or any third party in compensation for the use of facilities in connection with Petroleum Operations such as, but not limited to, pipelines, hydrocarbon treatment plants and

storage facilities, on a basis of a mutually agreed tariff.

2.12 Surface Rights

All direct costs attributable to the acquisition, renewal or relinquishment of surface rights acquired and maintained in force for Petroleum Operations in the Republic of Iraq.

2.13 Environment

All costs incurred for the protection, cleanup or restoration of the environment pursuant to the Law or this Contract.

2.14 Administrative Overhead and General Expenses

The services of all personnel of Contractor's head office or its Affiliates not otherwise chargeable, as well as the contribution of Contractor's head office or its Affiliates to Petroleum Operations of an intangible nature and any overhead or its indirect cost incurred by a Company's head office or its Affiliates shall be compensated by a charge based on one percent (1%) of Petroleum Costs and Supplementary Costs (excluding the signature bonus paid under Article 4 of the Contract) during each Calendar Year or a fraction thereof.

The basis of applying this percentage shall be the total of Supplementary Costs (excluding the signature bonus paid under Article 4 of the Contract) and Petroleum Costs incurred in respect of Petroleum Operations and charged under this Accounting Procedure to the Operating Account during each Financial Year or fraction thereof, excluding administrative overhead as allowed in this section.

The above administrative overhead charges shall be paid i) while ROC is Operator 50% to ROC and fifty (50)% to Companies, and ii) once FOD becomes Operator 100% to Companies pursuant to Article 19 of this Contract.

2.15 To the extent any of the costs identified in Article 2 of this Annex C would qualify as eligible costs pursuant to Articles 4, 7.4, 7.7(b) 10.4,10.7, 12.6, 17.6, or 41.16 of this Contract, such costs shall be considered Supplementary Costs and not Petroleum Costs, unless Contractor indicates that it elects to include said costs as Petroleum Costs.

2.16 All the other costs and expenses incurred in connection with and for the benefit of Petroleum Operations shall, unless expressly excluded as Petroleum Costs, be chargeable to Petroleum Costs.

(End of Article 2)

ARTICLE 3 – INFORMATION TO JMC AND ROC

Upon submitting the annual Work Program and Budget for approval in accordance with Article 12 of this Contract, Operator shall provide in writing the following details in respect of personnel, Specific Services and tariffs in connection with Petroleum Operations to be charged during the relevant Year.

3.1 Regarding Personnel Costs:

(a) estimate of the overall amount thereof;

(b) analysis and explanation of the applicable personnel policy and practice of Contractor or Operator and Contractor or Operator's Affiliates;

(c) reasonable breakdown of the aforesaid Expenditures as per details stated in this Accounting Procedure; and

(d) rates and/or methods of apportionment of such costs.

3.2 Regarding Specific Services:

(a) Estimate of the overall amount thereof;

(b) Reasonable breakdown of such services by major type; and

(c) Tariffs and rates expected to apply in respect to such services, especially to assigned personnel.

3.3 Regarding Tariffs:

(a) Estimate of the overall amount to be paid; and

(b) Reasonable breakdown of the tariff expenditures.

(End of Article 3)

ARTICLE 4 – CHARGING PRINCIPLES

4.1 Purchases

(a) All Materials purchased for Petroleum Operations shall be purchased at competitive prices from reputable manufacturers or suppliers.

Materials purchased from third parties shall be charged at net cost paid by Contractor after deduction of all discounts received. Net cost shall include but not be limited to such items as transportation, insurance, licence fees and purchasing and forwarding costs.

(b) The Parties may furnish new Materials from their own stock provided that the new Material transferred from the warehouses or other facilities of entities constituting Contractor or their respective Affiliates, shall be priced at cost, and provided that such cost is not higher than the price for new Material of the same quality, obtained on comparable terms and conditions, prevailing in the international market at the time such new Material was supplied to Contractor.

4.2 Direct and Indirect Costs

Costs shall be charged to the Operating Account using consistent methods from Year to Year, and such methods shall be agreed upon by the Parties subject to the following

principles:

(a) costs that may be directly charged to a relevant subdivision of the Operating Account shall be so charged; and

(b) costs that cannot easily be charged directly to any subdivision of the Operating Account shall be apportioned either on a time basis or on a pro rata basis. Costs of services that cannot be assessed accurately may be charged according to standard rates and adjusted to actual costs at Year end.

4.3 Use of Equipment and Facilities Owned By Entities Constituting Contractor

For the use of any equipment or facilities that are wholly owned by entities constituting Contractor, the Operating Account shall be charged a rental commensurate with the cost of ownership.

The rental rates, which will not include any profit element, will be approved by the JMC each Calendar Year. Such rates should be in line with those currently prevailing in the area where Petroleum Operations are located for equipment and facilities comparable in terms of availability, safety, efficiency and quality.

(End of Article 4)

ARTICLE 5 – INVENTORIES

At all times, Contractor shall maintain inventories of Materials at optimum levels required for Petroleum Operations and shall be subject to:

5.1 Periodic Inventories, Notices and Representation

At reasonable intervals, and at least once annually, inventories shall be taken by Contractor and Operator of the Materials charged to the Operating Account, which shall include all such Materials as are ordinarily considered controllable by operators in the international petroleum industry. Written notice of intention to take inventory shall be given by Contractor and Operator at least ninety (90) days before any inventory is to begin so that ROC may be represented when any inventory is to be carried out.

5.2 Reconciliation and Adjustment of Inventories

Reconciliation of inventory with the Operating Account shall be made and a list of overages and shortages shall be furnished to ROC. Inventory adjustments shall be made by Contractor and Operator to the Operating Account if required; provided, however, that any inventory adjustment exceeding a value of ten thousand USD (US$10,000) shall be reported to ROC.

(End of Article 5)

ARTICLE 6 – DISPOSAL OF MATERIALS

Contractor and Operator shall inform the JMC and ROC of any excess or disposable Materials. ROC shall instruct Operator on the action then required. Any proceeds of disposal of such Materials shall be credited to the Operating Account.

(End of Article 6)

ARTICLE 7 – SUMS RECEIVED FROM THIRD PARTIES

All sums received by Contractor from any third party in compensation for the use of facilities utilized by Operator for Petroleum Operations shall be credited to the Operating Account.

(End of Article 7)

ARTICLE 8 – BASIS OF ACCOUNTING

The Operating Account may be maintained on an accrual basis, that is, costs shall be recorded and entered in the Operating Account when the liability thereto first arises, and revenues shall be recorded and entered in the Operating Account when the title thereto is acquired.

However, for the purposes of cost recovery as per Article 19 of this Contract, the relevant calculations shall be made on a cash basis, that is, costs shall be considered only when paid and revenues only when collected.

(End of Article 8)

ARTICLE 9 – PAYMENT OF SERVICE FEES AND SUPPLEMENTARY FEES

Contractor shall, pursuant to Article 19 of this Contract, render to ROC as promptly as practical but not later than forty five (45) days after the end of the last Month of a Quarter, an invoice of due and payable Service Fees and Supplementary Fees for the Quarter based on the Operating Account and showing the following details:

9.1 Due Service Fees and Supplementary Fees brought forward from the previous Quarter, if any;

9.2 Service Fees and Supplementary Fees during Quarter;

9.3 Total Service Fees and Supplementary Fees for the Quarter (9.1 + 9.2);

9.4 Service Fees and Supplementary Fees received and/or quantity and value of Export Oil lifted by Contractor for the Quarter according to the lifting procedure as referred to in Addendum Four;

9.5 Amount of Service Fees and Supplementary Fees to be carried forward into the succeeding Quarter if any (9.3 – 9.4), and

9.6 Excess, if any, of the value of Service Fees and Supplementary Fees received and/or Export Oil lifted by Contractor over Service Fees and Supplementary Fees due for the Quarter (9.4 – 9.3). Such excess shall be set off in the next calculation of Contractor's outstanding Service Fees and Supplementary Fees payable in the immediately succeeding Quarter in accordance with Article 19 of this Contract.

(End of Article 9)

ARTICLE 10 – NON- RECOVERABLE COSTS

The following list of items shall be treated as non-recoverable costs for the purpose of cost recovery:

10.1 Except for the period when ROC is Operator, costs incurred as a result of any proven Gross Negligence or Wilful Misconduct of Contractor/Operator including any amount paid in settlement of any claim alleging Gross Negligence or Wilful Misconduct whether or not Gross Negligence or Wilful Misconduct is admitted or whether such sum is stated to be paid on an ex-gratia or similar basis;

10.2 Any expenditure incurred directly or indirectly in connection with the raising of money to finance Petroleum Operations and other incidental costs and charges related thereto by whatever method raised; such expenditure includes, but is not limited to, interest, commissions, fees and brokerage;

10.3 Any costs, charges or expenses including donations relating to public relations or enhancement of Contractor's corporate image and interests, unless expressly approved by the JMC and endorsed by ROC;

10.4 Any expenditure incurred which is not related to Petroleum Operations or on matters or activities beyond the Delivery Point(s);

10.5 Corporate income tax;

10.6 Training, Technology and Scholarship Fund; and,

10.7 Any other expenditure which is stated elsewhere in this Contract to be non-recoverable expenditure.

(End of Article 10)

ARTICLE 11 – CONTROL STATEMENTS AND MAJOR ACCOUNTS

11.1 Contractor shall annually prepare, from the statements of expenditure prepared pursuant to Article 1.4 of this Annex C a statement showing for the relevant Year the excess or deficit in development expenditure compared to the Minimum Work Obligations. Such statement shall be rendered to ROC not later than ninety (90) days following the end of such Year.

11.2 For the purpose of classifying costs, expenses and expenditures for cost recovery and Minimum Work Obligations, costs, expenses and expenditures shall be recorded in major accounts including Capital Cost and Operating Cost.

(End of Article 11)

ARTICLE 12 – TRANSFER PROCEDURE FOR THE OPERATING ACCOUNT

12.1 In accordance with this Contract, when the FOD becomes the Operator, the ROC shall transfer to the FOD all the accounting records relating to the Operating Account.

12.2 In conducting the transfer of the books of account and inventory and check of all properties in accordance with the provisions of this Accounting Procedure, the implementation procedure for the transfer and verification, the accounting files to be transferred and accounting matters to be settled as well as other details, shall be agreed upon through consultation in advance between the ROC and the FOD. The transfer procedure shall be completed within the period agreed upon by the Parties. Thereafter, owing to the needs of any Party, FOD shall allow such Party's staff access to the books of accounts within the relevant periods and provide them with duplicates of the relevant accounting records, if necessary.

(End of Article 12)

ARTICLE 13 – EXTERNAL AUDITOR'S CERTIFICATE

Contractor shall provide ROC with a certificate from the external auditor of Lead Contractor's head office evidencing that the charges and the rates applied pursuant to to Articles 2.1(a) to 2.5(c) of this Annex C represent actual costs.

(End of Article 13)

(End of Annex C)

ANNEX D – DEFINITION OF RESERVOIRS

This Annex D is attached to and made part of the Technical Service Contract for ---------- Contract Area.

SECTION 1 – PRODUCING RESERVOIRS

(a) _____RESERVOIR

The _____ reservoir includes all the porous intervals of _____ to _____ m (from MSL) of ___ - 1 well and its lateral equivalents.

(b) _____RESERVOIR

The _____ reservoir includes all the porous intervals of _____ to _____ m (from MSL) of ___ - 1 well and its lateral equivalents.

(c) _____RESERVOIR

The _____ reservoir includes all the porous intervals of _____to_____ m (from MSL) of ___. - 1 well and its lateral equivalents.

SECTION 2 – DISCOVERED UNDEVELOPED RESERVOIRS

SECTION 3 – UNDISCOVERED POTENTIAL RESERVOIRS

(End of Annex D)

ANNEX E – MINIMUM WORK OBLIGATION

This Annex is attached to and made part of the Technical Service Contract for the ----- ----- Contract Area.

SECTION 1 – ADDITIONAL APPRAISAL OPERATIONS

(a) Acquire a -------- square kilometre 3-D seismic survey over the Contract Area, including processing and interpretation thereof;

(b) Perform detailed geological and reservoir engineering studies, including 3-D simulation for the reservoirs, and carry out detailed laboratory and reservoir engineering studies to evaluate the most suitable recovery mechanism for all producing and undeveloped reservoirs that will be the subject of the Rehabilitation and Enhanced Redevelopment Plans. Integrate all relevant available data and information, including such data existing prior to the execution of Appraisal Operations.

SECTION 2 – REHABILITATION WORK

(a) Drill ------- new wells;

(b) Workover -------- existing wells; install -------- in -------- wells, perform stimulations in -------- wells;

(c) Agree and execute a thorough Reservoir Surveillance plan to acquire sufficient data for development planning and operations; expected to comprise in the order of -------- well integrity surveys, PLTs, RSTs, well tests and PVT measurements;

(d) Commission of the new --------- BWPD injection plant including provision of additional water filter units and refurbishment of the existing ---- kilometres water supply pipeline;

(e) Refurbish existing or, as necessary, construct additional field gathering and processing facilities required to process the expected production levels resulting from implementation of the Rehabilitation Plan; in particular expansion of power generation and distribution by an expected ------ MW; addition of ------ flow tanks totalling --------- cubic metres of oil; provision of fiscal metering at the Production Measurement Point;

(f) Perform engineering studies for improved and enhanced production, plus initiate any studies necessary for preparation of the Enhanced Redevelopment Plan;

(End of Annex E)

ANNEX F – FORMS OF GUARANTEE

ANNEX F – FORMS OF GUARANTEE

FORM I: FOR A COMPANY

We refer to the Technical Service Contract for ……Oil Field, (hereinafter referred to as the "Contract") entered into on this day of …….. yyyy, between …….X… and …….ROC……., an Iraqi State oil company.

In consideration of the rights and obligations of ……..X……. being a wholly-owned and controlled Affiliate of ……..Y……., as a Party to this Contract, ……Y…… , a company duly organized and existing under the laws of …… and whose registered office is at ……., hereby unconditionally and irrevocably undertakes to make available or cause to be made available to …….X……. such technical and financial resources as may be required to perform and fulfill its obligations under this Contract, as may be amended from time to time by the Parties thereto, including payment to ROC of the balance (if any) of the Minimum Expenditure Obligation in case of termination of this Contract, if applicable.

The obligations of …….Y …… hereunder shall be to the extent of the Participating Interest that ….X…….may have at the time under this Contract.

This Guarantee shall extend to any Affiliated assignee of ……X…….. which may become a Party to this Contract.

This Guarantee shall come into force on the Effective Date of this Contract and shall remain valid as long as …….X……, or its Affiliate, shall be bound by this Contract.

Signed for and on behalf of

(……Y……)

FORM 2: FOR ROC, IRAQ OIL MARKETING COMPANY (SOMO), AND STATE PARTNER

We refer to the Technical Service Contract for …… Oil Field (hereinafter referred to as the "Contract ") entered into on this day of……..yyyy, between …….. and Iraq …….. Oil Company (hereinafter referred to as "ROC").

In consideration of the rights and obligations of ROC as a Party to this Contract and being fully owned subsidiary of the Ministry of Oil of the Republic of Iraq.

The Ministry of Oil, hereby undertakes to make available or cause to be made available to ROC such financial and technical resources as may be required to perform and fulfill its obligations under this Contract, as may be amended from time to time by the Parties thereto.

This Guarantee shall extend to the Oil Marketing Company (SOMO), the State Partner, and any Affiliate of ROC or the Ministry, which becomes a party to this Contract.

This Guarantee shall come into force on the Effective Date of this Contract and shall remain valid as long as ROC, SOMO, State Partner, and any other Affiliate of ROC or the Ministry,

shall be bound by this Contract.

Signed for and on behalf of Ministry of Oil

Name:

Title:

(End of Annex F)

ADDENDUM ONE – HEADS OF JOINT OPERATING AGREEMENT

This Addendum One is attached to and made part of the Technical Service Contract for the ---------- Field ("Contract"). Terms defined in the Contract shall have the same meanings for the purpose of this Heads of Agreement. The parties to the Joint Operating Agreement are the Companies and the State Partner.

ARTICLE 1 – SCOPE

This Heads of Agreement is to provide for the basic principles to be included in a Joint Operating Agreement ("JOA") to be executed among the Companies and the State Partner (hereinafter referred to individually as "Participant" or collectively as "Participants").

(End of Article 1)

ARTICLE 2 – PARTICIPATING INTEREST

Each Participant shall have the undivided percentage interest determined under this Contract and/or as agreed by the Participants ("Participating Interest"), provided that each Participant's Participating Interest shall not be less than three point seven five percent (3.75%). The Companies shall participate in proportion to their respective Participating Interest in all costs, expenses and liabilities incurred pursuant to this Contract or JOA and shall own, in the same proportion, the Contractor's rights under this Contract and the Participants' rights under the JOA.

(End of Article 2)

ARTICLE 3 – LEAD CONTRACTOR

3.1 The Lead Contractor appointed in accordance with the Contract shall act for the Participants.

3.2 The Lead Contractor may, at any time resign as such by giving the Participants notice in writing. The Lead Contractor shall cease to be Lead Contractor if: (a) it dissolves, liquidates or terminates its legal existence; (b) it becomes insolvent, bankrupt or is placed in receivership; (c) its Participating Interest is reduced to less than twenty two point five percent (22.5%); or (d) it takes no action within thirty (30) days after notification to it by a Participant to remedy a material breach of the JOA. Pursuant to Article 9.4 of this Contract, replacement of the Lead Contractor shall be subject to the prior approval of the ROC.

(End of Article 3)

ARTICLE 4 – OPERATING COMMITTEE

4.1 An Operating Committee composed of representatives of the Participants shall be established and shall act for the entire duration of JOA to make decisions and establish joint policies and make proposals to be submitted to ROC or the JMC, as well as to make any other decisions necessary or expedient for the orderly supervision and

direction of the Petroleum Operations.

4.2 The decisions of the Operating Committee on all matters shall be made by the affirmative vote of the representatives of Participants having a combined voting right of at least seventy percent (70%), each Participant being entitled to have and to exercise through its representatives a voting right equal numerically to its Participating Interest. The Operating Committee shall also decide upon Contractor's representation in the JMC provided that Lead Contractor shall have at least one (1) of the members provided to Contractor and the State Partner shall have one (1) member.

(End of Article 4)

ARTICLE 5 – WORK PROGRAMS AND BUDGETS

For each Calendar Year, the Lead Contractor shall prepare and submit to the Participants Work Programs and Budgets not later than the first day of August of the preceding Year. Each such Work Program and Budget shall set out in a reasonably detailed manner the work to be carried out and shall include an itemized estimate of the corresponding expenditures. The Operating Committee shall review and discuss the Work Program and Budget submitted by Lead Contractor for the following Calendar Year and shall adopt, not later than August 30, a Work Program and Budget to be submitted to the Operator for further study and possible modification before referring to the JMC pursuant to Article 12.2 of the Contract.

(End of Article 5)

ARTICLE 6 – COSTS AND EXPENSES

All costs and expenses of the Contractor for Petroleum Operations shall be borne by the Companies in proportion to their respective Participating Interest. All costs and expenses that are incurred in the conduct of operations under this JOA shall be determined and recorded according to an accounting procedure (without prejudice to Annex C of the Contract), generally accepted accounting practices used in the international petroleum industry and shall be subject to periodic inspection and audit.

(End of Article 6)

ARTICLE 7 – DEFAULTS

7.1 Any Company that fails to pay when due its Participating Interest share of costs and expenses shall be in default (hereinafter referred to as "Defaulting Company"). The Operator shall as soon as practicable notify all Participants of such default and the Operator shall keep the Participants informed thereafter of material events in relation thereto. The amount not paid by the Defaulting Company shall bear interest from the date due until fully paid. After any default has continued for thirty (30) days, the Defaulting Company shall not be entitled to attend Operating Committee meetings or to vote on any matter coming before the Operating Committee during the period such default continues. Non-Defaulting Companies shall pay the defaulted amount on behalf of the Defaulting Company, in proportion to their Participating Interests or in any other proportion they may agree upon.

7.2 The Defaulting Company shall have the right to remedy the default at any time prior to forfeiture, as hereinafter provided, by payment in full to the Operator or, if the Non-Defaulting Companies have paid any amounts under Article 7.1, to the Non-Defaulting Companies, in proportion to the amounts so paid by them, of all amounts which the Defaulting Company has failed to pay together with interest thereon on a day to day basis at the rate of LIBOR plus five percent (5%) per annum.

If a Defaulting Company has not remedied the default by the thirtieth (30^{th}) day, then, during the continuance of such default, the Defaulting Company shall not be entitled to its Participating Interest share of Service Fees and Supplementary Fees, as applicable, which shall vest in and be the property of the Non-Defaulting Companies. The Service Fees due to the Defaulting Company shall proportionately be paid to the Non-Defaulting Companies, which Fees shall be credited against all monies advanced by such Non-Defaulting Companies on behalf of the Defaulting Company. The balance of such fees, if any, shall be paid to the Defaulting Company when such default has been remedied.

7.3 State Partner shall be carried by the Companies for its Participating Interest share of Petroleum Costs and Supplementary Costs. The amount so paid by the Companies on behalf of State Partner shall be fully recovered by the Companies from the Petroleum Costs and Supplementary Costs paid under the Contract.

7.4 In no event shall State Partner be considered in default.

(End of Article 7)

ARTICLE 8 – WITHDRAWAL

After the Minimum Work Obligations have been fulfilled, any Company may elect, and subject to ROC's prior written consent, by giving notice to the other Participants, to withdraw from the Contract and the JOA. Each of the other Participants may also give notice that it desires to withdraw from the Contract and the JOA. Should all Participants give such notice of withdrawal, the Participants shall proceed to abandon the Contract Area and terminate the Contract and JOA. If less than all of the Participants give such notice of withdrawal, then the withdrawing Participants shall execute and deliver all necessary instruments and documents to assign their Participating Interest to the non-withdrawing Companies, without any compensation whatsoever. Such assignment to the non-withdrawing Companies shall be in proportion to their Participating Interests, unless otherwise agreed among them. The non-withdrawing Companies shall take the assignment of all of the withdrawing Participants' Participating Interests; otherwise, all Participants shall be deemed to have decided to withdraw from the Contract and the JOA.

(End of Article 8)

ARTICLE 9 – ASSIGNMENT

Each Participant may assign, subject to any requirement under the Contract, all or part of, its Participating Interest to an Affiliate without the consent of the other Participants; provided that

such Participant shall remain responsible for the performance of the financial and other obligations under the Contract and the JOA to the same extent as if the transfer had not occurred and provided further that the assigning Participant shall timely notify the other Participants of any such assignment.

Without prejudice to the provisions of the Contract, no assignment of any interest under the Contract and the JOA to third parties may be made by any Participant without the written consent of the other Participants which consent shall not be unreasonably withheld. The assignment by a Participant of its interest under the Contract and the JOA to third parties shall be subject to ROC's approval and its pre-emptive right and to the preferential rights of the other Participants. The assignee shall be bound by the Contract and the JOA.

(End of Article 9)

ARTICLE 10 – RELATION OF THE PARTICIPANTS

The rights, duties, obligations and liabilities of the Participants under this Heads of Agreement and the JOA shall be individual, not joint or collective. It is not the intention of the Participants to create, nor shall this Heads of Agreement or the JOA be deemed or construed to create a mining or other partnership, joint venture, association or trust, or as authorizing any Participant to act as an agent, servant or employee for any other Participant for any purpose whatsoever except as explicitly set forth in the JOA.

(End of Article 10)

ARTICLE 11 – GOVERNING LAW AND ARBITRATION

The JOA shall be governed by, construed, interpreted and applied in accordance with the Law. Any dispute, controversy or claim arising out of or in relation to or in connection with the JOA or the operations carried out thereunder, including without limitation any dispute as to the validity, interpretation, enforceability or breach of the JOA, shall be settled by arbitration in Paris, France in accordance with the Rules of Conciliation and Arbitration of the International Chamber of Commerce conducted in the manner contemplated in Article 37 of the Contract.

(End of Article 11)

ARTICLE 12 – EFFECTIVE DATE AND TERM

This Heads of Agreement shall come into force on the Effective Date and shall continue in effect until the Contract terminates, or expires upon the Participants entering into the JOA, whichever is the earlier.

(End of Article 12)

ARTICLE 13 – JOINT OPERATING AGREEMENT (JOA)

Within six (6) Months from the Effective Date, the Participants shall enter into the JOA which shall embody the principles stipulated in this Heads of Agreement and it may include such other provisions as customarily used by international petroleum industry and shall continue in effect as long as the Contract is in effect.

(End of Article 13)

(End of Addendum One)

ADDENDUM TWO – HEADS OF CRUDE OIL TRANSFER AGREEMENT

ARTICLE 1 – DEFINITIONS

This Addendum Two is attached to and made part of the Technical Service Contract for the ---------- Field ("Contract"). Terms defined in the Contract shall have the same meanings for the purpose of this Heads of Agreement. The parties to the Crude Oil Transfer Agreement are the Contractor, ROC and Transporter.

(End of Article 1)

ARTICLE 2 – SCOPE

This Heads of Agreement prescribes the basic principles to be included in a Crude Oil Transfer Agreement to be executed by and between the Contractor, Transporter and ROC for transportation of Net Production from the Transfer Point to the Delivery Point.

(End of Article 2)

ARTICLE 3 – SCOPE OF CRUDE OIL TRANSFER AGREEMENT

Provided Operator complies with its obligations under the Contract and this Addendum related to the Transportation System, Transporter, on behalf of ROC, shall receive from Operator on behalf of Contractor at the Transfer Point the Net Production for transportation to the Delivery Point.

(End of Article 3)

ARTICLE 4 – FACILITIES AT THE TRANSFER POINT

For the purpose of the transfer of Crude Oil, Operator may use a parcel of land at the Transfer Point and construct necessary facilities thereon.

(End of Article 4)

ARTICLE 5 – TRANSFER RATE

Operator on behalf of Contractor shall have the right and the obligation to tender Crude Oil at the Transfer Point at a certain average rate as per the current approved production schedule for the Contract Area based on the approved Rehabilitation or Enhanced Redevelopment Plan. However, Operator in co-ordination with Transporter may transfer Crude Oil at a peak rate up to twenty percent (20%) above the approved average rate for temporary periods to compensate for any operational constraints. In the event that the throughput capacity of the pipeline system or the related facilities is constrained for unforeseeable incidents beyond the control of the Transporter and that the throughput of the pipeline system is consequently restricted, Operator shall reduce its deliveries accordingly. Any such reduction shall be on a non-discriminatory basis .

(End of Article 5)

ARTICLE 6 – TRANSFER CONDITIONS

Crude Oil shall be transferred at the Transfer Point from one or more Crude Oil quality streams in accordance with the approved Rehabilitation or Enhanced Redevelopment Plan, and at the pressure commensurate with the pressure required by the Transportation System. The quality of each Crude Oil stream transferred at the Transfer Point shall be subject to certain conditions and specifications to be agreed upon by Transporter and Operator on behalf of Contractor. Operator on behalf of Contractor shall not mix any additives with the Crude Oil tendered for transportation, without prior written approval of Transporter.

(End of Article 6)

ARTICLE 7 – MEASURING

Operator shall install, maintain and operate all facilities necessary for the measurement of Crude Oil at each Production Measurement Point. Operator shall notify ROC and Contractor prior to any calibration of such measurement facilities and allow ROC's and Contractor's representatives to attend such calibration activities. Unless agreed otherwise by the Parties, any inaccuracy determined during such calibration activities shall be deemed to have existed since the mid-point between the last calibration and the current calibration. Similarly, Export Oil that may be lifted by a Contractor shall be measured at the Delivery Measurement Point in accordance with standard SOMO measurement practices.

Operation and calibration of the metering equipment and procedures for measurement and sampling shall be in accordance with Best International Petroleum Industry Practices. The Parties shall agree the procedure(s) for measuring the volume and quality of Crude Oil and Export Oil and, the Parties' right of (i) access to the Production and Delivery Measurement Points and (ii)witnessing calibration and testing of such Points.

(End of Article 7)

ARTICLE 8 – TRANSPORTATION SYSTEM

8.1 Unless related to obligations under Annex E, Contractor shall have no obligation to build Transportation Facilities downstream of the Transfer Point unless this is agreed and incorporated in the Rehabilitation and/or Enhanced Redevelopment Plan. In the event such facilities are built, they shall be handed over to Transporter upon completion and commissioning.

8.2 In case a need arises to de-bottleneck, improve the efficiency and/or to increase the capacity of the Transportation System, ROC, Transporter or Contractor may propose to construct facilities beyond the Transfer Point, in addition to or to modify the existing Transportation Facilities. Contractor and Operator may participate in the building and financing of the same in proportion to the production from the Contract Area in relation with other users and such participation shall be considered Supplementary Costs.

8.3 In the event that Contractor agrees to finance and build or improve such Transportation

Facilities, Operator shall ensure the participation of Transporter's representatives during engineering and construction of the Transportation Facilities, as well as the training of Transporter's personnel concerning operation and maintenance to be conducted before handing Transportation Facilities over to Transporter. Operator shall provide Transporter with all documents and standard warranties provided by manufacturers relating to the said Facilities. Operator, on behalf of Contractor, and Transporter shall agree in advance on a procedure for smooth hand-over of the Transportation Facilities after completion and commissioning.

(End of Article 8)

ARTICLE 9 – EFFECTIVE DATE AND TERM

This Heads of Agreement shall be valid and effective as from the Effective Date of the Contract and shall continue in effect until the expiry or termination of the Contract or upon the Contactor, ROC and Transporter entering into the Crude Oil Transfer Agreement, whichever is the earlier.

(End of Article 9)

ARTICLE 10 – GOVERNING LAW AND ARBITRATION

The Crude Oil Transfer Agreement shall be governed by, construed, interpreted and applied in accordance with the Law. Any dispute, controversy or claim arising out of or in relation to or in connection with the Crude Oil Transfer Agreement or the operations carried out thereunder, including without limitation any dispute as to the validity, interpretation, enforceability or breach of the Crude Oil Transfer Agreement, shall be settled by arbitration in accordance with the procedures set forth in Article 37 of the Contract.

(End of Article 10)

ARTICLE 11 – RELATED PROCEDURES

Procedures existing on the Effective Date for lifting, storage, tanker nomination and other related activities may later be adjusted to support the efficient implementation of the Export Oil Sales Agreement.

(End of Article 11)

ARTICLE 12 – TRANSPORTATION AGREEMENT

Within six (6) Months from the Effective Date, the Contractor shall enter into the Crude Oil Transfer Agreement with ROC and Transporter which shall embody the principles in this Heads of Agreement and it may include such other provisions as customarily used by international petroleum industry and shall continue in effect as long as the Contract is in effect.

(End of Article 12)

(End of Addendum Two)

ADDENDUM THREE – HEADS OF AGREEMENT FOR ESTABLISHMENT OF THE FIELD OPERATING DIVISION (FOD)

This Addendum Three is attached to and made part of the Technical Service Contract for the ---------- Field ("Contract") (FOD). Terms defined in the Contract shall have the same meanings for the purposes of this Heads of Agreement. The parties to the full agreement shall be the Parties to the Contract: ROC and Contractor.

ARTICLE 1 – ESTABLISHING OF THE FIELD OPERATING DIVISION

1.1 Pursuant to Article 9 of the Contract, ROC and Contractor shall set up a non-incorporated joint operating entity. FOD shall have all the necessary authorities to enable it to discharge its duties in this regard. In accordance with the authorities of the JMC as set out in Article 13.2 Contractor shall supervise, direct and manage all the planning, decisions, surveillance, and day to day conduct of Petroleum Operations by the FOD. Contractor shall act for and on behalf of the FOD to allow the FOD to perform its role under the terms of the Contract and for those purposes shall contract with and represent the FOD before all persons and entities including but not limited to , Sub Contractors, vendors or service providers and other third parties. The FOD shall be established promptly after the Effective Date, but shall fully take over the conduct of Petroleum Operations within twelve (12) Months from the Effective Date. The establishment of the FOD shall in no way relieve Contractor of its obligations to achieve the production targets under the Contract.

1.2 FOD shall conduct its activities in accordance with the provisions of the Contract, this Addendum Three and such agreements as may be entered into in the future by the parties to this Addendum Three.

1.3 Contractor and ROC shall agree, at least three (3) Months prior to FOD taking over operatorship, on the procedure to secure a smooth transfer of Petroleum Operations from ROC to FOD.

(End of Article 1)

ARTICLE 2 – FOD NAME

The name of FOD shall be the ---------- Field Operating Division.

(End of Article 2)

ARTICLE 3 – HEADQUARTERS OF FOD

The FOD shall have its own head office distinct from that of ROC, Contractor, and Companies.

(End of Article 3)

ARTICLE 4 – FOD OBJECTIVES

4.1 FOD shall assume the authorities and duties of the Operator, and shall conduct Petroleum Operations on behalf of the Parties, and to the account of Contractor, all in accordance with the provisions of the Contract and this Addendum Three.

4.2 FOD shall implement approved Development Plans, Work Programs and Budgets in accordance with the Contract. FOD shall keep account of all costs, expenses and expenditures for such Petroleum Operations under the terms of the Contract and Annex C attached thereto.

4.3 In conducting Petroleum Operations, FOD and Sub-Contractors shall comply with the Law.

(End of Article 4)

ARTICLE 5 – ROLE OF CONTRACTOR

After the FOD has taken over conduct of Petroleum Operations and has become Operator, Contractor shall in accordance with the authorities of the JMC as set out in Article 13.2 of the Contract supervise, direct and manage all the planning, decisions, surveillance, and day-to-day conduct of Petroleum Operations by the FOD, as set forth in more detail in this Article 5. In general, Contractor shall make available appropriate managerial and technological skills and personnel to the FOD with a view to ensuring that Petroleum Operations can be performed in accordance with Best International Petroleum Industry Practices. The role of Contractor with respect to Petroleum Operations shall include the following:

5.1 preparing the Rehabilitation Plan, the Enhanced Redevelopment Plan, and all Revisions, as well as Work Programs and Budgets and their Revisions;

5.2 supporting FOD in the implementation of Plans and Work Programs;

5.3 supporting FOD in connection with the use of advanced technology provided by Contractor in connection with Petroleum Operations, including where appropriate providing necessary technical experts, and field supervisors, and providing training to Operator with a view to allowing FOD to take the greatest responsibility practicable for the day-to-day conduct of such activities;

5.4 supporting FOD with respect to the organization of Engineering, Procurement, Installation and Construction procedures, including the establishment of contracting procedures in accordance with Best International Petroleum Industry Practices and relevant Laws and regulations of the Republic of Iraq;

5.5 supporting FOD in connection with financial and accounting matters, including the organization of financing for Petroleum Operations and the negotiation of appropriate financing documentation; the implementation of internal control and financial reporting systems sufficient to allow compliance with the requirements of the Contract and applicable Laws of the Republic of Iraq; the negotiation of engagement arrangements with external auditors (subject to approval by the JMC) including the determination of the scope of work and remuneration of such auditors;

5.6 providing necessary administrative support with respect to the organization of activities of the JMC, including assistance in establishing operating procedures for meetings and written consents of the JMC members, assistance in preparing reports and presentations for the JMC, establishment of administrative support services for the JMC (maintenance of minute books, payment of reasonable expenses relating to meetings, furnishing of documents and information prior to JMC meetings);

5.7 providing such additional support as may be reasonably required in order to allow Petroleum Operations to be conducted in accordance with Best International Petroleum Industry Practices, and as may be approved or requested by the JMC; and

5.8 Contractor shall provide the foregoing services and support either by making personnel with relevant managerial, technical or financial expertise available to FOD, or by providing such services and support directly, or through an Affiliate, as determined by the JMC.

(End of Article 5)

ARTICLE 6 – FINANCING

FOD shall have neither profit nor loss. Costs, expenses and expenditures, incurred and paid by FOD to carry out Petroleum Operations, shall be financed and recovered by Contractor as Petroleum Costs or Supplementary Costs according to the annual Work Program and Budget approved by the JMC in accordance with the provisions of the Contract.

(End of Article 6)

ARTICLE 7– FUNCTION OF FOD

FOD shall not own any right, title or interest under the Contract or in the Petroleum produced from the Contract Area. FOD shall function as Operator and shall assume all relevant responsibilities of Operator under this Contract.

(End of Article 7)

ARTICLE 8– JOINT MANAGEMENT COMMITTEE

A JMC shall be formed pursuant to Article 13 of this Contract for the purpose of overall supervision and control of Petroleum Operations. In addition to the authorities and duties set forth in Article 13.2 of the Contract, following the establishment of FOD, the JMC shall have the following duties and authorities:

8.1 general supervision and control of the conduct of Petroleum Operations by FOD in accordance with the authorities set out in Article 13.2 of the Contract;

8.2 the establishment of the operating organisation and procedure;

8.3 the structuring of the accounting system and of the financial controls as well as the financial planning insofar as it is necessary to manage FOD;

8.4 the establishment of the procedures for the funding of Petroleum Operations by Contractor;

8.5 the appointment and replacement of the General Manager, the Deputy General Manager and the other senior divisional managers of FOD, and the definition of their respective powers, subject to the approval of ROC which shall not be unreasonably withheld;

8.6 the establishment and update of the organisation chart of FOD, including the identification of the positions to be filled through secondment from ROC or Contractor, respectively, and those to be filled through direct employment or on a contractual basis. The Contractor should be prepared to fill positions within the FOD as and where required upon the request of the JMC, provided however that the Companies shall have the right to fill up to 15% of the positions with secondees from Contractor, the remaining 85% shall be filled by ROC secondees and/or directly recruited through the FOD;

8.7 establishment of the employment procedures and personnel regulations of FOD; and

8.8 prior approval of the terms of the service or secondment agreements to be entered into by FOD with ROC and Contractor.

(End of Article 8)

ARTICLE 9 – MANAGEMENT

During its first two years of operation the FOD shall be managed by Joint General Managers, one appointed by each of the Lead Contractor and the ROC. Thereafter, management of the FOD shall be through a General Manager and Deputy General Manager, nominated initially by the Contractor and ROC respectively, with the nomination rights alternating every two (2) years. Departmental Managers of FOD shall be appointed by the Joint General Managers or thereafter by the General Manager and Deputy General Manager after the first two (2) years. The General Manager shall be the chief executive officer of the FOD. The General Manager(s) shall consult with, recommend to and agree with the JMC the most efficient way to organise the FOD.

(End of Article 9)

ARTICLE 10 – EMPLOYMENT REGULATIONS

FOD shall give preference to Iraqi personnel in accordance with Article 9 of the Contract.

Secondees of Contractor or ROC shall be exclusive to the operations of the FOD and shall have no other work obligation or assignment within the organization supplying such secondee, unless agreed by ROC and Lead Contractor.

The JMC shall approve the regulations covering the terms and conditions of employment of the personnel of FOD employed directly by FOD.

(End of Article 10)

ARTICLE 11 – LIABILITY

Liabilities shall be pursuant to the Contract.

(End of Article 11)

ARTICLE 12 – DURATION OF FOD

The minimum duration of FOD shall extend up to the end of the Term, including any extensions thereof.

(End of Article 12)

ARTICLE 13 – FULL AGREEMENT ON THE FOD

Pending the conclusion by the Parties of the full agreement, these Heads of Agreement setting forth the principal terms of the agreement shall apply.

(End of Article 13)

ARTICLE 14 – HAND-OVER OF OPERATORSHIP

Operatorship including all books and records shall be transferred to FOD.

(End of Article 14)

ARTICLE 15 – GOVERNING LAW AND ARBITRATION

The Law shall apply to FOD, if and to the same extent they apply to Contractor, ROC and/or the Contract in accordance with Article 29. The FOD agreement shall be governed by, and construed in accordance with, the Law. Any dispute arising from or in connection with the FOD agreement shall be settled in accordance with Article 37 of the Contract.

(End of Article 15)

ARTICLE 16 – CONFIDENTIALITY

Confidentiality provisions of Article 33 of the Contract shall apply for these Heads of Agreement, subsequent full agreement and operations of FOD.

(End of Article 16)

ARTICLE 17 – EFFECTIVE DATE AND TERM

These Heads of Agreement shall come into force on the Effective Date and shall continue in effect until the earlier of Contract expiry, Contract termination or upon the full FOD agreement taking effect. The full FOD Agreement shall be entered into no later than six (6) Months from the Effective Date.

(End of Article 17)

(End of Addendum Three)

ADDENDUM FOUR – HEADS OF EXPORT OIL SALES AGREEMENT

This Addendum Four is attached to and made part of the Technical Service Contract of ---------- Field ("Contract"). Terms defined in the Contract shall have the same meanings for the purpose of this Heads of Agreement. The parties to the Export Oil Sales Agreement are Iraq Oil Marketing Company (SOMO), ROC and Contractor.

SPECIAL TERMS (PART 1)

ARTICLE 1 – DEFINITIONS

For the purpose of this Heads of Agreement, terms defined in these Heads of Agreement shall have the same meanings except for the definition of the Parties:

"Parties" means Seller and Buyer.

"Buyer" means Contractor.

"Seller" means Oil Marketing Company "SOMO", on behalf and for the account of ROC.

"ROC" means Regional Oil Company.

(End of Article 1)

ARTICLE 2 – QUANTITY

2.1 Forward Quantity Statement

No later than the first day of the first Month of the Quarter immediately preceding any Lifting Quarter, Contractor shall invoice ROC the outstanding Service Fees and Supplementary Fees due and payable to Contractor under the Contract as these will stand on the last day of the said Lifting Quarter. ROC shall review the invoice and will either confirm its accuracy, or advise Contractor of any errors. The invoice shall be agreed by Contractor and ROC the 15th of said first Month.

Accordingly, no later than the first day of the second Month of the Quarter immediately preceding any Lifting Quarter, the Buyer shall furnish to the Seller a statement of the volume of Export Oil to be lifted from each standard export quality in each Month of the said Lifting Quarter ("Forward Quantity Statement"). The Forward Quantity Statement shall be based on the Service Fees and Supplementary Fees due and payable to Contractor as agreed by ROC, divided by the Provisional Export Oil Price. However, the volume of Export Oil to be lifted by Contractor in any Lifting Quarter shall not exceed the upper limit set for payment of due Service Fees and Supplementary Fees, and the balance of such Service Fees and Supplementary Fees, at the end of the said Lifting

Quarter, shall be carried forward, all pursuant to Article 19 of the Contract and the Annex C.

ROC shall review the Forward Quantity Statement, and will no later than the last day of the Month of the preceding Lifting Quarter either confirm its accuracy, or advise Contractor of any errors in the calculation of the volumes to be lifted. The nominal quantity agreed for each Month may be varied by up to plus or minus five percent (5%) as operational tolerance at the time of actual loading. Actual quantity lifted is based on net bill of lading.

For smooth and timely lifting and reporting under these Heads of Agreement, the Parties may establish a specialized "Joint Committee" with representatives from ROC, Contractor, and SOMO.

2.2 Lifting Statement

The Seller shall furnish to the Buyer and the Joint Committee a statement setting out the actual Barrels of the Export Oil lifted per Month during a Lifting Quarter and the actual Price for the Month of lifting ("Lifting Statement"), within thirty (30) days after the end of each Lifting Quarter. The Buyer shall review the Lifting Statement, and will advise the Seller of any errors in the calculations contained therein, within fifteen (15) days after receipt of the Lifting Statement, with a copy to the Joint Committee. Notwithstanding the above, it is agreed that the final certified shipping documents shall be controlling as to volumes lifted. Attachment A to these Heads of Agreement contains a sample schedule of notifications, lifting and adjustments applicable for lifting during a Year.

2.3 Option to Deliver Excess Volumes

The Parties may, at their option, elect to lift excess Export Oil over and above the offset volumes required in any Lifting Quarter under the Contract. The actual value of any such excess Export Oil lifted by the Buyer under the price Article hereunder will reduce the outstanding balance of due Service Fees and Supplementary Fees under the Contract, as reflected in the then most current Quarterly report. If either of the Parties wish to exercise this option to deliver excess Export Oil in any Lifting Quarter, it must notify the other Party of such election no later than the first day of the second Month of the preceding Quarter and the other Party must confirm its agreement no later than ten (10) days after such notice.

(End of Article 2)

ARTICLE 3 – DELIVERY

FOB relevant Iraqi loading terminal or any other terminal as may be agreed by the Parties.

(End of Article 3)

ARTICLE 4 – EFFECTIVE DATE AND TERM

These Heads of Agreement shall come into effect from the Effective Date and shall continue in

effect until the Contract terminates or the Parties and ROC enter into the Export Oil Sales Agreement whichever is earlier.

(End of Article 4)

ARTICLE 5 – PRICE

Export Oil Price shall be determined pursuant to Article 18 of the Contract.

(End of Article 5)

ARTICLE 6 – PAYMENT

The Proceeds receivable by the Seller under these Heads of Agreement shall be used to reduce the amounts owed to the Buyer by ROC under the Contract and, therefore, no payments to the Seller are required for such Export Oil deliveries. The Buyer shall not be required to pay the Seller nor post letters of credit or other guarantees of payment, relative to such deliveries, except for deliveries in excess of the amounts owed to the Buyer under the Contract.

(End of Article 6)

ARTICLE 7- COMPLIANCE WITH LAWS

Notwithstanding anything to the contrary herein, nothing in this Heads of Agreement is intended, and nothing herein should be interpreted or construed, to induce or require either Party or ROC hereto to act in any manner which is not in compliance with the Law.

(End of Article 7)

ARTICLE 8 – EXPORT OIL SALES AGREEMENT

Contractor, ROC and SOMO shall in due time enter into the Export Oil Sales Agreement which shall embody the principles set out in this Heads of Agreement, the Contract and it may include such other provisions as customarily used by international petroleum industry and shall continue in effect for the Term of the Contract. Pending the execution of the Export Oil Sales Agreement, the provisions of this Heads of Agreement shall apply.

(End of Article 8)

ARTICLE 9- GENERAL TERMS AND CONDITIONS (PART 2)

All other terms and conditions in Seller's General and Special Terms and Conditions for Export Oil Sale/Purchase Contract ("GTC") apply, except as amended by the special conditions here-above and excluding the commercial terms contemplated in such GTC.

Any provisions in Seller's GTC which allow the Seller to suspend delivery of Export Oil under these Heads of Agreement or the subsequent Export Oil Sales Agreement shall act only to cancel affected lifting which will be rescheduled by mutual agreement. The arbitration provisions (Article 37) and general business ethics (Article 43) of the Contract shall apply *mutatis mutandis.*

(End of Article 9)

Attachment A to Addendum Four- Export Oil Lifting and Reporting

Export Oil Lifting and Reporting (Assuming first lifting in January)			No Later Than
Quarter preceding First Lifting Quarter	Oct.	Quarterly Service Fees and Supplementary Fees Reports agreed (for next Quarter)	15th
	Nov.	Forward Quantity Statement for First Lifting Quarter (Price = October price)	1st
	Dec.	January crude nomination (acceptance of all Month nominations by 20th)	10th
First Lifting Quarter	Jan.	February crude nomination Quarterly Service Fees Report agreed	10th 15th
	Feb.	Forward Quantity Statement, for Second Lifting Quarter (Price=January price) March crude nomination	1st 10th
	Mar.	April crude nomination	10th
Second Lifting Quarter	Apr.	May crude nomination Lifting Statement and Quarterly Service Fees and Supplementary Fees Report agreed (Adjustment made for First Quarter actuals)	10th 15th
	May	Forward Quantity Statement (For Third Quarter) (Price = April price) June crude nomination	1st 10th
	June	July crude nomination	10th
Third Lifting Quarter	July	August crude nomination Lifting Statement and Quarterly Service Fees and Supplementary Fees Report agreed (Adjustment made for Second Quarter actuals)	10th 15th
	Aug.	Forward Quantity Statement (For Fourth Quarter) (Price = July price) September crude nomination	1st 10th
	Sep.	October crude nomination	10th
Fourth Lifting Quarter	Oct.	November crude nomination Lifting Statement and Quarterly Service Fees and Supplementary Fees Report agreed (Adjustment made for Third Quarter actuals)	10th 15th

	Nov.	Forward Quantity Statement (For next Quarter) (Price = October price) December crude nomination	1st 10th
	Dec.	January crude nomination	10th

(End of Addendum Four)

الملامح الأساسية لعقد الخدمة لحقول حولة التراخيص الثانية

1. **نوع العقد**.

عقد خدمة " Service Contract ".

2. **مدة العقد** .

(20) عشرون سنة من تاريخ نفاذ العقد "Effective Date" ، قابلة للتمديد لمدة (5) خمس سنوات باتفاق طرفي العقد .

3. **أطراف العقد.**

الشركة الأستخراجية التابعة لوزارة النفط كطرف أول (رب العمل) والشركة أو أئتلاف الشركات الفائزة بالعقد بالأضافة الى أحدى شركات القطاع الخاص (الشريك الحكومي) ، كطرف ثـــاني (المقاول) .

4. **خلاق العقد.**

يلتزم المقاول بما يلي :-

أ. تحقيق الانتاج التجاري الأولي " First Commercial Production " بمعدل (---)ألف برميل في اليوم خلال فترة لاتزيد عن (3) ثلاث سنوات من تأريخ المصـــادقة على خطة التطوير الأولية " Preliminary Development Plan ".

ب. تحقيق هدف انتاج الذروة اعتباراً من بداية السنة الثامنة بعد تاريخ نفاذ العقد والبالغ (---) ألف برميل في اليوم ، يستمر لفترة لا تقل عن (--)سنة " وفقا للجدول المرفق".

ت. توفير كافة متطلبات تنفيذ العقد من رأس المال ، المعدات ، المواد ، التكنلوجيا ، الاشخاص والخدمات وبموجب الخطط ، برامج العمل والميزانيات المصادق عليها .

5. **المكامن المشمولة بالعقد.**

هي جميع المكامن المكتشفة غير المطوَرة (غير المنتجة) والواقعة أعلى قاعدة مكمن (---).
أما المكامن غير المكتشفة ، فان أستكشافها وتطويرها وانتاجها يتطلب التفاوض والاتفاق على اجور ربح جديدة تحت العقد ، على أن يتم تعديل العقد وفقاً لذلك .

6. **مكافأة التوقيع .**

مقدارها (---) مليون دولار ، **وهي غير مستردة** ، يتم دفعها من قبل المقاول خلال فترة (30) ثلاثين يوماً من تاريخ نفاذ العقد .

7. **التزام الحد الأدنى للصرف.**

يلتزم المقاول بصرف مبلغ (---) مليون دولار خلال فترة (3) ثلاث سنوات من تاريخ المصـــادقة على خطة التطوير الأوليـــــــــــة ، وهو يمثل كفالة حســـــــــن أداء " Performance Guarantee " ، تتم مصادرتها أو المتبقي غير المصروف منها في حالة انهاء العقد من قبل الشركة الأستخراجية بسبب نكول أو أخفاق المقاول .

8. الحلب الأمني .

أ. تقوم الشركة الأستخراجية بتوفير الظروف الأمنية الملائمة في منطقة التعاقد لتنفيذ العقد بالتنسيق مع القوات المسلحة (الدفاع والداخلية) . كما يمكن للمقاول الاستعانة بالشركات الأمنية الخاصة المرخصة للعمل في العراق لحماية كوادره المتقدمة . وتتم مراجعة هذه الاجراءات حسب تطور الوضع الأمني .

ب. تطهير منطقة التعاقد التي تضم الحقل من الالغام والاجسام غير المنفلقة والخطرة ، وسيقوم المقاول بتنفيذ هذه العملية وتمويلها على أن تتحمل الشركة الأستخراجية كلفة هذه العملية .

9. انهاء العقد .

يمكن للشركة الأستخراجية انهاء العقد في الحالات :-

أ. اذا قدم المقاول معلومات خاطئة وبشكل مقصود الى الشركة الأستخراجية ، تؤثر بشكل كبير على تنفيذ العقد .

ب. اذا قامت الشركة الاخيرة والمتبقية من الشركات التي تكوَن المقاول بالتخلي عن حقوقها وواجباتها الى طرف آخر دون موافقة الشركة الأستخراجية.

ت. اذا فشل المقاول في تحقيق هدف أنتاج الذروة بعد (7) سبع سنوات من تأريخ نفاذ العقد أو لم يتمكن من أدامته للمدة المتفق عليها، بسبب ضعف الأستثمار أو عدم تطبيق المعايير الجيدة في الصناعة النفطية .

ث. اذا فشل المقاول في تحقيق تواجد فعلي بيَن لكوادره والمعدات اللازمة لتنفيذ العمليات البترولية في العراق بعد (6) ستة أشهر من تاريخ المصادقة على خطة التطوير الأولية .

وفي حالة انهاء العقد استناداً الى أي من الحالات أعلاه ، فان المقاول يخسر كافة حقوقه المستقبلية أعتباراً من تاريخ انهاء العقد .

10. تنفيذ العمليات البترولية .

يتم تنفيذ العمليات البترولية في الحقل كما يلي :-

أ. من قبل المشغل المعيَن من قبل المقاول ، وهو شركة (-------) وتحت اشراف وادارة لجنة الادارة المشتركة " Joint Management Committee (JMC)" . ويستمر ذلك لحين تشكيل شركة التشغيل المشتركة " Joint Operating Company (JOC) " التي قد تطالب الشركة الأستخراجية تشكيلها بشرط أن يكون المقاول حينها قد أسترد الكلف التي أنفقها ، وفي كل الأحوال ليس قبل (7) سبع سنوات من تأريخ نفاذ العقد .

ب. يتم تشكيل شركة التشغيل المشتركة من قبل طرفي العقد وخلال سنة من تأريخ قرار الشركة الأستخراجية بطلب ذلك ، على أن يكون التشكيل بموجب أتفاق المبادئ (المرفق الثالث) .

ت. تقوم شركة التشغيل المشتركة بواجبات المشغل ونيابة عن طرفي العقد ، وتكون مملوكةً ومدارةً بشكل مشترك من الطرفين ، ويتم تمويلها من قبل المقاول ، وتعمل تحت أدارة وأشراف مجلس الأدارة " Board of Directors " الذي يحل محل لجنة الأدارة المشتركة .

تبلغ الصلاحيات المالية للمشغل لغاية (20) عشرين مليون دولار ، وما زاد على ذلك يكون من صلاحية لجنة الادارة المشتركة أو مجلس الأدارة حسب مقتضى الحال .

(تشكيل شركة التشغيل المشتركة يخضع لرغبة الشركة الأستخراجية ومدى أنسجام ذلك مع القوانين النافذة ، فقد ترتأي الشركة عدم تشكيلها ويستمر المشغل المعيَن من قبل المقاول بتنفيذ العمليات البترولية) .

11. الغاز المصاحب .

أ. لايجوز حرق الغاز المصاحب الا في حدود ضيقة وبموافقة شركة نفط الجنــوب .
ب. يمكن استخدام الغاز المصاحب المنتج في العمليات البترولية من قبل المقاول مجاناً .
ت. من واجب المقاول معالجة وتصنيع الغاز المصاحب كأحد ألتزاماته التعاقدية ، ويتقاضى أجوراً عن كميات منتجات معمل تصنيع الغاز بعد تحويلها الى مايعادلها من براميل نفط مكافئة .

12. الخطط وبرامج العمل .

يقوم المقاول بتقديم ما يلي الى لجنة الادارة المشتركة :-
أ. خطة التطوير الأولية "Preliminary Development Plan" خلال (6) ستة أشهر من تاريخ نفاذ العقد ، والتي تتضمن :-
أولاً. برنامج يهدف لتحقيق الأنتاج التجاري الأولي " First Commercial Production " بأسرع مايمكن ، على ألا يتجاوز ذلك (3) ثلاث سنوات من تأريخ المصادقة على الخطة .
ثانياً. برنامج لأستكشاف المكامن غير المكتشفة وخلال فترة (3) ثلاث سنوات من تأريخ المصادقة على الخطة .
ثالثاً. برنامج لتقييم المكامن في منطقة التعاقد ، الهدف منه تجميع المعلومات لأعداد خطة التطوير النهائية .
رابعاً. برامج العمل والميزانية لما تبقى من السنة المالية .

ب. خطة التطويرالنهائية "Final Development Plan" بعد (3) ثلاث سنوات من تاريخ نفاذ العقد ، وتتم الموافقة عليها من قبل الشركة الأستخراجية ، بعد مصادقة لجنة الادارة المشتركة . تتضمن هذه الخطة الاجراءات والاعمال المطلوبة لتحقيق هدف انتاج الذروة .

للشركة الأستخراجية الحق بمراجعة معدل الانتاج ، والطلب من المقاول تخفيضه في الحالات الآتية :-
أولاً. تجنب الضرر بالمكامن المنتجة .
ثانياً. فشل الناقل (الشركة الأستخراجية حالياً أو أية شركة أخرى قد يتم تأسيسها مستقبلاً) في أستلام النفط المنتج أو منتجات الغاز من معمل تصنيع الغاز .
ثالثاً. اعتبارات السلامة .
رابعاً. الاعتبارات التشغيلية ذات الأمد القصير.
خامساً. تخفيض الانتاج المفروض من قبل الحكومة (اعتبارات الـ OPEC أو غير ذلك)

13. لجنة الادارة المشتركة " JMC ".

يتم تشكيل لجنة الادارة المشتركة خلال (30) ثلاثين يوماً من تاريخ نفاذ العقد ويبلغ عدد اعضائها (--)اعضاء ، (--) منهم من الشركة الأستخراجية والوزارة ، والأربعة الآخرون من المقــاول ، أحدهم يمثل الشريك الحكومي. وهناك عدد مماثل لهم من الاعضاء الاحتياط .

أ. الواجبات والصلاحيات :-
أولاً. مراجعة الخطط والتوصية بشأنها .
ثانياً. مراجعة برامج العمل والميزانيات والموافقة عليها .
ثالثاً. مراجعة أساليب التشغيل والموافقة عليها .
رابعاً. مراجعة و/ أو الموافقة على احالة العقود الثانوية وحسب الصلاحيات المالية .

خامساً. الموافقة على برامج التدريب للكوادر العراقية .
سادساً. الاشراف على وادراة تنفيذ الخطط وبرامج العمل المصادق عليها .
سابعاً. مراجعة قوة العمل والموافقة عليها .
ثامناً. مراجعة التقارير المالية الفصلية والسنوية .
تاسعاً. مراجعة التقارير الدورية للمقاول والمشغل ورفع التوصيات بشأنها .
عاشراً. التوصية بشأن تعيين المدقق العالمي المستقل .

ب. القرارات : - تكون قرارات اللجنة بالاجماع ، ويتحقق نصابها بحضور (3) ثلاثة اعضاء من كل طرف من طرفي العقد .

ت. الاجتماعات : - تجتمع اللجنة (4) أربع مرات في السنة .

ث. الصلاحيات المالية :- تكون صلاحياتها المالية لغاية (100) مائة مليون دولار . ومازاد على ذلك يُحال الى الوزارة لتتخذ بشأنه الأجراءات المناسبة وفق التعليمات .

14. الكلف الأضافية "Supplementary Costs" .

تعتبر الكلف التي يتكبدها المقاول لبناء أنابيب نقل النفط الخام والمستودعات وكل مايتعلق بذلك لأسفل نقطة النقل " Transfer Point " بأتجاه منافذ التصدير كلفاً أضافيةً ، يستردها المقاول مع فائدة مقدارها (LIBOR + 1%) ، أعتباراً من تأريخ أنفاقها ولغاية أستردادها .
(تم أعتبار هذه الكلف أضافيةً وليست كلفاً بترولية " Petroleum Costs " لتجنب تأثيرها السلبي على أجور الربح أثناء عملية التنافس ، حيث يؤدي أعتبارها كلفاً بترولية الى زيادة هذه الأجور) .

15. الكلف البترولية "Petroleum Costs " .

تشمل الكلف البترولية الكلف الرأسمالية" Capex " والكلف التشغيلية " Opex " التي ينفقها المقاول على أن يستردها بدون أية فوائد .

16. أجور الربح " Remuneration " .

أجور الربح هي عبارة عن أرباح المقاول التي يستحقها نتيجةً لتطوير وأنتاج المكامن المكتشفة غير المطوَرة ، ومقدارها (--,-) دولار عن كل برميل منتج . وهذه الأجور تقل مع الوقت متناسبةً مع قيم الـ R – Factor ، حيث ستكون : (--,- ، --,- ، --,- ، --,- ، و--,-) دولار لكل برميل منتج . يستحق المقاول أجور الربح فقط من تأريخ تحقيقه معدل الأنتاج التجاري الأولي ، ولايستحق شيئاً من الأجور قبل ذلك .
يستحق المقاول أسترداد الكلف الأضافية والكلف البترولية وأجور الربح أعتباراً من تأريخ تحقيقه معدل الأنتاج التجاري الأولي ، أو بعد فترة (3) ثلاث سنوات من تأريخ المصادقة على خطة التطوير الأولية ، أيهما أقرب .
تُدفع الكلف البترولية وأجور الربح من (50%) خمسين بالمائة من عوائد الأنتاج كحد أعلى ، أما بشكل نقد أو نفط خام بما يعادل أستحقاق المقاول ، وحسب تسعيرة النفط الخام المقررة من قبل شركة تسويق النفط التي تعلنها شهرياً ، في وقت التحميل . أما الكلف الأضافية فتدفع من الفرق بين نسبة حدها الأعلى (60%) ستون بالمائة من عوائد الأنتاج مطروحاً منها الكلف البترولية وأجور الربح المستحقة ، أما نقداً أو عيناً . في حالة أنتهاء مدة العقد أو أنهائه ، يتم تسديد كافة أستحقاقات المقاول غير المدفوعة له خلال فترة (30) ثلاثين يوماً من تأريخ الأنتهاء أو الأنهاء .

17. ملكية الموجودات " Title To Assets ".

تكون ملكية كافة المواد والمعدات والأجهزة للشركة الأستخراجية بمجرد دخولها الى أراضي جمهورية العراق ، ويحق للمقاول استخدامها دون مقابل لاغراض تنفيذ العقد .

18. الضرائب "Taxes" .

أ. يتم دفع الضرائب بموجب القانون من قبل الشركات المكونة للمقاول .
ب. لا تتحمل الشركة الأستخراجية أية مسؤولية أو تعويض للشركات التي تكوَن المقاول عن الضرائب التي تدفعها هذه الشركات خارج جمهورية العراق .
ت. تُفرض الضرائب على اجور الربح " Remuneration " التي يتقاضاها المقاول فقط وبنسبة لا تزيد عن (35%) من هذه الاجور .
تتحمل شركة نفط الجنوب وتعوَض المقاول عن أية ضرائب تزيد عن (35%) على اجور الربح والتي يتم فرضها نتيجة لتغيير في قانون الضريبة في جمهورية العراق .

19. المشاركة "Participation" .

أ. تتمثل هذه المشاركة بالشريك الحكومي "State Partner" والمتمثل بشركة (--------) .
ب. تبلغ حصة الشريك الحكومي نسبة مقدارها (25%) في أسهم المقاول ، وتوزع الـ (75%) المتبقية بين أئتلاف المقاول.
ت. تتحمل الشركات الاجنبية حصة الشريك الحكومي في كافة انواع الكلف والمصاريف طيلة مدة العقد ، ولا تستحق عليها أية فوائد .
ث. يستحق الشريك الحكومي بمقدار حصته من اجور الربح المتحققة .

20. القوانين والأنظمة "Laws & Regulations".

يخضع العقد وكافة أطرافه والمقاولون الثانويون الى القانون العراقي وكافة الأنظمة النافذة في جمهورية العراق .

21. السلع والخدمات المحلية.

أ. كافة الخدمات والاعمال المنفذة من خلال العقود الثانوية تخضع لمبدأ المنافسة ، وتُعطى الأفضلية للجهات العراقية بشرط أن تكون منافسة من حيث النوعية والسعر لتلك الموجودة في السوق العالمية .
ب. اعطاء الأفضلية للسلع ، المواد والمعدات المصنعة محلياً بشرط أن تكون منافسة من حيث النوعية ، السعر والتجهيز في الوقت المطلوب .
ت. يضمن المقاول التزام مقاوليه الثانويين بما ورد في (أ) و (ب) أعلاه .

22. القوة القاهرة "Force Majeure".

اضافة الى ما هو متعارف عليه في موضوعة القوة القاهرة ، فقد أُلزم المقاول بما يلي :-
لاتعتبر الظروف الأمنية السائدة في منطقة التعاقد خصوصاً والظروف الأمنية والسياسية السائدة في جمهورية العراق عموماً قوة قاهرة وقت توقيع العقد وطيلة مدته ، ما لم تمنع هذه الظروف تنفيذ العمليات البترولية .

23. اللغة "Language" .

يتم توقيع العقد بنسختين عربية وانكليزية ، وفي حالة حصول خلاف بين النسختين تعتمد النسخة الانكليزية .

24. مكتب المقاول في جمهورية العراق.

أ. كل شركة من الشـركات التي يتكون منها االمقاول يجب أن تفتح مكتباً لفرعها في جمهورية العراق .
ب. يجب على الشركة التي تقود الائتلاف أن تفتح مكتباً لها في بغداد خلال (90) تسعين يوماً من تاريخ نفاذ العقد .

25. التحكيم .

أ. يتم حل المنازعات بين طرفي العقد بواسطة :-
أولاً. الادارت العليا للطرفين .
ثانياً. الخبير المستقل .
ثالثاً. قواعد التحكيم لغرفة التجارة الدولية .
ب. يكون مكان التحكيم في باريس ، أو أي مكان يتم الاتفاق عليه .
ت. تكون لغة التحكيم هي اللغة الانكليزية .
ث. لا يجوز توقف العمليات البترولية اثناء فترة التحكيم .
ج. يجب أن لا تتجاوز فترة اللجوء الى التحكيم سنتين من تاريخ اخبار أي طرف الطرف الآخر ، أو فترة (3) ثلاث سنوات من تاريخ انتهاء أو انهاء العقد .

26. توقيع العقد والمصادقة عليه وتفعيله.

أ. توقيع العقد من قبل الطرفين .
ب. المصادقة على العقد من قبل مجلس الوزراء .
ت. يُعتبر تاريخ أخبار شركة نفط الجنوب للمقاول تحريرياً بأن مجلس الوزراء قد صادق على العقد ، هو تاريخ نفاذ العقد .

27. التدريب .

يتم تدريب الكوادر العراقية من قبل المقاول داخل وخارج جمهورية العراق على التقنيات الحديثة ، وكذلك توفير فرص الدراسات الجامعية في الخارج ، وذلك من خلال تخصيص مبلغ (5) خمسة ملايين دولار سنوياً غير مسترد (على حساب المقاول) .

28. مواد أخرى .

اضافةً لذلك يتضمن العقد مواداً اخرى تتعلق باخلاقيات العمل ، الحفاظ على البيئة والصحة والسلامة ، سرية المعلومات ، التخلي أو التنازل عن الحقوق ، الاستيراد والتصدير ، تحويل العملة وفتح الحسابات المصرفية ، السجلات والتدقيق ، تقييم النفط المصدر ، التقارير والسجلات ، المعلومات والنماذج ، التفتـيش . . . . الخ .
ويحتوي العقد على الملاحق A ، B ، C ، D ، E و F . وكذلك المرفقات Addendum One , Two , Three and Four ، وجميعها تعتبر جزءاً من العقد .

DEVELOPMENT AND PRODUCTION SERVICE CONTRACT

FOR THE ---------- CONTRACT AREA

BETWEEN

---------- OIL COMPANY OF THE IRAQI MINISTRY OF OIL

AND

DEVELOPMENT AND PRODUCTION SERVICE CONTRACT
FOR THE ---------- CONTRACT AREA

TABLE OF CONTENTS

ARTICLE 1 - DEFINITIONS.....5

ARTICLE 2 – SCOPE OF CONTRACT 11

ARTICLE 3 – TERM OF CONTRACT 12

ARTICLE 4 – SIGNATURE BONUS.....12

ARTICLE 5 – RELINQUISHMENT 12

ARTICLE 6 – MINIMUM WORK OBLIGATION.....13

ARTICLE 7 – ROC'S ASSISTANCE 13

ARTICLE 8 – TERMINATION.....15

ARTICLE 9 – CONDUCT OF PETROLEUM OPERATIONS 16

ARTICLE 10 – GAS AND NATURAL GAS LIQUIDS.....20

ARTICLE 11 – DEVELOPMENT PLANS AND WORK PROGRAMS.....21

ARTICLE 12 – APPROVAL OF DEVELOPMENT PLANS AND WORK PROGRAMS 22

ARTICLE 13 – JOINT MANAGEMENT OF PETROLEUM OPERATIONS.....24

ARTICLE 14 – DATA AND SAMPLES.....25

ARTICLE 15 – REPORTS AND RECORDS.....26

ARTICLE 16 – ACCESS AND INSPECTION 27

ARTICLE 17 – MEASUREMENT, TRANSFER, AND DELIVERY OF PETROLEUM 27

ARTICLE 18 – VALUATION OF PETROLEUM.....28

ARTICLE 19 – PETROLEUM COSTS AND REMUNERATION.....29

ARTICLE 20 – BOOKS OF ACCOUNT, ACCOUNTING AND AUDIT.....31

ARTICLE 21 – EXCHANGE AND CURRENCY CONTROL.....33

ARTICLE 22 – TITLE TO ASSETS.....33

ARTICLE 23 – TAXES.....34

ARTICLE 24 – PARTNERSHIP, INDEMNITY AND INSURANCE.....34

ARTICLE 25 – IMPORTS AND EXPORTS.....35

ARTICLE 26 – EMPLOYMENT, TRAINING, AND TECHNOLOGY TRANSFER.....36

ARTICLE 27 – PARTICIPATION.....37

ARTICLE 28 – ASSIGNMENT.....37

ARTICLE 29 – LAWS AND REGULATIONS.....38

ARTICLE 30 – LOCAL GOODS AND SERVICES.....39

ARTICLE 31 – FORCE MAJEURE.....39

ARTICLE 32 – ENTIRE AGREEMENT AND AMENDMENTS.....39

ARTICLE 33 – CONFIDENTIALITY AND TECHNOLOGY OWNERSHIP.....40

ARTICLE 34 – HEADINGS OF ARTICLES.....41

ARTICLE 35 – LANGUAGE.....41

ARTICLE 36 – CONTRACTOR'S OFFICE IN THE REPUBLIC OF IRAQ.....41

ARTICLE 37 – GOVERNING LAW, CONCILIATION AND ARBITRATION.....42

ARTICLE 38 – NOTICES.....43

ARTICLE 39 – SIGNATURE, RATIFICATION AND EFFECTIVE DATE.....43

ARTICLE 40 – WAIVER.....43

ARTICLE 41 – HEALTH, SAFETY AND ENVIRONMENT 43

ARTICLE 42 – SITE RESTORATION AND DECOMMISSIONING.....48

ARTICLE 43 – GENERAL BUSINESS ETHICS.....48

ANNEX A – DESCRIPTION OF CONTRACT AREA.....50

ANNEX B – MAP OF CONTRACT AREA.....51

ANNEX C – ACCOUNTING PROCEDURE.....52

ANNEX D – DEFINITION OF RESERVOIRS.....62

ANNEX E – MINIMUM WORK OBLIGATION.....63

ANNEX F – FORMS OF GUARANTEE.....64

ADDENDUM ONE – HEADS OF JOINT OPERATING AGREEMENT 66

ADDENDUM TWO – HEADS OF PETROLEUM TRANSFER AGREEMENT.....70

ADDENDUM THREE – HEADS OF CHARTER OF JOINT OPERATING COMPANY 73

ADDENDUM FOUR – HEADS OF EXPORT OIL SALES AGREEMENT.....77

This Development and Production Service Contract ("**Contract**") is made and entered into this _____day of _____YYYY, by and between: _____Oil Company, the Republic of Iraq ("**ROC**") of the **First Party**, and

_____, a company established and existing under the laws of _____ having its registered head office at _____("_____") and

_____, a company established and existing under the laws of_____, having its registered head office at _____ ("_____"), (individually a "**Company**"; and collectively the "**Companies**"); together with

_____, an Iraqi State company established and existing under the laws of Iraq (hereinafter referred to as "**State Partner**"),

Companies and State Partner are collectively referred to as "**Contractor**", of the **Second Party**,

ROC and Contractor are referred to, individually, as "**Party**" or, collectively, as "**Parties**".

WITNESSETH

WHEREAS all oil and gas resources within the territory and offshore areas of the Republic of Iraq are owned by all the people of the Republic of Iraq, and the Iraqi Government, representing the whole Iraqi people, has sole right to explore, develop, extract, exploit and utilize such natural resources therefrom; and

WHEREAS ROC, in its role as an Iraqi State oil and gas company, is exclusively entrusted with and authorized for exploration, development and production of the -------- Contract Area; in accordance with the Law; and

WHEREAS Contractor has sound financial standing, technical competency, and professional skills to carry out Exploration, Appraisal, Development and Production Operations and generally all and any Petroleum Operations as defined herein; and

WHEREAS the Parties mutually represent that they have the power, authority, and desire to enter into the Contract for the exploration, appraisal, development and production of the ------- Contract Area as defined herein;

NOW THEREFORE, and in consideration of the promises and the mutual covenants hereinafter set out, it is agreed as follows:

ARTICLE 1 - DEFINITIONS

Except as specifically provided herein, any reference to an Article, Annex, or Addendum shall be construed as a reference to Article, Annex, or Addendum to this Contract. In this Contract, including its Annexes and Addenda, words in the singular include the plural and vice versa and except where the context otherwise requires, the following terms shall have the meanings set out as follows:

1.1 "**Accounting Procedures**" means the accounting procedures and requirements set out in Annex C.

1.2 "**Affiliate**" in relation to any Contractor's entity, means:

(a) a company which controls such entity, or

(b) a company which is controlled by such entity, or

(c) a company which is controlled by a company which controls such entity.

For the purpose of this definition, "**control**" means the power to dictate and conduct the policy of a company through the control, directly or indirectly, of more than fifty percent (50%) of the shares or voting rights in such company. For the purposes of this Contract, subsidiaries of ROC as well as companies and enterprises of Iraq Ministry of Oil or Iraq National Oil Company (when established) shall be deemed ROC's Affiliates.

1.3 "**Appraisal**" or "**Appraisal Operations**" means any and all operations such as (but not be limited to) geological, geophysical, aerial and any other surveys and any interpretation of data relating thereto as may be contained in approved Work Programs and Budgets and the drilling of such shot-holes, core holes, stratigraphic tests, holes for the appraisal of Petroleum and other related holes and wells, the production testing, PVT and core analyses and the purchase or acquisition of such supplies, materials and equipment thereof, all as may be contained in approved Work Programs and Budgets.

1.4 "**Associated Gas**" means Natural Gas, occurring as gas-cap gas, which overlies and is in contact with Crude Oil in a reservoir and/or solution gas dissolved in Crude Oil in a reservoir.

1.5 "**Barrel**" means a liquid quantity consisting of forty-two (42) United States gallons under a pressure of one (1) atmosphere and a temperature of sixty (60) degrees Fahrenheit.

1.6 "**Barrel of Oil Equivalent**" or "**BOE**" means one (1) Barrel of Crude Oil one (1) Barrel of NGLs or eight thousand (8,000) SCF of Natural Gas.

1.7 "**Best International Petroleum Industry Practices**" means all those uses and practices that are, at the time in question, generally accepted in the international petroleum industry as being good, safe, economical, environmentally sound and efficient in exploring for, developing, producing, processing and transporting Petroleum. They should reflect standards of service and technology that are either state-of-the-art or otherwise appropriate to the operations in question and should be applied using standards in all matters that are no less rigorous than those in use by the Companies in other global operations.

1.8 "**BOD**" means the Board of Directors formed pursuant to Addendum 3.

1.9 "**BOPD**" means Barrels of Crude Oil per day.

1.10 "**BOEPD**" means Barrels of Oil Equivalent per day.

1.11 "**Budget**" means the estimates of the expenditure expected to be incurred for implementing an approved Work Program for any Calendar Year or part thereof.

1.12 "**Calendar Year**" means a period of twelve (12) consecutive Months commencing with the first day of January and ending on the last day of December, both dates being inclusive, according to the Gregorian calendar.

1.13 "**Capital Cost**" means all recoverable costs and expenditures, excluding Operating Cost, related to Petroleum Operations pursuant to Annex C.

1.14 "**Cash Receipts"** means as defined in Article 19.4.

1.15 "**Commercial Production**" means production of Petroleum from the Contract Area (excluding production for testing purposes) and delivery of the same at the relevant Transfer Point(s) under a program of regular production and transfer.

1.16 "**Company**" means any entity that is a signatory party to this Contract and that forms part of the Contractor, excluding the State Partner, and at any time thereafter shall include their legal successors and permitted assignees.

1.17 "**Companies**" means, collectively, each Company that comprises the Contractor, excluding the State Partner, and at any time thereafter shall include their legal successors and permitted assignees.

1.18 "**Contract**" means this agreement between the Parties, including the Annexes and Addenda attached hereto, as amended or supplemented from time to time in accordance with this Contract.

1.19 "**Contract Area**" means the exploration, appraisal, development and production area covered by this Contract, as described in Annex A and outlined in Annex B.

1.20 "**Contractor's Operator**" means the Company designated as Operator as from the Effective Date pursuant to Article 9.2.

1.21 "**Contractor**" means Companies and State Partner, and at any time thereafter shall include their legal successors and permitted assignees.

1.22 "**Crude Oil**" means all hydrocarbons regardless of gravity which may be produced and saved from the Contract Area in the liquid state at absolute pressure of fourteen decimal six nine six (14.696) pounds per square inch and sixty (60) degrees Fahrenheit, including asphalt and tar, but excluding NGL that is not blended with Crude Oil.

1.23 "**Data**" means as defined in Article 14.2.

1.24 "**Date of Transfer of Operatorship**" means the date on which the Joint Operating Company shall take over the conduct of Petroleum Operations pursuant to Article 9.4 and Addendum Three.

1.25 "**Deemed Revenue**" means, for a given Quarter, the Net Production multiplied by the Provisional Export Oil Price for that Quarter.

1.26 "**Delivery Point**" or "**DP**" means the point(s) where ROC shall receive Petroleum from Transporter(s), and where Contractor may lift Export Oil in lieu of its due and payable Petroleum Costs, Supplementary Costs and Remuneration.

1.27 "**Development**" or "**Development Operations**" means any and all operations, including primary and subsequent (secondary, tertiary or other) recovery projects and pressure maintenance, conducted with a view to developing the Contract Area including, but without limitations: the drilling, deepening, completing, plugging, side-tracking, re-completing and equipping of evaluation and development wells; the engineering, building and erecting or laying of production plants and facilities (such as, without limitation, separators, compressors, generators, pumps and tankage, gathering lines, pipelines, and all facilities required to be installed for production, pressure maintenance, treatment, storage and transportation of Petroleum; the obtaining of such materials, equipment,

machinery, articles and supplies as may be required or expedient for the above activities including decommissioning and abandonment operations; and all auxiliary operations, activities and services required or expedient for the better conduct or result of the above activities, all in accordance with the approved Development Plan and Best International Petroleum Industry Practices.

1.28 "**Development Plan**" or "**Plan**" means a scheduled program and cost estimate specifying the Petroleum Operations required for developing and/or increasing the production capacity from the Contract Area, which includes the Preliminary Development Plan, Final Development Plan, and any Revisions.

1.29 "**Dinar**" or "**IQD**" means the Iraqi Dinar.

1.30 "**Discovery**" means the discovery of an accumulation of hydrocarbons whose existence until that moment was unproven by drilling.

1.31 "**Dollar**" or "**US$**" means the United States Dollar.

1.32 "**Effective Date**" means the date upon which this signed Contract becomes valid and enforceable as notified by ROC to Contractor in writing, in accordance with the provisions of Article 39.

1.33 "**Expenditure**" means as defined in Article 19.4.

1.34 "**Exploration**" means the drilling or deepening of wells to a formation specified as an undiscovered potential reservoir as specified in Annex D including conducting any formation tests thereon.

1.35 "**Export Oil**" means crude oil of a standard Iraqi export blend.

1.36 "**Export Oil Price**" means the price per Barrel of Export Oil Free on Board ("FOB") at the Delivery Point, determined in accordance with the provisions of Article 18.

1.37 "**Final Development Plan**" has the meaning given in Article 11.

1.38 "**Financial Year**" means the Calendar Year.

1.39 "**First Commercial Production**" means the first day, within any period not exceeding one hundred and twenty (120) days, when Commercial Production of Crude Oil has averaged no less than ---------- thousand (x0,000) BOPD over ninety (90) days, or within three (3) Years from the approval of the Preliminary Development Plan, whichever is earlier. The 120 day period shall exclude any days when production may have been decreased pursuant to Articles 12.5(c), 12.5(d) or 12.5(e).

1.40 "**Force Majeure**" means as defined in Article 31.

1.41 "**Gas**" or "**Natural Gas**" means a mixture of hydrocarbons and varying quantities of non-hydrocarbons that exist either in the gaseous phase or in solution with Crude Oil in natural underground reservoirs and when produced remain in gaseous phase at atmospheric conditions of temperature and pressure, and is classified as either Associated Gas or Non-Associated Gas.

1.42 "**Gas Processing Plant Products**" means the dry Gas, LPG, Natural Gasoline and Condensate that are derived from the processing of raw Gas, produced from the Contract Area, in facilities constructed pursuant to an approved Plan.

1.43 "**Government**" means the Government of the Republic of Iraq.

1.44 "**Gross Negligence**" or "**Willful Misconduct**" means any unjustifiable act or omission by Senior Supervisory Personnel which constitutes an intentional, deliberate reckless or conscious disregard of the Best International Petroleum Industry Practices or terms of this Contract in connection with Petroleum Operations.

1.45 "**Joint Management Committee**" or "**JMC**" means the committee formed pursuant to Article 13.

1.46 "**Joint Operating Company**" or "**JOC**" means the company to be established in the Republic of Iraq pursuant to Article 9 for taking over the conduct of Petroleum Operations in accordance with Addendum Three.

1.47 "**Law**" means Iraqi laws, by-laws or regulations, as they may be changed from time to time.

1.48 "**LIBOR**" or "**London Inter-Bank Offered Rate**" means the interest rate determined as the arithmetic average (rounded upward to the nearest one thousandth of a percentage point) of the offered rates for deposits in Dollars for a period of three (3) months as published by the Financial Times (London Edition) on the date which is one (1) business day prior to the beginning of the said three (3) months period corresponding to each interest period. Should the Financial Times rate not be published for a period of seven (7) consecutive days, the Wall Street Journal (New York Edition) shall be used.

1.49 "**Lifting Quarter**" means the Quarter during which Export Oil is available for lifting by Contractor at the Delivery Point, under this Contract and Addendum Four, where any Lifting Quarter shall be the Quarter in which Petroleum Costs, Supplementary Costs and Remuneration are due and payable.

1.50 "**LPG**" means liquefied petroleum gas, normally a mixture of propane and butane.

1.51 "**Minimum Expenditure Obligation**" means that amount which shall be the minimum amount to be spent by the Contractor as specified in Article 6.2.

1.52 "**Minimum Work Obligation**" means the minimum work commitment undertaken by Contractor under Article 6, and Annex E.

1.53 "**Month**" means in respect of any month in a Calendar Year, a period commencing on the first day of such month and ending on the last day of the same month.

1.54 "**Natural Gas Liquids**" or "**NGLs**" means the propane and heavier components of Natural Gas that can be classified according to their vapor pressures; as low vapor pressure (Condensate), intermediate vapor pressure (Natural Gasoline) and high vapor pressure (LPG).

1.55 "**Natural Gasoline**" means the pentane and heavier part of Natural Gas Liquids with a vapor pressure intermediate between Condensate and LPG; having a boiling point within the range of gasoline. It is liquid at atmospheric pressure and temperature; but volatile and unstable; can be blended with other hydrocarbons to produce commercial gasoline.

1.56 "**Natural Gas Condensate**" or "**Condensate**" is a mixture of hydrocarbon liquids that are present as gaseous components in the raw Natural Gas produced from the Contract Area. It condenses out of the raw Gas if the temperature is reduced to below the hydrocarbon dew point temperature of the raw Gas. It contains hydrocarbons that are liquid at normal surface temperature and pressure. In the event Condensate is produced from the Contract Area and is blended with Crude Oil, then the provisions of this Contract shall apply to such Condensate as if it were Crude Oil.

1.57 "**Net Production**" over a certain period of time, means the Barrels of Crude Oil produced from the Contract Area, and from a reservoir specified as a discovered reservoir in Annex D, saved and not used for Petroleum Operations, treated to certain specifications as per approved Plans, or their Revisions, measured and received by Transporter at the Transfer Point(s).

1.58 "**Net Production Rate**" in BOPD**,** means the Net Production for a certain period of time

divided by the number of calendar days in that period of time.

1.59 "**Non-Associated Gas**" means Natural Gas, which is found in a reservoir that does not contain significant quantities of Crude Oil.

1.60 "**Official Selling Price**" or "**OSP**" means SOMO's declared price for each Iraqi Export Oil blend.

1.61 "**Operating Cost**" means recoverable Contractor's costs, expenses, duties, fees, and charges related to Production Operations pursuant to Annex C.

1.62 "**Operator**" means the entity that is designated to conduct Petroleum Operations under this Contract being either the Contractor's Operator, or the Joint Operating Company, all in accordance with Article 9 and Addendum Three.

1.63 "**Participating Interest**" means, in respect of each Contractor's entity, the undivided share expressed as a percentage for such party's participation in the rights, benefits, privileges, duties, liabilities and obligations of Contractor.

1.64 "**Performance Factor**", for the purposes of Article 19.5, means the ratio of the Net Production Rate to the bid Plateau Production Target although in no event shall it exceed one (1.0).

1.65 "**Petroleum**" means all hydrocarbons, including liquid and gaseous hydrocarbons, produced and saved from the Contract Area.

1.66 "**Petroleum Costs**" means recoverable costs and expenditures incurred and payments made by Contractor and/or Operator in connection with or in relation to the conduct of Petroleum Operations (except corporate income taxes paid in the Republic of Iraq or as otherwise stipulated herein) determined in accordance with the provisions of this Contract and the Accounting Procedures.

1.67 "**Petroleum Operations**" means any and all Exploration, Appraisal, Development and Production Operations and other activities related thereto, including transportation of Petroleum to the Transfer Point and abandonment operations including site restoration and decommissioning under this Contract.

1.68 "**Plateau Production Period**" means a period of ----- (----) Years starting with the date on which the Net Production Rate equals or exceeds the Plateau Production Target for a continuous period of thirty (30) days, but in no event starting later than seven (7) Years from the Effective Date.

1.69 "**Plateau Production Target**" is the Net Production Rate that was bid and is to be achieved and sustained for the Plateau Production Period as specified in Article 2.2(c).

1.70 "**Potentially Commercial Discovery**" means a written statement delivered by Contractor to ROC to the effect that Contractor considers a certain Discovery of Petroleum as potentially commercial and intends to submit a Development Plan in relation thereto subject to agreement with ROC on a Remuneration Fee.

1.71 "**Preliminary Development Plan**" has the meaning given in Article 11.2.

1.72 "**Production Operations**" means any and all operations related to production, transportation and storage of Petroleum including (but not limited to) workovers, stimulations, remediation, restoration, operating, staffing, supervising, repairing, decommissioning and maintaining of any and all wells, plants, equipment, pipelines, tank-farms, terminals and all other installations and facilities.

1.73 "**Production Measurement Point**" means the point, immediately upstream of a Transfer Point, where Petroleum production is measured.

1.74 "**Provisional Export Oil Price**" means the arithmetic average of SOMO's declared OSPs for the Delivery Point for the Americas, Europe and the Far East, for the Month preceding the Month in which the Forward Quantity Statement under Addendum Four is provided, or the Month preceding such Month if those OSPs are not available.

1.75 "**Quarter**" means a period of three consecutive Months commencing on the first day of January, April, July, or October of any Calendar Year.

1.76 "**Remuneration**" means the compensation due to Contractor under Article 19 and the Accounting Procedures.

1.77 "**Remuneration Fee**" means the fee in US$ per BOE paid to Contractor for Net Production and Gas Processing Plant Products as calculated pursuant to Article 19.3.

1.78 "**Remuneration Fee Bid**" or "**RFB**" means ____ decimal _____ Dollars (US$ x.yy) per BOE as utilized in Article 19.3.

1.79 "**Revision**", in respect of a Work Program and Budget or Plan, has the meaning given in Articles 12.3 and 12.4, respectively.

1.80 "**R-Factor**" is the ratio of cumulative Cash Receipts to cumulative Expenditures in the conduct of Petroleum Operations pursuant to Article 19.4.

1.81 "**Senior Supervisory Personnel**" means in respect of any Party, any individual who functions as its senior resident manager directing all operations and activities of such Party in the country or region in which he is resident, and any manager who directly reports to such senior resident manager in such country or region, but excluding all managers or supervisors who are responsible for or in charge of installations or facilities, onsite drilling, construction or production and related operations, or any other field operations.

1.82 "**SOMO**" means Iraq Oil Marketing Company.

1.83 "**Standard Cubic Foot**" or "**SCF**" when applied to Gas means the volume of Gas that occupies one (1) cubic foot of space measured dry under an absolute pressure of fourteen point six nine six (14.696) pounds per square inch and a temperature of sixty (60) degrees Fahrenheit.

1.84 "**State Partner**" means ----------, an Iraqi State entity established and existing under the Law.

1.85 "**Sub-Contractor**" means any company or person contracted by the Contractor or Operator to provide goods or services with respect to Petroleum Operations.

1.86 "**Supplementary Costs**" means recoverable costs and expenditures incurred by Contractor, other than those costs defined as Petroleum Costs and as determined in accordance with Articles 7.2, 10.5, 12.7, 17.7 and 41.17, including interest due thereon.

1.87 "**Tax**" means as defined in Article 23.

1.88 "**Tax Year**" means the period of twelve (12) consecutive months according to the Gregorian calendar for which tax returns or reports are required according to the Law.

1.89 "**Term**" means the term of this Contract as defined in Article 3.2.

1.90 "**Training, Technology and Scholarship Fund**" or "**Fund**" means the fund established as defined in Article 26.2.

1.91 "**Transfer Point**" or "**TP**" means the inlet flange of an outgoing pipeline from a Production Measurement Point where Transporter shall receive Petroleum production from Operator.

1.92 "**Transporter**" means the entity(s) designated by ROC to operate the Transportation Facilities and Transportation Systems for transporting Petroleum from the Transfer Point(s) pursuant to Article 17 and Addendum Two.

1.93 "**Transportation Facilities**" means the pipelines, pumps, compressors, tanks, meters, and other transportation facilities that are built by Operator beyond the Transfer Point(s) for transporting Petroleum pursuant to this Contract.

1.94 "**Transportation System**" means, at any time, Transportation Facilities and all other facilities under control of the Transporter beyond the Transfer Point which are necessary for transportation, storage, metering and delivery of Petroleum.

1.95 "**Work Program**" means an itemization and time schedule of the Petroleum Operations to be carried out under this Contract.

1.96 "**Year**" means a period of twelve (12) consecutive months according to the Gregorian calendar; starting on some date or any anniversary of the date.

(End of Article 1)

ARTICLE 2 – SCOPE OF CONTRACT

2.1 This Contract is a Development and Production Service Contract for the ------- Contract Area, in accordance with the provisions herein. It includes 43 Articles, Annexes A, B, C, D, E, and F, and Addenda One, Two, Three, and Four; all attached hereto and made part hereof. In the event of a conflict between this Contract's Articles and the Annexes or Addenda, the provisions of the Articles shall prevail. Any reference to an Addendum herein shall be deemed to include the fully-termed agreement which replaces such Addendum, unless the context requires otherwise.

2.2 Contractor, subject to the provisions herein and in accordance with Best International Petroleum Industry Practices, shall:

(a) provide or arrange to provide services and technologies for conducting Petroleum Operations with the intention to achieve an optimal development of the Petroleum resources within the Contract Area;

(b) achieve First Commercial Production no later than three (3) Years from the approval date of the Preliminary Development Plan;

(c) achieve, no later than seven (7) Years from the Effective Date, a Plateau Production Target at a Net Production Rate of _____ thousand (___) BOPD for the Plateau Production Period;

(d) annually assess and determine the maximum volume of reserves and resources of Petroleum in the Contract Area;

(e) provide or arrange to provide all funding, machinery, equipment, technology, personnel and services necessary for conducting Petroleum Operations;

(f) incur all costs and expenses required for carrying out Petroleum Operations in accordance with approved Development Plans, Work Programs and Budgets in order to achieve the production targets set out in this Article 2; and

(g) fulfill all financial and other obligations of Contractor and enjoy all rights and benefits, in accordance with the provisions of this Contract.

2.3 For a period of five (5) Years from the Effective Date undiscovered potential reservoirs, as defined in Annex D, may be developed and produced under this Contract but shall be

subject to separate fee(s) which the Parties endeavor, in good faith, to agree.

2.4 If, pursuant to Article 2.3, agreement is reached on the development and production of new reservoirs then this Contract will be amended to reflect the agreed fees.

2.5 At any time, the entities constituting the Contractor shall be jointly and severally liable to ROC for all obligations of Contractor under this Contract.

(End of Article 2)

ARTICLE 3 – TERM OF CONTRACT

3.1 The Contract shall come into force on the Effective Date.

3.2 The basic term of this Contract ("Term") shall be twenty (20) Years from the Effective Date. The Term is extendable pursuant to Article 31 and elsewhere in this Contract.

3.3 No later than one (1) Year prior to this Contract's expiry date, Contractor may submit a written request to ROC for an extension of the Term for a maximum period of five (5) Years, subject to newly negotiated terms and conditions.

(End of Article 3)

ARTICLE 4 – SIGNATURE BONUS

4.1 Within thirty (30) days from the Effective Date the Companies shall deposit into a bank account designated by ROC a non-recoverable signature bonus of _____ million Dollars (US$___,000,000).

(End of Article 4)

ARTICLE 5 –RELINQUISHMENT

5.1 For the discovered reservoirs as defined in Annex D Contractor shall:

(a) relinquish to ROC any reservoir(s) not included in the first Final Development Plan.

(b) relinquish to ROC within six (6) Years from the approval date of the first Final Development Plan any reservoir(s) included therein if Development Operations in respect of such reservoir(s) have not commenced in accordance with approved Plans.

5.2 For reservoirs in the Contract Area defined in Annex D as undiscovered potential reservoirs Contractor shall:

(a) relinquish to ROC four (4) Years after the Effective Date its right to explore for any and all reservoirs not the subject of a notice of a Potentially Commercial Discovery.

(b) relinquish to ROC within five (5) Years from the Effective Date any and all reservoirs for which Remuneration Fee(s) have not been agreed.

(c) relinquish to ROC within six (6) Years from the Effective Date any reservoirs on which Development Operations have not commenced in accordance with approved Plans.

5.3 ROC shall be free to explore for, appraise, develop and produce relinquished

reservoir(s) taking care not to hinder or unduly interfere with Petroleum Operations. However, Contractor may propose to match any terms agreed by ROC with a third party in respect of any reservoirs relinquished pursuant to Article 5.2(b) that are more favorable to ROC than those previously offered by Contractor. In this event ROC shall not unreasonably withhold its acceptance of Contractor's proposal to match.

(End of Article 5)

ARTICLE 6 – MINIMUM WORK AND EXPENDITURE OBLIGATIONS

6.1 Contractor shall provide or arrange to provide all the required services, within the respective periods of time and according to the provisions set out in Annex E, to fulfill the Minimum Work Obligation specified therein, for the following activities:

(a) preparation and submission of the Preliminary Development Plan and the preparation of the Final Development Plan;

(b) conduct of seismic surveys, including processing and interpretation thereof;

(c) conduct of detailed geological and reservoir engineering studies, including three dimensional (3-D) simulation;

(d) drilling wells with the aim of appraising, developing and producing reservoirs defined as discovered reservoirs in Annex D, and achieving the Plateau Production Target;

(e) drilling exploration wells or deepening other wells with the aim of discovering undiscovered potential reservoirs as defined in Annex D;

(f) conduct of detailed laboratory and reservoir engineering studies to evaluate most suitable development approaches for the reservoirs programmed to come into production within the Final Development Plan; and

(g) conduct of engineering and related surface facilities and flow assurance studies.

6.2 Contractor shall spend a minimum amount of _____ million Dollars (US$ _,000,000) within three (3) Years of the approval of the Preliminary Development Plan.

6.3 Notwithstanding Article 6.2, the Contractor shall invest the sums consistent with the amounts and timing contemplated in approved Plans, subject to the terms and conditions set forth in this Contract.

6.4 The performance of each Company and the fulfillment of its contractual and financial obligations under this Contract shall be guaranteed by ultimate parent company, through an instrument in the form set out in Annex F. Such guarantee shall be effective as of the Effective Date and shall be delivered to ROC on the date of execution hereof in respect of Companies, and as provided in Article 28 in respect of assignees.

6.5 Ministry of Oil shall provide to Companies a guarantee through an instrument substantially in the form set out in Annex F, to guarantee the performance of the State Partner, Transporter, ROC, SOMO, and any other Iraqi State entity in their fulfillment of their respective contractual and financial obligations under this Contract.

(End of Article 6)

ARTICLE 7 – ROC'S ASSISTANCE

The Parties acknowledge that time is of the essence and ROC shall, in good faith, provide or

procure the provisions of any approval, consent or review required under this Contract in a timely manner.

As permitted by the Law, ROC shall:

7.1 provide Contractor with such pertinent technical data, if any, (in addition to information provided to Companies during the tender process) which may become available from time to time, to be used exclusively for Petroleum Operations;

7.2 ensure that the Contract Area, including all other areas where Petroleum Operations are required under this Contract, shall be free of any mines or hazardous war remnants and free of any claims by third parties. However, in the event a clearing operation is deemed necessary by either Party, Contractor shall prepare the respective work program for discussion with ROC prior to submission to the JMC for approval. Once this work program is approved by the JMC, Contractor shall execute the de-mining work program through competent service providers and fund the related cost, which cost shall be considered as Supplementary Costs and be recovered pursuant to Article 19;

7.3 provide adequate security, through the Iraqi armed forces, within the Contract Area and any other areas in the Republic of Iraq in which Petroleum Operations or operations related to the Transportation Facilities are conducted including during travel to and from such areas. ROC shall be solely liable for the conduct of all security operations by the Iraqi armed forces and Contractor shall not have any liability or obligation to any party for any acts or activities of the Iraqi armed forces or be obliged to reimburse ROC for the cost and expense of providing security as contemplated herein. However, in the event that the Contractor can demonstrate that the security being provided is inconsistent with its HSE policies and Best International Petroleum Industry Practices, the Parties hereby agree that supplementary measures shall be implemented by Contractor, including the short-term engagement of competent private security providers licensed to operate in Iraq, such costs being considered Petroleum Costs, which measures shall be reviewed from time to time in response to changes in security conditions;

7.4 provide assistance and shall use its best efforts to seek the assistance of and/or cooperation by any regional, district and/or local government or other representative, agency or authority of the Government to Contractor and Operator as may reasonably be required to secure and renew all entry visas or work permits for employees of Contractor and Operator or Sub-Contractors and their dependents, all permits and registrations required for each entity constituting Contractor to open and maintain a branch office in the Republic of Iraq, all customs and other clearances required for imports and exports of equipment and supplies required for Petroleum Operations, and assist Contractor and Operator in obtaining the office space, its equipment, accommodation, communication facilities and permits, way-leaves, easements, rights of way, licenses and renewals thereof, all for the purpose of conducting Petroleum Operations;

7.5 provide Contractor and Operator free of charge:

(a) access to the Contract Area including the existing roads and bridges leading to it and other areas where Petroleum Operations are required;

(b) access to and use of water, including water for injection within or outside the Contract Area, for the purpose of Petroleum Operations, provided that all installations for off-take, treatment, distribution, and disposal of water shall be the responsibility of Contractor;

(c) use of Petroleum for Petroleum Operations; and

(d) use of existing wells and facilities within the Contract Area.

7.6 in the event of unintentional infringement on petroleum operations of either Party, the Parties shall convene to agree in good faith on a proper course of action, safeguarding the interests of both Parties.

(End of Article 7)

ARTICLE 8 – TERMINATION

8.1 Termination by ROC

(a) ROC may terminate this Contract: (i) by giving Contractor written notice if the last remaining Company (or its parent company that provides a guarantee), becomes bankrupt or be declared insolvent: or (ii) by giving Contractor three (3) months written notice if Contractor commits a breach of a material obligation of this Contract, including but not limited to:

(i) Contractor knowingly submits a false statement to ROC which is of material consideration for the execution of this Contract;

(ii) last remaining Company assigns any interest, right or obligation under this Contract contrary to the provisions of Article 28; or

(iii) Contractor fails to comply with approved Development Plans, Work Programs or Budgets. For the avoidance of doubt, if Contractor fails substantially to achieve the Plateau Production Target or Plateau Production Period for reasons including inadequate investment and/or failure to observe and apply Best International Petroleum Industry Practices, ROC may consider this to be a failure within the context of this Article and exercise its rights under this Contract.

(b) If Contractor has remedied its breach pursuant to Article 8.1(a) within the three (3) months' notice period, ROC shall consider the notice as no longer being in effect. If ROC reasonably believes that Contractor is doing its best to remedy the breach and its efforts look promising, then ROC shall extend the notice period accordingly.

(c) If ROC terminates this Contract in accordance with Article 8.1(a), Contractor shall:

(i) forfeit all its future rights and interests under this Contract as from the date of termination;

(ii) release ROC from any and all actions, claims, demands and proceedings that may arise out of such termination other than in respect of a dispute in relation to such termination; and

(iii) pay ROC any unspent portion of the Minimum Expenditure Obligation. Otherwise, ROC shall be entitled to recover such balance from Contractor by any means it may deem appropriate.

(d) If Petroleum Operations are suspended or substantially curtailed for a period exceeding twelve (12) consecutive Months due to Force Majeure, either ROC or Contractor may terminate this Contract after giving two (2) months written notice. Upon such termination, the provisions of Articles 8.1(c)(i) and 8.1(c)(ii) shall apply, and ROC shall compensate Contractor for accrued but unpaid Petroleum Costs, Supplementary Costs and Remuneration up to the date of termination.

(e) If Contractor suspends its obligations in respect of Petroleum Operations by order or decree of the government of the home country of any of the Companies or their parent companies, ROC shall have the right to assume full responsibility for Petroleum Operations in any way it deems appropriate after giving Contractor one (1) month written notice to this effect. However, if such suspension continues for a period exceeding one (1) Year, ROC shall have the right to terminate this Contract after giving Contractor two (2) months written notice. Upon such termination, the provisions of Article 8.1(c) shall apply, and Contractor shall be entitled to no compensation whatsoever. However, if at any time during the period when Contractor has suspended its obligations and prior to the end of the termination notice, Contractor gives ROC notice that it is able and willing to resume its obligations with respect to Petroleum Operations, ROC and Contractor shall agree on the best course of action to resume Contractor's obligations and on the payment by ROC of any outstanding Petroleum Costs, Supplementary Costs and Remuneration that were due and payable to Contractor prior to the period of suspension. It is understood that Contractor shall not be entitled to any Petroleum Costs, Supplementary Costs and Remuneration during the period of suspension.

(f) If Contractor fails to establish a normal presence in the Republic of Iraq, as manifested by the deployment of necessary personnel and equipment required to conduct Petroleum Operations within six (6) months after the approval date of the Preliminary Development Plan, and in due consideration of Articles 7 and 31.5, ROC shall have the right to terminate this Contract after giving Contractor two (2) months written notice. Upon such termination, the provisions of Article 8.1(c) shall apply, and Contractor shall be entitled to no compensation.

8.2 Termination by Contractor

If Contractor elects to terminate this Contract before the end of its Term, Contractor shall give ROC three (3) months written notice to this effect giving reasons for such election. If by the end of the said notice period the Parties have not agreed on a course of action other than termination, then Contractor may terminate this Contract after giving ROC a further one (1) month written notice. Upon such termination, the provisions of Article 8.1(c) shall apply.

8.3 In the event of termination of this Contract (whether by ROC or by Contractor), in accordance with this Article 8, Contractor hereby warrants that it shall not obstruct, hinder or otherwise interfere with Petroleum Operations.

8.4 The provisions of this Contract that by their nature survive termination or expiry of this Contract (including indemnities, liabilities, audit, confidentiality, governing law and arbitration) shall remain in full force and effect for a period of three (3) Years after such termination or expiry.

8.5 The provisions of Article 8 shall not prejudice the Parties' rights to refer any dispute in relation to the termination of this Contract to be resolved in accordance with Article 37.

(End of Article 8)

ARTICLE 9 – CONDUCT OF PETROLEUM OPERATIONS

9.1 Until ROC opts for the formation of a JOC, pursuant to this Article 9, Contractor's Operator shall conduct Petroleum Operations under the general supervision and control of a JMC formed pursuant to Article 13. In the event that permission is granted to a third

party(ies) to operate within the Contract Area such as for operations that are not related to Petroleum Operations, operations involving reservoir(s) that have been relinquished pursuant to Article 5, or sole-risk operations under Article 12.7, ROC shall take necessary measures to ensure that such operations within the Contract Area shall not obstruct, hinder, or unduly interfere with Petroleum Operations. ROC shall indemnify and hold Contractor harmless of any damage, cost, or delay caused by or resulting from any such third party operations.

9.2 Contractor appoints ------- to serve as Contractor's Operator to conduct Petroleum Operations before the establishment of the JOC. Promptly upon Effective Date, Contractor's Operator shall agree with ROC an interim Work Program and Budget capable of lasting until the approval of the Preliminary Development Plan pursuant to Article 12.2.

9.3 Contractor shall not change the Contractor's Operator without the prior written consent of ROC.

9.4 At any time after Contractor first achieves an R-Factor equaling or exceeding one point zero (1.0) pursuant to Article 19.4, but in no event earlier than seven (7) Years after the Effective Date, ROC shall have the option to call for the formation of a Joint Operating Company, which shall be jointly owned and managed by the Parties but funded by the Contractor. The JOC shall serve as Operator and conduct Petroleum Operations on behalf of the Parties under the general supervision and control of a Board of Directors in accordance with this Contract and Addendum Three, and all in accordance with approved Development Plans, Work Programs and Budgets.

9.5 Within one (1) Year of ROC's decision for the formation of the JOC, the Parties shall establish the JOC consistent with the JOC Heads of Agreement which are set out in Addendum Three.

9.6 The Parties shall agree in due time to a plan and a procedure for the transfer of operatorship from Contractor's Operator to the JOC, taking into consideration that the transfer plan shall include but not be limited to:

(a) an arrangement for the establishment of the JOC;

(b) a list of the various positions to be taken over by the JOC;

(c) a schedule of transfer stages which culminates in the completion of the transfer within one (1) Year of the date on which the JOC comes into existence pursuant to Article 9.4;

(d) inventories of the relevant facilities, equipment, documents, manuals, data and information necessary for the Petroleum Operations; and

(e) a program which ensures that substantially all operational and management positions necessary for the continuation of Petroleum Operations after the expiry of this Contract are held by Iraqi nationals.

9.7 Contractor's Operator shall, in accordance with the transfer schedule, transfer to the JOC control of all facilities and equipment relating to Petroleum Operations and all documents, manuals, data and information regarding the use and operation of such facilities and equipment so that the JOC personnel are able to manage and operate such facilities and equipment in accordance with the Best International Petroleum Industry Practices.

9.8 The transfer of the accounting and financial aspects shall be handled in accordance with the Accounting Procedures.

9.9 During the preparations for the transfer of operatorship to the JOC and in the course of the actual transfer, Contractor's Operator shall perform the functions and fulfill the obligations provided for in this Contract in respect of Petroleum Operations. Thereafter, the functions, obligations and rights of the Operator provided for in this Contract shall, by analogy, be applicable to the JOC in accordance with the provisions of this Contract and Addendum Three.

9.10 After the JOC has taken over conduct of Petroleum Operations and has become Operator, Contractor shall continue to have the obligation of joint management of JOC and a major role in all the planning, decisions, surveillance, and day-to-day conduct of Petroleum Operations. In general, Contractor shall make available its managerial and technological skills and personnel to JOC to ensure that Petroleum Operations are performed in accordance with the Best International Petroleum Industry Practices. In particular, Contractor shall continue to prepare and submit for ROC's approval annual Work Programs and Budgets, Development Plans, and their Revisions. The establishment of the JOC shall in no way relieve Contractor of its obligations to achieve the Plateau Production Target under this Contract.

9.11 Expenses directly incurred by ROC and approved by the JMC in the set-up, transfer and takeover of Petroleum Operations by the JOC shall be paid by Contractor and charged to the Operating Account in accordance with the Accounting Procedures. It is understood that any commitments entered into by ROC prior to the Effective Date that cover activity specified in the Minimum Work Obligation shall be honored and funded by Contractor, which funding shall be Petroleum Costs. However, Contractor shall have the right to review these commitments and, following consultation with the ROC, may terminate such commitments subject to the provision of suitable alternative arrangements.

9.12 Not later than the twentieth (20^{th}) day of each Month, the Operator shall furnish Contractor with a detailed written estimate of its total cash requirements for the succeeding Month expressed in Dollars, in accordance with approved Work Programs and Budgets.

Such estimate shall take into consideration any cash expected to be on hand at Month end. Payment by Contractor for the succeeding Month shall be made directly to the correspondent bank designated in Article 9.13 on the first (1^{st}) day of the Month, or the next following working day, if such day is not a working day.

9.13 Operator is authorized to keep at its own disposal abroad, in an account opened with a bank with a minimum credit rating of A in the publications of the Standard and Poor's Rating Group (or equivalent of Fitch Ratings or Moody's Investors Service), the foreign funds advanced by Contractor. Interest or similar income generated by the account shall be credited to the account. Withdrawals from said account shall be used for payment for goods and services abroad and for transferring to a local bank in the Republic of Iraq the required amounts to meet expenditures in Dinars for the Operator in connection with Petroleum Operations, converted at the applicable rate of exchange available as published by the Iraqi Central Bank on the date of conversion. Within sixty (60) days after the end of each Financial Year, Operator shall submit to the appropriate exchange control authorities in the Republic of Iraq a statement, duly certified by a recognized firm of independent auditors, showing the funds credited to the account, the disbursements made out of the account and the balance outstanding at the end of such Financial Year.

9.14 Operator shall diligently conduct Petroleum Operations in compliance with the Law, and in accordance with Best International Petroleum Industry Practices.

9.15 Operator's activities aboveground and underground shall be designed to achieve

efficient and safe production of Petroleum from the Contract Area. Operator shall ensure that all materials, equipment, and facilities used in Petroleum Operations comply with generally accepted engineering norms, are of proper and acceptable construction, and are kept in good working order throughout the Term. The Parties shall at least one (1) Year before the expiry of this Contract agree on a detailed procedure for handing-over Contract Area Petroleum Operations and related facilities to ROC as a going concern.

9.16 Operator shall take all appropriate and necessary measures, in accordance with the Law, to safeguard the environment and prevent pollution which may result from Petroleum Operations, and to minimize the effect of any pollution which may occur.

9.17 Each of ROC, Contractor and Operator shall take all appropriate and necessary measures, in accordance with the Law and international standards to uphold transparency, accountability and the strict observance of general business ethics and anti-corruption laws and regulations. ROC, Contractor and Operator shall develop procedures and guidance documents to secure compliance with the above.

9.18 Operator shall conduct Petroleum Operations in accordance with the provisions of this Contract under the general supervision and control of the JMC or BOD, as the case may be.

9.19 Operator shall:

(a) provide all personnel required for the Petroleum Operations, giving first priority to Iraqi nationals, provided the Iraqi nationals have the required qualifications and experience;

(b) without prejudice to the Contractor's right to occupy positions in the JOC, adhere to employment and training programs which shall aim at the Iraqization of Operator's manpower; all pursuant to a plan to be submitted by the Operator for approval by the JMC or BOD no later than six (6) Years from the Effective Date;

(c) utilize Sub-Contractors and suppliers of proven capability and professional experience on a competitive basis and in accordance with the tendering procedures established pursuant to Article 9.21(c), keeping the JMC or BOD informed accordingly. Any purchase order and sub-contract shall be in accordance with approved Work Programs and Budgets;

Operator may approve awards of any individual purchase order or sub-contract up to and including twenty million Dollars (US$20,000,000) in value. However, prior approval shall be obtained before award of any individual purchase order or sub-contract, giving details of bids received and the basis for the recommended award, as follows:

(i) by JMC or BOD for awards above twenty million Dollars (US$ 20,000,000) and up to and including one hundred million Dollars (US$ 100,000,000) in value;

(ii) by ROC for awards above one hundred million USD (US$100,000,000) in value, where such written approval shall not to be unreasonably withheld, provided if the total period taken by ROC exceeds forty five (45) days then approval of any such purchase order or sub-contract is deemed to have been provided by ROC. If ROC communicates within the specified period its non-approval of the award in question then the matter shall be promptly referred to the senior management of the Parties for resolution; and

(d) prepare and issue reports pursuant to Article 15, and provide any further information as may reasonably be required by ROC.

9.20 Operator shall place fixtures and installations inside and outside the Contract Area as necessary to carry out Petroleum Operations, in accordance with approved Plans. Transportation Facilities that are integrated into the Transportation System shall be handed over upon completion and commissioning to the Transporter, which will thereafter be responsible for the operation and maintenance thereof, in accordance with the provisions of Addendum Two and the subsequent Petroleum Transfer Agreement.

9.21 Promptly after the Effective Date, but not later than six (6) months thereafter, Operator shall prepare and submit for JMC approval, in accordance with Article 12, the following operating procedures:

(a) employment procedures and personnel regulations for locally recruited personnel including scales of salaries, wages, benefits, and all allowances applicable to the respective grade of staff and employees, together with employment requirements such as standard job descriptions and qualifications to fill the jobs, all in accordance with the Law and local market conditions. Equitability of basic salaries and terms of employment between Iraqis and non-Iraqis of similar qualification and experience shall be observed, with allowances and special benefits as appropriate for non-Iraqis;

(b) benefits and allowances to be paid in the Republic of Iraq to assigned personnel referred to in Annex C during the assignment for Petroleum Operations;

(c) tendering, bidding and contract awarding procedures for engineering, drilling, construction and other service contracts, and procedures for purchasing materials and equipment, all on a competitive basis (unless otherwise agreed by the JMC or BOD), taking into account provisions of this Contract, Best International Petroleum Industry Practices and the Law; and

(d) a detailed accounting system to be adopted by Operator based on the provisions of Annex C.

(End of Article 9)

ARTICLE 10 – GAS AND NATURAL GAS LIQUIDS

10.1 Gas shall not be flared except pursuant to the Law, and as provided herein.

10.2 Operator may use, free of charge, Gas for Petroleum Operations. Gas may also be used for injection or re-injection into reservoir(s) for the purpose of pressure maintenance, enhanced recovery or temporary storage, and any other feasible utilization.

10.3 Upon prior consent of ROC, Operator may flare Gas; provided, however, that the period and volume of Gas flaring shall be kept to the absolute minimum. Gas may also be flared in limited quantities for testing and maintenance purposes and in emergency cases.

10.4 Contractor shall submit to the JMC or BOD, as part of any Plan, proposed economically and technically feasible schemes for treating, processing, utilization, and/or disposal of all Gas produced and not used in Petroleum Operations. Contractor shall finance and build the necessary facilities to treat and process Gas, in accordance with an approved Plan.

10.5 If agreed in an approved Plan, Contractor shall finance and/or build Transportation Facilities downstream of the Transfer Point. Transportation Facilities built by Contractor related to the transportation of Gas beyond the Transfer Point shall be handed over upon completion and commissioning to the relevant Iraqi entity designated by ROC, which shall thereafter be responsible for the operation and maintenance thereof. All costs and expenses incurred by Contractor in connection with this Article shall be recovered as Supplementary Costs.

10.6 All costs and expenses incurred by Contractor in connection with the production, treatment, processing, re-injection, transportation, delivery, and disposal of Gas upstream of the Transfer Point shall be recovered as Petroleum Costs.

10.7 Gas Processing Plant Products that are delivered to ROC at the Transfer Point(s) shall generate Remuneration as provided under Article 19.3.

(End of Article 10)

ARTICLE 11 – DEVELOPMENT PLANS AND WORK PROGRAMS

11.1 Contractor and Operator are obligated to develop the discovered reservoir(s) within the Contract Area and maintain the required delivery capacities in accordance with the approved Development Plans and terms of the Petroleum Transfer Agreement; heads of which are set out in Addendum Two.

11.2 Promptly after the Effective Date, and in any case not later than six (6) months thereafter, Contractor shall prepare and submit the Preliminary Development Plan, presenting, in the light of the available knowledge of the reservoir(s) within the Contract Area, the overall targets and phases of development of the reservoir(s) within the Contract Area. The Preliminary Development Plan shall include:

(a) a program designed to achieve First Commercial Production as soon as possible but no later than three (3) Years from approval of the Preliminary Development Plan;

(b) a program designed to explore the undiscovered potential reservoirs, as specified in Annex D, within three (3) Years of the approval of the Preliminary Development Plan;

(c) a program for the Appraisal of reservoir(s) within the Contract Area which require and justify further Appraisal Operations, including a time schedule for geophysical surveys and any interpretations of data relating thereto, geological and reservoir engineering studies, as well as laboratory work and field data gathering programs. The Appraisal Program is aimed at acquiring technical data required to conceive the Final Development Plan embracing the whole Contract Area; and

(d) a Work Program and Budget for the remainder of the current Calendar Year.

11.3 Contractor shall prepare and submit for approval annual Work Programs and Budgets, including production schedules for the succeeding Calendar Years, not later than the first of October of each Calendar Year.

Each annual Work Program and Budget shall set out in detail by Quarter all aspects of proposed Petroleum Operations to be carried out including all relevant data and information, the estimated cost and duration of each operation, the estimated monthly rate of production for each reservoir within the Contract Area and all other relevant data

and information. The Work Program and Budget shall also include a forecast of yearly activities for the four (4) Year period following the end of the relevant Calendar Year or the period up to the expiry of this Contract whichever is shorter.

11.4 No later than three (3) Years from the Effective Date, the Contractor shall prepare the Final Development Plan, which shall, upon approval by ROC, supersede the Preliminary Development Plan.

11.5 Contractor and Operator shall conduct Petroleum Operations in a manner that is designed to achieve the Plateau Production Target within three (3) Years of the approval date of the Final Development Plan, but no later than seven (7) Years after the Effective Date. Development Plans submitted by Contractor for approval must contemplate achieving the Plateau Production Target within such time period.

11.6 Contractor shall prepare and submit Revisions and corresponding cost estimates as necessary for required approvals.

11.7 All Plans and production schedules shall be based on sound geological, reservoir, engineering, economic and health, safety and environmental principles, all in accordance with the Best International Petroleum Industry Practices, and with the objective of optimizing production and maximizing the volume of recoverable reserves of Petroleum from the Contract Area.

11.8 Development Plans shall include as a minimum the following:

(a) details of the proposed development area;

(b) summary of reservoir studies;

(c) proposals relating to additionally required Appraisal, if any;

(d) proposals relating to the spacing, drilling and completion of wells and the surface facilities, installations and pipelines required for the production, treating, transportation, processing, and delivery of Petroleum;

(e) forecast of annual production and an estimate of relevant investments involved; and

(f) a description of any Petroleum processing, sales and transportation agreements or other off-take arrangements, including the principal terms of such arrangements, the relevant Transfer and Delivery Point(s), and any Transportation Facilities to be constructed.

(End of Article 11)

ARTICLE 12 – APPROVAL OF DEVELOPMENT PLANS AND WORK PROGRAMS

12.1 No Petroleum Operations shall be carried out unless and until the relevant Work Program, Budget, and Development Plan, or their Revisions, has been duly approved.

12.2 Contractor shall prepare and submit to the JMC, or the BOD, in a timely manner its proposals concerning the Plans, or their Revisions as well as the annual Work Programs and Budgets or their Revisions, and any administrative, accounting or other operating procedures, complete with supporting studies, data and information, for approval in accordance with the following procedure:

(a) within fourteen (14) days of receiving Contractor's initial or revised proposal, in respect of annual Work Programs and Budgets, and any administrative, accounting or other operating procedures, the JMC or BOD shall either approve

the proposal or return it to the Contractor with recommended changes. Contractor shall, within a further fourteen (14) days of receiving recommended changes, amend and re-submit the proposal to the JMC or BOD for approval;

(b) within twenty (20) days of receiving Contractor's proposed Plan or Revision the JMC or BOD shall review the Plan or Revision and pass to the ROC for endorsement or return to the Contractor with recommended changes. Contractor shall amend the Plan or Revision and re-submit to the JMC or BOD for recommendation to ROC no later than twenty (20) days thereafter;

(c) within thirty (30) days of receiving a Plan or Revision from the JMC or BOD, the ROC shall advise Contractor and the JMC or BOD of its endorsement or rejection. In the event of a rejection the ROC shall provide written advice as to the reasons for its rejection;

(d) it is understood that the Parties shall make their best endeavors to expedite the approval process through close interaction and consultation, and, if necessary, through the intervention of their senior managements;

(e) if certain aspects of a Work Program or Budget remain unresolved after submission to senior management the Parties agree that the Operator will be authorized to act as though the most recent submission by the Contractor has been approved until such time as final resolution of disputed items has occurred; and

(f) time periods in this Article 12.2 shall be subject to appropriate extensions corresponding to any delay resulting from Force Majeure or as otherwise agreed between the Parties. In either case, if the total period taken for approval and endorsement by ROC of the Preliminary Development Plan or the Final Development Plan exceeds one hundred and twenty (120) days, then the Term together with all rights and obligations hereunder shall be extended to reflect the additional time taken for approvals.

12.3 After the approval of the annual Work Program and Budget by the JMC or BOD, it shall be implemented by Operator under the general supervision and control of the JMC or BOD. Operator may make minor changes to the details of an approved Work Program or Budget, provided, however, such changes shall not change the budgeted amount for each major line item by more than ten percent (10%), change the total approved Budget by more than five percent (5%), or alter the general objectives of the Work Program. Otherwise, the change shall be considered a Revision calling for the JMC's or BOD's prior approval unless such changes are warranted under emergency or extraordinary circumstances requiring immediate action, including but not limited to safeguarding lives or property, protection of the environment or for health reasons. Such emergency changes shall be reported by Operator to the JMC or BOD and ROC within five (5) working days.

12.4 Any modification to an approved Plan that alters the general objectives of that Plan or changes the total estimated cost by more than ten percent (10%) shall be considered a Revision which shall be subject to approval in accordance with this Article 12.

12.5 ROC shall have the right to review the proposed level of production in respect of any proposed or approved Work Program and may, upon written notification, require Contractor and/or Operator to increase or decrease the rate of production from the Contract Area for any of the following reasons:

(a) to avoid material damage to reservoirs;

(b) for health, safety or environmental considerations;

(c) for short-term operational requirements;

(d) for Government imposed curtailment; or

(e) for curtailments due to failure of Transporter to receive Net Production or Gas Processing Plant Products at Transfer Points through no fault of Contractor or Operator.

12.6 In case reduction of Petroleum production is to be applied pursuant to Article 12.5(d), ROC shall apply such reduction in a non-discriminatory manner to all of its production from the Republic of Iraq. In case reduction of Petroleum production is to be applied pursuant to Article 12.5(e), ROC shall apply such reduction in a non-discriminatory manner to all producers sharing the affected facilities. During the periods when the rate of production is decreased due to production curtailment imposed under Article 12.5(d) or Article 12.5(e), the Remuneration Fee Bid adjustment under Article 19.5 shall cease to apply and the Parties shall agree in good faith a mechanism to fully compensate Contractor as soon as practicable, which may include, amongst other things, a revised production schedule or an extension to the Term or payment of lost income to Contractor in respect of the estimated volumes not produced during the period for which the production levels are curtailed under Article 12.5(d) or Article 12.5(e).

12.7 ROC may, at any time by written notice, request Contractor to fund and Operator to execute specific works or build specific facilities not included in approved Plans or associated Work Programs and Budgets. If agreed by Contractor, Operator shall amend the relevant Work Program, Budget or Development Plan within ninety (90) days of receiving such notice. All costs associated with the construction and operation of the additional facilities or works paid for by the Contractor shall be considered Supplementary Costs. If Contractor decides not to share the potential risks and rewards of such works and facilities in accordance with this Contract, the costs thereof shall be borne by ROC. In such event, ROC shall have the right to appoint a third party to execute the works taking care not to hinder or unduly interfere with Petroleum Operations, and the said works shall be conducted by and for ROC's sole risk and reward.

(End of Article 12)

ARTICLE 13 – JOINT MANAGEMENT OF PETROLEUM OPERATIONS

13.1 The Parties shall establish, within thirty (30) days from the Effective Date, the Joint Management Committee for the purpose of general supervision and control of Petroleum Operations until the Date of Transfer of Operatorship (after which date the functions of the JMC shall be transferred to the BOD). Unless agreed otherwise, ROC shall nominate four (4) members, including the chairman. Contractor shall nominate four (4) members, including the deputy chairman, the secretary, and a member from the State Partner. The Parties shall also designate one alternate to each of their members and shall promptly inform each other in writing of any change of the members or alternates.

13.2 JMC or BOD shall have the following duties and authorities related to Petroleum Operations:

(a) review and recommendation of Plans and any Revisions thereof;

(b) review and approval of annual Work Programs and Budgets, production schedules, and any Revisions thereof;

(c) review and approval of operating procedures pursuant to Article 9;

(d) review and/or approval of the award of contracts to Sub-Contractors and purchase orders as applicable pursuant to Article 9.19(c);

(e) approval of training programs and Iraqization plans for integrating Iraqi personnel into various aspects of Petroleum Operations, pursuant to Articles 9.21(a) and (b) and 26.2;

(f) supervision and control of the implementation of approved Development Plans and Work Programs and the overall policy of Operator;

(g) review and approval of manpower levels and organization chart of Operator;

(h) review of Quarterly statements, annual accounts and other financial statements related to Petroleum Operations; and

(i) review of periodical and other reports submitted by Contractor or Operator and issue of comments and recommendations to ensure proper implementation of Petroleum Operations in accordance with the provisions of this Contract; and

(j) recommendation of the appointment of the independent international auditor as per Article 20.4.

13.3 Decisions of the JMC shall be taken by unanimous vote of the members or their alternates present at the meeting or by proxy. In the event that the JMC is unable to reach a unanimous decision in respect of any issue for which it is responsible under this Contract, then the issue shall be promptly referred to the senior management of the Parties for resolution. The quorum shall be at least three (3) members or alternates of each Party. Decisions taken by the JMC shall be recorded in official minutes signed by the members present and communicated by the Operator to the Parties.

13.4 JMC shall meet whenever necessary or expedient for the implementation of this Contract and at any time a Party requests a meeting to be held. In any event the JMC shall meet at least four times per Year, ideally every Quarter. A meeting of the JMC may be convened by either Party giving not less than twenty (20) days prior written notice to the other Party or, in a case requiring urgent action, by giving reasonable shorter notice, with decisions by way of circulated written resolutions. Operator shall prepare the agenda and necessary documents prior to such meetings and communicate the same to the members of the JMC. Either Party may add, with seven (7) days prior notice except in the case of emergency, any matter related to Petroleum Operations.

13.5 JMC may adopt such procedures as it deems appropriate regarding the conduct of its functions, meetings, and other related matters. For the purpose of facilitating the conduct of its functions, the JMC may appoint such appropriate sub-committees as shall from time to time be required.

13.6 All reasonable costs incurred by Contractor and approved by the JMC for the carrying out of JMC's or its sub-committees' duties shall be considered as Petroleum Costs.

13.7 Decisions made by JMC or BOD shall not release the Contractor from its obligations under this Contract.

(End of Article 13)

ARTICLE 14 – DATA AND SAMPLES

14.1 All original data and samples obtained by Contractor or the Operator shall be the property of ROC.

14.2 Contractor and Operator shall provide ROC, free of charge, with copies of any and all

data obtained as a result of Petroleum Operations including, but not limited to, geological, geophysical, geochemical, petrophysical, engineering, well logs, maps, magnetic tapes, cores, cuttings and production data as well as all interpretative and derivative data, including reports, analyses, interpretations and evaluation prepared in respect of Petroleum Operations (hereinafter referred to as "Data"). Contractor and Operator shall have the right to make use of such Data, free of charge, for the purpose of Petroleum Operations.

14.3 Contractor and Operator may, for use in Petroleum Operations, retain copies or samples of material or information constituting the Data and, with the approval of ROC, original material. Where such material is capable of reproduction or division, and when originals have first been delivered to ROC, Contractor and Operator may export samples or other reproduced material for processing or laboratory examination or analysis, taking into consideration whether such analysis can be conducted in the Republic of Iraq. Contractor and Operator shall guarantee the proper handling and keeping of exported samples, and that such exports shall be returned to the Republic of Iraq within a maximum period of three (3) months from the date of completion of any study, analysis or processing thereof, except for the consumable samples and materials.

14.4 Contractor and Operator shall save and keep in the Republic of Iraq, for a minimum period of one (1) Year, representative portions of each sample of cores and cuttings taken from drilled wells, to be disposed of or forwarded to ROC in a manner directed by ROC.

14.5 Contractor shall work with ROC to cause the establishment of entities in the Republic of Iraq capable of analyzing and processing Data obtained during Petroleum Operations.

(End of Article 14)

ARTICLE 15 – REPORTS AND RECORDS

15.1 Operator shall report in writing to the Parties the progress of Petroleum Operations according to the following schedule:

(a) within one (1) Month of the last day of March, June, September and December covering the previous Quarter; and

(b) within three (3) Months of the last day of December covering the previous Calendar Year.

15.2 A report under Article 15.1 shall contain, without limitation, the following in respect of the period which it covers:

(a) details of Petroleum Operations and the factual information obtained;

(b) description of the area in which Contractor and Operator have operated;

(c) account of the expenditure on Petroleum Operations in accordance with the Accounting Procedures; and

(d) maps indicating all bore-holes, wells and other Petroleum Operations.

15.3 Contractor and Operator shall prepare at all times accurate and current records of their operations. Such records shall be maintained by Contractor and Operator in accordance with procedures to be established by the JMC or BOD, and in accordance with Best International Petroleum Industry Practices.

15.4 Operator's reports on Petroleum Operations shall comply with the Law.

(End of Article 15)

ARTICLE 16 – ACCESS AND INSPECTION

16.1 ROC's duly authorized inspectors shall, upon written prior notice to the Operator and Contractor, have access to the Contract Area and any other area where Petroleum Operations are being carried out, for the purpose of inspection of the same. Such inspectors may examine the books, registers and records of Operator and may require Operator to make a reasonable number of surveys, drawings, tests and the like for the purpose of enforcing the provisions of this Contract. They shall, for this purpose, be entitled to make reasonable use or inspection of devices, machinery and instruments used for measurement and other Petroleum Operations. The inspectors shall make all reasonable efforts to conduct any inspection in a manner that will result in a minimum of inconvenience and interruption to the Petroleum Operations, and the inspectors shall always take due account of the advice from the Operator and the Contractor when conducting the inspections. Such inspectors shall be given assistance by the agents and employees of Operator to facilitate the objectives of their task and to avoid endangering or hindering the safety or efficiency of Petroleum Operations. Operator shall offer such inspectors all privileges and facilities afforded to its own staff in the Contract Area and shall provide them, free of charge, with reasonable office space and adequately furnished housing and lodging while they are in the Contract Area whether on a temporary or permanent basis.

16.2 Competent Government authorities shall have access to the Contract Area and to the operations conducted therein by Operator, in the course of carrying out their duties in accordance with the Law. Operator shall offer the necessary assistance and services to such officials free of charge in order to facilitate their objectives.

16.3 Reasonable costs and expenses incurred by Contractor or Operator in implementing the provisions of this Article shall be considered as Petroleum Costs.

(End of Article 16)

ARTICLE 17 – MEASUREMENT, TRANSFER, AND DELIVERY OF PETROLEUM

17.1 The volume and quality of Petroleum shall be measured at Production Measurement Point(s) immediately upstream of the relevant Transfer Point(s). The location of the Production Measurement Point(s) and Transfer Point(s) shall be specified in approved Plans.

17.2 In accordance with Addendum Two, the Operator shall deliver Net Production and any Gas Processing Plant Products to Transporter(s), on behalf of ROC, at the respective Transfer Point(s). The transportation of Petroleum from the Transfer Point(s) to the Delivery Point(s) shall be carried out by the Transporter(s), under the terms of Addendum Two and the subsequent Petroleum Transfer Agreements. Transporter(s) shall act exclusively on behalf of ROC, and Contractor and Operator shall have no liability or obligations in respect of the transportation of Petroleum from the Transfer Point(s) to the Delivery Point(s) except as set forth in Article 17.6 and Annex E.

17.3 Methods and procedures for measurement of volume and quality of Petroleum at the Transfer Point(s) shall be as per Addendum Two and the subsequent Petroleum Transfer Agreements. Methods and procedures for measurement of volume and quality of Export Oil at the Delivery Point shall be as per standard practice of SOMO in respect

of the Export Oil.

17.4 Petroleum from the Contract Area may be commingled with correspondent streams produced from other fields. If Contractor chooses to receive Petroleum Costs, Supplementary Costs and Remuneration in the form of Export Oil, the quality of Export Oil that may be lifted by Contractor at the Delivery Point shall be the available Iraqi Export Oil that is nearest to the quality of Crude Oil produced in the Contract Area unless otherwise agreed by the Contractor with SOMO.

17.5 The volume of Export Oil that may be lifted by Contractor at the Delivery Point shall be determined in accordance with Articles 18 and 19 and Addendum Four.

17.6 Prior to delivery at the Transfer Point(s), Net Production and Gas Processing Plant Products shall satisfy the minimum quality and condition specifications defined in the relevant approved Plan.

17.7 In accordance with an approved Plan Contractor shall finance and/or build Transportation Facilities downstream of the Transfer Point(s) over and above those required by Annex E. In the event that Contractor finances and/or builds such Transportation Facilities, they shall be handed over to the Transporter(s) upon completion and commissioning. Any costs and expenses incurred by Contractor or Operator pursuant to this Article 17.7 shall be Supplementary Costs.

(End of Article 17)

ARTICLE 18 – VALUATION OF PETROLEUM

18.1 It is the intent of both Parties that the pricing of Export Oil for all purposes under this Contract shall reflect the prevailing export market price FOB Delivery Point.

18.2 The Export Oil Price for each quantity and quality of Export Oil that may be lifted by Contractor, during any Month in a Lifting Quarter, shall be SOMO's declared OSP for:

(a) the Month of loading for such quantity;

(b) the quality and Delivery Point for such quantity; and

(c) the final destination to which such Export Oil is delivered by the Contractor.

For the avoidance of doubt in calculating the Export Oil Price for any quantity of Export Oil the standard provisions stipulated in SOMO's standard crude oil sales agreements, shall be applied including provisions relating to (a) API escalation/de-escalation, and (b) freight protection.

18.3 In the event that Export Oil market conditions oblige SOMO to adopt a different pricing mechanism, SOMO shall promptly advise Contractor of the new pricing mechanism.

18.4 The determination of the Export Oil Price, as above, (used for actualizing the quantities of Export Oil that may be lifted by Contractor in each Month of the said Lifting Quarter) as well as adjustments required to the quantity of Export Oil to be lifted (due to the timing between estimated and actual dates of lifting) shall be pursuant to Addendum Four and Annex C (Article 9.6).

18.5 Contractor shall cooperate with SOMO in areas such as:

(a) assessment of worldwide evolution in export qualities of crude oil;

(b) market studies and outlet forecasts in various market areas; and

(c) other information concerning Export Oil market conditions.

The costs of such cooperation shall be paid by Contractor.

(End of Article 18)

ARTICLE 19 – PETROLEUM COSTS, SUPPLEMENTARY COSTS AND REMUNERATION

19.1 For the Petroleum Operations performed under this Contract, and in accordance with Article 27, Contractor is entitled to Petroleum Costs, Supplementary Costs and Remuneration.

19.2 Contractor shall start charging Petroleum Costs to the Operating Account as from the Effective Date, in accordance with this Contract and the Accounting Procedures, but the same shall be due and payable in accordance with Article 19.6.

19.3 Contractor shall become entitled to Remuneration and shall start charging the same to the Operating Account only from the date of First Commercial Production.

(a) For any Quarter commencing with the Quarter in which the First Commercial Production occurs, the Remuneration shall be an amount equal to the sum of:

(i) the product of the applicable Remuneration Fee and Net Production, subject to the performance adjustment in Article 19.5;

(ii) the product of the applicable Remuneration Fee and any Gas Processing Plant Products, expressed as BOE.

(b) The Remuneration Fees applicable for all Quarters during any given Calendar Year shall be determined on the basis of the R-Factor calculated at the end of the preceding Calendar Year for the Contract Area, as follows:

R-Factor	Remuneration Fee For Net Production and Gas Processing Plant Products (US$/BOE)
Less than 1.0	100%*RFB
1.0 to less than 1.25	80%*RFB
1.25 to less than 1.5	60%*RFB
1.5 to less than 2.0	40%*RFB
2.0 and above	20%*RFB

19.4 The R-Factor achieved by Contractor as at the end of any Calendar Year shall be calculated by dividing the aggregate value of Cash Receipts from the Effective Date up to and including that Calendar Year by the aggregate of Expenditure over that same time frame.

For the purposes of calculating the R-Factor:

(a) Aggregate “Cash Receipts” of Contractor from Petroleum Operations as of the end of any Calendar Year is the aggregate value from the Effective Date up to and including that Calendar Year of:

(i) Petroleum Costs and Remuneration paid to Contractor as provided in Article 19.6; plus

(ii) any Contractor’s incidental income (of the type specified in the Accounting Procedures) arising from Petroleum Operations;

(b) Aggregate "Expenditure" made by Contractor for Petroleum Operations as of the end of any Calendar Year is the aggregate value from the Effective Date up to and including that Calendar Year of:

(i) Petroleum Costs;

(ii) Signature bonus; plus

(iii) Training, Technology and Scholarship Fund as per Article 26.

For the avoidance of doubt, Expenditures under 19.4 (ii) and (iii) are included as Expenditures for purposes of determining the R-Factor, but shall not be Petroleum Costs.

19.5 During the Plateau Production Period the Remuneration Fee payable in respect of Net Production for any Quarter shall be adjusted by multiplying it by the Performance Factor. However, any adjustment of this Remuneration Fee under this Article 19 shall cease for so long as the following cases shall apply: (i) Government imposed production curtailment under Article 12.5(d); or (ii) where normal production is curtailed or suspended through failure of Transporter(s) to receive the same at the Transfer Point(s) at no fault of Operator or Contractor under Article 12.5(e).

19.6 Petroleum Costs and Remuneration

(a) Petroleum Costs and Remuneration due to Contractor shall be paid without interest, in Export Oil at the Delivery Point unless the Contractor elects, by April 1st each Year, to receive payment in cash in Dollars for the following Year. For payment in cash, payment shall be made within sixty (60) days of the submission of an invoice pursuant to Clause 9 of the Accounting Procedures. For payment in Export Oil, the Export Oil Price shall be in accordance with Article 18 and liftings shall be scheduled in accordance with an agreement reached pursuant to Addendum Four. Any election shall remain in effect for the Calendar Year for which the election was made.

(b) Petroleum Costs, Supplementary Costs and Remuneration shall be deemed to cover all costs, expenses, liabilities and remuneration to Contractor under this Contract. ROC shall not be obliged to pay any other compensation whatsoever to Contractor for the fulfillment of its obligations under this Contract.

(c) Petroleum Costs and Remuneration shall become due and payable upon invoicing starting with the Quarter in which the First Commercial Production occurs and shall be paid to the extent of fifty percent (50%) of the Deemed Revenue in accordance with the provisions of this Contract. Payment of due and payable Petroleum Costs shall have priority over the payment of due and payable Remuneration.

(d) Any due and payable Petroleum Costs and Remuneration that remain unpaid in respect of any Quarter shall be carried forward and paid in succeeding Quarter(s) until fully paid.

19.7 Supplementary Costs

(a) Contractor may start charging Supplementary Costs to the Operating Account as from the Effective Date, in accordance with this Contract and the Annex C.

(b) Supplementary Costs shall become due and payable starting with the later of the Quarter in which First Commercial Production occurs, or the Quarter in which the Supplementary Costs are first invoiced.

(c) Supplementary Costs due to Contractor shall be paid in Export Oil at the Delivery

Point unless the Contractor elects, by April 1st each Year, to receive payment in Dollars for the following Year. For payment in cash, payment shall be made within sixty (60) days of the submission of an invoice pursuant to Clause 9 of the Accounting Procedures. For payment in Export Oil, the Export Oil Price shall be in accordance with Article 18 and liftings shall be scheduled in accordance with an agreement reached pursuant to Addendum Four. Any election shall remain in effect for the Calendar Year for which the election was made.

(d) Outstanding balances on all Supplementary Costs shall bear interest at LIBOR plus one percent (1%) from the date when Supplementary Costs are first invoiced until the date when they are received, provided that interest shall be fixed for each tranche of Supplementary Costs based on LIBOR prevailing as at the first invoice date.

(e) Supplementary Costs paid shall be deemed to cover all amounts due to Contractor for Supplementary Costs incurred.

(f) Recovery of Supplementary Costs shall be paid to the extent of sixty (60)% of Deemed Revenue less Petroleum Costs and Remuneration paid as follows:

Deemed Revenue * 60% - (Petroleum Costs paid + Remuneration paid)

(g) Any due and payable Supplementary Costs that remain unpaid in respect of any Quarter shall be carried forward and paid in succeeding Quarter(s) until fully paid.

(h) ROC reserves the right at any time by notice to Contractor to increase the percentage of Deemed Revenue available as specified in Article 19.7(e).

19.8 Subject to Article 8, any due and payable Petroleum Costs, Supplementary Costs and Remuneration that remain outstanding at the expiry or termination of this Contract shall be paid within thirty (30) days thereof, or under such other terms as may be agreed by the Parties.

19.9 In the event that Petroleum Costs, Supplementary Costs and Remuneration are paid in Export Oil, ROC shall arrange with SOMO to deliver to Contractor at the Delivery Point an amount of Export Oil, at the relevant Export Oil Price, equivalent to the amount of Petroleum Costs, Supplementary Costs and Remuneration due and payable hereunder. Contractor's Quarterly lifting of Export Oil shall be estimated in advance on the basis of Petroleum Costs, Supplementary Costs and Remuneration due and payable in the Lifting Quarter, unpaid Petroleum Costs, Supplementary Costs and Remuneration carried forward, production schedule and Provisional Export Oil Price. Contractor's final lifting shall be adjusted on the basis of actual amounts of Petroleum Costs, Supplementary Costs and Remuneration due as computed under this Article 19, and on the applicable Export Oil Price in accordance with the provisions of Article 18 and Addendum Four.

(End of Article 19)

ARTICLE 20 –BOOKS OF ACCOUNT, ACCOUNTING AND AUDIT

20.1 Contractor and Operator shall maintain at their business offices in the Republic of Iraq books of account in accordance with the Accounting Procedures and accepted accounting practices generally used in the international petroleum industry, and such other books, records and original supporting documents as necessary to show the work

performed and Petroleum Costs and Supplementary Costs incurred and Remuneration and Supplementary Costs earned including the quantity and value of all Petroleum produced, saved, and delivered as well as the quantity and value of Export Oil received by Contractor at the Delivery Point.

20.2 Contractor and Operator shall keep their books of account and accounting records in Dollars and in the Arabic and English languages. Contractor and Operator shall also prepare and keep an Arabic summary of the main items of these books of account and accounting records.

20.3 Contractor and Operator shall furnish to ROC or its designee monthly reports showing the quantity of Petroleum produced and saved from the Contract Area. Such reports shall be prepared in accordance with practices generally used in the international petroleum industry and in a form agreed upon with ROC. The reports shall be signed by the authorized representatives of Contractor and Operator or their deputies and delivered to ROC or its designee within thirty (30) days after the end of the Month covered by such report.

20.4 The Parties shall jointly appoint an independent auditor of international qualification and standing to audit all the books and accounts of Contractor and Operator on an annual basis and report thereon. The costs of such audit shall be considered as Petroleum Costs. The auditors shall confirm, *inter alia*, that:

(a) the record of Petroleum Costs, Supplementary Costs and Remuneration are correct and in accordance with this Contract;

(b) the costs are properly classified in accordance with the expenditure classification;

(c) documentation exists to justify such costs and expenditures; and

(d) no evidence exists of any fraudulent records and accounts in respect of the costs incurred.

20.5 Contractor and Operator shall, within forty five (45) days after the end of each Quarter, submit to ROC a statement of Petroleum Costs and Supplementary Costs incurred and Remuneration earned by Contractor during such Quarter as per Annex C.

20.6 Contractor shall submit to ROC a set of accounts audited by the independent auditor for each Calendar Year within three (3) Months from the last day of said Calendar Year to show the results of Petroleum Operations.

20.7 Contractor's and Operator's books, records and necessary supporting documents shall be made available for auditing by ROC at any time during regular working hours for twelve (12) Months from the end of each Quarter to which such documents relate. If within such twelve (12) Months, ROC has not advised Contractor of its objections thereto, the said books, records and supporting documents shall be deemed approved.

20.8 If the ROC has an objection to any costs, expenses or fees as reported and invoiced by the Contractor, the ROC will notify the Contractor in writing within thirty (30) days of receiving an invoice specifying the reasons for its objection but shall pay both the undisputed and disputed amounts pending resolution of the matter. Within three (3) months from the date of Contractor's receipt of ROC's objection, Contractor and ROC shall mutually agree to either seek in good faith an acceptable solution or nominate one (1) or more Experts to settle the matter. If the matter is referred to an Expert, the Expert shall, within the three (3) month period following its appointment, provide its solution to the dispute that is in line with the provisions of this Contract and Annex C. Failing such settlement, either Party may refer the matter to arbitration pursuant to Article 37. Should the disputed amounts previously paid by ROC subsequently be found to be not payable

under this Contract, such amounts shall be reimbursed in Dollars to ROC along with interest at LIBOR plus one percent (1%) from the date of initial payment until the date on which the reimbursement is made, provided that interest shall be fixed for each disputed amount at LIBOR prevailing as at the date when originally paid.

20.9 During and for a period of three (3) years after the Term, the books of account and other books and records referred to above shall be made available by Contractor and Operator at all reasonable times for auditing by duly authorized representatives of the Government, in accordance with the Law.

(End of Article 20)

ARTICLE 21 – EXCHANGE AND CURRENCY CONTROL

21.1 Contractor and Operator shall have the right of availability, free possession, use of, and internal and external disposal of foreign currency.

21.2 Contractor shall provide funds necessary for Petroleum Operations in the Republic of Iraq in freely convertible foreign currencies supplied from abroad.

21.3 Contractor and Operator are authorized to open and operate accounts in foreign banks outside of the Republic of Iraq and shall have the right to make payments out of the said accounts directly in foreign currencies for goods and services obtained for Petroleum Operations in the Republic of Iraq and to charge such payments in accordance with the provisions of this Contract without having first to transfer the funds for such payments to the Republic of Iraq.

21.4 Contractor and Operator and non-Iraqi Sub-Contractors shall have the right to open and maintain bank accounts in foreign and/or local currencies in the Republic of Iraq in accordance with Central Bank of Iraq regulations and retain or dispose of any funds therein for its Petroleum Operations in accordance with Central Bank of Iraq regulations.

(End of Article 21)

ARTICLE 22 –TITLE TO ASSETS

22.1 All assets acquired and/or provided by Contractor and Operator in connection with or in relation to Petroleum Operations, the costs of which are subject to cost recovery in accordance with the provisions of this Contract, shall become the property of ROC upon their landing in the Republic of Iraq if acquired abroad, or otherwise upon their acquisition.

22.2 Notwithstanding the above, Contractor and Operator shall be entitled to the full and free use of such assets for the purpose and duration of this Contract. During the Term, ROC and Contractor shall not assign, sell or otherwise dispose of such fixed and/or movable assets except by mutual agreement.

22.3 The provisions of Article 22.1 shall not apply to equipment leased by Contractor and Operator or belonging to Sub-Contractors who perform services or carry out works in connection with Petroleum Operations. Each entity constituting Contractor and Operator and non-Iraqi Sub-Contractors may, with the prior approval of ROC, import such equipment on a temporary basis. Unless otherwise agreed by ROC, such equipment shall be re-exported from the Republic of Iraq subject to the provisions of Article 25, as and when it is no longer required for Petroleum Operations.

(End of Article 22)

ARTICLE 23 –TAXES

23.1 Each entity constituting Contractor shall keep books of account and be individually liable for and shall pay taxes in accordance with the Law.

23.2 In no event shall ROC be liable under this Contract for any taxes payable by Companies outside of the Republic of Iraq.

23.3 If the liability to taxation in the Republic of Iraq on Petroleum Costs, Supplementary Costs, Remuneration and or any other income arising under this Contract in any taxable period during the Term of this Contract ("Actual Income Tax Liability") for any entity constituting Contractor shall exceed thirty five percent (35%) of that Contractor entity's share of Remuneration, interest included in Supplementary Costs and any other income arising under this Contract and actually received in that period ("Deemed Income Tax Liability") then ROC shall either assume, pay and discharge in a timely manner in the name and on behalf of that entity or pay in a timely manner to that entity the excess of the Actual Income Tax Liability over the Deemed Income Tax Liability including a gross-up for any further liability to taxation that may result from such a payment.

23.4 In the event that the Actual Income Tax Liability of any entity constituting Contractor is less than the Deemed Income Tax Liability for that entity then that entity shall pay to ROC the difference between Actual Income Tax Liability and the Deemed Income Tax Liability, except that in no event shall such repayment cause the entity to repay more to ROC than it has received in total under Article 23.3 excluding amounts payable in respect of any gross-up for additional taxation liability.

23.5 In the event any entity constituting Contractor is subject to any demand to pay other taxes arising under this Contract (other than or in excess of Deemed Income Tax Liability) ROC shall either assume, pay and discharge in a timely manner in the name and on behalf of that entity or pay in a timely manner to that entity all such other or additional taxes.

23.6 Where payments are made pursuant to this Article 23 ROC shall cause to be provided to any entity constituting Contractor an official receipt evidencing the payment and discharge of such part of the entity's obligation for the relevant Tax Year in a form and containing particulars customary for such receipts, provided that in no event shall such receipts in total exceed the actual amount of tax for which the entity is liable from all sources of income and deductions.

(End of Article 23)

ARTICLE 24 – PARTNERSHIP, INDEMNITY AND INSURANCE

24.1 It is expressly agreed that it is not the purpose or intention of this Contract to create, nor shall it be construed as creating, any mining partnership, joint venture, commercial partnership or other partnership between the Parties.

24.2 Contractor shall indemnify and hold ROC harmless against all and any claims, actions, demands and proceedings made by third parties arising out of any loss or damage resulting from an act or omission of Contractor and/or Operator or their Sub-Contractors in their conduct of Petroleum Operations. All costs incurred by Contractor to indemnify and hold ROC harmless as aforesaid shall be Petroleum Costs except in the case of Gross Negligence or Willful Misconduct on the part of Contractor and/or Operator or their

Sub-Contractors.

24.3 Contractor shall be liable for any loss of or damage to any installations belonging to ROC or any third party arising from Gross Negligence or Willful Misconduct of Contractor and/or Operator or their Sub-Contractors. ROC shall indemnify and hold harmless Contractor against all and any claims, actions, demands and proceedings made by third parties arising out of any loss or damage resulting from an act or omission of ROC or its sub-contractors.

24.4 Notwithstanding the foregoing, neither Party shall be liable for consequential damages such as loss of profit or loss of production.

24.5

Contractor and Operator shall establish an insurance plan, to be approved by the JMC or BOD, for its operations hereunder and obtain the insurance policies covering any installations, equipment and materials belonging to ROC in the Field in accordance therewith. Such insurance shall cover the types of exposure that are normally covered in the international petroleum industry, including but not limited to damage to equipment, installations and third party liabilities. Contractor and Operator shall ensure that its Sub-Contractors adequately insure their risks under their relevant sub-contracts.

24.6 Such insurance plan will require Contractor and Operator obtain and maintain insurances with an Iraqi or foreign insurance company operating in the Republic of Iraq to cover the risks in connection with Petroleum Operations and any other activities related thereto and as may be required by the Law during the Term, including third party liability and environmental damage and injury where such coverage is available in the Republic of Iraq on commercially reasonable terms. If such coverage is unavailable in the Republic of Iraq, insurance shall be obtained from a foreign insurance company. The insurance company shall arrange, in co-operation with Contractor and Operator to the extent needed, re-insurance placement for coverages on the international market for the part of exposure in excess of the insurance company's net retention.

24.7 The cost of insurance obtained and maintained by Contractor and Operator and any amounts paid for deductibles, losses, or claims in excess of such insurance and not attributable to the Gross Negligence or Willful Misconduct of Contractor and Operator or Sub-Contractors under this Contract shall be Petroleum Costs.

24.8 Contractor and Operator shall notify ROC of the issue and terms of all insurance policies obtained by it under this Contract.

(End of Article 24)

ARTICLE 25 – IMPORTS AND EXPORTS

25.1 Contractor and Operator and respective Sub-Contractors engaged in Petroleum Operations shall be permitted to import machinery, equipment, vehicles, materials, supplies, consumables and movable property to be used solely for the purpose of carrying out Petroleum Operations and supporting activities. Such imports shall be exempt from customs duties and levies provided that applicable administrative formalities are complied with provided that such exemption shall not be in contradiction with the Law.

25.2 Expatriate employees of Contractor and Operator and Sub-Contractors shall be permitted to import, and shall be exempted from customs duties with respect to the reasonable importation of, household goods and personal effects, provided that such properties are imported for the sole use of the employee and his family and provided further that such imported property shall be re-exported by employee without any export

duty or impost upon termination of his employment, or be disposed of in the Republic of Iraq in accordance with the Law.

25.3 Items imported by Contractor and Operator or Sub-Contractors on a temporary basis and no longer required for Petroleum Operations or supporting activities shall, unless otherwise agreed by ROC, be re-exported without any export duty or impost in accordance with the Law.

25.4 The sale in the Republic of Iraq of any imported items under this Contract shall be subject to ROC's prior consent and to the relevant Law.

25.5 Customs duties, as used herein, shall include all duties, taxes and other financial imposts which may be due as a result of the importation of the above-mentioned items but, shall not include charges, dues or fees of general application to be paid to Governmental entities for services rendered.

25.6 Contractor shall be exempted from any export duty or impost with respect to the Export Oil that Contractor may lift under this Contract, except for port dues of general application to all buyers for services rendered by the port authorities in accordance with the Law. Such port dues shall not be considered Petroleum Costs.

(End of Article 25)

ARTICLE 26 – EMPLOYMENT, TRAINING, AND TECHNOLOGY TRANSFER

26.1 Without prejudice to the right of Operator to select and employ such number of personnel as, in the opinion of the Operator but subject to Article 13.2, are required for carrying out Petroleum Operations in a safe, cost effective and efficient manner, Operator shall, to the maximum extent possible, employ, and require Sub-Contractors to employ, Iraqi nationals having the requisite qualifications and experience.

26.2 Through a Training, Technology and Scholarship Fund, Contractor and Operator shall offer and facilitate for an agreed number of Iraqi nationals, as designated by ROC, the opportunity, both inside and/or outside of the Republic of Iraq, for on-the-job training and practical experience in petroleum operations and academic education. The Fund shall also be used for supporting oil and gas related technology and research including the establishment or upgrading of research institutes inside the Republic of Iraq.

26.3 As a minimum, Contractor shall allocate during the Term an annual amount of five million Dollars (US$5,000,000) to the Training, Technology and Scholarship Fund. The Fund payment shall not be recoverable as Petroleum Costs.

26.4 Not later than six (6) months after the Effective Date, Contractor and Operator shall, in consultation with ROC, establish and implement training programs for staff positions in each phase and level of Petroleum Operations including skilled, technical, executive and management positions, with a view to ensuring employment of Iraqi nationals and gradual and progressive reduction or replacement of expatriates.

26.5 The Companies shall separately negotiate, in good faith and on reasonable terms, technical assistance agreements with ROC whereby every Company may make available commercially proven technology and information of a proprietary nature for use in the Republic of Iraq by the ROC and its Affiliates.

(End of Article 26)

ARTICLE 27 – PARTICIPATION

27.1 The State Partner shall have twenty-five percent (25%) of Contractor's total Participating Interest and the Companies shall have the remaining seventy-five percent (75%) of Contractor's Participating Interest, which shall be apportioned between the Companies as follows:

-------- ---------- (------%);

-------- ---------- (------%);

27.2 Companies shall pay for the State Partner's entire share of Petroleum Costs and Supplementary Costs during the Term and any extension thereto. The Companies shall have entitlement to all Petroleum Costs and Supplementary Costs paid, while the State Partner shall be entitled to receive twenty five percent (25%) of any Remuneration paid.

27.3 Participation shall further be subject to the provisions of Addendum One.

(End of Article 27)

ARTICLE 28 – ASSIGNMENT

28.1 No Company may assign its rights or obligations under this Contract, in whole or in part, without the prior written consent of the ROC. The direct or indirect transfer of shares or other ownership interests in any Company (except for the transfer of shares in a listed parent company) shall constitute an assignment of rights and obligations under this Contract and shall be subject to Article 28.

28.2 By providing ROC one (1) month prior notice of its intent, any Company shall have the right to assign any of its Participating Interest, shares, rights, privileges, duties or obligations under this Contract to a wholly-owned and controlled Affiliate without the prior written consent of ROC. Such assignment shall not release said Company from its obligations under this Contract and it shall remain jointly responsible together with the assignee Affiliate for the proper and timely execution of this Contract.

28.3 In the event that any Company, wishes to assign, in whole or in part, any of its Participating Interest, shares, rights, privileges, duties or obligations under this Contract to a third party or an Affiliate that is not wholly-owned and controlled, said entity shall submit to ROC a request to this effect giving detailed evidence of the technical and financial competence of the recommended assignee. ROC shall consider the said request and notify the Company of its approval or otherwise within three (3) months of receipt thereof. Before such assignment becomes effective, the assignee shall first provide ROC with a guarantee acceptable to ROC in the form set out in Annex F.

28.4 If any Company wishes to assign part of its Participating Interest in this Contract to a third party pursuant to Article 28.3, ROC shall have the option to take such part and assign it to a nominated Iraqi entity on the same terms and conditions offered to the third party.

28.5 Notwithstanding the foregoing, for the purpose of financing Petroleum Operations, any Company may pledge or otherwise encumber, totally or partially, its rights under this Contract to a reputable international bank and/or financing institution acceptable to ROC (such acceptance shall not be unreasonably withheld), provided that such pledge or encumbrance shall not in any way affect the rights or interests of ROC.

28.6 Notwithstanding the above, unless with the prior written consent of the ROC no Company shall assign its obligations or duties as Operator during the period from the

Effective Date to the time of establishment of the Joint Operating Company except to a wholly-owned and controlled Affiliate.

28.7 Without prejudice to the provisions of the Heads of Joint Operating Agreement (Addendum One), in the event that any Company (or its parent company that provides a guarantee) becomes bankrupt, or makes an arrangement with or assignment in favor of its creditors or makes a composition with creditors, or if it assigns to a third party any of its interests/shares in this Contract contrary to the provisions herein, or goes into liquidation other than for reconstruction or amalgamation with an Affiliate, ROC shall have the right to terminate the participation of such Company in this Contract by thirty (30) days notice to such Company, unless during such period the Company has cured such condition. The rights and obligations of Company shall be assigned to the remaining Companies proportionately to their respective Participating Interests or as they may otherwise mutually agree.

28.8 The State Partner or any successor or assignee may assign its Participating Interest, in whole or in part, to an entity that is entirely owned and controlled by the Government without the consent of the Companies.

(End of Article 28)

ARTICLE 29 – LAWS AND REGULATIONS

29.1 Contractor and Operator shall be bound by and shall comply in all respects with the provisions of the Law. Unless otherwise provided in this Contract, Contractor shall indemnify and hold ROC harmless against all penalties, fines and other liabilities of every kind for breach of any Law by Contractor or Operator.

29.2 Notwithstanding the provisions of Article 29.1, Contractor and Operator shall, in accordance with the Law, be exempted from customs and stamp duties on the execution of this Contract, and from restrictions concerning work licenses and employment of expatriates, subject to the provisions of Article 9.21. However, Contractor shall submit all data and information required by the relevant Iraqi authorities in this respect.

29.3 Contractor and Operator shall in all their contracts with Sub-Contractors include a provision whereby Sub-Contractors shall undertake to abide by and comply with the Law.

29.4 If, after the Effective Date, the financial interests of Contractor are adversely and substantially affected by a change to the Law that was in force in the Republic of Iraq on the Effective Date, or by revocation, modification, or non renewal of any approvals, consents or exemptions granted to Contractor pursuant to this Contract (other than as a result of Gross Negligence or Willful Misconduct of Contractor or Operator), the Parties shall, within ninety (90) days, agree on necessary adjustments to the relevant provisions of this Contract in order to reasonably restore Contractor's financial interests under this Contract to their position as it was immediately prior to the occurrence of the said change or revocation to the Law, or modification, or non renewal of any approvals, consents, or exemptions granted to Contractor under this Contract.

29.5 Should the Parties be unable to agree within ninety (90) days on any amendments to be made in respect of Article 29.4 or such other period as may be agreed by the Parties, the dispute may be resolved in accordance with Article 37.

(End of Article 29)

ARTICLE 30 – LOCAL GOODS AND SERVICES

30.1 Award of contracts for works and services performed in the Republic of Iraq shall be carried out on a competitive basis. Preference shall always be given to Iraqi entities and firms or foreign firms in association therewith, provided that their relevant capabilities and prices are competitive with those available in the international market.

30.2 Preference shall be given to locally manufactured and/or available goods, materials, equipment, consumables and the like as long as their technical specifications, availability, prices, and time of delivery are comparable to those available in the international market.

30.3 Contractor and Operator shall ensure that their Sub-Contractors, agents, assignees and employees shall strictly adhere to the provisions of this Article 30.

(End of Article 30)

ARTICLE 31 – FORCE MAJEURE

31.1 The non-performance or delay in performance by either Party of its obligations or duties under this Contract shall be excused if and to the extent that such non-performance or delay is caused by Force Majeure.

31.2 The Party affected by Force Majeure shall notify the other Party thereof in writing within fourteen (14) days, stating the cause and the extent of effect of such Force Majeure and shall keep the other Party informed of significant developments. The affected Party shall use all reasonable diligence to remove or overcome the Force Majeure situation as quickly as possible in a cost-effective manner.

31.3 Force Majeure shall mean any cause or event, unforeseen or beyond the reasonable control of the Party claiming to be affected by such cause or event, and shall include, without limitation, Acts of God, war (whether declared or undeclared), force of nature, insurrection, riot, fire, and with respect to the Contractor only legislation/order of the Government and other acts or circumstances beyond the control of either Party affected by it, provided that such acts or circumstances are not attributable to the Party invoking Force Majeure or its Affiliates. Inability to pay monies due shall not constitute a condition of Force Majeure for either Party.

31.4 In the event that Petroleum Operations are delayed, curtailed or prevented due to Force Majeure for a period exceeding ninety (90) consecutive days, then the Term together with all rights and obligations hereunder shall be extended accordingly, subject to the provisions of Article 8.

31.5 It is agreed by the Parties that at no time during the Term shall either the security conditions prevailing in the Contract Area or the political and security conditions generally prevailing in the Republic of Iraq on the Contract signing date constitute a condition of Force Majeure unless these conditions prevent the implementation of Petroleum Operations.

(End of Article 31)

ARTICLE 32 – ENTIRE AGREEMENT AND AMENDMENTS

32.1 This Contract constitutes the entire agreement between ROC and Contractor relating to the Contract Area. Hence it supersedes any previous representations, whether explicit

or implicit, and any prior agreement of any kind or nature, whether oral or written, in this respect.

32.2 This Contract shall not be amended or supplemented except by an instrument in writing signed by duly authorized representatives of both Parties designated for those purposes hereto.

32.3 If any provision of this Contract shall be found by any court, tribunal or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability shall not affect the other provisions of this Contract and all provisions not affected by such invalidity or unenforceability shall remain in full force and effect. The Parties shall attempt to substitute, for any invalid or unenforceable provision, a valid and enforceable provision that achieves to the greatest possible extent, the principal objectives of the invalid or unenforceable provision.

32.4 The provisions of this Contract shall inure to the benefit of and be binding upon the successors and permitted assignees of the Parties.

(End of Article 32)

ARTICLE 33 – CONFIDENTIALITY AND TECHNOLOGY OWNERSHIP

33.1 All information and Data obtained in connection with or in relation to this Contract shall be kept confidential by both Parties and their Affiliates and shall not be disclosed or communicated to any third party without the other Party's prior written consent, except to (i) Affiliates; (ii) any professional consultant retained by a Party or (iii) where necessary for the approval, implementation and/or financing of Petroleum Operations; provided that in all cases the party to whom the information or data is disclosed agrees to the same confidentiality obligation as contained herein.

33.2 The confidentiality undertaking in Article 33.1 shall not apply:

(a) upon the confidential information becoming public knowledge other than by default on the part of a Party;

(b) upon the confidential information becoming available to a Party from a third party (unless the third party acts in violation of a confidentiality obligation which the Party is aware);

(c) if the confidential information is independently developed by a Party or its Affiliates; or

(d) to the extent that the confidential information is required by law, judicial proceedings or applicable stock exchange regulations, to be disclosed.

33.3 The foregoing provisions of Articles 33.1 and 33.2 shall continue in force for three (3) Years following termination or expiry of this Contract.

33.4 To the fullest extent permitted by applicable law or agreements, the Contractor's entities agree to make available on reasonable terms their most appropriate technical expertise and technology (and that of their Affiliates) for use in the conduct of Petroleum Operations, including such technology as can best improve the economic yield or performance of the reservoirs operated by the Operator under this Contract. Any such technology shall remain the property of the relevant Contractor entities (or their Affiliates), subject to any licensing or other appropriate arrangements entered into in connection with Petroleum Operations. The Operator shall be entitled to use such technology only for Petroleum Operations, subject to the terms of such licensing or other arrangements.

33.5 Subject to Article 33.4, any technology specifically developed by the Contractor or the Operator in the course of their activities under this Contract shall be owned by both Parties, and, except in the case of disclosure of such to, or use by, a third party, may be used by any of them or their Affiliates in their own operations without the consent of the other and without making any payment to the other.

(End of Article 33)

ARTICLE 34 – HEADINGS OF ARTICLES

Headings of Articles herein are inserted for convenience only and shall not affect the construction and/or interpretation thereof.

(End of Article 34)

ARTICLE 35 – LANGUAGE

35.1 This Contract is executed in the Arabic and English languages, both having equal force. However, if there shall be any conflict between the two versions, the English version shall prevail to the extent of the conflict.

35.2 Communication between the Parties may only be in English or Arabic. However, Contractor and Operator shall use Arabic or both Arabic and English in all their correspondence and dealings with Government entities.

35.3 Contractor and Operator shall have no obligation to use any language other than English in their contractual relationships with Sub-Contractors and vendors in connection with Petroleum Operations.

(End of Article 35)

ARTICLE 36 –CONTRACTOR'S OFFICE IN THE REPUBLIC OF IRAQ

36.1 Each Company that is not an Iraqi Company shall establish and maintain a branch office in the Republic of Iraq. ROC shall assist Companies in this respect as per Article 7.4.

36.2 Contractor's Operator shall, within ninety (90) days of the Effective Date, establish an office in Baghdad, Iraq and shall maintain such office for the Term. ROC shall assist Contractor's Operator in establishing and maintaining the office.

36.3 Contractor's Operator shall notify ROC of the address of its office in Baghdad and of the name of its authorized representative in Iraq who shall be assigned on full time resident status. The said representative shall be entrusted with sufficient powers and authorities to represent and bind Contractor in all dealings with the Government, the ROC and third parties in the Republic of Iraq, to receive legal notices served on Contractor, and to comply with lawful directions and orders given by the competent Government authorities and ROC in connection with or in relation to this Contract.

36.4 Contractor's Operator shall notify ROC of any change in the address of its office or the appointment of its representative at least ten (10) days prior to the effective date of such change.

(End of Article 36)

ARTICLE 37 – GOVERNING LAW, CONCILIATION AND ARBITRATION

37.1 This Contract and the rights and obligations of the Parties shall be governed, interpreted and construed in accordance with the Law.

37.2 The Parties shall endeavor to settle amicably any dispute ("the Dispute") arising out of or in connection with or in relation to this Contract or any provision or Agreement related thereto. Where no such settlement is reached within thirty (30) days of the date when one Party notifies the other Party of the Dispute, then the matter may, as appropriate, be referred for resolution by the senior management of the Parties to the Dispute. Where no such settlement is reached within thirty (30) days of such referral to management, any party to the Dispute may refer the matter, as appropriate, to an independent expert or, by giving sixty (60) days notice to the other Parties, refer the matter to arbitration as stipulated hereunder.

Expert

37.3 If any Dispute arises between the Parties with respect to relevant technical matters, such Dispute may, at the election of any such Party, be referred to an independent expert "the Expert" for evaluation. Such Expert shall be agreed upon by the Parties to the Dispute and shall be willing to undertake such evaluation, and shall be independent, shall not be originated from, or have been at any time a citizen of, the country in which any of the Parties to the Dispute is organized, and shall have no interest or relation with any such Party or with any of the entities constituting the Parties and shall be qualified by education, experience and training to evaluate the matter in Dispute. The Expert shall render its decision within one (1) month following the Expert's formal acceptance of its appointment, or within such further time as the Parties may agree in writing.

The Expert shall act as an expert and not as an arbitrator. The related costs and expenditure for referring issues for Expert evaluation shall be shared equally by the Parties in Dispute.

Arbitration

37.4 All Disputes arising out of or in connection with this Contract, other than those Disputes that have been finally settled by reference to either senior management or Expert, shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by three (3) arbitrators appointed in accordance with the said Rules.

37.5 The seat of the arbitration shall be Paris, France, unless agreed otherwise by the parties to the Dispute.

37.6 The language of arbitration shall be the English language. The award of arbitration shall be in English and shall be final and binding on the parties to the Dispute. Judgment on the award rendered may be entered in any court having jurisdiction in recognition and enforcement thereof.

37.7 Unless otherwise agreed by the Parties, the operations and the activities of the Parties with respect to the performance of this Contract shall not be stopped or delayed pending the award of arbitration.

37.8 Any arbitration under this Contract must be initiated within two (2) Years of the date on which one Party notifies the other Party of the Dispute, and in any event within three (3) Years of the date of the expiry or termination of this Contract.

(End of Article 37)

ARTICLE 38 – NOTICES

38.1 All notices, statements and other communication to be given, submitted or made by any Party to the other Party shall be deemed sufficient given when sent in writing and shall be addressed to the parties at their addresses set out below or such other address as may be notified in writing by the Parties in accordance herewith.

ROC	Contractor's Operator
---	---
---	---

38.2 Notices to either Party shall be deemed validly served when delivered in person, at the office of that Party in the Republic of Iraq, during regular office hours and during working days and if received outside business hours, on the next following working day, or when received, if posted by registered mail, to the address of the office of the said Party, or when dispatched and acknowledged, if sent by facsimile, or by any other mode mutually agreed between the Parties.

(End of Article 38)

ARTICLE 39 – SIGNATURE, RATIFICATION AND EFFECTIVE DATE

The Contract shall become valid and enforceable when it has been: (i) signed by the Parties; (ii) ratified by the Council of Ministers of the Republic of Iraq; and when (iii) ROC has notified Contractor in writing of the ratification of this Contract and its Effective Date.

(End of Article 39)

ARTICLE 40 – WAIVER

40.1 Failure or delay on the part of either Party to exercise any right, power or privilege under this Contract shall not operate as a waiver thereof.

40.2 No waiver by either Party of any one or more obligations or defaults by the other Party in the performance of this Contract shall operate or be construed as a waiver of any other obligations or defaults whether of a like or of a different character.

(End of Article 40)

ARTICLE 41 – HEALTH, SAFETY AND ENVIRONMENT

41.1 In the performance of this Contract, Contractor and Operator shall conduct Petroleum Operations with due regard to health, safety and the protection of the environment ("HSE") and the conservation of natural resources, and shall in particular:

(a) adopt Best International Petroleum Industry Practices in conducting and monitoring Petroleum Operations and take necessary and adequate steps to:

(i) make all efforts to prevent environmental damage and, should some adverse impact on the environment occur, to minimize such damage and the consequential effects thereof on people and property;

(ii) prevent harm to or degradation of livelihood or quality of life of surrounding communities and, should some adverse impact occur, minimize such impact and ensure proper compensation for injury to persons or damage to property caused by the effect of Petroleum Operations; and

(iii) instill a culture of proactive commitment to HSE values among all personnel involved in Petroleum Operations.

(b) develop detailed guidelines for environmental protection, monitoring and community interaction as a condition for Petroleum Operations. These guidelines should meet recognized international industry standards in the following areas:

(i) air pollution;

(ii) protection of surface waters from leaks and spills, including the preparation of: (a) plans for re-injection of all produced water, and (b) Spill Prevention, Control and Countermeasures Plan;

(iii) protection of groundwater;

(iv) waste management of: (a) solid waste, and (b) hazardous waste, with a focus on waste minimization, reuse and recycle of materials;

(v) minimization of footprint of drilling operations, especially in sensitive areas such as marshlands, by drilling several wellbores from the same drill pad and using directional, horizontal and multilateral drilling techniques;

(vi) making optimal use of spare available wellbores and spare production and transport capacity;

(vii) protection of flora and fauna (wildlife);

(viii) protection of archaeological and cultural sites;

(ix) plans for decommissioning and abandonment of petroleum facilities, and for the restoration of operational sites;

(x) land compensation and resettlement of local communities within the area of operations;

(xi) implementation of a grievance procedure mechanism between the Contractor and communities impacted by Petroleum Operations;

(xii) preservation of local livelihoods from indigenous communities in the area of Petroleum Operations; and

(xiii) general well-being of the communities where Petroleum Operations, which shall be conducted in collaboration with local and central authorities, civil ROCiety and local investors to enhance the ROCial benefits for national, regional and municipal governments.

(c) Comply with the requirements of the Law and reasonable requirements of ROC.

41.2 If Contractor and Operator fail to comply with the provisions of Article 41.1(a)(i) or contravenes any Law, and such failure or contravention results in any environmental or

ROCial damage, Contractor and Operator shall, in accordance with an approved Work Program and Budget, forthwith take all necessary and reasonable measures to remedy the failure and the effects thereof.

41.3 Contractor shall draw up and implement a comprehensive worker HSE plan to include, but not be limited to, the following elements:

(a) Worker Disease Prevention Program to be applied throughout the project life, and comprising:

(i) education about personal hygiene and disease-prevention measures, including immunization where appropriate, against infectious diseases, such as tuberculosis, malaria, dysentery, hepatitis and sexually transmitted diseases;

(ii) regular testing of drinking water;

(iii) training food handlers and testing them for communicable diseases; and

(iv) prohibiting smoking, except in designated outdoor areas.

(b) Occupational Safety Program throughout the construction and operation periods, including:

(i) initial and refresher safety and security training;

(ii) tool-kit sessions at the start of each working day;

(iii) giving a safety topic at the beginning of each meeting;

(iv) traffic safety training for drivers and pedestrians;

(v) special safety training for operators of industrial plants and mobile heavy equipment, e.g., cranes and bulldozers;

(vi) furnishing personal protection equipment (hard hats, safety shoes and glasses, and hearing protection, where needed);

(vii) providing emergency medical teams to administer urgent medical treatment on site, or to evacuate the injured to a hospital, and to supervise sanitation and health matters at construction camps; and

(viii) appointing monitors at construction and major operational sites to ensure adherence to safety and environmental protection rules.

41.4 If ROC has good reason to believe that any works or installations erected by Contractor and Operator or any operations conducted by Contractor and Operator are not in accordance with the Law and are endangering or may endanger local communities or any property of any person, or are causing or may cause pollution, or are harming or may harm fauna or flora or the environment to a degree which ROC deems unacceptable, ROC may give notice to Contractor and Operator to promptly consider and develop for the JMC or BOD approval a remedial action plan and measures to mitigate such damage within a reasonable period as may be determined by ROC and to repair any such damage. If ROC deems it necessary, it may also require Contractor and Operator to suspend Petroleum Operations in whole or in part until Contractor and Operator have taken such remedial measures or have repaired any damage caused.

41.5 The measures and methods to be used by Operator for the purpose of complying with the terms of Article 41.1(a)(i) shall be determined in timely consultation with ROC and Contractor upon the commencement of Petroleum Operations or whenever there is a significant change in the scope or method of conducting Petroleum Operations and shall take into account the international standards applicable in similar circumstances and the

relevant environmental impact study carried out in accordance with Article 41.6 below. Operator shall notify ROC and Contractor, in writing, of the measures and methods finally determined by Operator and shall cause such measures and methods to be reviewed from time to time in the light of prevailing circumstances.

41.6 Contractor shall engage a team of specialized environmental professionals to carry out two environmental impact studies in order:

(a) to determine at the time of the studies the prevailing conditions relating to the environment, human beings, local communities, and the flora and fauna in the Contract Area and in the adjoining or neighboring areas; and

(b) to establish the likely effect on the environment, human beings, local communities, and the flora and fauna in the Contract Area and in adjoining areas as a result of Petroleum Operations, and to submit, for consideration by the Parties, methods and measures contemplated in Article 41.5 for minimizing environmental damage and carrying out site restoration activities.

41.7 The first of these environmental impact studies shall act as the baseline study for the purposes of Article 41.15 and shall be concluded promptly after the Effective Date but in any event before commencement of any fieldwork. It shall also contain detailed guidelines of environmental protection and monitoring to meet recognized international industry standards.

41.8 The second environmental impact study shall be submitted by Contractor and Operator as part of the Final Development Plan.

41.9 The studies mentioned in Article 41.6 shall contain proposed environmental guidelines to be followed in order to minimize environmental damage and shall include, but not be limited to, the following, to the extent appropriate to the respective study taking into account the phase of operations to which the study relates:

(a) proposed access cutting;

(b) clearing and timber salvage;

(c) wildlife and habitat protection;

(d) fuel storage and handling;

(e) use of explosives;

(f) camps and staging;

(g) liquid and solid waste disposal;

(h) cultural and archaeological sites;

(i) selection of drilling sites;

(j) terrain stabilization;

(k) protection of freshwater horizons;

(l) blow-out prevention plan;

(m) flaring during completion and testing of wells;

(n) abandonment of wells;

(o) rig dismantling and site completion;

(p) reclamation for abandonment;

(q) noise control;

(r) debris disposal; and

(s) protection of natural drainage and water flow.

41.10 Subject to the provisions of the Law on the protection of the environment, any new project or expansion or modernization projects for Petroleum Operations for which a proposal, other than a Plan, is submitted by Contractor or Operator, ROC shall consider the assessment of the project and convey a decision with respect to environment clearance within a period of ninety (90) days from the receipt of the requisite documents and data. Subject to receipt of the necessary environmental clearance, the JMC or BOD shall decide upon the proposal of Contractor or Operator within thirty (30) days thereafter.

41.11 Contractor and Operator shall ensure that:

(a) the pertinent completed environmental impact studies are made available to its employees and to its Sub-Contractors to develop adequate and proper awareness of the measures and methods of environmental protection to be used in carrying out Petroleum Operations;

(b) the contracts entered into between Contractor and Operator and Sub-Contractors relating to Petroleum Operations shall include the provisions stipulated herein and any established measures and methods for the implementation of Contractor's obligations in relation to the environment under this Contract; and

41.12 Operator shall, in conjunction with Contractor, prior to conducting any drilling activities, prepare and submit for review and approval by ROC contingency plans for dealing with Crude Oil spills, fires, accidents and emergencies, designed to achieve rapid and effective emergency response. The plans referred to above shall be discussed with ROC and concerns expressed shall be taken into account.

(a) In the event of an emergency, accident, oil spill or fire arising from Petroleum Operations affecting the environment, Operator shall immediately notify ROC and Contractor and shall promptly implement the relevant contingency plan and perform such site restoration as may be necessary in accordance with Best International Petroleum Industry Practices.

(b) In the event of any other emergency or accident arising from Petroleum Operations which may affect the environment, Contractor and Operator shall take such action as is prudent and necessary in accordance with Best International Petroleum Industry Practices.

41.13 In the event that Contractor and Operator fail to comply with any of the terms contained in Article 41.12 ROC, after giving Contractor and Operator reasonable notice in the circumstances, may take any action which may be necessary to ensure compliance with such terms and to recover from Contractor, immediately after having taken such action, all costs and expenditures incurred in connection with such action together with such interest as may be determined in accordance with the Accounting Procedures.

41.14 Where the Contract Area is partly located in areas forming part of certain national parks, sanctuaries, mangroves, wetlands of national importance, biosphere reserves and other biologically sensitive areas, passage through these areas shall generally not be permitted. However, if there is no passage other than through these areas to reach a particular point beyond these areas, permission of the appropriate authorities shall be obtained by ROC for the benefit of Contractor, subject to a biodiversity action plan.

41.15 The obligations and liability of Contractor with respect to the environment under this Contract shall be limited to damage to the environment which is attributable to actions or activities that:

(a) occur after the Effective Date and prior to the expiry or termination of this Contract; and

(b) result from an act or omission of Contractor and Operator.

41.16 Except for cases of Gross Negligence and Willful Misconduct on the part of Contractor and/or Operator, all costs incurred towards protection of the environment and communities shall be treated as Petroleum Costs.

41.17 Any costs approved by ROC and incurred by the Contractor in remediation of conditions existing prior to the Effective Date and identified in the first study noted in Article 41.7 shall be considered Supplementary Costs.

41.18 In the event that Petroleum Operations are delayed, curtailed or prevented due to extended delays in acquiring necessary environmental approvals, the Parties shall meet and agree an appropriate extension of the Term together with all rights and obligations hereunder, subject to the provisions of Article 8.

(End of Article 41)

ARTICLE 42 – SITE RESTORATION AND DECOMMISSIONING

42.1 Around mid-Term, Operator shall prepare a proposal for JMC or BOD approval relating to site restoration including a decommissioning plan.

42.2 Upon expiry or termination of this Contract or relinquishment of part of the Contract Area, Contractor and Operator shall remove all equipment and installations from the Contract Area in a manner consistent with the guidelines mentioned in Article 41.1(b) and agreed with ROC pursuant to an abandonment plan, the costs of which shall be Petroleum Costs.

42.3 Upon expiry or termination of this Contract and takeover by ROC of Petroleum Operations in the Contract Area:

(a) the ROC shall become liable for future site restoration and decommissioning; and

(b) the ROC shall release Contractor from any obligations relating to site restoration and decommissioning not included in an approved Plan and shall indemnify Contractor for any costs, liabilities, claims or obligations associated therewith.

42.4 Notwithstanding Article 42.3, for three (3) years after expiry or termination of this Contract, Contractor shall remain liable for any site restoration or decommissioning obligations that should have been discharged prior to expiry or termination.

(End of Article 42)

ARTICLE 43 – GENERAL BUSINESS ETHICS

43.1 In the performance of this Contract, Contractor's entities, Operator and ROC shall ensure that they each strictly comply with general business ethics.

43.2 Contractor and Operator shall in their subcontracts stipulate their right to terminate the subcontracts with immediate effect in case of violation of the general business ethics by the Sub-Contractor and Contractor and Operator shall terminate a subcontract in case of such a violation if ROC requests Contractor and Operator to do so.

43.3 Neither Contractor's entities, Operator nor ROC shall give or receive from any director, employee or agent of the other or its Affiliate in connection with this Contract, any gift, entertainment or other benefit of more than minimal cost or value or any commission, fee or rebate and any hospitality will be kept within reasonable limits.

43.4 Each of ROC and Contractor's entities warrant that it and its Affiliates have not made, offered, or authorized, requested, received, or accepted and will not make, offer, or authorize, request, receive or accept with respect to the matters which are the subject of this Contract, any payment, gift, promise or other advantage, whether directly or indirectly through any other person or entity, to or for the use or benefit of any public official (i.e., any person holding a legislative, administrative or judicial office, including any person employed by or acting on behalf of a public agency, a public enterprise or a public international organization) or any political party or political party official or candidate for office, or any other person where such payment, gift, promise or advantage would violate (i) the Law; (ii) the laws of the country of incorporation of such entity or such entities ultimate parent company and of the principal place of business of such ultimate parent company; or (iii) the principles described in the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed in Paris on December 17, 1997, which entered into force on February 15, 1999. Each entity shall defend, indemnify and hold the others harmless from and against any and all claims, damages, losses, penalties, costs and expenses arising from or related to, any breach by such first entity of such warranty. Such indemnity obligation shall survive termination or expiration of this Contract.

(End of Article 43)

IN WITNESS WHEREOF, the Parties hereto have executed this Contract in five (5) originals (each in Arabic and English) at [ ], on the day and Year first above written.

For and on behalf of ROC

_____Witness_____

For and on behalf of Contractor

_____Witness_____

(Company)

_____Witness_____

(Company)

_____Witness_____

(Company)

_____Witness_____

ANNEX A – DESCRIPTION OF CONTRACT AREA

This Annex is attached to and made part of the Development and Production Service Contract for the ------- Contract Area.

The Contract Area is defined by the U.T.M. co-ordinates for the corner points shown and connected by straight lines as shown in Annex B.

U.T.M. Zone ------

CORNER POINT	NORTHING	EASTING

(End of Annex A)

ANNEX B – MAP OF CONTRACT AREA

This Annex is attached to and made part of the Development and Production Service Contract for the ------- Contract Area.

(End of Annex B)

ANNEX C – ACCOUNTING PROCEDURE

This Annex C is attached to and forms part of the Development and Production Service Contract for the ------- Contract Area.

CLAUSE 1. GENERAL PROVISIONS

1.1 Definitions

Terms used in these Accounting Procedures shall have the meanings ascribed to them in this Contract. In addition:

"Material" shall mean and include any and all materials, equipment, machinery, articles and supplies; and

"Operating Account" shall mean the account or set of accounts maintained by Contractor and Operator to record Petroleum Costs, Supplementary Costs and Remuneration.

1.2 Purpose of Accounting Procedures

The purpose of these Accounting Procedures is to establish methods and rules of accounting for Petroleum Operations under this Contract.

Any procedure established herein may only be modified by mutual agreement of the Parties.

1.3 Operating Account and Records

(a) Contractor and Operator shall open and maintain all accounts and records necessary to document in reasonable detail and in separate accounts the transactions relating to Petroleum Operations, in accordance with generally accepted and recognized accounting principles consistent with modern international petroleum industry practices, all in accordance with and subject to the provisions of the Contract.

The accounts and records should show, among other things, the following:

(i) Costs of assets including the cost of:

1. drilling in general and cost of each well;
2. production facilities such as flow lines and degassing stations in sufficient detail;
3. Transportation Facilities;
4. tank-farms and pumping stations; and
5. infrastructure, facilities and industrial centers.

(ii) Costs of Materials including the cost and quantity of each item. The method of pricing should be stated.

(iii) Operating costs analyzed by main items such as salaries, Materials and services as defined or described in these Accounting Procedures.

(b) Contractor's and Operator's books shall be kept in the Republic of Iraq in the English language with an Arabic summary. All transactions shall be recorded in Dollars in accordance with the provisions of Article 20 of the Contract.

(c) Accounts shall be kept according to the accounting system approved by the JMC or BOD pursuant to Article 9.21(d) of the Contract.

(d) Contractor and Operator shall maintain appropriate cost control records to meet

the requirements and obligations under the Contract.

(e) Petroleum production, storage and transfer records shall be maintained according to the Contract and consistent with modern international petroleum industry practices.

(f) Expenditures shall be charged in Dollars as follows:

(i) all Dollar expenditures shall be charged in the amount incurred;

(ii) all Dinar expenditures shall be translated into Dollars at the exchange rate prevailing on the date of the relevant expenditure in accordance with the regulations of the Central Bank of Iraq;

(iii) expenditures in currencies other than Dollars or Dinars, shall be charged in the equivalent amount in Dollars using the actual exchange rate applied by a first class international bank on the date of payment;

(iv) a record shall be kept of the exchange rates actually used in converting Dinars and other non-Dollar expenditures into Dollars; and

(v) on the date of each balance sheet, monetary items in currencies other than Dollars shall be translated to Dollars at the rate of exchange applicable on such balance sheet date.

1.4 Statements

(a) Quarterly Statements

Contractor and Operator shall submit to ROC within forty five (45) days from the end of each Quarter, a statement of Petroleum Costs and Supplementary Costs incurred and Remuneration earned together with reports and statement of the Operating Account of the said Quarter.

(b) Yearly Statements

Contractor and Operator shall submit to ROC within three (3) Months from the last day of each Calendar Year, a statement of Petroleum Costs and Supplementary Costs incurred and Remuneration earned together with reports and a statement of the Operating Account of the said Calendar Year.

1.5 Audits

Yearly statements shall be supported by a report issued by an independent auditor of international qualification appointed according to Article 20.4 of the Contract. The auditor report shall include a statement that the accounts and statements are prepared according to the terms and conditions of the Contract and these Accounting Procedures.

CLAUSE 2. OPERATING ACCOUNT

Subject to the provisions of the Contract and these Accounting Procedures, Contractor shall charge the Operating Account with Petroleum Costs, Supplementary Costs and Remuneration. Pursuant to Article 19 of Petroleum Costs and Supplementary Costs shall start being charged as from the Effective Date, while Remuneration shall start being charged as from First Commercial Production. Remuneration shall be computed pursuant to Article 19 of the Contract and charged accordingly to the Operating Account. Petroleum Costs shall be prepared on a cash basis and shall include, but not be limited to, the following items:

2.1 Personnel

(a) Operator's Locally Recruited Personnel

The actual cost of Operator's locally recruited personnel who are engaged in Petroleum Operations shall be charged as Petroleum Costs. Such costs shall include gross pay, all personnel benefits, employer contributions, taxes and other assessments levied on Operator as an employer by Government authorities, transportation and relocation costs of the personnel and such personnel's family within Iraq or elsewhere on temporary assignment in the interest of Petroleum Operations (provided that no relocation costs for the personnel's family shall be charged if the temporary assignment is for less than six (6) consecutive Months) and such other costs as are statutory or customary for Operator. This procedure shall also be applied with respect to personnel of Contractor or ROC seconded to Operator.

(b) Assigned Personnel

The cost of the personnel of Operator's or Contractor's Affiliates working in Iraq or in countries other than the country of Operator (hereafter referred to as "Countries of Assignment") for Petroleum Operations on a long term assignment (more than six (6) consecutive Months). The cost of these personnel shall be as per rates or actual cost, as the case may be, representing the Operator's or Contractor's Affiliates actual cost which is consistent with the standard employment policies of the head office Affiliate or of other Affiliates employing such personnel.

These rates shall include all costs of salaries, wages, benefits, indemnities and ROCial charges according to laws, regulations or contractual agreements applicable to such personnel. In addition, they shall include reimbursement of personnel administrative charges according to the standard practice of Operator's or Contractor's Affiliates.

The charges for personnel assigned on a temporary basis (less than six (6) consecutive Months) shall be made in accordance with Clause 2.5(c).

(c) Personnel Engaged in Other Activities

If local personnel or assigned personnel are engaged in other activities in Iraq in addition to Petroleum Operations, the cost of such personnel or assigned personnel shall be allocated on a time sheet or pro rata basis according to sound and acceptable accounting principles.

(d) Training Costs

All costs and expenses incurred by Operator, Contractor and/or its Affiliates in organizing, setting up and conducting training activities for their Iraqi personnel engaged in Petroleum Operations or Contractor's training activities, including the planning, designing, constructing, commissioning and running training facilities and the related software.

All such training costs shall be subject to the JMC or BOD prior approval.

2.2 Materials

The cost of Materials purchased for or furnished to Petroleum Operations as detailed under Clause 4.1.

2.3 Transportation

(a) Transportation of Personnel and Materials

The cost of transportation of Materials necessary for the performance of Petroleum Operations, including costs of packaging, brokerage, insurance and

other related costs. Personnel transportation costs, to the extent covered by the established policy of Operator or Contractor, shall include travel expenses for personnel and their immediate families to and from the personnel's points of origin at the time employment commences, at the time of final departure and for vacations, as well as travel expenses in Iraq for personnel and their immediate families incurred as a result of transfers from one location to another, and travel expenses relating to the periodical recuperation leaves of field personnel. Costs related to immediate families shall be charged for personnel assigned to work in Iraq for periods exceeding six (6) consecutive Months.

(b) Transportation Facilities

All costs and expenses for the Transportation Facilities according to Article 17.7 of the Contract and Addendum Two attached thereto.

2.4 Buildings and Equipment

(a) Costs of buildings, equipment, furniture and fixtures, the maintenance thereof and related costs; rents paid for all offices, houses, warehouses and other types of buildings and costs of supplies necessary for the operation of such buildings and facilities, all in the Republic of Iraq.

(b) Costs of vehicles and their maintenance and operation.

(c) Costs of computers and software and their maintenance and operation.

2.5 Services

The services required by Operator for Petroleum Operations which may include but are not limited to:

(a) outside services of consultants, contract services, utilities and other services procured from outside sources; rentals or compensation paid for the use of any equipment and facilities;

(b) use of equipment and facilities of Operator for Petroleum Operations on a rental basis at rates to be approved by the JMC or BOD;

(c) all Specific Services performed under an assistance agreement between Operator and its Affiliates;

"Specific Services" shall mean services, activities, studies and projects of a technical nature, as well as computer services, carried out or procured by the Affiliate at the Operator's specific request under a purchase order procedure, for the benefit of Petroleum Operations. Specific Services shall also mean studies and specific tasks such as, administrative, accounting, financial, procurement and legal services when requested by Operator under a purchase order; and

Specific Services shall be charged at cost in accordance with the tariffs and price lists established each Year by the head office Affiliate and approved by the JMC or BOD for each Calendar Year.

2.6 Damages and Losses

All costs or expenses necessary to replace or repair damages or losses incurred by fire, flood, storm, theft, accident or any other cause not controllable by Contractor and Operator through exercise of reasonable care and diligence in operations and not resulting from Contractor and Operator's failure to promptly file and diligently pursue claims against insurance companies. Contractor and Operator shall furnish ROC with written notice with details of damages or losses sustained in excess of ten thousand Dollars (US$10,000) per occurrence as soon as practicable.

2.7 Legal Expenses

All costs and expenses of litigation or arbitration, or legal services necessary or expedient for the protection of the Contract Area against third party claims, including attorney's fees and expenses as hereinafter provided, together with all judgments obtained against the Parties or any of them on account of Petroleum Operations under the Contract, and actual expenses incurred by Contractor and/or ROC in securing evidence or expert advice for the purpose of defending any such action or claim pursued or urged in connection with operations under the Contract.

In the event actions or claims affecting the Parties' interests under the Contract shall be handled by the legal staff of ROC in Iraq, an agreed compensation commensurate with the actual cost of providing and furnishing such services shall be paid to ROC and charged to the Operating Account.

2.8 Taxes

Pursuant to Article 23 and subject to other provisions of the Contract, taxes (other than corporate income tax), levies, duties, imposts (if any) and/or charges and fees paid by Contractor and Operator (but not previously paid directly or reimbursed by ROC) to Government authorities as assessed or levied upon or in connection with Petroleum Operations.

2.9 Insurance and Claims

(a) The premium of any insurance policy secured by Operator pursuant to the Contract.

(b) Any costs sustained by Contractor and Operator arising out of an event covered by insurance. Such costs include, but are not limited to, repairs and replacements of Materials in the Contract Area resulting from damages or losses incurred because of fire, flood, storm, theft, accident, or any other similar risk.

(c) All costs and expenses associated with suing, working or travelling for, or any other cost incurred because of insurance related disputes or litigation with any party including any insurer and/or any insurer’s representatives or agents to the extent that such costs and expenses are not refunded for whatever reasons, by insurance and/or not awarded by an arbitrator or a court of law.

(d) Any compensation received, or any claim collected from insurers or third parties shall be credited to the Operating Account. If no insurance is carried for a particular risk, all related actual expenditures incurred and paid by Contractor in settling any and all losses, claims, damages, judgment and other expenses, including related legal expenditures. Any such loss, claim or damage shall be charged to the Operating Account unless it is a direct result of Contractor's and/or Operator’s failure to act in accordance with the standards of insurance required by the Contract or instructions of the JMC or BOD.

2.10 Currency Exchange

The gain or loss, if any, through currency translation or exchange pursuant to the provisions of Article 21 of the Contract and Clause 1.3(f) of these Accounting Procedures.

2.11 Tariffs

Subject to the provision of Clause 3, all sums paid to ROC, contractor(s) on petroleum fields other than the Contract Area, or any third party in compensation for the use of facilities in connection with Petroleum Operations such as, but not limited to, pipelines,

hydrocarbon treatment plants and storage facilities, on a basis of a mutually agreed tariff.

2.12 Surface Rights

All direct costs attributable to the acquisition, renewal or relinquishment of surface rights acquired and maintained in force for Petroleum Operations in Iraq.

2.13 Environment

All costs incurred for the protection, cleanup or restoration of the environment pursuant to the Contract and the Law.

2.14 Administrative Overhead and General Expenses

The services of all personnel of Contractor's head office or its Affiliates not otherwise chargeable, as well as the contribution of Contractor's head office or its Affiliates to Petroleum Operations of an intangible nature and any overhead or its indirect cost incurred by Contractor's head office or its Affiliates shall be compensated by a charge based on one percent (1%) of Petroleum Costs and Supplementary Costs incurred during each Calendar Year or a fraction thereof.

The basis of applying this percentage shall be the total Petroleum Costs and Supplementary Costs incurred in respect of Petroleum Operations and charged under these Accounting Procedures to the Operating Account during each Financial Year or fraction thereof, excluding administrative overhead as allowed in this section.

From the Date of Transfer of Operatorship, the payment for the above administrative overhead charges shall be shared equally between Contractor and ROC.

2.15 To the extent any of the costs identified in Article 2 of this Annex C would qualify as eligible costs pursuant to Articles 7.2, 10.5, 12.7, 17.7 or 41.17 of the Contract, such costs shall be considered Supplementary Costs and not Petroleum Costs.

2.16 All the other costs and expenses incurred in connection with and for the benefit of Petroleum Operations shall, unless expressly excluded as Petroleum Costs, be chargeable to Petroleum Costs.

CLAUSE 3. INFORMATION TO JMC OR BOD AND ROC

Upon submitting the annual Work Program and Budget for approval in accordance with Article 12 of the Contract, Operator shall provide in writing the following details in respect of personnel, Specific Services and tariffs in connection with Petroleum Operations to be charged during the relevant Year.

3.1 Regarding Personnel Costs

(a) Estimate of the overall amount thereof.

(b) Analysis and explanation of the applicable personnel policy and practice of Operator and Operator's Affiliates.

(c) Reasonable breakdown of the aforesaid expenditures as per details stated in these Accounting Procedures.

(d) Rates and/or methods of apportionment of such costs.

3.2 Regarding Specific Services

(a) Estimate of the overall amount thereof.

(b) Reasonable breakdown of such services by major type.

(c) Tariffs and rates expected to apply with respect to such services, especially assigned personnel.

3.3 Regarding Tariffs

(a) Estimate of the overall amount to be paid.

(b) Reasonable breakdown of the tariff expenditures.

CLAUSE 4. CHARGING PRINCIPLES

4.1 Purchases

(a) All Materials purchased for Petroleum Operations shall be purchased at competitive prices from reputable manufacturers and suppliers.

Materials and equipment purchased from third parties shall be charged at the net cost paid by Contractor after deduction of all discounts received. Net cost shall include but not be limited to such items as transportation, insurance, license fees and purchasing and forwarding costs.

(b) The Parties may furnish New Materials from their own stock provided that the New Material transferred from the warehouses or other facilities of Contractor's entities or their respective Affiliates shall be priced at cost, and provided that such cost is not higher than the prices for New Materials of the same quality, obtained on comparable terms and conditions, prevailing in the international market at the time such Materials were supplied to Contractor and Operator.

4.2 Direct and Indirect Costs

Costs shall be charged to the Operating Account using consistent methods from Year to Year, and such methods shall be agreed upon by the Parties subject to the following principles:

(a) costs that may be directly charged to a relevant subdivision of the Operating Account shall be so charged; and

(b) costs that cannot easily be charged directly to any subdivision of the Operating Account shall be apportioned either on a time basis or on a pro rata basis. Costs of services that cannot be assessed accurately may be charged according to standard rates and adjusted to actual costs at Year end.

4.3 Use of Equipment and Facilities Owned by Entities Constituting Contractor

For the use of any equipment or facilities that are wholly owned by entities constituting Contractor, the Operating Account shall be charged a rental commensurate with the cost of ownership.

The rental rates, which will not include any profit element, will be approved by the JMC or BOD each Calendar Year. Such rates should be in line with those currently prevailing in the area where Petroleum Operations are located for equipment and facilities comparable in terms of availability, safety, efficiency and quality.

CLAUSE 5. INVENTORIES

At all times, Contractor and Operator shall maintain inventories of Materials at optimum levels required for Petroleum Operations and shall be subject to:

5.1 Periodic Inventories, Notices and Representation

At reasonable intervals, and at least once annually, inventories shall be taken by Contractor and Operator of the Materials charged to the Operating Account, which shall include all such Materials as are ordinarily considered controllable by operators in the international petroleum industry. Written notice of intention to take inventory shall be given by Contractor and Operator at least ninety (90) days before any inventory is to begin so that ROC may be represented when any inventory is to be carried out.

5.2 Reconciliation and Adjustment of Inventories

Reconciliation of inventory with the Operating Account shall be made and a list of overages and shortages shall be furnished to ROC. Inventory adjustments shall be made by Contractor and Operator to the Operating Account if required; provided, however, that any inventory adjustment exceeding a value of ten thousand Dollars (US$10,000) shall be reported to ROC.

CLAUSE 6. DISPOSAL OF MATERIALS

Contractor and Operator shall inform the JMC or BOD and ROC of any excess or disposable Materials. ROC shall instruct Operator on the action then required. Any proceeds of disposal of such Materials shall be credited to the Operating Account.

CLAUSE 7. SUMS RECEIVED FROM THIRD PARTIES

All sums received by Contractor from any third party in compensation for the use of facilities utilized by Operator for Petroleum Operations shall be credited to the Operating Account.

CLAUSE 8. BASIS OF ACCOUNTING

The Operating Account may be maintained on an accrual basis, that is, costs shall be recorded and entered in the Operating Account when the liability thereto first arises, and revenues shall be recorded and entered in the Operating Account when the title thereto is acquired.

However, for the purposes of cost recovery as per Article 19 of the Contract, the relevant calculations shall be made on a cash basis, that is, costs shall be considered only when paid and revenues only when collected.

CLAUSE 9. PAYMENT OF PETROLEUM COSTS, SUPPLEMENTARY COSTS AND REMUNERATION

Contractor shall, pursuant to Article 19 of the Contract, render to ROC as promptly as practical but not later than forty-five (45) days after the end of the last Month of a Quarter, an invoice of due and payable Petroleum Costs, Supplementary Costs and Remuneration for the Quarter based on the Operating Account and showing the following details:

9.1 Due Petroleum Costs, Supplementary Costs and Remuneration brought forward from the previous Quarter, if any;

9.2 Petroleum Costs, Supplementary Costs and Remuneration becoming due during Quarter;

9.3 Total Petroleum Costs, Supplementary Costs and Remuneration payable for the Quarter (9.1 + 9.2);

9.4 Petroleum Costs, Supplementary Costs and Remuneration received by Contractor for

the Quarter;

9.5 Amount of Petroleum Costs, Supplementary Costs and Remuneration to be carried forward into the succeeding Quarter if any (9.3-9.4); and

9.6 Excess, if any, of the value of Petroleum Costs, Supplementary Costs and Remuneration received by Contractor over Petroleum Costs, Supplementary Costs and Remuneration due for the Quarter (9.4-9.3). Such excess shall be set off in the next calculation of Contractor's outstanding Petroleum Costs, Supplementary Costs and Remuneration payable in the immediately succeeding Quarter in accordance with Article 19 of the Contract.

CLAUSE 10. NON-RECOVERABLE COSTS

Unless otherwise provided elsewhere in the Contract, the following list of items shall be treated as non-recoverable costs for the purpose of cost recovery:

10.1 Costs incurred as a result of any proven Gross Negligence or Willful Misconduct of Contractor and Operator including any amount paid in settlement of any claim alleging Gross Negligence or Willful Misconduct whether or not Gross Negligence or Willful Misconduct is admitted or whether such sum is stated to be paid on an ex-gratia or similar basis;

10.2 Replacement and/or repair costs in respect of assets or other property which is uninsured or under-insured, and liability incurred to third parties on the basis of strict liability, where Contractor and Operator has agreed with ROC to insure against such loss and has failed to do so;

10.3 Any expenditure incurred directly or indirectly in connection with the raising of money to finance Petroleum Operations and other incidental costs and charges related thereto by whatever method raised; such expenditure includes, but is not limited to, interest, commissions, fees and brokerage;

10.4 Any costs, charges or expenses including donations relating to public relations or enhancement of Contractor’s corporate image and interests;

10.5 Any expenditure incurred which is not related to Petroleum Operations or on matters or activities beyond the Delivery Point(s);

10.6 Corporate income tax;

10.7 Training, Technology and Scholarship Fund;

10.8 Signature bonus;

10.9 Payments to ROC under Article 23.4; and

10.10 Any other expenditure which is stated elsewhere in the Contract to be a non-recoverable expenditure.

CLAUSE 11. CONTROL STATEMENTS AND MAJOR ACCOUNTS

11.1 Contractor shall annually prepare, from the statements of expenditure prepared pursuant to Clause 1.4 a statement showing for the relevant Year the excess or deficit in development expenditure compared to the Minimum Work Obligations. Such statement shall be rendered to ROC not later than ninety (90) days following the end of such Year.

11.2 For the purpose of classifying costs, expenses and expenditures for cost recovery and Minimum Work Obligations, costs, expenses and expenditures shall be recorded in

major accounts including Capital Cost and Operating Cost.

CLAUSE 12. TRANSFER PROCEDURE FOR THE OPERATING ACCOUNT

12.1 In accordance with Article 9.7 of the Contract, when the Joint Operating Company becomes the Operator, the former Operator shall transfer to the Joint Operating Company all the accounting records relating to the Operating Account.

12.2 In conducting the transfer of the books of account and the inventory of all properties in accordance with the provisions of these Accounting Procedures, the implementation procedure for the transfer and verification, the accounting files to be transferred and accounting matters to be settled as well as other details, shall be agreed in advance by the former Operator and the Joint Operating Company. The transfer procedure shall be completed within the period agreed upon by the Parties. Thereafter, owing to the needs of any shareholder, the Joint Operating Company shall allow such shareholder's staff access to the books of accounts within the relevant periods and provide them with duplicates of the relevant accounting records, if necessary.

CLAUSE 13. EXTERNAL AUDITOR'S CERTIFICATE

Contractor shall provide ROC with a certificate from the external auditor of Contractor's Operator's head office Affiliate confirming that the charges and the rates applied pursuant to Clauses 2.1(a) to 2.5(c) represent actual costs.

(End of Annex C)

ANNEX D – DEFINITION OF RESERVOIRS

This Annex is attached to and made part of the Development and Production Service Contract for the ------- Contract Area. All depths quoted are in meters below Mean Sea Level.

SECTION 1 – DISCOVERED RESERVOIRS

SECTION 2 – UNDISCOVERED POTENTIAL RESERVOIRS

(End of Annex D)

ANNEX E – MINIMUM WORK OBLIGATION

This Annex is attached to and made part of the Development and Production Service Contract for the ------- Contract Area.

(a) Acquire --------- square kilometers of 3-D seismic data over the Contract Area, including processing and interpretation thereof.

(b) Drill ---- appraisal wells to the base of the ------- Formation (as defined in Annex D).

(c) Drill ---------- exploration wells to the top of the ----------.

(d) Perform detailed geological and reservoir engineering studies, including 3-D simulation for the reservoirs, and carry out detailed laboratory and reservoir engineering studies to evaluate the most suitable recovery mechanism for all discovered undeveloped reservoirs that will be the subject of Plans. Integrate all relevant available data and information, including such data existing prior to the execution of exploration and appraisal activities.

(e) Agree and execute a thorough reservoir surveillance plan, to acquire sufficient data for development planning and operations. These are expected to include tests, well integrity surveys, PLTs, RSTs and PVT measurements.

(End of Annex E)

ANNEX F – FORMS OF GUARANTEE

FORM 1: FOR A COMPANY

To: ROC

We refer to the Development and Production Service Contract for the [Contract Area], (hereinafter referred to as the "Contract") entered into on this day of _____YYYY, between [Companies], [State Partner] and ROC, an Iraqi State oil company.

In consideration of the rights and obligations of [Company] being a wholly-owned and controlled Affiliate of [Company's Guarantor] ("_____") as a Party to the Contract, [Company's Guarantor], a company duly organized and existing under the laws of _____ and whose registered office is at _____ hereby unconditionally and irrevocably undertakes, to make available or cause to be made available to [Company] such technical and financial resources as may be required to perform and fulfill its obligations under the Contract, as may be amended from time to time by the Parties thereto, including payment to ROC of the balance (if any) of the Minimum Expenditure Obligation in case of termination of the Contract, if applicable.

[Company's Guarantor] hereby unconditionally and irrevocably guarantees [Company] in the performance and fulfillment of its obligations under the Contract.

The obligations of [Company's Guarantor] hereunder shall be limited to the extent of the Participating Interest held by [Company] under the Contract.

This Guarantee shall extend to any Affiliated assignee of [Company] which may become a Party to the Contract.

This Guarantee is issued for the benefit of the ROC and cannot be assigned or transferred by it to any other party without the prior written consent of [Company].

For purposes of this Guarantee, the capitalized terms used herein but which are undefined shall have the meaning ascribed to them in the Contract. A person who is not a party to this Guarantee shall have no third party rights to enforce or enjoy the benefit of any terms of this Guarantee.

This Guarantee shall be governed by and construed in accordance with the laws of Republic of Iraq. Any dispute arising from this Guarantee shall be settled in accordance with the terms of Article 37 of the Contract.

This Guarantee shall come into force on the Effective Date of the Contract and shall remain valid as long as [Company], or its Affiliate, shall be bound by the Contract.

Signed for and on behalf of

_____

[Company's Guarantor]

FORM 2- FOR ROC, SOMO, TRANSPORTER AND STATE PARTNER

To: [Companies]

We refer to the Development and Production Service Contract for the [Contract Area] (hereinafter referred to as the "Contract ") entered into on this day of _____ YYYY, between [Companies], [State Partner] and ROC.

In consideration of

- the rights and obligations of ROC as a Party to the Contract and being fully owned subsidiary of the Ministry of Oil of the Republic of Iraq; and
- [Companies] entering into the Contract

the Ministry of Oil, hereby unconditionally and irrevocably guarantees for the benefit of [Companies] to make available or cause to be made available to ROC such financial and technical resources as may be required to perform and fulfill its obligations under the Contract, as may be amended from time to time by the Parties thereto, for the Term of the Contract or as extended to enforce rights or obligations in relation to the Contract.

This Guarantee shall unconditionally and irrevocably extend to the obligations of Oil Marketing Company (SOMO), Transporter, the State Partner, and any Affiliate of ROC or the Ministry, which becomes a Party to the Contract and any references in the Guarantee to ROC shall be construed accordingly.

This Guarantee shall come into force on the Effective Date of the Contract and shall remain valid as long as ROC, Transporter, SOMO, State Partner, and any other Affiliate of ROC or the Ministry, shall be bound by the Contract.

This Guarantee is issued for the benefit of [Companies] and cannot be assigned or transferred by it to any other party without the prior written consent of ROC.

For purposes of this Guarantee, the capitalized terms used herein but which are undefined shall have the meaning ascribed to them in the Contract.

This Guarantee shall be governed by and construed in accordance with the laws of Republic of Iraq. Any dispute arising from this Guarantee shall be settled in accordance with the terms of Article 37 of the Contract.

Address of the Ministry of Oil for purposes of enforcement of this Guarantee:

Petroleum Contract and Licensing Directorate, Ministry of Oil, Baghdad, Republic of Iraq, attention Director General

Signed for and on behalf of Ministry of Oil

Name: _____

Title: _____

(End of Annex F)

ADDENDUM ONE – HEADS OF JOINT OPERATING AGREEMENT

This Addendum One is attached to and made part of the Development and Production Service Contract for the ------- Contract Area. Terms defined in the Development and Production Service Contract shall have the same meanings for the purpose of this Heads of Agreement. The parties to the Joint Operating Agreement are the entities constituting Contractor.

CLAUSE 1. SCOPE

This Heads of Joint Operating Agreement is to provide for the basic principles to be included in a Joint Operating Agreement ("JOA") to be executed among the entities constituting Contractor (hereinafter referred to individually as "Participant" or collectively as "Participants").

CLAUSE 2. PARTICIPATING INTEREST

Subject to Article 27 of the Contract, each Participant shall have the undivided percentage interest determined under the Contract and/or as agreed by the Participants ("Participating Interest"), provided that each Participant's Participating Interest shall not be less than seven point five percent (7.5%). Each Participant shall participate in proportion to its respective Participating Interest in all costs, expenses and liabilities incurred pursuant to the Contract or JOA and shall own, in the same proportion, the Contractor's rights under the Contract and the Participants' rights under the JOA.

CLAUSE 3. OPERATOR

3.1 The Operator appointed in accordance with the Contract, shall have exclusive management and control of Petroleum Operations prior to the formation of the Joint Operating Company.

3.2 Operator may, at any time resign as such by giving the Participants notice in writing. Operator shall cease to be Operator if: (a) it dissolves, liquidates or terminates its legal existence; (b) it becomes insolvent, bankrupt or is placed in receivership; (c) its Participating Interest is reduced to less than twenty two point five percent (22.5%); or (d) it takes no action within thirty (30) days after notification to it by a Participant to remedy a material breach of this JOA. Pursuant to Article 9.3 of the Contract, replacement of the Operator shall be subject to ROC's prior approval.

CLAUSE 4. OPERATING COMMITTEE

4.1 An Operating Committee composed of representatives of the Participants shall be established and shall act for the duration of this JOA to make decisions and establish joint policies and make proposals to be submitted to the ROC, the JMC or the BOD, as well as to make any other decisions necessary or expedient for the orderly supervision and direction of the Petroleum Operations.

4.2 The decisions of the Operating Committee on all matters coming before it shall be made by the affirmative vote of the representatives of the Participants having a combined voting right of at least seventy percent (70%), each Participant being entitled to have and to exercise through its representatives a voting right equal numerically to its Participating Interest. The Operating Committee shall also decide upon Contractor's representation in

the JMC or BOD, provided that Contractor's Operator shall have at least one (1) of the members provided to Contractor and the State Partner shall have one (1) member.

CLAUSE 5. WORK PROGRAMS AND BUDGETS

For each Calendar Year, the Operator shall prepare and submit to the Participants Work Programs and Budgets not later than the first day of August of the preceding Year. Each such Work Program and Budget shall set out in a reasonably detailed manner the work to be carried out and shall include an itemized estimate of the corresponding expenditures. The Operating Committee shall review and discuss the Work Program and Budget submitted by Operator for the following Calendar Year and shall adopt, not later than August 30, a Work Program and Budget to be submitted to the Operator for further study and possible modification before referring it to the JMC or the BOD for approval pursuant to Article 12.2.

CLAUSE 6. COSTS AND EXPENSES

All costs and expenses of the Contractor for Petroleum Operations shall be borne by the Companies in proportion to their respective Participating Interest. All costs and expenses that are incurred in the conduct of operations under this JOA shall be determined and recorded according to an Accounting Procedure (without prejudice to Annex C of the Contract) and generally accepted accounting principles and shall be subject to periodic inspection and audit.

CLAUSE 7. DEFAULTS

7.1 Any Company that fails to pay when due its Participating Interest share of costs and expenses shall be in default (hereinafter referred to as ("Defaulting Company"). The Operator shall as soon as practicable notify all Participants of such default and the Operator shall keep the Participants informed thereafter of material events in relation thereto. The amount not paid by the Defaulting Company shall bear interest from the date due until paid in full. After any default has continued for thirty (30) days, the Defaulting Company shall not be entitled to attend Operating Committee meetings or to vote on any matter coming before the Operating Committee during the period such default continues. Non-Defaulting Companies (excluding State Partner) shall pay the defaulted amount on behalf of the Defaulting Company, in proportion to their Participating Interests or in any other proportion they may agree upon.

7.2 The Defaulting Company shall have the right to remedy the default at any time prior to forfeiture, as hereinafter provided, by payment in full to the Operator or, if the Non-Defaulting Companies have paid any amounts under Clause 7.1 of this JOA, to the Non-Defaulting Companies, in proportion to the amounts so paid by them, of all amounts which the Defaulting Company has failed to pay, together with interest thereon on a day to day basis at the rate of LIBOR plus five percent (5%).

If a Defaulting Company has not remedied the default by the thirtieth (30^{th}) day, then, during the continuance of such default, the Defaulting Company shall not be entitled to its Participating Interest share of Petroleum Costs, Supplementary Costs and Remuneration, which shall vest in and be the property of the Non-Defaulting Companies. The Petroleum Costs, Supplementary Costs and Remuneration due to the Defaulting Company shall proportionately be paid to the Non-Defaulting Companies, which Petroleum Costs, Supplementary Costs and Remuneration shall be credited against all monies advanced by such Non-Defaulting Companies on behalf of the Defaulting Company. The balance of such fees, if any, shall be paid to the Defaulting Company

when such default has been remedied.

7.3 State Partner shall be carried by the other Companies for its Participating Interest share of Petroleum Costs and Supplementary Costs. The amount so paid by the Companies on behalf of State Partner shall be fully recovered by the Companies from the Petroleum Costs and Supplementary Costs paid under the Contract.

7.4 In no event shall State Partner be considered in default.

CLAUSE 8. WITHDRAWAL

After the Minimum Work Obligations have been fulfilled, any Company may elect, and subject to ROC's prior written consent, by giving notice to the other Participants, to withdraw from the Contract and the JOA. Each of the other Companies may also give notice that it desires to withdraw from the Contract and the JOA. Should all Companies give such notice of withdrawal, the Participants shall proceed to abandon the Contract Area and terminate the Contract and JOA. If less than all of the Companies give such notice of withdrawal, then the withdrawing Companies shall execute and deliver all necessary instruments and documents to assign their Participating Interest to the non-withdrawing Companies, without any compensation whatsoever. Such assignment to the non-withdrawing Companies shall be in proportion to their Participating Interests, unless otherwise agreed among them. The non-withdrawing Companies shall take the assignment of all of the withdrawing Companies' Participating Interests; otherwise, the Participants shall be deemed to have decided to withdraw from the Contract and the JOA. The withdrawing Participant shall remain responsible in proportion to its Participating Interest for any liability that may arise for any activity performed before its withdrawal and shall not be entitled to the Supplementary Costs, Petroleum Costs or Remuneration accrued on or after the date of its withdrawal.

CLAUSE 9. ASSIGNMENT

Each Participant may transfer, subject to any requirement under the Contract, all or part of, its Participating Interest under the Contract and the JOA to a wholly-owned Affiliate without the consent of the other Participants; provided that such Participant shall remain responsible for the performance of the financial and other obligations under the Contract and the JOA to the same extent as if the transfer had not occurred and provided further that the assigning Participant shall timely notify the other Participants of any such transfer. Without prejudice to the provisions of the Contract, no transfer of any interest under the Contract and the JOA to third parties may be made by any Participant without the written consent of the other Participants which consent shall not be unreasonably withheld. The transfer by a Participant of its interest under the Contract and the JOA to third parties shall be subject to ROC's approval and its pre-emptive right and to the preferential rights of the other Participants. The assignee or transferee shall be bound by the Contract and the JOA.

CLAUSE 10. RELATION OF THE PARTICIPANTS

Subject to Article 2.5 of the Contract, the rights, duties, obligations and liabilities of the Participants under this Heads of Agreement and the JOA shall be individual, not joint or collective. It is not the intention of the Participants to create, nor shall this Heads of Agreement or the JOA be deemed or construed to create a mining or other partnership, joint venture, association or trust, or as authorizing any Participants to act as an agent, servant or employee for any other Participant for any purpose whatsoever except as explicitly set forth in the JOA.

CLAUSE 11. GOVERNING LAW AND ARBITRATION

The JOA shall be governed by, construed, interpreted and applied in accordance with the Law. Any dispute, controversy or claim arising out of or in relation to or in connection with the JOA or the operations carried out thereunder, including without limitation any dispute as to the validity, interpretation, enforceability or breach of the JOA, shall be settled by arbitration in Paris, France, in accordance with the Rules of Conciliation and Arbitration of the International Chamber of Commerce conducted in the manner contemplated in Article 37 of the Contract.

CLAUSE 12. EFFECTIVE DATE AND TERM

This Heads of Agreement shall come into force on the Effective Date of the Contract and shall continue in effect until the Contract expires, terminates or upon the Participants entering into the JOA, whichever is the earlier.

CLAUSE 13. JOINT OPERATING AGREEMENT (JOA)

Within six (6) months from the Effective Date, the Participants shall enter into the Joint Operating Agreement which shall embody the principles stipulated in this JOA Heads of Agreement and it may include such other provisions as customarily used by international petroleum industry and shall continue in effect as long as the Contract is in effect.

(End of Addendum One)

ADDENDUM TWO – HEADS OF PETROLEUM TRANSFER AGREEMENT

CLAUSE 1. DEFINITIONS

This Addendum Two is attached to and made part of the Development and Production Service Contract for the ------- Contract Area. Terms defined in the Development and Production Service Contract shall have the same meanings for the purpose of this Heads of Petroleum Transfer Agreement.

CLAUSE 2. SCOPE

This Heads of Petroleum Transfer Agreement prescribes the basic principles to be included in a Petroleum Transfer Agreement to be executed by and between the Operator and Transporter for transportation of Petroleum produced from the Contract Area under the Contract.

CLAUSE 3. SCOPE OF PETROLEUM TRANSFER AGREEMENT

Provided Operator complies with its obligations under the Contract and this Addendum Two related to the Transportation System, Transporter, on behalf of ROC shall receive at the Transfer Point(s) the quantities of Petroleum from the Contract Area tendered by Operator for transportation to the Delivery Point(s).

CLAUSE 4. FACILITIES AT THE TRANSFER POINT

For the purpose of the transfer of Petroleum, Operator may use a parcel of land at the Transfer Point(s) and construct necessary facilities thereon.

CLAUSE 5. TRANSFER RATE

Operator shall have the right and the obligation to tender Petroleum at the Transfer Point(s) at a certain average rate as per the approved Plans and Revisions. However, Operator in co-ordination with Transporter may transfer Petroleum at a peak rate up to twenty percent (20%) above the approved average rate for temporary periods to compensate for operational constraints. In the event that the throughput capacity of the pipeline system or the related facilities is constrained for unforeseeable incidents beyond the control of the Operator or Transporter and the throughput of Petroleum through the pipeline system is consequently reduced, Operator shall reduce its deliveries accordingly. Any such reduction shall be on a non-discriminatory basis.

CLAUSE 6. TRANSFER CONDITIONS

Petroleum shall be transferred at the Transfer Point(s) from one or more Petroleum streams in accordance with the approved Plans, and at the pressure commensurate with the pressure required by the existing system. The quality of each Petroleum stream transferred at the Transfer Point(s) shall be subject to certain conditions and specifications to be agreed upon by Transporter and Operator. Operator shall not mix any additives to the Petroleum tendered for transportation, without prior written approval of Transporter.

CLAUSE 7. MEASURING

Operator shall install, maintain and operate all facilities necessary for the measurement of Petroleum at each Production Measurement Point. Operator shall notify ROC prior to any calibration of such measurement facilities and allow ROC's representatives to attend such calibration activities. Unless agreed otherwise by the Parties, any inaccuracy determined during such calibration activities shall be deemed to have existed since the mid-point between the last calibration and the current calibration. Similarly, Export Oil that may be lifted by Contractor shall be measured at the Delivery Measurement Point in accordance with standard SOMO measurement practices.

Operation and calibration of the metering equipment and procedures for measurement and sampling shall be in accordance with the prevailing standards of the international petroleum industry. The Parties shall agree the procedure for measuring the volume and quality of Petroleum and shall have the right of access to Production Measurement Points and the right of witnessing calibration thereof.

CLAUSE 8. TRANSPORTATION SYSTEM

8.1 Unless related to obligations under Annex E, Operator and Contractor shall have no obligation to build transportation facilities downstream of the Transfer Point unless this is agreed and incorporated in a Development Plan. In the event such facilities are built they shall be handed over to Transporter upon completion and commissioning.

8.2 In case a need arises to de-bottleneck, improve the efficiency and/or to increase the capacity of the Transportation System, ROC, Transporter, or Operator may propose to construct facilities beyond the Transfer Point, in addition to or to modify the existing Transportation Facilities. If agreed in a Plan, Operator and Contractor shall participate in the building and financing of the same in proportion to the production from the Contract Area in relation with other users and such participation shall be considered Supplementary Costs.

8.3 In the event that Contractor agrees to finance and build or improve such transportation facilities, Operator shall ensure the participation of Transporter's representatives during engineering and construction of the Transportation Facilities, as well as the training of Transporter's personnel concerning operation and maintenance to be conducted before handing them over to the Transporter. Operator shall provide Transporter with all documents and guarantees relating to the said Transportation Facilities. Operator and Transporter shall agree in advance on a procedure for smooth hand-over of the Transportation Facilities after completion and commissioning.

CLAUSE 9. EFFECTIVE DATE AND TERM

This Heads of Petroleum Transfer Agreement shall be valid and effective as from the Effective Date and shall continue in effect until the expiry or termination of the Contract or upon the Operator and Transporter entering into the Petroleum Transfer Agreement, whichever is the earlier.

CLAUSE 10. GOVERNING LAW AND ARBITRATION

The Petroleum Transfer Agreement shall be governed by, construed, interpreted and applied in accordance with the Law. Any dispute, controversy or claim arising out of or in relation to or in connection with the Petroleum Transfer Agreement or the operations carried out thereunder, including without limitation any dispute as to the validity, interpretation, enforceability or breach of the Petroleum Transfer Agreement, shall be settled by arbitration in accordance with the procedures set forth in Article 37 of the Contract.

CLAUSE 11. RELATED PROCEDURES

Procedures existing on the Effective Date for lifting, storage, tanker nomination and other related activities may later be adjusted to support the efficient implementation of the Export Oil Sales Agreement.

CLAUSE 12. PETROLEUM TRANSFER AGREEMENT

Within six (6) months from the Effective Date, the Operator shall enter into the Petroleum Transfer Agreement with Transporter which shall embody the principles in this Addendum Two and it may include such other provisions as customarily used by the international petroleum industry and shall continue in effect for as long as the Contract is in effect.

(End of Addendum Two)

ADDENDUM THREE – HEADS OF CHARTER OF JOINT OPERATING COMPANY

This Addendum Three is attached to and made part of the Development and Production Service Contract for the ------- Contract Area. Terms defined in the Contract shall have the same meanings for the purposes of this Heads of Charter of Joint Operating Company Agreement "Charter"). The parties to the Charter shall be the Parties to the Contract: ROC and Contractor.

CLAUSE 1. ESTABLISHING OF THE JOINT OPERATING COMPANY

1.1 Pursuant to Article 9 of the Contract, a Joint Operating Company of limited liability may be established under the Law. The JOC shall be formed within twelve (12) months after ROC's decision to form the JOC, and shall commence the conduct of Petroleum Operations on the Date of Transfer of Operatorship, which date shall be within thirty (30) days after the formation of the JOC.

1.2 JOC shall be owned fifty percent (50%) by ROC and fifty percent (50%) by Contractor. JOC will bear Iraqi nationality and shall conduct its activities in accordance with the provisions of the Contract, this Addendum Three and the subsequent Charter of the JOC.

1.3 The authorized capital of the JOC shall be determined by mutual agreement in accordance with the Law. ROC and Contractor shall each pay for, hold and own throughout the life of the JOC the capital stock of the JOC in accordance with the percentage ownership stipulated in Clause 1.2.

1.4 Contractor and ROC shall agree, at least three (3) months prior to the Date of Transfer of Operatorship, on the procedure to secure a smooth transfer of Petroleum Operations from Contractor's Operator to the JOC.

CLAUSE 2. JOC NAME

The name of JOC shall be the ------- Operating Company.

CLAUSE 3. HEADQUARTERS OF JOC

The headquarters of the JOC shall be in Baghdad, Iraq, and it may have branch offices in other cities in the Republic of Iraq.

CLAUSE 4. JOC OBJECTIVES

4.1 JOC shall assume the duties of the Operator to the extent they apply to the conduct of Petroleum Operations, but on behalf of the Parties, and to the account of Contractor, all in accordance with the provisions of the Contract and the charter of the JOC.

4.2 JOC shall implement approved Development Plans, Work Programs and Budgets in accordance with the Contract. JOC shall keep account of all costs, expenses and expenditures for such Petroleum Operations under the terms of the Contract and the Accounting Procedures.

4.3 In conducting Petroleum Operations, the JOC and its Sub-Contractors enjoy the same privileges and exemptions as Contractor or Operator to the extent these apply to the conduct of Petroleum Operations by Operator, and shall comply with the Law.

4.4 JOC shall assume, as from the Date of Transfer of Operatorship, all the rights and obligations of Contractor and/or Operator wherever they appear in the Contract to the extent they are relevant to the conduct of Petroleum Operations by the Operator.

4.5 After the JOC has taken over conduct of Petroleum Operations and has become Operator, Contractor shall have the obligation of joint management of the JOC through the BOD and a major role in all the planning, decisions, and day-to-day conduct of Petroleum Operations. In general, Contractor shall make available to the JOC its managerial and technological skills and personnel to ensure that Petroleum Operations are performed in accordance with Best International Petroleum Industry Practices. In particular, the establishment of the JOC shall in no way relieve Contractor of its obligations to achieve the production targets under the Contract.

CLAUSE 5. FINANCING

The JOC shall have neither profit nor loss. Costs, expenses and expenditures, incurred and paid by JOC to carry out Petroleum Operations shall be financed by Contractor and recovered as Petroleum Costs or Supplementary Costs according with approved Work Programs and Budgets in accordance with the provisions of the Contract.

CLAUSE 6. FUNCTION OF JOC

6.1 The JOC shall not own any right, title or interest under the Contract or in the Petroleum produced from the Contract Area, and shall not be required as a principal for any financing. JOC shall function as Operator and shall assume all relevant responsibilities of Operator under the Contract.

6.2 The JOC shall not engage in any business or undertake any activity other than the performance of Petroleum Operations.

CLAUSE 7. BOARD OF DIRECTORS

7.1 A Board of Directors shall be formed for the purpose of overall supervision and control of Petroleum Operations to be conducted by the JOC. This BOD shall consist of eight (8) members, four (4) to be designated by ROC and four (4) to be designated by Contractor, including one member from the State Partner. An alternate to each member shall also be designated. The BOD shall assume its duties and authorities as from the Date of Transfer of Operatorship. The chairman shall be designated by ROC and the deputy chairman by Contractor.

7.2 Decisions of the BOD shall be taken by unanimous votes of the members or their alternates present at the meeting. Quorum shall be at least three (3) members or alternates including at least one member or alternate designated by the ROC and one member or alternate nominated by Contractor's Operator. Decisions taken by the BOD shall be recorded in official minutes signed by the members present and communicated by JOC to the Parties.

7.3 All reasonable costs and expenses of the BOD shall be recovered as Petroleum Costs.

CLAUSE 8. DUTIES AND AUTHORITIES OF BOARD OF DIRECTORS

The BOD shall assume all the duties and authorities of the JMC as specified in Article 13.2 of the Contract. Additionally, the BOD shall have the following duties and authorities:

8.1 overall supervision and control of the conduct of Petroleum Operations by the JOC;

8.2 the establishment of the operating organization and procedure;

8.3 the structuring of the accounting system and of the financial controls as well as the financial planning insofar as it is necessary to manage JOC;

8.4 the establishment of the procedures for the funding of Petroleum Operations by Contractor;

8.5 the appointment and replacement of the General Manager, the Deputy General Manager and the other senior divisional managers of JOC, and the definition of their respective powers;

8.6 the establishment and update of the organization chart of JOC, including the identification of the positions to be filled through secondment from ROC or Contractor respectively and those to be filled through direct employment, if any. The Contractor should be prepared to fill positions within the JOC as and where required upon the request of the BOD;

8.7 establishment of the employment procedures and personnel regulations of JOC;

8.8 prior approval of the terms of the service or secondment agreements to be entered into by JOC with ROC and Contractor of the Contract; and

8.9 the duties and authorities provided for in Article 13.2 and that were performed by the JMC prior to the Date of Transfer of Operatorship.

CLAUSE 9. MANAGEMENT

The General Manager and Deputy General Manager of JOC shall be appointed by the BOD from candidates nominated by ROC and Contractor, respectively. Departmental Managers of JOC shall be appointed by the BOD in consultation with the General Manager and Deputy General Manager. The General Manager shall be the chief executive officer of the JOC.

CLAUSE 10. EMPLOYMENT REGULATIONS

The JOC shall give preference to Iraqi personnel in accordance with Article 9.19 of the Contract.

Secondees of Contractor or ROC shall be exclusive to the operations of the JOC and shall have no other work obligation or assignment within the organization supplying such secondee, unless agreed by the ROC and Contractor.

The BOD shall approve the regulations covering the terms and conditions of employment of the personnel of JOC employed directly by JOC.

CLAUSE 11. LIABILITY

Liabilities shall be pursuant to the Contract.

CLAUSE 12. DURATION OF JOC

12.1 The duration of JOC shall extend up to the end of the Term, including any extensions thereof.

12.2 Neither Contractor nor ROC shall assign, sell or otherwise transfer its interest in the JOC except by mutual agreement; provided, however, that when a Company assigns its

interest under the Contract and Joint Operating Agreement to any party, its interest in the JOC shall be assigned proportionately.

CLAUSE 13. DISSOLUTION OF JOC

The JOC shall be dissolved when the Contract expires or is terminated for any reason as provided for therein.

CLAUSE 14. CHARTER OF JOC

By the Date of Transfer of Operatorship, the Parties shall enter into the charter of the JOC which shall embody the principles set out in this JOC Heads of Agreement. Pending the issue of the said Charter, the provisions of this JOC Heads of Agreement setting forth the principal terms of the charter shall apply as the provisional charter.

CLAUSE 15. MODIFICATION OF THE CHARTER OF JOC

Contractor and ROC may, by mutual agreement, modify the terms of the Charter of the JOC provided that such modification will not be in conflict with the provisions of this Addendum Three or the Contract.

CLAUSE 16. HAND-OVER OF OPERATORSHIP

Operatorship including all books and records shall be transferred to JOC.

CLAUSE 17. GOVERNING LAW AND ARBITRATION

The Law shall apply to the JOC, if and to the same extent it applies to the Contractor, Operator and/or the Contract in accordance with Article 29. To the extent that the Parties determine that it would be appropriate to prepare a shareholders' agreement in respect of JOC, such shareholders agreement shall be governed by, and construed in accordance with, the Law. Any dispute arising from or in connection with such shareholders agreement or the charter of JOC shall be settled in accordance with Article 37 of the Contract.

CLAUSE 18. CONFIDENTIALITY

Confidentiality provisions of Article 33 of the Contract shall apply for this Heads of Agreement, subsequent Charter and operations of JOC.

CLAUSE 19. EFFECTIVE DATE AND TERM

This Heads of Agreement shall come into force on the Effective Date and shall continue in effect until the earlier of Contract expiry, Contract termination or upon the Parties entering into the Charter of the JOC. The full charter of the JOC shall be entered into no later than six (6) months from the ROC's decision to form the JOC.

(End of Addendum Three)

ADDENDUM FOUR – HEADS OF EXPORT OIL SALES AGREEMENT

This Addendum Four is attached to and made part of the Development and Production Service Contract of the ------- Contract Area. Terms defined in the Contract shall have the same meanings for the purpose of this Heads of Agreement. The parties to the Export Oil Sales Agreement are Iraq Oil Marketing Company (SOMO), ROC and Contractor.

SPECIAL TERMS (PART 1)

CLAUSE 1. DEFINITIONS

For the purpose of this Heads of Agreement, terms defined in the Contract shall have the same meanings except the definition of the Parties.

"**Parties**" means Seller and Buyer.

"**Buyer**" means Contractor.

"**Seller**" means Iraq Oil Marketing Company "SOMO", on behalf and for the account of ROC.

CLAUSE 2. QUANTITY

2.1 Forward Quantity Statement

No later than the first day of the first Month of the Quarter immediately preceding any Lifting Quarter, Contractor shall invoice ROC the outstanding Petroleum Costs, Supplementary Costs and Remuneration due and payable to Contractor under the Contract as it estimates these will stand on the first day of the said Lifting Quarter. ROC shall review the invoice and will either confirm its accuracy, or advise Contractor of any errors. The invoice shall be agreed by Contractor and ROC by the 15th of said first Month.

Accordingly, no later than the first day of the second Month of the Quarter immediately preceding any Lifting Quarter, the Buyer shall furnish to the Seller a statement of the volume of Export Oil to be lifted from each standard export quality in each Month of the said Lifting Quarter ("Forward Quantity Statement"). The Forward Quantity Statement will be based on the Petroleum Costs, Supplementary Costs and Remuneration due and payable to Contractor as agreed by ROC, divided by the Provisional Export Oil Price. However, the volume of Export Oil to be lifted by Contractor in any Lifting Quarter shall not exceed the upper limit set for payment of due Petroleum Costs, Supplementary Costs and Remuneration, and the balance of such Petroleum Costs, Supplementary Costs and Remuneration, at the end of the said Lifting Quarter, shall be carried forward, all pursuant to Article 19 of the Contract and Annex C.

ROC shall review the Forward Quantity Statement, and will no later than the last day of the Month of the preceding Lifting Quarter either confirm its accuracy, or advise Contractor of any errors in the calculation of the volumes to be lifted. The nominal quantity agreed for each Month may be varied by up to plus or minus five percent (5%)

as operational tolerance at the time of actual loading. Actual quantity lifted is based on net bill of lading.

For smooth and timely lifting and reporting under this Agreement, the Parties may establish a specialized "Joint Committee" with representatives from ROC, Contractor, and SOMO.

2.2 Lifting Statement

The Seller shall furnish to the Buyer and the Joint Committee a statement setting out the actual Barrels of the Export Oil lifted per lifting during a Lifting Quarter and the actual Price for each lifting ("Lifting Statement"), within thirty (30) days after the end of each Lifting Quarter. The Buyer shall review the Lifting Statement, and will advise the Seller of any errors in the calculations contained therein, within fifteen (15) days after receipt of the Lifting Statement, with a copy to the Joint Committee. Notwithstanding the above, it is agreed that the final certified shipping documents shall be controlling as to volumes lifted. Attachment A to this Agreement contains a sample schedule of notifications, lifting and adjustments applicable for lifting during a Year.

2.3 Option to Deliver Excess Volumes

The Parties may, at their option, elect to deliver excess Export Oil over and above the offset volumes required in any Lifting Quarter under the Contract. The actual value of any such excess Export Oil lifted by the Buyer under the price clause hereunder will reduce the outstanding balance of due Petroleum Costs, Supplementary Costs and Remuneration under the Contract, as reflected in the then most current Quarterly report. If either of the Parties wishes to exercise this option to deliver excess Export Oil in any Lifting Quarter, it must notify the Buyer of such election no later than the first day of the second Month of the preceding Quarter and the other Party must confirm its agreement no later than ten (10) days after such notice.

CLAUSE 3. DELIVERY

FOB relevant Iraqi loading terminal or any other terminal as may be agreed by the Parties.

CLAUSE 4. EFFECTIVE DATE AND TERM

This Heads of Agreement shall come into effect from the Effective Date and shall continue in effect until the Contract terminates or the Parties and ROC enter into the Export Oil Sales Agreement whichever is earlier.

CLAUSE 5. PRICE

Export Oil Price shall be determined pursuant to Article 18 of the Contract.

CLAUSE 6. PAYMENT

The Proceeds receivable by the Seller under this Heads of Agreement shall be used to reduce the amounts owed to the Buyer by the ROC under the Contract and, therefore, no payments to the Seller are required for such Export Oil deliveries. The Buyer shall not be required to pay the

Seller nor post letters of credit or other guarantees of payment, relative to such deliveries, except for deliveries in excess of amounts owed to the Buyer under the Contract.

CLAUSE 7. COMPLIANCE WITH LAWS

Notwithstanding anything to the contrary herein, nothing in this Heads of Agreement is intended, and nothing herein should be interpreted or construed, to induce or require either Party or ROC hereto to act in any manner which is not in compliance with the Law.

CLAUSE 9. EXPORT OIL SALES AGREEMENT

Contractor, ROC and SOMO shall in due time enter into the Export Oil Sales Agreement which shall embody the principles set out in this Heads of Agreement and it may include such other provisions as are customarily used by international petroleum industry and shall continue in effect for the Term of the Contract. Pending the execution of the Export Oil Sales Agreement, the provisions of this Heads of Agreement shall apply.

CLAUSE 10. GENERAL TERMS AND CONDITIONS (PART 2)

All other terms and conditions in Seller's General Terms and Conditions for Export Oil Sale/Purchase Contracts ("GTC") apply, except as amended in the special conditions here-above and excluding the commercial terms contemplated in such GTC.

Any provisions in Seller's GTC which allow the Seller to suspend delivery of Export Oil under this Heads of Agreement or the subsequent Export Oil Sales Agreement shall act only to cancel affected lifting which will be rescheduled by mutual agreement. The arbitration provisions (Article 37) and general business ethics (Article 43) of the Contract shall apply *mutatis mutandis.*

Attachment A to Addendum Four- Export Oil Lifting and Reporting

Export Oil Lifting and Reporting (Assuming first lifting in January)			No Later Than
Quarter preceding First Lifting Quarter	Oct.	Quarterly Petroleum Costs, Supplementary Costs and Remuneration Report ("Quarterly Report") agreed (for First Lifting Quarter)	15th
	Nov.	Forward Quantity Statement for First Lifting Quarter (Price = October price, or September price if Oct not available))	1st
	Dec.	January crude nomination (acceptance of all Month nominations by 20th)	10th
First Lifting Quarter	Jan.	February crude nomination Quarterly Report agreed (for Second Lifting Quarter)	10th 15th
	Feb.	Forward Quantity Statement for Second Lifting Quarter (Price=January price, or December price if January not available) March crude nomination	1st 10th
	Mar.	April crude nomination	10th
Second Lifting Quarter	Apr.	May crude nomination Lifting Statement	10th
	May	Forward Quantity Statement (For Third Quarter) (Price = April price or March price if April not available) June crude nomination Quarterly Report agreed (Adjustment made for First Quarter actuals)	1st 10th 15th
	June	July crude nomination	10th
Third Lifting Quarter	July	August crude nomination Lifting Statement	10th
	Aug.	Forward Quantity Statement (For Fourth Quarter) (Price = July price, or June price if July not available) September crude nomination Quarterly Report agreed (Adjustment made for Second Quarter actuals)	1st 10th 15th
	Sep.	October crude nomination	10th
Fourth Lifting Quarter	Oct.	November crude nomination Lifting Statement	10th
	Nov.	Forward Quantity Statement (For next Quarter) (Price = October price, or September price if October not available) December crude nomination Quarterly Report agreed (Adjustment made for Third Quarter actuals)	1st 10th 15th
	Dec.	January crude nomination	10th

(End of Addendum Four)

الملامح الأساسية لعقد الخدمة لجولة التراخيص الثالثة للحقول الغازية

1. **نوع العقد.**
عقد خدمة .

2. **مدة العقد .**
(20) عشرون سنة من تاريخ نفاذ العقد "Effective Date" ، قابلة للتمديد لمدة (5) خمس سنوات باتفاق طرفي العقد .

3. **أطراف العقد.**
الشركة الأستخراجية التابعة لوزارة النفط ، كطرف أول (رب العمل) والشركة أو أئتلاف الشركات الفائزة بالعقد اضافة الى احدى شركات القطاع النفطي (الشريك الحكومي) ، كطرف ثاني (المقاول) .

4. **خلاق العقد.**
يلتزم المقاول بما يلي :-
أ. تحقيق معدل انتاج مبكر مقداره (25%) من معدل انتاج الذروة بأسرع ما يمكن على ان لاتتجاوز الفترة عن (36) شهراً بعد المصادقة على خطة التطوير الاولية .
ب. تحقيق هدف انتاج الذروة اعتباراً من بداية السنة السابعة بعد تاريخ نفاذ العقد ، يستمر لفترة لا تقل عن (9) تسع سنوات " وفقا للجدول المرفق".
ت. توفير كافة متطلبات تنفيذ العقد من رأس المال ، المعدات ، المواد ، التكنلوجيا ، الاشخاص والخدمات وبموجب الخطط ، برامج العمل والميزانيات المصادق عليها .

5. **المكامن المشمولة بالعقد.**
هي المكامن المكتشفة حالياً والتي تتضمن :-
أ.
ب.
ت.
أما المكامن غير المكتشفة تخضع الى اتفاق أو عقد منفصل لغرض استكشافها ، تطويرها وانتاجـــها.

6. **مكافأة التوقيع .**
مقدارها (----) مليون دولار ، يتم دفعها من قبل المقاول خلال (30) ثلاثين يوماً من تاريخ نفاذ العقد .

7. **التزام الحد الأدنى للصرف.**
يلتزم المقاول بصرف (----) مليون دولار خلال فترة (3) ثلاث سنوات من تاريخ المصادقة على خطة التطوير ، وهي تمثل كفالة حسن أداء "Performance Guarantee" ، تتم مصادرتها أو المتبقي غير المصروف منها في حالة انهاء العقد بسبب نكول المقاول .

8. **الجانب الأمني .**
أ. تقوم الشركة الأستخراجية بتوفير الظروف الأمنية الملائمة في منطقة التعاقد لتنفيذ العقد بالتنسيق مع القوات المسلحة (الدفاع والداخلية) . كما يمكن للمقاول الاستعانة بالشركات

الأمنية الخاصة **المرخصة** للعمل في العراق لحماية كوادره المتقدمة . وتتم مراجعة هذه **الاجراءات حسب تطور الوضع الأمني** .

ب. كذلك يجب تسليم منطقة التعاقد التي تضم الحقل الى المقاول خاليةً من الالغام والاجسام غير المنفلقة والخطرة . وسيقوم المقاول بتنفيذ هذه العملية وتمويلها **على أن تتحمل** الشركة الأستخراجية **الكلفة بتعويض المقاول عما تكبده من نفقات** .

9. <u>انهاء العقد .</u>

يمكن للشركة الأستخراجية انهاء العقد في الحالات :-

أ. **اذا قدم المقاول معلومات خاطئة وبشكل مقصود الى** الشركة الأستخراجية ، **تؤثر بشكل** كبير على تنفيذ العقد .

ب. اذا قامت الشركة الاخيرة والمتبقية من الشركات التي تكوَن المقاول بالتخلي عن حقوقها وواجباتها الى طرف آخر دون **موافقة** الشركة الأستخراجية .

ت. اذا فشل المقاول بشكل مؤثر في الالتزام بالخطط ، برامج العمل والميزانية المصادق عليــها .

ث. اذا فشل المقاول بتحقيق تواجد فعلي بيَن لكوادره والمعدات في العراق واللازمة لتنفيذ العمليات البترولية بعد (6) ستة أشهر من تاريخ المصادقة على **خطة** التطوير .

وفي حالة انهاء العقد استناداً الى أي من الحالات أعلاه ، فان المقاول يخسر **كافة** حقوقه **أعتباراً من** تاريخ انهاء العقد .

10 . **<u>تنفيذ العمليات البترولية .</u>**

يتم تنفيذ العمليات البترولية في الحقل كما يلي :-

أ. **المرحلة الاولى : من قبل مشغل المقاول وتحت اشراف وادارة لجنة الادارة المشتركة** "Joint Management Committee" ولحين وصول قيمة **الـ** (R-Factor) **الى** قيمة مساوية أو تزيد على (1.0) .

ب. المرحلة التالية : **من قبل** شركة تشغيل مشتركة ، **وتحت اشراف وادارة لجنة الادارة المشتــركة** .

تتم المباشرة بتشكيل شركة التشغيل المشترك (وحسب خيار الشركة الأستخراجية) **بعد** وصول قيمة **الـ** (R-Factor) **الى** قيمة مساوية أو تزيد على (1.0) . بالتنسيق بين الشركة الأستخراجية **والمقاول** على أن يتم اكتمال تشكيلها بعد سنة واحدة من تاريخ **قرار** الشركة الأستخراجية تشكيل شركة التشغيل **المشترك** ، حيث تنتقل اليها مسؤولية تشغيل الحقل وبالتدريج وحسب اتفاق الاطراف .

شركة التشغيل المشترك **عبارة عن شركة** مستقلة ادارياً ومالياً عن الشركة الأستخراجية **تعمل** كمشغل للحقل بكوادر عراقية نسبتها (....%) ، **وكوادر من المقاول بنسبة** (...%) ، يتم تمويل أعمالها بالكامل من قبل المقاول وهي لا تحقق أرباحاً ولا تتحمل خسائر . يعمل الكادر العراقي في الهيئة بنظام **الاعارة** .

يتم تشكيل لجنة الادارة المشتركة خلال (30) ثلاثين يوماً من تاريخ نفاذ العقد ويبلغ عدد اعضائها (--) **اعضاء** ، (--) **أعضاء** منهم من الشركة الأستخراجية **والوزارة** ، **و** (--) **الأعضاء الآخرون من المقــاول** ، أحدهم يمثل الشريك الحكومي. وهناك عدد مماثل لهم من الاعضاء الاحتياط .

تبلغ الصلاحيات المالية لشركة التشغيل المشترك لغاية (20) عشرين مليون دولار في حين تبلغ تلك الصلاحيات للجنة الادارة المشتركة (100) مائة مليون دولار ، وما زاد عن ذلك يكون من صلاحية **الوزارة أو الحكومة** .

11 . **الغاز المنتج .**

أ - يتضمن العقد قيام المقاول بانتاج الغاز من المكامن الغازية ومعالجته وتحويله الى NGL **وحسب المتطلبات** ، مع امكانية طلب الشركة الأستخراجية عن طريق اتفاقية منفصلة من المقاول باستكشاف او عند الضرورة تطوير بعض التجمعات النفطية في الحقل .

ب – يتفق طرفي العقد على اسلوب وتوقيتات استلام الغاز المنتج او الغاز الطبيعي المسال ، وفي كل الاحوال يجب ان يكزن هناك اتفاق منفصل على ترتيبات off-take بديلة في حالة فشل الناقل او الشركة الأستخراجية باستلام المنتج . ويستمر المقاول باسلام اجوره حسب هذه الترتيبات الى ان يتمكن الناقل أو نفط الجنوب او الشمال من استلام المنتج .

12 . **الخطط وبرامج العمل .**

يقوم المقاول بتقديم ما يلي الى لجنة الادارة المشتركة :-

أ. **خطة** التطوير الابتدائية "Preliminary Development Plan" **خلال** (6) ستة أشهر من تاريخ نفاذ العقد ، والتي تتضمن :-

أولاً. برنامج الانتاج المبكر "Early Production Program" ، والواجب الوصول اليه **خلال فترة** لاتزيد عن (36) شهراً من تاريخ المصادقة على خطة التطوير الابتدائية .

ثانياً. برنامج التقييم "Appraisal Program " **للمكامن** التي تحتاج الى عمليات تقييمية اضافية .

ب. برامج العمل والميزانية .

ت. **خطة** التطوير النهائية "Final development Plan" **خلال** (6) ستة أشهر من اكمال برنامج التقييم ، وعلى ان يحقق هدف الانتاج المستديم "Plateau Production Target " **خلال** (3) ثلاث سنوات من تاريخ المصادقة على خطة التطوير النهائية وعلى ان لايتعدى **ذلك** (6) سنوات من تاريخ **نفاذ العقد ، وتتم الموافقة** عليها من قبل **الشركة** الأستخراجية **، بعد** مصادقة لجنة الادارة المشتركة . تتضمن هذه الخطة الاجراءات والاعمال المطلوبة لتحقيق هدف انتاج الذروة .

للشركة الأستخراجية **الحق بمراجعة معدل الانتاج ، والطلب من** المقاول تخفيضه في الحالات الآتية:-

أولاً. تجنب الضرر بالمكامن المنتجة .

ثانياً. **اعتبارات السلامة .**

ثالثاً. الاعتبارات التشغيلية .

رابعاً. تخفيض الانتاج المفروض من قبل الحكومة (اعتبارات الـ OPEC أو غير ذلك) .

13 . **لجنة الادارة المشتركة .**

أ. الواجبات والصلاحيات :-

أولاً. مراجعة الخطط والتوصية بشأنها .

ثانياً. مراجعة برامج العمل والميزانيات والموافقة عليها .

ثالثاً. مراجعة أساليب التشغيل والموافقة عليها .

رابعاً. مراجعة و/ أو الموافقة على احالة العقود الثانوية وحسب الصلاحيات المالية .

خامساً. الموافقة على برامج التدريب للكوادر العراقية .

سادساً. الاشراف على وادراة تنفيذ الخطط وبرامج العمل المصادق عليها .

سابعاً. مراجعة قوة العمل والموافقة عليها .

ثامناً. مراجعة التقارير المالية الفصلية والسنوية .

تاسعاً. مراجعة التقارير الدورية للمقاول والمشغل ورفع التوصيات بشأنها .

عاشراً. التوصية بشأن تعيين المدقق العالمي المستقل .

ب. **القرارات** : - تكون قرارات اللجنة بالاجماع ، ويتحقق نصابها بحضور (3) **ثلاثة اعضاء من كل طرف من طرفي العقد** .

ت. الاجتماعات : - تجتمع اللجنة على الاقل (4) أربع مرات في السنة .
ث. الصلاحيات المالية :- تكون صلاحياتها المالية لغاية (100) مائة مليون دولار .

14 . **الكلف الأضافية "Supplementary Costs " .**

ماعدا الكلف البترولية (الرأسمالية والتشغيلية) وأجور الربح التي يستحقها المقاول ، تعتبر الكلف المبينة أدناه كلفاً أضافية ، يتم تسديدها من نسبة لاتزيد عن (----%) من الأنتاج :-

أ. مكافأة التوقيع والبالغة (---) مليون دولار ، كهبة غير مستردة .
ب. كلفة عمليات أزالة الألغام والأجسام غير المنفلقة والخطرة ، حيث يتم تسديدها من خلال (8) أقساط فصلية متساوية أبتداءً من الفصل الذي يلي أنفاقها .
ت. كلف بناء المنشأت السطحية خارج منطقة التعاقد ، أو تلك المطلوب بناؤها داخل منطقة التعاقد بموجب الخطط المصادق عليها، حيث يتم تسديدها أبتداءً من الشهر الذي يلي أنفاقها .
ث. كلف أصلاح البيئة المتضررة قبل تأريخ نفاذ العقد ، ويتم تسديدها أبتداءً من الشهر الذي يلي أنفاقها .

يتم تحميل الفروقات المستحقة للكلف الأضافية فائدة مقدارها (LIBOR + 1%) ، أعتباراً من تأريخ أنفاقها ولغاية أستردادها .

15. **أجور الخدمة "Service Fees " .**

تشمل أجور الخدمة مايلي : -

أ. الكلف البترولية " Petroleum Costs " ، وتتضمن الكلف الرأسمالية والكلف التشغيلية التي ينفقها المقاول على أن يستردها بدون أية فوائد .
ب. أجور الربح " Remuneration Fees " ، وهي عبارة عن أرباح المقاول التي يستحقها نتيجةً لتحقيقه الأنتاج ، ومقدارها (.....) دولار لكل برميل زيت وقود مكافئ (الذي يعادل 6000 قدم مكعب قياسي من الغاز أو برميل NGL مكافئ)، وهذه الأجور تقل مع الوقت متناسبةً مع قيم الـ R – Factor ، حيث ستكون : (100% ، 80% ، 60% ، 50% و30%) دولار لكل برميل زيت وقود مكافئ منتج .

يستحق المقاول أسترداد أجور الخدمة (الكلف البترولية وأجور الربح) أعتباراً من تأريخ تحقيقه الأنتاج التجاري الاولي .

تُدفع أجور الخدمة من (50%) من عوائد الأنتاج كحد أعلى ، أما بشكل نقد أو نفط خام بما يعادل أستحقاق المقاول ، وحسب تسعيرة النفط الخام المقررة من قبل شركة تسويق النفط التي تعلنها شهرياً .

في حالة أنتهاء مدة العقد أو أنهائه ، يتم تسديد كافة أستحقاقات المقاول غير المدفوعة له خلال فترة (30) ثلاثين يوماً من تأريخ الأنتهاء أو الأنهاء .

16. **ملكية الموجودات " Title To Assets ".**

تكون ملكية كافة المواد والمعدات للشركة الأستخراجية بمجرد دخولها الى أراضي جمهورية العراق ، ويحق للمقاول استخدامها دون مقابل لاغراض تنفيذ العقد .

17. الضرائب "Taxes"

أ. يتم دفع الضرائب بموجب القانون من قبل الشركات المكونة للمقاول .
ب. لا تتحمل الشركة الأستخراجية أية مسؤولية أو تعويض للشركات التي تكوَن المقاول عن الضرائب التي تدفعها هذه الشركات خارج جمهورية العراق .
ت. تُفرض الضرائب على اجور الربح "Remuneration Fees" التي يتقاضاها المقاول فقط وبنسبة لا تزيد عن (35%) من هذه الاجور .
ث. تتحمل الشركة الأستخراجية وتعوَض المقاول عن أية ضرائب تزيد عن (35%) على اجور الربح والتي يتم فرضها نتيجة لتغيير في قانون الضريبة في جمهورية العراق .

18. المشاركة "Participation"

أ. تتمثل هذه المشاركة بالشريك الحكومي "State Partner" والمتمثل بـ : (شركة .....) .
ب. تبلغ حصة الشريك الحكومي نسبة مقدارها (25%) في أسهم المقاول ، وتوزع الـ (75%) المتبقية على الشركات المؤلفة لأئتلاف المقاول .
ت. تتحمل الشركات الاجنبية حصة الشريك الحكومي في كافة انواع الكلف والمصاريف طيلة مدة العقد ، ولا تستحق عليها أية فوائد .
ث. يستحق الشريك الحكومي بمقدار حصته من اجور الربح المتحققة .

19. القوانين والأنظمة "Laws & Regulations"

يخضع العقد وكافة أطرافه والمقاولون الثانويون الى القانون العراقي وكافة الأنظمة النافذة في جمهورية العراق .

20. السلع والخدمات المحلية

أ. كافة الخدمات والاعمال المنفذة من خلال العقود الثانوية تخضع لمبدأ المنافسة ، وتُعطى الأفضلية للجهات العراقية بشرط أن تكون منافسة من حيث النوعية والسعر لتلك الموجودة في السوق العالمية .
ب. اعطاء الأفضلية للسلع ، المواد والمعدات المصنعة محلياً بشرط أن تكون منافسة من حيث النوعية، السعر والتجهيز في الوقت المطلوب .
ت. يضمن المقاول التزام مقاوليه الثانويين بما ورد في (أ) و (ب) أعلاه .

21. القوة القاهرة "Force Majeure"

اضافة الى ما هو متعارف عليه في موضوعة القوة القاهرة ، فقد أُلزم المقاول بما يلي :-
لاتعتبر الظروف الأمنية السائدة في منطقة التعاقد خصوصاً قوة قاهرة وقت توقيع العقد وطيلة مدة العقد. وكذلك عدم أعتبار الظروف الأمنية والسياسية السائدة في جمهورية العراق عموماً ، قوة قاهرة وقت توقيع العقد وطيلة مدته، ما لم تمنع تنفيذ العمليات البترولية .

22. اللغة "Language"

يتم توقيع العقد بنسختين عربية وانكليزية ، وفي حالة حصول خلاف بين النسختين تعتمد النسخة الانكليزية .

23. مكتب المقاول في جمهورية العراق

أ. كل شركة من الشركات التي يتكون منها االمقاول يجب أن تفتح مكتباً لها في جمهورية العراق .
ب. يجب على الشركة التي تقود الائتلاف "Lead Contractor" أن تفتح لها مكتباً في بغداد خلال (90) تسعين يوماً من تاريخ نفاذ العقد .

24. التحكيم .

أ. يتم حل المنازعات بين طرفي العقد بواسطة :-
أولاً. الادارت العليا للطرفين .
ثانياً. الخبير المستقل .
ثالثاً. قواعد التحكيم لغرفة التجارة الدولية .
ب. يكون مكان التحكيم في باريس ، أو أي مكان يتم الاتفاق عليه .
ت. تكون لغة التحكيم هي اللغة الانكليزية .
ث. لا يجوز توقف العمليات البترولية اثناء فترة التحكيم .

ج. يجب أن لا تتجاوز فترة اللجوء الى التحكيم سنتين من تاريخ اخبار أي طرف الطرف الآخر ، أو فترة (3) ثلاث سنوات من تاريخ انتهاء أو انهاء العقد .

25. توقيع العقد والمصادقة عليه .

أ. توقيع العقد من قبل الطرفين .

ب. اخبار الشركة الأستخراجية المقاول كتابةً بان العقد قد تمت المصادقة عليه بموجب القانون .

26 – التدريب.

يتم تدريب الكوادر العراقية من قبل المقاول داخل وخارج جمهورية العراق على التقنيات الحديثة ، وكذلك توفير فرص الدراسات الجامعية في الخارج ، وذلك من خلال تخصيص مبلغ (5) خمسة ملايين دولار سنوياً غير مستردة (على حساب المقاول) .

27. مواد أخرى .

اضافةً لذلك يتضمن العقد مواداً اخرى تتعلق باخلاقيات العمل ، الحفاظ على البيئة والصحة والسلامة، سرية المعلومات ، التخلي أو التنازل عن الحقوق ، الاستيراد والتصدير ، تحويل العملة وفتح الحسابات المصرفية ، السجلات والتدقيق ، تقييم النفط المصدر ، التقارير والسجلات ، المعلومات والنماذج ، التفتيش . . . . الخ .

ويحتوي العقد على الملاحق A ، B ، C ، D ، E و F .

وكذلك المرفقات Addendum One , Two , Three and Four .

GAS DEVELOPMENT AND PRODUCTION SERVICE CONTRACT

FOR THE _____CONTRACT AREA

BETWEEN

_____ OIL COMPANY OF THE IRAQI MINISTRY OF OIL

AND

AND

[State Partner]

GAS DEVELOPMENT AND PRODUCTION SERVICE CONTRACT FOR THE _____CONTRACT AREA

TABLE OF CONTENTS

ARTICLE 1 – DEFINITIONS....2

ARTICLE 2 – SCOPE OF CONTRACT....8

ARTICLE 3 – TERM OF CONTRACT....9

ARTICLE 4 – [ARTICLE INTENTIONALLY OMITTED]....9

ARTICLE 5 – RELINQUISHMENT....9

ARTICLE 6 – MINIMUM WORK AND EXPENDITURE OBLIGATIONS....10

ARTICLE 7 – ROC'S ASSISTANCE....11

ARTICLE 8 – TERMINATION....12

ARTICLE 9 – CONDUCT OF PETROLEUM OPERATIONS....14

ARTICLE 10 – GAS AND NATURAL GAS LIQUIDS....18

ARTICLE 11 – DEVELOPMENT PLANS AND WORK PROGRAMS....19

ARTICLE 12 – APPROVAL OF DEVELOPMENT PLANS AND WORK PROGRAMS....21

ARTICLE 13 – JOINT MANAGEMENT OF PETROLEUM OPERATIONS....23

ARTICLE 14 – DATA AND SAMPLES....24

ARTICLE 15 – REPORTS AND RECORDS....24

ARTICLE 16 – ACCESS AND INSPECTION....25

ARTICLE 17 – MEASUREMENT, TRANSFER, AND DELIVERY OF PETROLEUM....26

ARTICLE 18 – VALUATION OF PETROLEUM....26

ARTICLE 19 – PETROLEUM COSTS, SUPPLEMENTARY COSTS AND REMUNERATION....27

ARTICLE 20 – BOOKS OF ACCOUNT, ACCOUNTING AND AUDIT 30

ARTICLE 21 – EXCHANGE AND CURRENCY CONTROL 31

ARTICLE 22 – TITLE TO ASSETS 32

ARTICLE 23 – TAXES 32

ARTICLE 24 – PARTNERSHIP, INDEMNITY AND INSURANCE 33

ARTICLE 25 – IMPORTS AND EXPORTS 34

ARTICLE 26 – EMPLOYMENT, TRAINING, AND TECHNOLOGY TRANSFER 34

ARTICLE 27 – PARTICIPATION 35

ARTICLE 28 – ASSIGNMENT 35

ARTICLE 29 – LAWS AND REGULATIONS 36

ARTICLE 30 – LOCAL GOODS AND SERVICES 37

ARTICLE 31 – FORCE MAJEURE 37

ARTICLE 32 – ENTIRE AGREEMENT AND AMENDMENTS 38

ARTICLE 33 – CONFIDENTIALITY AND TECHNOLOGY OWNERSHIP 38

ARTICLE 34 – HEADINGS OF ARTICLES 39

ARTICLE 35 – LANGUAGE 39

ARTICLE 36 – CONTRACTOR'S OFFICE IN THE REPUBLIC OF IRAQ 40

ARTICLE 37 – GOVERNING LAW, CONCILIATION AND ARBITRATION 40

ARTICLE 38 – NOTICES 41

ARTICLE 39 – SIGNATURE, RATIFICATION AND EFFECTIVE DATE 42

ARTICLE 40 – WAIVER 42

ARTICLE 41 – HEALTH, SAFETY AND ENVIRONMENT 42

ARTICLE 42 – SITE RESTORATION AND DECOMMISSIONING.....47

ARTICLE 43 – GENERAL BUSINESS ETHICS 47

ANNEX A – DESCRIPTION OF CONTRACT AREA.....50

ANNEX B – MAP OF CONTRACT AREA 51

ANNEX C – ACCOUNTING PROCEDURE 52

ANNEX D – DEFINITION OF RESERVOIRS.....62

ANNEX E – MINIMUM WORK OBLIGATION.....63

ANNEX F – FORMS OF GUARANTEE 64

ADDENDUM ONE – HEADS OF JOINT OPERATING AGREEMENT.....67

ADDENDUM TWO – HEADS OF PETROLEUM TRANSFER AGREEMENT.....71

ADDENDUM THREE – HEADS OF CHARTER OF JOINT OPERATING COMPANY 74

ADDENDUM FOUR – HEADS OF EXPORT OIL SALES AGREEMENT.....79

GAS DEVELOPMENT AND PRODUCTION SERVICE CONTRACT

FOR THE _____ CONTRACT AREA

This Gas Development and Production Service Contract ("**Contract**") is made and entered into this [ ] day of [ ] 201_, by and between:

[ ] Oil Company, an Iraqi State oil company, established and existing under the laws of the Republic of Iraq , having its registered office at [ ] ("____") as the **First Party**, and

[ ], a company established and existing under the laws of [ ], having its registered office at [ ] ("_____"), and

[ ], a company established and existing under the laws of [ ], having its registered office at [ ] ("_____"),

(individually a "**Company**"; and collectively the "**Companies**"); together with

[ ], an Iraqi State entity established and existing under the laws of the Republic of Iraq, having its registered office at _____ Governorate, Iraq ("**State Partner**"), as the **Second Party**

Companies and State Partner are collectively referred to as "**Contractor**",

ROC and Contractor are referred to, individually, as "**Party**" or, collectively, as "**Parties**".

WITNESSETH

WHEREAS all oil and gas resources within the territory and offshore areas of the Republic of Iraq are owned by all the people of the Republic of Iraq, and the Iraqi Government, representing the whole Iraqi people, has sole right to explore, develop, extract, exploit and utilize such natural resources therefrom; and

WHEREAS ROC, in its role as an Iraqi State oil and gas company, is exclusively entrusted with and authorized for the exploration, appraisal, development and production of the _____Contract Area; in accordance with the Law; and

WHEREAS Contractor has sound financial standing, technical competency, and professional skills to carry out Exploration, Appraisal, Development and Production Operations and generally all and any Petroleum Operations as defined herein; and

WHEREAS the Parties mutually represent that they have the power, authority, and desire to enter into the Contract for the Exploration, Appraisal, Development and Production of the _____Contract Area as defined herein;

NOW THEREFORE, and in consideration of the promises and the mutual covenants hereinafter set out, it is agreed as follows:

ARTICLE 1 – DEFINITIONS

Except as specifically provided herein, any reference to an Article, Annex, or Addendum shall be construed as a reference to Article, Annex, or Addendum to this Contract. In this Contract, including its Annexes and Addenda, words in the singular include the plural and vice versa and except where the context otherwise requires, the following terms shall have the meanings set out as follows:

1.1 "**Accounting Procedures**" means the accounting procedures and requirements set out in Annex C.

1.2 "**Affiliate**" in relation to any Contractor's entity, means:

(a) a company which controls such entity, or

(b) a company which is controlled by such entity, or

(c) a company which is controlled by a company which controls such entity.

For the purpose of this definition, "**control**" means the power to dictate and conduct the policy of a company through the control, directly or indirectly, of more than fifty percent (50%) of the shares or voting rights in such company. For the purposes of this Contract, subsidiaries of ROC as well as companies and enterprises of Iraq Ministry of Oil or Iraq National Oil Company (when established) shall be deemed ROC's Affiliates.

1.3 "**Appraisal**" or "**Appraisal Operations**" means any and all operations such as (but not be limited to) geological, geophysical, aerial and any other surveys and any interpretation of data relating thereto as may be contained in approved Work Programs and Budgets and the drilling of such shot-holes, core holes, stratigraphic tests, holes for the appraisal of Petroleum and other related holes and wells, the production testing, PVT and core analyses and the purchase or acquisition of such supplies, materials and equipment thereof, all as may be contained in approved Work Programs and Budgets.

1.4 "**Associated Gas**" means Natural Gas, occurring as gas-cap gas, which overlies and is in contact with Crude Oil in a reservoir and/or solution gas dissolved in Crude Oil in a reservoir.

1.5 "**Barrel**" means a liquid quantity consisting of forty-two (42) United States gallons under a pressure of one (1) atmosphere and a temperature of sixty (60) degrees Fahrenheit.

1.6 "**Barrel of Oil Equivalent**" or "**BOE**" means one (1) Barrel of Crude Oil or one (1) Barrel of NGLs or six thousand (6,000) SCF of Dry Gas.

1.7 "**Best International Petroleum Industry Practices**" means all those uses and practices that are, at the time in question, generally accepted in the international petroleum industry as being good, safe, economical, environmentally sound and efficient in exploring for, developing, producing, processing and transporting Petroleum. They should reflect standards of service and technology that are either state-of-the-art or otherwise appropriate to the operations in question and should be applied using standards in all matters that are no less rigorous than those in use by the Companies in other global operations.

1.8 "**BOD**" means the Board of Directors formed pursuant to Addendum 3.

1.9 "**Budget**" means the estimates of the expenditure expected to be incurred for implementing an approved Work Program for any Calendar Year or part thereof.

1.10 "**Calendar Month**" or "**Month**" means in respect of any month in a Calendar Year, a period commencing on the first day of such month and ending on the last day of the same month.

1.11 "**Calendar Quarter**" means a period of three consecutive Calendar Months commencing on the first day of January, April, July or October of any Calendar Year.

1.12 "**Calendar Year**" means a period of twelve (12) consecutive Months commencing with the first day of January and ending on the last day of December, both dates being inclusive, according to the Gregorian calendar.

1.13 "**Capital Cost**" means all recoverable costs and expenditures, excluding Operating Cost, related to Petroleum Operations pursuant to Annex C.

1.14 "**Cash Receipts"** means as defined in Article 19.4.

1.15 "**Commercial Production**" means production of Petroleum from the Contract Area (excluding production for testing purposes) and delivery of the same at the relevant Transfer Point(s) under a program of regular production and transfer.

1.16 "**Company**" means any entity that is a signatory party to this Contract and that forms part of the Contractor, excluding the State Partner, and at any time thereafter shall include their legal successors and permitted assignees.

1.17 "**Companies**" means, collectively, each Company that comprises the Contractor, excluding the State Partner, and at any time thereafter shall include their legal successors and permitted assignees.

1.18 "**Contract**" means this agreement between the Parties, including the Annexes and Addenda attached hereto, as amended or supplemented from time to time in accordance with this Contract.

1.19 "**Contract Area**" means the exploration, appraisal, development and production area covered by this Contract, as described in Annex A and outlined in Annex B.

1.20 "**Contractor's Operator**" means the Company designated as Operator as from the Effective Date pursuant to Article 9.2.

1.21 "**Contractor**" means Companies and State Partner, and at any time thereafter shall include their legal successors and permitted assignees.

1.22 "**Crude Oil**" means all hydrocarbons regardless of gravity which may be produced and saved from the Contract Area in the liquid state at absolute pressure of fourteen decimal six nine six (14.696) pounds per square inch and sixty (60) degrees Fahrenheit, including asphalt and tar, but excluding NGL that is not blended with Crude Oil.

1.23 "**Data**" means as defined in Article 14.2.

1.24 "**Date of Transfer of Operatorship**" means the date on which the Joint Operating Company shall take over the conduct of Petroleum Operations pursuant to Article 9.4 and Addendum Three.

1.25 "**Deemed Revenue**" means, for a given Quarter, the Net Production expressed in Barrels of Oil Equivalent, multiplied by the Provisional Export Oil Price for that Quarter.

1.26 "**Delivery Point**" means the point(s) where Contractor may lift Export Oil pursuant to the provisions of this Contract.

1.27 "**Development**" or "**Development Operations**" means any and all operations, including primary and subsequent (secondary, tertiary or other) recovery projects and pressure maintenance, conducted with a view to developing the Contract Area including, but without limitations: the drilling, deepening, completing, plugging, side-tracking, re-completing and equipping of evaluation and development wells; the engineering, building and erecting or laying of production plants and facilities (such as, without limitation,

separators, compressors, generators, pumps and tankage, gathering lines, pipelines, and all facilities required to be installed for production, pressure maintenance, treatment, storage and transportation of Petroleum); construction of facilities and installations for the treatment and processing of Natural Gas; the obtaining of such materials, equipment, machinery, articles and supplies as may be required or expedient for the above activities including decommissioning and abandonment operations; and all auxiliary operations, activities and services required or expedient for the better conduct or result of the above activities, all in accordance with the approved Development Plan and Best International Petroleum Industry Practices.

1.28 "**Development Plan**" or "**Plan**" means a scheduled program and cost estimate specifying the Petroleum Operations required for developing and/or increasing the production capacity from the Contract Area, which includes the Preliminary Development Plan, Final Development Plan, and any Revisions.

1.29 "**Dinar**" means the Iraqi Dinar.

1.30 "**Discovery**" means the discovery of an accumulation of hydrocarbons whose existence until that moment was unproven by drilling.

1.31 "**Dollar**" or "**US$**" means the United States Dollar.

1.32 "**Dry Gas**" means Natural Gas after extraction of Natural Gas Liquids.

1.33 "**Effective Date**" means the date upon which this signed Contract becomes valid and enforceable as notified by ROC to Contractor in writing, in accordance with the provisions of Article 39.

1.34 "**Expenditure**" means as defined in Article 19.4.

1.35 "**Exploration**" means the drilling or deepening of wells to a formation specified as an undiscovered potential reservoir as specified in Annex D including conducting any formation tests thereon.

1.36 "**Export Oil**" means crude oil of a standard Iraqi export blend.

1.37 "**Export Oil Price**" means the price per Barrel of Export Oil Free on Board ("FOB") at the Delivery Point, determined in accordance with the provisions of Article 18.

1.38 "**Final Development Plan**" has the meaning given in Article 11.

1.39 "**Financial Year**" means the Calendar Year.

1.40 "**First Commercial Production**" means Commercial Production at the Net Dry Gas Production Rate, which shall be achieved by Contractor within three (3) Years from the approval date of the Preliminary Development Plan pursuant to Article 2.2 and Article 6, subject to Article 11.3.

1.41 "**Force Majeure**" means as defined in Article 31.

1.42 "**Gas**" or "**Natural Gas**" means a mixture of hydrocarbons and varying quantities of non-hydrocarbons that exist either in the gaseous phase or in solution with Crude Oil in natural underground reservoirs and when produced remain in gaseous phase at atmospheric conditions of temperature and pressure, and is classified as either Associated Gas or Non-Associated Gas.

1.43 "**Government**" means the Government of the Republic of Iraq.

1.44 "**Gross Negligence**" or "**Willful Misconduct**" means any unjustifiable act or omission by Senior Supervisory Personnel which constitutes an intentional, deliberate, reckless or conscious disregard of the Best International Petroleum Industry Practices or terms of

this Contract in connection with Petroleum Operations.

1.45 "**Joint Management Committee**" or "**JMC**" means the committee formed pursuant to Article 13.

1.46 "**Joint Operating Company**" or "**JOC**" means the company to be established in the Republic of Iraq pursuant to Article 9 for taking over the conduct of Petroleum Operations in accordance with Addendum Three.

1.47 "**Law**" means Iraqi laws or regulations, as they may change from time to time.

1.48 "**LIBOR**" or "**London Inter-Bank Offered Rate**" means the interest rate determined as the arithmetic average (rounded upward to the nearest one thousandth of a percentage point) of the offered rates for deposits in Dollars for a period of three (3) months as published by the Financial Times (London Edition) on the date which is one (1) business day prior to the beginning of the said three (3) months period corresponding to each interest period. Should the Financial Times rate not be published for a period of seven (7) consecutive days, the Wall Street Journal (New York Edition) shall be used.

1.49 "**Lifting Quarter**" means the Quarter during which Export Oil is available for lifting by Contractor at the Delivery Point, under this Contract and Addendum Four, where any Lifting Quarter shall be the Quarter following the Quarter in which Petroleum Costs, Supplementary Costs and Remuneration are due and payable.

1.50 "**LPG**" means liquefied petroleum gas, normally a mixture of propane and butane.

1.51 "**MSCF**" means one thousand (1,000) SCF.

1.52 "**MMSCF**" means one million (1,000,000) SCF.

1.53 "**MMSCFD**" means MMSCF per day.

1.54 "**Minimum Expenditure Obligation**" means that amount which shall be the minimum amount to be spent by the Contractor as specified in Article 6.2.

1.55 "**Minimum Work Obligation**" means the minimum work commitment undertaken by Contractor under Article 6, and Annex E.

1.56 "**Natural Gas Liquids**" or "**NGLs**" means the propane and heavier components of Natural Gas that can be classified according to their vapor pressures; as low vapor pressure (Condensate), intermediate vapor pressure (Natural Gasoline) and high vapor pressure (LPG).

1.57 "**Natural Gasoline**" means the pentane and heavier part of Natural Gas Liquids with a vapor pressure intermediate between Condensate and LPG; having a boiling point within the range of gasoline. It is liquid at atmospheric pressure and temperature; but volatile and unstable; can be blended with other hydrocarbons to produce commercial gasoline.

1.58 "**Natural Gas Condensate**" or "**Condensate**" is a mixture of hydrocarbon liquids that are present as gaseous components in the raw Natural Gas produced from the Contract Area. It condenses out of the raw Gas if the temperature is reduced to below the hydrocarbon dew point temperature of the raw Gas. It contains hydrocarbons that are liquid at normal surface temperature and pressure.

1.59 "**Net Crude Oil Production**", over a certain period of time, means the volume of Crude Oil, actually produced during the said period of time, saved and not used for Petroleum Operations, treated to certain specifications as per the approved Preliminary Development Plan, the Final Development Plan, or their Revisions, measured and received by Transporter at the Transfer Point.

1.60 "**Net Dry Gas Production**", over a certain period of time, means all the Standard Cubic Feet of Gas, actually produced during the said period of time, saved and not used for Petroleum Operations, treated to certain specifications, as identified in Annex G, after extraction of Natural Gas Liquids, and as per the approved Preliminary Development Plan, the Final Development Plan, or their Revisions, measured and received by Transporter at the Transfer Point(s**)**.

1.61 "**Net Dry Gas Production Rate**", in MMSCFD, means the Net Dry Gas Production for a certain period of time divided by the number of calendar days in that period of time.

1.62 "**Net NGL Production**", over a certain period of time, means the volume of NGLs, actually produced during the said period of time, saved and not used for Petroleum Operations, treated to certain specifications as per the approved Preliminary Development Plan, the Final Development Plan, or their Revisions, measured and received by Transporter at the Transfer Point.

1.63 "**Net Production**" means the sum of Net Dry Gas Production, expressed in Barrels of Oil Equivalent, Net Crude Oil Production and Net NGL Production.

1.64 "**Non-Associated Gas**" means Natural Gas, which is found in a reservoir that does not contain significant quantities of Crude Oil.

1.65 "**Official Selling Price**" or "**OSP**" means SOMO's declared price for each Iraqi Export Oil blend.

1.66 "**Operating Cost**" means recoverable Contractor's costs, expenses, duties, fees, and charges related to Production Operations pursuant to Annex C.

1.67 "**Operator**" means the entity that is designated to conduct Petroleum Operations under this Contract being either the Contractor's Operator, or the Joint Operating Company, all in accordance with Article 9 and Addendum Three.

1.68 "**Participating Interest**" means, in respect of each Contractor's entity, the undivided share expressed as a percentage for such party's participation in the rights, benefits, privileges, duties, liabilities and obligations of Contractor.

1.69 "**Performance Factor**", for the purposes of Article 19.5, means the ratio of the Net Dry Gas Production Rate to the bid Plateau Production Target although in no event shall it exceed one (1.0).

1.70 "**Petroleum**" means all hydrocarbons, including liquid and gaseous hydrocarbons, produced and saved from the Contract Area.

1.71 "**Petroleum Costs**" means recoverable costs and expenditures incurred and payments made by Contractor and/or Operator in connection with or in relation to the conduct of Petroleum Operations (except corporate income taxes paid in the Republic of Iraq or elsewhere, or as otherwise stipulated herein) determined in accordance with the provisions of this Contract and the Accounting Procedures.

1.72 "**Petroleum Operations**" means any and all Exploration, Appraisal, Development and Production Operations and other activities related thereto, including transportation of Petroleum to the Transfer Point(s), and abandonment operations including site restoration and decommissioning under this Contract.

1.73 "**Plateau Production Period**" means a period of thirteen (13) Years starting with the earlier of three (3) Years from the approval of the Final Development Plan or the date on which the Net Dry Gas Production Rate equals or exceeds the Plateau Production

Target for a continuous period of thirty (30) days, but in no event starting later than six (6) Years from the Effective Date (subject to Article 11.3).

1.74 "**Plateau Production Target**" is the Net Dry Gas Production Rate that was bid and is to be achieved and sustained for the Plateau Production Period as specified in Article 2.2(c).

1.75 "**Preliminary Development Plan**" has the meaning given in Article 11.2.

1.76 "**Production Measurement Point**" means the point(s), immediately upstream of a Transfer Point, where Petroleum production is measured.

1.77 "**Production Operations**" means any and all operations related to production, transportation and storage of Petroleum, and the extraction of Natural Gas Liquids from Natural Gas, including (but not limited to) workovers, stimulations, remediation, restoration, operating, staffing, supervising, repairing, decommissioning and maintaining of any and all wells, plants, equipment, pipelines, tank-farms, terminals and all other installations and facilities.

1.78 "**Provisional Export Oil Price**" means the arithmetic average of SOMO's declared OSPs for the Delivery Point for the Americas, Europe and the Far East, for the Month preceding the Month in which the Forward Quantity Statement under Addendum Four is provided, or the Month preceding such Month if those OSPs are not available.

1.79 "**Quarter**" means a period of three consecutive Months commencing on the first day of January, April, July, or October of any Calendar Year.

1.80 "**Remuneration**" means the compensation due to Contractor under Article 19 and the Accounting Procedures.

1.81 "**Remuneration Fee**" means the fee in US$ per BOE paid to Contractor for Net Production as calculated pursuant to Article 19.3.

1.82 "**Remuneration Fee Bid**" or "**RFB**" means _____ (US$ X.XX) per Barrel of Oil Equivalent as utilized in Article 19.3.

1.83 "**Revision**", in respect of a Work Program and Budget or Plan, has the meaning given in Articles 12.3 and 12.4, respectively.

1.84 "**R-Factor**" is the ratio of cumulative Cash Receipts to cumulative Expenditures in the conduct of Petroleum Operations pursuant to Article 19.4.

1.85 "**Senior Supervisory Personnel**" means in respect of any Party, any individual who functions as its senior resident manager directing all operations and activities of such Party in the country or region in which he is resident, and any manager who directly reports to such senior resident manager in such country or region, but excluding all managers or supervisors who are responsible for or in charge of installations or facilities, onsite drilling, construction or production and related operations, or any other field operations.

1.86 "**SOMO**" means Iraq Oil Marketing Company or its successors.

1.87 "**Standard Cubic Foot**" or "**SCF**" when applied to Gas means the volume of Gas that occupies one (1) cubic foot of space measured dry under an absolute pressure of fourteen point six nine six (14.696) pounds per square inch and a temperature of sixty (60) degrees Fahrenheit.

1.88 "**State Partner**" means _____, an Iraqi State entity established and existing under the Law.

1.89 "**Sub-Contractor**" means any company or person contracted by the Contractor or Operator to provide goods or services with respect to Petroleum Operations.

1.90 "**Supplementary Costs**" means recoverable costs and expenditures incurred by Contractor, other than those costs defined as Petroleum Costs and as determined in accordance with Articles 7.2, 12.7, 17.6 and 41.17, including interest due thereon.

1.91 "**Tax**" means as defined in Article 23.

1.92 "**Tax Year**" means the period of twelve (12) consecutive months according to the Gregorian calendar for which tax returns or reports are required according to the Law.

1.93 "**Term**" means the term of this Contract as defined in Article 3.2.

1.94 "**Training, Technology and Scholarship Fund**" or "**Fund**" means the fund established pursuant to Article 26.2.

1.95 "**Transfer Point**" means the inlet flange of an outgoing pipeline from a Production Measurement Point where Transporter shall receive Petroleum Production from Operator, as identified in Annex G.

1.96 "**Transporter**" means the entity(s) designated by ROC to operate the Transportation Facilities and Transportation Systems for transporting Petroleum from the Transfer Point(s) pursuant to Article 17 and Addendum Two.

1.97 "**Transportation Facilities**" means the pipelines, pumps, compressors, tanks, meters, and other transportation facilities that are built by Operator beyond the Transfer Point(s) for transporting Petroleum pursuant to this Contract.

1.98 "**Transportation System**" means, at any time, Transportation Facilities and all other facilities under control of the Transporter beyond the Transfer Point.

1.99 "**Work Program**" means an itemization and time schedule of the Petroleum Operations to be carried out under this Contract.

1.100 "**Year**" means a period of twelve (12) consecutive months according to the Gregorian calendar, starting on some date or any anniversary of the date.

(End of Article 1)

ARTICLE 2 – SCOPE OF CONTRACT

2.1 This Contract is a Gas Development and Production Service Contract for the _____ Contract Area, in accordance with the provisions herein. It includes 43 Articles, Annexes A, B, C, D, E, F and G, and Addenda One, Two, Three, and Four; all attached hereto and made part hereof. In the event of a conflict between this Contract's Articles and the Annexes or Addenda, the provisions of the Articles shall prevail. Any reference to an Addendum herein shall be deemed to include the fully-termed agreement which replaces such Addendum, unless the context requires otherwise.

2.2 Contractor, subject to the provisions herein and in accordance with Best International Petroleum Industry Practices, shall:

(a) provide or arrange to provide services and technologies for conducting Petroleum Operations with the intention to achieve an optimal development of the discovered reservoirs identified in Annex D within the Contract Area;

(b) achieve First Commercial Production at a Net Dry Gas Production Rate equal to twenty-five percent (25%) of the Plateau Production Target as soon as possible

but no later than three (3) Years from the approval date of the Preliminary Development Plan (if a holding period is designated pursuant to Article 11.3, such three (3) Year period shall commence on the approval date of the updated Preliminary Development Plan);

(c) achieve, no later than six (6) Years from the Effective Date, a Plateau Production Target at a Net Dry Gas Production Rate of _____ (xxx) MMSCFD for the Plateau Production Period; if a holding period is designated pursuant to Article 11.3, such six (6) Year period shall be extended by the duration of such holding period;

(d) annually assess and determine the maximum volume of reserves and resources of Petroleum in the Contract Area;

(e) provide or arrange to provide all funding, machinery, equipment, technology, personnel and services necessary for conducting Petroleum Operations;

(f) incur all costs and expenses required for carrying out Petroleum Operations in accordance with approved Development Plans, Work Programs and Budgets in order to achieve the production targets set out in this Article 2; and

(g) fulfill all financial and other obligations of Contractor and enjoy all rights and benefits, in accordance with the provisions of this Contract.

2.3 Within a period of six (6) Years from the Effective Date Contractor shall have the right to negotiate a separate agreement to explore for and develop the undiscovered potential reservoirs, as defined in Annex D.

2.4 At any time, the entities constituting the Contractor shall be jointly and severally liable to ROC for all obligations of Contractor under this Contract.

(End of Article 2)

ARTICLE 3 – TERM OF CONTRACT

3.1 The Contract shall come into force on the Effective Date.

3.2 The basic term of this Contract ("Term") shall be twenty (20) Years from the Effective Date. The Term is extendable pursuant to Article 3.3, Article 11.3 or as otherwise provided in this Contract.

3.3 No later than one (1) Year prior to this Contract's expiry date, Contractor may submit a written request to ROC for an extension of the Term for a maximum period of five (5) Years, subject to newly negotiated terms and conditions.

(End of Article 3)

ARTICLE 4 – [ARTICLE INTENTIONALLY OMITTED]

(End of Article 4)

ARTICLE 5 –RELINQUISHMENT

5.1 Contractor shall relinquish to ROC within three (3) Years from the first approval date of the Final Development Plan any reservoir(s) not included in an approved Final Development Plan (subject to Article 2.3).

5.2 Contractor shall relinquish to ROC within six (6) Years from the first approval date of the Final Development Plan any reservoir(s) included therein if Development Operations in respect of such reservoir(s) have not commenced in accordance with the Final Development Plan.

5.3 ROC shall be free to appraise, develop and produce relinquished reservoir(s) taking care not to hinder or unduly interfere with Petroleum Operations.

(End of Article 5)

ARTICLE 6 – MINIMUM WORK AND EXPENDITURE OBLIGATIONS

6.1 Contractor shall provide or arrange to provide all the required services, within the respective periods of time and according to the provisions set out in Annex E, to fulfill the Minimum Work Obligation specified therein, for the following activities:

(a) preparation and submission of the Preliminary Development Plan and the preparation of the Final Development Plan;

(b) conduct of seismic surveys, including processing and interpretation thereof;

(c) conduct of detailed geological and reservoir engineering studies, including simulation modeling;

(d) drilling appraisal and/or development wells with the aim of appraising the reservoirs defined in Annex D that are Non-Associated Gas reservoirs, and achieving First Commercial Production;

(e) drilling exploration wells or deepening other wells with the aim of discovering undiscovered potential reservoirs as defined in Annex D;

(f) conduct of detailed laboratory and reservoir engineering studies to evaluate most suitable development approaches for the reservoirs programmed to come into production within the Final Development Plan; and

(g) conduct of engineering, related surface facilities and flow assurance studies.

6.2 Contractor shall spend a minimum amount of _____ million Dollars (US$XXX,000,000) within three (3) Years of the approval of the Preliminary Development Plan.

6.3 Notwithstanding Article 6.2, the Contractor shall invest sums consistent with the amounts and timing contemplated in approved Plans, subject to the terms and conditions set forth in this Contract.

6.4 The performance of each Company and the fulfillment of its contractual and financial obligations under this Contract shall be guaranteed by its ultimate parent company, through an instrument in the form set out in Annex F. Such guarantee shall be effective as of the Effective Date and shall be delivered to ROC on the date of execution hereof in respect of Companies, and as provided in Article 28 in respect of assignees.

6.5 The Ministry of Oil shall provide to Companies a guarantee through an instrument substantially in the form set out in Annex F, to guarantee the performance of the State Partner, Transporter, ROC, SOMO, and any other Iraqi State entity in their fulfillment of their respective contractual and financial obligations under this Contract.

(End of Article 6)

ARTICLE 7 – ROC'S ASSISTANCE

The Parties acknowledge that time is of the essence and ROC shall, in good faith, provide or procure the provisions of any approval, consent or review required under this Contract in a timely manner.

As permitted by the Law, ROC shall:

7.1 provide Contractor free of charge with such pertinent technical data, if any, (in addition to information provided to Companies during the tender process) which may become available from time to time, to be used exclusively for Petroleum Operations;

7.2 ensure that the Contract Area, including all other areas where Petroleum Operations are required under this Contract, shall be free of any mines or hazardous war remnants and free of any claims by third parties. However, in the event a clearing operation is deemed necessary by either Party, Contractor shall prepare the respective work program for discussion with ROC prior to submission to the JMC for approval. Once this work program is approved by the JMC, Contractor shall execute the de-mining work program through competent service providers and fund the related cost, which cost shall be considered as Supplementary Costs and be recovered pursuant to Article 19;

7.3 provide adequate security, through the Iraqi armed forces, within the Contract Area and any other areas in the Republic of Iraq in which Petroleum Operations or operations related to the Transportation Facilities are conducted including during travel to and from such areas. ROC shall be solely liable for the conduct of all security operations by the Iraqi armed forces and Contractor shall not have any liability or obligation to any party for any acts or activities of the Iraqi armed forces or be obliged to reimburse ROC for the cost and expense of providing security as contemplated herein. However, in the event that the Contractor can demonstrate that the security being provided is inconsistent with its HSE policies and Best International Petroleum Industry Practices, the Parties hereby agree that supplementary measures shall be implemented by Contractor, including the short-term engagement of competent private security providers licensed to operate in the Republic of Iraq, such costs being considered Petroleum Costs, which measures shall be reviewed from time to time in response to changes in security conditions;

7.4 provide assistance and shall use its best efforts to seek the assistance of and/or cooperation by any regional, district and/or local government or other representative, agency or authority of the Government to Contractor and Operator as may reasonably be required to secure and renew all entry visas or work permits for employees of Contractor and Operator or Sub-Contractors and their dependents, all permits and registrations required for each entity constituting Contractor to open and maintain a branch office in the Republic of Iraq, all customs and other clearances required for imports and exports of equipment and supplies required for Petroleum Operations, and assist Contractor and Operator in obtaining the office space, its equipment, accommodation, communication facilities and permits, way-leaves, easements, rights of way, licenses and renewals thereof, all for the purpose of conducting Petroleum Operations;

7.5 provide Contractor and Operator free of charge:

(a) access to the Contract Area including the existing roads and bridges leading to it and other areas where Petroleum Operations are required;

(b) access to and use of water, including water for injection within or outside the

Contract Area, for the purpose of Petroleum Operations, provided that all installations for off-take, treatment, distribution, and disposal of water shall be the responsibility of Contractor;

(c) use of Petroleum for Petroleum Operations; and

(d) use of existing wells and facilities within the Contract Area.

7.6 in the event of unintentional infringement on the rights or operations of either Party, the Parties shall convene to agree in good faith on a proper course of action, safeguarding the interests of both Parties.

(End of Article 7)

ARTICLE 8 – TERMINATION

8.1 Termination by ROC

(a) ROC may terminate this Contract: (i) by giving Contractor written notice if the last remaining Company (or its parent company that provides a guarantee), becomes bankrupt or be declared insolvent: or (ii) by giving Contractor three (3) months written notice if Contractor commits a breach of a material obligation of this Contract, including but not limited to:

(i) Contractor knowingly submits a false statement to ROC which is of material consideration for the execution of this Contract;

(ii) last remaining Company assigns any interest, right or obligation under this Contract contrary to the provisions of Article 28; or

(iii) Contractor fails to comply with approved Development Plans, Work Programs or Budgets. For the avoidance of doubt, if Contractor fails substantially to achieve the Plateau Production Target or Plateau Production Period for reasons including inadequate investment and/or failure to observe and apply Best International Petroleum Industry Practices, ROC may consider this to be a failure within the context of this Article and exercise its rights under this Contract.

(b) If Contractor has remedied its breach pursuant to Article 8.1(a) within the three (3) months' notice period, ROC shall consider the notice as no longer being in effect. If ROC reasonably believes that Contractor is doing its best to remedy the breach and its efforts look promising, then ROC shall extend the notice period accordingly.

(c) If ROC terminates this Contract in accordance with Article 8.1(a), Contractor shall:

(i) forfeit all its future rights and interests under this Contract as from the date of termination;

(ii) release ROC from any and all actions, claims, demands and proceedings that may arise out of such termination other than in respect of a dispute in relation to such termination; and

(iii) pay ROC any unspent portion of the Minimum Expenditure Obligation. Otherwise, ROC shall be entitled to recover such balance from Contractor by any means it may deem appropriate.

(d) If Petroleum Operations are suspended or substantially curtailed for a period exceeding twelve (12) consecutive months due to Force Majeure, either ROC or Contractor may terminate this Contract after giving two (2) months written notice. Upon such termination, the provisions of Articles 8.1(c)(i) and 8.1(c)(ii) shall apply, and ROC shall pay Contractor for Petroleum Costs, Supplementary Costs and Remuneration that are due and payable but unpaid as of the date of termination.

(e) If Contractor suspends its obligations in respect of Petroleum Operations by order or decree of the government of the home country of any of the Companies or their parent companies, ROC shall have the right to assume full responsibility for Petroleum Operations in any way it deems appropriate after giving Contractor one (1) month written notice to this effect. However, if such suspension continues for a period exceeding one (1) Year, ROC shall have the right to terminate this Contract after giving Contractor two (2) months written notice. Upon such termination, the provisions of Article 8.1(c) shall apply, and Contractor shall be entitled to no compensation whatsoever. However, if at any time during the period when Contractor has suspended its obligations and prior to the end of the termination notice, Contractor gives ROC notice that it is able and willing to resume its obligations with respect to Petroleum Operations, ROC and Contractor shall agree on the best course of action to resume Contractor's obligations and on the payment by ROC of any outstanding Petroleum Costs, Supplementary Costs and Remuneration that were due and payable to Contractor prior to the period of suspension. It is understood that Contractor shall not be entitled to any Petroleum Costs, Supplementary Costs and Remuneration during the period of suspension.

(f) If Contractor fails to establish a normal presence in the Republic of Iraq, as manifested by the deployment of necessary personnel and equipment required to conduct Petroleum Operations within six (6) months after the approval date of the Preliminary Development Plan, and in due consideration of Articles 7 and 31.5, ROC shall have the right to terminate this Contract after giving Contractor two (2) months written notice. Upon such termination, the provisions of Article 8.1(c) shall apply, and Contractor shall be entitled to no compensation.

8.2 Termination by Contractor

(a) If ROC designates a holding period pursuant to Article 11.3, and does not terminate such holding period by the end of the three (3) Year period following its commencement, Contractor may terminate this Contract after giving three (3) months written notice. Upon such termination, the provisions of Articles 8.1(c)(i) and 8.1(c)(ii) shall apply, and ROC shall pay Contractor for Petroleum Costs and Supplementary Costs that have been properly charged to the Operating Account prior to the date of termination.

(b) If Contractor elects to terminate this Contract before the end of its Term, Contractor shall give ROC three (3) months written notice to this effect giving reasons for such election. If by the end of the said notice period the Parties have not agreed on a course of action other than termination, then Contractor may terminate this Contract after giving ROC a further one (1) month written notice. Upon such termination, the provisions of Article 8.1(c) shall apply.

8.3 In the event of termination of this Contract (whether by ROC or by Contractor), in accordance with this Article 8, Contractor hereby warrants that it shall not obstruct,

hinder or otherwise interfere with Petroleum Operations.

8.4 The provisions of this Contract that by their nature survive termination or expiry of this Contract (including indemnities, liabilities, audit, confidentiality, governing law and arbitration) shall remain in full force and effect for a period of three (3) Years after such termination or expiry.

8.5 The provisions of Article 8 shall not prejudice the Parties' rights to refer any dispute in relation to the termination of this Contract to be resolved in accordance with Article 37.

(End of Article 8)

ARTICLE 9 – CONDUCT OF PETROLEUM OPERATIONS

9.1 The Parties agree that substantially all of the personnel engaged in Petroleum Operations shall be located in the Republic of Iraq.

9.2 Until ROC opts for the formation of a JOC, pursuant to this Article 9, Contractor's Operator shall conduct Petroleum Operations under the general supervision and control of a JMC formed pursuant to Article 13. In the event that permission is granted to a third party(ies) to operate within the Contract Area such as for operations that are not related to Petroleum Operations, operations involving reservoir(s) that have been relinquished pursuant to Article 5, or sole-risk operations under Article 12.7, ROC shall take necessary measures to ensure that such operations within the Contract Area shall not obstruct, hinder, or unduly interfere with Petroleum Operations. ROC shall indemnify and hold Contractor harmless of any damage, cost, or delay caused by or resulting from any such third party operations.

9.3 Contractor appoints _____ to serve as Contractor's Operator to conduct Petroleum Operations before the establishment of the JOC. In the event of the creation of a JOC, and as from the Date of Transfer of Operatorship, Contractor's Operator shall continue to share management and activities of the JOC for the efficient and smooth conduct of Petroleum Operations. Promptly upon Effective Date, Contractor's Operator shall agree with ROC an interim Work Program and Budget capable of lasting until the approval of the Preliminary Development Plan pursuant to Article 12.2.

9.4 Contractor shall not change the Contractor's Operator without the prior written consent of ROC.

9.5 At any time after Contractor first achieves an R-Factor equaling or exceeding one point zero (1.0) pursuant to Article 19.4, but in no event earlier than six (6) Years after the Effective Date, ROC shall have the option to call for the formation of a Joint Operating Company, which shall be jointly owned and managed by the Parties but funded by the Contractor. If a holding period is designated pursuant to Article 11.3, such six (6) Year period shall be extended by the duration of such holding period. The JOC shall serve as Operator and conduct Petroleum Operations on behalf of the Parties under the general supervision and control of a Board of Directors in accordance with this Contract and Addendum Three, and all in accordance with approved Development Plans, Work Programs and Budgets.

9.6 Within one (1) Year of ROC's decision for the formation of the JOC, the Parties shall establish the JOC consistent with the JOC Heads of Agreement, which are set out in Addendum Three.

9.7 The Parties shall agree in due time to a plan and a procedure for the transfer of operatorship from Contractor's Operator to the JOC, taking into consideration that the transfer plan shall include but not be limited to:

(a) an arrangement for the establishment of the JOC;

(b) a list of the various positions to be taken over by the JOC;

(c) a schedule of transfer stages which culminates in the completion of the transfer within one (1) Year of the date on which the JOC comes into existence pursuant to Article 9.6;

(d) inventories of the relevant facilities, equipment, documents, manuals, data and information necessary for the Petroleum Operations; and

(e) a program which ensures that substantially all operational and management positions necessary for the continuation of Petroleum Operations after the expiry of this Contract are held by Iraqi nationals.

9.8 Contractor's Operator shall, in accordance with the transfer schedule, transfer to the JOC control of all facilities and equipment relating to Petroleum Operations and all documents, manuals, data and information regarding the use and operation of such facilities and equipment so that the JOC personnel are able to manage and operate such facilities and equipment in accordance with the Best International Petroleum Industry Practices.

9.9 The transfer of the accounting and financial aspects shall be handled in accordance with the Accounting Procedures.

9.10 During the preparations for the transfer of operatorship to the JOC and in the course of the actual transfer, Contractor's Operator shall perform the functions and fulfill the obligations provided for in this Contract in respect of Petroleum Operations. Thereafter, the functions, obligations and rights of the Operator provided for in this Contract shall, by analogy, be applicable to the JOC in accordance with the provisions of this Contract and Addendum Three.

9.11 After the JOC has taken over conduct of Petroleum Operations and has become Operator, Contractor shall continue to have the obligation of joint management of JOC and a major role in all the planning, decisions, surveillance, and day-to-day conduct of Petroleum Operations. In general, Contractor shall make available its managerial and technological skills and personnel to JOC to ensure that Petroleum Operations are performed in accordance with the Best International Petroleum Industry Practices. In particular, Contractor shall continue to prepare and submit for ROC's approval annual Work Programs and Budgets, Development Plans, and their Revisions. The establishment of the JOC shall in no way relieve Contractor of its obligations to achieve the Plateau Production Target under this Contract.

9.12 Expenses directly incurred by ROC and approved by the JMC in the set-up, transfer and takeover of Petroleum Operations by the JOC shall be paid by Contractor and charged to the Operating Account (as defined in Annex C) in accordance with the Accounting Procedures. It is understood that any commitments entered into by, or for the benefit of, ROC prior to the Effective Date that cover activity specified in the Minimum Work Obligation shall be honored and funded by Contractor, which funding shall be Petroleum Costs. However, Contractor shall have the right to review these commitments and, following consultation with the ROC, may terminate such commitments subject to the provision of suitable alternative arrangements.

9.13 Not later than the twentieth (20^{th}) day of each Month, the Operator shall furnish Contractor with a detailed written estimate of its total cash requirements for the succeeding Month expressed in Dollars, in accordance with approved Work Programs and Budgets. Such estimate shall take into consideration any cash expected to be on hand at Month end. Payment by Contractor for the succeeding Month shall be made directly to the bank designated in Article 9.14 on the first (1st) day of the Month, or the next following working day, if such day is not a working day.

9.14 Operator is authorized to keep at its own disposal abroad, in an account opened with a bank with a minimum credit rating of A in the publications of the Standard and Poor's Rating Group (or equivalent of Fitch Ratings or Moody's Investors Service), the foreign funds advanced by Contractor. Interest or similar income generated by the account shall be credited to the account. Withdrawals from said account shall be used for payment for goods and services abroad and for transferring to a local bank in the Republic of Iraq the required amounts to meet expenditures in Dinars for the Operator in connection with Petroleum Operations, converted at the applicable rate of exchange available as published by the Iraqi Central Bank on the date of conversion. Within sixty (60) days after the end of each Financial Year, Operator shall submit to the appropriate exchange control authorities in the Republic of Iraq a statement, duly certified by a recognized firm of independent auditors, showing the funds credited to the account, the disbursements made out of the account and the balance outstanding at the end of such Financial Year.

9.15 Operator shall diligently conduct Petroleum Operations in compliance with the Law, and in accordance with Best International Petroleum Industry Practices.

9.16 Operator's activities aboveground and underground shall be designed to achieve efficient and safe production of Petroleum from the Contract Area. Operator shall ensure that all materials, equipment, and facilities used in Petroleum Operations comply with generally accepted engineering norms, are of proper and acceptable construction, and are kept in good working order throughout the Term. The Parties shall at least one (1) Year before the expiry of this Contract agree on a detailed procedure for handing-over Contract Area Petroleum Operations and related facilities to ROC as a going concern.

9.17 Operator shall take all appropriate and necessary measures, in accordance with the Law, to safeguard the environment and prevent pollution which may result from Petroleum Operations, and to minimize the effect of any pollution which may occur.

9.18 Each of ROC, Contractor and Operator shall take all appropriate and necessary measures, in accordance with the Law and international standards to uphold transparency, accountability and the strict observance of general business ethics and anti-corruption laws and regulations. ROC, Contractor and Operator shall develop procedures and guidance documents to secure compliance with the above.

9.19 Operator shall conduct Petroleum Operations in accordance with the provisions of this Contract under the general supervision and control of the JMC or BOD, as the case may be.

9.20 Operator shall:

(a) provide all personnel required for the Petroleum Operations, giving first priority to Iraqi nationals, provided the Iraqi nationals have the required qualifications and experience;

(b) without prejudice to the Contractor's right to occupy positions in the JOC, adhere to employment and training programs which shall aim at the Iraqization of

Operator's manpower; all pursuant to a plan to be submitted by the Operator for approval by the JMC or BOD no later than six (6) Years from the Effective Date;

(c) utilize Sub-Contractors and suppliers of proven capability and professional experience on a competitive basis and in accordance with the tendering procedures established pursuant to Article 9.22(c), keeping the JMC or BOD informed accordingly. Any purchase order and sub-contract shall be in accordance with approved Work Programs and Budgets;

Operator may approve awards of any individual purchase order or sub-contract up to and including ten million Dollars (US$10,000,000) in value. Prior approval shall be obtained before award of any individual purchase order or sub-contract, giving details of bids received and the basis for the recommended award, as follows:

(i) by JMC or BOD for awards above ten million Dollars (US$ 10,000,000) and up to and including one hundred million Dollars (US$ 100,000,000) in value;

(ii) by ROC for awards above one hundred million USD (US$100,000,000) in value, where such written approval shall not to be unreasonably withheld, provided if the total period taken by ROC exceeds forty five (45) days then approval of any such purchase order or sub-contract is deemed to have been provided by ROC. If ROC communicates within the specified period its non-approval of the award in question then the matter shall be promptly referred to the senior management of the Parties for resolution; and

(d) prepare and issue reports pursuant to Article 15, and provide any further information as may reasonably be required by ROC.

9.21 Operator shall place fixtures and installations inside and outside the Contract Area as necessary to carry out Petroleum Operations, in accordance with approved Plans. Transportation Facilities that are integrated into the Transportation System shall be handed over upon completion and commissioning to the Transporter, which will thereafter be responsible for the operation and maintenance thereof, in accordance with the provisions of Addendum Two and the subsequent Petroleum Transfer Agreement.

9.22 Promptly after the Effective Date, but not later than six (6) months thereafter, Operator shall prepare and submit for JMC approval, in accordance with Article 12, the following operating procedures:

(a) employment procedures and personnel regulations for locally recruited personnel including scales of salaries, wages, benefits, and all allowances applicable to the respective grade of staff and employees, together with employment requirements such as standard job descriptions and qualifications to fill the jobs, all in accordance with the Law and local market conditions. Equitability of basic salaries and terms of employment between Iraqis and non-Iraqis of similar qualification and experience shall be observed, with allowances and special benefits as appropriate for non-Iraqis;

(b) benefits and allowances to be paid in the Republic of Iraq to assigned personnel referred to in Annex C during the assignment for Petroleum Operations;

(c) tendering, bidding and contract awarding procedures for engineering, drilling, construction and other service contracts, and procedures for purchasing materials and equipment, all on a competitive basis (unless otherwise agreed by

the JMC or BOD), taking into account provisions of this Contract, Best International Petroleum Industry Practices and the Law; and

(d) a detailed accounting system to be adopted by Operator based on the provisions of Annex C.

(End of Article 9)

ARTICLE 10 – GAS AND NATURAL GAS LIQUIDS

10.1 ROC shall be responsible for the disposition of the Net Production from the Contract Area.

10.2 [Intentionally omitted.]

10.3 Except as provided for in Article 6.1(e), it is understood that this Contract is limited to the Appraisal, Development and Production of Non-Associated Gas reservoirs including the treatment and processing of the Natural Gas to produce dry gas and NGLs. However, pursuant to a separate agreement, the ROC may request Contractor to further explore for and, if successful, appraise, develop and produce any undiscovered potential reservoirs.

10.4 In the absence of such separate agreement within the period set forth in Article 2.3, ROC reserves the right thereafter to explore, appraise, develop, and produce such reservoirs, directly or through third parties, ensuring that Petroleum Operations are not hindered or delayed.

10.5 If Appraisal and Development activities in the Non-Associated Gas reservoirs that are among the reservoirs identified in Annex D, Section 1, identify Crude Oil in quantities that might reasonably warrant development, Contractor and ROC shall meet to determine whether to address such Crude Oil development in any Development Plan.

10.6 In the event the results of Appraisal and Development activities indicate that a discovered reservoir in Annex D is, considering Best International Petroleum Industry Practice, better developed as a Crude Oil accumulation, the Parties shall convene and may agree appropriate measures to preserve the interests and rights of both Parties.

10.7 In respect of each Calendar Quarter during the Term, ROC shall take and pay for, or pay for if not taken, the Net Dry Gas Production scheduled to be delivered in accordance with the approved Work Program for such Calendar Quarter. In respect of any Calendar Quarter the obligation to take, or pay for if not taken, Net Dry Gas Production in this Article 10.7 shall be reduced by the volume of Net Dry Gas Production scheduled to be delivered that (i) Contractor fails to deliver for any reason (except for ROC's failure to take), and (ii) ROC fails to take due to Force Majeure. The quantity of Net Dry Gas Production in any Calendar Quarter that ROC is obliged to take, or pay for if not taken, shall be further reduced where planned maintenance or any agreed construction or other activity has the effect of reducing deliveries from those reflected in the approved Work Program for such Calendar Quarter. For the purposes of determining ROC's obligation to pay for Net Dry Gas Production not taken, Contractor shall demonstrate, in a manner consistent with certification procedures normal in such circumstances, the Net Dry Gas Production Rate that wells and facilities are capable of producing and delivering to the ROC in such Calendar Quarter in accordance with the approved Work Program. For purposes of this Article 10.7, the obligation of ROC to "pay for" Net Dry Gas Production means the payment of Petroleum Costs, Supplementary Costs and Remuneration as

contemplated in this Contract. Volumes paid for but not taken shall be considered "Net Dry Gas Production" for all purposes under this Contract.

10.8 ROC shall have the right to take, and Contractor shall be obliged to make available to ROC, the Gas paid for but not taken during any Calendar Quarter in accordance with Article 10.7 over the remaining Term at the times and to the extent requested by ROC and without the requirement for payment of any kind. Contractor's obligation to make available additional quantities of Dry Gas during any period shall be subject to any adjustments under Article 10.8 and limited to those quantities of Dry Gas that can be delivered through available facilities during such period (over and above that needed for the delivery of Net Dry Gas Production scheduled for delivery during such period) in accordance with the Work Program then in effect and Best International Petroleum Industry Practices.

10.9 In the event it is subsequently determined that the Contractor was not capable of delivering the Net Dry Gas Production in any Quarter in respect of which payments have been made by ROC for Dry Gas not taken under Article 10.7, then each of the Petroleum Costs, Supplementary Costs and Remuneration payable shall be recalculated and any excess payments received by Contractor shall be repaid through a compensating adjustment in the invoice for the next Quarter following such determination.

(End of Article 10)

ARTICLE 11 – DEVELOPMENT PLANS AND WORK PROGRAMS

11.1 Contractor shall develop the discovered Non-Associated Gas reservoir(s) within the Contract Area and maintain the required delivery capacities in accordance with the approved Development Plans and terms of the Petroleum Transfer Agreement, the heads of which are set out in Addendum Two.

11.2 Promptly after the Effective Date, and in any case not later than six (6) months thereafter, Contractor shall prepare and submit the Preliminary Development Plan, presenting, in the light of the available knowledge of the reservoir(s) within the Contract Area, the overall targets and phases of development of the reservoir(s) within the Contract Area. The Preliminary Development Plan shall include:

(a) a program designed to achieve the First Commercial Production as soon as possible but no later than three (3) Years from approval of the Preliminary Development Plan;

(b) a program for the Appraisal of reservoir(s) within the Contract Area which require and justify further Appraisal Operations, including a time schedule for geophysical surveys and any interpretations of data relating thereto, geological and reservoir engineering studies, as well as laboratory work and field data gathering programs. Appraisal is aimed at acquiring technical data required to conceive the Final Development Plan embracing the whole Contract Area;

(c) a program designed to explore undiscovered potential reservoirs, as specified in Annex D;

(d) a program for construction of processing plants and related facilities and installations, upstream of the Transfer Points and within the Contract Area, for the extraction of Natural Gas Liquids from Natural Gas; and

(e) a Work Program and Budget for the remainder of the current Calendar Year.

11.3 ROC may approve the Preliminary Development Plan as a whole, or it may approve only the Appraisal and Exploration programs contemplated in Articles 11.2 (b) and (c), and the Work Program and Budget related thereto. In the latter case, ROC shall defer consideration of the program for First Commercial Production and for extraction of Natural Gas Liquids for a holding period of up to three (3) Years, to allow ROC time to secure access to adequate offtake arrangements. ROC may at any time terminate the holding period by written notice to Contractor, in which case Contractor shall submit an updated Preliminary Development Plan for approval within three (3) months of receipt of such notice. The Term and the scheduled time periods in Articles 2.2(b) and (c), Article 9.5, Article 11.5 and Article 11.6 (to the extent set forth therein) shall be extended by a period of time equal to the duration of the holding period. For the avoidance of doubt, Contractor shall continue to pursue the Appraisal and Exploration programs in the partially approved Preliminary Development Plan, and shall be obliged to fulfill the Minimum Work Obligation and the Minimum Expenditure Obligation notwithstanding the designation of such holding period.

11.4 Contractor shall prepare and submit for approval annual Work Programs and Budgets, including production schedules for the succeeding Calendar Years, not later than the first of October of each Calendar Year.

Each annual Work Program and Budget shall set out in detail by Quarter all aspects of proposed Petroleum Operations to be carried out including all relevant data and information, the estimated cost and duration of each operation, the estimated monthly rate of production for each reservoir within the Contract Area and all other relevant data and information. The Work Program and Budget shall also include a forecast of yearly activities for the four (4) Year period following the end of the relevant Calendar Year or the period up to the expiry of this Contract whichever is shorter.

11.5 Within six (6) months after the completion of the Appraisal Program (or, if later, within six (6) months of the approval of the updated Preliminary Development Plan, if a holding period is designated pursuant to Article 11.3), Contractor shall prepare and submit for approval the Final Development Plan which shall, upon approval by ROC, supersede the Preliminary Development Plan.

11.6 Contractor and Operator shall conduct Petroleum Operations in a manner that is designed to achieve the Plateau Production Target within three (3) Years of the approval date of the Final Development Plan, but no later than six (6) Years after the Effective Date. If a holding period is designated pursuant to Article 11.3, such six (6) Year period shall be extended by the duration of such holding period. Development Plans submitted by Contractor for approval must contemplate achieving the Plateau Production Target within such time period.

11.7 Contractor shall prepare and submit Revisions and corresponding cost estimates as necessary for required approvals.

11.8 All Plans and production schedules shall be based on sound geological, reservoir, engineering, economic and health, safety and environmental principles, all in accordance with the Best International Petroleum Industry Practices, and with the objective of optimizing production and maximizing the volume of recoverable reserves of Petroleum from the Contract Area.

11.9 Final Development Plans shall include at a minimum the following:

(a) details of the proposed development area;

(b) summary of reservoir studies;

(c) proposals relating to additionally required Appraisal, if any;

(d) proposals relating to the spacing, drilling and completion of wells and the surface facilities, installations and pipelines required for the production, treating, transportation, processing and delivery of Dry Gas and NGLs of various grades at the Transfer Point(s);

(e) forecast of annual production and an estimate of relevant investments involved; and a description of any Gas off-take arrangements at the relevant Transfer Points, and any Transportation Facilities to be constructed.

(End of Article 11)

ARTICLE 12 – APPROVAL OF DEVELOPMENT PLANS AND WORK PROGRAMS

12.1 No Petroleum Operations shall be carried out unless and until the relevant Work Program, Budget, and Development Plan, or their Revisions, have been duly approved.

12.2 Contractor shall prepare and submit to the JMC, or the BOD, in a timely manner its proposals concerning the Plans, or their Revisions as well as the annual Work Programs and Budgets or their Revisions, and any administrative, accounting or other operating procedures, complete with supporting studies, data and information, for approval in accordance with the following procedure:

(a) within fourteen (14) days of receiving Contractor's initial or revised proposal, in respect of annual Work Programs and Budgets, and any administrative, accounting or other operating procedures, the JMC or BOD shall either approve the proposal or return it to the Contractor with recommended changes. Contractor shall, within a further fourteen (14) days of receiving recommended changes, amend and re-submit the proposal to the JMC or BOD for approval;

(b) within twenty (20) days of receiving Contractor's proposed Plan or Revision the JMC or BOD shall review the Plan or Revision and pass to the ROC for endorsement or return to the Contractor with recommended changes. Contractor shall amend the Plan or Revision and re-submit to the JMC or BOD for recommendation to ROC no later than twenty (20) days thereafter;

(c) within thirty (30) days of receiving a Plan or Revision from the JMC or BOD, the ROC shall advise Contractor and the JMC or BOD of its endorsement or rejection. In the event of a rejection the ROC shall provide written advice as to the reasons for its rejection;

(d) it is understood that the Parties shall make their best endeavors to expedite the approval process through close interaction and consultation, and, if necessary, through the intervention of their senior managements;

(e) if certain aspects of a Work Program or Budget remain unresolved after submission to senior management the Parties agree that the Operator will be authorized to act as though the most recent submission by the Contractor has been approved until such time as final resolution of disputed items has occurred; and

(f) time periods in this Article 12.2 shall be subject to appropriate extensions corresponding to any delay resulting from Force Majeure or as otherwise agreed between the Parties. If the total period taken for approval and endorsement by

ROC of the Preliminary Development Plan or the Final Development Plan exceeds one hundred and twenty (120) days, then the Term together with all rights and obligations hereunder shall be extended to reflect the additional time taken for approvals.

12.3 After the approval of the annual Work Program and Budget by the JMC or BOD, it shall be implemented by Operator under the general supervision and control of the JMC or BOD. Operator may make minor changes to the details of an approved Work Program or Budget, provided, however, such changes shall not change the budgeted amount for each major line item by more than ten percent (10%), change the total approved Budget by more than five percent (5%), or alter the general objectives of the Work Program. Otherwise, the change shall be considered a Revision calling for the JMC's or BOD's prior approval unless such changes are warranted under emergency or extraordinary circumstances requiring immediate action, including but not limited to safeguarding lives or property, protection of the environment or for health reasons. Such emergency changes shall be reported by Operator to the JMC or BOD and ROC within five (5) working days.

12.4 Any modification to an approved Plan that alters the general objectives of that Plan or changes the total estimated cost by more than ten percent (10%) shall be considered a Revision which shall be subject to approval in accordance with this Article 12.

12.5 ROC shall have the right to review the proposed level of production in respect of any proposed or approved Work Program and may, upon written notification, require Contractor and/or Operator to modify the rate of production from the Contract Area for any of the following reasons:

(a) to avoid material damage to reservoirs;

(b) for health, safety or environmental considerations;

(c) for short-term operational requirements required to bring Petroleum Operations into compliance with Best International Petroleum Industry Practices;

(d) for Government imposed curtailment; or

(e) for curtailments due to failure of Transporter to receive Dry Gas, NGLs or Crude Oil at Transfer Points through no fault of Contractor or Operator.

12.6 During the periods when the rate of production is decreased due to production curtailment imposed under Article 12.5(d) or Article 12.5(e), the provisions of Article 10.7 shall apply on the basis of the volumes in the production schedule in the approved Work Program in effect prior to the curtailment.

12.7 ROC may, at any time by written notice, request Contractor to fund and Operator to execute specific works or build specific facilities not included in approved Plans or associated Work Programs and Budgets. If agreed by Contractor, Operator shall amend the relevant Work Program, Budget or Development Plan within ninety (90) days of receiving such notice. All costs associated with the construction and operation of the additional facilities or works paid for by the Contractor shall be considered Supplementary Costs. If Contractor decides not to share the potential risks and rewards of such works and facilities in accordance with this Contract, the costs thereof shall be borne by ROC. In such event, ROC shall have the right to appoint a third party to execute the works taking care not to hinder or unduly interfere with Petroleum Operations, and the said works shall be conducted by and for ROC's sole risk and reward.

(End of Article 12)

ARTICLE 13 – JOINT MANAGEMENT OF PETROLEUM OPERATIONS

13.1 The Parties shall establish, within thirty (30) days from the Effective Date, the Joint Management Committee for the purpose of general supervision and control of Petroleum Operations until the Date of Transfer of Operatorship (after which date the functions of the JMC shall be transferred to the BOD). Unless agreed otherwise, ROC shall nominate ___ (_) members, including the chairman. Contractor's Operator shall nominate ___ (_) members, including the deputy chairman and the secretary, and the State Partner shall also nominate a member. The Parties shall also designate one alternate to each of their members and shall promptly inform each other in writing of any change of the members or alternates.

13.2 JMC or BOD shall have the following duties and authorities related to Petroleum Operations:

(a) review and recommendation of Plans and any Revisions thereof;

(b) review and approval of annual Work Programs and Budgets, production schedules, and any Revisions thereof;

(c) review and approval of operating procedures pursuant to Article 9;

(d) review and/or approval of the award of contracts to Sub-Contractors and purchase orders as applicable pursuant to Article 9.20(c);

(e) approval of training programs and Iraqization plans for integrating Iraqi personnel into various aspects of Petroleum Operations, pursuant to Articles 9.22(a) and (b) and 26.2;

(f) supervision and control of the implementation of approved Development Plans and Work Programs and the overall policy of Operator;

(g) review and approval of manpower levels and organization chart of Operator;

(h) review of quarterly statements, annual accounts and other financial statements related to Petroleum Operations; and

(i) review of periodical and other reports submitted by Contractor or Operator and issue of comments and recommendations to ensure proper implementation of Petroleum Operations in accordance with the provisions of this Contract; and

(j) recommendation of the appointment of the independent international auditor as per Article 20.4.

13.3 Decisions of the JMC shall be taken by unanimous vote of the members or their alternates present at the meeting or by proxy. In the event that the JMC is unable to reach a unanimous decision in respect of any issue for which it is responsible under this Contract, then the issue shall be promptly referred to the senior management of the Parties for resolution. The quorum shall be at least ____ (_) members or alternates of each Party. Decisions taken by the JMC shall be recorded in official minutes signed by the members present and communicated by the Operator to the Parties.

13.4 JMC shall meet whenever necessary or expedient for the implementation of this Contract and at any time a Party requests a meeting to be held. In any event the JMC shall meet at least four times per Year, ideally every Quarter. A meeting of the JMC may be convened by either Party giving not less than twenty (20) days prior written notice to the other Party or, in a case requiring urgent action, by giving reasonable shorter notice, with decisions by way of circulated written resolutions. Operator shall prepare and communicate to the members of the JMC the agenda and necessary documents no less

than fourteen (14) days prior to such meetings (or as soon as possible in the case of a meeting requiring urgent action). Either Party may add, with seven (7) days prior notice except in the case of emergency, any matter related to Petroleum Operations.

13.5 JMC may adopt such procedures as it deems appropriate regarding the conduct of its functions, meetings, and other related matters. For the purpose of facilitating the conduct of its functions, the JMC may appoint such appropriate sub-committees as shall from time to time be required.

13.6 All reasonable costs incurred by Contractor and approved by the JMC for the carrying out of JMC's or its sub-committees' duties shall be considered as Petroleum Costs.

13.7 Decisions made by JMC or BOD shall not release the Contractor from its obligations under this Contract.

(End of Article 13)

ARTICLE 14 – DATA AND SAMPLES

14.1 All original data and samples obtained by Contractor or the Operator shall be the property of ROC.

14.2 Contractor and Operator shall provide ROC, free of charge, with copies of any and all data obtained as a result of Petroleum Operations including, but not limited to, geological, geophysical, geochemical, petrophysical, engineering, well logs, maps, magnetic tapes, cores, cuttings and production data as well as all interpretative and derivative data, including reports, analyses, interpretations and evaluation prepared in respect of Petroleum Operations (hereinafter referred to as "Data"). Contractor and Operator shall have the right to make use of such Data, free of charge, for the purpose of Petroleum Operations.

14.3 Contractor and Operator may, for use in Petroleum Operations, retain copies or samples of material or information constituting the Data and, with the approval of ROC, original material. Where such material is capable of reproduction or division, and when originals have first been delivered to ROC, Contractor and Operator may export samples or other reproduced material for processing or laboratory examination or analysis, taking into consideration whether such analysis can be conducted in the Republic of Iraq. Contractor and Operator shall guarantee the proper handling and keeping of exported samples, and that such exports shall be returned to the Republic of Iraq within a maximum period of three (3) months from the date of completion of any study, analysis or processing thereof, except for the consumable samples and materials.

14.4 Contractor and Operator shall save and keep in the Republic of Iraq, for a minimum period of one (1) Year, representative portions of each sample of cores and cuttings taken from drilled wells, to be disposed of or forwarded to ROC in a manner directed by ROC.

14.5 Contractor shall work with ROC to cause the establishment of entities in the Republic of Iraq capable of analyzing and processing Data obtained during Petroleum Operations.

(End of Article 14)

ARTICLE 15 – REPORTS AND RECORDS

15.1 Operator shall report in writing to the Parties the progress of Petroleum Operations

according to the following schedule:

(a) within one (1) Month of the last day of March, June, September and December covering the previous Quarter; and

(b) within three (3) Months of the last day of December covering the previous Calendar Year.

15.2 A report under Article 15.1 shall contain, without limitation, the following in respect of the period which it covers:

(a) details of Petroleum Operations and the factual information obtained;

(b) description of the area in which Contractor and Operator have operated;

(c) account of the expenditure on Petroleum Operations in accordance with the Accounting Procedures; and

(d) maps indicating all bore-holes, wells and other Petroleum Operations.

15.3 Contractor and Operator shall prepare at all times accurate and current records of their operations. Such records shall be maintained by Contractor and Operator in accordance with procedures to be established by the JMC or BOD, and in accordance with Best International Petroleum Industry Practices.

15.4 Operator's reports on Petroleum Operations shall comply with the Law.

(End of Article 15)

ARTICLE 16 – ACCESS AND INSPECTION

16.1 ROC's duly authorized inspectors shall, upon written prior notice to the Operator and Contractor, have access to the Contract Area and any other area where Petroleum Operations are being carried out, for the purpose of inspection of the same. Such inspectors may examine the books, registers and records of Operator and may require Operator to make a reasonable number of surveys, drawings, tests and the like for the purpose of enforcing the provisions of this Contract. They shall, for this purpose, be entitled to make reasonable use or inspection of devices, machinery and instruments used for measurement and other Petroleum Operations. The inspectors shall make all reasonable efforts to conduct any inspection in a manner that will result in a minimum of inconvenience and interruption to the Petroleum Operations, and the inspectors shall always take due account of the advice from the Operator and the Contractor when conducting the inspections. Such inspectors shall be given assistance by the agents and employees of Operator to facilitate the objectives of their task and to avoid endangering or hindering the safety or efficiency of Petroleum Operations. Operator shall offer such inspectors all privileges and facilities afforded to its own staff in the Contract Area and shall provide them, free of charge, with reasonable office space and adequately furnished housing and lodging while they are in the Contract Area whether on a temporary or permanent basis.

16.2 Competent Government authorities shall have access to the Contract Area and to the operations conducted therein by Operator, in the course of carrying out their duties in accordance with the Law. Operator shall offer the necessary assistance and services to such officials free of charge in order to facilitate their objectives.

16.3 Reasonable costs and expenses incurred by Contractor or Operator in implementing the provisions of this Article shall be considered as Petroleum Costs.

(End of Article 16)

ARTICLE 17 – MEASUREMENT, TRANSFER, AND DELIVERY OF PETROLEUM

17.1 The volume and quality of Petroleum shall be measured at Production Measurement Point(s) immediately upstream of the relevant Transfer Point(s). The location of the Production Measurement Point(s) and Transfer Point(s) shall be specified in approved Plans.

17.2 In accordance with Addendum Two, the Operator shall deliver Petroleum to Transporter(s), on behalf of ROC, at the respective Transfer Point(s). The transportation of Petroleum from the Transfer Point(s) shall be carried out by the Transporter(s), under the terms of Addendum Two and the subsequent Petroleum Transfer Agreements. Transporter(s) shall act exclusively on behalf of ROC, and Contractor and Operator shall have no liability or obligations in respect of the transportation of Petroleum from the Transfer Point(s) except as set forth in Article 17.6 and Annex E.

17.3 Methods and procedures for measurement of volume and quality of Petroleum at the Transfer Point(s) shall be as per Addendum Two and the subsequent Petroleum Transfer Agreements. Methods and procedures for measurement of volume and quality of Export Oil at the Delivery Point shall be as per standard practice of SOMO in respect of the Export Oil.

17.4 The volume of Export Oil that may be lifted by Contractor at the Delivery Point shall be determined in accordance with Articles 18 and 19 and Addendum Four.

17.5 Prior to delivery at the Transfer Point(s), Petroleum shall satisfy the minimum quality and condition specifications defined in the relevant approved Plan.

17.6 In accordance with an approved Plan Contractor shall finance and/or build Transportation Facilities and other facilities specified in Annex G. In the event that Contractor finances and/or builds such Transportation Facilities downstream of the Transfer Point(s), they shall be handed over to the Transporter(s) upon completion and commissioning. Any costs and expenses incurred by Contractor or Operator pursuant to this Article 17.6 in respect of Transportation Facilities downstream of the Transfer Point(s) shall be Supplementary Costs.

(End of Article 17)

ARTICLE 18 – VALUATION OF PETROLEUM

18.1 It is the intent of both Parties that the pricing of Export Oil for all purposes under this Contract shall reflect the prevailing export market price FOB Delivery Point.

18.2 The Export Oil Price for each quantity and quality of Export Oil that may be lifted by Contractor, during any Month in a Lifting Quarter, shall be SOMO's declared OSP for:

(a) the Month of loading for such quantity;

(b) the quality and Delivery Point for such quantity; and

(c) the final destination to which such Export Oil is delivered by the Contractor.

For the avoidance of doubt in calculating the Export Oil Price for any quantity of Export Oil the standard provisions stipulated in SOMO's standard crude oil sales agreements, shall be applied including provisions relating to (a) API escalation/de-escalation, and (b) freight protection.

18.3 In the event that Export Oil market conditions oblige SOMO to adopt a different pricing mechanism, SOMO shall promptly advise Contractor of the new pricing mechanism.

18.4 The determination of the Export Oil Price, as above, (used for determining the quantities of Export Oil that may be lifted by Contractor in each Month of the said Lifting Quarter) as well as adjustments required to the quantity of Export Oil to be lifted (due to the timing between estimated and actual dates of lifting) shall be pursuant to Addendum Four and Annex C (Article 9.6).

18.5 Contractor shall cooperate with SOMO in areas such as:

(a) assessment of worldwide evolution in export qualities of Petroleum;

(b) market studies and outlet forecasts in various market areas; and

(c) other information concerning Export Oil and Natural Gas market conditions.

The costs of such cooperation shall be paid by Contractor and shall be non-recoverable costs.

(End of Article 18)

ARTICLE 19 – PETROLEUM COSTS, SUPPLEMENTARY COSTS AND REMUNERATION

19.1 For the Petroleum Operations performed under this Contract, and in accordance with Article 27, Contractor is entitled to Petroleum Costs, Supplementary Costs and Remuneration.

19.2 Contractor shall start charging Petroleum Costs to the Operating Account as from the Effective Date, in accordance with this Contract and the Accounting Procedures, but the same shall be due and payable in accordance with Article 19.6.

19.3 Contractor shall become entitled to Remuneration and shall start charging the same to the Operating Account only from the date of the achievement of First Commercial Production.

(a) For any Quarter commencing with the Quarter in which First Commercial Production is achieved, the Remuneration shall be an amount equal to the product of the applicable Remuneration Fee and Net Production, subject to the performance adjustment in Article 19.5. The Remuneration Fees applicable for all Quarters during any given Calendar Year shall be determined on the basis of the R-Factor calculated at the end of the preceding Calendar Year for the Contract Area, as follows:

R-Factor	Remuneration Fee For Net Production (US$/BOE)
Less than 1.0	Remuneration Fee Bid (RFB)
1.0 to less than 1.25	80%*RFB
1.25 to less than 1.5	60%*RFB
1.5 to less than 2.0	50%*RFB
2.0 and above	30%*RFB

19.4 The R-Factor achieved by Contractor as at the end of any Calendar Year shall be calculated by dividing the aggregate value of Cash Receipts from the Effective Date up to and including that Calendar Year by the aggregate of Expenditure over that same time frame.

For the purposes of calculating the R-Factor:

(a) Aggregate "Cash Receipts" of Contractor from Petroleum Operations as of the end of any Calendar Year is the aggregate value from the Effective Date up to and including that Calendar Year of:

(i) Petroleum Costs and Remuneration paid to Contractor as provided in Article 19.6; plus

(ii) any Contractor's incidental income arising from Petroleum Operations;

(b) Aggregate "Expenditure" made by Contractor for Petroleum Operations as of the end of any Calendar Year is the aggregate value from the Effective Date up to and including that Calendar Year of:

(i) Petroleum Costs; plus

(ii) Training, Technology and Scholarship Fund as per Article 26.

For the avoidance of doubt, Expenditures under 19.4b (ii) are included as Expenditures for purposes of determining the R-Factor, but shall not be Petroleum Costs.

19.5 During the Plateau Production Period the Remuneration Fee payable in respect of Net Dry Gas Production for any Quarter shall be adjusted by multiplying it by the Performance Factor. Notwithstanding the foregoing, for purposes of determining the Performance Factor, Dry Gas scheduled to be delivered and paid for but not taken in accordance with Article 10.7 shall be deemed to be included in Net Dry Gas Production.

19.6 Petroleum Costs and Remuneration

(a) Petroleum Costs and Remuneration due to Contractor shall be paid without interest in cash (in Dollars), unless ROC elects to pay in Export Oil. Any election by ROC shall be advised to the Contractor on or before January 31st of each Calendar Year, for the following Year. Contractor shall advise ROC by April 1st of each Year of its expected payment amounts for the following Year. Cash payments shall be made within sixty (60) days of the submission of an invoice pursuant to Clause 9 of the Accounting Procedures. For payment in Export Oil, the Export Oil Price shall be in accordance with Article 18 and liftings shall be scheduled in accordance with an agreement reached pursuant to Addendum Four. Any election shall remain in effect for the Calendar Year for which the election was made.

(b) Petroleum Costs, Supplementary Costs and Remuneration shall be deemed to cover all costs, expenses, liabilities and remuneration to Contractor under this Contract. ROC shall not be obliged to pay any other compensation whatsoever to Contractor for the fulfillment of its obligations under this Contract.

(c) Petroleum Costs and Remuneration shall become due and payable upon invoicing in accordance with Clause 9 of Annex C. Invoices shall be submitted starting with the Quarter following the Quarter in which First Commercial Production is achieved and shall be paid to the extent of fifty percent (50%) of the Deemed Revenue in accordance with the provisions of this Contract. Payment of due and payable Petroleum Costs shall have priority over the payment of due

and payable Remuneration.

(d) Any due Petroleum Costs and Remuneration that remain unpaid in respect of any Quarter shall be carried forward and paid in succeeding Quarter(s) until fully paid.

19.7 Supplementary Costs

(a) Contractor may start charging Supplementary Costs to the Operating Account as from the Effective Date, in accordance with this Contract and the Annex C.

(b) Supplementary Costs shall become due and payable upon invoicing in accordance with Clause 9 of Annex C. Invoices shall be submitted starting with the Quarter following the Quarter in which First Commercial Production is achieved.

(c) Supplementary Costs due to Contractor shall be paid in cash (in Dollars), unless ROC elects to pay in Export Oil. Any election by ROC shall be advised to the Contractor on or before January 31st of each Calendar Year, for the following Year. Contractor shall advise ROC by April 1st of each Year of its expected payment amounts for the following Year. Cash payments shall be made within sixty (60) days of the submission of an invoice pursuant to Clause 9 of the Accounting Procedures. For payment in Export Oil, the Export Oil Price shall be in accordance with Article 18 and liftings shall be scheduled in accordance with an agreement reached pursuant to Addendum Four. Any election shall remain in effect for the Calendar Year for which the election was made.

(d) Outstanding balances on all Supplementary Costs shall bear interest at LIBOR plus one percent (1%) from the last day of the Month in which such Supplementary Costs are first invoiced until the date when they are paid to the Contractor, provided that interest shall be fixed for each tranche of Supplementary Costs based on LIBOR prevailing as at the last day of the Month in which the invoice date occurs.

(e) Supplementary Costs paid and interest as provided in Article 19.7(c) shall be deemed to cover all amounts due to Contractor for Supplementary Costs incurred.

(f) Recovery of Supplementary Costs (including interest) shall be paid to the extent of sixty (60)% of Deemed Revenue less Petroleum Costs and Remuneration paid as follows:

Deemed Revenue * 60% - (Petroleum Costs paid + Remuneration paid)

(g) Any due Supplementary Costs that remain unpaid in respect of any Quarter shall be carried forward and paid in succeeding Quarter(s) until fully paid.

(h) ROC reserves the right at any time by notice to Contractor to increase the percentage of Deemed Revenue available as specified in Article 19.7(e).

19.8 Subject to Article 8, any due and payable Petroleum Costs, Supplementary Costs and Remuneration that remain outstanding at the expiry or termination of this Contract shall be paid within thirty (30) days thereof, or under such other terms as may be agreed by the Parties.

19.9 In the event that Petroleum Costs, Supplementary Costs and Remuneration are paid in Export Oil, ROC shall arrange with SOMO to deliver to Contractor at the Delivery Point

an amount of Export Oil, at the relevant Export Oil Price, equivalent to the amount of Petroleum Costs, Supplementary Costs and Remuneration due and payable hereunder. Contractor's quarterly lifting of Export Oil shall be estimated in advance on the basis of Petroleum Costs, Supplementary Costs and Remuneration due and payable in the Lifting Quarter, unpaid Petroleum Costs, Supplementary Costs and Remuneration carried forward, production schedule and Provisional Export Oil Price. Contractor's final lifting shall be adjusted on the basis of actual amounts of Petroleum Costs, Supplementary Costs and Remuneration due as computed under this Article 19, and on the applicable Export Oil Price in accordance with the provisions of Article 18 and Addendum Four.

(End of Article 19)

ARTICLE 20 –BOOKS OF ACCOUNT, ACCOUNTING AND AUDIT

20.1 Contractor and Operator shall maintain at their business offices in the Republic of Iraq books of account in accordance with the Accounting Procedures and accepted accounting practices generally used in the international petroleum industry, and such other books, records and original supporting documents as necessary to show the work performed and Petroleum Costs and Supplementary Costs incurred and Remuneration and Supplementary Costs earned including the quantity and value of all Petroleum produced, saved, and delivered as well as the quantity and value of Export Oil received by Contractor at the Delivery Point.

20.2 Contractor and Operator shall keep their books of account and accounting records in Dollars and in the Arabic and English languages. Contractor and Operator shall also prepare and keep an Arabic summary of the main items of these books of account and accounting records.

20.3 Contractor and Operator shall furnish to ROC or its designee monthly reports showing the quantity of Petroleum produced and saved from the Contract Area. Such reports shall be prepared in accordance with practices generally used in the international petroleum industry and in a form agreed upon with ROC. The reports shall be signed by the authorized representatives of Contractor and Operator or their deputies and delivered to ROC or its designee within thirty (30) days after the end of the Month covered by such report.

20.4 The Parties shall jointly appoint an independent auditor of international qualification and standing and duly licensed to practice in the Republic of Iraq to audit all the books and accounts of Contractor and Operator on an annual basis and report thereon. The costs of such audit shall be considered as Petroleum Costs. The auditors shall confirm, *inter alia*, that:

(a) the record of Petroleum Costs, Supplementary Costs and Remuneration are correct and in accordance with this Contract;

(b) the costs are properly classified in accordance with the expenditure classification;

(c) documentation exists to justify such costs and expenditures; and

(d) no evidence exists of any fraudulent records and accounts in respect of the costs incurred.

20.5 Contractor and Operator shall, within forty five (45) days after the end of each Quarter, submit to ROC a statement of Petroleum Costs and Supplementary Costs incurred and

Remuneration earned by Contractor during such Quarter as per Annex C.

20.6 Contractor shall submit to ROC a set of accounts audited by the independent auditor for each Calendar Year within three (3) Months from the last day of said Calendar Year to show the results of Petroleum Operations.

20.7 Contractor's and Operator's books, records and necessary supporting documents shall be made available for auditing by ROC at any time during regular working hours for twelve (12) Months from the end of each Quarter to which such documents relate. If within such twelve (12) Months, ROC has not advised Contractor of its objections thereto, the said books, records and supporting documents shall be deemed approved.

20.8 If the ROC has an objection to any costs, expenses or fees as reported and invoiced by the Contractor, the ROC will notify the Contractor in writing within thirty (30) days of receiving an invoice specifying the reasons for its objection but shall pay both the undisputed and disputed amounts pending resolution of the matter. Within three (3) months from the date of Contractor's receipt of ROC's objection, Contractor and ROC shall mutually agree to either seek in good faith an acceptable solution or nominate one (1) or more Experts to settle the matter. If the matter is referred to an Expert, the Expert shall, within the three (3) month period following its appointment, provide its solution to the dispute that is in line with the provisions of this Contract and Annex C. Failing such settlement, either Party may refer the matter to arbitration pursuant to Article 37. Should the disputed amounts previously paid by ROC subsequently be found to be not payable under this Contract, such amounts shall be reimbursed in Dollars to ROC along with interest at LIBOR plus one percent (1%) from the date of initial payment until the date on which the reimbursement is made, provided that interest shall be fixed for each disputed amount at LIBOR prevailing as at the date when originally paid.

20.9 During and for a period of three (3) Years after the Term, the books of account and other books and records referred to above shall be made available by Contractor and Operator at all reasonable times for auditing by duly authorized representatives of the Government, in accordance with the Law.

(End of Article 20)

ARTICLE 21 – EXCHANGE AND CURRENCY CONTROL

21.1 Contractor and Operator shall have the right of availability, free possession, use of, and internal and external disposal of foreign currency.

21.2 Contractor shall provide funds necessary for Petroleum Operations in the Republic of Iraq in freely convertible foreign currencies supplied from abroad.

21.3 Contractor and Operator are authorized to open and operate accounts in foreign banks outside of the Republic of Iraq and shall have the right to make payments out of the said accounts directly in foreign currencies for goods and services obtained for Petroleum Operations in the Republic of Iraq and to charge such payments in accordance with the provisions of this Contract without having first to transfer the funds for such payments to the Republic of Iraq.

21.4 Contractor and Operator and non-Iraqi Sub-Contractors shall have the right to open and maintain bank accounts in foreign and/or local currencies in the Republic of Iraq in accordance with Central Bank of Iraq regulations and retain or dispose of any funds therein for its Petroleum Operations in accordance with Central Bank of Iraq regulations.

(End of Article 21)

ARTICLE 22 –TITLE TO ASSETS

22.1 All assets acquired and/or provided by Contractor and Operator in connection with or in relation to Petroleum Operations, the costs of which are subject to cost recovery in accordance with the provisions of this Contract, shall become the property of ROC upon their landing in the Republic of Iraq if acquired abroad, or otherwise upon their acquisition.

22.2 Notwithstanding the above, Contractor and Operator shall be entitled to the full and free use of such assets for the purpose and duration of this Contract. During the Term, ROC and Contractor shall not assign, sell or otherwise dispose of such fixed and/or movable assets except by mutual agreement.

22.3 The provisions of Article 22.1 shall not apply to equipment leased by Contractor and Operator or belonging to Sub-Contractors who perform services or carry out works in connection with Petroleum Operations. Each entity constituting Contractor and Operator and non-Iraqi Sub-Contractors may, with the prior approval of ROC, import such equipment on a temporary basis. Unless otherwise agreed by ROC, such equipment shall be re-exported from the Republic of Iraq subject to the provisions of Article 25, as and when it is no longer required for Petroleum Operations.

(End of Article 22)

ARTICLE 23 –TAXES

23.1 Each entity constituting Contractor shall keep books of account and be individually liable for and shall pay taxes in accordance with the Law.

23.2 In no event shall ROC be liable under this Contract for any taxes payable by Companies outside of the Republic of Iraq.

23.3 If the liability to taxation in the Republic of Iraq on Petroleum Costs, Supplementary Costs, Remuneration and or any other income arising under this Contract in any taxable period during the Term of this Contract ("Actual Income Tax Liability") for any entity constituting Contractor shall exceed thirty five percent (35%) of that Contractor entity's share of Remuneration, interest included in Supplementary Costs and any other income arising under this Contract and actually received in that period ("Deemed Income Tax Liability") then ROC shall either assume, pay and discharge in a timely manner in the name and on behalf of that entity or pay in a timely manner to that entity the excess of the Actual Income Tax Liability over the Deemed Income Tax Liability including a gross-up for any further liability to taxation that may result from such a payment.

23.4 In the event that the Actual Income Tax Liability of any entity constituting Contractor is less than the Deemed Income Tax Liability for that entity then that entity shall pay to ROC the difference between Actual Income Tax Liability and the Deemed Income Tax Liability, except that in no event shall such repayment cause the entity to repay more to ROC than it has received in total under Article 23.3 excluding amounts payable in respect of any gross-up for additional taxation liability.

23.5 In the event any entity constituting Contractor is subject to any demand to pay other taxes arising under this Contract (other than or in excess of Deemed Income Tax Liability) ROC shall either assume, pay and discharge in a timely manner in the name and on behalf of that entity or pay in a timely manner to that entity all such other or additional taxes.

23.6 Where payments are made pursuant to this Article 23 ROC shall cause to be provided to any entity constituting Contractor an official receipt evidencing the payment and discharge of such part of the entity's obligation for the relevant Tax Year in a form and containing particulars customary for such receipts, provided that in no event shall such receipts in total exceed the actual amount of tax for which the entity is liable from all sources of income and deductions.

(End of Article 23)

ARTICLE 24 – PARTNERSHIP, INDEMNITY AND INSURANCE

24.1 It is expressly agreed that it is not the purpose or intention of this Contract to create, nor shall it be construed as creating, any mining partnership, joint venture, commercial partnership or other partnership between the Parties.

24.2 Contractor shall indemnify and hold ROC harmless against all and any claims, actions, demands and proceedings made by third parties arising out of any loss or damage resulting from an act or omission of Contractor and/or Operator or their Sub-Contractors in their conduct of Petroleum Operations. All costs incurred by Contractor to indemnify and hold ROC harmless as aforesaid shall be Petroleum Costs except in the case of Gross Negligence or Willful Misconduct on the part of Contractor and/or Operator or their Sub-Contractors.

24.3 Contractor shall be liable for any loss of or damage to any installations belonging to ROC or any third party arising from Gross Negligence or Willful Misconduct of Contractor and/or Operator or their Sub-Contractors. ROC shall indemnify and hold harmless Contractor against all and any claims, actions, demands and proceedings made by third parties arising out of any loss or damage resulting from an act or omission of ROC or its sub-contractors.

24.4 Notwithstanding the foregoing, neither Party shall be liable for consequential damages such as loss of profit or loss of production.

24.5 Contractor and Operator shall establish an insurance plan, to be approved by the JMC or BOD, for its operations hereunder and obtain the insurance policies covering any installation, equipment and materials belonging to ROC in the Field in accordance therewith. Such insurance shall cover the types of exposure that are normally covered in the international petroleum industry, including but not limited to damage to equipment, installations and third party liabilities. Contractor and Operator shall ensure that its Sub-Contractors adequately insure their risks under their relevant sub-contracts.

24.6 Such insurance plan will require Contractor and Operator obtain and maintain insurances with an Iraqi or foreign insurance company operating in the Republic of Iraq to cover the risks in connection with Petroleum Operations and any other activities related thereto and as may be required by the Law during the Term, including third party liability and environmental damage and injury where such coverage is available in the Republic of Iraq on commercially reasonable terms. If such coverage is unavailable in the Republic of Iraq, insurance shall be obtained from a foreign insurance company. The insurance company shall arrange, in co-operation with Contractor and Operator to the extent needed, re-insurance placement for coverages on the international market for the part of exposure in excess of the insurance company's net retention.

24.7 The cost of insurance obtained and maintained by Contractor and Operator and any amounts paid for deductibles, losses, or claims in excess of such insurance and not

attributable to the Gross Negligence or Willful Misconduct of Contractor and Operator or Sub-Contractors under this Contract shall be Petroleum Costs.

24.8 Contractor and Operator shall notify ROC of the issue and terms of all insurance policies obtained by it under this Contract.

(End of Article 24)

ARTICLE 25 – IMPORTS AND EXPORTS

25.1 Contractor and Operator and respective Sub-Contractors engaged in Petroleum Operations shall be permitted to import machinery, equipment, vehicles, materials, supplies, consumables and movable property to be used solely for the purpose of carrying out Petroleum Operations and supporting activities. Such imports shall be exempt from customs duties and levies provided that applicable administrative formalities are complied with and that such exemptions shall not be in contradiction with the Law.

25.2 Expatriate employees of Contractor and Operator and Sub-Contractors shall be permitted to import, and shall be exempted from customs duties with respect to the reasonable importation of, household goods and personal effects, provided that such properties are imported for the sole use of the employee and his family and provided further that such imported property shall be re-exported by employee without any export duty or impost upon termination of his employment, or be disposed of in the Republic of Iraq in accordance with the Law.

25.3 Items imported by Contractor and Operator or Sub-Contractors on a temporary basis and no longer required for Petroleum Operations or supporting activities shall, unless otherwise agreed by ROC, be re-exported without any export duty or impost in accordance with the Law.

25.4 The sale in the Republic of Iraq of any imported items under this Contract shall be subject to ROC's prior consent and to the relevant Law.

25.5 Customs duties, as used herein, shall include all duties, taxes and other financial imposts which may be due as a result of the importation of the above-mentioned items but, shall not include charges, dues or fees of general application to be paid to Governmental entities for services rendered.

25.6 Contractor shall be exempted from any export duty or impost with respect to the Export Oil that Contractor may lift under this Contract, except for port dues of general application to all buyers for services rendered by the port authorities in accordance with the Law. Such port dues shall not be considered Petroleum Costs.

(End of Article 25)

ARTICLE 26 – EMPLOYMENT, TRAINING, AND TECHNOLOGY TRANSFER

26.1 Without prejudice to the right of Operator to select and employ such number of personnel as, in the opinion of the Operator but subject to Article 13.2, are required for carrying out Petroleum Operations in a safe, cost effective and efficient manner, Operator shall, to the maximum extent possible, employ, and require Sub-Contractors to employ, Iraqi nationals having the requisite qualifications and experience.

26.2 Through a Training, Technology and Scholarship Fund, Contractor and Operator shall offer and facilitate for an agreed number of Iraqi nationals, as designated by ROC, the opportunity, both inside and/or outside of the Republic of Iraq, for on-the-job training and practical experience in petroleum operations and academic education. The Fund shall also be used for supporting oil and gas related technology and research including the establishment or upgrading of research institutes inside the Republic of Iraq.

26.3 As a minimum, Contractor shall allocate during the Term an annual amount of ____ million Dollars (US$X,000,000) to the Training, Technology and Scholarship Fund. Payments to the Fund are not recoverable as Petroleum Costs but shall be suspended during any holding period designated pursuant to Article 11.3.

26.4 Not later than six (6) months after the Effective Date, Contractor and Operator shall, in consultation with ROC, establish and implement training programs for staff positions in each phase and level of Petroleum Operations including skilled, technical, executive and management positions, with a view to ensuring employment of Iraqi nationals and gradual and progressive reduction or replacement of expatriates.

26.5 The Companies shall separately negotiate, in good faith and on reasonable terms, technical assistance agreements with ROC whereby every Company may make available commercially proven technology and information of a proprietary nature for use in the Republic of Iraq by the ROC and its Affiliates.

(End of Article 26)

ARTICLE 27 – PARTICIPATION

27.1 The State Partner shall have twenty-five percent (25%) of Contractor's total Participating Interest and the Companies shall have the remaining seventy-five percent (75%) of Contractor's Participating Interest.

27.2 Companies shall pay for the State Partner's entire share of Petroleum Costs and Supplementary Costs during the Term and any extension thereto. The Companies shall have entitlement to all Petroleum Costs and Supplementary Costs paid, while the State Partner shall be entitled to receive twenty five percent (25%) of any Remuneration paid.

27.3 Participation shall further be subject to the provisions of Addendum One.

(End of Article 27)

ARTICLE 28 – ASSIGNMENT

28.1 No Company may assign its rights or obligations under this Contract, in whole or in part, without the prior written consent of the ROC. The direct or indirect transfer of shares or other ownership interests in any Company (except for the transfer of shares in a listed parent company) shall constitute an assignment of rights and obligations under this Contract and shall be subject to Article 28.

28.2 By providing ROC one (1) month prior notice of its intent, any Company shall have the right to assign any of its Participating Interest, shares, rights, privileges, duties or obligations under this Contract to a wholly-owned and controlled Affiliate. Such assignment shall not release said Company from its obligations under this Contract and it shall remain jointly responsible together with the assignee Affiliate for the proper and timely execution of this Contract. No such assignee shall have the right to further assign

such Participating Interest except with the prior written consent of ROC.

28.3 In the event that any Company, wishes to assign, in whole or in part, any of its Participating Interest, shares, rights, privileges, duties or obligations under this Contract to a third party or an Affiliate that is not wholly-owned and controlled, said entity shall submit to ROC a request to this effect giving detailed evidence of the technical and financial competence of the recommended assignee. ROC shall consider the said request and notify the Company of its approval or otherwise within three (3) months of receipt thereof. Before such assignment becomes effective, the assignee shall first provide ROC with a guarantee acceptable to ROC in the form set out in Annex F.

28.4 If any Company wishes to assign part of its Participating Interest in this Contract to a third party pursuant to Article 28.3, ROC shall have the option to take such part and assign it to a nominated Iraqi entity on the same terms and conditions offered to the third party.

28.5 Notwithstanding the foregoing, for the purpose of financing Petroleum Operations, any Company may pledge or otherwise encumber, totally or partially, its rights under this Contract to a reputable international bank and/or financing institution acceptable to ROC (such acceptance shall not be unreasonably withheld), provided that such pledge or encumbrance shall not in any way affect the rights or interests of ROC.

28.6 Notwithstanding the above, unless with the prior written consent of the ROC no Company shall assign its obligations or duties as Operator during the period from the Effective Date to the time of establishment of the Joint Operating Company except to a wholly-owned and controlled Affiliate.

28.7 Without prejudice to the provisions of the Heads of Joint Operating Agreement (Addendum One), in the event that any Company (or its parent company that provides a guarantee) becomes bankrupt, or makes an arrangement with or assignment in favor of its creditors or makes a composition with creditors, or if it assigns to a third party any of its interests/shares in this Contract contrary to the provisions herein, or goes into liquidation other than for reconstruction or amalgamation with an Affiliate, ROC shall have the right to terminate the participation of such Company in this Contract by thirty (30) days notice to such Company, unless during such period the Company has cured such condition. The rights and obligations of Company shall be assigned to the remaining Companies proportionately to their respective Participating Interests or as they may otherwise mutually agree.

28.8 The State Partner or any successor or assignee may assign its Participating Interest, in whole or in part, to an entity that is entirely owned and controlled by the Government without the consent of the Companies.

(End of Article 28)

ARTICLE 29 – LAWS AND REGULATIONS

29.1 Contractor and Operator shall be bound by and shall comply in all respects with the provisions of the Law. Unless otherwise provided in this Contract, Contractor shall indemnify and hold ROC harmless against all penalties, fines and other liabilities of every kind for breach of any Law by Contractor or Operator.

29.2 Notwithstanding the provisions of Article 29.1, Contractor and Operator shall, in accordance with the Law, be exempted from customs and stamp duties on the execution of this Contract, and from restrictions concerning work licenses and employment of

expatriates, subject to the provisions of Article 9.20. However, Contractor shall submit all data and information required by the relevant Iraqi authorities in this respect.

29.3 Contractor and Operator shall in all their contracts with Sub-Contractors include a provision whereby Sub-Contractors shall undertake to abide by and comply with the Law.

29.4 If, after the Effective Date, the financial interests of Contractor are adversely and substantially affected by a change to the Law that was in force in the Republic of Iraq on the Effective Date, or by revocation, modification, or non renewal of any approvals, consents or exemptions granted to Contractor pursuant to this Contract (other than as a result of Gross Negligence or Willful Misconduct of Contractor or Operator), the Parties shall, within ninety (90) days, agree on necessary adjustments to the relevant provisions of this Contract in order to reasonably restore Contractor's financial interests under this Contract to their position as it was immediately prior to the occurrence of the said change or revocation to the Law, or modification, or non renewal of any approvals, consents, or exemptions granted to Contractor under this Contract.

29.5 Should the Parties be unable to agree within ninety (90) days on any amendments to be made in respect of Article 29.4 or such other period as may be agreed by the Parties, the dispute may be resolved in accordance with Article 37.

(End of Article 29)

ARTICLE 30 – LOCAL GOODS AND SERVICES

30.1 Award of contracts for works and services performed in the Republic of Iraq shall be carried out on a competitive basis. Preference shall always be given to Iraqi entities and firms or foreign firms in association therewith, provided that their relevant capabilities and prices are competitive with those available in the international market.

30.2 Preference shall be given to locally manufactured and/or available goods, materials, equipment, consumables and the like as long as their technical specifications, availability, prices, and time of delivery are comparable to those available in the international market.

30.3 Contractor and Operator shall ensure that their Sub-Contractors, agents, assignees and employees shall strictly adhere to the provisions of this Article 30.

(End of Article 30)

ARTICLE 31 – FORCE MAJEURE

31.1 The non-performance or delay in performance by either Party of its obligations or duties under this Contract shall be excused if and to the extent that such non-performance or delay is caused by Force Majeure.

31.2 The Party affected by Force Majeure shall notify the other Party thereof in writing within fourteen (14) days, stating the cause and the extent of effect of such Force Majeure and shall keep the other Party informed of significant developments. The affected Party shall use all reasonable diligence to remove or overcome the Force Majeure situation as quickly as possible in a cost-effective manner.

31.3 Force Majeure shall mean any cause or event, unforeseen or beyond the reasonable control of the Party claiming to be affected by such cause or event, and shall include,

without limitation, Acts of God, war (whether declared or undeclared), force of nature, insurrection, riot, fire, and with respect to the Contractor only legislation/order of the Government and other acts or circumstances beyond the control of either Party affected by it, provided that such acts or circumstances are not attributable to the Party invoking Force Majeure or its Affiliates. Inability to pay monies due shall not constitute a condition of Force Majeure for either Party.

31.4 In the event that Petroleum Operations are delayed, curtailed or prevented due to Force Majeure for a period exceeding ninety (90) consecutive days, then the Term together with all rights and obligations hereunder shall be extended accordingly, subject to the provisions of Article 8.

31.5 It is agreed by the Parties that at no time during the Term shall either the security conditions prevailing in the Contract Area or the political and security conditions generally prevailing in the Republic of Iraq on the Contract signing date constitute a condition of Force Majeure unless these conditions prevent the implementation of Petroleum Operations.

(End of Article 31)

ARTICLE 32 – ENTIRE AGREEMENT AND AMENDMENTS

32.1 This Contract constitutes the entire agreement between ROC and Contractor relating to the Contract Area. Hence it supersedes any previous representations, whether explicit or implicit, and any prior agreement of any kind or nature, whether oral or written, in this respect.

32.2 This Contract shall not be amended or supplemented except by an instrument in writing signed by duly authorized representatives of both Parties designated for those purposes hereto.

32.3 If any provision of this Contract shall be found by any court, tribunal or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability shall not affect the other provisions of this Contract and all provisions not affected by such invalidity or unenforceability shall remain in full force and effect. The Parties shall attempt to substitute, for any invalid or unenforceable provision, a valid and enforceable provision that achieves to the greatest possible extent, the principal objectives of the invalid or unenforceable provision.

32.4 The provisions of this Contract shall inure to the benefit of and be binding upon the successors and permitted assignees of the Parties.

(End of Article 32)

ARTICLE 33 – CONFIDENTIALITY AND TECHNOLOGY OWNERSHIP

33.1 All information and Data obtained in connection with or in relation to this Contract shall be kept confidential by both Parties and their Affiliates and shall not be disclosed or communicated to any third party without the other Party's prior written consent, except to (i) Affiliates; (ii) any professional consultant retained by a Party or (iii) where necessary for the approval, implementation and/or financing of Petroleum Operations; provided

that in all cases the party to whom the information or data is disclosed agrees to the same confidentiality obligation as contained herein.

33.2 The confidentiality undertaking in Article 33.1 shall not apply:

(a) upon the confidential information becoming public knowledge other than by default on the part of a Party;

(b) upon the confidential information becoming available to a Party from a third party (unless the third party acts in violation of a confidentiality obligation which the Party is aware);

(c) if the confidential information is independently developed by a Party or its Affiliates; or

(d) to the extent that the confidential information is required by law, judicial proceedings or applicable stock exchange regulations, to be disclosed.

33.3 The foregoing provisions of Articles 33.1 and 33.2 shall continue in force for three (3) Years following termination or expiry of this Contract.

33.4 To the fullest extent permitted by applicable law or agreements, the Contractor's entities agree to make available on reasonable terms their most appropriate technical expertise and technology (and that of their Affiliates) for use in the conduct of Petroleum Operations, including such technology as can best improve the economic yield or performance of the reservoirs operated by the Operator under this Contract. Any such technology shall remain the property of the relevant Contractor entities (or their Affiliates), subject to any licensing or other appropriate arrangements entered into in connection with Petroleum Operations. The Operator shall be entitled to use such technology only for Petroleum Operations, subject to the terms of such licensing or other arrangements.

33.5 Subject to Article 33.4, any technology specifically developed by the Contractor or the Operator in the course of their activities under this Contract shall be owned by both Parties, and, except in the case of disclosure of such to, or use by, a third party, may be used by any of them or their Affiliates in their own operations without the consent of the other and without making any payment to the other.

(End of Article 33)

ARTICLE 34 – HEADINGS OF ARTICLES

Headings of Articles herein are inserted for convenience only and shall not affect the construction and/or interpretation thereof.

(End of Article 34)

ARTICLE 35 – LANGUAGE

35.1 This Contract is executed in the Arabic and English languages, both having equal force. However, if there shall be any conflict between the two versions, the English version shall prevail to the extent of the conflict.

35.2 Communication between the Parties may only be in English or Arabic. However, Contractor and Operator shall use Arabic or both Arabic and English in all their correspondence and dealings with Government entities.

35.3 All sub-contracts between Contractor and Operator and Sub-Contractors shall be in the English language.

(End of Article 35)

ARTICLE 36 –CONTRACTOR'S OFFICE IN THE REPUBLIC OF IRAQ

36.1 Each Company that is not an Iraqi Company shall establish and maintain a branch office in the Republic of Iraq. ROC shall assist Companies in this respect as per Article 7.4.

36.2 Contractor's Operator shall, within ninety (90) days of the Effective Date, establish an office in Baghdad, Iraq and shall maintain such office for the Term. ROC shall assist Contractor's Operator in establishing and maintaining the office.

36.3 Contractor's Operator shall notify ROC of the address of its office in Baghdad and of the name of its authorized representative in the Republic of Iraq who shall be assigned on full time resident status. The said representative shall be entrusted with sufficient powers and authorities to represent and bind Contractor in all dealings with the Government, the ROC and third parties in the Republic of Iraq, to receive legal notices served on Contractor, and to comply with lawful directions and orders given by the competent Government authorities and ROC in connection with or in relation to this Contract.

36.4 Contractor's Operator shall notify ROC of any change in the address of its office or the appointment of its representative at least ten (10) days prior to the effective date of such change.

(End of Article 36)

ARTICLE 37 – GOVERNING LAW, CONCILIATION AND ARBITRATION

37.1 This Contract and the rights and obligations of the Parties shall be governed, interpreted and construed in accordance with the Law.

37.2 The Parties shall endeavor to settle amicably any dispute ("the Dispute") arising out of or in connection with or in relation to this Contract or any provision or Agreement related thereto. Where no such settlement is reached within thirty (30) days of the date when one Party notifies the other Party of the Dispute, then the matter may, as appropriate, be referred for resolution by the senior management of the Parties to the Dispute. Where no such settlement is reached within thirty (30) days of such referral to management, any party to the Dispute may refer the matter, as appropriate, to an independent expert or, by giving sixty (60) days notice to the other Parties, refer the matter to arbitration as stipulated hereunder.

Expert

37.3 If any Dispute arises between the Parties with respect to relevant technical matters, such Dispute may, at the election of any such Party, be referred to an independent expert "the Expert" for evaluation. Such Expert shall be agreed upon by the Parties to the Dispute and shall be willing to undertake such evaluation, and shall be independent, shall not be originated from, or have been at any time a citizen of, the country in which any of the Parties to the Dispute is organized, and shall have no interest or relation with any such Party or with any of the entities constituting the Parties and shall be qualified by

education, experience and training to evaluate the matter in Dispute. The Expert shall render its decision within one (1) month following the Expert's formal acceptance of its appointment, or within such further time as the Parties may agree in writing.

The Expert shall act as an expert and not as an arbitrator. The related costs and expenditure for referring issues for Expert evaluation shall be shared equally by the Parties in Dispute.

Arbitration

37.4 All Disputes arising out of or in connection with this Contract, other than those Disputes that have been finally settled by reference to either senior management or Expert, shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by three (3) arbitrators appointed in accordance with the said Rules.

37.5 The seat of the arbitration shall be Paris, France, unless agreed otherwise by the parties to the Dispute.

37.6 The language of arbitration shall be the English language. The award of arbitration shall be in English and shall be final and binding on the parties to the Dispute. Judgment on the award rendered may be entered in any court having jurisdiction in recognition and enforcement thereof.

37.7 Unless otherwise agreed by the Parties, the operations and the activities of the Parties with respect to the performance of this Contract shall not be stopped or delayed pending the award of arbitration.

37.8 Any arbitration under this Contract must be initiated within two (2) Years of the date on which one Party notifies the other Party of the Dispute, and in any event within three (3) Years of the date of the expiry or termination of this Contract.

(End of Article 37)

ARTICLE 38 – NOTICES

38.1 All notices, statements and other communication to be given, submitted or made by any Party to the other Party shall be deemed sufficient given when sent in writing and shall be addressed to the parties at their addresses set out below or such other address as may be notified in writing by the Parties in accordance herewith.

ROC

[_____] [_____]

38.2 Notices to either Party shall be deemed validly served when delivered in person, at the office of that Party in the Republic of Iraq, during regular office hours and during working days and if received outside business hours, on the next following working day, or when received, if posted by registered mail, to the address of the office of the said Party, or when dispatched and acknowledged, if sent by facsimile, or by any other mode mutually agreed between the Parties.

(End of Article 38)

ARTICLE 39 – SIGNATURE, RATIFICATION AND EFFECTIVE DATE

The Contract shall become valid and enforceable when it has been: (i) signed by the Parties; (ii) ratified by the Council of Ministers of the Republic of Iraq; and when (iii) ROC has notified Contractor in writing of the ratification of this Contract and its Effective Date.

(End of Article 39)

ARTICLE 40 – WAIVER

40.1 Failure or delay on the part of either Party to exercise any right, power or privilege under this Contract shall not operate as a waiver thereof.

40.2 No waiver by either Party of any one or more obligations or defaults by the other Party in the performance of this Contract shall operate or be construed as a waiver of any other obligations or defaults whether of a like or of a different character.

(End of Article 40)

ARTICLE 41 – HEALTH, SAFETY AND ENVIRONMENT

41.1 In the performance of this Contract, Contractor and Operator shall conduct Petroleum Operations with due regard to health, safety and the protection of the environment ("HSE") and the conservation of natural resources, and shall in particular:

(a) adopt Best International Petroleum Industry Practices in conducting and monitoring Petroleum Operations and take necessary and adequate steps to:

(i) make all efforts to prevent environmental damage and, should some adverse impact on the environment occur, to minimize such damage and the consequential effects thereof on people and property;

(ii) prevent harm to or degradation of livelihood or quality of life of surrounding communities and, should some adverse impact occur, minimize such impact and ensure proper compensation for injury to persons or damage to property caused by the effect of Petroleum Operations; and

(iii) instill a culture of proactive commitment to HSE values among all personnel involved in Petroleum Operations.

(b) develop detailed guidelines for environmental protection, monitoring and community interaction as a condition for Petroleum Operations. These guidelines should meet recognized international industry standards in the following areas:

(i) air pollution;

(ii) protection of surface waters from leaks and spills, including the preparation of: (a) plans for re-injection of all produced water, and (b) Spill Prevention, Control and Countermeasures Plan;

(iii) protection of groundwater;

(iv) waste management of: (a) solid waste, and (b) hazardous waste, with a focus on waste minimization, reuse and recycle of materials;

(v) minimization of footprint of drilling operations, especially in sensitive areas such as marshlands, by drilling several wellbores from the same drill pad and using directional, horizontal and multilateral drilling techniques;

(vi) making optimal use of spare available wellbores and spare production and transport capacity;

(vii) protection of flora and fauna (wildlife);

(viii) protection of archaeological and cultural sites;

(ix) plans for decommissioning and abandonment of petroleum facilities, and for the restoration of operational sites;

(x) land compensation and resettlement of local communities within the area of operations;

(xi) implementation of a grievance procedure mechanism between the Contractor and communities impacted by Petroleum Operations;

(xii) preservation of local livelihoods from indigenous communities in the area of Petroleum Operations; and

(xiii) general well-being of the communities where Petroleum Operations, which shall be conducted in collaboration with local and central authorities, civil society and local investors to enhance the social benefits for national, regional and municipal governments.

(c) Comply with the requirements of the Law and reasonable requirements of ROC.

41.2 If Contractor and Operator fail to comply with the provisions of Article 41.1(a) (i) or contravenes any Law, and such failure or contravention results in any environmental or social damage, Contractor and Operator shall, in accordance with an approved Work Program and Budget, forthwith take all necessary and reasonable measures to remedy the failure and the effects thereof.

41.3 Contractor shall draw up and implement a comprehensive worker HSE plan to include, but not be limited to, the following elements:

(a) Worker Disease Prevention Program to be applied throughout the project life, and comprising:

(i) education about personal hygiene and disease-prevention measures, including immunization where appropriate, against infectious diseases, such as tuberculosis, malaria, dysentery, hepatitis and sexually transmitted diseases;

(ii) regular testing of drinking water;

(iii) training food handlers and testing them for communicable diseases; and

(iv) prohibiting smoking, except in designated outdoor areas.

(b) Occupational Safety Program throughout the construction and operation periods, including:

(i) initial and refresher safety and security training;

(ii) tool-kit sessions at the start of each working day;

(iii) giving a safety topic at the beginning of each meeting;

(iv) traffic safety training for drivers and pedestrians;

(v) special safety training for operators of industrial plants and mobile heavy equipment, e.g., cranes and bulldozers;

(vi) furnishing personal protection equipment (hard hats, safety shoes and glasses, and hearing protection, where needed);

(vii) providing emergency medical teams to administer urgent medical treatment on site, or to evacuate the injured to a hospital, and to supervise sanitation and health matters at construction camps; and

(viii) appointing monitors at construction and major operational sites to ensure adherence to safety and environmental protection rules.

41.4 If ROC has good reason to believe that any works or installations erected by Contractor and Operator or any operations conducted by Contractor and Operator are not in accordance with the Law and are endangering or may endanger local communities or any property of any person, or are causing or may cause pollution, or are harming or may harm fauna or flora or the environment to a degree which ROC deems unacceptable, ROC may give notice to Contractor and Operator to promptly consider and develop for the JMC or BOD approval a remedial action plan and measures to mitigate such damage within a reasonable period as may be determined by ROC and to repair any such damage. If ROC deems it necessary, it may also require Contractor and Operator to suspend Petroleum Operations in whole or in part until Contractor and Operator have taken such remedial measures or have repaired any damage caused.

41.5 The measures and methods to be used by Operator for the purpose of complying with the terms of Article 41.1(a)(i) shall be determined in timely consultation with ROC and Contractor upon the commencement of Petroleum Operations or whenever there is a significant change in the scope or method of conducting Petroleum Operations and shall take into account the international standards applicable in similar circumstances and the relevant environmental impact study carried out in accordance with Article 41.6 below. Operator shall notify ROC and Contractor, in writing, of the measures and methods finally determined by Operator and shall cause such measures and methods to be reviewed from time to time in the light of prevailing circumstances.

41.6 Contractor shall engage a team of specialized environmental professionals to carry out two environmental impact studies in order:

(a) to determine at the time of the studies the prevailing conditions relating to the environment, human beings, local communities, and the flora and fauna in the Contract Area and in the adjoining or neighboring areas; and

(b) to establish the likely effect on the environment, human beings, local communities, and the flora and fauna in the Contract Area and in adjoining areas as a result of Petroleum Operations, and to submit, for consideration by the Parties, methods and measures contemplated in Article 41.5 for minimizing environmental damage and carrying out site restoration activities.

41.7 The first of these environmental impact studies shall act as the baseline study for the purposes of Article 41.15 and shall be concluded promptly after the Effective Date but in any event before commencement of any fieldwork. It shall also contain detailed guidelines of environmental protection and monitoring to meet recognized international industry standards.

41.8 The second environmental impact study shall be submitted by Contractor and Operator as part of the Final Development Plan.

41.9 The studies mentioned in Article 41.6 shall contain proposed environmental guidelines to be followed in order to minimize environmental damage and shall include, but not be limited to, the following, to the extent appropriate to the respective study taking into account the phase of operations to which the study relates:

(a) proposed access cutting;

(b) clearing and timber salvage;

(c) wildlife and habitat protection;

(d) fuel storage and handling;

(e) use of explosives;

(f) camps and staging;

(g) liquid and solid waste disposal;

(h) cultural and archaeological sites;

(i) selection of drilling sites;

(j) terrain stabilization;

(k) protection of freshwater horizons;

(l) blow-out prevention plan;

(m) flaring during completion and testing of wells;

(n) abandonment of wells;

(o) rig dismantling and site completion;

(p) reclamation for abandonment;

(q) noise control;

(r) debris disposal; and

(s) protection of natural drainage and water flow.

41.10 Subject to the provisions of the Law on the protection of the environment, any new project or expansion or modernization projects for Petroleum Operations for which a proposal, other than a Plan, is submitted by Contractor or Operator, ROC shall consider the assessment of the project and convey a decision with respect to environment clearance within a period of ninety (90) days from the receipt of the requisite documents and data. Subject to receipt of the necessary environmental clearance, the JMC or BOD shall decide upon the proposal of Contractor or Operator within thirty (30) days thereafter.

41.11 Contractor and Operator shall ensure that:

(a) the pertinent completed environmental impact studies are made available to its employees and to its Sub-Contractors to develop adequate and proper awareness of the measures and methods of environmental protection to be used in carrying out Petroleum Operations;

(b) the contracts entered into between Contractor and Operator and Sub-Contractors relating to Petroleum Operations shall include the provisions stipulated herein

and any established measures and methods for the implementation of Contractor's obligations in relation to the environment under this Contract; and

41.12 Operator shall, in conjunction with Contractor, prior to conducting any drilling activities, prepare and submit for review and approval by ROC contingency plans for dealing with Crude Oil spills, fires, accidents and emergencies, designed to achieve rapid and effective emergency response. The plans referred to above shall be discussed with ROC and concerns expressed shall be taken into account.

(a) In the event of an emergency, accident, oil spill or fire arising from Petroleum Operations affecting the environment, Operator shall immediately notify ROC and Contractor and shall promptly implement the relevant contingency plan and perform such site restoration as may be necessary in accordance with Best International Petroleum Industry Practices.

(b) In the event of any other emergency or accident arising from Petroleum Operations which may affect the environment, Contractor and Operator shall take such action as is prudent and necessary in accordance with Best International Petroleum Industry Practices.

41.13 In the event that Contractor and Operator fail to comply with any of the terms contained in Article 41.12 ROC, after giving Contractor and Operator reasonable notice in the circumstances, may take any action which may be necessary to ensure compliance with such terms and to recover from Contractor, immediately after having taken such action, all costs and expenditures incurred in connection with such action together with such interest as may be determined in accordance with the Accounting Procedures.

41.14 Where the Contract Area is partly located in areas forming part of certain national parks, sanctuaries, mangroves, wetlands of national importance, biosphere reserves and other biologically sensitive areas, passage through these areas shall generally not be permitted. However, if there is no passage other than through these areas to reach a particular point beyond these areas, permission of the appropriate authorities shall be obtained by ROC for the benefit of Contractor, subject to a biodiversity action plan.

41.15 The obligations and liability of Contractor with respect to the environment under this Contract shall be limited to damage to the environment which is attributable to actions or activities that:

(a) occur after the Effective Date and prior to the expiry or termination of this Contract; and

(b) result from an act or omission of Contractor and Operator.

41.16 Except for cases of Gross Negligence and Willful Misconduct on the part of Contractor and/or Operator, all costs incurred towards protection of the environment and communities shall be treated as Petroleum Costs.

41.17 Any costs approved by ROC and incurred by the Contractor in remediation of conditions existing prior to the Effective Date and identified in the first study noted in Article 41.7 shall be considered Supplementary Costs.

41.18 In the event that Petroleum Operations are delayed, curtailed or prevented due to extended delays in acquiring necessary environmental approvals, the Parties shall meet and agree an appropriate extension of the Term together with all rights and obligations hereunder, subject to the provisions of Article 8.

(End of Article 41)

ARTICLE 42 – SITE RESTORATION AND DECOMMISSIONING

42.1 Around mid-Term, Operator shall prepare a proposal for JMC or BOD approval relating to site restoration including a decommissioning plan.

42.2 Upon expiry or termination of this Contract or relinquishment of part of the Contract Area, Contractor and Operator shall remove all equipment and installations from the Contract Area in a manner consistent with the guidelines mentioned in Article 41.1(b) and agreed with ROC pursuant to an abandonment plan, the costs of which shall be Petroleum Costs.

42.3 Upon expiry or termination of this Contract and takeover by ROC of Petroleum Operations in the Contract Area:

(a) the ROC shall become liable for future site restoration and decommissioning; and

(b) the ROC shall release Contractor from any obligations relating to site restoration and decommissioning not included in an approved Plan and shall indemnify Contractor for any costs, liabilities, claims or obligations associated therewith.

42.4 Notwithstanding Article 42.3, for three (3) Years after expiry or termination of this Contract, Contractor shall remain liable for any site restoration or decommissioning obligations that should have been discharged prior to expiry or termination.

(End of Article 42)

ARTICLE 43 – GENERAL BUSINESS ETHICS

43.1 In the performance of this Contract, Contractor's entities, Operator and ROC shall ensure that they each strictly comply with general business ethics.

43.2 Contractor and Operator shall in their subcontracts stipulate their right to terminate the subcontracts with immediate effect in case of violation of the general business ethics by the Sub-Contractor and Contractor and Operator shall terminate a subcontract in case of such a violation if ROC requests Contractor and Operator to do so.

43.3 Neither Contractor's entities, Operator nor ROC shall give or receive from any director, employee or agent of the other or its Affiliate in connection with this Contract, any gift, entertainment or other benefit of more than minimal cost or value or any commission, fee or rebate and any hospitality will be kept within reasonable limits.

43.4 Each of ROC and Contractor's entities warrant that it and its Affiliates have not made, offered, or authorized, requested, received, or accepted and will not make, offer, or authorize, request, receive or accept with respect to the matters which are the subject of this Contract, any payment, gift, promise or other advantage, whether directly or indirectly through any other person or entity, to or for the use or benefit of any public official (i.e., any person holding a legislative, administrative or judicial office, including any person employed by or acting on behalf of a public agency, a public enterprise or a public international organization) or any political party or political party official or candidate for office, or any other person where such payment, gift, promise or advantage would violate (i) the Law; (ii) the laws of the country of incorporation of such entity or such entities ultimate parent company and of the principal place of business of such ultimate parent company; or (iii) the principles described in the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed in Paris on December 17, 1997, which entered into force on February 15, 1999. Each entity shall defend, indemnify and hold the others harmless from and against any

and all claims, damages, losses, penalties, costs and expenses arising from or related to, any breach by such first entity of such warranty. Such indemnity obligation shall survive termination or expiration of this Contract.

IN WITNESS WHEREOF, the Parties hereto have executed this Contract in _____ originals (each in Arabic and English) in Baghdad, on the day and Year first above written.

For and on behalf of ROC

……Witness……..

For and on behalf of Contractor

……Witness……..

……Witness……..

[State Partner]

……Witness……..

ANNEX A – DESCRIPTION OF CONTRACT AREA

This Annex is attached to and made part of the Gas Development and Production Service Contract for the _____ Contract Area.

The Contract Area is defined by the U.T.M. co-ordinates for the corner points shown and connected by straight lines as shown in Annex B.

U.T.M. Zone ___

CORNER POINT	NORTHING	EASTING

(End of Annex A)

ANNEX B – MAP OF CONTRACT AREA

This Annex is attached to and made part of the Gas Development and Production Service Contract for the _____ Contract Area.

(End of Annex B)

ANNEX C – ACCOUNTING PROCEDURE

This Annex C is attached to and forms part of the Gas Development and Production Service Contract for the _____ Contract Area.

CLAUSE 1. GENERAL PROVISIONS

1.1 Definitions

Terms used in these Accounting Procedures shall have the meanings ascribed to them in this Contract. In addition:

"Material" shall mean and include any and all materials, equipment, machinery, articles and supplies; and

"Operating Account" shall mean the account or set of accounts maintained by Contractor and Operator to record Petroleum Costs, Supplementary Costs and Remuneration.

1.2 Purpose of Accounting Procedures

The purpose of these Accounting Procedures is to establish methods and rules of accounting for Petroleum Operations under this Contract.

Any procedure established herein may only be modified by mutual agreement of the Parties.

1.3 Operating Account and Records

(a) Contractor and Operator shall open and maintain all accounts and records necessary to document in reasonable detail and in separate accounts the transactions relating to Petroleum Operations, in accordance with generally accepted and recognized accounting principles consistent with modern international petroleum industry practices, all in accordance with and subject to the provisions of the Contract.

The accounts and records should show, among other things, the following:

(i) Costs of assets including the cost of:

1. drilling in general and cost of each well;
2. production facilities such as flow lines and degassing stations in sufficient detail;
3. Transportation Facilities;
4. tank-farms and pumping stations; and
5. infrastructure, facilities and industrial centers.

(ii) Costs of Materials including the cost and quantity of each item. The method of pricing should be stated.

(iii) Operating costs analyzed by main items such as salaries, Materials and services as defined or described in these Accounting Procedures.

(b) Contractor's and Operator's books shall be kept in the Republic of Iraq in the English and Arabic languages. All transactions shall be recorded in Dollars in accordance with the provisions of Article 20 of the Contract.

(c) Accounts shall be kept according to the accounting system approved by the JMC or BOD pursuant to Article 9.21(d) of the Contract.

(d) Contractor and Operator shall maintain appropriate cost control records to meet the requirements and obligations under the Contract.

(e) Petroleum production, storage and transfer records shall be maintained according to the Contract and consistent with modern international petroleum industry practices.

(f) Expenditures shall be charged in Dollars as follows:

(i) all Dollar expenditures shall be charged in the amount incurred;

(ii) all Dinar expenditures shall be translated into Dollars at the exchange rate prevailing on the date of the relevant expenditure in accordance with the regulations of the Central Bank of Iraq;

(iii) expenditures in currencies other than Dollars or Dinars, shall be charged in the equivalent amount in Dollars using the actual exchange rate applied by a first class international bank on the date of payment;

(iv) a record shall be kept of the exchange rates actually used in converting Dinars and other non-Dollar expenditures into Dollars; and

(v) on the date of each balance sheet, monetary items in currencies other than Dollars shall be translated to Dollars at the rate of exchange applicable on such balance sheet date.

1.4 Statements

(a) Quarterly Statements

Contractor and Operator shall submit to ROC within forty five (45) days from the end of each Quarter, a statement of Petroleum Costs and Supplementary Costs incurred and Remuneration earned together with reports and statement of the Operating Account of the said Quarter.

(b) Yearly Statements

Contractor and Operator shall submit to ROC within three (3) Months from the last day of each Calendar Year, a statement of Petroleum Costs and Supplementary Costs incurred and Remuneration earned together with reports and a statement of the Operating Account of the said Calendar Year.

1.5 Audits

Yearly statements shall be supported by a report issued by an independent auditor of international qualification appointed according to Article 20.4 of the Contract. The auditor report shall include a statement that the accounts and statements are prepared according to the terms and conditions of the Contract and these Accounting Procedures.

CLAUSE 2. OPERATING ACCOUNT

Subject to the provisions of the Contract and these Accounting Procedures, Contractor shall charge the Operating Account with Petroleum Costs, Supplementary Costs and Remuneration. Pursuant to Article 19 of Petroleum Costs and Supplementary Costs shall start being charged as from the Effective Date, while Remuneration shall start being charged as from the achievement of First Commercial Production. Remuneration shall be computed pursuant to

Article 19 of the Contract and charged accordingly to the Operating Account. Petroleum Costs shall be prepared on a cash basis and shall include, but not be limited to, the following items:

2.1 Personnel

(a) Operator's Locally Recruited Personnel

The actual cost of Operator's locally recruited personnel who are engaged in Petroleum Operations shall be charged as Petroleum Costs. Such costs shall include gross pay, all personnel benefits, employer contributions, taxes and other assessments levied on Operator as an employer by Government authorities, transportation and relocation costs of the personnel and such personnel's family within the Republic of Iraq or elsewhere on temporary assignment in the interest of Petroleum Operations (provided that no relocation costs for the personnel's family shall be charged if the temporary assignment is for less than six (6) consecutive Months) and such other costs as are statutory or customary for Operator. This procedure shall also be applied with respect to personnel of Contractor or ROC seconded to Operator.

(b) Assigned Personnel

The cost of the personnel of Operator's or Contractor's Affiliates engaged in Petroleum Operations on a long term assignment (more than six (6) consecutive Months). The cost of these personnel shall be as per rates or actual cost, as the case may be, representing the Operator's or Contractor's Affiliates actual cost which is consistent with the standard employment policies of the head office Affiliate or of other Affiliates employing such personnel.

These rates shall include all costs of salaries, wages, benefits, indemnities and social charges according to laws, regulations or contractual agreements applicable to such personnel. In addition, they shall include reimbursement of personnel administrative charges according to the standard practice of Operator's or Contractor's Affiliates.

The charges for personnel assigned on a temporary basis (less than six (6) consecutive Months) shall be made in accordance with Clause 2.5(c).

(c) Personnel Engaged in Other Activities

If local personnel or assigned personnel are engaged in other activities in the Republic of Iraq in addition to Petroleum Operations, the cost of such personnel or assigned personnel shall be allocated on a time sheet or pro rata basis according to sound and acceptable accounting principles.

(d) Training Costs

All costs and expenses incurred by Operator, Contractor and/or its Affiliates in organizing, setting up and conducting training activities for their Iraqi personnel engaged in Petroleum Operations or Contractor's training activities, including the planning, designing, constructing, commissioning and running training facilities and the related software.

All such training costs shall be subject to the JMC or BOD prior approval.

2.2 Materials

The cost of Materials purchased for or furnished to Petroleum Operations as detailed under Clause 4.1.

2.3 Transportation

(a) Transportation of Personnel and Materials

The cost of transportation of Materials necessary for the performance of Petroleum Operations, including costs of packaging, brokerage, insurance and other related costs. Personnel transportation costs, to the extent covered by the established policy of Operator or Contractor, shall include travel expenses for personnel and their immediate families to and from the personnel's points of origin at the time employment commences, at the time of final departure and for vacations, as well as travel expenses in the Republic of Iraq for personnel and their immediate families incurred as a result of transfers from one location to another, and travel expenses relating to the periodical recuperation leaves of field personnel. Costs related to immediate families shall be charged for personnel assigned to work in the Republic of Iraq for periods exceeding six (6) consecutive Months.

(b) Transportation Facilities

All costs and expenses for the Transportation Facilities according to Article 17.7 of the Contract and Addendum Two attached thereto.

2.4 Buildings and Equipment

(a) Costs of buildings, equipment, furniture and fixtures, the maintenance thereof and related costs; rents paid for all offices, houses, warehouses and other types of buildings and costs of supplies necessary for the operation of such buildings and facilities, all in the Republic of Iraq.

(b) Costs of vehicles and their maintenance and operation.

(c) Costs of computers and software and their maintenance and operation.

2.5 Services

The services required by Operator for Petroleum Operations which may include but are not limited to:

(a) outside services of consultants, contract services, utilities and other services procured from outside sources; rentals or compensation paid for the use of any equipment and facilities;

(b) use of equipment and facilities of Operator for Petroleum Operations on a rental basis at rates to be approved by the JMC or BOD;

(c) all Specific Services performed under an assistance agreement between Operator and its Affiliates;

"Specific Services" shall mean services, activities, studies and projects of a technical nature, as well as computer services, carried out or procured by the Affiliate at the Operator's specific request under a purchase order procedure, for the benefit of Petroleum Operations. Specific Services shall also mean studies and specific tasks such as, administrative, accounting, financial, procurement and legal services when requested by Operator under a purchase order; and

Specific Services shall be charged at cost in accordance with the tariffs and price lists established each Year by the head office Affiliate and approved by the JMC or BOD for each Calendar Year.

2.6 Damages and Losses

All costs or expenses necessary to replace or repair damages or losses incurred by fire, flood, storm, theft, accident or any other cause not controllable by Contractor and Operator through exercise of reasonable care and diligence in operations and not resulting from Contractor and Operator's failure to promptly file and diligently pursue claims against insurance companies. Contractor and Operator shall furnish ROC with written notice with details of damages or losses sustained in excess of ten thousand Dollars (US$10,000) per occurrence as soon as practicable.

2.7 Legal Expenses

All costs and expenses of litigation or arbitration, or legal services necessary or expedient for the protection of the Contract Area against third party claims, including attorney's fees and expenses as hereinafter provided, together with all judgments obtained against the Parties or any of them on account of Petroleum Operations under the Contract, and actual expenses incurred by Contractor and/or ROC in securing evidence or expert advice for the purpose of defending any such action or claim pursued or urged in connection with operations under the Contract.

In the event actions or claims affecting the Parties' interests under the Contract shall be handled by the legal staff of ROC in the Republic of Iraq, an agreed compensation commensurate with the actual cost of providing and furnishing such services shall be paid to ROC and charged to the Operating Account.

2.8 Taxes

Pursuant to Article 23 and subject to other provisions of the Contract, taxes (other than corporate income tax), levies, duties, imposts (if any) and/or charges and fees paid by Contractor and Operator (but not previously paid directly or reimbursed by ROC) to Government authorities as assessed or levied upon or in connection with Petroleum Operations.

2.9 Insurance and Claims

(a) The premium of any insurance policy secured by Operator pursuant to the Contract.

(b) Any costs sustained by Contractor and Operator arising out of an event covered by insurance. Such costs include, but are not limited to, repairs and replacements of Materials in the Contract Area resulting from damages or losses incurred because of fire, flood, storm, theft, accident, or any other similar risk.

(c) All costs and expenses associated with suing, working or travelling for, or any other cost incurred because of insurance related disputes or litigation with any party including any insurer and/or any insurer's representatives or agents to the extent that such costs and expenses are not refunded for whatever reasons, by insurance and/or not awarded by an arbitrator or a court of law.

(d) Any compensation received, or any claim collected from insurers or third parties shall be credited to the Operating Account. If no insurance is carried for a particular risk, all related actual expenditures incurred and paid by Contractor in settling any and all losses, claims, damages, judgment and other expenses, including related legal expenditures. Any such loss, claim or damage shall be charged to the Operating Account unless it is a direct result of Contractor's and/or Operator's failure to act in accordance with the standards of insurance required by the Contract or instructions of the JMC or BOD.

2.10 Currency Exchange

The gain or loss, if any, through currency translation or exchange pursuant to the provisions of Article 21 of the Contract and Clause 1.3(f) of these Accounting Procedures.

2.11 Tariffs

Subject to the provision of Clause 3, all sums paid to ROC, contractor(s) on petroleum fields other than the Contract Area, or any third party in compensation for the use of facilities in connection with Petroleum Operations such as, but not limited to, pipelines, hydrocarbon treatment plants and storage facilities, on a basis of a mutually agreed tariff.

2.12 Surface Rights

All direct costs attributable to the acquisition, renewal or relinquishment of surface rights acquired and maintained in force for Petroleum Operations in the Republic of Iraq.

2.13 Environment

All costs incurred for the protection, cleanup or restoration of the environment pursuant to the Contract and the Law.

2.14 Administrative Overhead and General Expenses

The services of all personnel of Contractor's head office or its Affiliates not otherwise chargeable, as well as the contribution of Contractor's head office or its Affiliates to Petroleum Operations of an intangible nature and any overhead or its indirect cost incurred by Contractor's head office or its Affiliates shall be compensated by a charge based on one percent (1%) of Petroleum Costs and Supplementary Costs incurred during each Calendar Year or a fraction thereof.

The basis of applying this percentage shall be the total Petroleum Costs and Supplementary Costs incurred in respect of Petroleum Operations and charged under these Accounting Procedures to the Operating Account during each Financial Year or fraction thereof, excluding administrative overhead as allowed in this Article.

From the Date of Transfer of Operatorship, the payment for the above administrative overhead charges shall be shared equally between Contractor and ROC.

2.15 To the extent any of the costs identified in Article 2 of this Annex C would qualify as eligible costs pursuant to Articles 7.2, 12.7, 17.7 or 41.17 of the Contract, such costs shall be considered Supplementary Costs and not Petroleum Costs.

2.16 All the other costs and expenses incurred in connection with and for the benefit of Petroleum Operations shall, unless expressly excluded as Petroleum Costs, be chargeable to Petroleum Costs.

CLAUSE 3. INFORMATION TO JMC OR BOD AND ROC

Upon submitting the annual Work Program and Budget for approval in accordance with Article 12 of the Contract, Operator shall provide in writing the following details in respect of personnel, Specific Services and tariffs in connection with Petroleum Operations to be charged during the relevant Year.

3.1 Regarding Personnel Costs

(a) Estimate of the overall amount thereof.

(b) Analysis and explanation of the applicable personnel policy and practice of Operator and Operator's Affiliates.

(c) Reasonable breakdown of the aforesaid expenditures as per details stated in these Accounting Procedures.

(d) Rates and/or methods of apportionment of such costs.

3.2 Regarding Specific Services

(a) Estimate of the overall amount thereof.

(b) Reasonable breakdown of such services by major type.

(c) Tariffs and rates expected to apply with respect to such services, especially assigned personnel.

3.3 Regarding Tariffs

(a) Estimate of the overall amount to be paid.

(b) Reasonable breakdown of the tariff expenditures.

CLAUSE 4. CHARGING PRINCIPLES

4.1 Purchases

(a) All Materials purchased for Petroleum Operations shall be purchased at competitive prices from reputable manufacturers and suppliers.

Materials and equipment purchased from third parties shall be charged at the net cost paid by Contractor after deduction of all discounts received. Net cost shall include but not be limited to such items as transportation, insurance, license fees and purchasing and forwarding costs.

(b) The Parties may furnish New Materials from their own stock provided that the New Material transferred from the warehouses or other facilities of Contractor's entities or their respective Affiliates shall be priced at cost, and provided that such cost is not higher than the prices for New Materials of the same quality, obtained on comparable terms and conditions, prevailing in the international market at the time such Materials were supplied to Contractor and Operator.

4.2 Direct and Indirect Costs

Costs shall be charged to the Operating Account using consistent methods from Year to Year, and such methods shall be agreed upon by the Parties subject to the following principles:

(a) costs that may be directly charged to a relevant subdivision of the Operating Account shall be so charged; and

(b) costs that cannot easily be charged directly to any subdivision of the Operating Account shall be apportioned either on a time basis or on a pro rata basis. Costs of services that cannot be assessed accurately may be charged according to standard rates and adjusted to actual costs at Year end.

4.3 Use of Equipment and Facilities Owned by Entities Constituting Contractor

For the use of any equipment or facilities that are wholly owned by entities constituting Contractor, the Operating Account shall be charged a rental commensurate with the cost of ownership.

The rental rates, which will not include any profit element, will be approved by the JMC or BOD each Calendar Year. Such rates should be in line with those currently prevailing in the area where Petroleum Operations are located for equipment and facilities comparable in terms of availability, safety, efficiency and quality.

CLAUSE 5. INVENTORIES

At all times, Contractor and Operator shall maintain inventories of Materials at optimum levels required for Petroleum Operations and shall be subject to:

5.1 Periodic Inventories, Notices and Representation

At reasonable intervals, and at least once annually, inventories shall be taken by Contractor and Operator of the Materials charged to the Operating Account, which shall include all such Materials as are ordinarily considered controllable by operators in the international petroleum industry. Written notice of intention to take inventory shall be given by Contractor and Operator at least ninety (90) days before any inventory is to begin so that ROC may be represented when any inventory is to be carried out.

5.2 Reconciliation and Adjustment of Inventories

Reconciliation of inventory with the Operating Account shall be made and a list of overages and shortages shall be furnished to ROC. Inventory adjustments shall be made by Contractor and Operator to the Operating Account if required; provided, however, that any inventory adjustment exceeding a value of ten thousand Dollars (US$10,000) shall be reported to ROC.

CLAUSE 6. DISPOSAL OF MATERIALS

Contractor and Operator shall inform the JMC or BOD and ROC of any excess or disposable Materials. ROC shall instruct Operator on the action then required. Any proceeds of disposal of such Materials shall be credited to the Operating Account.

CLAUSE 7. SUMS RECEIVED FROM THIRD PARTIES

All sums received by Contractor from any third party in compensation for the use of facilities utilized by Operator for Petroleum Operations shall be credited to the Operating Account.

CLAUSE 8. BASIS OF ACCOUNTING

The Operating Account may be maintained on an accrual basis, that is, costs shall be recorded and entered in the Operating Account when the liability thereto first arises, and revenues shall be recorded and entered in the Operating Account when the title thereto is acquired.

However, for the purposes of cost recovery as per Article 19 of the Contract, the relevant calculations shall be made on a cash basis, that is, costs shall be considered only when paid and revenues only when collected.

CLAUSE 9. PAYMENT OF PETROLEUM COSTS, SUPPLEMENTARY COSTS AND REMUNERATION

Contractor shall, pursuant to Article 19 of the Contract, render to ROC as promptly as practical but not later than forty-five (45) days after the end of the last Month of a Quarter, an invoice of due and payable Petroleum Costs, Supplementary Costs and Remuneration for the Quarter based on the Operating Account and showing the following details:

9.1 Due Petroleum Costs, Supplementary Costs and Remuneration brought forward from the previous Quarter, if any;

9.2 Petroleum Costs, Supplementary Costs and Remuneration that became due during Quarter;

9.3 Total Petroleum Costs, Supplementary Costs and Remuneration due for the Quarter (9.1 plus 9.2);

9.4 Petroleum Costs, Supplementary Costs and Remuneration that are to be paid pursuant to Articles 19.6(c) and 19.7(f), in an amount up to the relevant percentage of Deemed Revenues;

9.5 Amount of Petroleum Costs, Supplementary Costs and Remuneration to be carried forward into the succeeding Quarter if any (9.3 minus 9.4); and

9.6 Excess, if any, of the value of Petroleum Costs, Supplementary Costs and Remuneration received by Contractor over Petroleum Costs, Supplementary Costs and Remuneration due. Such excess shall be set off in the next calculation of Contractor's outstanding Petroleum Costs, Supplementary Costs and Remuneration payable in the immediately succeeding Quarter in accordance with Article 19 of the Contract.

9.7 The Net Dry Gas Production, the Net NGL Production, the Net Crude Oil Production and the total Net Production for such Quarter (expressed in BOE as defined in the Contract).

CLAUSE 10. NON-RECOVERABLE COSTS

Unless otherwise provided elsewhere in the Contract, the following list of items shall be treated as non-recoverable costs for the purpose of cost recovery:

10.1 Costs incurred as a result of any proven Gross Negligence or Willful Misconduct of Contractor and Operator including any amount paid in settlement of any claim alleging Gross Negligence or Willful Misconduct whether or not Gross Negligence or Willful Misconduct is admitted or whether such sum is stated to be paid on an ex-gratia or similar basis;

10.2 Replacement and/or repair costs in respect of assets or other property which is uninsured or under-insured, and liability incurred to third parties on the basis of strict liability, where Contractor and Operator has agreed with ROC to insure against such loss and has failed to do so;

10.3 Any expenditure incurred directly or indirectly in connection with the raising of money to finance Petroleum Operations and other incidental costs and charges related thereto by whatever method raised; such expenditure includes, but is not limited to, interest, commissions, fees and brokerage;

10.4 Any costs, charges or expenses including donations relating to public relations or enhancement of Contractor's corporate image and interests;

10.5 Any penalties, fines, default interest charges or similar expenditures;

10.6 Any expenditure incurred which is not related to Petroleum Operations or on matters or activities beyond the Delivery Point(s);

10.7 Corporate income tax;

10.8 Training, Technology and Scholarship Fund;

10.9 Costs incurred pursuant to Article 18.5;

10.10 Payments to ROC under Article 23.4; and

10.11 Any other expenditure which is stated elsewhere in the Contract to be a non-recoverable expenditure.

CLAUSE 11. CONTROL STATEMENTS AND MAJOR ACCOUNTS

11.1 **C**ontractor shall annually prepare, from the statements of expenditure prepared pursuant to Clause 1.4 a statement showing for the relevant Year the excess or deficit in development expenditure compared to the Minimum Work Obligations. Such statement shall be rendered to ROC not later than ninety (90) days following the end of such Year.

11.2 For the purpose of classifying costs, expenses and expenditures for cost recovery and Minimum Work Obligations, costs, expenses and expenditures shall be recorded in major accounts including Capital Cost and Operating Cost.

CLAUSE 12. TRANSFER PROCEDURE FOR THE OPERATING ACCOUNT

12.1 In accordance with Article 9.7 of the Contract, when the Joint Operating Company becomes the Operator, the former Operator shall transfer to the Joint Operating Company all the accounting records relating to the Operating Account.

12.2 In conducting the transfer of the books of account and the inventory of all properties in accordance with the provisions of these Accounting Procedures, the implementation procedure for the transfer and verification, the accounting files to be transferred and accounting matters to be settled as well as other details, shall be agreed in advance by the former Operator and the Joint Operating Company. The transfer procedure shall be completed within the period agreed upon by the Parties. Thereafter, owing to the needs of any shareholder, the Joint Operating Company shall allow such shareholder's staff access to the books of accounts within the relevant periods and provide them with duplicates of the relevant accounting records, if necessary.

CLAUSE 13. EXTERNAL AUDITOR'S CERTIFICATE

Contractor shall provide ROC with a certificate from the external auditor of Contractor's Operator's head office Affiliate confirming that the charges and the rates applied pursuant to Clauses 2.1(a) to 2.5(c) represent actual costs.

(End of Annex C)

ANNEX D – DEFINITION OF RESERVOIRS

This Annex is attached to and made part of the Gas Development and Production Service Contract for the _____ Contract Area. All depths quoted are in meters below Mean Sea Level.

SECTION 1 – DISCOVERED RESERVOIRS (Non-Associated Gas)

Discovered but undeveloped reservoirs of the _____ Contract Area include (subject to Article 10.3 of the Contract) all reservoirs which may exist above the base of the _____ Formation, defined as _____ in _____ well and its lateral equivalents.

SECTION 2 – UNDISCOVERED POTENTIAL RESERVOIRS

The undiscovered potential reservoirs are all reservoirs which may exist below the base of the _____ Formation.

(End of Annex D)

ANNEX E – MINIMUM WORK OBLIGATION

This Annex is attached to and made part of the Gas Development and Production Service Contract for the _____ Contract Area.

(a) Acquire ____ square kilometers of 3-D seismic data over the Contract Area, including processing and interpretation thereof.

(b) Drill ____ appraisal wells to the base of the _____Formation (as defined in Annex D);

(c) Perform detailed geological and reservoir engineering studies, including 3-D simulation for the reservoirs, and carry out detailed laboratory and reservoir engineering studies to evaluate the most suitable recovery mechanism for all discovered undeveloped reservoirs that will be the subject of Plans. Integrate all relevant available data and information, including such data existing prior to the execution of exploration and appraisal activities.

(d) Agree and execute a thorough reservoir surveillance plan, to acquire sufficient data for development planning and operations. These are expected to include tests, well integrity surveys, PLTs, RSTs and PVT measurements.

(End of Annex E)

ANNEX F – FORMS OF GUARANTEE

FORM 1: FOR COMPANY

To: ROC

We refer to the Gas Development and Production Service Contract for the _____ Contract Area, (hereinafter referred to as the "Contract") entered into on this day of [ ] 201_, between _____, [State Partner] and ROC, an Iraqi State oil company.

In consideration of the rights and obligations of _____being a wholly-owned and controlled Affiliate of _____ ("_____") as a Party to the Contract, _____, a company duly organized and existing under the laws of [ ] and whose registered office is at [ ] hereby unconditionally and irrevocably undertakes, to make available or cause to be made available to _____ such technical and financial resources as may be required to perform and fulfill its obligations under the Contract, as may be amended from time to time by the Parties thereto, including payment to ROC of the balance (if any) of the Minimum Expenditure Obligation in case of termination of the Contract, if applicable.

_____ hereby unconditionally and irrevocably guarantees _____ in the performance and fulfillment of its obligations under the Contract.

The obligations of _____ hereunder shall be limited to the extent of the Participating Interest held by _____ under the Contract.

This Guarantee shall extend to any Affiliated assignee of _____which may become a Party to the Contract.

This Guarantee is issued for the benefit of ROC and cannot be assigned or transferred by it to any other party without the prior written consent of _____.

For purposes of this Guarantee, the capitalized terms used herein but which are undefined shall have the meaning ascribed to them in the Contract. A person who is not a party to this Guarantee shall have no third party rights to enforce or enjoy the benefit of any terms of this Guarantee.

This Guarantee shall be governed by and construed in accordance with the laws of the Republic of Iraq. Any dispute arising from this Guarantee shall be settled in accordance with the terms of Article 37 of the Contract.

This Guarantee shall come into force on the Effective Date of the Contract and shall remain valid as long as _____, or its Affiliate, shall be bound by the Contract.

Signed for and on behalf of

_____

_____

FORM 2- FOR ROC, SOMO, TRANSPORTER AND STATE PARTNER

To: _____

We refer to the Gas Development and Production Service Contract for the _____ Contract Area (hereinafter referred to as the "Contract ") entered into on this day of _____ 2009, between _____, [State Partner] and ROC.

In consideration of

- the rights and obligations of ROC as a Party to the Contract and being fully owned subsidiary of the Ministry of Oil of the Republic of Iraq; and
- _____ entering into the Contract

the Ministry of Oil, hereby unconditionally and irrevocably guarantees for the benefit of _____ to make available or cause to be made available to ROC such financial and technical resources as may be required to perform and fulfill its obligations under the Contract, as may be amended from time to time by the Parties thereto, for the Term of the Contract or as extended to enforce rights or obligations in relation to the Contract.

This Guarantee shall unconditionally and irrevocably extend to the obligations of Oil Marketing Company (SOMO), Transporter, the State Partner, and any Affiliate of ROC or the Ministry, which becomes a Party to the Contract and any references in the Guarantee to ROC shall be construed accordingly.

This Guarantee shall come into force on the Effective Date of the Contract and shall remain valid as long as ROC, Transporter, SOMO, State Partner, and any other Affiliate of ROC or the Ministry, shall be bound by the Contract.

This Guarantee is issued for the benefit of _____ and cannot be assigned or transferred by it to any other party without the prior written consent of ROC.

For purposes of this Guarantee, the capitalized terms used herein but which are undefined shall have the meaning ascribed to them in the Contract.

This Guarantee shall be governed by and construed in accordance with the laws of Republic of Iraq. Any dispute arising from this Guarantee shall be settled in accordance with the terms of Article 37 of the Contract.

Address of the Ministry of Oil for purposes of enforcement of this Guarantee:

Petroleum Contract and Licensing Directorate, Ministry of Oil, Baghdad, Republic of Iraq, attention Director General

Signed for and on behalf of Ministry of Oil

Name: _____

Title: _____

(End of Annex F)

ANNEX G – TRANSFER POINTS AND QUALITY SPECIFICATIONS

(End of Annex G)

ADDENDUM ONE – HEADS OF JOINT OPERATING AGREEMENT

This Addendum One is attached to and made part of the Gas Development and Production Service Contract for the _____ Contract Area. Terms defined in the Development and Production Service Contract shall have the same meanings for the purpose of this Heads of Agreement. The parties to the Joint Operating Agreement are the entities constituting Contractor.

CLAUSE 1. SCOPE

This Heads of Joint Operating Agreement is to provide for the basic principles to be included in a Joint Operating Agreement ("JOA") to be executed among the entities constituting Contractor (hereinafter referred to individually as "Participant" or collectively as "Participants").

CLAUSE 2. PARTICIPATING INTEREST

Subject to Article 27 of the Contract, each Participant shall have the undivided percentage interest determined under the Contract and/or as agreed by the Participants ("Participating Interest"), provided that each Participant's Participating Interest shall not be less than seven point five percent (7.5%). Each Participant shall participate in proportion to its respective Participating Interest in all costs, expenses and liabilities incurred pursuant to the Contract or JOA and shall own, in the same proportion, the Contractor's rights under the Contract and the Participants' rights under the JOA.

CLAUSE 3. OPERATOR

3.1 The Operator appointed in accordance with the Contract, shall have exclusive management and control of Petroleum Operations prior to the formation of the Joint Operating Company.

3.2 Operator may, at any time resign as such by giving the Participants notice in writing. Operator shall cease to be Operator if: (a) it or its guarantor dissolves, liquidates or terminates its legal existence; (b) it or its guarantor becomes insolvent, bankrupt or is placed in receivership; (c) its Participating Interest is reduced to less than twenty two point five percent (22.5%); or (d) it takes no action within thirty (30) days after notification to it by a Participant to remedy a material breach of this JOA. Pursuant to Article 9.3 of the Contract, replacement of the Operator shall be subject to ROC's prior approval.

CLAUSE 4. OPERATING COMMITTEE

4.1 An Operating Committee composed of representatives of the Participants shall be established and shall act for the duration of this JOA to make decisions and establish joint policies and make proposals to be submitted to the ROC, the JMC or the BOD, as well as to make any other decisions necessary or expedient for the orderly supervision and direction of the Petroleum Operations.

4.2 The decisions of the Operating Committee on all matters coming before it shall be made by the affirmative vote of the representatives of the Participants having a combined voting right of at least seventy percent (70%), each Participant being entitled to have and to exercise through its representatives a voting right equal numerically to its Participating Interest. The Operating Committee shall also decide upon Contractor's representation in

the JMC or BOD, provided that Contractor's Operator shall have at least one (1) of the members provided to Contractor and the State Partner shall have one (1) member.

CLAUSE 5. WORK PROGRAMS AND BUDGETS

For each Calendar Year, the Operator shall prepare and submit to the Participants Work Programs and Budgets not later than the first day of August of the preceding Year. Each such Work Program and Budget shall set out in a reasonably detailed manner the work to be carried out and shall include an itemized estimate of the corresponding expenditures. The Operating Committee shall review and discuss the Work Program and Budget submitted by Operator for the following Calendar Year and shall adopt, not later than August 30, a Work Program and Budget to be submitted to the Operator for further study and possible modification before referring it to the JMC or the BOD for approval pursuant to Article 12.2.

CLAUSE 6. COSTS AND EXPENSES

All costs and expenses of the Contractor for Petroleum Operations shall be borne by the Companies in proportion to their respective Participating Interest. All costs and expenses that are incurred in the conduct of operations under this JOA shall be determined and recorded according to an Accounting Procedure (without prejudice to Annex C of the Contract) and generally accepted accounting principles and shall be subject to periodic inspection and audit.

CLAUSE 7. DEFAULTS

7.1 Any Company that fails to pay when due its Participating Interest share of costs and expenses shall be in default (hereinafter referred to as ("Defaulting Company"). The Operator shall as soon as practicable notify all Participants of such default and the Operator shall keep the Participants informed thereafter of material events in relation thereto. The amount not paid by the Defaulting Company shall bear interest from the date due until paid in full at the rate specified in Clause 7.2 below. After any default has continued for thirty (30) days, the Defaulting Company shall not be entitled to attend Operating Committee meetings or to vote on any matter coming before the Operating Committee during the period such default continues. Non-Defaulting Companies (excluding State Partner) shall pay the defaulted amount on behalf of the Defaulting Company, in proportion to their Participating Interests or in any other proportion they may agree upon.

7.2 The Defaulting Company shall have the right to remedy the default at any time prior to forfeiture, as hereinafter provided, by payment in full to the Operator or, if the Non-Defaulting Companies have paid any amounts under Clause 7.1 of this JOA, to the Non-Defaulting Companies, in proportion to the amounts so paid by them, of all amounts which the Defaulting Company has failed to pay, together with interest thereon on a day to day basis at the rate of LIBOR plus five percent (5%).

If a Defaulting Company has not remedied the default by the thirtieth (30^{th}) day, then, during the continuance of such default, the Defaulting Company shall not be entitled to its Participating Interest share of Petroleum Costs, Supplementary Costs and Remuneration, which shall vest in and be the property of the Non-Defaulting Companies. The Petroleum Costs, Supplementary Costs and Remuneration due to the Defaulting Company shall proportionately be paid to the Non-Defaulting Companies, which Petroleum Costs, Supplementary Costs and Remuneration shall be credited against all

monies advanced by such Non-Defaulting Companies on behalf of the Defaulting Company. The balance of such fees, if any, shall be paid to the Defaulting Company when such default has been remedied.

7.3 State Partner shall be carried by the other Companies for its Participating Interest share of Petroleum Costs and Supplementary Costs. The amount so paid by the Companies on behalf of State Partner shall be fully recovered by the Companies from the Petroleum Costs and Supplementary Costs paid under the Contract.

7.4 In no event shall State Partner be considered in default.

CLAUSE 8. WITHDRAWAL

After the Minimum Work Obligations have been fulfilled, any Company may elect, and subject to ROC's prior written consent, by giving notice to the other Participants, to withdraw from the Contract and the JOA. Each of the other Companies may also give notice that it desires to withdraw from the Contract and the JOA. Should all Companies give such notice of withdrawal, the Participants shall proceed to abandon the Contract Area and terminate the Contract and JOA. If less than all of the Companies give such notice of withdrawal, then the withdrawing Companies shall execute and deliver all necessary instruments and documents to assign their Participating Interest to the non-withdrawing Companies, without any compensation whatsoever. Such assignment to the non-withdrawing Companies shall be in proportion to their Participating Interests, unless otherwise agreed among them. The non-withdrawing Companies shall take the assignment of all of the withdrawing Companies' Participating Interests; otherwise, the Participants shall be deemed to have decided to withdraw from the Contract and the JOA. The withdrawing Participant shall remain responsible in proportion to its Participating Interest for any liability that may arise for any activity performed before its withdrawal and shall not be entitled to the Supplementary Costs, Petroleum Costs or Remuneration accrued on or after the date of its withdrawal.

CLAUSE 9. ASSIGNMENT

Each Participant may transfer, subject to any requirement under the Contract, all or part of, its Participating Interest under the Contract and the JOA to a wholly-owned Affiliate without the consent of the other Participants; provided that such Participant shall remain responsible for the performance of the financial and other obligations under the Contract and the JOA to the same extent as if the transfer had not occurred and provided further that the assigning Participant shall timely notify the other Participants of any such transfer. Without prejudice to the provisions of the Contract, no transfer of any interest under the Contract and the JOA to third parties may be made by any Participant without the written consent of the other Participants which consent shall not be unreasonably withheld. The transfer by a Participant of its interest under the Contract and the JOA to third parties shall be subject to ROC's approval and its pre-emptive right and to the preferential rights of the other Participants. The assignee or transferee shall be bound by the Contract and the JOA.

CLAUSE 10. RELATION OF THE PARTICIPANTS

Subject to Article 2.4 of the Contract, the rights, duties, obligations and liabilities of the Participants under this Heads of Agreement and the JOA shall be individual, not joint or collective. It is not the intention of the Participants to create, nor shall this Heads of Agreement or the JOA be deemed or construed to create a mining or other partnership, joint venture,

association or trust, or as authorizing any Participants to act as an agent, servant or employee for any other Participant for any purpose whatsoever except as explicitly set forth in the JOA.

CLAUSE 11. GOVERNING LAW AND ARBITRATION

The JOA shall be governed by, construed, interpreted and applied in accordance with the Law. Any dispute, controversy or claim arising out of or in relation to or in connection with the JOA or the operations carried out thereunder, including without limitation any dispute as to the validity, interpretation, enforceability or breach of the JOA, shall be settled by arbitration in Paris, France, in accordance with the Rules of Conciliation and Arbitration of the International Chamber of Commerce conducted in the manner contemplated in Article 37 of the Contract.

CLAUSE 12. EFFECTIVE DATE AND TERM

This Heads of Agreement shall come into force on the Effective Date of the Contract and shall continue in effect until the Contract expires, terminates or upon the Participants entering into the JOA, whichever is the earlier.

CLAUSE 13. JOINT OPERATING AGREEMENT (JOA)

Within six (6) months from the Effective Date, the Participants shall enter into the Joint Operating Agreement which shall embody the principles stipulated in this JOA Heads of Agreement and it may include such other provisions as customarily used by international petroleum industry and shall continue in effect as long as the Contract is in effect.

(End of Addendum One)

ADDENDUM TWO – HEADS OF PETROLEUM TRANSFER AGREEMENT

CLAUSE 1. DEFINITIONS

This Addendum Two is attached to and made part of the Gas Development and Production Service Contract for the _____ Contract Area. Terms defined in the Gas Development and Production Service Contract shall have the same meanings for the purpose of this Heads of Petroleum Transfer Agreement.

CLAUSE 2. SCOPE

This Heads of Petroleum Transfer Agreement prescribes the basic principles to be included in a Petroleum Transfer Agreement to be executed by and between the Operator and Transporter for transportation of Petroleum produced from the Contract Area under the Contract.

CLAUSE 3. SCOPE OF PETROLEUM TRANSFER AGREEMENT

Provided Operator complies with its obligations under the Contract and this Addendum Two related to the Transportation System, Transporter, on behalf of ROC shall receive at the Transfer Point(s) the quantities of Petroleum from the Contract Area tendered by Operator and taken by ROC as contemplated in Article 10 of the Contract.

CLAUSE 4. FACILITIES AT THE TRANSFER POINT

For the purpose of the transfer of Petroleum, Operator may use a parcel of land at the Transfer Point(s) and construct necessary facilities thereon.

CLAUSE 5. TRANSFER RATE

Operator shall have the right and the obligation to tender Petroleum at the Transfer Point(s) at a certain average rate as per the approved Plans and Revisions. However, Operator in co-ordination with Transporter may transfer Petroleum at a peak rate up to twenty percent (20%) above the approved average rate for temporary periods to compensate for operational constraints. In the event that the throughput capacity of the pipeline system or the related facilities is constrained for unforeseeable incidents beyond the control of the Operator or Transporter and the throughput of Petroleum through the pipeline system is consequently reduced, Operator shall reduce its deliveries accordingly. Any such reduction shall be on a non-discriminatory basis.

CLAUSE 6. TRANSFER CONDITIONS

Petroleum shall be transferred at the Transfer Point(s) from one or more Petroleum streams in accordance with the approved Plans, and at the pressure commensurate with the pressure required by the existing system. The quality of each Petroleum stream transferred at the Transfer Point(s) shall be subject to certain conditions and specifications to be agreed upon by Transporter and Operator. Operator shall not mix any additives to the Petroleum tendered for transportation, without prior written approval of Transporter.

CLAUSE 7. MEASURING

Operator shall install, maintain and operate all facilities necessary for the measurement of Petroleum at each Production Measurement Point. Operator shall notify ROC prior to any calibration of such measurement facilities and allow ROC's representatives to attend such calibration activities. Unless agreed otherwise by the Parties, any inaccuracy determined during such calibration activities shall be deemed to have existed since the mid-point between the last calibration and the current calibration. Similarly, Export Oil that may be lifted by Contractor shall be measured at the Delivery Measurement Point in accordance with standard SOMO measurement practices.

Operation and calibration of the metering equipment and procedures for measurement and sampling shall be in accordance with the prevailing standards of the international petroleum industry. The Parties shall agree the procedure for measuring the volume and quality of Petroleum and shall have the right of access to Production Measurement Points and the right of witnessing calibration thereof.

CLAUSE 8. TRANSPORTATION SYSTEM

8.1 Unless related to obligations under Annex E, Operator and Contractor shall have no obligation to build transportation facilities downstream of the Transfer Point unless this is agreed and incorporated in a Development Plan. In the event such facilities are built they shall be handed over to Transporter upon completion and commissioning.

8.2 In case a need arises to de-bottleneck, improve the efficiency and/or to increase the capacity of the Transportation System, ROC, Transporter, or Operator may propose to construct facilities beyond the Transfer Point, in addition to or to modify the existing Transportation Facilities. If agreed in a Plan, Operator and Contractor shall participate in the building and financing of the same in proportion to the production from the Contract Area in relation with other users and such participation shall be considered Supplementary Costs.

8.3 In the event that Contractor agrees to finance and build or improve such transportation facilities, Operator shall ensure the participation of Transporter's representatives during engineering and construction of the Transportation Facilities, as well as the training of Transporter's personnel concerning operation and maintenance to be conducted before handing them over to the Transporter. Operator shall provide Transporter with all documents and guarantees relating to the said Transportation Facilities. Operator and Transporter shall agree in advance on a procedure for smooth hand-over of the Transportation Facilities after completion and commissioning.

CLAUSE 9. EFFECTIVE DATE AND TERM

This Heads of Petroleum Transfer Agreement shall be valid and effective as from the Effective Date and shall continue in effect until the expiry or termination of the Contract or upon the Operator and Transporter entering into the Petroleum Transfer Agreement, whichever is the earlier.

CLAUSE 10. GOVERNING LAW AND ARBITRATION

The Petroleum Transfer Agreement shall be governed by, construed, interpreted and applied in

accordance with the Law. Any dispute, controversy or claim arising out of or in relation to or in connection with the Petroleum Transfer Agreement or the operations carried out thereunder, including without limitation any dispute as to the validity, interpretation, enforceability or breach of the Petroleum Transfer Agreement, shall be settled by arbitration in accordance with the procedures set forth in Article 37 of the Contract.

CLAUSE 11. RELATED PROCEDURES

Procedures existing on the Effective Date for lifting, storage, tanker nomination and other related activities may later be adjusted to support the efficient implementation of the Export Oil Sales Agreement.

CLAUSE 12. PETROLEUM TRANSFER AGREEMENT

Within six (6) months from the Effective Date, the Operator shall enter into the Petroleum Transfer Agreement with Transporter which shall embody the principles in this Addendum Two and it may include such other provisions as customarily used by the international petroleum industry and shall continue in effect for as long as the Contract is in effect.

(End of Addendum Two)

ADDENDUM THREE – HEADS OF CHARTER OF JOINT OPERATING COMPANY

This Addendum Three is attached to and made part of the Gas Development and Production Service Contract for the _____ Contract Area. Terms defined in the Contract shall have the same meanings for the purposes of this Heads of Charter of Joint Operating Company Agreement "Charter"). The parties to the Charter shall be the Parties to the Contract: ROC and Contractor.

CLAUSE 1. ESTABLISHING OF THE JOINT OPERATING COMPANY

1.1 Pursuant to Article 9 of the Contract, a Joint Operating Company of limited liability may be established under the Law. The JOC shall be formed within twelve (12) months after ROC's decision to form the JOC, and shall commence the conduct of Petroleum Operations on the Date of Transfer of Operatorship, which date shall be within thirty (30) days after the formation of the JOC.

1.2 JOC shall be owned fifty percent (50%) by ROC and fifty percent (50%) by Contractor. JOC will bear Iraqi nationality and shall conduct its activities in accordance with the provisions of the Contract, this Addendum Three and the subsequent Charter of the JOC.

1.3 The authorized capital of the JOC shall be determined by mutual agreement in accordance with the Law. ROC and Contractor shall each pay for, hold and own throughout the life of the JOC the capital stock of the JOC in accordance with the percentage ownership stipulated in Clause 1.2.

1.4 Contractor and ROC shall agree, at least three (3) months prior to the Date of Transfer of Operatorship, on the procedure to secure a smooth transfer of Petroleum Operations from Contractor's Operator to the JOC.

CLAUSE 2. JOC NAME

The name of JOC shall be the _____ Operating Company.

CLAUSE 3. HEADQUARTERS OF JOC

The headquarters of the JOC shall be in Baghdad, Iraq, and it may have branch offices in other cities in the Republic of Iraq.

CLAUSE 4. JOC OBJECTIVES

4.1 JOC shall assume the duties of the Operator to the extent they apply to the conduct of Petroleum Operations, but on behalf of the Parties, and to the account of Contractor, all in accordance with the provisions of the Contract and the charter of the JOC.

4.2 JOC shall implement approved Development Plans, Work Programs and Budgets in accordance with the Contract. JOC shall keep account of all costs, expenses and expenditures for such Petroleum Operations under the terms of the Contract and the Accounting Procedures.

4.3 In conducting Petroleum Operations, the JOC and its Sub-Contractors enjoy the same privileges and exemptions as Contractor or Operator to the extent these apply to the conduct of Petroleum Operations by Operator, and shall comply with the Law.

4.4 JOC shall assume, as from the Date of Transfer of Operatorship, all the rights and obligations of Contractor and/or Operator wherever they appear in the Contract to the extent they are relevant to the conduct of Petroleum Operations by the Operator.

4.5 After the JOC has taken over conduct of Petroleum Operations and has become Operator, Contractor shall have the obligation of joint management of the JOC through the BOD and a major role in all the planning, decisions, and day-to-day conduct of Petroleum Operations. In general, Contractor shall make available to the JOC its managerial and technological skills and personnel to ensure that Petroleum Operations are performed in accordance with Best International Petroleum Industry Practices. In particular, the establishment of the JOC shall in no way relieve Contractor of its obligations to achieve the production targets under the Contract.

CLAUSE 5. FINANCING

The JOC shall have neither profit nor loss. Costs, expenses and expenditures, incurred and paid by JOC to carry out Petroleum Operations shall be financed by Contractor and recovered as Petroleum Costs or Supplementary Costs according with approved Work Programs and Budgets in accordance with the provisions of the Contract.

CLAUSE 6. FUNCTION OF JOC

6.1 The JOC shall not own any right, title or interest under the Contract or in the Petroleum produced from the Contract Area, and shall not be required as a principal for any financing. JOC shall function as Operator and shall assume all relevant responsibilities of Operator under the Contract.

6.2 The JOC shall not engage in any business or undertake any activity other than the performance of Petroleum Operations.

CLAUSE 7. BOARD OF DIRECTORS

7.1 A Board of Directors shall be formed for the purpose of overall supervision and control of Petroleum Operations to be conducted by the JOC. This BOD shall consist of eight (8) members, four (4) to be designated by ROC and four (4) to be designated by Contractor, including one member from the State Partner. An alternate to each member shall also be designated. The BOD shall assume its duties and authorities as from the Date of Transfer of Operatorship. The chairman shall be designated by ROC and the deputy chairman by Contractor.

7.2 Decisions of the BOD shall be taken by unanimous votes of the members or their alternates present at the meeting. Quorum shall be at least three (3) members or alternates including at least one member or alternate designated by the ROC and one member or alternate nominated by Contractor's Operator. Decisions taken by the BOD shall be recorded in official minutes signed by the members present and communicated by JOC to the Parties.

7.3 All reasonable costs and expenses of the BOD shall be recovered as Petroleum Costs.

CLAUSE 8. DUTIES AND AUTHORITIES OF BOARD OF DIRECTORS

The BOD shall assume all the duties and authorities of the JMC as specified in Article 13.2 of the Contract. Additionally, the BOD shall have the following duties and authorities:

8.1 overall supervision and control of the conduct of Petroleum Operations by the JOC;

8.2 the establishment of the operating organization and procedure;

8.3 the structuring of the accounting system and of the financial controls as well as the financial planning insofar as it is necessary to manage JOC;

8.4 the establishment of the procedures for the funding of Petroleum Operations by Contractor;

8.5 the appointment and replacement of the General Manager, the Deputy General Manager and the other senior divisional managers of JOC, and the definition of their respective powers;

8.6 the establishment and update of the organization chart of JOC, including the identification of the positions to be filled through secondment from ROC or Contractor respectively and those to be filled through direct employment, if any. The Contractor should be prepared to fill positions within the JOC as and where required upon the request of the BOD;

8.7 establishment of the employment procedures and personnel regulations of JOC;

8.8 prior approval of the terms of the service or secondment agreements to be entered into by JOC with ROC and Contractor of the Contract; and

8.9 the duties and authorities provided for in Article 13.2 and that were performed by the JMC prior to the Date of Transfer of Operatorship.

CLAUSE 9. MANAGEMENT

The General Manager and Deputy General Manager of JOC shall be appointed by the BOD from candidates nominated by ROC and Contractor, respectively. Departmental Managers of JOC shall be appointed by the BOD in consultation with the General Manager and Deputy General Manager. The General Manager shall be the chief executive officer of the JOC.

CLAUSE 10. EMPLOYMENT REGULATIONS

The JOC shall give preference to Iraqi personnel in accordance with Article 9.19 of the Contract.

Secondees of Contractor or ROC shall be exclusive to the operations of the JOC and shall have no other work obligation or assignment within the organization supplying such secondee, unless agreed by the ROC and Contractor.

The BOD shall approve the regulations covering the terms and conditions of employment of the personnel of JOC employed directly by JOC.

CLAUSE 11. LIABILITY

Liabilities shall be pursuant to the Contract.

CLAUSE 12. DURATION OF JOC

12.1 The duration of JOC shall extend up to the end of the Term, including any extensions thereof.

12.2 Neither Contractor nor ROC shall assign, sell or otherwise transfer its interest in the JOC except by mutual agreement; provided, however, that when a Company assigns its interest under the Contract and Joint Operating Agreement to any party, its interest in the JOC shall be assigned proportionately.

CLAUSE 13. DISSOLUTION OF JOC

The JOC shall be dissolved when the Contract expires or is terminated for any reason as provided for therein.

CLAUSE 14. CHARTER OF JOC

By the Date of Transfer of Operatorship, the Parties shall enter into the charter of the JOC which shall embody the principles set out in this JOC Heads of Agreement. Pending the issue of the said Charter, the provisions of this JOC Heads of Agreement setting forth the principal terms of the charter shall apply as the provisional charter.

CLAUSE 15. MODIFICATION OF THE CHARTER OF JOC

Contractor and ROC may, by mutual agreement, modify the terms of the Charter of the JOC provided that such modification will not be in conflict with the provisions of this Addendum Three or the Contract.

CLAUSE 16. HAND-OVER OF OPERATORSHIP

Operatorship including all books and records shall be transferred to JOC.

CLAUSE 17. GOVERNING LAW AND ARBITRATION

The Law shall apply to the JOC, if and to the same extent it applies to the Contractor, Operator and/or the Contract in accordance with Article 29. To the extent that the Parties determine that it would be appropriate to prepare a shareholders' agreement in respect of JOC, such shareholders agreement shall be governed by, and construed in accordance with, the Law. Any dispute arising from or in connection with such shareholders agreement or the charter of JOC shall be settled in accordance with Article 37 of the Contract.

CLAUSE 18. CONFIDENTIALITY

Confidentiality provisions of Article 33 of the Contract shall apply for this Heads of Agreement, subsequent Charter and operations of JOC.

CLAUSE 19. EFFECTIVE DATE AND TERM

This Heads of Agreement shall come into force on the Effective Date and shall continue in effect

until the earlier of Contract expiry, Contract termination or upon the Parties entering into the Charter of the JOC. The full charter of the JOC shall be entered into no later than six (6) months from the ROC's decision to form the JOC.

(End of Addendum Three)

ADDENDUM FOUR – HEADS OF EXPORT OIL SALES AGREEMENT

This Addendum Four is attached to and made part of the Gas Development and Production Service Contract of the _____ Contract Area. Terms defined in the Contract shall have the same meanings for the purpose of this Heads of Agreement. The parties to the Export Oil Sales Agreement are Iraq Oil Marketing Company (SOMO), ROC and Contractor.

SPECIAL TERMS (PART 1)

CLAUSE 1. DEFINITIONS

For the purpose of this Heads of Agreement, terms defined in the Contract shall have the same meanings except the definition of the Parties.

"**Parties**" means Seller and Buyer.

"**Buyer**" means Contractor.

"**Seller**" means Iraq Oil Marketing Company "SOMO", on behalf and for the account of ROC.

CLAUSE 2. QUANTITY

2.1 Forward Quantity Statement

No later than the first day of the first Month of the Quarter immediately preceding any Lifting Quarter, Contractor shall invoice ROC the outstanding Petroleum Costs, Supplementary Costs and Remuneration due and payable to Contractor under the Contract as it estimates these will stand on the first day of the said Lifting Quarter. ROC shall review the invoice and will either confirm its accuracy, or advise Contractor of any errors. The invoice shall be agreed by Contractor and ROC by the 15th of said first Month.

Accordingly, no later than the first day of the second Month of the Quarter immediately preceding any Lifting Quarter, the Buyer shall furnish to the Seller a statement of the volume of Export Oil to be lifted from each standard export quality in each Month of the said Lifting Quarter ("Forward Quantity Statement"). The Forward Quantity Statement will be based on the Petroleum Costs, Supplementary Costs and Remuneration due and payable to Contractor as agreed by ROC, divided by the Provisional Export Oil Price. However, the volume of Export Oil to be lifted by Contractor in any Lifting Quarter shall not exceed the upper limit set for payment of due Petroleum Costs, Supplementary Costs and Remuneration, and the balance of such Petroleum Costs, Supplementary Costs and Remuneration, at the end of the said Lifting Quarter, shall be carried forward, all pursuant to Article 19 of the Contract and Annex C.

ROC shall review the Forward Quantity Statement, and will no later than the last day of the second Month of the preceding Lifting Quarter either confirm its accuracy, or advise Contractor of any errors in the calculation of the volumes to be lifted. The nominal quantity agreed for each Month may be varied by up to plus or minus five percent (5%)

as operational tolerance at the time of actual loading. Actual quantity lifted is based on net bill of lading.

For smooth and timely lifting and reporting under this Agreement, the Parties may establish a specialized "Joint Committee" with representatives from ROC, Contractor, and SOMO.

2.2 Lifting Statement

The Seller shall furnish to the Buyer and the Joint Committee a statement setting out the actual Barrels of the Export Oil lifted per lifting during a Lifting Quarter and the actual Price for each lifting ("Lifting Statement"), within thirty (30) days after the end of each Lifting Quarter. The Buyer shall review the Lifting Statement, and will advise the Seller of any errors in the calculations contained therein, within fifteen (15) days after receipt of the Lifting Statement, with a copy to the Joint Committee. Notwithstanding the above, it is agreed that the final certified shipping documents shall be controlling as to volumes lifted. Attachment A to this Agreement contains a sample schedule of notifications, lifting and adjustments applicable for lifting during a Year.

2.3 Option to Deliver Excess Volumes

ROC and/or Seller may, at their option, elect to deliver excess Export Oil over and above the offset volumes required in any Lifting Quarter under the Contract. The actual value of any such excess Export Oil lifted by the Buyer under the price clause hereunder will reduce the outstanding balance of due Petroleum Costs, Supplementary Costs and Remuneration under the Contract, as reflected in the then most current Quarterly report. If either of ROC or Seller wishes to exercise this option to deliver excess Export Oil in any Lifting Quarter, it must notify the Buyer of such election no later than the first day of the second Month of the preceding Quarter and the Buyer must confirm its agreement no later than ten (10) days after such notice.

CLAUSE 3. DELIVERY

FOB relevant Iraqi loading terminal or any other terminal as may be agreed by the Parties.

CLAUSE 4. EFFECTIVE DATE AND TERM

This Heads of Agreement shall come into effect from the Effective Date and shall continue in effect until the Contract terminates or the Parties and ROC enter into the Export Oil Sales Agreement whichever is earlier.

CLAUSE 5. PRICE

Export Oil Price shall be determined pursuant to Article 18 of the Contract.

CLAUSE 6. PAYMENT

The Proceeds receivable by the Seller under this Heads of Agreement shall be used to reduce the amounts owed to the Buyer by the ROC under the Contract and, therefore, no payments to the Seller are required for such Export Oil deliveries. The Buyer shall not be required to pay the Seller nor post letters of credit or other guarantees of payment, relative to such deliveries, except for deliveries in excess of amounts owed to the Buyer under the Contract.

CLAUSE 7. COMPLIANCE WITH LAWS

Notwithstanding anything to the contrary herein, nothing in this Heads of Agreement is intended, and nothing herein should be interpreted or construed, to induce or require either Party or ROC hereto to act in any manner which is not in compliance with the Law.

CLAUSE 8. EXPORT OIL SALES AGREEMENT

Contractor, ROC and SOMO shall in due time enter into the Export Oil Sales Agreement which shall embody the principles set out in this Heads of Agreement and it may include such other provisions as are customarily used by international petroleum industry and shall continue in effect for the Term of the Contract. Pending the execution of the Export Oil Sales Agreement, the provisions of this Heads of Agreement shall apply.

CLAUSE 9. GENERAL TERMS AND CONDITIONS (PART 2)

All other terms and conditions in Seller's General Terms and Conditions for Export Oil Sale/Purchase Contracts ("GTC") apply, except as amended in the special conditions here-above and excluding the commercial terms contemplated in such GTC.

Any provisions in Seller's GTC which allow the Seller to suspend delivery of Export Oil under this Heads of Agreement or the subsequent Export Oil Sales Agreement shall act only to cancel affected lifting which will be rescheduled by mutual agreement. The arbitration provisions (Article 37) and general business ethics (Article 43) of the Contract shall apply *mutatis mutandis.*

Attachment A to Addendum Four- Export Oil Lifting and Reporting

Export Oil Lifting and Reporting (Assuming first lifting in January)			No Later Than
Quarter preceding First Lifting Quarter	Oct.	Quarterly Petroleum Costs, Supplementary Costs and Remuneration Report ("Quarterly Report") agreed (for First Lifting Quarter)	15th
	Nov.	Forward Quantity Statement for First Lifting Quarter (Price = October price, or September price if Oct not available)	1st
	Dec.	January crude nomination (acceptance of all Month nominations by 20th)	10th
First Lifting Quarter	Jan.	February crude nomination Quarterly Report agreed (for Second Lifting Quarter)	10th 15th
	Feb.	Forward Quantity Statement for Second Lifting Quarter (Price=January price, or December price if January not available) March crude nomination	1st 10th
	Mar.	April crude nomination	10th
Second Lifting Quarter	Apr.	May crude nomination Lifting Statement	10th
	May	Forward Quantity Statement (For Third Quarter) (Price = April price or March price if April not available) June crude nomination Quarterly Report agreed (Adjustment made for First Quarter actuals)	1st 10th 15th
	June	July crude nomination	10th
Third Lifting Quarter	July	August crude nomination Lifting Statement	10th
	Aug.	Forward Quantity Statement (For Fourth Quarter) (Price = July price, or June price if July not available) September crude nomination Quarterly Report agreed (Adjustment made for Second Quarter actuals)	1st 10th 15th
	Sep.	October crude nomination	10th
Fourth Lifting Quarter	Oct.	November crude nomination Lifting Statement	10th
	Nov.	Forward Quantity Statement (For next Quarter) (Price = October price, or September price if October not available) December crude nomination Quarterly Report agreed (Adjustment made for Third Quarter actuals)	1st 10th 15th
	Dec.	January crude nomination	10th

(End of Addendum Four)

EXPLORATION, DEVELOPMENT AND PRODUCTION SERVICE CONTRACT

FOR BLOCK ___

BETWEEN

_____ OIL COMPANY
OF THE IRAQI MINISTRY OF OIL

AND

_____

AND

_____

EXPLORATION, DEVELOPMENT AND PRODUCTION SERVICE CONTRACT "EDPSC"
FOR BLOCK (__)

TABLE OF CONTENTS

ARTICLE 1 – DEFINITIONS 2
ARTICLE 2 – SCOPE OF CONTRACT 12
ARTICLE 3 – CONTRACT TERM AND PERIODS 12
ARTICLE 4 – SIGNATURE BONUS 19
ARTICLE 5 – RELINQUISHMENT 19
ARTICLE 6 – MINIMUM WORK AND EXPENDITURE OBLIGATION 19
ARTICLE 7 – ROC'S ASSISTANCE 20
ARTICLE 8 – TERMINATION 21
ARTICLE 9 – CONDUCT OF PETROLEUM OPERATIONS 24
ARTICLE 10 – GAS AND NATURAL GAS LIQUIDS 28
ARTICLE 11 – PLANS AND WORK PROGRAMS 30
ARTICLE 12 – APPROVALS ..... 33~~32~~
ARTICLE 13 – JOINT MANAGEMENT OF PETROLEUM OPERATIONS ..... 35~~34~~
ARTICLE 14 – DATA AND SAMPLES 36
ARTICLE 15 – REPORTS AND RECORDS ..... 37~~36~~
ARTICLE 16 – ACCESS AND INSPECTION 37
ARTICLE 17 – MEASUREMENT, TRANSFER, AND DELIVERY OF PETROLEUM 38
ARTICLE 18 – VALUATION OF PETROLEUM ..... 39~~38~~
ARTICLE 19 – PETROLEUM COSTS AND REMUNERATION 39
ARTICLE 20 – BOOKS OF ACCOUNT, ACCOUNTING AND AUDIT ..... 42~~41~~
ARTICLE 21 – EXCHANGE AND CURRENCY CONTROL 43
ARTICLE 22 – TITLE TO ASSETS 43
ARTICLE 23 – TAXES ..... 44~~43~~
ARTICLE 24 – PARTNERSHIP, INDEMNITY AND INSURANCE 44
ARTICLE 25 – IMPORTS AND EXPORTS 45
ARTICLE 26 – EMPLOYMENT, TRAINING, TECHNOLOGY TRANSFER AND INFRASTRUCTURE 46
ARTICLE 27 – PARTICIPATION 47
ARTICLE 28 – ASSIGNMENT 47
ARTICLE 29 – LAWS AND REGULATIONS 48
ARTICLE 30 – LOCAL GOODS AND SERVICES 49
ARTICLE 31 – FORCE MAJEURE 49

EXPLORATION, DEVELOPMENT AND PRODUCTION SERVICE CONTRACT "EDPSC"
FOR BLOCK (__)

ARTICLE 32 – ENTIRE AGREEMENT AND AMENDMENTS 50
ARTICLE 33 – CONFIDENTIALITY AND TECHNOLOGY OWNERSHIP 50
ARTICLE 34 – HEADINGS OF ARTICLES 51
ARTICLE 35 – LANGUAGE 51
ARTICLE 36 – CONTRACTOR'S BRANCH AND OFFICE IN THE REPUBLIC OF IRAQ 52
ARTICLE 37 – GOVERNING LAW, CONCILIATION AND ARBITRATION 52
ARTICLE 38 – NOTICES 53
ARTICLE 39 – SIGNATURE, RATIFICATION AND EFFECTIVE DATE 54
ARTICLE 40 – WAIVER 54
ARTICLE 41 – HEALTH, SAFETY AND ENVIRONMENT 54
ARTICLE 42 – ABANDONMENT AND SITE RESTORATION 59
ARTICLE 43 – GENERAL BUSINESS ETHICS 60

ANNEX A – DESCRIPTION OF CONTRACT AREA 63
ANNEX B – MAP OF CONTRACT AREA 64
ANNEX C – ACCOUNTING GUIDELINES 65
ANNEX D – DEFINITION OF RESERVOIRS 76
ANNEX E – MINIMUM WORK OBLIGATION 77
ANNEX F – FORMS OF GUARANTEE 78
ANNEX G – QUALITY SPECIFICATIONS 80
ANNEX H – INVOICING PROCEDURES 82

ADDENDUM ONE – HEADS OF JOINT OPERATING AGREEMENT 85
ADDENDUM TWO – HEADS OF PETROLEUM TRANSFER AGREEMENT 89
ADDENDUM THREE – HEADS OF CHARTER OF JOINT OPERATING COMPANY 92
ADDENDUM FOUR – EXPORT OIL SALES AGREEMENT ..... 96~~97~~

EXPLORATION, DEVELOPMENT AND PRODUCTION SERVICE CONTRACT "EDPSC"
FOR BLOCK (__)

This Exploration, Development and Production Service Contract ("**Contract**") is made and entered into this _____day of _____ 2012 by and between: _____ **Oil Company**, an Iraqi State oil company, established and existing under the laws of the Republic of Iraq, having its registered office at _____, the Republic of Iraq ("**Regional Oil Company**" or "**ROC**") as the **First Party**, and _____a company established and existing under the laws of _____ having its registered office at _____ ("**KKK**"), and _____, a company established and existing in _____ under the laws of _____ having its registered office at _____ ("**LLL**"), (individually a "**Company**"; and collectively the "**Companies**"); as the **Second Party.**

Companies are collectively referred to as "**Contractor**";

ROC and Contractor are referred to, individually, as "**Party**" or, collectively, as "**Parties**".

WITNESSETH

WHEREAS all oil and gas resources within the territory and offshore areas of the Republic of Iraq are owned by all the people of the Republic of Iraq, and the Iraqi Government, representing the whole Iraqi people, has sole right to explore, develop, extract, exploit and utilize such natural resources therefrom; and

WHEREAS ROC, in its role as an Iraqi State oil company, is exclusively entrusted with and authorized for the exploration, appraisal, development and production of Block __, in accordance with the Law; and

WHEREAS Oil Exploration Company ("**OEC**") has the experience and competency in exploration activities, ROC may delegate some or all of its rights and obligations in respect of Exploration and Appraisal Operations to OEC during the Exploration Period; and

WHEREAS Contractor has sound financial standing, technical competency, and professional skills to carry out Exploration, Appraisal, Development and Production Operations and generally all and any Petroleum Operations as defined herein; and

WHEREAS the Parties mutually represent that they have the power, authority, and desire to enter into the Contract for the Exploration, Appraisal, Development and Production of Block _____ as defined herein;

NOW THEREFORE, and in consideration of the promises and the mutual covenants hereinafter set out, it is agreed as follows:

EXPLORATION, DEVELOPMENT AND PRODUCTION SERVICE CONTRACT "EDPSC"
FOR BLOCK (__)

ARTICLE 1 – DEFINITIONS

Except as specifically provided herein, any reference to an Article, Annex, or Addendum shall be construed as a reference to Article, Annex, or Addendum to this Contract. In this Contract, including its Annexes and Addenda, words in the singular include the plural and vice versa and except where the context otherwise requires, the following terms shall have the meanings set out as follows:

1.1 "**Abandonment**" means, with respect to any Well, Reservoir, Oil Field, Gas Field or facility, placing it out of service.

1.2 "**Abandonment Plan**" means Plan for Abandonment pursuant to Article 42.

1.3 "**Accounting Procedures**" means the Accounting Guidelines as set out in Annex C, and, upon adoption by Contractor and/or Operator, the detailed accounting procedures based upon the Accounting Guidelines.

1.4 "**Adjusted Net Dry Gas Production Rate**" means, over a specified period, the average of Net Dry Gas Production Rate, excluding such days when production is decreased pursuant to Articles 12.5(d) or 12.5(e) or as a result of approved planned maintenance, or for operational interruptions beyond Contractor's control as agreed by the Parties.

1.5 "**Adjusted Net Oil Production Rate**" means, over a specified period, the average Net Oil Production Rate, excluding such days when production is decreased pursuant to Articles 12.5(d) or 12.5(e) or as a result of approved planned maintenance, or for operational interruptions beyond Contractor's control as agreed by the Parties.

1.6 "**Affiliate**" in relation to any Contractor's entity, means:

(a) a company which controls such entity, or

(b) a company which is controlled by such entity, or

(c) a company which is controlled by a company which controls such entity.

For the purpose of this definition, "control" means the power to dictate and conduct the policy of a company through the control, directly or indirectly, of more than fifty percent (50%) of the shares or voting rights in such company. For the purposes of this Contract, subsidiaries of ROC as well as companies and enterprises of Iraq Ministry of Oil or Iraq National Oil Company (when established) shall be deemed ROC's Affiliates.

1.7 "**Applicable Remuneration Fee**" means the fee in US$ per BOE due to Contractor subject to the R-Factor determination and as utilized in Article 19.3.

1.8 "**Appraisal**" or "**Appraisal Operations**" means any and all operations carried out pursuant to an Appraisal Plan such as (but not limited to) geological, geophysical, aerial and any other surveys and any interpretation of data relating thereto, the drilling of such shot-holes, core holes, stratigraphic tests, holes for the appraisal of Petroleum and other related holes and wells, the production testing, PVT and core analyses and the purchase or acquisition of such supplies, materials and equipment thereof, all as may be contained in approved Work Programs and Budgets.

1.9 "**Appraisal Plan**" means the plan to be submitted by Contractor pursuant to Article 3.6 and approved by ROC or its designee pursuant to Article 12.

1.10 "**Appraisal Well**" means a Well which is drilled pursuant to an approved Appraisal Plan to appraise the extent and volume of a Discovery or, as circumstances shall determine, a producing Reservoir.

1.11 "**Associated Gas**" means Natural Gas, which may occur as gas-cap gas which overlies and is in contact with Crude Oil in a Reservoir, and/or as solution gas dissolved in Crude Oil in a Reservoir.

1.12 "**Barrel**" means a liquid quantity consisting of forty-two (42) United States gallons under a pressure of one (1) atmosphere and a temperature of sixty (60) degrees Fahrenheit.

1.13 "**Barrel of Oil Equivalent**" or "**BOE**" means one (1) Barrel of Crude Oil or one (1) Barrel of NGLs or six thousand (6000) SCF of Dry Gas.

1.14 "**Best International Petroleum Industry Practices**" means all those uses and practices that are, at the time in question, generally accepted in the international petroleum industry as being good, safe, economical, environmentally sound and efficient in exploring for, developing, producing, processing and transporting Petroleum. They should reflect standards of service and technology that are either state-of-the-art or otherwise appropriate to the operations in question and should be applied using standards in all matters that are no less rigorous than those in use by the Companies in other global operations.

1.15 "**Board of Directors**" or "**BOD**" means the Board of Directors formed pursuant to Addendum Three.

1.16 "**Budget**" means the estimates of the expenditure expected to be incurred for implementing an approved Work Program for any Calendar Year or part thereof.

1.17 "**Calendar Month**" or "**Month**" means in respect of any month in a Calendar Year, a period commencing on the first day of such month and ending on the last day of the same month.

1.18 "**Calendar Quarter**" or "**Quarter**" means a period of three consecutive Calendar Months commencing on the first day of January, April, July or October of any Calendar Year.

1.19 "**Calendar Year**" means a period of twelve (12) consecutive Months commencing with the first day of January and ending on the last day of December, both dates being inclusive, according to the Gregorian calendar.

1.20 "**Capital Cost**" means all costs and expenditures, excluding Operating Cost, related to Petroleum Operations pursuant to Annex C.

1.21 "**Cash Receipts**" means as defined in Article 19.4.

1.22 "**Commercial Discovery**" means a Discovery, or multiple Discoveries, if intended for development within a Development Area under a single Development Plan, for which Contractor has submitted a Declaration of Commerciality, and which has been approved as such by ROC.

1.23 "**Commercial Production Rate**" means (a) in the case of an Oil Field, the Adjusted Net Oil Production Rate, or (b) in the case of a Gas Field, the Adjusted Net Dry Gas Production Rate, that Contractor must achieve, in either case, in order for Contractor to be entitled to Remuneration in accordance with Article 19.3. The Commercial Production Rate shall be twenty-five percent (25%) of the Plateau Production Target.

1.24 "**Company**" means any entity that is a signatory party to this Contract and that forms part of Contractor and at any time thereafter shall include its legal successors and permitted assignees.

1.25 "**Companies**" means, collectively, the Companies that comprise Contractor and at any time thereafter shall include their legal successors and permitted assignees.

1.26 "**Contract**" means this agreement between the Parties, including the Annexes and Addenda attached hereto, as amended or supplemented from time to time in accordance with this Contract.

1.27 "**Contract Area**" or "**Block**" means the exploration, appraisal, development and production area covered by this Contract, as described in Annex A and outlined in Annex B.

1.28 "**Contractor's Operator**" means the Company designated as Operator as from the Effective Date pursuant to Article 9.4.

1.29 "**Contractor**" means Companies and at any time thereafter shall include their legal successors and permitted assignees.

1.30 "**Cost Production**" means, in any Quarter, that portion of Net Production allocated to the reimbursement of Petroleum Costs, expressed in BOE, which is equal to the recovered Petroleum Costs in US Dollars divided by the Weighted Average Price in US Dollars per BOE.

1.31 "**Crude Oil**" or "**Oil**" means all hydrocarbons regardless of gravity which may be produced and saved from the Contract Area in the liquid state at absolute pressure of fourteen point six nine six (14.696) pounds per square inch and sixty (60) degrees Fahrenheit, including asphalt and tar, but excluding NGL, water and sediments. Crude Oil specifications are as provided in Annex G.

1.32 "**Data**" means as defined in Article 14.2.

1.33 "**Date of Transfer of Operatorship**" means the date on which the Joint Operating Company shall take over the conduct of Petroleum Operations pursuant to Article 9.6 and Addendum Three.

1.34 "**Declaration of Commerciality**" means a written notice delivered by Contractor to ROC stating that, in the opinion of Contractor, a certain Discovery or multiple Discoveries is a Commercial Discovery which merits preparation and submission of a Development Plan relating thereto.

1.35 "**Deemed Revenue**" means, for the purposes of Article 19.5 (c), for a given Quarter, the value of (a) in the case of an Oil Field, the Net Crude Oil Production in Barrels and Gas Processing Plant Products in BOE or (b) in the case of a Gas Field, the Net Dry Gas Production (except as modified pursuant to Article 10.8) and Net NGL Production, both in BOE and, if approved for production, Net Crude Oil Production in Barrels; in determining Deemed Revenue, whether for an Oil Field or a Gas Field, the price of Crude Oil and NGL shall be the Provisional Export Oil Price in US Dollars per Barrel, and the price of Dry Gas in US Dollars per BOE shall be fifty percent (50%) of the Provisional Export Oil Price.

1.36 "**Delivery Point**" means the point(s) where Contractor may lift Export Oil pursuant to the Export Oil Sales Agreement in the form attached as Addendum Four.

1.37 "**De-Mining**" means all necessary and appropriate activities to make safe Petroleum Operations from unexploded ordinance, including such activities as are described in the Exploration Plan to be conducted during the Exploration Period and such activities may be undertaken thereafter in accordance with any Plan or approved activity.

1.38 "**Development Area**" means a portion of the Contract Area, which may include limitations expressed in terms of depth or stratigraphic horizon, on which a Commercial Discovery(s) has been made, and that is identified within an approved Development Plan.

1.39 "**Development**" or "**Development Operations**" means any and all operations, including primary and subsequent (secondary, tertiary or other) recovery projects and pressure maintenance, conducted with a view to developing the Contract Area including, but without limitations: the drilling, deepening, completing, plugging, side-tracking, re-completing and equipping of evaluation and development wells; the engineering, building and erecting or laying of production plants and facilities (such as, without limitation, separators, compressors, generators, pumps and tankage, gathering lines, pipelines, and all facilities required to be installed for production, pressure maintenance, treatment, storage and transportation of Petroleum); construction of facilities and installations for the treatment and processing of Natural Gas; the obtaining of such materials, equipment, machinery, articles and supplies as may be required or expedient for the above activities including decommissioning and Abandonment operations; and all auxiliary operations, activities and services required or expedient for the better conduct or result of the above activities, all in accordance with the approved Development Plan and Best International Petroleum Industry Practices.

1.40 "**Development Period**" or "**Development Periods**" mean as defined in Article 3.8.

1.41 "**Development Plan**" means the plan to be submitted by Contractor pursuant to Articles 3.9 and 11.6, and approved by ROC pursuant to Article 12.

1.42 "**Dinar**" means the Iraqi Dinar.

1.43 "**Discovery**" means an accumulation of Hydrocarbons whose existence has been proven by drilling and other evaluation methods.

1.44 "**Dollar**" or "**US$**" means the United States Dollar.

1.45 "**Dry Gas**" means Natural Gas that is primarily methane and ethane, whether naturally occurring as such or after the extraction of NGLs, in all cases meeting the specifications set out in Annex G.

1.46 "**Effective Date**" means the date upon which this signed Contract becomes valid and enforceable as notified by ROC to Contractor in writing, in accordance with the provisions of Article 39.

1.47 "**Employment Procedures**" means the procedures to be submitted by Operator for JMC's approval pursuant to Article 9.22(a).

1.48 "**Estimated Production**", for the purposes of the approval of the Declaration of Commerciality pursuant to Article 3.7(c), means: (a) in the case of an Oil Discovery, the estimated Net Crude Oil Production (b) in the case of a Gas Discovery, the sum of the estimated Net Dry Gas Production and Net NGL Production, expressed in BOE, during the Development Period; in each case as determined according to the Best International Petroleum Industry Practices and reflecting the "best estimate" (volume 2C pursuant to SPE/WPC/AAPG/SPEE Petroleum Resources Management System for Contingent Resources).

1.49 "**Expenditure**" or "**Expenditures**" means as defined in Article 19.4.

1.50 "**Expert**" means as defined in Article 37.3.

1.51 "**Exploration**" or "**Exploration Operations**" means any or all operations carried out pursuant to an Exploration Plan including, but not be limited to, geological, geophysical, aerial and other surveys and any processing and interpretation of data relating thereto; the drilling of such shot holes, core holes, stratigraphic tests, holes for the exploration of Petroleum and other related holes and wells; production testing; PVT; core analyses;

velocity surveys; and the purchase or acquisition of such supplies, materials and equipment thereof all as may be contained in approved Work Programs and Budgets.

1.52 "**Exploration Period**" means as defined in Article 3.

1.53 "**Exploration Plan**" means the plan to be submitted by Contractor pursuant to Article 11 and approved by ROC or its designee pursuant to Article 12.

1.54 "**Exploration Well**" means a Well drilled pursuant to the Work Program and Budget intended to discover a new Reservoir(s).

1.55 "**Export Oil**" means Crude Oil of a standard Iraqi export blend.

1.56 "**Export Oil Price**" means the price per Barrel of Export Oil Free on Board ("FOB") at the Delivery Point, determined in accordance with the provisions of Article 18.

1.57 "**Field**" means either an Oil Field or a Gas Field.

1.58 "**Financial Year**" means the Calendar Year.

1.59 "**First Commercial Production Date**" means, for each Development Area, the first day of ninety (90) days when the Adjusted Net Dry Gas Production Rate or the Adjusted Net Oil Production Rate, as the case may be, has averaged no less than the Commercial Production Rate within any period not exceeding one hundred and twenty (120) days.

1.60 "**Force Majeure**" means as defined in Article 31.

1.61 "**Gas**" or "**Natural Gas**" means a mixture of hydrocarbons and varying quantities of non-hydrocarbons that exist either in the gaseous phase or in solution with Crude Oil in natural underground reservoirs and when produced remain in gaseous phase at atmospheric conditions of temperature and pressure, and is classified as either Associated Gas or Non-Associated Gas.

1.62 "**Gas Block**" refers to the primary focus of a Contract, which is the Exploration, Appraisal, Development and Production Operations in respect of a Gas Field.

1.63 "**Gas Field**" means an area consisting of a single Reservoir or multiple Reservoirs all grouped on, or related to, a common geological structure or stratigraphic feature, from which Non-Associated Gas may be produced and which is designated as such by ROC pursuant to the approval of a Declaration of Commerciality.

1.64 "**Gas Processing Plant Products**", expressed in BOE, means the Dry Gas, LPG, Natural Gasoline and Condensate that are derived from the processing of Gas in facilities constructed pursuant to an approved Plan. In the case of an Oil Field, they shall not constitute part of the Net Oil Production Rate, but shall generate Remuneration.

1.65 "**Government**" means the legislative and executive branches of the federal government of the Republic of Iraq.

1.66 "**Gross Negligence**" or "**Willful Misconduct**" means any unjustifiable act or omission by Senior Supervisory Personnel which constitutes an intentional, deliberate, reckless or conscious disregard of the Best International Petroleum Industry Practices or terms of this Contract in connection with Petroleum Operations.

1.67 "**Hydrocarbons**" means carbon and hydrogen compounds including other elements and compounds that occur naturally alongside irrespective of the physical state.

1.68 "**Infrastructure Fund**" means the fund, managed and controlled by the Ministry of Oil in co-ordination with the local government, established to fund infrastructure projects in the Governorates where the Contract Areas are located.

1.69 "**Incidental Income**" means income arising under the Contract other than Remuneration and recovery of Petroleum Costs.

1.70 "**Internal Rate of Return**", or "**IRR**" means the discount rate that makes the sum of the discounted net cash flows from any given point forward equals to zero (0).

1.71 "**Joint Management Committee**" or "**JMC**" means the committee formed pursuant to Article 13.

1.72 "**Joint Operating Company**" or "**JOC**" means the company to be established in the Republic of Iraq pursuant to Article 9 for taking over the conduct of Petroleum Operations in accordance with Addendum Three.

1.73 "**Law**" means any constitution, law, decree, resolution, statute, ordinance, rule, directive, instruction, order, treaty, code or regulation and any injunction or final non-appealable judgment, as adopted, enacted, issued, promulgated or ratified by the Government or, unless otherwise provided for herein, as such may from time to time, be amended or repealed.

1.74 "**LIBOR**" or "**London Inter-Bank Offered Rate**" means the interest rate determined as the arithmetic average (rounded upward to the nearest one thousandth of a percentage point) of the offered three-month rates for deposits in Dollars as published by the Financial Times (London Edition) on the date which is one (1) business day prior to the beginning of an interest period until the end of that interest period. Should the Financial Times rate not be published for a period of seven (7) consecutive days, the Wall Street Journal (New York Edition) shall be used.

1.75 "**LPG**" means liquefied petroleum gas, normally a mixture of propane and butane.

1.76 "**Minimum Expenditure Obligation**" means that amount which shall be spent by Contractor as specified in Article 6.

1.77 "**Minimum Work Obligation**" means the minimum work commitment undertaken by Contractor under Article 6, and Annex E.

1.78 "**MSCF**" means one thousand (1,000) SCF.

1.79 "**MMSCF**" means one million (1,000,000) SCF.

1.80 "**MMSCFD**" means MMSCF per day.

1.81 "**Natural Gas Liquids**" or "**NGLs**" means the propane and heavier components of Natural Gas that can be classified according to their vapor pressures; as low vapor pressure (Condensate), intermediate vapor pressure (Natural Gasoline) and high vapor pressure (LPG).

1.82 "**Natural Gasoline**" means the pentane and heavier part of Natural Gas Liquids with a vapor pressure intermediate between Condensate and LPG; having a boiling point within the range of gasoline. It is liquid at atmospheric pressure and temperature; but volatile and unstable; can be blended with other hydrocarbons to produce commercial gasoline.

1.83 "**Natural Gas Condensate**" or "**Condensate**" is the low vapor pressure part of NGL; a mixture of hydrocarbon liquids that are present as gaseous components in the raw Natural Gas produced from the Contract Area. It condenses out of the raw Gas if the temperature is reduced to below the hydrocarbon dew point temperature of the raw Gas. It contains hydrocarbons that are liquid at normal surface temperature and pressure.

1.84 "**Net Crude Oil Production**", over a certain period of time, means the volume of Crude Oil in Barrels, actually produced during the said period of time, saved and not used for Petroleum Operations, treated to certain specifications provided in Annex G and

according to the approved Development Plan, measured and received by Transporter at the Transfer Point.

1.85 "**Net Dry Gas Production**", over a certain period of time, means all the Standard Cubic Feet of Dry Gas actually produced during the said period of time and not used for Petroleum Operations, treated to certain specifications provided in Annex G, after extraction of Natural Gas Liquids, and according to the approved Development Plan, measured and received by Transporter at the Transfer Point(s**)**.

1.86 "**Net Dry Gas Production Rate**", in MMSCFD, means the Net Dry Gas Production for a certain period of time divided by the number of days in that period of time.

1.87 "**Net NGL Production**", over a certain period of time, means the volume of NGLs, actually produced during the said period of time, saved and not used for Petroleum Operations, treated to certain specifications according to the approved Development Plan, measured and received by Transporter at the Transfer Point.

1.88 "**Net Oil Production Rate**" in BOPD, means the Net Crude Oil Production for a certain period of time divided by the number of days in that period of time.

1.89 "**Net Production**" means, for any Quarter or part of a Quarter, (a) in the case of an Oil Field, the sum of Net Crude Oil Production, Net NGL Production and Net Dry Gas Production, and (b) in the case of a Gas Field, the sum of Net Dry Gas Production and Net NGL Production, and, where approved by ROC, Net Crude Oil Production; all expressed in BOE.

1.90 "**Non-Associated Gas**" means Natural Gas, which is found in a Reservoir that does not contain significant quantities of Crude Oil relative to the volume of Natural Gas.

1.91 "**Official Selling Price**" or "**OSP**" means SOMO's declared price for each Iraqi Export Oil.

1.92 "**Oil Block**" refers to the primary focus of a Contract, which is the Exploration, Appraisal, Development and Production Operations in respect of an Oil Field.

1.93 "**Oil Field**" means an area consisting of a single Reservoir or multiple Reservoirs all grouped on, or related to, a common geological structure or stratigraphic feature, from which Crude Oil may be produced and which is designated as such by ROC pursuant to the approval of a Declaration of Commerciality.

1.94 "**Operating Cost**" means Contractor's costs, expenses, duties, fees, and charges related to Production Operations pursuant to the Accounting Procedures.

1.95 "**Operator**" means the entity that is designated to conduct Petroleum Operations under this Contract being either Contractor's Operator, or the Joint Operating Company, all in accordance with Article 9 and Addendum Three.

1.96 "**Outline Development Proposal**" means as defined in Article 3.7.

1.97 "**Participating Interest**" means, in respect of each Company, the undivided share expressed as a percentage for such Company's participation in the rights, benefits, privileges, duties, liabilities and obligations of Contractor.

1.98 "**ppm**" means parts per million.

1.99 "**Petroleum**" means all Hydrocarbons produced and saved from the Contract Area.

1.100 "**Petroleum Costs**" means recoverable, or potentially recoverable costs and expenditures incurred and payments made by Contractor and/or Operator in connection with or in relation to the conduct of Petroleum Operations (except corporate income taxes paid in the Republic of Iraq or elsewhere, or as otherwise stipulated herein)

determined in accordance with the provisions of this Contract and the Accounting Procedures.

1.101 "**Petroleum Operations**" means any and all Exploration, Appraisal, Development and Production Operations and other activities related thereto, including measurement and transportation of Petroleum to the Transfer Point(s), and Abandonment operations including site restoration and decommissioning under this Contract.

1.102 "**Plan**" means the Exploration, Appraisal, Development, Production, or Abandonment Plan, as applicable, and any Revisions or approved amendments thereto.

1.103 "**Planning Price**", for the purposes of the approval of the Declaration of Commerciality pursuant to Article 3.7(c), means: (a) for Crude Oil, the weighted average of SOMO's declared OSPs for the Delivery Point for the Americas, Europe and the Far East, for the Quarter preceding the Quarter in which the Declaration of Commerciality is submitted to ROC, (b) for Dry Gas, the price per BOE is assumed to be fifty percent (50%) of the preceding assumed price for Crude Oil.

1.104 "**Plateau Production Period**" means the period that is specified in the approved Development Plan in respect of an Oil Field or a Gas Field.

1.105 "**Plateau Production Target**" means (a) in the case of an Oil Field, the Net Oil Production Rate, or (b) in the case of a Gas Field, the Net Dry Gas Production Rate to be achieved and sustained for the Plateau Production Period in the relevant approved Development Plan.

1.106 "**Potentially Commercial Discovery**" means a Discovery that appears capable of becoming a Commercial Discovery and for which an Appraisal Plan is to be submitted pursuant to Article 3.4.

1.107 "**Procurement Procedures**" means the tendering, bidding and contract awarding procedures for goods and services to be submitted by Operator for JMC's approval pursuant to Article 9.22(b).

1.108 "**Production Measurement Point**" means the point(s), immediately upstream of a Transfer Point, where Net Crude Oil Production, Net Dry Gas Production or Net NGL Production is measured.

1.109 "**Production Operations**" means any and all operations related to production, treatment, processing, measurement, transportation and storage of Petroleum, and the extraction of Natural Gas Liquids from Natural Gas, including (but not limited to) workovers, stimulations, remediation, restoration, operating, staffing, supervising, repairing, decommissioning and maintaining of any and all wells, plants, equipment, pipelines, tank-farms, terminals and all other installations and facilities.

1.110 "**Provisional Export Oil Price**", in US Dollars per Barrel, means the weighted average of SOMO's declared OSPs at the Delivery Point(s) of the Export Oil for all destinations, for the last Month of the Quarter, or the Month preceding such Month if such price is not available.

1.111 "**Potentially Recoverable Exploration and Appraisal Costs**" means those Exploration and Appraisal costs incurred and not previously incorporated into a Development Plan for cost recovery purposes in accordance with Article 19.2.

1.112 "**Remaining Production**", in BOE**,** means the volume that remains from Net Production in any Quarter after deducting Cost Production.

1.113 "**Remaining Revenue**", in US Dollars, means, for a given Quarter, the Remaining Production expressed in Barrels of Oil Equivalent, multiplied by the Weighted Average Price in US Dollars per BOE for that Quarter.

1.114 "**Remuneration**" means the compensation due to Contractor under Article 19 and the Accounting Procedures.

1.115 "**Remuneration Fee Bid**" or **"RFB"** means _____ Dollars and _____ cents (US$ _.__) per BOE bid as utilized in Article 19.3.

1.116 "**Reservoir**" means one (1) or more subsurface strata producing or capable of producing Hydrocarbons. The strata shall have a common system of pressure in their entirety and be completely surrounded by impermeable rock, or impermeable cap rock and water-bearing permeable rock at the base.

1.117 "**Revision**", in respect of a Plan or Work Program and Budget, has the meaning given in Articles 12.4 and 12.3, respectively.

1.118 "**R-Factor**" is the ratio of cumulative Cash Receipts to cumulative Expenditures in the conduct of Petroleum Operations pursuant to Article 19.4.

1.119 "**Senior Supervisory Personnel**" means in respect of any Party, any individual who functions as its senior resident manager directing all operations and activities of such Party in the country or region in which he is resident, and any manager who directly reports to such senior resident manager in such country or region, but excluding all managers or supervisors who are responsible for or in charge of installations or facilities, onsite drilling, construction or production and related operations, or any other field operations.

1.120 "**SOMO**" means Iraq Oil Marketing Company or its successors.

1.121 "**Specific Costs**" means those De-mining, Infrastructure Fund and environmental remediation costs incurred and not previously incorporated into an approved Development Plan for cost recovery purposes.

1.122 "**Standard Cubic Foot**" or "**SCF**" when applied to Gas means the volume of Gas that occupies one (1) cubic foot of space measured dry under an absolute pressure of fourteen point six nine **s**ix (14.696) pounds per square inch and a temperature of sixty (60) degrees Fahrenheit.

1.123 "**Sub-Contractor**" means any company or person contracted by Contractor or Operator to provide goods or services with respect to Petroleum Operations.

1.124 "**Tax**" means as defined in Article 23.

1.125 "**Tax Year**" means the period of twelve (12) consecutive Months according to the Gregorian calendar for which tax returns or reports are required according to the Law.

1.126 "**TCF**" means trillion cubic feet.

1.127 "**Term**" means the term of this Contract as defined in Article 3.

1.128 "**Training, Technology and Scholarship Fund**" means the fund established pursuant to Article 26.2.

1.129 "**Transfer Point**" means the inlet flange, located within or proximate to the Contract Area, of an outgoing pipeline from a Production Measurement Point(s) where Transporter shall receive Net Oil Production, Net Dry Gas Production and Net NGL Production from Operator.

1.130 "**Transporter**" means the entity(s) designated by ROC to operate the Transportation Facilities and Transportation Systems for transporting Petroleum from the Transfer Point(s) pursuant to Article 17 and Addendum Two.

1.131 "**Transportation Facilities**" means the pipelines, pumps, compressors, tanks, meters, and other transportation facilities that are built by Operator beyond the Transfer Point(s) for transporting Petroleum pursuant to this Contract.

1.132 "**Transportation System**" means, at any time, Transportation Facilities and all other facilities under control of the Transporter beyond the Transfer Point.

1.133 "**Unitization and Redetermination Agreement**" means an agreement for the recovery of oil and gas from more than one Contract Area under a single Development Plan.

1.134 "**Weighted Average Price**" means, for any Quarter, the Deemed Revenue divided by the Net Production, expressed in US Dollars per BOE, subject to any adjustments where Deemed Revenue has been calculated pursuant to Article 10.8(b).

1.135 "**Well**" means a borehole that is drilled in order to (a) discover or appraise a Hydrocarbon accumulation, (b) produce Hydrocarbons or water, (c) inject Gas, water or any other medium, or (d) to map or monitor Well or Reservoir parameters.

1.136 "**Work Program**" means an itemization and time schedule of the Petroleum Operations to be carried out under this Contract.

1.137 "**Year**" means a period of twelve (12) consecutive months according to the Gregorian calendar, starting on some date or any anniversary of the date.

(End of Article 1)

ARTICLE 2 –SCOPE OF CONTRACT

2.1 This Contract is an Exploration, Development and Production Service Contract for a Contract Area designated as a [Gas or Oil] Block, in accordance with the provisions herein contained. It includes forty-three (43) Articles, Annexes A, B, C, D, E, F,G and H and Addenda One, Two, Three and Four attached hereto and made part hereof.

In the event of any inconsistency or conflict between the provisions of the Contract Articles and the Annexes or the Addenda, the provisions of the Contract Articles shall prevail to the extent of the inconsistency or conflict.

2.2 Subject to the provisions of this Contract, approved Plans and Work Programs and Budgets, and in accordance with Best International Petroleum Industry Practices, Contractor shall be obliged to:

(a) carry out Petroleum Operations, for and on behalf of ROC, to explore for, study, appraise, develop and produce any Commercial Discovery(s) within the Contract Area;

(b) achieve the Commercial Production Rate, and the Plateau Production Target, each as set out in an approved Development Plan;

(c) annually assess and determine the volume of petroleum reserves and resources in the Contract Area; and

(d) provide all capital, machinery, equipment, technology, personnel and services necessary for carrying out Petroleum Operations.

2.3 Subject to the provisions herein, Contractor shall be entitled to the recovery of Petroleum Costs and the payment of Remuneration.

2.4 At all times during the Term of this Contract, the Companies shall be jointly and severally responsible for all obligations and liabilities of Contractor under this Contract.

(End of Article 2)

ARTICLE 3 – CONTRACT TERM AND PERIODS

3.1 This Contract shall come into force on the Effective Date. The Term shall be for a maximum of thirty (30) Years for an Oil Field and forty (40) Years for a Gas Field, excluding any possible extension under Articles 3.8(a) and 3.8(b), any holding period under Article 3.7(e), and any suspension period under Article 31.4. The Term shall consist of two (2) periods:

(a) Exploration Period, which shall include Exploration Operations, Appraisal Operations and De-Mining activities; and

(b) a separate Development Period for each Development Area, if any.

3.2 Exploration Period:

The duration of the Exploration Period shall be five (5) Years.

3.3 Exploration Period Extension

The Exploration Period may be extended sequentially:

(a) by a period of two (2) Years if Contractor has satisfied its obligations pursuant to Article 6.1 and Contractor has undertaken to drill an Exploration Well during the extension period as agreed with ROC; or

(b) in the event Contractor makes a Discovery immediately prior to the end of the seventh (7^{th}) year of the Exploration Period, and pursuant to Article 3.4(b) Contractor notifies ROC that the Discovery is a Potentially Commercial Discovery, Contractor may apply to ROC to extend further the duration of the Exploration Period in respect of just that area covered by an Appraisal Plan for a maximum of two (2) Years to carry out Appraisal Operations. In the event of such a request, ROC shall grant an extension if and to the extent reasonably warranted to carry out the requested Appraisal Operations.

3.4 Notice of Discovery

(a) In the event of a Discovery Contractor shall immediately notify ROC in writing.

(b) Within thirty (30) days of completing drilling and well-site operations, Contractor shall submit a written report setting forth all relevant information with respect to the Discovery, and incorporating its reasoned opinion as to whether or not the Discovery is a Potentially Commercial Discovery.

3.5 Multiple Discoveries in a Single Development Area

(a) Notwithstanding Article 3.4, Contractor may, at any time, apply to ROC, or ROC may request Contractor, to evaluate more than one exploration prospect or Discovery with the intention that these could be subject to a single Development Plan within a single Development Area. If ROC approves such application then the Parties shall agree a suitable timetable for the Exploration and Appraisal activities within the context of the area being evaluated, and timelines laid out in Articles 3.2, 3.3, 3.4, 3.6 and 3.9(a).

(b) In the event that any Discovery or exploration prospect included in the application made pursuant to Article 3.6(a) is believed to extend beyond the Contract Area and into an area not at that time awarded to a third party, Contractor may apply for the Contract Area to be extended to include the identified extension(s) and ROC may, at its sole discretion, modify the Contract Area to include some or all of the applied-for extension(s).

3.6 Appraisal Plan

(a) If, pursuant to Articles 3.4 and 3.5, Contractor notifies ROC that the Discovery or multiple Discoveries is a Potentially Commercial Discovery, then Contractor shall prepare and submit, within two (2) months of such notification, or such longer period as ROC may agree, a proposed Appraisal Plan along with a Work Program and Budget. The proposed Appraisal Plan shall be designed to carry out an adequate and effective Appraisal of the Discovery(s) and determine:

(i) in the shortest reasonable period, whether such a Discovery or multiple Discoveries is a Commercial Discovery; and

(ii) with reasonable precision, the boundaries of the area to be delineated as the Development Area.

(b) ROC shall review the Appraisal Plan together with its relevant Work Program and Budget, and shall within two (2) months give its approval or, after consultation with Contractor, request reasonable changes or modifications to the same. The Appraisal Plan together with the Work Program and Budget submitted by Contractor and approved by ROC shall be adopted as the Appraisal Plan and Contractor shall promptly commence implementation thereof.

3.7 Declaration of Commerciality

(a) Within three (3) months of completion of the approved Appraisal Plan referred to in Article 3.6, or such longer period as ROC may agree, Contractor shall submit to ROC a written report setting forth the results and conclusions of the Appraisal Plan. If, in the opinion of Contractor, such conclusions indicate that the Discovery or the multiple Discoveries is a Commercial Discovery, Contractor shall also submit a Declaration of Commerciality and an Outline Development Proposal. To further the objectives of Article 3.10(c), in respect of any Discovery, the Declaration of Commerciality may contemplate that the Discovery would be developed within an existing Development Area and integrated with an existing Development Plan and in such event the Outline Development Proposal shall take the form of a proposed Revision to such existing Development Plan.

(b) The Declaration of Commerciality and the Outline Development Proposal shall, in particular, incorporate the following information:

(i) the proposed Development Area;

(ii) the Reservoir(s) that are the subject of the Outline Development Proposal;

(iii) thickness and the areal extent of the Reservoir(s);

(iv) petrophysical properties of the Reservoir(s) including core analysis;

(v) chemical composition, physical properties and the quality of Petroleum discovered including PVT and other laboratory analysis;

(vi) statement as to whether a Discovery should be approved as an Oil Field or a Gas Field; Hydrocarbons in place and estimate of reserves and resources;

(vii) productivity indices for the Well(s) tested at various flow rates;

(viii) production capacity of the Reservoir(s);

(ix) statement and schedule of Specific Costs and Potentially Recoverable Exploration and Appraisal Costs, incurred prior to this Declaration of Commerciality;

(x) projected Capital Costs and Operating Costs from the Effective Date to the end of the Development Period, on a Quarterly basis, without any assumptions of future inflation or cost escalation;

(xi) production schedule on a Quarterly basis to the end of the Development Period, including the Commercial Production Rate, Plateau Production Target and Plateau Production Period and a statement of Estimated Production;

(xii) economic analysis, in a functional electronic spreadsheet based on the Planning Price, production and cost schedule. This shall include, both from the Effective Date and from the date of the Declaration of Commerciality, to the end of the Development Period:

- the expected pre-tax project IRR;
- the expected pre-tax project net present value discounted at zero percent (0%) and at ten percent (10%);

- the expected after-tax IRR to Contractor based on the Remuneration Fee Bid, which shall in no event be subject to renegotiation;
- the expected after-tax net present value to Contractor discounted at zero percent (0%) and at ten percent (10%); and
- for the purpose of these calculations Contractor shall also include signature bonus and payments made pursuant to Articles 26.3 and 26.6.

(xiii) in respect of a Declaration of Commerciality that contemplates a Discovery to be included within an existing Development Area, the economic analysis referred to in Article 3.7(b)(xii) shall in addition demonstrate the incremental economics associated with the Discovery to be included within such existing Development Area.

(c) Within three (3) months of receipt, ROC shall review and evaluate the Declaration of Commerciality and the Outline Development Proposal referred to in Articles 3.7(a) and 3.7(b) and notify Contractor of its approval or otherwise of the Declaration of Commerciality. During this period ROC may request any additional information it deems necessary in order to complete its evaluation of the Declaration of Commerciality.

In respect of a Declaration of Commerciality that contemplates the production of [Crude Oil in a Gas Block] or [Non-Associated Gas in an Oil Block], the Parties shall meet and negotiate any proposed adjustments to the Remuneration Fee Bid or a separate fee in respect of Remuneration for any production of [Crude Oil in a Gas Block] or [Non-Associated Gas in an Oil Block]. ROC shall approve any Declaration of Commerciality where Contractor has demonstrated to the reasonable satisfaction of ROC Estimated Production of at least two hundred (200) million Barrels of Oil Equivalent. Notwithstanding the foregoing, ROC may approve, but shall have the right to reject, any Declaration of Commerciality where(i) the Declaration of Commerciality indicates Estimated Production of less than two hundred (200) million Barrels of Oil Equivalent, (ii) where Contractor has failed to demonstrate, to the reasonable satisfaction of ROC, Estimated Production of at least two hundred (200) million Barrels of Oil Equivalent, (iii) regardless of the Estimated Production, the Declaration of Commerciality contemplates a Discovery being developed and integrated with an existing Development Area, or (iv) the Outline Development Proposal contemplates the production of Crude Oil in a Gas Block.

(d) If, pursuant to Article 3.7(c), ROC does not approve the Declaration of Commerciality, then the Parties shall meet and discuss in good faith to try and resolve this matter within two (2) months. If within this period the Parties are unable to resolve this matter, then the matter may be referred within a further thirty (30) days by either Party to an independent Expert in accordance with Article 37.3, and whose finding shall be either to approve or reject the Declaration of Commerciality. The decision of the Expert shall be binding on both Parties. If the Expert decides against the Declaration of Commerciality, the cost of the Expert shall not be recoverable. Should the Parties be unable to agree upon the selection of an Expert, the choice of Expert shall be referred to and be made by the President of the Society of Petroleum Engineers or a similar competent organization.

(e) Notwithstanding Article 3.7(c), in the case of an Oil Discovery, ROC may approve a Declaration of Commerciality but require a holding period of a maximum of seven (7) Years prior to the Development. In this event, ROC shall reimburse, within (3) three months, Contractor all Specific Costs plus interest at a rate of LIBOR plus five percent (5%) from the end of each Quarter when a cost was incurred up to the date of notification of the holding period. ROC shall also reimburse Contractor the Potentially Recoverable Exploration and Appraisal Costs, but without interest. Specific Costs and accrued interest thereon and Potentially Recoverable Exploration and Appraisal Costs shall count together in the determination of the R-Factor pursuant to Article 19.4.

(f) At any time within the holding period ROC may decide to, and in any event at the end of the holding period, ROC shall invite Contractor to submit within six (6) months of such notification a Development Plan in accordance with Article 3.9.

(g) Solely in respect of any Development subject to Article 3.7(e), and notwithstanding Article 3.7(f), Contractor may elect not to proceed with the Development Plan. In such an event Contractor shall relinquish all rights to the Commercial Discovery and the Development Area related thereto and the provisions of Articles 8.1(e)(ii) and 8.1(e)(iii) shall apply with respect to such Commercial Discovery and the Development Area related thereto. ROC shall, within three (3) months of such election, reimburse Contractor Specific Costs not reimbursed pursuant to Article 3.7(e) or subsequently incorporated into another Development Plan, plus interest at a rate of LIBOR plus five percent (5%) from the end of each Quarter when a cost was incurred up to the date of notification of the holding period. ROC shall also reimburse Contractor the Potentially Recoverable Exploration and Appraisal Costs not reimbursed pursuant to Article 3.7(e) or subsequently incorporated into another Development Plan, plus interest for the duration of the holding period only at a rate of LIBOR plus three percent (3%).

3.8 Development Period

(a) A separate Development Area shall be created for each approved Development Plan, and shall have a maximum duration of twenty (20) Years for an Oil Field and thirty (30) Years for a Gas Field, in each case measured from the date of the Development Plan approval. In respect of an Oil Field only, no later than one (1) Year prior to the expiry of the Development Period, Contractor may submit a written request to ROC for an extension of this Period for a maximum of five (5) Years, which shall be subject to newly negotiated terms and conditions.

(b) In considering any Development Plan in respect of a Gas Field, ROC may permit specified Petroleum Operations to be deferred for a period to be agreed by the Parties to allow additional time to secure access to adequate offtake arrangements. ROC may at any time during such deferral period by written notice require Contractor to submit an updated Development Plan for approval. The Term shall be extended by a period of time equal to the duration of the deferral period.

(c) At the end of a Development Period this Contract shall expire in respect of the relevant Development Area.

3.9 Development Plan(s)

(a) Except in the case of Articles 3.7(e) and 3.7(g), within six (6) months of the approval date of a Declaration of Commerciality, or such longer period as ROC

may agree, Contractor shall prepare and submit for ROC's approval a Development Plan in accordance with the provisions of Article 11. The Development Plan shall be designed to carry out an optimized and effective Development of the Commercial Discovery consistent with Best International Petroleum Industry Practices. Except as otherwise provided pursuant to Article 3.7(g), ROC shall approve or otherwise the proposed Development Plan in accordance with the procedures and timelines set out in Article 12.

(b) Once the Development Plan is approved, Contractor shall have the obligation to implement such Development Plan in accordance with the terms set forth in this Contract.

3.10 Development Area(s)

(a) There may be more than one Development Area within the Contract Area; each having its own Declaration of Commerciality and Development Plan. Each Development Area shall be sufficient to encompass the geographical limits and, if appropriate, the vertical or stratigraphic limits, of the Commercial Discovery(s) made within the Contract Area. One or more additional areas beyond the limits of the Commercial Discovery(s) may be granted by ROC at its sole discretion in order to accommodate the possibility of extensions to the existing Commercial Discovery(s) or nearby exploration prospects.

(b) If, subsequent to the establishment of a Development Area, there is evidence that one or more Reservoirs subject to a Development Plan extend outside the Development Area, ROC shall:

(i) extend the Development Area in accordance with Article 3.10(a) if the extension is into a part of the Contract Area still covered by the Exploration Period;

(ii) at its sole discretion act as an Adjacent Party for the purposes of Article 3.11 or extend the Development Area in accordance with Article 3.10(a) if the extension is outside of the Contract Area and into an area not at the time subject to an award to a third party; and

(iii) require that Contractor enters into a Unitization and Redetermination Agreement if the extension is outside of the Contract Area and into an area that is at the time subject to an award to a third party.

(c) Notwithstanding the possibility of multiple Development Areas, Contractor shall plan and conduct Petroleum Operations in a forward-looking, coordinated, integrated and cost-effective manner especially in respect of common facilities for processing, storage and transportation.

3.11 Unitization and Redetermination Agreement

(a) In the event that a Commercial Discovery extends beyond the boundary of the Contract Area, or any Development Area into an area that is at the time the subject of an award by ROC to either a third party or to one or more Affiliates of Contractor (in either event, an "Adjacent Party"), then ROC may require Contractor to enter into discussions with the Adjacent Party with the purpose of agreeing the key principles of a Unitization and Redetermination Agreement to develop and produce the Commercial Discovery pursuant to a single Development Plan within a single Development Area. ROC may participate in the said discussions.

(b) Upon failure of Contractor to reach agreement with the Adjacent Party on the key principles within three (3) months, or if ROC does not approve that agreement, ROC may prepare, or cause to be prepared, its own Unitization and Redetermination Agreement with which Contractor and the Adjacent Party shall comply.

(c) If Contractor does not wish to proceed with the Unitization and Redetermination Agreement prepared by ROC pursuant to Article 3.11(b) or Article 3.11(e) then that part of the Commercial Discovery lying within the Contract Area shall be relinquished effective upon notification by ROC.

(d) In the event that a Discovery extends beyond the boundary of the Contract Area, or any Development Area into an area that is at the time subject to an award by another ROC to either a third party or to one or more Affiliates of Contractor then the same principles as set out in Article 3.11(a), 3.11(b) and 3.11(c) shall apply, except that all approvals will be required to be given jointly by ROC and the other ROC.

(e) In the event that any Discovery extends across international boundaries, ROC shall be the Party representing Contractor in any international Unitization and Redetermination Agreement and all terms and conditions agreed thereto by ROC shall, after consultation with Contractor, be binding on Contractor.

(f) Notwithstanding any other statutory approval requirements, a Unitization and Redetermination Agreement shall require the approval of ROC before becoming effective.

(g) In the event of relinquishment required pursuant to this Article 3.11, the provisions of Article 8.1(e)(ii) and 8.1(e)(iii) shall apply with respect to the related Commercial Discovery and the Development Area related thereto. ROC shall, within three (3) months of such relinquishment, reimburse Contractor Specific Costs, plus interest at a rate of LIBOR plus five percent (5%) from the end of each Quarter when a cost was incurred up to the date of notification of relinquishment by ROC. ROC shall also reimburse Contractor the Potentially Recoverable Exploration and Appraisal Costs, but without interest.

3.12 Unsuccessful or Non-Commercial Exploration

This Contract shall be deemed to have expired and the entire Contract Area relinquished:

(a) at the end of the Exploration Period if there has been no Declaration of Commerciality by Contractor; or

(b) at the later of the end of the Exploration Period or, if one or more Declaration(s) of Commerciality have been made by Contractor, such date as all have been rejected by ROC and Contractor has either declined to refer such rejection(s) to an Expert pursuant to Article 3.7(d) or any such referral was unsuccessful in causing a Declaration of Commerciality to be approved.

In the event of such relinquishment, the provisions of Articles 8.1(e)(ii) and 8.1(e)(iii) shall apply, and Contractor shall only be reimbursed Specific Costs plus interest at a rate of LIBOR plus five percent (5%) from the end of each Quarter when a cost was incurred up to the date when this Contract is deemed to have expired. Such reimbursement shall be made within three (3) months of the expiry of this Contract.

(End of Article 3)

ARTICLE 4 – SIGNATURE BONUS

Within thirty (30) days from the Effective Date each Company shall deposit into a bank account designated by ROC its respective pro-rated Participating Interest of the non-recoverable signature bonus of _____ million Dollars (US$ _____,000,000).

(End of Article 4)

ARTICLE 5 – RELINQUISHMENT

5.1 Contractor shall relinquish to ROC:

(a) at the end of the fifth (5^{th}) year of the Exploration Period, any part of the Contract Area not subject to an extension pursuant to Article 3.3(a), or not included in a Development Area, or not subject to a Declaration of Commerciality;

(b) at the end of the seventh (7^{th}) year of the Exploration Period, any part of the Contract Area not subject to an extension pursuant to Article 3.3(b), or not included in a Development Area, or not subject to a Declaration of Commerciality;

(c) within three (3) Years from the approval date of a Development Plan, or such later date as may be agreed by ROC, any Reservoir for which Development Operations are not being conducted and progressing in accordance with that Development Plan;

(d) any area related to a Commercial Discovery pursuant to Article 3.7(g); or

(e) any area related to a Commercial Discovery pursuant to Article 3.11(c).

5.2 ROC shall be free to explore, appraise, develop or produce any relinquished part of the Contract Area, including any Reservoirs relinquished in accordance with Article 5.1, taking care not to hinder or unduly interfere with the Petroleum Operations.

5.3 Upon relinquishment of any part of the Contract Area, Contractor shall:

(a) pursuant to Article 42 remove all equipment and installations from the relinquished area; and

(b) pursuant to Articles 41 and 42 perform all necessary site restoration and take all actions necessary to prevent hazards to human life, the property of third parties, and the environment.

(End of Article 5)

ARTICLE 6 – MINIMUM WORK AND EXPENDITURE OBLIGATION

6.1 During the first five (5) Years of the Exploration Period, Contractor shall be obliged to:

(a) Provide or arrange to provide all required services necessary to execute the Minimum Work Obligation set out in Annex E for the following activities:

(i) preparation of the Exploration Plan and Work Program;

(ii) conduct of seismic surveys, including processing and interpretation thereof; and

(iii) drilling of an Exploration Well (or where Contractor has not identified, on the basis of the seismic surveys conducted pursuant to Article 6.I(a)(ii), a

prospect suitable for drilling such Exploration Well, conduct seismic surveys in the Contract Area, including processing and interpretation thereof, as described in (b)(ii) of Annex E.

(b) Meet a Minimum Expenditure Obligation by spending _____ million Dollars (US$ ___,000,000) on Exploration Operations. In the event the Minimum Expenditure Obligation has not been satisfied during the first five (5) Years of the Exploration Period and the Contract has been terminated, Contractor shall pay ROC an amount equal to the unspent portion of the Minimum Expenditure Obligation. Notwithstanding the foregoing, if the Minimum Work Obligation in respect of the first five (5) Years of the Exploration Period has not been satisfied and the Contract terminated solely by reason of unsuccessful or non-commercial Exploration as contemplated by Article 3.12, the Minimum Expenditure Obligation shall be deemed to have been satisfied.

6.2 Notwithstanding Article 6.1, Contractor shall (i) invest sums consistent with the amounts and timing contemplated in approved Plans, subject to the terms and conditions set forth in this Contract, and (ii) where Contractor has an approved Development Plan, conduct seismic surveys in an amount sufficient to satisfy the volume specified in Annex E (b)(ii).

6.3 The performance of each Company and the fulfillment of its contractual and financial obligations under this Contract shall be guaranteed by its ultimate parent company through an instrument in the form set out in Annex F. Such guarantee shall be effective as of the Effective Date and shall be delivered to ROC on the date of execution hereof in respect of Companies, and as provided in Article 28 in respect of assignees. At the request of a Company, ROC may agree that the guarantee shall be provided by a Company's Affiliate instead of the ultimate parent entity of such Company, provided that such Affiliate shall be a substantial operating company. In such event the requesting Company shall provide such information as ROC may request to establish the suitability of the Affiliate, including without limitation information concerning the Affiliate's ownership and organizational relationships, operations and financial condition. It is required that any such Affiliate shall currently operate production outside the Republic of Iraq of at least two hundred and fifty thousand (250,000) Barrels of Oil Equivalent per day.

6.4 The Ministry of Oil shall provide to Companies a guarantee through an instrument substantially in the form set out in Annex F, to guarantee the performance of Transporter, ROC, OEC, SOMO and any other Iraqi State entity in their fulfillment of their respective contractual and financial obligations under this Contract. Such guarantee shall be effective as of the Effective Date and shall be delivered to Companies at date of execution hereof.

(End of Article 6)

ARTICLE 7 – ROC'S ASSISTANCE

The Parties acknowledge that time is of the essence and ROC shall, in good faith, provide or procure the provisions of any approval, consent or review required under this Contract in a timely manner.

As permitted by the Law, ROC shall:

7.1 Provide Contractor with such pertinent technical data, if any, (in addition to information provided to Companies during the tender process) which may become available from time to time, to be used exclusively for Petroleum Operations;

7.2 Ensure that the Contract Area, including all other areas where Petroleum Operations are required under this Contract, shall be free of any claims by third parties;

7.3 Provide adequate security, through the Iraqi armed forces, within the Contract Area and any other areas in the Republic of Iraq in which Petroleum Operations or operations related to the Transportation Facilities are conducted including during travel to and from such areas. ROC shall be solely liable for the conduct of all security operations by the Iraqi armed forces and Contractor shall not have any liability or obligation to any party for any acts or activities of the Iraqi armed forces or be obliged to reimburse ROC for the cost and expense of providing security as contemplated herein. However, in the event that Contractor can demonstrate that the security being provided is inconsistent with its HSE policies and Best International Petroleum Industry Practices, the Parties hereby agree that supplementary measures shall be implemented by Contractor, including the short-term engagement of competent private security providers licensed to operate in the Republic of Iraq; such costs being considered Petroleum Costs, which measures shall be reviewed from time to time in response to changes in security conditions;

7.4 Provide assistance and shall use its best efforts to seek the assistance of and/or cooperation by any regional, district and/or local government or other representative, agency or authority of the Government to Contractor and Operator as may reasonably be required to secure and renew all entry visas or work permits for employees of Contractor and Operator or Sub-Contractors and their dependents, all permits and registrations required for each Company to open and maintain a branch in the Republic of Iraq, all customs and other clearances required for imports and exports of equipment and supplies required for Petroleum Operations, and assist Contractor and Operator in obtaining the office space, its equipment, accommodation, communication facilities and permits, way-leaves, easements, rights of way, licenses and renewals thereof, all for the purpose of conducting Petroleum Operations;

7.5 Provide Contractor and Operator free of charge:

(a) access to the Contract Area including the existing roads and bridges leading to it and other areas where Petroleum Operations are required;

(b) access to and use of water, including water for injection within or outside the Contract Area, for the purpose of Petroleum Operations, provided that all installations for off-take, treatment, distribution, and disposal of water shall be the responsibility of Contractor; and

(c) use of Petroleum for Petroleum Operations.

7.6 In the event of unintentional infringement on petroleum operations of either Party, the Parties shall convene to agree in good faith on a proper course of action, safeguarding the interests of both Parties.

(End of Article 7)

ARTICLE 8 –TERMINATION

8.1 Termination by ROC

(a) By giving Contractor three (3) months written notice ROC may terminate this Contract if Contractor commits a material breach of an obligation under this Contract, including but not limited to:

(i) Contractor knowingly submitting a false statement to ROC which is of material consideration for the execution of this Contract;

(ii) being the last remaining Company assigning any interest, right or obligation under this Contract contrary to the provisions of Article 28;

(iii) Contractor, a Company or their Affiliates: either violating in any material respect a Law, including, without limitation, any directive or instruction of the Government (including the Ministry of Oil); or entering into any contractor agreement relating to the exploration, appraisal, development or production of Hydrocarbons in the Republic of Iraq, that has not been approved by, or consented to by, the Government;

(iv) Contractor failing in any material respect to execute the Minimum Work Obligation or comply with approved Exploration Plans, Appraisal Plans, or related Work Programs or Budgets;

(v) Contractor failing in any material respect to execute approved Development Plans, or related Work Programs or Budgets; or

(vi) the last remaining Company, or its parent company or Affiliate that provided the guarantee pursuant to Article 6.3, becoming bankrupt or being declared insolvent.

(b) In respect of a breach pursuant to Article 8.1(a)(iii), that termination shall be effected only in respect of the Company or Companies violating a Law.

(c) In respect of a breach pursuant to Articles 8.1(a)(iv) and 8.1(a)(v), ROC may determine, in its sole discretion, that termination shall be effected only in respect of the relevant Development Area(s).

(d) If Contractor has remedied its breach pursuant to Article 8.1(a) within the three (3) month notice period, ROC shall consider the notice as no longer being in effect. If ROC reasonably believes that Contractor is taking reasonable measures to remedy the breach and its efforts look promising, then ROC shall extend the notice period accordingly.

(e) If ROC terminates this Contract in accordance with Articles 8.1(a) or 8.1(h) Contractor shall:

(i) forfeit accrued but unpaid Specific Costs, Petroleum Costs, including Potentially Recoverable Exploration and Appraisal Costs, and Remuneration;

(ii) forfeit all its future rights and interests under this Contract or the Development Area or the proposed Development Area, as applicable, as from the date of termination;

(iii) release and hold harmless ROC from any and all actions, claims, demands and proceedings that may arise out of such termination other than in respect of a dispute in relation to such termination; and

(iv) pay ROC any unspent portion of the Minimum Expenditure Obligation.

(f) If Petroleum Operations within a Development Area or the Contract Area are suspended or substantially curtailed due to Force Majeure, the Parties shall

immediately convene to agree on the period of suspension, and the nature and scope of the anticipated costs and expenses that each Party is prepared to sustain during this period. At any time during the suspension period, the Parties may convene and agree to extend or shorten the suspension period. Upon the expiry of the agreed suspension period, or if no suspension period has been agreed by the Parties within three (3) months of the notice required by Article 31.2, each Party shall have the right to terminate the Contract by giving two (2) months written notice to the other Party. Upon such termination the provisions of Articles 8.1(e)(ii) and 8.1(e)(iii) shall apply, and within three (3) months of such written notice, ROC shall reimburse Contractor for:

(i) any unpaid Specific Costs plus interest at a rate of LIBOR plus five percent (5%) from the end of each Quarter when a cost was incurred up to the date when this Contract is deemed to have been terminated;

(ii) any accrued but unpaid Petroleum Costs (including Potentially Recoverable Exploration and Appraisal Costs) incurred prior to the date of suspension; and

(iii) any accrued but unpaid Remuneration earned prior to the date of suspension.

(g) If Contractor suspends its obligations in respect of Petroleum Operations in a Development Area or the Contract Area by order or decree of the government of the home country of any of the Companies or their parent companies, ROC shall have the right to assume full responsibility for Petroleum Operations in respect of that Development Area or Contract Area in any way it deems appropriate after giving Contractor one (1) month written notice to this effect. However, if such suspension continues for a period exceeding one (1) Year, ROC shall have the right to terminate this Contract in respect of that Development Area or Contract Area after giving Contractor two (2) months written notice. Upon such termination, all the provisions of Article 8.1(e) shall apply and Contractor shall be entitled to no other compensation whatsoever. However, if at any time during the period when Contractor has suspended its obligations and prior to the end of the termination notice, Contractor gives ROC notice that it is able and willing to resume its obligations with respect to Petroleum Operations, ROC and Contractor shall agree on the best course of action to resume Contractor's obligations and on the payment by ROC of any outstanding Petroleum Costs and Remuneration that were due to Contractor prior to the period of suspension. It is understood that Contractor shall not be entitled to any Petroleum Costs and Remuneration during the period of suspension.

(h) If Contractor fails to establish a normal presence in the Republic of Iraq, as manifested by the deployment of necessary personnel and equipment required to conduct Petroleum Operations within six (6) months after the approval of the Exploration Plan, and in due consideration of Articles 7, 9.1 and 31.5, ROC shall have the right to terminate this Contract after giving Contractor two (2) months written notice. Upon such termination, the provisions of Article 8.1(e) shall apply, and Contractor shall not be entitled to any compensation.

(i) ROC may terminate this Contract in respect of any Company with immediate effect by giving Contractor written notice in case of a violation of general business ethics contrary to the provisions of Article 43.

8.2 Termination by Contractor

(a) If Contractor elects to terminate this Contract before the end of its Term, Contractor shall give ROC three (3) months written notice to this effect giving reasons for such election.

(b) If by the end of the notice period the Parties have not agreed on a course of action other than termination, then Contractor may terminate this Contract after giving ROC a further one (1) month written notice. Upon such termination, the provisions of Article 8.1(e) shall apply.

8.3 In the event a notice of termination is provided pursuant to Article 8.1 or 8.2, ROC and Contractor shall meet to review a plan and procedures for the transfer to ROC's control of all facilities and equipment relating to Petroleum Operations and all documents, manuals, data and information regarding the use and operation of such facilities and equipment so that the ROC personnel are able to assume the operatorship of Petroleum Operations within three (3) months of notice of termination.

8.4 In the event of termination of this Contract (whether by ROC or by Contractor), in accordance with this Article 8, Contractor hereby warrants that it shall not obstruct, hinder or otherwise interfere with Petroleum Operations. Contractor shall render to ROC all related facilities, Wells, equipment, machinery, documents, Data, samples, books of accounts and manuals belonging to the Contract Area for no compensation.

8.5 Except as otherwise provided in this Contract, the provisions of this Contract that by their nature survive termination or expiry of this Contract (including indemnities, liabilities, audit, confidentiality, governing law and arbitration) shall remain in full force and effect for a period of three (3) Years after such termination or expiry.

8.6 The provisions of Article 8 shall not prejudice the Parties' rights to refer any dispute in relation to the termination of this Contract to be resolved in accordance with Article 37.

(End of Article 8)

ARTICLE 9 – CONDUCT OF PETROLEUM OPERATIONS

9.1 The Parties agree that substantially all of Contractor's personnel engaged in Petroleum Operations shall be located in the Republic of Iraq, and, within a maximum period of nine (9) Months from the Effective Date substantially all activities related to Petroleum Operations shall be managed and executed from Contractor's office(s) inside the Republic of Iraq. Notwithstanding the foregoing, ROC may agree that certain of Contractor's personnel engaged in Exploration or Appraisal Operations be located outside of the Republic of Iraq during all or part of the Exploration Period.

9.2 ROC may delegate to OEC during the Exploration Period some or all of its rights and obligations in respect of Exploration and Appraisal Operations. Such delegation shall automatically terminate in respect of any Development Area and at the end of the Exploration Period.

9.3 Until ROC opts for the formation of a JOC, pursuant to this Article 9, Contractor's Operator shall conduct Petroleum Operations under the general supervision and control of a JMC formed pursuant to Article 13. In the event that permission is granted to a third party(s) to operate within the Contract Area such as for operations that are not related to Petroleum Operations, or for operations involving Reservoir(s) that have been relinquished pursuant to Article 5, ROC shall take necessary measures to ensure that such operations within the Contract Area shall not obstruct, hinder, or unduly interfere

with Petroleum Operations. ROC shall indemnify and hold Contractor harmless of any damage, cost, or delay caused by or resulting from any such third party operations.

9.4 Contractor appoints _____ to serve as Contractor's Operator to conduct Petroleum Operations before the establishment of the JOC. In the event of the creation of a JOC, and as from the Date of Transfer of Operatorship, Contractor's Operator shall continue to share management and activities of the JOC for the efficient and smooth conduct of Petroleum Operations.

9.5 Contractor shall not change Contractor's Operator without the prior written consent of ROC.

9.6 At any time after the end of the Exploration Period and after Contractor first achieves an R-Factor equaling or exceeding one point zero (1.0) in the first Development Area created, ROC shall have the option to call for the formation of a Joint Operating Company (JOC), which shall be jointly owned and managed by the Parties but funded by Contractor. The JOC shall serve as Operator and conduct Petroleum Operations on behalf of the Parties under the general supervision and control of a Board of Directors in accordance with this Contract and Addendum Three, and all in accordance with approved Development Plans, Work Programs and Budgets. A single JOC, once formed, will serve as Operator for all Development Areas under this Contract.

9.7 Within one (1) Year of ROC's decision for the formation of the JOC, the Parties shall establish the JOC consistent with the JOC Heads of Agreement, which is set out in Addendum Three.

9.8 The Parties shall agree in due time to a plan and a procedure for the transfer of operatorship from Contractor's Operator to the JOC, taking into consideration that the transfer plan shall include but not be limited to:

(a) an arrangement for the establishment of the JOC;

(b) a list of the various positions to be taken over by the JOC;

(c) a schedule of transfer stages which culminates in the completion of the transfer within one (1) Year of the date on which the JOC comes into existence pursuant to Article 9.6;

(d) inventories of the relevant facilities, equipment, documents, manuals, data and information necessary for the Petroleum Operations;

(e) an initial organization chart, including manpower strength of JOC, terms and conditions of assignment of personnel to JOC, and positions to be filled by assigned ROC and Contractor's personnel; and

(f) a program which ensures a substantive transition of all operational and management positions necessary for Petroleum Operations from Contractor's expatriate personnel to Iraqi nationals over the Term of this Contract.

9.9 Contractor's Operator shall, in accordance with the transfer schedule, transfer to the JOC control of all facilities and equipment relating to Petroleum Operations and all documents, manuals, Data and information regarding the use and operation of such facilities and equipment so that the JOC personnel are able to manage and operate such facilities and equipment in accordance with the Best International Petroleum Industry Practices.

9.10 The transfer of the accounting and financial matters shall be handled in accordance with the Accounting Procedures.

9.11 During the preparations for the transfer of operatorship to the JOC and in the course of the actual transfer, Contractor's Operator shall perform the functions and fulfill the obligations provided for in this Contract in respect of Petroleum Operations. Thereafter, the functions, obligations and rights of the Operator provided for in this Contract shall, by analogy, be applicable to the JOC in accordance with the provisions of this Contract and Addendum Three.

9.12 After the JOC has taken over conduct of Petroleum Operations and has become Operator, Contractor shall continue to have the obligation of joint management of JOC and a major role in all the planning, decisions, surveillance, and day-to-day conduct of Petroleum Operations. In general, Contractor shall make available its managerial and technological skills and personnel to JOC to ensure that Petroleum Operations are performed in accordance with the Best International Petroleum Industry Practices. In particular, Contractor shall continue to prepare and submit for ROC's approval annual Work Programs and Budgets, Exploration Plans, Appraisal Plans, Development Plans, and their Revisions. The establishment of the JOC shall in no way relieve Contractor of its obligations under this Contract.

9.13 Not later than the twentieth (20^{th}) day of each Month, the Operator shall provide Contractor with a detailed written estimate of its total cash requirements for the succeeding Month expressed in Dollars, in accordance with approved Work Programs and Budgets. Such estimate shall take into consideration any cash expected to be on hand at Month end. Payment by Contractor for the succeeding Month shall be made directly to the bank designated pursuant to Article 9.14 on the first (1st) day of the Month, or the next following working day, if such day is not a working day.

9.14 Operator is authorized to keep at its own disposal abroad, in an account opened with a bank with a minimum credit rating of “A” in the publications of the Standard and Poor’s Rating Group (or equivalent of Fitch Ratings or Moody’s Investors Service), the foreign funds advanced by Contractor. Interest or similar income generated by the account shall be credited to the account. Withdrawals from said account shall be used for payment for goods and services abroad and for transferring to a local bank in the Republic of Iraq the required amounts to meet expenditures in Dinars for the Operator in connection with Petroleum Operations, converted at the applicable rate of exchange available as published by the Iraqi Central Bank on the date of conversion. Within two (2) months after the end of each Financial Year, Operator shall submit to the appropriate exchange control authorities in the Republic of Iraq a statement, duly certified by a recognized firm of independent auditors, showing the funds credited to the account, the disbursements made out of the account and the balance outstanding at the end of such Financial Year.

9.15 Operator shall diligently conduct Petroleum Operations in compliance with the Law, and in accordance with Best International Petroleum Industry Practices.

9.16 Operator's activities aboveground and underground shall be designed to achieve efficient and safe production of Petroleum from the Contract Area. Operator shall ensure that all materials, equipment, and facilities used in Petroleum Operations comply with generally accepted engineering norms, are of proper and acceptable construction, and are kept in good working order throughout the Term. The Parties shall, at least one (1) Year before the expiry of this Contract, agree on a detailed procedure for handing-over Petroleum Operations and related facilities to ROC as a going concern.

9.17 Operator shall take all appropriate and necessary measures, in accordance with the Law, to safeguard the environment and prevent pollution which may result from Petroleum Operations, and to minimize the effect of any pollution which may occur.

9.18 Each of ROC, Contractor and Operator shall take all appropriate and necessary measures, in accordance with the Law and international standards to uphold transparency, accountability and the strict observance of general business ethics and anti-corruption laws and regulations. ROC, Contractor and Operator shall develop procedures and guidance documents to secure compliance with the above.

9.19 Operator shall conduct Petroleum Operations in accordance with the provisions of this Contract under the general supervision and control of the JMC or BOD, as the case may be.

9.20 Operator shall be obliged to:

(a) provide all personnel required for the Petroleum Operations, giving first priority to Iraqi nationals, provided the Iraqi nationals have the required qualifications and experience;

(b) without prejudice to Contractor's right to occupy positions in the JOC, adhere to employment and training programs which shall aim at the Iraqization of Operator's manpower; all pursuant to a plan to be submitted by the Operator for approval by the JMC or BOD no later than three (3) Years from the approval date of the first Development Plan;

(c) maintain a list of Sub-Contractors and suppliers (vendor list) of proven capability and professional experience, to be approved by ROC. No sub-contract or purchase order in excess of five hundred thousand Dollars (US$500,000) shall be awarded to a Sub-Contractor or supplier not on the approved vendor list;

(d) utilize approved Sub-Contractors and suppliers on a competitive basis and in accordance with the Procurement Procedures established pursuant to Article 9.22(b), keeping the JMC or BOD informed accordingly. Any purchase order and sub-contract shall be in accordance with approved Work Programs and Budgets.

Operator may approve awards of any individual purchase order or sub-contract up to the lesser of three percent (3%) of the approved Budget or ten million Dollars (US$10,000,000) in value provided that details of bids received and the basis for the award shall be provided to ROC with each Quarterly Statement.

Prior approval must be obtained before award of any individual purchase order or sub-contract, giving details of bids received and the basis for the recommended award, as follows:

(i) by JMC or BOD for awards above the lesser of three percent (3%) of the approved Budget or ten million Dollars (US$ 10,000,000), and up to and including fifty million Dollars (US$ 50,000,000) in value; and

(ii) by ROC for awards above fifty million Dollars (US$ 50,000,000) in value, where such written approval shall not to be unreasonably withheld, provided if the total period taken by ROC exceeds forty-five (45) days then approval of any such purchase order or sub-contract is deemed to have been provided by ROC. If ROC communicates within the specified period its non-approval of the award in question then the matter shall be promptly referred to the senior management of the Parties for resolution; and

(e) prepare and issue reports pursuant to Article 15, and provide any further information as may reasonably be required by ROC.

9.21 Operator shall place fixtures and installations inside and outside the Contract Area as necessary to carry out Petroleum Operations, in accordance with approved Plans. Transportation Facilities that are integrated into the Transportation System shall be handed over upon completion and commissioning to the Transporter, which will thereafter be responsible for the operation and maintenance thereof, in accordance with the provisions of Addendum Two and the subsequent Petroleum Transfer Agreement.

9.22 Promptly after the Effective Date, but not later than six (6) months thereafter, Operator shall prepare and submit for JMC approval, in accordance with Article 12, the following procedures:

(a) Employment Procedures covering:

(i) personnel regulations for locally recruited personnel including scales of salaries, wages, benefits, and all allowances applicable to the respective grade of staff and employees, together with employment requirements such as standard job descriptions and qualifications to fill the jobs, all in accordance with the Law and local market conditions. Equitability of basic salaries and terms of employment between Iraqis and non-Iraqis of similar qualification and experience shall be observed, with allowances and special benefits as appropriate for non-Iraqis; and

(ii) all charges arising from assigned personnel referred to in Annex C, during their assignment for Petroleum Operations, including without limitation salaries, benefits and allowances to be paid;

(b) Procurement Procedures covering tendering, bidding and contract awards for engineering, seismic, drilling, construction, purchasing materials and equipment, and other service contracts all on a competitive basis (unless otherwise agreed by the JMC or BOD and approved by ROC), taking into account the provisions of this Contract, Best International Petroleum Industry Practices and the Law;

(c) Accounting Procedures to be adopted by Operator based on the provisions of Annex C; and

(d) Procedures for the implementation and administration of the Training, Technology, and Scholarship Fund.

9.23 The Parties agree to undertake, or cause JOC to undertake, in due time planning in respect of the transfer of operatorship to ROC at the expiry or earlier termination of this Contract, which plans shall address all necessary and appropriate matters to assure the continuation of Petroleum Operations without interruption and in a safe and efficient manner. It is understood and agreed that such plan(s) shall at a minimum be of the same detail and scope as the transition arrangements described in Article 9.8.

9.24 As contemplated in the plan(s) prepared in accordance with Article 9.23, the Operator shall transfer to ROC's control all of the facilities and equipment relating to Petroleum Operations and all documents, manuals, Data and information regarding the use and operation of such facilities and equipment so that the ROC personnel are able to manage and operate such facilities and equipment.

(End of Article 9)

ARTICLE 10 – GAS AND NATURAL GAS LIQUIDS

10.1 Gas shall not be flared except pursuant to the Law, and as provided herein.

10.2 Operator may use the Gas produced from the Contract Area for Petroleum Operations under this Contract free of charge, including injection or re-injection into Reservoir(s) for the purpose of pressure maintenance, enhanced recovery or temporary storage, or any other purpose included in an approved Development Plan.

10.3 With the prior consent of ROC, Operator may flare Gas in limited volumes for testing and maintenance purposes, and, without the prior consent of ROC, in the event of an emergency provided, however, that the period and volume of Gas flaring in all cases shall be kept to the absolute minimum.

10.4 Contractor shall submit to the JMC or BOD a Development Plan, or as a part of it in the case of an Oil Field, proposed economically and technically feasible schemes for treating, processing, utilization and/or disposal of the Gas produced from the Contract Area and not used in Petroleum Operations. Contractor shall finance and build the necessary facilities to treat and process Gas, in accordance with an approved Plan.

10.5 If agreed in an approved Plan, Contractor shall finance and/or build Transportation Facilities downstream of the Transfer Point. Transportation Facilities built by Contractor related to the transportation of Petroleum beyond the Transfer Point, as defined in Annex G, shall be handed over upon completion and commissioning to the relevant Iraqi entity designated by ROC, which shall thereafter be responsible for the operation and maintenance thereof. All costs and expenses incurred by Contractor in connection with this Article shall be recovered as Petroleum Costs.

10.6 In the case of an Oil Field, Gas Processing Plant Products that are delivered to ROC at the Transfer Point(s) shall not constitute a part of the Net Oil Production Rate but generate Remuneration as provided under Article 19.3.

10.7 In respect of each Calendar Quarter during the Term, ROC shall take and pay for, or pay for if not taken, the Net Dry Gas Production from a Gas Field scheduled to be delivered in accordance with the approved Work Program for such Calendar Quarter. In respect of any Calendar Quarter the obligation to take, or pay for if not taken, Net Dry Gas Production in this Article 10.7 shall be reduced by the volume of Net Dry Gas Production scheduled to be delivered that (a) Contractor fails to deliver for any reason attributed to Contractor's default, and (b) ROC fails to take due to Force Majeure or temporary operational constraints beyond the control of ROC. The volume of Net Dry Gas Production in any Calendar Quarter that ROC is obliged to take, or pay for if not taken, shall be further reduced where planned maintenance or any agreed construction or other activity has the effect of reducing deliveries from those reflected in the approved Work Program for such Calendar Quarter. For the purposes of determining ROC's obligation to pay for Net Dry Gas Production not taken, Contractor shall demonstrate, in a manner consistent with certification procedures normal in such circumstances, the Net Dry Gas Production Rate that Wells and facilities are capable of producing and delivering to ROC in such Calendar Quarter in accordance with the approved Work Program. For purposes of this Article 10.7, the obligation of ROC to "pay for" Net Dry Gas Production means the payment of Petroleum Costs and Remuneration as contemplated in this Contract.

10.8 Notwithstanding Article 10.7, the volume of Net Dry Gas Production to be paid for but not taken:

(a) shall, for the purposes of calculating Remuneration, be limited to the lesser of eighty percent (80%) of the approved production schedule or, unless agreed otherwise with ROC, five hundred (500) MMSCFD from the Development Area; and

(b) shall be considered “Net Dry Gas Production” for all purposes under this Contract except in the case of calculating the Deemed Revenue, where the greater of fifty percent (50%) of the approved production schedule or the actual Net Dry Gas Production shall be used.

10.9 ROC shall have the right to take, and Contractor shall be obliged to make available to ROC, the Dry Gas paid for but not taken during any Quarter in accordance with Articles 10.7 and 10.8 over the remaining Term at the times and to the extent requested by ROC and without the requirement for payment of any kind. Contractor’s obligation to make available additional quantities of Dry Gas during any period shall be subject to any adjustments under Articles 10.7 and 10.8 and limited to those quantities of Dry Gas that can be delivered through available facilities during such period (over and above that needed for the delivery of Net Dry Gas Production scheduled for delivery during such period) in accordance with the Work Program then in effect and Best International Petroleum Industry Practices.

10.10 In the event it is subsequently determined that Contractor was not capable of delivering the Net Dry Gas Production in any Quarter in respect of which payments have been made by ROC for Dry Gas not taken under Articles 10.7 and 10.8, then each of the Petroleum Costs and Remuneration payable shall be recalculated and any excess payments received by Contractor shall be repaid to ROC through a compensating adjustment in the invoice for the next Quarter(s) following such determination with interest payable on the excess payments at LIBOR plus five percent (5%).

10.11 ROC shall have the right to approve or disapprove the development and production of any Oil Reservoir discovered within a Development Area designated as a Gas Field.

10.12 In the case of sour gas Contractor shall extract and make available the sulfur to ROC in the form of granules, flakes or bars and shall be saved in an appropriate and safe manner.

10.13 ROC and Contractor may enter into a separate agreement in respect of the commercialization of Dry Gas in markets outside of the Republic of Iraq, including without limitation the development of export infrastructure.

(End of Article 10)

ARTICLE 11 – PLANS AND WORK PROGRAMS

11.1 Contractor shall carry out Petroleum Operations under this Contract in accordance with approved Plans, Work Programs and Budgets.

11.2 Within six (6) months from the Effective Date, Contractor shall submit for ROC’s approval the Exploration Plan setting forth the proposed Exploration activities on the Contract Area during the Exploration Period, including required De-mining activities, along with an Exploration Work Program and Budget for the remainder of the current Calendar Year.

11.3 No later than first October of each Calendar Year Contractor shall submit for approval by JMC or BOD, as the case may be, a Work Program and Budget setting forth the Petroleum Operations which Contractor shall carry out during the next Calendar Year, along with any update to the Exploration Plan, Appraisal Plan(s) or Development Plan(s) and monthly schedule of planned production.

11.4 Contractor shall use advanced Exploration techniques, consistent with Best International Petroleum Industry Practices, in exploring for Hydrocarbons within the Contract Area.

The Exploration Work Program and Budget, and updated Exploration Plan, shall include but not be limited to:

(a) objectives and results expected to be achieved;

(b) specification of De-Mining activities to be undertaken during the Exploration Period, including references to particular activities described in the Exploration Plan and maps of the area(s) proposed to be de-mined;

(c) specification of the Exploration Operations to be carried out, including geological, geophysical, and geochemical surveys and drilling;

(d) proposed location maps for any seismic lines to be acquired;

(e) proposed acquisition geometries, parameters and coverage density for any 2D or 3D seismic lines to be acquired;

(f) detailed location maps and geological cross-sections for Exploration Wells and horizons of interest; office studies to be performed;

(g) any hazardous activities to be conducted;

(h) details regarding security arrangements; and

(i) any access, transportation or utility requirements.

11.5 Any Appraisal Plan prepared pursuant to Articles 3.5 or 3.6 shall include, but not be limited to:

(a) location map of the Discovery Well(s);

(b) formation test, core and fluid analysis results from the Discovery Well(s);

(c) acquisition program for 3D seismic (and 2D, if proposed);

(d) drilling program, including detailed location maps for the Appraisal Wells;

(e) coring, formation testing and logging programs;

(f) such other tests or evaluation as may be required in order to classify the Discovery as an Oil Field or a Gas Field; and

(g) timetable and schedule for the activities.

11.6 All Plans and production schedules shall be based on sound geological, reservoir, engineering, economic, and health, safety and environmental principles, all in accordance with the Best International Petroleum Industry Practices, and with the objective of optimizing production and maximizing the volume of Petroleum to be recovered from the Development Area which shall, in no event, be less than the Estimated Production. A Development Plan shall envisage Petroleum Operations over the entire life of the Field(s), and include but not be limited to the following information:

(a) executive summary providing a description of development strategy and development concept, as well as the rationale for the choices that have been made, including a summary of the economic, technical, environmental and safety aspects of the proposed development;

(b) maps for each Reservoir showing the development area; gas, oil and/or water contact outlines; existing and proposed Wells;

(c) field description, including static and dynamic Reservoir descriptions and models;

(d) estimates of Hydrocarbons initially in place and Oil, Gas and NGL reserves over the life of the Field(s) in accordance with SPEPRMS guidelines;

(e) depletion plan, including: Reservoir development plan; production technology to be used; expected Well design and performance; description of production and processing facilities to be installed;

(f) production profiles for Oil, Dry Gas, NGLs, water and sulfur (if applicable) on an annual basis for the duration of the Contract, including specifying the target for the First Commercial Production Date, the proposed Plateau Production Target and Plateau Production Period. Unless agreed otherwise by ROC, the Commercial Production Rate shall be achieved within four (4) Years of the date of approval of the Development Plan;

(g) proposed Well co-ordinates and types of Wells (e.g., producers, injectors, vertical, horizontal, fractured vertical or fractured horizontal);

(h) a map showing the surface location of all proposed facilities and the Wells each will serve; other facilities in the area;

(i) information on facilities for transportation or utilization of Petroleum;

(j) locations of the Production Measurement Point(s) and Transfer Point(s);

(k) details of proposed environmental assessments in accordance with Article 41;

(l) an outline plan for the Abandonment of Wells, decommissioning of facilities and site restoration as a basis for the Abandonment Plan prepared pursuant to Article 42.2;

(m) project schedule; Capital Costs and Operating Costs on an annual basis for the duration of this Contract;

(n) details of commercial arrangements relating to the use of any third party facilities or pipelines;

(o) descriptions of any phasing of development or future investment requirements;

(p) proposals relating to any additionally required Appraisal;

(q) a description of any Petroleum processing and transportation agreements or other off-take arrangements, including the principal terms of such arrangements, the location of the relevant Production Measurement, Transfer and Delivery Point(s), and any Transportation Facilities to be constructed;

(r) a statement and schedule of Potentially Recoverable Exploration and Appraisal Costs, and Specific Costs incurred prior to the Declaration of Commerciality and to be recovered from this Development Area;

(s) other issues unique to the development in question that may be required following discussions with ROC; and

(t) an updated economic analysis of the development prepared pursuant to Article 3.7(b)(xii), including cash flows on an undiscounted basis and at a ten percent (10%) discount rate, discounted to both the Effective Date and the date of the Declaration of Commerciality, for both the project and the Contractor.

(End of Article 11)

ARTICLE 12 – APPROVALS

12.1 No Petroleum Operations shall be carried out unless and until the Plan and relevant Work Program and Budget, have been duly approved in accordance with this Article 12, except as otherwise agreed between the Parties in respect of preparatory works.

12.2 Contractor shall prepare and submit to the JMC, or the BOD, in a timely manner its proposals concerning the Plans, or their Revisions as well as the annual Work Programs and Budgets or their Revisions, and the Employment, Accounting and Procurement Procedures; all accompanied by supporting studies, data and information, for approval in accordance with the following procedure:

(a) within thirty (30) days of receiving Contractor's initial proposal, or ten (10) days of receiving a revised proposal in respect of an annual Work Program and Budget, or any of the Employment, Accounting or Procurement Procedures, the JMC or BOD shall either approve the proposal or return it to Contractor with recommended changes. Contractor shall, within a further fourteen (14) days of receiving recommended changes, amend the documents in accordance with such recommended changes and re-submit the proposal to the JMC or BOD for approval;

(b) within two (2) months of receiving Contractor's proposed Plan, or thirty (30) days of receiving a Revision, the JMC or BOD shall review the Plan or Revision and pass to ROC for endorsement or return to Contractor with recommended changes. Contractor shall amend the Plan or Revision in accordance with such recommended changes and re-submit to the JMC or BOD for recommendation to ROC no later than twenty (20) days thereafter;

(c) within thirty (30) days of receiving a Plan or Revision from the JMC or BOD, ROC shall approve or withhold approval for such Plan or Revision. ROC shall not unreasonably withhold approval for a Plan or Revision and in the event ROC withholds approval of a Plan or Revision it shall provide written advice to Contractor giving the reasons for its withholding approval;

(d) it is understood that the Parties shall make their best endeavors to expedite the approval process through close interaction and consultation, and, if necessary, through the intervention of their senior managements; and

(e) if certain line items of an annual Work Program or Budget remain unresolved after submission to senior management, the Parties agree that Contractor and Operator will be authorized to act as though the most recent submission by Contractor, less the unresolved line items, has been approved until such time as final resolution of the disputed items has occurred.

12.3 Time periods in Article 12.2 shall be subject to appropriate extensions corresponding to any delay resulting from Force Majeure or as otherwise agreed between the Parties. If the total period taken for approval and endorsement by ROC of Plans exceeds the allowed duration of seven (7) months, then the Term together with all rights and obligations hereunder shall be extended to reflect the time taken for approvals over and above that allowed. After the approval of the annual Work Program and Budget by the JMC or BOD, it shall be implemented by Operator under the general supervision and control of the JMC or BOD. Operator may make minor changes to the details of an approved Work Program or Budget, provided, however, such changes shall not change the budgeted amount for each major line item by more than ten percent (10%), change the total approved Budget by more than five percent (5%), or alter the general objectives of the Work Program. Otherwise, the change shall be considered a Revision calling for

the JMC's or BOD's prior approval unless such changes are warranted under emergency or extraordinary circumstances requiring immediate action, including but not limited to safeguarding lives or property, and protection of the environment. Such emergency changes shall be reported by Operator to the JMC or BOD and ROC within five (5) days.

12.4 Any modification to an approved Plan that alters the general objectives of that Plan or changes the total estimated cost by more than ten percent (10%) shall be considered a Revision which shall be subject to approval in accordance with this Article 12.

12.5 ROC shall have the right to review the proposed level of production in respect of any proposed or approved Work Program and may, upon written notification, require Contractor and/or Operator to modify the rate of production from the Contract Area for any of the following reasons:

(a) to avoid material damage to reservoirs;

(b) for health, safety or environmental considerations;

(c) for short-term operational requirements required to bring Petroleum Operations into compliance with Best International Petroleum Industry Practices;

(d) for Government imposed curtailment; or

(e) for curtailments due to failure of Transporter to receive Dry Gas, NGLs or Crude Oil at Transfer Points through no fault of Contractor or Operator.

12.6 During any period when the rate of production is decreased due to production curtailment imposed under Article 12.5(d) or Article 12.5(e):

(a) in respect of a Gas Field, the provisions of Article 10.7 shall apply on the basis of the volumes in the production schedule in the approved Work Program in effect prior to the curtailment; and

(b) in respect of an Oil Field, the Parties shall agree, in good faith and as soon as practical, a mechanism to compensate Contractor, which may include a revised production schedule or an extension to the Term or any other reasonable alternative.

12.7 In case of a reduction of production of Crude Oil as per Article 12.5(d), ROC shall apply such reduction in a non-discriminatory manner to all of its production. In the event of a reduction of Petroleum production as per Article 12.5(e), ROC shall apply such reduction in a non-discriminatory manner to all producers sharing the affected facilities. ROC may, at any time by written notice, request Contractor to fund and Operator to execute specific works or build specific facilities not included in approved Plans or associated Work Programs and Budgets, whether within or outside the scope of this Contract. If agreed by Contractor, Operator shall amend the Development Plan or the relevant Work Program and Budget within two (2) months of receiving such notice. All costs associated with the construction and operation of the additional facilities or works paid for by Contractor shall be considered Petroleum Costs. If Contractor does not agree to fund and execute the specific works and build the specific facilities included in such request, ROC shall have the right, directly or through a third party, to perform the work, taking care not to hinder or unduly interfere with Petroleum Operations.

(End of Article 12)

ARTICLE 13 – JOINT MANAGEMENT OF PETROLEUM OPERATIONS

13.1 The Parties shall establish, within thirty (30) days from the Effective Date, the Joint Management Committee (JMC) for the purpose of general supervision and control of Petroleum Operations until the Date of Transfer of Operatorship (after which date the functions of the JMC shall be transferred to the BOD and the JMC disbanded). Unless agreed otherwise, ROC shall nominate ____ (__) members, including the chairman. Contractor shall nominate ____ (__) members, including the deputy chairman and the secretary. The Parties shall also designate one alternate to each of their members and shall promptly inform each other in writing of any change of the members or alternates.

13.2 JMC or BOD shall have the following duties and authorities related to Petroleum Operations:

(a) review and recommendation of Plans and any Revisions thereof;

(b) review and recommendation of Declaration of Commerciality;

(c) review and approval of annual Work Programs and Budgets, production schedules, and any Revisions thereof;

(d) review and approval of Employment Procedures, Procurement Procedures and Accounting Procedures pursuant to Article 9;

(e) review and/or approval of the award of contracts to Sub-Contractors and purchase orders as applicable pursuant to Article 9.20(d);

(f) approval of training programs and Iraqization plans for integrating Iraqi personnel into various aspects of Petroleum Operations, pursuant to Articles 9.20(a) and (b) and 26.2;

(g) supervision and control of the implementation of approved Exploration Plans, Appraisal Plans, Development Plans and Work Programs and the overall policy of Operator;

(h) review and approval of manpower levels and organization chart of Operator;

(i) review of quarterly statements, annual accounts and other financial statements related to Petroleum Operations;

(j) review of periodical and other reports submitted by Contractor or Operator and issue comments and recommendations to ensure proper implementation of Petroleum Operations in accordance with the provisions of this Contract; and

(k) recommendation of the appointment of the independent auditor pursuant to Article 20.4.

13.3 Decisions of the JMC shall be taken by unanimous vote of the members or their alternates present at the meeting or by proxy. The quorum shall be at least _____ (___) members or alternates of each Party. Decisions taken by the JMC shall be recorded in official minutes signed by the members present and communicated by the Operator to the Parties. In the event that the JMC is unable to reach a unanimous decision in respect of any issue for which it is responsible under this Contract, then the issue shall be promptly referred to the senior management of the Parties for resolution.

13.4 JMC shall meet whenever necessary or expedient for the implementation of this Contract and at any time a Party requests a meeting to be held. In any event the JMC shall meet at least four times per Year, ideally every Quarter. A meeting of the JMC may be convened by either Party giving not less than twenty (20) days prior written notice to the other Party or, in a case requiring urgent action, by giving reasonable shorter notice,

with decisions by way of circulated written resolutions. Operator shall prepare and communicate to the members of the JMC the agenda and necessary documents no less than fourteen (14) days prior to such meetings (or as soon as possible in the case of a meeting requiring urgent action). Either Party may add, with seven (7) days prior notice except in the case of emergency, any matter related to Petroleum Operations.

13.5 JMC may adopt such procedures as it deems appropriate regarding the conduct of its functions, meetings, and other related matters. For the purpose of facilitating the conduct of its functions, the JMC may appoint such appropriate sub-committees as shall from time to time be required.

13.6 All reasonable costs incurred by Contractor and approved by the JMC for the carrying out of JMC's or its sub-committees' duties shall be considered as Petroleum Costs.

13.7 Decisions made by JMC or BOD shall not release Contractor from its obligations under this Contract.

(End of Article 13)

ARTICLE 14 – DATA AND SAMPLES

14.1 All original data and samples obtained by Contractor or the Operator in carrying out Petroleum Operations shall be the property of ROC.

14.2 Contractor and Operator shall provide ROC, free of charge, with copies of any and all data obtained as a result of Petroleum Operations including, but not limited to, geological, geophysical, geochemical, petrophysical, engineering, well logs, maps, magnetic tapes, cores, cuttings and production data as well as all interpretative and derivative data, including reports, analyses, interpretations and evaluation prepared in respect of Petroleum Operations (hereinafter referred to as "Data"). Contractor and Operator shall have the right to make use of such Data, free of charge, for the purpose of Petroleum Operations.

14.3 Contractor and Operator may retain copies or samples of material or information constituting the Data for use in Petroleum Operations and, with the approval of ROC, original material. Where such material is capable of reproduction or division, and when originals have first been delivered to ROC, Contractor and Operator may export samples or other reproduced material for processing or laboratory examination or analysis, giving priority to conduct such analysis in the Republic of Iraq. Contractor and Operator shall guarantee the proper handling and keeping of exported samples, and that such exports shall be returned to the Republic of Iraq within a maximum period of two (2) months from the date of completion of any study, analysis or processing thereof, except for the consumable samples and materials.

14.4 Contractor and Operator shall save and keep in the Republic of Iraq, for a minimum period of one (1) Year, representative portions of each sample of cores and cuttings taken from drilled Wells, to be disposed of or forwarded to ROC in a manner directed by ROC.

14.5 Contractor shall work with ROC to cause the establishment of entities and organizations in the Republic of Iraq capable of analyzing and processing Data obtained during Petroleum Operations.

(End of Article 14)

ARTICLE 15 –REPORTS AND RECORDS

15.1 Operator shall report in writing to the Parties the progress of Petroleum Operations, in a form specified by ROC and as may be modified from time to time, according to the following schedule:

(a) within fourteen (14) days of the end of each Month covering the previous Month;

(b) within one (1) Month of the last day of March, June, September and December covering the previous Quarter; and

(c) within three (3) Months of the last day of December covering the previous Calendar Year.

15.2 A report under Article 15.1 shall contain, without limitation, the following in respect of the period which it covers:

(a) details of Petroleum Operations and the factual information obtained;

(b) description of the area in which Contractor and Operator have operated;

(c) account of the expenditure on Petroleum Operations in accordance with the Accounting Procedures;

(d) maps indicating all bore-holes, Wells and other Petroleum Operations; and

(e) details of all sub-contracts awarded.

15.3 Contractor and Operator shall prepare at all times accurate and current records of their operations. Such records shall be maintained by Contractor and Operator in accordance with procedures to be established by Contractor and approved by the JMC or BOD, and in accordance with Best International Petroleum Industry Practices.

15.4 Operator's reports and records on Petroleum Operations shall be maintained and kept inside the Republic of Iraq and comply with the Law.

(End of Article 15)

ARTICLE 16 – ACCESS AND INSPECTION

16.1 ROC's duly authorized inspectors shall, upon written prior notice to the Operator and Contractor, have access to the Contract Area and any other area where Petroleum Operations are being carried out, for the purpose of inspection of the same. Such inspectors may examine the books, registers, reports and records of Operator and may require Operator to make a reasonable number of surveys, drawings, tests and the like for the purpose of enforcing the provisions of this Contract. They shall, for this purpose, be entitled to make reasonable use or inspection of devices, machinery and instruments used for measurement and other Petroleum Operations. The inspectors shall make all reasonable efforts to conduct any inspection in a manner that will result in a minimum of inconvenience and interruption to the Petroleum Operations, and the inspectors shall always take due account of the advice from the Operator and Contractor when conducting the inspections. Such inspectors shall be given assistance by the agents and employees of Operator to facilitate the objectives of their task and to avoid endangering or hindering the safety or efficiency of Petroleum Operations. Operator shall offer such inspectors all privileges and facilities afforded to its own staff in the Contract Area and shall provide them, free of charge, with reasonable office space and adequately furnished housing and lodging while they are in the Contract Area whether on a temporary or permanent basis.

16.2 Competent Government authorities shall have access to the Contract Area and to the operations conducted therein by Operator at any time in order to carry out their duties in accordance with the Law. Operator shall offer the necessary assistance and services to such authorities free of charge in order to facilitate their objectives.

16.3 Reasonable costs and expenses incurred by Contractor or Operator in implementing the provisions of this Article shall be considered as Petroleum Costs.

(End of Article 16)

ARTICLE 17 – MEASUREMENT, TRANSFER, AND DELIVERY OF PETROLEUM

17.1 The volume and quality of Petroleum shall be measured at Production Measurement Point(s) immediately upstream of the relevant Transfer Point(s). The location of the Production Measurement Point(s) and Transfer Point(s) shall be specified in approved Plans.

17.2 In accordance with Addendum Two, the Operator shall deliver Petroleum to Transporter(s), on behalf of ROC, at the respective Transfer Point(s). The transportation of Petroleum from the Transfer Point(s) shall be carried out by the Transporter(s), under the terms of Addendum Two and the subsequent Petroleum Transfer Agreements. Transporter(s) shall act exclusively on behalf of ROC, and Contractor and Operator shall have no liability or obligations in respect of the transportation of Petroleum from the Transfer Point(s) except as set forth in Article 17.6.

17.3 Methods and procedures for measurement of volume and quality of Petroleum at the Production Measurement Point(s) shall be in accordance with Addendum Two and the subsequent Petroleum Transfer Agreements. Methods and procedures for measurement of volume and quality of Export Oil at the Delivery Point shall be in accordance with SOMO's standard practices in respect of the Export Oil.

17.4 The volume of Export Oil that may be lifted by Contractor at the Delivery Point(s) shall be determined in accordance with Articles 18 and 19. The quality of Export Oil that may be lifted by Contractor at the Delivery Point(s) shall be any available standard Iraqi Export Oil.

17.5 Prior to delivery at the Transfer Point(s), Petroleum shall satisfy the minimum quality and condition specifications defined in Annex G or as provided in the relevant approved Plan.

17.6 In accordance with the approved Plan Contractor shall finance and/or build necessary facilities upstream of and including the Transfer Point(s). Contractor shall finance, construct and commission Transportation Facilities and other facilities downstream of the Transfer Point(s) to the extent described in Annex G (including any facilities or equipment required to place the Transportation Facilities into service), or as provided in the relevant approved Plan. In the event that Contractor finances and/or builds Transportation Facilities downstream of the Transfer Point(s), they shall be handed over to the Transporter(s) upon completion and commissioning. Any costs and expenses incurred by Contractor or Operator pursuant to this Article 17.6 in respect of Transportation Facilities downstream of the Transfer Point(s) shall be considered as Petroleum Costs.

(End of Article 17)

ARTICLE 18 – VALUATION OF PETROLEUM

18.1 It is the intent of both Parties that the pricing of Export Oil for all purposes under this Contract shall reflect the prevailing export market price FOB Delivery Point.

18.2 The Export Oil Price for each quantity and quality of Export Oil that may be lifted by Contractor shall be SOMO's declared OSP for:

(a) the scheduled Month of loading for such quantity;

(b) the quality and Delivery Point for such quantity; and

(c) the final destination to which such Export Oil is to be delivered.

For the avoidance of doubt in calculating the Export Oil Price for any quantity of Export Oil, the standard provisions stipulated in Addendum Four, the Export Oil Sales Agreement, shall be applied.

18.3 In the event that Export Oil market conditions oblige SOMO to adopt a different pricing mechanism, SOMO shall promptly advise Contractor of the new pricing mechanism.

(End of Article 18)

ARTICLE 19 – PETROLEUM COSTS AND REMUNERATION

19.1 For the Petroleum Operations performed under this Contract, and in accordance with Article 27, Contractor is entitled to Petroleum Costs and Remuneration.

19.2 Contractor shall start charging Petroleum Costs to the Operating Account as from the Effective Date, in accordance with this Contract and the Accounting Procedures, but the same shall be due and payable in accordance with Article 19.5.

(a) Petroleum Costs applicable to the first Development Area approved shall include:

(i) all De-Mining costs incurred within the Contract Area;

(ii) all Exploration Expenditures incurred prior to the Declaration of Commerciality for the first Development Area;

(iii) all Appraisal Expenditures incurred prior to the Declaration of Commerciality for the first Development Area;

(iv) Capital Costs and Operating Costs pertaining to the first Development Area in addition to those described above, excluding any costs listed in Clause 10 of Annex C;

(v) payments to the Infrastructure Fund made in accordance with Article 26.6; and

(vi) payments made for environmental remediation pursuant to Article 41.17.

(b) Petroleum Costs applicable to each subsequent Development Area shall include:

(i) any Exploration Expenditures incurred subsequent to the Declaration of Commerciality for the most recently approved Declaration of Commerciality and prior to the approval of the Declaration of Commerciality for this Development Area;

(ii) all Appraisal Expenditures incurred prior to the Declaration of Commerciality for this Development Area and not included as Petroleum Costs for any other Development Area;

(iii) Capital Costs and Operating Costs pertaining to this Development Area in addition to those described above, excluding any costs listed in Clause 10 of Annex C;

(iv) payments made to the Infrastructure Fund in accordance with Article 26.6: and

(v) payments made for environmental remediation pursuant to Article 41.17 and not claimed pursuant to Article 19.2(a)(vi), if any.

19.3 Contractor shall become entitled to separate Remuneration for each Development Area (if more than one) and shall start charging the same to the Operating Account only from the First Commercial Production Date for that Development Area. The Remuneration Fee Bid shall remain the same for all Development Areas. A separate R-Factor shall be calculated for each Development Area, as described in Article 19.3(c). However, where Discoveries are incorporated into an existing Development Area pursuant to Article 3.7(a), a single Operating Account and a single R-Factor shall apply to that Development Area.

(a) For the Quarter in which the First Commercial Production Date occurs, the Remuneration shall be an amount equal to the product of the Applicable Remuneration Fee and Remaining Production from the First Commercial Production Date to the end of that Quarter.

(b) For any subsequent Quarter in which the Adjusted Net Production Rate for that Quarter equals or exceeds the Commercial Production Rate, Remuneration shall be an amount equal to the product of the Applicable Remuneration Fee and Remaining Production.

(c) The Applicable Remuneration Fee for each Development Area for a Quarter shall be determined on the basis of the R-Factor calculated at the end of the preceding Calendar Year, as follows:

R-Factor	Applicable Remuneration Fee (US$/BOE)
Less than 1.0	100% * RFB
1.0 to less than 1.5	80% * RFB
1.5 to less than 2.0	60% * RFB
2.0 to less than 2.5	40% * RFB
2.5 and above	20% * RFB

19.4 The R-Factor for each Development Area achieved by Contractor as at the end of any Calendar Year shall be calculated by dividing the cumulative Cash Receipts for that Development Area from the Effective Date up to and including that Calendar Year by the cumulative Expenditure over that same time period.

For the purposes of calculating the R-Factor for each Development Area:

(a) Cumulative Cash Receipts of Contractor for that Development Area as of the end of any Calendar Year is the aggregate value from the Effective Date up to and including that Calendar Year of:

(i) Petroleum Costs and Remuneration paid to Contractor as provided in Article 19.5 including any interest paid on Specific Costs and Potentially Recoverable Exploration and Appraisal Costs; plus

(ii) any Contractor's incidental income arising from Petroleum Operations.

(b) Cumulative Expenditure incurred by Contractor applicable to that Development Area as of the end of any Calendar Year is the aggregate value from the Effective Date up to and including that Calendar Year of:

(i) Petroleum Costs as defined in Article 19.2;

(ii) Training, Technology and Scholarship Fund pursuant to Article 26.3; plus,

(iii) For the first Development Area only, signature bonus paid pursuant to Article 4.

For the avoidance of doubt, Expenditures under Articles 19.4(b)(ii) and 19.4(b)(iii) are included as Expenditures for purpose of determining the R-Factor, but shall not be Petroleum Costs.

19.5 Petroleum Costs and Remuneration

(a) Petroleum Costs and Remuneration due to Contractor shall be paid without interest in Export Oil at the Delivery Point, or, at ROC's election, in cash in Dollars in accordance with an invoice prepared pursuant to Clause 9 of the Accounting Guidelines (Annex C). Such invoice shall be submitted by Contractor to ROC, reviewed and approved by ROC in accordance with Annex H. For payment of Petroleum Costs and Remuneration in Export Oil, the Export Oil Price shall be determined in accordance with Article 18 and the payment made pursuant to Addendum Four. ROC shall notify Contractor no later than July of any Year for any cash payments to be made in the following Year.

(b) Petroleum Costs and Remuneration shall be deemed to cover all costs, expenses, interest and remuneration to Contractor under this Contract. ROC shall not be obliged to pay any other compensation whatsoever to Contractor for the fulfillment of its obligations under this Contract.

(c) Petroleum Costs and Remuneration shall become due and payable in accordance with Article 19.5(a). Invoices shall be submitted starting with the Quarter following the Quarter in which the First Commercial Production Date occurs. Due and payable Petroleum Costs shall be paid to the extent of fifty percent (50%) of the Deemed Revenue. Due and payable Remuneration shall be paid to the extent of thirty percent (30%) of Remaining Revenue.

(d) Any due Petroleum Costs and Remuneration that remain unpaid in respect of any Quarter shall be carried forward and paid in succeeding Quarter(s) until fully paid.

19.6 Subject to Article 8, any due and payable Petroleum Costs and Remuneration that remain outstanding at the termination or expiry of this Contract, or costs payable pursuant to Article 19.7, shall be paid within three (3) months thereof, or under such other terms as may be agreed by the Parties.

19.7 In the event that Petroleum Costs and Remuneration are paid in Export Oil, ROC shall arrange with SOMO to deliver to Contractor at the Delivery Point(s) an amount of Export Oil in accordance with the provisions of Annex H and Addendum Four.

(End of Article 19)

ARTICLE 20 – BOOKS OF ACCOUNT, ACCOUNTING AND AUDIT

20.1 Contractor and Operator shall maintain at their business offices in the Republic of Iraq books of account in accordance with the Accounting Procedures and accepted accounting practices generally used in the international petroleum industry, and such other books, records and original supporting documents as necessary to show the work performed and Petroleum Costs incurred and Remuneration earned including the quantity and value of all Petroleum produced, saved, and delivered as well as, where applicable, the quantity and value of Export Oil received by Contractor at the Delivery Point.

20.2 Contractor and Operator shall keep their books of account and accounting records in Dollars and in the Arabic and English languages. Contractor and Operator shall also prepare and keep an Arabic summary of these books of account and accounting records.

20.3 Contractor and Operator shall provide to ROC or its designee monthly reports showing the quantity of Petroleum produced and saved from the Contract Area in a form specified by ROC and as may be modified from time to time. Such reports shall be prepared in accordance with practices generally used in the international petroleum industry and in a form agreed upon with ROC. The reports shall be signed by the authorized representatives of Contractor and Operator or their deputies and delivered to ROC or its designee within fourteen (14) days after the end of the Month covered by such report.

20.4 The Parties shall jointly appoint an independent auditor of appropriate qualification and standing and duly licensed to practice in the Republic of Iraq, in accordance with relevant provisions of the Law, to audit all the books and accounts of Contractor and Operator on an annual basis and report thereon. The cost of such audit shall be considered as Petroleum Costs. The auditors shall confirm, inter alia, that:

(a) the records of Petroleum Costs and Remuneration are correct and in accordance with this Contract;

(b) the costs are properly classified in accordance with the expenditure classification;

(c) documentation exists to justify such costs and expenditures; and

(d) no evidence exists of any fraudulent records and accounts in respect of the costs incurred.

20.5 Contractor and Operator shall, within forty-five (45) days after the end of each Quarter, submit to ROC a statement of Petroleum Costs incurred and Remuneration earned by Contractor during such Quarter in accordance with Annex C and the Accounting Procedures.

20.6 Contractor shall submit to ROC a set of accounts audited by the independent auditor for each Calendar Year within three (3) Months from the last day of that Calendar Year to show the results of Petroleum Operations.

20.7 Contractor's and Operator's books, records and necessary supporting documents shall be made available for auditing by ROC at any time during regular working hours for eighteen (18) Months from the end of each Quarter to which such documents relate. If within such period, ROC has not advised Contractor of its objections thereto, those books, records and supporting documents shall be deemed approved.

20.8 In accordance with Annex H, if ROC has an objection to any costs, expenses or fees as reported and invoiced by Contractor, ROC shall notify Contractor in writing the reasons for its objection and shall pay only the undisputed amounts pending resolution of the

matter. Within three (3) months from the date of Contractor's receipt of ROC's objection, Contractor and ROC shall mutually agree to either seek in good faith an acceptable solution or otherwise nominate one (1) or more Experts to settle the matter. If the matter is referred to an Expert, the Expert shall, within the three (3) month period following its appointment, provide its solution to the dispute that is in line with the provisions of this Contract and the Accounting Procedures. Failing such settlement, either Party may refer the matter to arbitration pursuant to Article 37. Any disputed amounts subsequently found to be payable shall be incorporated in the next Contractor invoice. Should amounts previously paid by ROC subsequently be found not to be payable under this Contract, such amounts shall be reimbursed to ROC.

20.9 During the Term and for a period of three (3) Years thereafter, the books of account and other books and records referred to above shall be made available by Contractor and Operator at all reasonable times for auditing by duly authorized representatives of the Government, in accordance with the Law.

(End of Article 20)

ARTICLE 21 – EXCHANGE AND CURRENCY CONTROL

21.1 Contractor and Operator shall have the right of availability, free possession, use of, and internal and external disposal of foreign currency.

21.2 Contractor shall provide funds necessary for Petroleum Operations in the Republic of Iraq in freely convertible foreign currencies supplied from abroad.

21.3 Contractor and Operator are authorized to open and operate accounts in foreign banks outside of the Republic of Iraq and shall have the right to make payments out of the said accounts directly in foreign currencies for goods and services obtained for Petroleum Operations in the Republic of Iraq and to charge such payments in accordance with the provisions of this Contract without having first to transfer the funds for such payments to the Republic of Iraq.

21.4 Contractor and Operator and non-Iraqi Sub-Contractors shall have the right to open and maintain bank accounts in foreign and/or local currencies in the Republic of Iraq in accordance with Central Bank of Iraq regulations and retain or dispose of any funds therein for its Petroleum Operations in accordance with Central Bank of Iraq regulations.

(End of Article 21)

ARTICLE 22 – TITLE TO ASSETS

22.1 All assets acquired and/or provided by Contractor and Operator in connection with or in relation to Petroleum Operations, the costs of which are subject to cost recovery in accordance with the provisions of this Contract, shall become the property of ROC upon their landing in the Republic of Iraq if acquired abroad or otherwise upon their acquisition.

22.2 Notwithstanding the above, Contractor and Operator shall be entitled to the full and free use of such assets for the purpose and duration of this Contract. During the Term, ROC and Contractor shall not assign, sell or otherwise dispose of such fixed and/or movable assets except by mutual agreement.

22.3 The provisions of Article 22.1 shall not apply to equipment leased by Contractor and Operator or belonging to Sub-Contractors that perform services or carry out works in

connection with Petroleum Operations. Any Company, Operator and non-Iraqi Sub-Contractors may import such equipment on a temporary basis. Such equipment shall be re-exported from the Republic of Iraq subject to the provisions of Article 25, as and when it is no longer required for Petroleum Operations.

(End of Article 22)

ARTICLE 23 – TAXES

23.1 Each Company shall keep books of account and be individually liable for and shall pay taxes in accordance with the Law.

23.2 In no event shall ROC be liable under this Contract for any taxes payable by Companies outside of the Republic of Iraq.

23.3 If the liability to taxation in the Republic of Iraq on Petroleum Costs, Remuneration and or any other income arising under this Contract in any taxable period during the Term of this Contract ("Actual Income Tax Liability") for any Company shall exceed thirty-five percent (35%) of that Company's share of Remuneration and any other income arising under this Contract and actually received in that period ("Deemed Income Tax Liability") then ROC shall either assume, pay and discharge in a timely manner in the name and on behalf of that Company or pay in a timely manner to that Company the excess of the Actual Income Tax Liability over the Deemed Income Tax Liability including a gross-up for any further liability to taxation that may result from such a payment.

23.4 In the event that the Actual Income Tax Liability of any Company is less than the Deemed Income Tax Liability for that Company then that Company shall pay to ROC the difference between Actual Income Tax Liability and the Deemed Income Tax Liability, except that in no event shall such repayment cause the Company to repay more to ROC than it has received in total under Article 23.3 excluding amounts payable in respect of any gross-up for additional taxation liability.

23.5 In the event any Company is subject to any demand to pay other taxes arising under this Contract (other than or in excess of Deemed Income Tax Liability) ROC shall either assume, pay and discharge in a timely manner in the name and on behalf of that Company or pay in a timely manner to that Company all such other or additional taxes.

23.6 Where payments are made pursuant to this Article 23 ROC shall cause to be provided to any Company an official receipt evidencing the payment and discharge of such part of the Company's obligation for the relevant Tax Year in a form and containing particulars customary for such receipts, provided that in no event shall such receipts in total exceed the actual amount of tax for which the Company is liable from all sources of income and deductions.

(End of Article 23)

ARTICLE 24 – PARTNERSHIP, INDEMNITY AND INSURANCE

24.1 It is expressly agreed that it is not the purpose or intention of this Contract to create, nor shall it be construed as creating, any mining partnership, joint venture, commercial partnership or other partnership between the Parties.

24.2 Contractor shall indemnify and hold ROC harmless against all and any claims, actions, demands and proceedings made by third parties arising out of any loss or damage resulting from an act or omission of Contractor and/or Operator or their Sub-Contractors

in their conduct of Petroleum Operations. All costs incurred by Contractor to indemnify and hold ROC harmless as aforesaid shall be Petroleum Costs except in the case of Gross Negligence or Willful Misconduct on the part of Contractor and/or Operator or their Sub-Contractors.

24.3 Contractor shall be liable for any loss of or damage to any installations belonging to ROC or any third party arising from Gross Negligence or Willful Misconduct of Contractor and/or Operator or their Sub-Contractors. ROC shall indemnify and hold harmless Contractor against all and any claims, actions, demands and proceedings made by third parties arising out of any loss or damage resulting from an act or omission of ROC or its sub-contractors.

24.4 Notwithstanding the foregoing, neither Party shall be liable for consequential damages such as loss of profit or loss of production.

24.5 Contractor and Operator shall establish an insurance plan within six (6) months from the Effective Date, to be approved by the JMC or BOD, and which shall be revised from time to time as necessary, for its operations hereunder. Such insurance shall cover the types of exposure that are normally covered in the international petroleum industry, including but not limited to damage to equipment, installations and third party liabilities. Contractor and Operator shall ensure that its Sub-Contractors adequately insure their risks under their relevant sub-contracts.

24.6 Pursuant to such insurance plan Contractor and Operator shall obtain and maintain insurances to cover the risks in connection with Petroleum Operations and any other activities related thereto and as may be required by the Law during the Term, including third party liability and environmental damage and injury. Such insurance shall be obtained from an Iraqi or foreign insurance company operating in the Republic of Iraq where such coverage is available in the Republic of Iraq on commercially reasonable terms. The insurance company shall arrange, in co-operation with Contractor and Operator to the extent needed, re-insurance placement for coverage on the international market for the part of exposure in excess of the insurance company's net retention.

24.7 The cost of insurance obtained and maintained by Contractor and Operator and any amounts paid for deductibles, losses, or claims in excess of such insurance and not attributable to the Gross Negligence or Willful Misconduct of Contractor and Operator or Sub-Contractors under this Contract shall be Petroleum Costs.

24.8 Contractor and Operator shall notify ROC of the issue and terms of all insurance policies obtained by it under this Contract.

(End of Article 24)

ARTICLE 25 – IMPORTS AND EXPORTS

25.1 Contractor and Operator and respective Sub-Contractors engaged in Petroleum Operations shall be permitted to import, on behalf and for the benefit of ROC, machinery, equipment, vehicles, materials, supplies, consumables and movable property to be used solely for the purpose of carrying out Petroleum Operations and supporting activities. Such imports shall be subject to all customs duties and levies in accordance with the Law. Such customs duties and levies shall be considered Petroleum Costs.

25.2 Expatriate employees of Contractor and Operator and Sub-Contractors shall be permitted to import, and shall be exempted from customs duties with respect to the reasonable importation of household goods and personal effects, provided that such

properties are imported for the sole use of the employee and his or her family and provided further that such imported property shall be re-exported by employee without any export duty or impost upon termination of his employment, or be disposed of in the Republic of Iraq in accordance with the Law.

25.3 Items imported by Contractor and Operator or Sub-Contractors on a temporary basis and no longer required for Petroleum Operations or supporting activities shall be re-exported in accordance with the Law.

25.4 The sale in the Republic of Iraq of any imported items under this Contract shall be subject to ROC's prior consent and to the relevant Law.

25.5 Customs duties, as used herein, shall include all duties, taxes and other financial imposts which may be due as a result of the importation of the above-mentioned items but shall not include charges, dues or fees of general application to be paid to Governmental entities for services rendered.

25.6 Contractor shall be exempted from any export duty or impost with respect to the Export Oil that Contractor may lift under this Contract, except for port dues of general application to all buyers for services rendered by the port authorities in accordance with the Law. Such port dues shall not be considered Petroleum Costs.

(End of Article 25)

ARTICLE 26 – EMPLOYMENT, TRAINING, TECHNOLOGY TRANSFER AND INFRASTRUCTURE FUND

26.1 Without prejudice to the right of Contractor and Operator to select and employ such number of personnel as, in the opinion of the Contractor or Operator, are required for carrying out Petroleum Operations in a safe, cost effective and efficient manner, Contractor and Operator shall, to the maximum extent possible, employ, and require Sub-Contractors to employ, Iraqi nationals having the requisite qualifications and experience. All such Iraqi employees of Contractor shall benefit from Contractor's training and skills development programs.

26.2 Through a Training, Technology and Scholarship Fund, Contractor and Operator shall offer and facilitate for an agreed number of Iraqi nationals, as designated by ROC in consultation with Contractor, the opportunity, both inside and/or outside of the Republic of Iraq, for on-the-job training and practical experience in petroleum operations and academic education. This fund shall also be used for supporting oil and gas related technology and research including the establishment or upgrading of research institutes inside the Republic of Iraq.

26.3 As a minimum, Contractor shall allocate during the Term an annual amount of one million Dollars (US$ 1,000,000) to the Training, Technology and Scholarship Fund. Payments to this fund are not recoverable as Petroleum Costs but shall be suspended during any holding period designated pursuant to Article 3.7(e) where the Exploration Period has expired and no other Development Area exists.

26.4 Not later than one (1) year after the Effective Date, Contractor and Operator shall, in consultation with ROC, establish and implement training programs for staff positions in each phase and level of Petroleum Operations including skilled, technical, executive and management positions, with a view to ensuring employment of Iraqi nationals and gradual and progressive reduction or replacement of expatriates.

26.5 Each Company may separately negotiate, in good faith, technical assistance agreements with ROC to make available, on commercially agreeable terms, technology and information of a proprietary nature for use in the Republic of Iraq by ROC and its Affiliates.

26.6 Every Year, within thirty (30) days of Budget approval, Contractor shall deposit in a bank account designated by ROC, for the Infrastructure Fund, an amount equal to ten percent (10%) of the Budget for that Year.

(End of Article 26)

ARTICLE 27 – PARTICIPATION

27.1 The Participating Interest of each Company shall be as follows:

_____

_____

27.2 The Companies shall pay their Participating Interest share of Petroleum Costs and shall be entitled to recover Petroleum Costs and receive Remuneration in accordance with their respective Participating Interests.

27.3 Participation and Participating Interest shall further be subject to the Heads of Joint Operating Agreement, Addendum One, and the subsequent Joint Operating Agreement (JOA).

(End of Article 27)

ARTICLE 28 – ASSIGNMENT

28.1 No Company may assign its rights or obligations under this Contract, in whole or in part, without the prior written consent of ROC. The direct or indirect transfer of shares or other ownership interests in any Company (except for the transfer of shares in a listed parent company) shall constitute an assignment of rights and obligations under this Contract and shall be subject to Article 28.

28.2 By providing ROC one (1) month prior notice of its intent, any Company shall have the right to assign any of its Participating Interest, shares, rights, privileges, duties or obligations under this Contract to a wholly-owned and controlled Affiliate. Such assignment shall not release said Company from its obligations under this Contract and it shall remain jointly responsible together with the assignee Affiliate for the proper and timely execution of this Contract. No such assignee Affiliate shall have the right to further assign such Participating Interest except with the prior written consent of ROC.

28.3 In the event that any Company wishes to assign, in whole or in part, any of its Participating Interest, shares, rights, privileges, duties or obligations under this Contract to a third party or an Affiliate that is not wholly-owned and controlled, the Company shall submit to ROC a request to this effect giving detailed evidence of the technical and financial competence of the recommended assignee. ROC shall consider the said request and notify the Company of its approval or otherwise within three (3) months of receipt thereof. Before such assignment becomes effective, the assignee shall first provide ROC with a guarantee acceptable to ROC in the form set out in Annex F after which ROC shall, to the extent of the assigned Participating Interest, release assignor from its obligations under this Contract and any guarantee provided to it by assignor.

28.4 If any Company wishes to assign part of its Participating Interest in this Contract to a third party pursuant to Article 28.3, ROC shall have the option at any time during the

three (3) month period following receipt of the Company's request to assign part of its Participating Interest to take such part and assign it to a nominated Iraqi state-owned entity on the same terms and conditions offered to the third party. In respect of such Participating Interest assigned to it, such nominated Iraqi entity shall be considered a Company.

28.5 Notwithstanding the foregoing, for the purpose of financing Petroleum Operations, any Company may pledge or otherwise encumber, totally or partially, its rights under this Contract to a reputable international bank and/or financing institution acceptable to ROC (such acceptance shall not be unreasonably withheld), provided that such pledge or encumbrance shall not in any way affect the rights or interests of ROC.

28.6 Notwithstanding the above, unless with the prior written consent of ROC no Company shall assign its obligations or duties as Operator during the period from the Effective Date to the time of establishment of the Joint Operating Company except to a wholly-owned and controlled Affiliate.

28.7 Without prejudice to the provisions of the Heads of Joint Operating Agreement (Addendum One), in the event that any Company (or its parent company or Affiliate that provides a guarantee) becomes bankrupt, or makes an arrangement with or assignment in favor of its creditors or makes a composition with creditors, or if it assigns to a third party any of its interests/shares in this Contract contrary to the provisions herein, or goes into liquidation other than for reconstruction or amalgamation with an Affiliate, ROC shall have the right to terminate the participation of such Company in this Contract by thirty (30) days notice to such Company, unless during such period the Company has cured such condition. The rights and obligations of a Company shall be assigned to the remaining Companies proportionately to their respective Participating Interests or as they may otherwise mutually agree.

28.8 By providing Contractor thirty (30) days prior written notice of its intent, ROC shall have the right to assign its rights and obligations under this Contract to its successor without the prior consent of Contractor. Such assignment shall release ROC from its obligations under this Contract.

ROC shall have the right to assign, in whole or in part, its rights and obligations under this Contract to its Affiliate by providing Contractor thirty (30) days prior written notice of its intent. Such assignment shall not release ROC from its obligations under this Contract and it shall remain jointly responsible together with the assignee Affiliate for the proper and timely execution of this Contract.

(End of Article 28)

ARTICLE 29 – LAWS AND REGULATIONS

29.1 Contractor and Operator shall be bound by and shall comply in all respects with the provisions of the Law. Unless otherwise provided in this Contract, Contractor shall indemnify and hold ROC harmless against all penalties, fines and other liabilities of every kind for breach of a Law by Contractor or Operator and their Sub-Contractors.

29.2 Notwithstanding the provisions of Article 29.1, Contractor and Operator shall, in accordance with the Law, be exempted from restrictions concerning work licenses and employment of expatriates, subject to the provisions of Article 9.22. However, Contractor shall submit all data and information required by the relevant Iraqi authorities in this respect. Contractor shall pay stamp duties on the execution of this Contract in accordance with the Law.

29.3 Contractor and Operator shall in all their contracts with Sub-Contractors include a provision whereby Sub-Contractors shall undertake to abide by and comply with the Law.

29.4 If, after the Effective Date, the financial interests of Contractor are adversely and substantially affected by a change to the Law that was in force in the Republic of Iraq on the Effective Date, or by revocation, modification, or non-renewal of any approvals, consents or exemptions granted to Contractor pursuant to this Contract (other than as a result of Gross Negligence or Willful Misconduct of Contractor or Operator), the Parties shall, within three (3) months, agree on necessary adjustments to the relevant provisions of this Contract in order to reasonably restore Contractor's financial interests under this Contract to their position as it was immediately prior to the occurrence of the said change or revocation to the Law, or modification, or non-renewal of any approvals, consents, or exemptions granted to Contractor under this Contract.

29.5 Should the Parties be unable to agree within three (3) months on any amendments to be made in respect of Article 29.4 or such other period as may be agreed by the Parties, the dispute may be resolved in accordance with Article 37.

(End of Article 29)

ARTICLE 30 – LOCAL GOODS AND SERVICES

30.1 Award of contracts for works and services performed in the Republic of Iraq shall be carried out on a competitive basis. Preference shall always be given to Iraqi entities and firms or foreign firms in association therewith, provided that their relevant capabilities and prices are competitive with those available in the international market.

30.2 Preference shall be given to locally manufactured and/or available goods, materials, equipment, consumables and the like as long as their technical specifications, availability, prices, and time of delivery are comparable to those available in the international market.

30.3 Contractor and Operator shall ensure that their Sub-Contractors, agents, assignees and employees shall strictly adhere to the provisions of this Article 30.

(End of Article 30)

ARTICLE 31 – FORCE MAJEURE

31.1 The non-performance or delay in performance by either Party of its obligations or duties under this Contract shall be excused if and to the extent that such non-performance or delay is caused by Force Majeure.

31.2 The Party affected by Force Majeure shall notify the other Party thereof in writing within fourteen (14) days, stating the cause and the extent of effect of such Force Majeure and shall keep the other Party informed of significant developments. The affected Party shall use all reasonable diligence to remove or overcome the Force Majeure situation as quickly as possible in a cost-effective manner.

31.3 Force Majeure shall mean any cause or event, unforeseen or beyond the reasonable control of the Party claiming to be affected by such cause or event, and shall include, without limitation, acts of God, war (whether declared or undeclared), force of nature, insurrection, riot, fire, and with respect to Contractor only legislation/order of the Government and other acts or circumstances beyond the control of either Party affected

by it, provided that such acts or circumstances are not attributable to the Party invoking Force Majeure or its Affiliates. Inability to pay monies due shall not constitute a condition of Force Majeure for either Party.

31.4 In the event that Petroleum Operations are delayed, curtailed or prevented due to Force Majeure for a period exceeding ninety (90) consecutive days, then the Term together with all rights and obligations hereunder shall be extended accordingly, subject to the provisions of Article 8.

31.5 It is agreed by the Parties that at no time during the Term shall either the security conditions prevailing in the Contract Area or the political or security conditions generally prevailing in the Republic of Iraq on the Contract signing date constitute a condition of Force Majeure unless these conditions prevent the implementation of Petroleum Operations.

(End of Article 31)

ARTICLE 32 – ENTIRE AGREEMENT AND AMENDMENTS

32.1 This Contract constitutes the entire agreement between ROC and Contractor relating to the Contract Area. Hence it supersedes any previous representations, whether explicit or implicit, and any prior agreement of any kind or nature, whether oral or written, in this respect.

32.2 This Contract shall not be amended or supplemented except by an instrument in writing signed by duly authorized representatives of both Parties designated for those purposes hereto.

32.3 If any provision of this Contract shall be found by any court, tribunal or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability shall not affect the other provisions of this Contract and all provisions not affected by such invalidity or unenforceability shall remain in full force and effect. The Parties shall attempt to substitute, for any invalid or unenforceable provision, a valid and enforceable provision that achieves to the greatest possible extent, the principal objectives of the invalid or unenforceable provision.

32.4 The provisions of this Contract shall inure to the benefit of and be binding upon the successors and permitted assignees of the Parties.

(End of Article 32)

ARTICLE 33 – CONFIDENTIALITY AND TECHNOLOGY OWNERSHIP

33.1 All information and Data obtained in connection with or in relation to this Contract shall be kept confidential by both Parties and their Affiliates and shall not be disclosed or communicated to any third party without the other Party's prior written consent, except to:

(a) Affiliates;

(b) any professional consultant retained by a Party;

(c) where necessary for the approval, implementation and/or financing of Petroleum Operations;

provided that in (a) to (c) above the party to whom the information or Data is disclosed agrees to the same confidentiality obligation as contained herein.

Notwithstanding Article 8.5, in the case of ROC such confidentiality obligations shall not apply after expiration or termination of this Contract or in respect of information or Data pertaining to any relinquished part of the Contract Area.

33.2 The confidentiality undertaking in Article 33.1 shall not apply:

(a) upon the confidential information becoming public knowledge other than by default on the part of a Party;

(b) upon the confidential information becoming available to a Party from a third party (unless the third party acts in violation of a confidentiality obligation which the Party is aware);

(c) if the confidential information is independently developed by a Party or its Affiliates; or

(d) to the extent that the confidential information is required by Law, judicial proceedings, applicable stock exchange regulations, or Iraqi competent Governmental authority, to be disclosed.

33.3 To the fullest extent permitted by applicable law or agreements, Contractor's entities agree to make available on reasonable terms their most appropriate technical expertise and technology (and that of their Affiliates) for use in the conduct of Petroleum Operations, including such technology as can best improve the economic yield or performance of the Reservoirs operated by the Operator under this Contract. Any such technology shall remain the property of the relevant Contractor entities (or their Affiliates), subject to any licensing or other appropriate arrangements entered into in connection with Petroleum Operations. The Operator shall be entitled to use such technology only for Petroleum Operations, subject to the terms of such licensing or other arrangements.

33.4 Subject to Article 33.3 and unless otherwise agreed by ROC, any technology specifically developed by Contractor or Operator in the course of their activities under this Contract shall be owned by both Parties, and, except in the case of disclosure of such to, or use by, a third party, may be used by any of them or their Affiliates in their own operations without the consent of the other and without making any payment to the other.

(End of Article 33)

ARTICLE 34 – HEADINGS OF ARTICLES

Headings of Articles herein are inserted for convenience only and shall not affect the construction and/or interpretation thereof.

(End of Article 34)

ARTICLE 35 – LANGUAGE

35.1 This Contract is executed in the Arabic and English languages, both having equal force. However, if there shall be any conflict between the two versions, the English version shall prevail to the extent of the conflict.

35.2 Communication between the Parties may only be in English or Arabic. However, Contractor and Operator shall use Arabic or both Arabic and English in all their correspondence and dealings with Government entities.

35.3 All sub-contracts between Contractor, Operator and Sub-Contractors shall be in the English language.

(End of Article 35)

ARTICLE 36 – CONTRACTOR'S BRANCH AND OFFICE IN THE REPUBLIC OF IRAQ

36.1 Each Company that is not an Iraqi Company shall register and maintain a branch in the Republic of Iraq. ROC shall assist Companies in this respect in accordance with Article 7.4.

36.2 Contractor's Operator shall, within three (3) months of the Effective Date, establish an office in Baghdad, Iraq and shall maintain such office for the Term. ROC shall assist Contractor's Operator in establishing and maintaining the office.

36.3 Contractor's Operator shall notify ROC of the address of its office in Baghdad and of the name of its authorized representative in the Republic of Iraq who shall be assigned on full time resident status. The authorized representative shall be entrusted with sufficient powers and authorities to represent and bind Contractor in all dealings with the Government, ROC and third parties in the Republic of Iraq, to receive legal notices served on Contractor, and to comply with lawful directions and orders given by the competent Governmental authorities and ROC in connection with or in relation to this Contract.

36.4 Contractor's Operator shall notify ROC of any change in the address of its office or the appointment of its representative at least ten (10) days prior to the effective date of such change.

(End of Article 36)

ARTICLE 37 – GOVERNING LAW, CONCILIATION AND ARBITRATION

37.1 This Contract and the rights and obligations of the Parties shall be governed, interpreted and construed in accordance with the Law.

37.2 The Parties shall endeavor to settle amicably any dispute ("Dispute") arising out of or in connection with or in relation to this Contract or any provision or Agreement related thereto. Where no such settlement is reached within thirty (30) days of the date when one Party notifies the other Party of the Dispute, then the matter may, as appropriate, be referred for resolution by the senior management of the Parties to the Dispute. Where no such settlement is reached within thirty (30) days of such referral to management, any party to the Dispute may refer the matter, as appropriate, to an independent expert or, by giving two (2) months notice to the other Parties, refer the matter to arbitration as stipulated hereunder. The Parties agree that the rights and obligations under this Contract constitute commercial rather than sovereign rights and obligations.

Expert

37.3 Any Dispute arising under Article 3.7(d) shall be referred to an independent expert "Expert" and the decision of the Expert shall be final and binding. For all other Disputes, the Parties may agree in writing to be bound by the decision of the Expert, and, in such event, the decision of the Expert shall be final and binding. Such Expert shall be agreed upon by the Parties to the Dispute and shall be willing to undertake such evaluation, and

shall be independent, shall not be originated from, or have been at any time a citizen of, the country in which any of the Parties to the Dispute is organized, and shall have no interest or relation with any such Party or with any of the entities constituting the Parties and shall be qualified by education, experience and training to evaluate the matter in Dispute. The Expert shall render its decision within thirty (30) days following the Expert's formal acceptance of its appointment, or within such further time as the Parties may agree in writing.

The Expert shall act as an expert and not as an arbitrator. Related costs and expenditure for referring issues for Expert evaluation shall not be treated as Petroleum Costs and shall be shared equally by the Parties in Dispute. In the case of Article 3.7(d) related costs and expenditure shall be paid entirely by Contractor, although these shall be Petroleum Costs if the Expert's finding is in favor of a Declaration of Commerciality.

Arbitration

37.4 All Disputes arising out of or in connection with this Contract, other than those Disputes that have been finally settled by reference to either senior management or Expert, shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by three (3) arbitrators appointed in accordance with the said Rules.

37.5 The seat of the arbitration shall be Paris, France, unless agreed otherwise by the parties to the Dispute.

37.6 The language of arbitration shall be the English language. The award of arbitration shall be in English and shall be final and binding on the parties to the Dispute. Judgment on the award rendered may be entered in any court having jurisdiction in recognition and enforcement thereof.

37.7 Unless otherwise agreed by the Parties, the operations and the activities of the Parties with respect to the performance of this Contract shall not be stopped or delayed pending the award of arbitration.

37.8 Any arbitration under this Contract must be initiated within two (2) Years of the date on which one Party notifies the other Party of the Dispute, and in any event within three (3) Years of the date of the termination or expiry of this Contract.

(End of Article 37)

ARTICLE 38 – NOTICES

38.1 All notices, statements and other communication to be given, submitted or made by any Party to the other Party shall be deemed sufficient given when sent in writing and shall be addressed to the parties at their addresses set out below or such other address as may be notified in writing by the Parties in accordance herewith.

ROC	**Contractor 1**:
Name:	Name:
Attention:	Attention:
Address Line 1:	Address Line 1:

Address Line 2:	Address Line 2:
Address Line 3:	Address Line 3:
Telephone:	Telephone:
Mobile:	Mobile:
	Contractor 2:
	Name:
	Attention:
	Address Line 1:
	Address Line 2:
	Address Line 3:
	Telephone:
	Mobile:

38.2 Notices to either Party shall be deemed validly served when delivered in person, at the office of that Party in the Republic of Iraq, during regular office hours and during working days and if received outside business hours, on the next following working day, or when received, if posted by registered mail, to the address of the office of the said Party, or when dispatched and acknowledged, if sent by facsimile, or by any other mode mutually agreed between the Parties.

(End of Article 38)

ARTICLE 39 – SIGNATURE, RATIFICATION AND EFFECTIVE DATE

This Contract shall become valid and enforceable when it has been: (a) signed by the Parties; (b) ratified by the Council of Ministers of the Republic of Iraq; and when (c) ROC has notified Contractor in writing of the ratification of this Contract and its Effective Date.

(End of Article 39)

ARTICLE 40 – WAIVER

40.1 Failure or delay on the part of either Party to exercise any right, power or privilege under this Contract shall not operate as a waiver thereof.

40.2 No waiver by either Party of any one or more obligations or defaults by the other Party in the performance of this Contract shall operate or be construed as a waiver of any other obligations or defaults whether of a like or of a different character.

(End of Article 40)

ARTICLE 41 – HEALTH, SAFETY AND ENVIRONMENT

41.1 In the performance of this Contract, Contractor and Operator shall conduct Petroleum Operations with due regard to health, safety and the protection of the environment ("HSE") and the conservation of natural resources, and shall in particular:

(a) adopt Best International Petroleum Industry Practices in conducting and monitoring Petroleum Operations and make all efforts to:

(i) prevent environmental damage and, should some adverse impact on the environment occur, to minimize such damage and the consequential effects thereof on people and property;

(ii) prevent harm to or degradation of livelihood or quality of life of surrounding communities and, should some adverse impact occur, minimize such impact and ensure proper compensation for injury to persons or damage to property caused by the effect of Petroleum Operations; and

(iii) instill a culture of proactive commitment to HSE values among all personnel involved in Petroleum Operations.

(b) develop detailed guidelines for environmental protection, monitoring and community interaction as a condition for Petroleum Operations. These guidelines should meet recognized international industry standards in the following areas:

(i) air pollution;

(ii) protection of surface waters from leaks and spills, including the preparation of: (1) plans for re-injection of all produced water, and (2) Spill Prevention, Control and Countermeasures Plan;

(iii) protection of groundwater;

(iv) waste management of: (1) solid waste, and (2) hazardous waste, with a focus on waste minimization, reuse and recycle of materials;

(v) minimization of footprint of drilling operations, especially in sensitive areas such as marshlands, by drilling several wellbores from the same drill pad and using directional, horizontal and multilateral drilling techniques;

(vi) making optimal use of spare available wellbores and spare production and transport capacity;

(vii) protection of flora and fauna (wildlife);

(viii) protection of archaeological and cultural sites;

(ix) plans for decommissioning and Abandonment of petroleum facilities, and for the restoration of operational sites;

(x) land compensation and resettlement of local communities within the area of operations;

(xi) implementation of a grievance procedure mechanism between Contractor and communities impacted by Petroleum Operations;

(xii) preservation of local livelihoods from indigenous communities in the area of Petroleum Operations; and

(xiii) general well-being of the communities where Petroleum Operations, which shall be conducted in collaboration with local and central authorities, civil society and local investors to enhance the social benefits for national, regional and municipal governments.

(c) Comply with the requirements of the Law and reasonable requirements of ROC.

41.2 If Contractor and Operator fail to comply with the provisions of Article 41.1(a)(i) or contravenes any Law, and such failure or contravention results in any environmental or social damage, Contractor and Operator shall, in accordance with an approved Work Program and Budget, forthwith take all necessary and reasonable measures to remedy the failure and the effects thereof.

41.3 Contractor shall draw up and implement a comprehensive worker HSE plan to include, but not be limited to, the following elements:

(a) Worker Disease Prevention Program to be applied throughout the project life, and comprising:

(i) education about personal hygiene and disease-prevention measures, including immunization where appropriate, against infectious diseases, such as tuberculosis, malaria, dysentery, hepatitis and sexually transmitted diseases;

(ii) regular testing of drinking water;

(iii) training food handlers and testing them for communicable diseases; and

(iv) prohibiting smoking, except in designated outdoor areas.

(b) Occupational Safety Program throughout the construction and operation periods, including:

(i) initial and refresher safety and security training;

(ii) tool-kit sessions at the start of each working day;

(iii) giving a safety topic at the beginning of each meeting;

(iv) traffic safety training for drivers and pedestrians;

(v) special safety training for operators of industrial plants and mobile heavy equipment, e.g., cranes and bulldozers;

(vi) furnishing personal protection equipment (hard hats, safety shoes and glasses, and hearing protection, where needed);

(vii) providing emergency medical teams to administer urgent medical treatment on site, or to evacuate the injured to a hospital, and to supervise sanitation and health matters at construction camps; and

(viii) appointing monitors at construction and major operational sites to ensure adherence to safety and environmental protection rules.

41.4 If ROC has good reason to believe that any works or installations erected by Contractor and Operator or any operations conducted by Contractor and Operator are not in accordance with the Law and are endangering or may endanger local communities or any property of any person, or are causing or may cause pollution, or are harming or may harm fauna or flora or the environment to a degree which ROC deems unacceptable, ROC may give notice to Contractor and Operator to promptly consider and develop for the JMC or BOD approval a remedial action plan and measures to mitigate such damage within a reasonable period as may be determined by ROC and to repair any such damage. If ROC deems it necessary, it may also require Contractor and Operator to suspend Petroleum Operations in whole or in part until Contractor and Operator have taken such remedial measures or have repaired any damage caused.

41.5 The measures and methods to be used by Operator for the purpose of complying with the terms of Article 41.1(a)(i) shall be determined in timely consultation with ROC and

Contractor upon the commencement of Petroleum Operations or whenever there is a significant change in the scope or method of conducting Petroleum Operations and shall take into account the international standards applicable in similar circumstances and the relevant environmental impact study carried out in accordance with Article 41.6 below. Operator shall notify ROC and Contractor, in writing, of the measures and methods finally determined by Operator and shall cause such measures and methods to be reviewed from time to time in the light of prevailing circumstances.

41.6 Contractor shall engage a team of specialized environmental professionals to carry out two environmental impact studies in order:

(a) to determine at the time of the studies the prevailing conditions relating to the environment, human beings, local communities, and the flora and fauna in the Contract Area and in the adjoining or neighboring areas; and

(b) to establish the likely effect on the environment, human beings, local communities, and the flora and fauna in the Contract Area and in adjoining areas as a result of Petroleum Operations, and to submit, for consideration by the Parties, methods and measures contemplated in Article 41.5 for minimizing environmental damage and carrying out site restoration activities.

41.7 The first of these environmental impact studies shall act as the baseline study for the purposes of Article 41.15 and shall be concluded promptly after the Effective Date. Unless otherwise agreed by the ROC, no fieldwork shall commence before the conclusion of this study. It shall also contain detailed guidelines of environmental protection and monitoring to meet recognized international industry standards.

41.8 The second environmental impact study shall be submitted by Contractor and Operator as part of each Development Plan.

41.9 The studies mentioned in Article 41.6 shall contain proposed guidelines to be followed in order to minimize environmental and social damage and shall include, but not be limited to, the following, to the extent appropriate to the respective study taking into account the phase of operations to which the study relates:

(a) proposed access cutting;

(b) clearing and timber salvage;

(c) wildlife and habitat protection;

(d) fuel storage and handling;

(e) use of explosives;

(f) camps and staging;

(g) liquid and solid waste disposal;

(h) cultural and archaeological sites;

(i) selection of drilling sites;

(j) terrain stabilization;

(k) protection of freshwater horizons;

(l) blow-out prevention plan;

(m) flaring during completion and testing of wells;

(n) Abandonment of Wells;

(o) rig dismantling and site completion;

(p) site restoration;

(q) noise control;

(r) debris disposal; and

(s) protection of natural drainage and water flow.

41.10 Subject to the provisions of the Law on the protection of the environment, any new project or expansion or modernization projects for Petroleum Operations for which a proposal, other than a Plan, is submitted by Contractor or Operator, ROC shall consider the assessment of the project and convey a decision with respect to environmental clearance within a period of three (3) months from the receipt of the requisite documents and data. Subject to receipt of the necessary environmental clearance, the JMC or BOD shall decide upon the proposal of Contractor or Operator within thirty (30) days thereafter.

41.11 Contractor and Operator shall ensure that:

(a) all relevant parties are identified and are involved from an early stage and on an ongoing basis, through free, prior and informed consultations;

(b) the pertinent completed environmental impact studies are made available to its employees and to its Sub-Contractors to develop adequate and proper awareness of the measures and methods of environmental protection to be used in carrying out Petroleum Operations; and

(c) the contracts entered into between Contractor and Operator and Sub-Contractors relating to Petroleum Operations shall include the provisions stipulated herein and any established measures and methods for the implementation of Contractor's obligations in relation to the environment under this Contract.

41.12 Operator shall, in conjunction with Contractor, prior to conducting any drilling activities, prepare and submit for review and approval by ROC contingency plans for dealing with Crude Oil spills, fires, accidents and emergencies, designed to achieve rapid and effective emergency response. The plans referred to above shall be discussed with ROC and concerns expressed shall be taken into account.

(a) In the event of an emergency, accident, oil spill or fire arising from Petroleum Operations affecting the environment, Operator shall immediately notify ROC and Contractor and shall promptly implement the relevant contingency plan and perform such site restoration as may be necessary in accordance with Best International Petroleum Industry Practices.

(b) In the event of any other emergency or accident arising from Petroleum Operations which may affect the environment, Contractor and Operator shall take such action as is prudent and necessary in accordance with Best International Petroleum Industry Practices.

41.13 In the event that Contractor and Operator fail to comply with any of the terms contained in Article 41.12, ROC, after giving Contractor and Operator reasonable notice in the circumstances, may take any action which may be necessary to ensure compliance with such terms and to recover from Contractor, immediately after having taken such action, all costs and expenditures incurred in connection with such action together with an uplift of twenty-five percent (25%).

41.14 Where the Contract Area is partly located in areas forming part of certain national parks, sanctuaries, mangroves, wetlands of national importance, biosphere reserves and other biologically sensitive areas, passage through these areas shall generally not be

permitted. However, if there is no passage other than through these areas to reach a particular point beyond these areas, permission of the appropriate authorities shall be obtained by ROC for the benefit of Contractor, subject to a biodiversity action plan.

41.15 The obligations and liability of Contractor with respect to the environment under this Contract shall be limited to damage to the environment which is attributable to actions or activities that:

(a) occur after the Effective Date and prior to the expiry or termination of this Contract; and

(b) result from an act or omission of Contractor and Operator and their Sub-Contractors.

41.16 Except for cases of Gross Negligence and Willful Misconduct on the part of Contractor and/or Operator, all costs incurred towards protection of the environment and communities shall be treated as Petroleum Costs.

41.17 Any costs approved by ROC and incurred by Contractor in remediation of conditions existing prior to the Effective Date and identified in the first study noted in Article 41.7 shall be considered Petroleum Costs.

41.18 In the event that Petroleum Operations are delayed, curtailed or prevented due to extended delays in acquiring necessary environmental approvals, the Parties shall meet and agree an appropriate extension of the Term together with all rights and obligations hereunder, subject to the provisions of Article 8.

(End of Article 41)

ARTICLE 42 – ABANDONMENT AND SITE RESTORATION

42.1 Prior to the termination or expiry of this Contract or relinquishment of a part of the Contract Area, but subject to Article 42.5, Contractor and Operator shall be liable for Abandonment and site restoration in respect of the Contract Area or the relevant part of the Contract Area, the costs of which shall be Petroleum Costs. All Abandonment and site restoration activities shall be performed in accordance with Best International Petroleum Industry Practices.

42.2 Around mid-Development Period of each Development Area, Operator shall prepare an Abandonment Plan for JMC or BOD approval. The Abandonment Plan shall be updated from time to time as necessary. In the event that Abandonment activities are required prior to preparation of the Abandonment Plan these shall be proposed as a part of a Work Program and Budget following, as appropriate, the requirements of Article 42.3 or 42.4.

42.3 Abandonment of a Reservoir or a Field:

The Plan shall include, inter alia, the following information commensurate with the perceived proximity of the need to abandon:

(a) a technical and economic study to justify Abandonment of the Reservoir or Field;

(b) the relative layout of the facilities to be abandoned;

(c) the relative location, type and status of any other adjacent facilities (cables, pipelines, production and other facilities) which would have to be taken into consideration;

(d) a description, inclusive of diagrams, of items to be abandoned covering production facilities, pipelines, flow-lines and Wells;

(e) a description, costing and comparative evaluation of all feasible removal and disposal options, including: details on the Abandonment; procedures for the safe removal of production facilities and related infrastructure, including details on how then-subsequent disposal or reuse is to be effected; and full details on plans for the restoration of the site. Where it is considered that items of recovered equipment have a re-sale value, this information shall be given;

(f) an outline for the proposed Abandonment option, including an outline plan for managing the implementation and a schedule on which the various stages of the Abandonment are expected to commence and finish; and

(g) recommendations covering the post-Abandonment phase inspection and maintenance activities, including surveys to monitor the level of Hydrocarbon contamination, heavy metals and other contaminants in the Contract Area, where any such remains are to be left in place.

42.4 Abandonment of Wells:

In accordance with Article 12, ROC shall approve, amend or reject all or part of the Abandonment Plan:

(a) Notwithstanding the general requirements to undertake Abandonment and site restoration activities pursuant to Article 41.1, Contractor may at any time submit an application to ROC for the Abandonment of a Well.

(b) Contractor shall not commence Abandonment operations on a Well before approval is received. ROC shall respond to applications for Abandonment within thirty (30) days. Contractor shall justify the application for Abandonment of a Well with at least one of the following reasons:

(i) the Well is no longer safe to maintain in its current condition; and/or

(ii) the Well is no longer economically viable or otherwise required for Reservoir management.

(c) Unless otherwise allowed by ROC, Wells not contemplated for future utilization shall be immediately plugged and abandoned by Contractor.

(d) If a Well is proposed for Abandonment, then ROC shall consider with other Governmental authorities the possibility of utilizing the Well for activities other than Petroleum Operations. ROC may elect to defer the Abandonment, in which case it shall remain liable for the Well and its ultimate Abandonment. Should ROC so elect, Contractor shall hand over the Well in a safe condition suitable for its future utilization.

42.5 Upon termination or expiry of this Contract, ROC shall become liable for Abandonment and site restoration.

(End of Article 42)

ARTICLE 43 – GENERAL BUSINESS ETHICS

43.1 In the performance of this Contract, Contractor's entities, Operator and ROC shall ensure that they each strictly comply with general business ethics.

43.2 Contractor and Operator shall in their subcontracts stipulate their right to terminate the subcontracts with immediate effect in case of violation of the general business ethics by the Sub-Contractor and Contractor and Operator shall terminate a subcontract in case of such a violation if ROC requests Contractor and Operator to do so.

43.3 Neither Contractor's entities, Operator nor ROC shall give or receive from any director, employee or agent of the other or its Affiliate in connection with this Contract, any gift, entertainment or other benefit of more than minimal cost or value or any commission, fee or rebate and any hospitality will be kept within reasonable limits.

43.4 Each of ROC and Companies warrant that it and its Affiliates have not made, offered, or authorized, requested, received, or accepted and will not make, offer, or authorize, request, receive or accept with respect to the matters which are the subject of this Contract, any payment, gift, promise or other advantage, whether directly or indirectly through any other person or entity, to or for the use or benefit of any public official (i.e., any person holding a legislative, administrative or judicial office, including any person employed by or acting on behalf of a public agency, a public enterprise or a public international organization) or any political party or political party official or candidate for office, or any other person where such payment, gift, promise or advantage would violate (a) the Law; (b) the laws of the country of incorporation of such entity or such entities ultimate parent company and of the principal place of business of such ultimate parent company; or (c) the principles described in the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed in Paris on December 17, 1997, which entered into force on February 15, 1999. Each entity shall defend, indemnify and hold the others harmless from and against any and all claims, damages, losses, penalties, costs and expenses arising from or related to, any breach by such first entity of such warranty. Such indemnity obligation shall survive termination or expiration of this Contract.

(End of Article 43)

IN WITNESS WHEREOF, the Parties hereto have executed this Contract in ____ (__) originals (each in Arabic and English) in Baghdad, on the day and year first above written.

For and on behalf of **ROC:**

Name and Title:

Signature:

Witness:

For and on behalf of **Contractor 1:**

Name and Title:

Signature:

Witness:

For and on behalf of **Contractor 2:**

Name and Title:

Signature:

Witness:

ANNEX A – DESCRIPTION OF CONTRACT AREA

This Annex A is attached to and made part of the Exploration, Development and Production Service Contract for Block __.

The Contract Area is defined by the corner points numbered as shown for U.T.M. Zone ____ and connected by straight lines as shown in Annex B.

CORNER POINT	NORTHING	EASTING
A		
B		
C		
D		

(End of Annex A)

ANNEX B – MAP OF CONTRACT AREA

This Annex B is attached to and made part of the Exploration, Development and Production Service Contract for Block ___.

(End of Annex B)

ANNEX C – ACCOUNTING GUIDELINES

This Annex C is attached to and forms part of the Exploration, Development and Production Service Contract for Block __.

CLAUSE 1. GENERAL PROVISIONS

1.1 Definitions

Terms used in these Accounting Guidelines shall have the meanings ascribed to them in the Contract. In addition:

"Material" shall mean and include any and all materials, equipment, machinery, articles and supplies; and

"Operating Account" shall mean the account or set of accounts maintained by Contractor and Operator to record Petroleum Costs and Remuneration.

1.2 Purpose of Accounting Guidelines

The purpose of these Accounting Guidelines is to establish methods and rules of accounting for Petroleum Operations under this Contract, and guide the preparation of the more detailed Accounting Procedures, to be approved by the JMC in accordance with Article 9.

Any guideline contained herein may only be modified by mutual agreement of the Parties.

1.3 Operating Account and Records

(a) Contractor and Operator shall open and maintain all accounts and records necessary to document in reasonable detail and in separate accounts the transactions relating to Petroleum Operations, in accordance with generally accepted and recognized accounting principles consistent with modern international petroleum industry practices, all in accordance with and subject to the provisions of the Contract.

The accounts and records should show, among other things, the following:

(i) Costs of assets including the cost of:

1. drilling in general and cost of each well;
2. production facilities such as flow lines and degassing stations in sufficient detail;
3. Transportation Facilities;
4. tank-farms and pumping stations; and
5. infrastructure, facilities and industrial centres.

(ii) Costs of Materials including the cost and quantity of each item. The method of pricing should be stated.

(iii) Operating costs analyzed by main items such as salaries, Materials and services as defined or described in the Accounting Guidelines.

(b) Contractor's and Operator's books shall be kept in the Republic of Iraq in the English and Arabic languages. All transactions shall be recorded in Dollars in accordance with the provisions of Article 20 of the Contract.

(c) Accounts shall be kept according to the Accounting Procedures approved by the JMC or BOD pursuant to Article 9.23 of the Contract.

(d) Contractor and Operator shall maintain appropriate cost control records to meet the requirements and obligations under the Contract.

(e) Petroleum production, storage and transfer records shall be maintained according to the Contract and consistent with modern international petroleum industry practices.

(f) Expenditures shall be charged in Dollars as follows:

(i) all Dollar expenditures shall be charged in the amount incurred;

(ii) all Dinar expenditures shall be translated into Dollars at the exchange rate prevailing on the date of the relevant expenditure in accordance with the regulations of the Central Bank of Iraq;

(iii) expenditures in currencies other than Dollars or Dinars, shall be charged in the equivalent amount in Dollars using the actual exchange rate applied by a first class international bank on the date of payment;

(iv) a record shall be kept of the exchange rates actually used in converting Dinars and other non-Dollar expenditures into Dollars; and

(v) on the date of each balance sheet, monetary items in currencies other than Dollars shall be translated to Dollars at the rate of exchange applicable on such balance sheet date.

1.4 Statements

(a) Quarterly Statements

Contractor and Operator shall submit to ROC within forty-five (45) days from the end of each Quarter, a statement of Petroleum Costs incurred and Remuneration earned together with reports and statement of the Operating Account of the Quarter.

(b) Yearly Statements

Contractor and Operator shall submit to ROC within three (3) months from the last day of each Calendar Year, a statement of Petroleum Costs incurred and Remuneration earned together with reports and a statement of the Operating Account of the said Calendar Year.

1.5 Audits

Yearly statements shall be supported by a report issued by an independent auditor of international qualification appointed according to Article 20.4 of the Contract. The auditor report shall include a statement that the accounts and statements are prepared according to the terms and conditions of the Contract and the Accounting Procedures.

CLAUSE 2. OPERATING ACCOUNT

Subject to the provisions of the Contract and the Accounting Procedures, Contractor shall charge the Operating Account with Petroleum Costs and Remuneration. Pursuant to Article 19 of the Contract, Petroleum Costs shall start being charged as from the Effective Date, while Remuneration shall start being charged as from the occurrence of the First Commercial Production Date. Remuneration shall be computed pursuant to Article 19 of the Contract and charged accordingly to the Operating Account. Petroleum Costs shall be prepared on a cash

basis, reported to a level of detail sufficient that reasonable analysis, comparisons and benchmarking can be performed, and shall include, but not be limited to, the following items:

2.1 Personnel

(a) Operator's Locally Recruited Personnel

The actual cost of Operator's locally recruited personnel who are engaged in Petroleum Operations shall be charged as Petroleum Costs. Such costs shall include gross pay, all personnel benefits, employer contributions, taxes and other assessments levied on Operator as an employer by Government authorities, transportation and relocation costs of the personnel and such personnel's family within the Republic of Iraq or elsewhere on temporary assignment in the interest of Petroleum Operations (provided that no relocation costs for the personnel's family shall be charged if the temporary assignment is for less than six (6) consecutive Months) and such other costs as are statutory or customary for Operator. This procedure shall also be applied with respect to personnel of Contractor or ROC seconded to Operator. Requests for reimbursement shall be supported by a detailed breakdown of the foregoing information.

(b) Assigned Personnel

The cost of the personnel of Operator's or Contractor's Affiliates engaged in Petroleum Operations on a long term assignment (more than six (6) consecutive Months). The cost of these personnel shall be in accordance with rates or actual cost, as the case may be, representing the Operator's or Contractor's Affiliates actual cost which is consistent with the standard employment policies of the head office Affiliate or of other Affiliates employing such personnel.

Requests for reimbursement shall be supported by a detailed breakdown of salaries, wages, benefits, indemnities and social charges according to laws, regulations or contractual agreements applicable to such personnel. In addition, they shall include reimbursement of personnel administrative charges according to the standard practice of Operator's or Contractor's Affiliates.

The charges for personnel assigned on a temporary basis (less than six (6) consecutive Months) shall be made in accordance with Clause 2.5(c).

(c) Personnel Engaged in Other Activities

If local personnel or assigned personnel are engaged in other activities in the Republic of Iraq in addition to Petroleum Operations, the cost of such personnel or assigned personnel shall be allocated on a time sheet or pro rata basis according to sound and acceptable accounting principles.

(d) Training Costs

All costs and expenses incurred by Operator, Contractor and/or its Affiliates in organizing, setting up and conducting training activities for their Iraqi personnel engaged in Petroleum Operations or Contractor's training activities, including the planning, designing, constructing, commissioning and running training facilities and the related software.

All such training costs shall be subject to the JMC or BOD prior approval.

2.2 Materials

The cost of Materials purchased for or furnished to Petroleum Operations as detailed under Clause 4.1.

2.3 Transportation

(a) Transportation of Personnel and Materials

The cost of transportation of Materials necessary for the performance of Petroleum Operations, including costs of packaging, brokerage, insurance and other related costs. Personnel transportation costs, to the extent covered by the established policy of Operator or Contractor, shall include travel expenses for personnel and their immediate families to and from the personnel's points of origin at the time employment commences, at the time of final departure and for vacations, as well as travel expenses in the Republic of Iraq for personnel and their immediate families incurred as a result of transfers from one location to another, and travel expenses relating to the periodical recuperation leaves of field personnel. Costs related to immediate families shall be charged for personnel assigned to work in the Republic of Iraq for periods exceeding six (6) consecutive Months.

(b) Transportation Facilities

All costs and expenses for the Transportation Facilities according to Article 17.6 of the Contract and Addendum Two attached thereto.

2.4 Buildings and Equipment

(a) Costs of buildings, equipment, furniture and fixtures, the maintenance thereof and related costs; rents paid for all offices, houses, warehouses and other types of buildings and costs of supplies necessary for the operation of such buildings and facilities, all in the Republic of Iraq.

(b) Costs of vehicles and their maintenance and operation.

(c) Costs of computers and software and their maintenance and operation.

2.5 Services

The services required by Operator for Petroleum Operations which may include but are not limited to:

(a) services obtained from any third party on commercial terms reflecting market based rates and other terms, including the services of consultants, contract services, utilities and other services procured from third parties; rentals or compensation paid for the use of any equipment and facilities owned by third parties;

(b) use of equipment and facilities of Operator for Petroleum Operations located in the Republic of Iraq on a rental basis at rates to be approved by the JMC or BOD;

(c) all Specific Services performed under an assistance agreement between Operator and any Affiliate of a Company and performed in accordance with Article 9.1 of the Contract

"Specific Services" shall mean services, activities, studies and projects of a technical nature, as well as computer services, carried out or procured by the Affiliate at the Operator's specific request under a purchase order procedure, for the benefit of Petroleum Operations. Specific Services shall also mean studies and specific tasks such as, administrative, accounting, financial, procurement and legal services when requested by Operator under a purchase order; and

Specific Services shall be charged at cost in accordance with the tariffs and price lists established for each Calendar Year by the head office Affiliate and approved by the JMC or BOD for each Calendar Year.

2.6 Damages and Losses

All costs or expenses necessary to replace or repair damages or losses incurred by fire, flood, storm, theft, accident or any other cause not controllable by Contractor and Operator through exercise of reasonable care and diligence in operations and not resulting from Contractor and Operator's failure to promptly file and diligently pursue claims against insurance companies. Contractor and Operator shall furnish ROC with written notice with details of damages or losses sustained in excess of ten thousand Dollars (US$ 10,000) per occurrence as soon as practicable.

2.7 Legal Expenses

Except as provided for in Article 37.3, all costs and expenses of litigation or arbitration, or legal services necessary or expedient for the protection of the Contract Area against third party claims, including attorney's fees and expenses as hereinafter provided, together with all judgments obtained against the Parties or any of them on account of Petroleum Operations under the Contract, and actual expenses incurred by Contractor and/or ROC in securing evidence or expert advice for the purpose of defending any such action or claim pursued or urged in connection with operations under the Contract.

In the event actions or claims affecting the Parties' interests under the Contract shall be handled by the legal staff of ROC in the Republic of Iraq, an agreed compensation commensurate with the actual cost of providing and furnishing such services shall be paid to ROC and charged to the Operating Account.

2.8 Taxes

Pursuant to Article 23 and subject to other provisions of the Contract, taxes (other than corporate income tax), levies, duties, stamp duties upon execution of this Contract, imposts (if any) and/or charges and fees paid by Contractor and Operator (but not previously paid directly or reimbursed by ROC) to Government authorities as assessed or levied upon or in connection with Petroleum Operations.

2.9 Insurance and Claims

(a) The premium of any insurance policy secured by Operator and/or Contractor pursuant to the Contract.

(b) Any costs sustained by Contractor and Operator arising out of an event covered by insurance. Such costs include, but are not limited to, repairs and replacements of Materials in the Contract Area resulting from damages or losses incurred because of fire, flood, storm, theft, accident, or any other similar risk.

(c) All costs and expenses associated with suing, working or travelling for, or any other cost incurred because of insurance related disputes or litigation with any party including any insurer and/or any insurer's representatives or agents to the extent that such costs and expenses are not refunded for whatever reasons, by insurance and/or not awarded by an arbitrator or a court of law.

(d) Any compensation received, or any claim collected from insurers or third parties shall be credited to the Operating Account. If no insurance is carried for a particular risk, all related actual expenditures incurred and paid by Contractor in settling any and all losses, claims, damages, judgment and other expenses, including related legal expenditures. Any such loss, claim or damage shall be

charged to the Operating Account unless it is a result of Contractor's and/or Operator's failure to put in place insurance as contemplated by Article 24.5 or as directed by the JMC or BOD.

2.10 Currency Exchange

The gain or loss, if any, through currency translation or exchange pursuant to the provisions of Article 21 of the Contract and Clause 1.3(f) of these Accounting Guidelines.

2.11 Tariffs

Subject to the provision of Clause 3, all sums paid to ROC, or any third party in compensation for the use of facilities in connection with Petroleum Operations such as, but not limited to, pipelines, hydrocarbon treatment plants and storage facilities, on a basis of a mutually agreed tariff.

2.12 Surface Rights

All direct costs attributable to the acquisition, renewal or relinquishment of surface rights acquired and maintained in force for Petroleum Operations in the Republic of Iraq.

2.13 Environment

All costs incurred for the protection, cleanup or restoration of the environment pursuant to the Contract and the Law.

2.14 Administrative Overhead and General Expenses

The services of all personnel of Contractor's head office or its Affiliates not otherwise chargeable, as well as the contribution of Contractor's head office or its Affiliates to Petroleum Operations of an intangible nature and any overhead or its indirect cost incurred by Contractor's head office or its Affiliates shall be compensated by a charge based on one percent (1%) of Petroleum Costs incurred during each Calendar Year or a fraction thereof.

The basis of applying this percentage shall be the total Petroleum Costs incurred in respect of Petroleum Operations and charged under the Accounting Procedures to the Operating Account during each Financial Year or fraction thereof, excluding administrative overhead as allowed in this Article.

From the Date of Transfer of Operatorship, the payment for the above administrative overhead charges shall be shared equally between Contractor and ROC.

2.15 Payments made to the Infrastructure Fund.

2.16 All the other costs and expenses incurred in connection with and for the benefit of Petroleum Operations shall, unless expressly excluded as Petroleum Costs, be chargeable to Petroleum Costs.

CLAUSE 3. INFORMATION TO JMC OR BOD AND ROC

Upon submitting the annual Work Program and Budget for approval in accordance with Article 12 of the Contract, Operator shall provide in writing the following details in respect of personnel, Specific Services and tariffs in connection with Petroleum Operations to be charged during the relevant Year.

3.1 Regarding Personnel Costs

(a) Estimate of the overall amount thereof.

(b) Analysis and explanation of the applicable personnel policy and practice of Operator and Operator's Affiliates.

(c) Reasonable breakdown of the aforesaid expenditures in accordance with details stated in the Accounting Procedures.

(d) Rates and/or methods of apportionment of such costs.

3.2 Regarding Specific Services

(a) Estimate of the overall amount thereof.

(b) Reasonable breakdown of such services by major type.

(c) Tariffs and rates expected to apply with respect to such services, especially assigned personnel.

3.3 Regarding Tariffs

(a) Estimate of the overall amount to be paid.

(b) Reasonable breakdown of the tariff expenditures.

CLAUSE 4. CHARGING PRINCIPLES

4.1 Purchases

(a) All Materials purchased for Petroleum Operations shall be purchased at competitive prices from reputable manufacturers and suppliers.

Materials and equipment purchased from third parties shall be charged at the net cost paid by Contractor after deduction of all discounts received. Net cost shall include but not be limited to such items as transportation, insurance, license fees and purchasing and forwarding costs.

(b) The Parties may furnish New Materials from their own stock provided that the New Material transferred from the warehouses or other facilities of Contractor's entities or their respective Affiliates shall be priced at cost, and provided that such cost is not higher than the prices for New Materials of the same quality, obtained on comparable terms and conditions, prevailing in the international market at the time such Materials were supplied to Contractor and Operator.

4.2 Direct and Indirect Costs

Costs shall be charged to the Operating Account using consistent methods from Year to Year, and such methods shall be agreed upon by the Parties subject to the following principles:

(a) costs that may be directly charged to a relevant subdivision of the Operating Account shall be so charged; and

(b) costs that cannot easily be charged directly to any subdivision of the Operating Account shall be apportioned either on a time basis or on a pro rata basis. Costs of services that cannot be assessed accurately may be charged according to standard rates and adjusted to actual costs at Year end.

4.3 Use of Equipment and Facilities Owned by Companies

For the use of any equipment or facilities that are wholly owned by Companies, the Operating Account shall be charged a rental commensurate with the cost of ownership.

The rental rates, which will not include any profit element, will be approved by the JMC or BOD for each Calendar Year. Such rates should be in line with those at the time prevailing in the area where Petroleum Operations are located for equipment and facilities comparable in terms of availability, safety, efficiency and quality.

CLAUSE 5. INVENTORIES

At all times, Contractor and Operator shall maintain inventories of Materials at optimum levels required for Petroleum Operations and shall be subject to:

5.1 Periodic Inventories, Notices and Representation

At reasonable intervals, and at least once annually, inventories shall be taken by Contractor and Operator of the Materials charged to the Operating Account, which shall include all such Materials as are ordinarily considered controllable by operators in the international petroleum industry. Written notice of intention to take inventory shall be given by Contractor and Operator at least three (3) months before any inventory is to begin so that ROC may be represented when any inventory is to be carried out.

5.2 Reconciliation and Adjustment of Inventories

Reconciliation of inventory with the Operating Account shall be made and a list of overages and shortages shall be furnished to ROC. Inventory adjustments shall be made by Contractor and Operator to the Operating Account if required; provided, however, that any inventory adjustment exceeding a value of ten thousand Dollars (US$ 10,000) shall be reported to ROC.

CLAUSE 6. DISPOSAL OF MATERIALS

Contractor and Operator shall inform the JMC or BOD and ROC of any excess or disposable Materials. ROC shall instruct Operator on the action then required. Any proceeds of disposal of such Materials shall be credited to the Operating Account.

CLAUSE 7. SUMS RECEIVED FROM THIRD PARTIES

All sums received by Contractor from any third party in compensation for the use of facilities utilized by Operator for Petroleum Operations shall be credited to the Operating Account.

CLAUSE 8. BASIS OF ACCOUNTING

The Operating Account may be maintained on an accrual basis, that is, costs shall be recorded and entered in the Operating Account when the liability thereto first arises, and revenues shall be recorded and entered in the Operating Account when the title thereto is acquired.

However, for the purposes of cost recovery in accordance with Article 19 of the Contract, the relevant calculations shall be made on a cash basis, that is, costs shall be considered only when paid and revenues only when collected.

CLAUSE 9. PAYMENT OF PETROLEUM COSTS AND REMUNERATION

9.1 Pursuant to Article 19 and Annex H of the Contract, Contractor shall render to ROC as promptly as practical each Quarter an invoice of Petroleum Costs and Remuneration

due, supported by the relevant documentation required for the approval and payment of the invoice, showing the following details:

(a) Petroleum Costs and Remuneration that became due during the previous Quarter;

(b) Petroleum Costs and Remuneration brought forward from a Quarter preceding the previous Quarter, including amounts calculated pursuant to Clause 9.2 and Article 20.8, if any;

(c) Total Petroleum Costs and Remuneration due (9.1(a) plus 9.1(b));

(d) Petroleum Costs and Remuneration that are to be paid pursuant to Article 19.5(c), in an amount up to the relevant percentage of Deemed Revenue;

(e) Amount of Petroleum Costs and Remuneration to be carried forward into the succeeding Quarter, if any (9.1(c) minus 9.1(d)); and

(f) The Net Dry Gas Production, the Net NGL Production, the Net Crude Oil Production and the total Net Production for such Quarter (expressed in BOE as defined in the Contract).

9.2 Any difference in the value of Petroleum Costs and Remuneration received by Contractor and Petroleum Costs and Remuneration due shall be incorporated in the next calculation of Contractor's outstanding Petroleum Costs and Remuneration payable in the immediately succeeding Quarter in accordance with Article 19 of the Contract.

CLAUSE 10. NON-RECOVERABLE COSTS

Unless otherwise provided elsewhere in the Contract, the following list of items shall be treated as non-recoverable costs for the purpose of cost recovery:

10.1 Costs incurred as a result of any proven Gross Negligence or Willful Misconduct of Contractor and Operator including any amount paid in settlement of any claim alleging Gross Negligence or Willful Misconduct whether or not Gross Negligence or Willful Misconduct is admitted or whether such sum is stated to be paid on an ex-gratia or similar basis;

10.2 Replacement and/or repair costs in respect of assets or other property which is uninsured or under-insured, and liability incurred to third parties on the basis of strict liability, where Contractor and Operator has agreed with ROC to insure against such loss and has failed to do so;

10.3 Any expenditure incurred directly or indirectly in connection with the raising of money to finance Petroleum Operations and other incidental costs and charges related thereto by whatever method raised; such expenditure includes, but is not limited to, interest, commissions, fees and brokerage;

10.4 Any administration, management, or other overhead incurred by any Company except as provided in Clause 2.14;

10.5 Charges for materials and services to the extent they exceed fair market value;

10.6 Any costs for which adequate documentation or records do not exist;

10.7 In respect of costs that are related both to the Petroleum Operations and to any other activities of a Company, whether inside or outside the Republic of Iraq, the portion of such costs that is related to the activities of the Company other than the Petroleum Operations;

10.8 Except as provided in Article 9.1 and subject to Clause 2.5 of this Annex C, salaries, labor costs and employment benefits of, and any charges associated with, Company's personnel not resident in the Republic of Iraq;

10.9 In respect of a Company's personnel that are resident in the Republic of Iraq, that part of the salaries, labor costs and employment benefits attributable to activities other than the Petroleum Operations or that are performed outside of the Republic of Iraq, except as provided in Clause 2.1(a);

10.10 Costs of setting up and operating an office or other support facilities outside of the Republic of Iraq;

10.11 Any costs, charges or expenses including donations relating to public relations or enhancement of Contractor's corporate image and interests;

10.12 Any penalties, fines, default interest charges or similar expenditures;

10.13 Any expenditure incurred which is not related to Petroleum Operations or on matters or activities beyond the Delivery Point(s);

10.14 Corporate income tax;

10.15 Training, Technology and Scholarship Fund;

10.16 Payments to ROC under Article 23.4;

10.17 Signature bonus; and

10.18 Any other expenditure which is stated elsewhere in the Contract to be a non-recoverable expenditure.

CLAUSE 11. CONTROL STATEMENTS AND MAJOR ACCOUNTS

11.1 Contractor shall annually prepare, from the statements of expenditure prepared pursuant to Clause 1.4 a statement showing for the relevant Year the excess or deficit in expenditure compared to the approved Work Program and Budget. Such statement shall be rendered to ROC not later than three (3) months following the end of such Year.

11.2 For the purpose of classifying costs, expenses and expenditures for cost recovery, the costs, expenses and expenditures shall be recorded in major accounts including Capital Cost and Operating Cost.

CLAUSE 12. TRANSFER PROCEDURE FOR THE OPERATING ACCOUNT

12.1 In accordance with Article 9.7 of the Contract, when the Joint Operating Company becomes the Operator, the former Operator shall transfer to the Joint Operating Company all the accounting records relating to the Operating Account.

12.2 In conducting the transfer of the books of account and the inventory of all properties in accordance with the provisions of these Accounting Procedures, the implementation procedure for the transfer and verification, the accounting files to be transferred and accounting matters to be settled as well as other details, shall be agreed in advance by the former Operator and the Joint Operating Company. The transfer procedure shall be completed within the period agreed upon by the Parties. Thereafter, owing to the needs of any shareholder, the Joint Operating Company shall allow such shareholder's staff access to the books of accounts within the relevant periods and provide them with duplicates of the relevant accounting records, if necessary.

CLAUSE 13. EXTERNAL AUDITOR'S CERTIFICATE

Contractor shall provide ROC with a certificate from the external auditor of Contractor's Operator's head office Affiliate confirming that the charges and the rates applied pursuant to Clauses 2.1(a) to 2.5(c) represent actual costs.

(End of Annex C)

ANNEX D – DEFINITION OF RESERVOIRS

This Annex D is attached to and made part of the Exploration, Development and Production Service Contract for Block __. All depths quoted are in meters below mean sea level.

DISCOVERED RESERVOIRS

[To be completed following a Declaration of Commerciality pursuant to Article 3.7]

(End of Annex D)

ANNEX E – MINIMUM WORK OBLIGATION

This Annex E is attached to and made part of the Exploration, Development and Production Service Contract for Block __.

(a) Acquire _____ (___) kilometers of 2-D seismic (or an equivalent amount of 3-D seismic based on a conversion rate of five (5) kilometers of 2-D seismic to one (1) square kilometer of 3-D seismic) over the Contract Area, including processing and interpretation thereof;

(b) Either: (i) drill ___ (__) Exploration Well to a minimum of _____ (__) meters or _____ (__) meters below the top of the _____ Formation; or, (ii) where Contractor has not identified, on the basis of the seismic surveys conducted pursuant to Article 6.I(a)(ii), a prospect suitable for drilling such Exploration Well, acquire additional 2-D seismic over the Contract Area so that the total volume of 2-D seismic acquired is not less than ____ (___) kilometers; provided that Contractor may satisfy the obligation in respect of such additional 2-D seismic through the acquisition of an agreed volume of 3-D seismic. Conversion of this 2-D seismic obligation to 3-D seismic may be effected only with the consent of ROC.

(c) In the event that the Exploration Period is extended pursuant to Article 3.3(a), drill an additional Exploration Well to a minimum of _____ meters or five hundred (500) meters below the top of the _____ Formation; as agreed between the Parties; and

(d) Perform detailed geophysical and geological studies necessary for the proper exploration of the Contract Area;

(End of Annex E)

ANNEX F – FORMS OF GUARANTEE

FORM 1: FOR COMPANY

To: ROC

We refer to the Exploration, Development and Production Service Contract for Block __, (hereinafter referred to as the "Contract") entered into on this _____ day of _____, 201_, between _____, _____ Oil Company and ROC, an Iraqi State oil company.

In consideration of the rights and obligations of _____ being a wholly-owned and controlled Affiliate of _____ ("_____") as a Party to the Contract, _____, a company duly organized and existing under the laws of [ ] and whose registered office is at [ ] hereby unconditionally and irrevocably undertakes, to make available or cause to be made available to _____ such technical and financial resources as may be required to perform and fulfill its obligations under the Contract, as may be amended from time to time by the Parties thereto, including payment to ROC of the balance (if any) of the Minimum Expenditure Obligation in case of termination of the Contract, if applicable.

_____ hereby unconditionally and irrevocably guarantees _____ in the performance and fulfillment of its obligations under the Contract.

The obligations of _____ hereunder shall be limited to the extent of the Participating Interest held by _____ under the Contract.

This Guarantee shall extend to any Affiliated assignee of _____ which may become a Party to the Contract.

This Guarantee is issued for the benefit of ROC and cannot be assigned or transferred by it to any other party without the prior written consent of _____.

For purposes of this Guarantee, the capitalized terms used herein but which are undefined shall have the meaning ascribed to them in the Contract. A person who is not a party to this Guarantee shall have no third party rights to enforce or enjoy the benefit of any terms of this Guarantee.

This Guarantee shall be governed by and construed in accordance with the Law. Any dispute arising from this Guarantee shall be settled in accordance with the terms of Article 37 of the Contract.

This Guarantee shall come into force on the Effective Date of the Contract and shall remain valid as long as _____, or its Affiliate, shall be bound by the Contract.

Signed for and on behalf of:

Name and Title:

Signature:

FORM 2- FOR ROC, OEC, SOMO, AND TRANSPORTER

To: _____

We refer to the Exploration, Development and Production Service Contract for Block __, (hereinafter referred to as the "Contract") entered into on this _____ day of _____, 201_, between _____, _____ Oil Company and ROC.

In consideration of

- the rights and obligations of ROC as a Party to the Contract and being fully owned subsidiary of the Ministry of Oil of the Republic of Iraq; and
- _____ entering into the Contract

the Ministry of Oil, hereby unconditionally and irrevocably guarantees for the benefit of _____ to make available or cause to be made available to ROC such financial and technical resources as may be required to perform and fulfill its obligations under the Contract, as may be amended from time to time by the Parties thereto, for the Term of the Contract or as extended to enforce rights or obligations in relation to the Contract.

This Guarantee shall unconditionally and irrevocably extend to the obligations of OEC, Oil Marketing Company (SOMO), Transporter, and any Affiliate of ROC or the Ministry of Oil, which becomes a Party to the Contract and any references in the Guarantee to ROC shall be construed accordingly.

This Guarantee shall come into force on the Effective Date of the Contract and shall remain valid as long as ROC, Transporter, OEC, SOMO, and any other Affiliate of ROC or the Ministry of Oil, shall be bound by the Contract.

This Guarantee is issued for the benefit of _____ and cannot be assigned or transferred by it to any other party without the prior written consent of ROC.

For purposes of this Guarantee, the capitalized terms used herein but which are undefined shall have the meaning ascribed to them in the Contract.

This Guarantee shall be governed by and construed in accordance with the Law. Any dispute arising from this Guarantee shall be settled in accordance with the terms of Article 37 of the Contract.

Address of the Ministry of Oil for purposes of enforcement of this Guarantee:

Petroleum Contract and Licensing Directorate, Ministry of Oil, Baghdad, Republic of Iraq, attention Director General.

Signed for and on behalf of Ministry of Oil:

Name and Title:

Signature:

(End of Annex F)

ANNEX G – QUALITY SPECIFICATIONS

This Annex G is attached to and made part of the Exploration, Development and Production Service Contract for Block __.

SECTION 1 - QUALITY SPECIFICATIONS

All production that is delivered to the Transfer Points shall meet the following minimum quality specifications.

1. Dry Gas

SPECIFICATION	VALUE	UNIT
Water Dew Point @ 70 bar	- 30	^{o}C
Hydrocarbon Dew Point @ 70 bar	- 27	^{o}C
H_2S Content	2.5 max	ppm
RSH Content	15 max	ppm
CO_2 Content	0.5 max	volume %
Heating Value	1,150 max	British thermal units /SCF

2. LPG

SPECIFICATION	VALUE	UNIT
R.V.P (Summer)	800	Kpa
R.V.P (Winter)	1000	Kpa
Ethane	0.6 max	volume %
C5+	2 max	volume %
Sulfur Content	343 max	mg/m3
Water Content	0 (water free)	
Vapor Pressure (Summer) at 37.8° C	113.76	Psi
Vapor Pressure (Winter) at 37.8° C	142.2	Psi

3. Crude Oil

SPECIFICATION	TYPE OF OIL	VALUE	UNIT
Salt content	All	10	pounds per 1,000 bbls (PTB)
Water content	Heavy	0.2 – 0.4	%
	Medium	0.2	%
	Regular	0.15	%
	Light	0.15	%
R.V.P @ 38°C	Heavy	10	psi
	Medium	8 – 9	psi
	Regular	6.3 – 6.5	psi
	Light	6.3 – 6.5	psi
H_2S content	All	less than 20	ppm

SECTION 2 – REQUIREMENTS BEYOND TRANSFER POINTS

BLOCK NO.	TYPE OF HYDROCARBON	APPROXIMATE PIPELINE LENGTH (KM)	DESTINATION
1	GAS	100	Naynava Refinery
	OIL	100	New National Gas Pipeline
2	GAS	100	New National Gas Pipeline
3	GAS	100	New National Gas Pipeline
4	GAS	200	New National Gas Pipeline
5	GAS	250	New National Gas Pipeline
6	GAS	150	New National Gas Pipeline
7	GAS	100	New Strategic Pipeline
	OIL	50	New Strategic Pipeline
8	GAS	15	New National Gas Pipeline
9	GAS	20	Bin Umer Deport
	OIL	140	Fao Depot
10	GAS	15	New National Gas Pipeline
	OIL	10	New Strategic Pipeline
11	GAS	120	New National Gas Pipeline
	OIL	50	New Strategic Pipeline
12	GAS	120	New National Gas Pipeline
	OIL	75	New Strategic Pipeline

(End of Annex G)

ANNEX H - INVOICING PROCEDURES

This Annex H is attached to and made part of the Exploration, Development and Production Service Contract for Block __.

Terms used in this Annex shall have the meanings ascribed to them in this Contract.

CLAUSE 1. RELATIONSHIP TO THE EXPORT OIL SALES AGREEMENT AND TO THE EDPSC

The Export Oil Sales Agreement ("EOSA") sets out the procedures for the lifting of Export Oil by each of the Companies as payment of due and payable Petroleum Costs and Remuneration from ROC to Contractor under this Contract. This Annex H sets out the invoicing procedures pursuant to Clause 9 of the Accounting Guidelines in Annex C of this Contract for payment by ROC of due and payable Petroleum Costs and Remuneration to Contractor; both in Export Oil or in cash.

CLAUSE 2. INVOICING PROCEDURES FOR EXPORT OIL

2.1 To effect payment in Export Oil for Petroleum Costs and Remuneration accumulated by Contractor in the Quarter immediately preceding the Lifting Quarter (the "Spending Quarter"), Contractor shall prepare and submit to ROC by the fifteenth (15^{th}) day of the second Month of the Spending Quarter an invoice that sets out the actual Petroleum Costs and Remuneration in the first Month of the said Spending Quarter and the estimated Petroleum Costs and Remuneration for the remainder of the Spending Quarter and that will be due and payable as Export Oil in the Lifting Quarter ("Provisional Invoice"). The Provisional Invoice shall also include any balances of Petroleum Costs and Remuneration brought forward from previous periods and any adjustments to be made to the Petroleum Costs and Remuneration set out in previous invoices, including any overlift or underlift of Export Oil as a result of final determination of Export Oil Price.

2.2 The Provisional Invoice submitted by Contractor shall be subject to ROC review. In the event ROC notifies Contractor in writing of any changes to the Provisional Invoice, upon agreement by ROC and Contractor such changes shall be reflected in a Revised Invoice issued pursuant to Clause 2.4 of this Annex.

2.3 Based on the Petroleum Costs and Remuneration set out in the Provisional Invoice and the Provisional Export Oil Price, Contractor will prepare and submit a Forward Quantity Statement, as defined in the EOSA, to ROC and SOMO by the fifteenth (15^{th}) day of the second Month of the Spending Quarter that sets out the quantities of Export Oil to be delivered to the Companies in each Month of the applicable Lifting Quarter. The Companies shall schedule and take delivery of the quantities of Export Oil as set out in the Forward Quantity Statement, as subsequently adjusted, in accordance with the terms of the EOSA and this Annex. Any changes to the Provisional Invoice agreed between ROC and Contractor shall be reflected promptly in a revised Forward Quantity Statement.

2.4 Contractor shall prepare and submit to ROC by the fifteenth (15^{th}) day of the first Month of the Lifting Quarter, an invoice that sets out the actual Petroleum Costs and Remuneration accumulated through the end of the Spending Quarter and that are due and payable as Export Oil in the Lifting Quarter ("Revised Invoice"). The Revised Invoice shall also include any adjustments to be made to the Petroleum Costs and Remuneration set out in the Provisional Invoice and other previous invoices.

2.5 Within fifteen (15) days of the submission of the Revised Invoice, ROC shall review the Revised Invoice and confirm its accuracy or notify Contractor of any errors to be corrected and that the Revised Invoice should be resubmitted by Contractor for approval by ROC. Within the said time period, and in the event ROC and the Contractor disagree in respect of the amount of the Revised Invoice, the Revised Invoice shall be deemed approved to the extent of the undisputed amount and any disputed amount shall be resolved in accordance with Article 37.

2.6 Based on the Petroleum Costs and Remuneration set out in the Revised Invoice and the applicable Provisional Export Oil Price, Contractor will prepare and submit a revised Forward Quantity Statement to ROC and SOMO by the last day of the first Month of the Lifting Quarter that sets out the quantities of Export Oil to be delivered to the Companies in each Month of the said Lifting Quarter taking into account any adjustments required by Clause 2.5. The Companies shall schedule and take delivery of the quantities of Export Oil as set out in the revised Forward Quantity Statement. During the first Month of the Lifting Quarter, Contractor shall take delivery of quantities of Export Oil for its entitlement of Petroleum Costs and Remuneration for the first Month of the Spending Quarter as per the Provisional Invoice and the Forward Quantity Statement. During the second and third Months of the Lifting Quarter, Contractor shall take delivery of quantities of Export Oil as adjusted in the Revised Invoice and revised Forward Quantity Statement for its entitlement of Petroleum Costs and Remuneration for the remainder of the Spending Quarter.

2.7 Any residual balances of Petroleum Costs and Remuneration (whether excess or shortfall) remaining at the end of a Quarter shall be carried forward into the next Quarter and reflected in subsequent invoices.

CLAUSE 3. INVOICING PROCEDURES FOR CASH PAYMENT

3.1 Pursuant to Article 19 of the Contract, to effect payment in cash for Petroleum Costs and Remuneration accumulated by Contractor throughout a Spending Quarter, Contractor shall prepare and submit to ROC within forty-five (45) days after the end of the Spending Quarter an invoice that sets out the actual Petroleum Costs and Remuneration accumulated by Contractor through the end of the Spending Quarter and that are due and payable to Contractor ("Cash Invoice"). The Cash Invoice also shall include any residual balance of Petroleum Costs and Remuneration (whether excess or shortfall) brought forward from previous periods and any adjustments to be made to the Petroleum Costs and Remuneration set out in previous invoices.

3.2 Within thirty (30) days of the submission of the Cash Invoice, ROC shall review the Cash Invoice and confirm its accuracy or notify Contractor of any errors to be corrected and that the Cash Invoice should be resubmitted by Contractor for approval by ROC. In the event ROC and the Contractor disagree in respect of the amount of the Cash Invoice, the Cash Invoice shall be deemed approved to the extent of the undisputed amount and ROC shall pay Contractor the undisputed amount of the Cash Invoice within sixty (60) days of initial submission of the Cash Invoice by Contractor. Any disputed amount shall be resolved in accordance with Article 37.

CLAUSE4. CONTRACTOR'S ENTITLEMENT TO PETROLEUM COSTS AND REMUNERATION

Under no circumstances shall an event of Force Majeure or any failure by SOMO to make deliveries of Export Oil lead to a reduction in the Petroleum Costs and Remuneration to which

Contractor is entitled under this Contract. Any scheduled delivery of Export Oil affected by an event of Force Majeure or other interruption shall be rescheduled at the earliest available alternative lifting dates to be mutually agreed by SOMO and Contractor.

(End of Annex H)

EXPLORATION, DEVELOPMENT AND PRODUCTION SERVICE CONTRACT "EDPSC"
FOR BLOCK (__)

ADDENDUM ONE – HEADS OF JOINT OPERATING AGREEMENT

This Addendum One is attached to and made part of the Exploration, Development and Production Service Contract for Block __.

Terms defined in the Exploration, Development and Production Service Contract shall have the same meanings for the purpose of this Heads of Agreement. The parties to the Joint Operating Agreement are the entities constituting Contractor.

CLAUSE 1. SCOPE

This Heads of Joint Operating Agreement is to provide for the basic principles to be included in a Joint Operating Agreement ("JOA") to be executed among the entities constituting Contractor (hereinafter referred to individually as "Participant" or collectively as "Participants").

CLAUSE 2. PARTICIPATING INTEREST

Subject to Article 27 of the Contract, each Participant shall have the undivided percentage interest determined under the Contract and/or as agreed by the Participants ("Participating Interest"), provided that each Participant's Participating Interest shall not be less than ten percent (10%). Each Participant shall participate in proportion to its respective Participating Interest in all costs, expenses and liabilities incurred pursuant to the Contract or JOA and shall own, in the same proportion, Contractor's rights under the Contract and the Participants' rights under the JOA.

CLAUSE 3. OPERATOR

3.1 The Operator appointed in accordance with the Contract, shall have exclusive management and control of Petroleum Operations prior to the formation of the Joint Operating Company.

3.2 Operator may, at any time resign as such by giving the Participants notice in writing if it has identified an alternate operator that is acceptable to ROC; Operator shall cease to be Operator if: (a) it or its guarantor dissolves, liquidates or terminates its legal existence; (b) it or its guarantor becomes insolvent, bankrupt or is placed in receivership; (c) its Participating Interest is reduced to less than thirty percent (30%) unless otherwise approved by ROC; or (d) it takes no action within thirty (30) days after notification to it by a Participant to remedy a material breach of this JOA. Pursuant to Article 9.5 of the Contract, replacement of the Operator shall be subject to ROC's prior approval.

CLAUSE 4. OPERATING COMMITTEE

4.1 An Operating Committee composed of representatives of the Participants shall be established and shall act for the duration of this JOA to make decisions and establish joint policies and make proposals to be submitted to ROC, the JMC or the BOD, as well as to make any other decisions necessary or expedient for the orderly supervision and direction of the Petroleum Operations.

4.2 The decisions of the Operating Committee on all matters coming before it shall be made by the affirmative vote of the representatives of the Participants having a combined voting right of at least _____ percent (_____%), each Participant being entitled to have and to exercise through its representatives a voting right equal numerically to its Participating Interest. The Operating Committee shall also decide upon Contractor's

representation in the JMC or BOD, provided that Contractor's Operator shall have at least one (1) of the members provided to Contractor.

CLAUSE 5. WORK PROGRAMS AND BUDGETS

For each Calendar Year, the Operator shall prepare and submit to the Participants Work Programs and Budgets not later than the first day of August of the preceding Year. Each such Work Program and Budget shall set out in a reasonably detailed manner the work to be carried out and shall include an itemized estimate of the corresponding expenditures. The Operating Committee shall review and discuss the Work Program and Budget submitted by Operator for the following Calendar Year and shall adopt, not later than August 30, a Work Program and Budget to be submitted to the Operator for further study and possible modification before referring it to the JMC or the BOD for approval pursuant to Article 12.2.

CLAUSE 6. COSTS AND EXPENSES

All costs and expenses of Contractor for Petroleum Operations shall be borne by the Companies in proportion to their respective Participating Interest. All costs and expenses that are incurred in the conduct of operations under this JOA shall be determined and recorded according to an Accounting Procedure (without prejudice to Annex C of the Contract) and generally accepted accounting principles and shall be subject to periodic inspection and audit.

CLAUSE 7. DEFAULTS

7.1 Any Company that fails to pay when due its Participating Interest share of costs and expenses shall be in default, hereinafter referred to as ("Defaulting Company"). The Operator shall as soon as practicable notify all Participants of such default and the Operator shall keep the Participants informed thereafter of material events in relation thereto. The amount not paid by the Defaulting Company shall bear interest from the date due until paid in full at the rate specified in Clause 7.2 below. After any default has continued for thirty (30) days, the Defaulting Company shall not be entitled to attend Operating Committee meetings or to vote on any matter coming before the Operating Committee during the period such default continues. Non-Defaulting Companies shall pay the defaulted amount on behalf of the Defaulting Company, in proportion to their Participating Interests or in any other proportion they may agree upon.

7.2 The Defaulting Company shall have the right to remedy the default at any time prior to forfeiture, as hereinafter provided, by payment in full to the Operator or, if the Non-Defaulting Companies have paid any amounts under Clause 7.1 of this JOA, to the Non-Defaulting Companies, in proportion to the amounts so paid by them, of all amounts which the Defaulting Company has failed to pay, together with interest thereon on a day to day basis at the rate of LIBOR plus five percent (5%). Interest shall not be recoverable as Petroleum Costs.

If a Defaulting Company has not remedied the default by the thirtieth (30^{th}) day, then, during the continuance of such default, the Defaulting Company shall not be entitled to its Participating Interest share of Petroleum Costs and Remuneration, which shall vest in and be the property of the Non-Defaulting Companies. The Petroleum Costs and Remuneration due to the Defaulting Company shall proportionately be paid to the Non-Defaulting Companies, which Petroleum Costs and Remuneration shall be credited against all monies advanced by such Non-Defaulting Companies on behalf of the Defaulting Company. The balance of such fees, if any, shall be paid to the Defaulting Company when such default has been remedied.

CLAUSE 8. WITHDRAWAL

After the Minimum Work Obligation has been fulfilled, any Company may elect, and subject to ROC's prior written consent, by giving notice to the other Participants, to withdraw from the Contract and the JOA. Each of the other Companies may also give notice that it desires to withdraw from the Contract and the JOA. Should all Companies give such notice of withdrawal, the Participants shall proceed to abandon the Contract Area and terminate the Contract and JOA. If less than all of the Companies give such notice of withdrawal, then the withdrawing Companies shall execute and deliver all necessary instruments and documents to assign their Participating Interest to the non-withdrawing Companies, without any compensation whatsoever. Such assignment to the non-withdrawing Companies shall be in proportion to their Participating Interests, unless otherwise agreed among them. The non-withdrawing Companies shall take the assignment of all of the withdrawing Companies' Participating Interests; otherwise, the Participants shall be deemed to have decided to withdraw from the Contract and the JOA. The withdrawing Participant shall remain responsible in proportion to its Participating Interest for any liability that may arise for any activity performed before its withdrawal and shall not be entitled to the Petroleum Costs or Remuneration accrued on or after the date of its withdrawal.

CLAUSE 9. ASSIGNMENT

Each Participant may transfer, subject to any requirement under the Contract, all or part of, its Participating Interest under the Contract and the JOA to a wholly-owned Affiliate without the consent of the other Participants; provided that such Participant shall remain responsible for the performance of the financial and other obligations under the Contract and the JOA to the same extent as if the transfer had not occurred and provided further that the assigning Participant shall timely notify the other Participants of any such transfer. Without prejudice to the provisions of the Contract, no transfer of any interest under the Contract and the JOA to third parties may be made by any Participant without the written consent of the other Participants which consent shall not be unreasonably withheld. The transfer by a Participant of its interest under the Contract and the JOA to third parties shall be subject to ROC's approval and its pre-emptive right and to the preferential rights of the other Participants. The assignee or transferee shall be bound by the Contract and the JOA.

CLAUSE 10. RELATION OF THE PARTICIPANTS

Without prejudice to Article 2.4 of the Contract, the rights, duties, obligations and liabilities of the Participants under this Heads of Agreement and the JOA shall be individual, not joint or collective. It is not the intention of the Participants to create, nor shall this Heads of Agreement or the JOA be deemed or construed to create a mining or other partnership, joint venture, association or trust, or as authorizing any Participants to act as an agent, servant or employee for any other Participant for any purpose whatsoever except as explicitly set forth in the JOA.

CLAUSE 11. GOVERNING LAW AND ARBITRATION

The JOA shall be governed by, construed, interpreted and applied in accordance with the Law. Any dispute, controversy or claim arising out of or in relation to or in connection with the JOA or the operations carried out thereunder, including without limitation any dispute as to the validity, interpretation, enforceability or breach of the JOA, shall be settled by arbitration in Paris, France, in accordance with the Rules of Conciliation and Arbitration of the International Chamber of Commerce conducted in the manner contemplated in Article 37 of the Contract.

CLAUSE 12. EFFECTIVE DATE AND TERM

This Heads of Agreement shall come into force on the Effective Date of the Contract and shall continue in effect until the Contract expires, terminates or upon the Participants entering into the JOA, whichever is the earlier.

CLAUSE 13. JOINT OPERATING AGREEMENT (JOA)

Within six (6) months from the Effective Date, the Participants shall enter into the Joint Operating Agreement which shall embody the principles stipulated in this JOA Heads of Agreement and it may include such other provisions as customarily used by international petroleum industry and shall continue in effect as long as the Contract is in effect.

(End of Addendum One)

ADDENDUM TWO – HEADS OF PETROLEUM TRANSFER AGREEMENT

This Addendum Two is attached to and made part of the Exploration, Development and Production Service Contract for Block __.

Terms defined in the Exploration, Development and Production Service Contract shall have the same meanings for the purpose of this Heads of Petroleum Transfer Agreement.

CLAUSE 1. SCOPE

This Heads of Petroleum Transfer Agreement prescribes the basic principles to be included in a Petroleum Transfer Agreement to be executed by and between the Operator and Transporter for transportation of Petroleum produced from the Contract Area under the Contract.

CLAUSE 2. SCOPE OF PETROLEUM TRANSFER AGREEMENT

Provided Operator complies with its obligations under the Contract and this Addendum Two related to the Transportation System, Transporter, on behalf of ROC shall receive at the Transfer Point(s) the quantities of Petroleum from the Contract Area tendered by Operator and taken by ROC as contemplated in Article 10 of the Contract.

CLAUSE 3. FACILITIES AT THE TRANSFER POINT

For the purpose of the transfer of Petroleum, Operator may use a parcel of land at the Transfer Point(s) and construct necessary facilities thereon.

CLAUSE 4. TRANSFER RATE

Operator shall have the right and the obligation to tender Petroleum at the Transfer Point(s) at a certain average rate in accordance with the approved Plans and Revisions. However, Operator in co-ordination with Transporter may transfer Petroleum at a peak rate up to twenty percent (20%) above the approved average rate for temporary periods to compensate for operational constraints. In the event that the throughput capacity of the pipeline system or the related facilities is constrained for unforeseeable incidents beyond the control of the Operator or Transporter and the throughput of Petroleum through the pipeline system is consequently reduced, Operator shall reduce its deliveries accordingly. Any such reduction shall be on a non-discriminatory basis.

CLAUSE 5. TRANSFER CONDITIONS

Petroleum shall be transferred at the Transfer Point(s) from one or more Petroleum streams in accordance with the approved Plans, and at the pressure commensurate with the pressure required by the existing system. The quality of each Petroleum stream transferred at the Transfer Point(s) shall be subject to certain conditions and specifications to be agreed upon by Transporter and Operator. Operator shall not mix any additives to the Petroleum tendered for transportation, without prior written approval of Transporter.

CLAUSE 6. MEASURING

Operator shall install, maintain and operate all facilities necessary for the measurement of Petroleum at each Production Measurement Point. Operator shall notify ROC prior to any calibration of such measurement facilities and allow ROC's representatives to attend such calibration activities. Unless agreed otherwise by the Parties, any inaccuracy determined during such calibration activities shall be deemed to have existed since the mid-point between the last

calibration and the current calibration. Similarly, Export Oil that may be lifted by Contractor shall be measured at the Delivery Measurement Point in accordance with standard SOMO measurement practices.

Operation and calibration of the metering equipment and procedures for measurement and sampling shall be in accordance with the prevailing standards of the international petroleum industry. The Parties shall agree the procedure for measuring the volume and quality of Petroleum and shall have the right of access to Production Measurement Points and the right of witnessing calibration thereof.

CLAUSE 7. TRANSPORTATION SYSTEM

7.1 Operator and Contractor shall have no obligation to build transportation facilities downstream of the Transfer Point unless this is agreed and incorporated in a Development Plan. In the event such facilities are built they shall be handed over to Transporter upon completion and commissioning.

7.2 In case a need arises to de-bottleneck, improve the efficiency and/or to increase the capacity of the Transportation System, ROC, Transporter, or Operator may propose to construct facilities beyond the Transfer Point, in addition to or to modify the existing Transportation Facilities. If agreed in a Plan, Operator and Contractor shall participate in the building and financing of the same in proportion to the production from the Contract Area in relation with other users and such participation shall be considered Petroleum Costs.

7.3 In the event that Contractor agrees to finance and build or improve such transportation facilities, Operator shall ensure the participation of Transporter's representatives during engineering and construction of the Transportation Facilities, as well as the training of Transporter's personnel concerning operation and maintenance to be conducted before handing them over to the Transporter. Operator shall provide Transporter with all documents and guarantees relating to the said Transportation Facilities. Operator and Transporter shall agree in advance on a procedure for smooth hand-over of the Transportation Facilities after completion and commissioning.

CLAUSE 8. EFFECTIVE DATE AND TERM

This Heads of Petroleum Transfer Agreement shall be valid and effective as from the Effective Date and shall continue in effect until the expiry or termination of the Contract or upon the Operator and Transporter entering into the Petroleum Transfer Agreement, whichever is the earlier.

CLAUSE 9. GOVERNING LAW AND ARBITRATION

The Petroleum Transfer Agreement shall be governed by, construed, interpreted and applied in accordance with the Law. Any dispute, controversy or claim arising out of or in relation to or in connection with the Petroleum Transfer Agreement or the operations carried out thereunder, including without limitation any dispute as to the validity, interpretation, enforceability or breach of the Petroleum Transfer Agreement, shall be settled in accordance with the procedures set forth in Article 37 of the Contract.

CLAUSE 10. PETROLEUM TRANSFER AGREEMENT

Within six (6) months from the approval of the Development Plan, the Operator shall enter into the Petroleum Transfer Agreement with Transporter which shall embody the principles in this Addendum Two and it may include such other provisions as customarily used by the international petroleum industry and shall continue in effect for as long as the Contract is in effect.

(End of Addendum Two)

ADDENDUM THREE – HEADS OF CHARTER OF JOINT OPERATING COMPANY

This Addendum Three is attached to and made part of the Exploration, Development and Production Service Contract for Block __.

Terms defined in the Contract shall have the same meanings for the purposes of this Heads of Charter of Joint Operating Company Agreement ("Charter"). The parties to the Charter shall be the Parties to the Contract: ROC and Contractor.

CLAUSE 1. ESTABLISHING OF THE JOINT OPERATING COMPANY

1.1 Pursuant to Article 9 of the Contract, a Joint Operating Company of limited liability may be established under the Law. The JOC shall be formed within twelve (12) months after ROC's decision to form the JOC, and shall commence the conduct of Petroleum Operations on the Date of Transfer of Operatorship, which date shall be within thirty (30) days after the formation of the JOC.

1.2 JOC shall be owned fifty percent (50%) by ROC and fifty percent (50%) by Contractor. JOC will bear Iraqi nationality and shall conduct its activities in accordance with the provisions of the Contract, this Addendum Three and the subsequent Charter of the JOC.

1.3 The authorized capital of the JOC shall be determined by mutual agreement in accordance with the Law. ROC and Contractor shall each pay for, hold, and own throughout the life of the JOC the capital stock of the JOC in accordance with the percentage ownership stipulated in Clause 1.2.

1.4 Contractor and ROC shall agree, at least three (3) months prior to the Date of Transfer of Operatorship, on the procedure to secure a smooth transfer of Petroleum Operations from Contractor's Operator to the JOC.

CLAUSE 2. JOC NAME

The name of JOC shall be the _____ Operating Company.

CLAUSE 3. HEADQUARTERS OF JOC

The headquarters of the JOC shall be in Baghdad, Iraq, and it may have offices in other cities in the Republic of Iraq.

CLAUSE 4. JOC OBJECTIVES

4.1 JOC shall assume the duties of the Operator to the extent they apply to the conduct of Petroleum Operations, but on behalf of the Parties, and to the account of Contractor, all in accordance with the provisions of the Contract and the charter of the JOC.

4.2 JOC shall implement approved Development Plans, Work Programs and Budgets in accordance with the Contract. JOC shall keep account of all costs, expenses and expenditures for such Petroleum Operations under the terms of the Contract and the Accounting Procedures.

4.3 In conducting Petroleum Operations, the JOC and its Sub-Contractors enjoy the same privileges and exemptions as Contractor or Operator to the extent these apply to the conduct of Petroleum Operations by Operator, and shall comply with the Law.

4.4 JOC shall assume, as from the Date of Transfer of Operatorship, all the rights and obligations of Contractor and/or Operator wherever they appear in the Contract to the extent they are relevant to the conduct of Petroleum Operations by the Operator.

4.5 After the JOC has taken over conduct of Petroleum Operations and has become Operator, Contractor shall have the obligation of joint management of the JOC through the BOD and a major role in all the planning, decisions, and day-to-day conduct of Petroleum Operations. In general, Contractor shall make available to the JOC its managerial and technological skills and personnel to ensure that Petroleum Operations are performed in accordance with Best International Petroleum Industry Practices. In particular, the establishment of the JOC shall in no way relieve Contractor of its obligations to achieve the production targets under the Contract.

CLAUSE 5. FINANCING

The JOC shall have neither profit nor loss. Costs, expenses and expenditures, incurred and paid by JOC to carry out Petroleum Operations shall be financed by Contractor and recovered as Petroleum Costs according with approved Work Programs and Budgets in accordance with the provisions of the Contract.

CLAUSE 6. FUNCTION OF JOC

6.1 The JOC shall not own any right, title or interest under the Contract or in the Petroleum produced from the Contract Area, and shall not be required as a principal for any financing. JOC shall function as Operator and shall assume all relevant responsibilities of Operator under the Contract.

6.2 The JOC shall not engage in any business or undertake any activity other than the performance of Petroleum Operations.

CLAUSE 7. BOARD OF DIRECTORS

7.1 A Board of Directors shall be formed for the purpose of overall supervision and control of Petroleum Operations to be conducted by the JOC. This BOD shall consist of _____ (_) members, half to be designated by ROC and half to be designated by Contractor. An alternate to each member shall also be designated. The BOD shall assume its duties and authorities as from the Date of Transfer of Operatorship. The chairman shall be designated by ROC and the deputy chairman by Contractor.

7.2 Decisions of the BOD shall be taken by unanimous votes of the members or their alternates present at the meeting. Quorum shall be at least _____ (_) members or alternates including at least one member or alternate designated by ROC and one member or alternate nominated by Contractor's Operator. Decisions taken by the BOD shall be recorded in official minutes signed by the members present and communicated by JOC to the Parties.

7.3 All reasonable costs and expenses of the BOD shall be recovered as Petroleum Costs.

CLAUSE 8. DUTIES AND AUTHORITIES OF BOARD OF DIRECTORS

The BOD shall assume all the duties and authorities of the JMC as specified in Article 13.2 of the Contract or as subsequently amended by the JMC. Additionally, the BOD shall have the following duties and authorities:

8.1 overall supervision and control of the conduct of Petroleum Operations by the JOC;

8.2 the establishment of the operating organization and procedure;

8.3 the structuring of the accounting system and of the financial controls as well as the financial planning insofar as it is necessary to manage JOC;

8.4 the establishment of the procedures for the funding of Petroleum Operations by Contractor;

8.5 the appointment and replacement of the General Manager, the Deputy General Manager and the other senior divisional managers of JOC, and the definition of their respective powers;

8.6 the establishment and update of the organization chart of JOC, including the identification of the positions to be filled through secondment from ROC or Contractor respectively and those to be filled through direct employment, if any. The Contractor should be prepared to fill positions within the JOC as and where required upon the request of the BOD;

8.7 establishment of the employment procedures and personnel regulations of JOC;

8.8 prior approval of the terms of the service or secondment agreements to be entered into by JOC with ROC and Contractor of the Contract; and

8.9 execution of any duty or authority committed to by JMC, whether implemented or still to be implemented by JMC.

CLAUSE 9. MANAGEMENT

The General Manager and Deputy General Manager of JOC shall be appointed by the BOD from candidates nominated by ROC and Contractor, respectively. Departmental Managers of JOC shall be appointed by the BOD in consultation with the General Manager and Deputy General Manager. The General Manager shall be the chief executive officer of the JOC.

CLAUSE 10. EMPLOYMENT REGULATIONS

The JOC shall give preference to Iraqi personnel in accordance with Article 9.19 of the Contract.

Secondees of Contractor or ROC shall be exclusive to the operations of the JOC and shall have no other work obligation or assignment within the organization supplying such secondee, unless agreed by ROC and Contractor.

The BOD shall approve the regulations covering the terms and conditions of employment of the personnel of JOC employed directly by JOC.

CLAUSE 11. LIABILITY

Liabilities shall be pursuant to the Contract.

CLAUSE 12. DURATION OF JOC

12.1 The duration of JOC shall extend up to the end of the Term, including any extensions thereof.

12.2 Neither Contractor nor ROC shall assign, sell or otherwise transfer its interest in the JOC except by mutual agreement; provided, however, that when a Company assigns its interest under the Contract and Joint Operating Agreement to any party, its interest in the JOC shall be assigned proportionately.

12.3 JOC shall adopt a plan for the transfer of operatorship to ROC in accordance with Article 9.25 of the Contract.

CLAUSE 13. DISSOLUTION OF JOC

The JOC shall be dissolved when the Contract expires or is terminated for any reason as provided for therein.

CLAUSE 14. CHARTER OF JOC

By the Date of Transfer of Operatorship, the Parties shall enter into the charter of the JOC which shall embody the principles set out in this JOC Heads of Agreement. Pending the issue of the said Charter, the provisions of this JOC Heads of Agreement setting forth the principal terms of the charter shall apply as the provisional charter.

CLAUSE 15. MODIFICATION OF THE CHARTER OF JOC

Contractor and ROC may, by mutual agreement, modify the terms of the Charter of the JOC provided that such modification will not be in conflict with the provisions of this Addendum Three or the Contract.

CLAUSE 16. HAND-OVER OF OPERATORSHIP

Operatorship including all books and records shall be transferred to JOC.

CLAUSE 17. GOVERNING LAW AND ARBITRATION

The Law shall apply to the JOC, if and to the same extent it applies to Contractor, Operator and/or the Contract in accordance with Article 29. To the extent that the Parties determine that it would be appropriate to prepare a shareholders' agreement in respect of JOC, such shareholders agreement shall be governed by, and construed in accordance with, the Law. Any dispute arising from or in connection with such shareholders agreement or the charter of JOC shall be settled in accordance with Article 37 of the Contract.

CLAUSE 18. CONFIDENTIALITY

Confidentiality provisions of Article 33 of the Contract shall apply for this Heads of Agreement, subsequent Charter and operations of JOC.

CLAUSE 19. EFFECTIVE DATE AND TERM

This Heads of Charter shall come into force on the Effective Date and shall continue in effect until the earlier of Contract expiry, Contract termination or upon the Parties entering into the Charter of the JOC. The full charter of the JOC shall be entered into no later than thirty (30) days prior to the planned Date of Transfer of Operatorship.

(End of Addendum Three)

ADDENDUM FOUR – EXPORT OIL SALES AGREEMENT

This Addendum Four is attached to and made part of the Exploration, Development and Production Service Contract for Block __.

EXPORT OIL SALES AGREEMENT

FOR THE BLOCK __ CONTRACT AREA

BETWEEN

**OIL MARKETING COMPANY
OF THE IRAQI MINISTRY OF OIL**

AND

_____

EXPORT OIL SALES AGREEMENT

FOR THE BLOCK __ CONTRACT AREA

This Export Oil Sales Agreement ("**Agreement**") is entered into between Oil Marketing Company ("**SOMO**") on behalf and for the account of Regional Oil Company ("**ROC**") (hereinafter called First Party) of the one part and _____ and _____ being members of Contractor under the Exploration, Development and Production Service Contract for Block __ signed on _____, **201_** ("**EDPSC**") (hereinafter called Second Party) of the other part (collectively referred to as the "**Parties**" and individually as a "**Party**").

Whereby it is agreed as follows:

SECTION ONE – SPECIFIC PROVISIONS

The Parties are entering into this Agreement to implement ROC's obligation to pay the Contractor the amounts due by ROC pursuant to the EDPSC for the services rendered by Contractor to ROC.

As between ROC and Contractor, the provisions of the EDPSC shall continue to apply and govern all matters other than those covered by this Agreement relating to the lifting of Export Oil in satisfaction of payment obligations under the EDPSC.

Wherever the General Provisions of Section Two, attached and herein incorporated in this Agreement, are at variance or in conflict with this Section One, the provisions of Section One shall govern. Capitalized terms used herein, unless otherwise defined in this Agreement, shall have the same meaning as defined in the EDPSC.

ARTICLE 1 – DEFINITIONS

As used in this Agreement, unless otherwise provided the following words and terms shall have the following meanings:

API Gravity	means scale adopted by the American Petroleum Institute for expressing the specific gravity of crude oil.
Barrel	means forty-two (42) U S. Gallons at sixty degrees (60°) Fahrenheit and at normal atmospheric pressure.
Barrel per day (B/d)	means the average number of barrels of crude oil supplied during a calendar day as defined above.
Day	means a period of twenty-four (24) running hours commencing at 00.01 hours local time at the port of loading.
Dollar ($)	The currency of the United States of America.
FOB	means "Free on Board" as referred to in the ICC Incoterms 2000.
Invoice	means an invoice prepared in accordance with Annex H of the EDPSC.
Month	means Gregorian calendar month commencing at 00.01 hours local time at the port of loading on first day of the month.

Quarter means a period of three (3) consecutive months beginning on January 1, April 1, July 1, October 1, as the case may be.

Year means a Gregorian calendar year.

(End of Article 1)

ARTICLE 2 – DURATION, DESTINATION

DURATION

This Agreement shall become effective on the _____ day of _____**201_** and shall continue thereafter until the settlement of each amount invoiced pursuant to Article 5 of this Section One.

DESTINATION

The destination of the crude oil delivered under this Agreement shall be refining systems in Europe, North and South America, the Far East and South Africa, given that it is declared at least seventy-two (72) hours before the accepted Laycan date. However, any change in the destination after the said seventy-two (72) hours shall be subject to First Party's approval before being accepted.

(End of Article 2)

ARTICLE 3 – QUANTITY AND QUALITY

First Party undertakes to deliver FOB and Second Party undertakes to receive the following:

Type of Crude Loading	Estimated Quantity	Port of
Basra Light or as otherwise agreed by the Parties	± 5% (at First Party's operational tolerance) actual quantity lifted is based on net bill of lading.	Basra Oil Terminal or as otherwise agreed by the Parties

The above quantity is calculated pursuant to Article 5 of this Section One.

The above quantity shall be adjusted to fit the upper limit of the invoice amount or the actual quantity that is to be lifted, whichever is applicable.

The quality of the crude oil shall be the standard export quality available at the port of loading from time to time.

The quantity, in full or in part, to be lifted under this Agreement by a Company shall always be subject to crude oil availability at the time of loading.

In any case when the First Party, for reasons technical or otherwise that are beyond its control, is unable to deliver the agreed quantity, the Second Party shall be advised of the alternative lifting dates.

EXCESS VOLUMES

The Parties may, at their option, elect to deliver or lift excess Export Oil over and above the volumes in the Forward Quantity Statement. The actual value of any such excess Export Oil lifted by any Company will reduce the outstanding balance of due Petroleum Costs and Remuneration under the EDPSC as reflected in the then most current Invoice. If either of Parties wishes to exercise this option to deliver excess Export Oil in any Lifting Quarter, it shall notify the other of such election no later than the first day of the second Month of the preceding Quarter, and the other Party must confirm its agreement no later than ten (10) days after such notice.

(End of Article 3)

ARTICLE 4 – PRICE

The price(s) of the crude oil to be delivered under this Agreement shall be the declared SOMO official selling price (OSP) for the scheduled Month of loading.

A. BASRA LIGHT PRICE

1. FOR THE NORTH AND SOUTH AMERICAN MARKET

Basra Light Price Ex Basra Oil Terminal is based on the Argus Sour Crude Index (ASCI) Front Month as a marker crude.

The ASOI (Front Month) is calculated by taking the monthly arithmetic average of all the daily ASCI Quotations as published in the Argus Crude Report for the scheduled Month of loading. The scheduled Month of loading is defined as the Month in which loading is accepted by the First Party's nomination scheduling process.

2. FOR THE EUROPEAN AND SOUTH AFRICAN MARKET

Basra Light Price Ex Basra Oil Terminal is based on Brent (Dated) as a marker crude.

The Brent (Dated) is calculated by taking the arithmetic average of the means of high and low spot assessments of Brent (Dated) quotations as published in the Platts Crude Oil Marketwire for five consecutive quotations starting from the fifteenth (15^{th}) Day from the Bill of Lading Date, with the Bill of Lading Date being the first day of such fifteen (15) Day period.

3. FOR THE FAR EAST MARKET

Basra Light Price Ex Basra Oil Terminal is based on (Oman + Dubai) / 2 as marker crudes.

The Oman and Dubai are calculated by taking the monthly arithmetic average of the means of high and low spot assessments of Oman and Dubai quotations as published in the Platts Crude Oil Marketwire during the scheduled Month of loading.

. API ESCALATION / DE-ESCALATION

The resulting Basra Light Price is to be reduced by Dollar ($) 0.04 for each whole one tenth of a degree API below 34.00 degree and to be increased by Dollar ($) 0.04 for each whole one tenth of a degree API above 34.00 degree.

- **FREIGHT ESCALATOR / DE-ESCALATOR**

The final price for each shipment destined to North and South America and to Europe shall be adjusted by taking the difference between A and B below:

(A) The average Worldscale quotations published in Platts Dirty Tankerwire for the voyage Arab Gulf-US Gulf (260 kt North and South America bound ships) and Arab Gulf-ukc (260 kt Europe bound ships) for the average of (the Month prior to the Month of loading) (I,E.M-1) and accepted nomination (M).

(B) A base Worldscale rate of 30 (Thirty).

The freight adjustment shall take into consideration the following:

- The Second Party is to be compensated if the assessment in (A) is more than the base rate.

- If the assessment in (A) is less than the base rate then the First Party is to be compensated.

Basra Light of 34 API, i.e., a conversion factor metric ton/Barrel of 7.37.

The aforementioned freight adjustment shall not be applied to cargoes destined to South Africa.

The price formula applicable for each shipment of Basra Light crude oil shall be the price formula prevailing on the accepted date of loading.

B. KIRKUK CRUDE PRICE

1. FOR THE NORTH AND SOUTH AMERICA MARKETS

Kirkuk crude price Ex Ceyhan Terminal is based on the Argus Sour Crude Index (ASCI) Front Month as a marker crude.

The ASCI (Front Month) is calculated by taking the monthly arithmetic average of all the daily ASCI quotations as published in the Argus Crude Report for the scheduled Month of loading. The scheduled Month of loading is defined as the Month in which loading is accepted by the First Party's nomination scheduling process.

2. FOR THE EUROPEAN AND SOUTH AFRICAN MARKETS

Kirkuk crude price Ex Ceyhan Terminal is based on Brent (Dated) as a marker crude.

The Brent (Dated) is calculated by taking the arithmetic average of the means of high and low spot assessments of Brent (Dated) quotations as published in the Platts Crude Oil Marketwire for five consecutive quotations starting from the Bill of Lading Date, with the Bill of Lading Date being the first day of such fifteen (15) Day period.

- **API ESCALATION / DE-ESCALATION**

The resulting Kirkuk crude price is to be reduced by Dollar ($) 0.04 for each whole one tenth of a degree API below 36.00 degree and to be increased by Dollar ($) 0.04 for each whole one tenth of a degree API above 36.00 degree.

- **FREIGHT ESCALATOR / DE-ESCALATOR**

The final price for each shipment destined to North and South America shall be adjusted by taking the difference between A and B below:

(A) The average Worldscale quotations published in Platts Dirty Tankerwire for the voyage Ceyhan terminal-US Gulf (260 kt North and South America bound ships) for the average of (the Month prior to the Month of loading) (I, E.M-1) and accepted nomination (M).

(B) A base Worldscale rate of 30 (Thirty).

The freight adjustment shall take into consideration the following:

- The Second Party is to be compensated if the assessment in (A) is more than the base rate.

- If the assessment in (A) is less than the base rate then the First Party is to be compensated.

Kirkuk crude of 36 API, i.e., a conversion factor metric ton/Barrel of 7.42.

No freight compensation will be calculated for shipments destined to South African Market. The price formula applicable for each shipment of Kirkuk Crude Oil shall be the price formula prevailing on the accepted date of loading.

(End of Article 4)

ARTICLE 5 – FINANCIAL SETTLEMENT PROCEDURE

Payment for shipment(s) of Export Oil under this Agreement shall be made by offsetting the value of such shipments from the invoice amount due and payable to the Second Party. The value of each shipment shall be calculated on the basis of the actual price for such shipment in accordance with the following:

a. The invoicing procedures described in Clause 2 of Annex H of the EDPSC shall apply, including in respect of any adjustments to invoices or overlifts or underlifts as a result of the final determination of Export Oil Price.

b. The volume of Export Oil allocated to the Companies in any Lifting Quarter shall not exceed the upper limit set for payment of amounts due by ROC calculated using SOMO's anticipated price of Basra crude oil, which shall be based upon the latest available prices published in Platts and Argus for benchmarks used for pricing Basra crude oil before the declaration date of monthly loading schedule by the First Party.

c. Any liability of each Company under this Agreement shall be several and not joint and each Company shall bear only such portion of any such liability as is attributable to its respective actions or failure to act.

(End of Article 5)

ARTICLE 6 – SOMO STANDARD DOCUMENTATION

Bill of Lading	12 - (3 orig. & 9 copies)
Certificate of Origin	4
Certificate of Quality and Quantity	4
Shore Quantity Report	4
OBQ Report	4
Ullage Report	4
Bunker Inspection Record	4
Time Log	4
Load Port Inspection Checklist	4
Laboratory Report of Quality	4
Sample Receipt	4
Basic Marine Movement Date Sheet	4
Certificate of Tank Washing Rem. On board	4
Distribution of Documents	4

Two sets of documents are handed to Master, one being for consignee. First Party shall advise Second Party by telex or cable within forty-eight (48) hours following each loading with the following details:

Vessel's name

Loading port

Commenced loading date

Completed Loading date

Sailing date

Gross and net quantities in metric tons, long tons and Barrels

API Gravity

(End of Article 6)

ARTICLE 7 – SPECIAL CONDITIONS

Second Party hereby confirms that it has not paid nor will pay and has not given nor will give any commission, in cash or in kind, or benefit of any kind whatsoever to any person whomsoever, including any intermediary, in connection with the conclusion of this Agreement.

Without prejudice to the General Terms and Conditions of this agreement, the Second Party will be committed to the requirements of the Extractive Industries Transparency Initiative (EITI) by confirming the price paid for crude oil under this agreement and taking such other reasonable measures as may be agreed between the Parties.

Notwithstanding anything to the contrary herein, nothing in the Agreement is intended and nothing herein should be interpreted or construed, to induce or require any Party hereto to act in any manner (including failing to take any actions in connection with a transaction) which is inconsistent with, penalized or prohibited under any laws, regulations, decrees or other official government rules or requirements of the country of incorporation of such Party or such Party's ultimate parent company or otherwise applicable to such party which relate to anti-money laundering, foreign trade controls, export controls, embargoes or international boycotts of any type.

(End of Article 7)

ARTICLE 8 – ADDRESSES

Communications required shall be effected at the addresses below:

The First Party

Oil Marketing Company
PO Box 5118, Baghdad, Iraq
E-mail: info@somooil.gov.iq
FAX: 00 9641 772 6574 / 00 9641 774 2797

And

The Second Party:

Address:
E-mail:
FAX:

(End of Article 8)

EXPLORATION, DEVELOPMENT AND PRODUCTION SERVICE CONTRACT "EDPSC"
FOR BLOCK (__)

This Agreement has been done and signed on the _____ day of _____ **201_**.

For **First Party**

Name:
Director General
SOMO

For **Second Party**

Name:

SECTION TWO - GENERAL TERMS AND CONDITIONS

The provisions of this Section Two, General Terms and Conditions shall be subordinate to the provisions of Section One; Specific Provisions to the extent there is any inconsistency.

ARTICLE 1 – MEASUREMENT, SAMPLING AND THIRD PARTY INSPECTION

A. MEASUREMENT AND SAMPLING

1. Measurement of the quantities and the taking of four (4) samples for the purpose of determining the quality of the crude oil in each shipment shall be in accordance with the latest approved methods as published by the American Petroleum Institute (API) in the Manual of Petroleum Measurement Standards (API MPMS) and the American Society for Testing and Materials or the Institute of Petroleum at the port of loading at time of the shipment in question. Temperature correction to 60°F shall be made in accordance with latest edition of Chapter Eleven of the API Manual.

2. The bill of lading shall indicate the quantity of crude oil delivered in conformity with measurements at the port of loading and shall be considered final and binding upon both parties after deduction of bottom sediments and water.

   The bill of lading date is the time and date when hoses are disconnected

3. Any claims from Second Party as to determinations made at the loading port relating to the quality delivered shall be sent to First Party within sixty (60) days from the date of the bill of lading.

4. No claim submitted by Second Party for one lot of the crude oil shall be regarded as a reason for rejecting any other lot of crude oil to be delivered under this Agreement.

5. In case of a dispute arising over the quality of the delivered crude oil, Second Party and First Party will refer to the analysis of a two samples to be carried out independently by the two parties. These analyses will be binding upon both parties provided they are found in agreement with each other within the reproducibilities of IP or ASTM methods.

6. Should these analyses prove different, however, the other two samples shall be analyzed by a third laboratory, to be agreed upon by both Parties. The result of this analysis shall be final and the cost thereof shall be borne by the party losing the claim.

B. THIRD PARTY INSPECTION

An independent inspector is to be appointed to carry out inspection duties outlined in American Petroleum Institute - Manual of Petroleum Measurement Standards (API - MPMS) for all shipments of Kirkuk crude oil loaded from Ceyhan Terminal. Both First Party and Second Party shall equally share the inspection fees.

(End of Article 1)

ARTICLE 2 – TITLE AND RISK

First Party shall deliver, or cause to be delivered, the crude oil to the Second Party, as mutually agreed, FOB onboard an acceptable tank vessel at the export terminal. Title to and risk of loss of the crude oil shall pass to the Second Party when the oil passes the flange connection between the delivery hose and the vessel's cargo intake manifold. Any loss of or damage to the crude oil or to any property of the First Party or terminal operator and the consequences of oil pollution of sea water, before, during or after loading, caused through the fault of the vessel or its crew, shall be for the Second Party's account.

(End of Article 4)

ARTICLE 3 – LIFTING PROGRAMME

1. Second Party shall lift the quantities of crude oil agreed upon in this Agreement as follows:

   A. Quantities to be lifted under this Agreement shall be fairly evenly spread.

   B. Second Party shall specify monthly lifting during each Quarter at least forty-five (45) days before commencement of the relevant Quarter.

2. The above-mentioned tentative schedules, which are to be supplemented to cover all contracted quantities may be altered by express request of Second Party, subject to First Party's approval. First Party shall not unreasonably withhold its approval and will notify Second Party within fifteen (15) days of the request.

3. Any provisions hereunder which allow the First Party to suspend delivery of Export Oil under this Agreement shall act only to cancel affected lifting which will be rescheduled by mutual agreement.

4. Following the agreement of Contractor's nominations and loading schedule of Export Oil for a Month, Contractor shall advise First Party of the allocation of such nominations between each of the Companies. Each of the Companies shall have the sole right and sole responsibility to lift the Export Oil it has allocated to it.

(End of Article 3)

ARTICLE 4 – NOMINATION OF VESSELS

1. Second Party shall notify First Party twenty (20) days before the beginning of each Month of its loading program for that Month. Such program shall specify for each vessel:

   A. The expected date of arrival of each vessel.

   B. Quality and Quantity of crude oil to be loaded, five percent (5%) more or less.

   C. Vessel's name or TBN.

   D. Port(s) of discharge and destinations.

   E. Instructions needed by First Party to issue documents in accordance with effective export regulations.

2. First Party shall notify Second Party not later than ten (10) days after receipt of the notice specified hereinabove whether it accepts or refuses schedules or nominations. In case of refusal, First Party shall propose other dates which shall be as close as possible to those proposed by Second Party. Dates thus determined shall be deemed accepted by Second Party unless the Second Party advises First Party to the contrary within three (3) working days following receipt of First Party's notification.

3. The accepted date of arrival (laycan) of the vessel at the loading ports shall be fixed on a one (1) day range.

   However, an accepted date of arrival (laycan) may be changed at any time by Second Party with First Party's consent.

4. Second Party shall require vessel's master to advise loading port by radio or cable of vessel's expected day and time of arrival at least seventy-two (72) hours, forty-eight (48) hours and twenty-four (24) hours before arrival.

   Failure to give any notice at least twenty-four (24) hours in advance of arrival of any vessel will increase lay-time allowed to First Party by an amount equal to the difference between twenty-four (24) hours and the number of hours prior to arrival of such vessel that notice of such ETA is received by First Party.

5. Nominations quoted as TBN shall be replaced by firm vessel nomination with the same accepted laycan and to load a similar quantity of crude oil at least five (5) days before the firm dale of arrival.

   Should Second Party fail to give the above notice of at least five (5) days, the deemed arrival date of the vessel shall be the fifth day after the date when notice is received by First Party.

6. Should Second Party wish to substitute a vessel of different size to load a different quantity, this shall be subject to prior approval of First Party.

7. Second Party shall specify when the nominated vessel is for part cargo and advice First Party the DWT of the vessel and cargo on board (if any) which should not exceed the allowed limits set by port authorities.

(End of Article 4)

ARTICLE 5 – VESSEL BERTHS

1. Each vessel shall comply with all regulations in force at the loading port.

2. The loading berth indicated by First Party's representative shall enable a vessel to proceed thereto, lie thereat, and depart therefrom always safely afloat.

3. First Party's representative may shift the vessel at the loading pen from one berth to another and shall then assume all extra expenses in connection therewith. Such shifting time shall be counted as used lay-time.

4. Vessel shall vacate her berth as soon as loading is completed. In the event of failure to do so, Second Party shall pay First Party for any resultant demurrage, loss or damage

which First Party may incur including such as may be incurred due to resulting delay to other vessels awaiting their turn to load.

5. If in the course of entering berth or mooring or loading or unmooring or heaving berth, the vessel or its crew damage any of the terminal or shore installations or equipment due to negligence or any reason, Second Party shall be responsible for all claims, damages, costs, and expenses arising therefrom.

(End of Article 5)

ARTICLE 6 – LOADING CONDITIONS

1. Vessels arriving within their accepted laycan shall be loaded in order of tendering their notice of readiness.

2. Upon arrival of the vessel at the loading port, the master or his representative, shall tender to First Party's representative notice of readiness of the vessel to load crude oil, berth or no berth.

3. Lay-time shall commence six (6) hours after notice of readiness to load has been tendered by the master to First Party or First Party's representative, subject to second Party's and vessel's compliance with all other provisions of this Agreement and if the notice is tendered within the accepted laycan as defined in Article 4(3) of this section.

   If the notice is tendered before the beginning of the period as defined in Article 4(3) of this section, then lay-time shall commence at 6 a.m. local time on the first day of such period. However, if the vessel is moored at loading berth before 00.01 hours on the first day of the period hereinabove indicated, then lay-time shall commence six (6) hours after completion of vessel's mooring berth or on commencement of loading, whichever shall first occur.

   If the notice is tendered after the expiration of the accepted laycan as defined in Article 4(3) of this section, loading will be made in accordance with First Party's possibilities and Second Party shall have no right to claim for any delay thereby. However, First Party may refuse to load a vessel which has arrived more than ten (10) days after noon time of the date determined as in Article 4(3) of this section

4. Lay-time shall end when loading hoses have been disconnected after completion of loading.

5. At Ceyhan, the First Party shall be allowed thirty-six (36) hours as lay-time within which to complete loading a vessel scheduled to load at single loading port. At Basra Oil Terminal and / or Khor Alamaya Terminal, the First Party shall be allowed lay-time within which to complete loading a vessel scheduled to load on a single loading port basis as follows: (A) thirty-six (36) hours for vessels up to 129,999 summer deadweight tons, (B) fifty-four (54) hours for vessels between 130,000 and 199,999 summer deadweight tons; and (C) sixty-five hours (65) for vessels 200,000 summer deadweight tons or greater.

6. Any time consumed due to the following shall not count as used lay-time:

   A. Delay to the vessel in reaching or clearing her berth caused by conditions beyond First Party's control.

B. Delay to the vessel during loading, including delay due to inability of the vessel's facilities to load the cargo within the time allowed and generally speaking any time lost on account of vessel.

C. If Second Party or owner or master of the vessel or port authorities prohibit loading at any time.

D. Discharging of ballast and changing type of crude oil.

E. Awaiting customs and immigration clearance and pratique.

F. Awaiting pilot or tugs, or while moving from anchorage to place of loading or awaiting suitable tide.

G. Ship tanks inspection before loading.

H. Strike, lockout, stoppage or restraint of labour.

7. In case of dirty ballast overflows on board or pollution of sea water by oil or loss of oil due to overflows or leaks of oil on board or ashore caused by the vessel, Second Party will be fully responsible before the port authorities and First Party for all claims, losses, costs and expenses arising therefrom.

(End of Article 6)

ARTICLE 7 – DEMURRAGE

1. First Party shall pay to Second Party demurrage in Dollars ($) for time used in loading in excess of time allowed in accordance with Article 6 above per day or pro rata for part of the day. The rate of demurrage shall be calculated for the vessel size as per chartering rate payable by Second Party. If the vessel size is larger than the size of the cargo, then demurrage rate shall be prorated accordingly, provided that in both above cases demurrage rate shall not exceed Worldscale 100.

   A. If there is no charter party for the vessel, demurrage shall be paid in accordance with the average freight rate assessment (AFRA) effective on the date of the bill of lading, provided such demurrage rate does not exceed Worldscale 100, in which case Worldscale 100 shall apply.

   B. Worldscale 100 rate means the rate provided by the edition of Worldscale prevailing at the date of loading for vessels of the same type and category.

   C. If (AFRA) rates cease to be published or cease to be representative, First Party and Second Party shall consult in order to establish an alternative method of assessment.

2. However, if demurrage occurs at the loading port because of fire or explosion in or about the plant of First Party, or because of breakdown of machinery or equipment of First Party, or because of bad weather, the rate of demurrage shall be reduced to one-half.

3. Notwithstanding the above, no demurrage shall be payable in the event:

A. First Party is prevented from or delayed in delivering all or any part of the crude oil for reasons of Force Majeure.

B. the claim for demurrage is received by First Party after sixty (60) days from the date of the bill of lading.

C. the fully documented claim itself for demurrage is received by First Party after ninety (90) days from the date of the bill of lading. Full documents means Second Party's calculation sheet, notice of readiness, time sheet duty signed by master and First Party's representative at the loading port, and a copy of the charter party.

(End of Article 7)

ARTICLE 8 – TAXES AND DUTIES

1. Second Party shall bear alone port dues and fees charged on vessels at the port of loading.

2. Dues and other charges at the loading port on the crude oil loaded or to be loaded shall be borne by First Party.

(End of Article 8)

ARTICLE 9 – ASSIGNMENT

1. Neither party shall have the right to assign its rights and obligations under this Agreement in whole or in part without the written consent of the other.

2. In the event of an approved assignment, assignor shall be jointly held responsible with assignee for the full performance of its obligations towards the other party.

(End of Article 9)

ARTICLE 10 – DESTINATION

1. Second Party acknowledges that all laws, regulations and rules of the Republic of Iraq relating to destination of crude oil purchased hereunder shall apply to Second Party.

2. Second Party undertakes that all laws, regulations and rules of the Republic of Iraq shall apply to vessels employed by it to transport crude oil covered by this Agreement.

3. Second Party undertakes, whenever required, to submit to First Party or its representative within a reasonable time, the discharge certificate of each shipment duly endorsed by the Iraqi representative (or any other acceptable representative) in the country of destination.

(End of Article 10)

ARTICLE 11 – FORCE MAJEURE

1. Failure or omission to carry out or to observe any of the terms, provisions or conditions of this Agreement shall not give rise to any claim by one party hereto against the other or be deemed to be a breach of this Agreement if this is due to Force Majeure.

2. If by reason of Force Majeure the fulfillment by either party of any terms and conditions of this Agreement is delayed for a period not exceeding three (3) months the period of such delay shall be added to the duration of this Agreement. If, however, the period of delay exceeds three (3) months, either party at any time after the expiry of the three (3) months shall have the right to terminate this Agreement by giving written notice.

(End of Article 11)

ARTICLE 12 – DAMAGES

Except as may be expressly provided in the Agreement, neither the First Party nor the Second Party shall be liable for, and no claim shall be made for, consequential indirect or special damages of any kind arising out of, or in any way connected with the performance of or the failure to perform this Agreement.

(End of Article 12)

ARTICLE 13 – ARBITRATION

1. All Disputes arising out of or in connection with this Agreement, other than those Disputes that have been finally settled by reference to either senior management or Expert, shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by three (3) arbitrators appointed in accordance with the said Rules. The seat of the arbitration shall be Paris, France unless agreed otherwise by the Parties to the Dispute. The language of arbitration shall be the English language. The award of arbitration shall be in English and shall be final and binding on the Parties to the Dispute. Judgment on the award rendered may be entered and enforced in any court having jurisdiction in recognition and enforcement thereof. Any right to appeal or challenge any arbitral decision or award, or to oppose enforcement of any such decision or award before a court or any governmental authority is hereby waived by the Parties except with respect to the limited grounds for modification or non-enforcement provided by the applicable Rules of Arbitration of the International Chamber of Commerce.

2. Unless otherwise agreed by the Parties, the operations and the activities of the Parties with respect to the performance of this Agreement shall not be stopped or delayed pending the award of arbitration. Any arbitration under this Agreement must be initiated within two (2) years of the date on which one Party notifies the other Party of the Dispute, and in any event, within three (3) years of the date of the termination or expiry of this Agreement.

3. It is expressly understood and agreed by the Parties that the rights and obligations under this Agreement constitute commercial rather than sovereign rights and obligations and therefore no Party shall have the right to claim, and hereby expressly waives, any immunity from legal proceedings or judgment, including any enforcement of any judgment or arbitration award in this respect.

(End of Article 13)

ARTICLE 14 – NOTICES

1. Any notices. declarations and other communications which either party may be required to give or make to the other party shall, unless otherwise specifically provided elsewhere, be given it writing within the required time and sent by post, by telegraph or by telex to the address of the other party specified for this purpose in the Agreement and shall, unless otherwise specifically provided herein, be deemed to have been given or made on the date of receipt by the other party.

2. Either Party, by not less than fifteen (15) days notice in writing to the other Party, may from time to time change its address.

(End of Article 14)

ARTICLE 15 – APPLICABLE LAW

This Agreement shall be construed and governed in accordance with the laws of the Republic of Iraq.

(End of Article 15)

ARTICLE 16 – GENERAL BUSINESS ETHICS

1. In the performance of this Agreement, the Parties or any of their Affiliates and every other person acting on their behalf ("Related Person") shall ensure that they each strictly comply with general business ethics, the provisions of the United Nations Convention against Corruption and any provision of any act, rule or regulation of the laws of the country of incorporation of such entity or such entity's ultimate parent company pertaining to anti-bribery, anti-corruption, anti-money laundering, the export or import of technical data, restrictive trade practices regardless of their technical applicability to the relevant person (the "Business Ethics Laws").

2. Neither Party nor their Related Persons shall, in relation to or in the performance of this Agreement, give or receive from any director, employee or agent of the other or its Affiliates, any gift, entertainment or other benefit of more than minimal cost or value or any commission, fee or rebate, and any hospitality shall be held within reasonable limits.

3. Each Party warrants that neither they nor any of their Related Persons has taken or will take any action or failed to take or will fail to take any action where such action or failure to act would result in a violation of any Business Ethics Law by any Party and that none of them or their Related Persons have made, offered or authorized, requested, received, or accepted and will not make, offer, or authorize, request, receive, or accept with respect to the matters which are the subject of or related to the signing of this Agreement, any ancillary document related to this Agreement or any matter arising out or related to the Petroleum Operations, any payment, gift, promise or other advantage, whether directly or indirectly through any other person or entity, to or for the use or benefit of any public official (i.e., any person holding a legislative, administrative or judicial office, including any person employed by or acting or behalf of a public agency, a public enterprise or a public international organization) or any political party or political party official or candidate for office, or any other person, where such payment, gift, promise or advantage would violate (i) the Law; (ii) the laws of the country of incorporation of such entity or such entity's ultimate parent company and of the principal

place of business of such ultimate parent company; or (iii) the principles described in the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed in Paris on December 17, 1997, which entered into force on February 15, 1999. Each entity shall defend, indemnify and hold the others harmless from and against any and all claims, damages, losses, penalties, costs and expenses arising from or related to, any breach by such first entity of such warranty. Such indemnity obligation shall survive termination of expiration of this Agreement.

(End of Article 16)

(End of Addendum Four)