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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2013

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 001-35167

Kosmos Energy Ltd.

(Exact name of registrant as specified in its charter)

Bermuda (State or other jurisdiction of incorporation or organization)	**98-0686001** (I.R.S. Employer Identification No.)
Clarendon House **2 Church Street** **Hamilton, Bermuda** (Address of principal executive offices)	**HM 11** (Zip Code)

Registrant's telephone number, including area code: **+1 441 295 5950**

Not applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at October 28, 2013
Common Shares, $0.01 par value	387,559,187

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Unless otherwise stated in this report, references to "Kosmos," "we," "us" or "the company" refer to Kosmos Energy Ltd. and its subsidiaries. We have provided definitions for some of the industry terms used in this report in the "Glossary and Selected Abbreviations" beginning on page 3.

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KOSMOS ENERGY LTD.
GLOSSARY AND SELECTED ABBREVIATIONS

The following are abbreviations and definitions of certain terms that may be used in this report. Unless listed below, all defined terms under Rule 4-10(a) of Regulation S-X shall have their statutorily prescribed meanings.

"2D seismic data"	Two-dimensional seismic data, serving as interpretive data that allows a view of a vertical cross-section beneath a prospective area.
"3D seismic data"	Three-dimensional seismic data, serving as geophysical data that depicts the subsurface strata in three dimensions. 3D seismic data typically provides a more detailed and accurate interpretation of the subsurface strata than 2D seismic data.
"API"	A specific gravity scale, expressed in degrees, that denotes the relative density of various petroleum liquids. The scale increases inversely with density. Thus lighter petroleum liquids will have a higher API than heavier ones.
"ASC"	Financial Accounting Standards Board Accounting Standards Codification.
"ASU"	Financial Accounting Standards Board Accounting Standards Update.
"Barrel" or "Bbl"	A standard measure of volume for petroleum corresponding to approximately 42 gallons at 60 degrees Fahrenheit.
"BBbl"	Billion barrels of oil.
"BBoe"	Billion barrels of oil equivalent.
"Bcf"	Billion cubic feet.
"Boe"	Barrels of oil equivalent. Volumes of natural gas converted to barrels of oil using a conversion factor of 6,000 cubic feet of natural gas to one barrel of oil.
"Boepd"	Barrels of oil equivalent per day.
"Bopd"	Barrels of oil per day.
"Bwpd"	Barrels of water per day.
"Debt cover ratio"	The "debt cover ratio" is broadly defined, for each applicable calculation date, as the ratio of (x) total long-term debt less cash and cash equivalents and restricted cash, to (y) the aggregate EBITDAX (see below) of the Company for the previous twelve months.
"Developed acreage"	The number of acres that are allocated or assignable to productive wells or wells capable of production.
"Development"	The phase in which an oil or natural gas field is brought into production by drilling development wells and installing appropriate production systems.
"Dry hole"	A well that has not encountered a hydrocarbon bearing reservoir expected to produce in commercial quantities.
"EBITDAX"	Net income (loss) plus (1) exploration expense, (2) depletion, depreciation and amortization expense, (3) equity-based compensation expense, (4) (gain) loss on commodity derivatives, (5) (gain) loss on sale of oil and gas properties, (6) interest (income) expense, (7) income taxes, (8) loss on extinguishment of debt, (9) doubtful accounts expense, and (10) similar items.

"E&P"	Exploration and production.
"FASB"	Financial Accounting Standards Board.
"Farm-in"	An agreement whereby an oil company acquires a portion of the participating interest in a block from the owner of such interest, usually in return for cash and for taking on a portion of the drilling costs of one or more specific wells or other performance by the assignee as a condition of the assignment.
"Farm-out"	An agreement whereby the owner of the participating interest agrees to assign a portion of its participating interest in a block to another party for cash or for the assignee taking on a portion of the drilling costs of one or more specific wells and/or other work as a condition of the assignment.
"FPSO"	Floating production, storage and offloading vessel.
"Ghana Obligors"	Kosmos Energy Operating, Kosmos Energy International, Kosmos Energy Finance International, Kosmos Energy Development, Kosmos Energy Ghana HC and an "Obligor" from time to time, as defined under the Facility Agreement, as amended and restated.
"Interest cover ratio"	The "interest cover ratio" is broadly defined, for each applicable calculation date, as the ratio of (x) the aggregate EBITDAX (see above) of the Company for the previous twelve months, to (y) interest expense less interest income for the Company for the previous twelve months.
"Loan life cover ratio"	The "loan life cover ratio" is broadly defined, for each applicable forecast period, as the ratio of (x) net present value of net cash flow through the final maturity date of the Facility plus the net present value of capital expenditures incurred in relation to the Jubilee Field and certain other fields in Ghana, to (y) the aggregate loan amounts outstanding under the Facility.
"MBbl"	Thousand barrels of oil.
"Mcf"	Thousand cubic feet of natural gas.
"Mcfpd"	Thousand cubic feet per day of natural gas.
"MMBbl"	Million barrels of oil.
"MMBoe"	Million barrels of oil equivalent.
"MMcf"	Million cubic feet of natural gas.
"Natural gas liquid" or "NGL"	Components of natural gas that are separated from the gas state in the form of liquids. These include propane, butane, and ethane, among others.
"Petroleum contract"	A contract in which the owner of hydrocarbons gives an E&P company temporary and limited rights, including an exclusive option to explore for, develop, and produce hydrocarbons from the lease area.
"Petroleum system"	A petroleum system consists of organic material that has been buried at a sufficient depth to allow adequate temperature and pressure to expel hydrocarbons and cause the movement of oil and natural gas from the area in which it was formed to a reservoir rock where it can accumulate.
"Plan of development" or "PoD"	A written document outlining the steps to be undertaken to develop a field.
"Productive well"	An exploratory or development well found to be capable of producing either oil or natural gas in sufficient quantities to justify completion as an oil or natural gas well.

"Prospect(s)"	A potential trap that may contain hydrocarbons and is supported by the necessary amount and quality of geologic and geophysical data to indicate a probability of oil and/or natural gas accumulation ready to be drilled. The five required elements (generation, migration, reservoir, seal and trap) must be present for a prospect to work and if any of them fail neither oil nor natural gas will be present, at least not in commercial volumes.
"Proved reserves"	Estimated quantities of crude oil, natural gas and natural gas liquids that geological and engineering data demonstrate with reasonable certainty to be economically recoverable in future years from known reservoirs under existing economic and operating conditions, as well as additional reserves expected to be obtained through confirmed improved recovery techniques, as defined in SEC Regulation S-X 4-10(a)(2).
"Proved developed reserves"	Proved developed reserves are those proved reserves that can be expected to be recovered through existing wells and facilities and by existing operating methods.
"Proved undeveloped reserves"	Proved undeveloped reserves are those proved reserves that are expected to be recovered from future wells and facilities, including future improved recovery projects which are anticipated with a high degree of certainty in reservoirs which have previously shown favorable response to improved recovery projects.
"Reconnaissance contract"	A contract in which the owner of minerals gives an E&P company rights to perform evaluation of existing data or potentially acquire additional data but does not convey an exclusive option to explore for, develop, and/or produce minerals from the lease area.
"Shelf margin"	The path created by the change in direction of the shoreline in reaction to the filling of a sedimentary basin.
"Structural trap"	A structural trap is a topographic feature in the earth's subsurface that forms a high point in the rock strata. This facilitates the accumulation of oil and gas in the strata.
"Structural-stratigraphic trap"	A structural-stratigraphic trap is a combination trap with structural and stratigraphic features.
"Stratigraphy"	The study of the composition, relative ages and distribution of layers of sedimentary rock.
"Stratigraphic trap"	A stratigraphic trap is formed from a change in the character of the rock rather than faulting or folding of the rock and oil is held in place by changes in the porosity and permeability of overlying rocks.
"Submarine fan"	A fan-shaped deposit of sediments occurring in a deep water setting where sediments have been transported via mass flow, gravity induced, processes from the shallow to deep water. These systems commonly develop at the bottom of sedimentary basins or at the end of large rivers.
"Three-way fault trap"	A structural trap where at least one of the components of closure is formed by offset of rock layers across a fault.
"Trap"	A configuration of rocks suitable for containing hydrocarbons and sealed by a relatively impermeable formation through which hydrocarbons will not migrate.
"Undeveloped acreage"	Lease acreage on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of natural gas and oil regardless of whether such acreage contains discovered resources.

KOSMOS ENERGY LTD.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	September 30, 2013 (Unaudited)	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	$ 440,267	$ 515,164
Restricted cash	19,377	21,341
Receivables:		
Joint interest billings	71,591	21,539
Oil sales	113,067	108,995
Other	4,995	3,682
Inventories	33,118	33,281
Prepaid expenses and other	11,596	10,470
Current deferred tax assets	14,515	34,585
Derivatives	917	1,061
Total current assets	709,443	750,118
Property and equipment:		
Oil and gas properties, net	1,486,224	1,510,312
Other property, net	15,490	15,450
Property and equipment, net	1,501,714	1,525,762
Other assets:		
Restricted cash	24,634	29,884
Deferred financing costs, net of accumulated amortization of $22,191 and $13,922 at September 30, 2013 and December 31, 2012, respectively	42,897	50,214
Long-term deferred tax assets	14,808	10,145
Derivatives	1,583	—
Total assets	$ 2,295,079	$ 2,366,123
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	$ 98,818	$ 128,855
Accrued liabilities	115,866	41,021
Derivatives	9,458	20,377
Total current liabilities	224,142	190,253
Long-term liabilities:		
Long-term debt	900,000	1,000,000
Derivatives	1,335	3,226
Asset retirement obligations	35,226	27,484
Deferred tax liability	145,193	104,137
Other long-term liabilities	18,886	12,117
Total long-term liabilities	1,100,640	1,146,964
Shareholders' equity:		
Preference shares, $0.01 par value; 200,000,000 authorized shares; zero issued at September 30, 2013 and December 31, 2012	—	—
Common shares, $0.01 par value; 2,000,000,000 authorized shares; 391,956,419 and 391,423,703 issued at September 30, 2013 and December 31, 2012, respectively	3,920	3,914
Additional paid-in capital	1,763,227	1,712,880
Accumulated deficit	(778,386)	(683,176)
Accumulated other comprehensive income	2,563	3,685
Treasury stock, at cost, 4,397,232 and 2,731,941 shares at September 30, 2013 and December 31, 2012, respectively	(21,027)	(8,397)
Total shareholders' equity	970,297	1,028,906
Total liabilities and shareholders' equity	$ 2,295,079	$ 2,366,123

See accompanying notes.

KOSMOS ENERGY LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Revenues and other income:				
Oil and gas revenue	$ 215,169	$ 222,375	$ 636,648	$ 450,360
Interest income	77	137	191	1,165
Other income	133	725	708	930
Total revenues and other income	215,379	223,237	637,547	452,455
Costs and expenses:				
Oil and gas production	32,576	44,873	79,651	71,791
Exploration expenses	78,038	38,127	194,384	96,134
General and administrative	35,646	39,898	118,787	112,558
Depletion and depreciation	58,367	63,794	175,578	128,442
Amortization—deferred financing costs	2,786	2,194	8,269	6,582
Interest expense	8,781	20,213	27,789	43,717
Derivatives, net	7,585	24,529	386	26,407
Other expenses, net	1,864	(64)	3,345	728
Total costs and expenses	225,643	233,564	608,189	486,359
Income (loss) before income taxes	(10,264)	(10,327)	29,358	(33,904)
Income tax expense	34,224	25,923	124,568	64,730
Net loss	$ (44,488)	(36,250)	$ (95,210)	(98,634)
Net loss per share:				
Basic	$ (0.12)	(0.10)	$ (0.25)	(0.27)
Diluted	$ (0.12)	(0.10)	$ (0.25)	(0.27)
Weighted average number of shares used to compute net loss per share:				
Basic	377,654	373,448	376,509	371,140
Diluted	377,654	373,448	376,509	371,140

See accompanying notes.

KOSMOS ENERGY LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In thousands)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net loss	$ (44,488)	$ (36,250)	$ (95,210)	$ (98,634)
Other comprehensive income (loss):				
Reclassification adjustments for derivative (gains) losses included in net loss	(405)	(133)	(1,122)	295
Other comprehensive income (loss)	(405)	(133)	(1,122)	295
Comprehensive loss	$ (44,893)	$ (36,383)	$ (96,332)	$ (98,339)

See accompanying notes.

KOSMOS ENERGY LTD.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands)

(Unaudited)

	Common Shares		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Treasury Stock	Total
	Shares	Amount					
Balance as of December 31, 2012	391,424	$ 3,914	$ 1,712,880	$ (683,176)	$ 3,685	$ (8,397)	$ 1,028,906
Equity-based compensation	—	—	50,792	—	—	—	50,792
Derivatives, net	—	—	—	—	(1,122)	—	(1,122)
Restricted stock awards and units	532	6	(6)	—	—	—	—
Restricted stock forfeitures	—	—	6	—	—	(6)	—
Purchase of treasury stock	—	—	(445)	—	—	(12,624)	(13,069)
Net loss	—	—	—	(95,210)	—	—	(95,210)
Balance as of September 30, 2013	391,956	$ 3,920	$ 1,763,227	$ (778,386)	$ 2,563	$ (21,027)	$ 970,297

See accompanying notes.

KOSMOS ENERGY LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Nine Months Ended September 30,	
	2013	2012
Operating activities		
Net loss	$ (95,210)	$ (98,634)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depletion, depreciation and amortization	183,847	135,024
Deferred income taxes	62,757	51,867
Unsuccessful well costs	98,912	19,357
Change in fair value of derivatives	4,752	13,847
Cash settlements on derivatives	(18,658)	(18,755)
Equity-based compensation	50,792	58,215
Other	4,468	7,739
Changes in assets and liabilities:		
(Increase) decrease in receivables	(56,725)	89,102
Increase in inventories	(2,419)	(7,812)
(Increase) decrease in prepaid expenses and other	(1,126)	4,112
Decrease in accounts payable	(30,037)	(127,025)
Increase in accrued liabilities	79,996	23,073
Net cash provided by operating activities	281,349	150,110
Investing activities		
Oil and gas assets	(244,452)	(272,681)
Other property	(3,712)	(9,030)
Restricted cash	7,214	(23,089)
Net cash used in investing activities	(240,950)	(304,800)
Financing activities		
Payment on long-term debt	(100,000)	(110,000)
Purchase of treasury stock	(13,069)	(8,378)
Deferred financing costs	(2,227)	(374)
Net cash used in financing activities	(115,296)	(118,752)
Net decrease in cash and cash equivalents	(74,897)	(273,442)
Cash and cash equivalents at beginning of period	515,164	673,092
Cash and cash equivalents at end of period	$ 440,267	$ 399,650
Supplemental cash flow information		
Cash paid for:		
Interest	$ 27,046	$ 30,247
Income taxes	$ 49,716	$ 16,620

See accompanying notes.

KOSMOS ENERGY LTD.

Notes to Consolidated Financial Statements
(Unaudited)

1. Organization

Kosmos Energy Ltd. was incorporated pursuant to the laws of Bermuda in January 2011 to become a holding company for Kosmos Energy Holdings. Kosmos Energy Holdings is a privately held Cayman Islands company that was formed in March 2004. As a holding company, Kosmos Energy Ltd.'s management operations are conducted through a wholly owned subsidiary, Kosmos Energy, LLC. The terms "Kosmos," the "Company," "we," "us," "our," "ours," and similar terms refer to Kosmos Energy Ltd. and its wholly owned subsidiaries, unless the context indicates otherwise.

We are a leading independent oil and gas exploration and production company focused on frontier and emerging areas along the Atlantic Margin. Our asset portfolio includes existing production and other major project developments offshore Ghana, as well as exploration licenses with significant hydrocarbon potential offshore Ireland, Mauritania, Morocco (including Western Sahara) and Suriname. Kosmos is listed on the New York Stock Exchange and is traded under the ticker symbol KOS.

We have one reportable segment, which is the exploration and production of oil and natural gas. Substantially all of our long-lived assets and product sales are currently related to production located offshore Ghana.

2. Accounting Policies

General

The interim-period financial information presented in the consolidated financial statements included in this report is unaudited and, in the opinion of management, includes all adjustments of a normal recurring nature necessary to present fairly the consolidated financial position as of September 30, 2013, the changes in the consolidated statements of shareholders' equity for the nine months ended September 30, 2013, the consolidated results of operations for the three and nine months ended September 30, 2013 and 2012, and consolidated cash flows for the nine months ended September 30, 2013 and 2012. The results of the interim periods shown in this report are not necessarily indicative of the final results to be expected for the full year. The consolidated financial statements were prepared in accordance with the requirements of the Securities and Exchange Commission ("SEC") for interim reporting. As permitted under those rules, certain notes or other financial information that are normally required by Generally Accepted Accounting Principles ("GAAP") have been condensed or omitted from these interim consolidated financial statements. These consolidated financial statements and the accompanying notes should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2012, included in our annual report on Form 10-K.

Reclassifications

Certain prior period amounts have been reclassified to conform with the current year presentation. Such reclassifications had no impact on our reported net loss, current assets, total assets, current liabilities, total liabilities or shareholders' equity.

Restricted Cash

In accordance with our commercial debt facility, we are required to maintain a restricted cash balance that is sufficient to meet the payment of interest and fees for the next six-month period. As of September 30, 2013 and December 31, 2012, we had $19.4 million and $21.3 million, respectively, in current restricted cash to meet this requirement. In addition, in accordance with certain of our petroleum contracts, we have posted letters of credit related to performance guarantees for our minimum work obligations. These letters of credit are cash collateralized in accounts held by us and as such are classified as restricted cash. Upon completion of the minimum work obligations and/or entering into the next phase of the petroleum contract, the requirement to post letters of credit will be satisfied and the cash collateral will be released. As of September 30, 2013 and December 31, 2012, we had $24.6 million and $29.9 million, respectively, of long-term restricted cash used to cash collateralize performance guarantees related to our petroleum contracts.

Inventories

Inventories consisted of $32.3 million and $33.1 million of materials and supplies and $0.8 million and $0.2 million of hydrocarbons as of September 30, 2013 and December 31, 2012, respectively. The Company's materials and supplies inventory primarily consists of casing and wellheads and is stated at the lower of cost, using the weighted average cost method, or market.

Hydrocarbon inventory is carried at the lower of cost, using the weighted average cost method, or market. Hydrocarbon inventory costs include expenditures and other charges directly and indirectly incurred in bringing the inventory to its existing condition. Selling expenses and general and administrative expenses are reported as period costs and excluded from inventory costs.

Variable Interest Entity

Our wholly owned subsidiary, Kosmos Energy Finance International, is a variable interest entity ("VIE"). The Company is the primary beneficiary of this VIE, which is consolidated in these financial statements.

Kosmos Energy Finance International's following assets and liabilities are shown separately on the face of the consolidated balance sheet as of September 30, 2013 and December 31, 2012: current restricted cash; long-term derivatives assets; long-term debt; and current and long-term derivatives liabilities. At September 30, 2013, Kosmos Energy Finance International had $36.9 million in cash and cash equivalents; $0.4 million in prepaid expenses and other; $0.9 million current derivative assets; $36.2 million deferred financing costs, net; $1.5 million in accrued liabilities and $7.6 million in other long-term liabilities, which are included in the amounts shown on the face of the consolidated balance sheet. At December 31, 2012, Kosmos Energy Finance International had $118.8 million in cash and cash equivalents; $0.2 million in prepaid expenses and other; $42.2 million deferred financing costs, net; $0.5 million in accrued liabilities and $6.6 million in other long-term liabilities, which are included in the amounts shown on the face of the consolidated balance sheet.

3. Property and Equipment

Property and equipment is stated at cost and consisted of the following:

	September 30, 2013	December 31, 2012
	(In thousands)	
Oil and gas properties:		
Proved properties	$ 767,288	$ 682,276
Unproved properties	489,874	454,391
Support equipment and facilities	712,415	687,835
Total oil and gas properties	1,969,577	1,824,502
Less: accumulated depletion	(483,353)	(314,190)
Oil and gas properties, net	1,486,224	1,510,312
Other property	30,978	27,316
Less: accumulated depreciation	(15,488)	(11,866)
Other property, net	15,490	15,450
Property and equipment, net	$ 1,501,714	$ 1,525,762

We recorded depletion expense of $56.1 million and $61.9 million for the three months ended September 30, 2013 and 2012, respectively and $169.2 million and $123.3 million for the nine months ended September 30, 2013 and 2012, respectively.

4. Suspended Well Costs

The following table reflects the Company's capitalized exploratory well costs on completed wells as of and during the nine months ended September 30, 2013. The table excludes $69.8 million in costs that were capitalized and subsequently expensed during the same period.

	Nine Months Ended September 30, 2013
	(In thousands)
Beginning balance	$ 372,492
Additions to capitalized exploratory well costs pending the determination of proved reserves	30,415
Reclassification due to determination of proved reserves	—
Capitalized exploratory well costs charged to expense	(26,997)
Ending balance	$ 375,910

The following table provides an aging of capitalized exploratory well costs based on the date drilling was completed and the number of projects for which exploratory well costs have been capitalized for more than one year since the completion of drilling:

	September 30, 2013	December 31, 2012
	(In thousands, except well counts)	
Exploratory well costs capitalized for a period of one year or less	$ 11,470	$ 106,635
Exploratory well costs capitalized for a period one to two years	228,842	179,933
Exploratory well costs capitalized for a period three to four years	135,598	85,924
Ending balance	$ 375,910	$ 372,492
Number of projects that have exploratory well costs that have been capitalized for a period greater than one year	8	7

As of September 30, 2013, the projects with exploratory well costs capitalized for more than one year since the completion of drilling are related to the Mahogany, Teak-1, Teak-2 and Akasa discoveries in the West Cape Three Points ("WCTP") Block and the Tweneboa, Enyenra, Ntomme and Wawa discoveries in the Deepwater Tano ("DT") Block, which are all in Ghana.

Mahogany—Mahogany, a combined area covering parts of the Mahogany East discovery and the Mahogany Deep discovery, was declared commercial in September 2010, and a PoD was submitted to Ghana's Ministry of Energy as of May 2, 2011. In a letter dated May 16, 2011, the Ministry of Energy did not approve the PoD and requested that the WCTP Block partners take certain steps regarding notifications of discovery and commerciality; and requested other information. The WCTP Block partners believe the combined submission was proper and have held meetings with Ghana National Petroleum Corporation ("GNPC") which resolved issues relating to the PoD work program. From May 2011, the Ministry of Energy, GNPC and the WCTP Block partners continued working to resolve other differences; however, the WCTP Petroleum Agreement ("PA") contains specific timelines for PoD approval and discussions, which expired at the end of June 2011. On June 30, 2011, we, as Operator of the WCTP Block and on behalf of the WCTP Block partners, delivered a Notice of Dispute to the Ministry of Energy and GNPC as provided under the WCTP PA, which is the initial step in triggering the formal dispute resolution process under the WCTP PA with the government of Ghana regarding approval of the Mahogany PoD. This Notice of Dispute establishes a process for negotiation and consultation for a period of 30 days (or longer if mutually agreed) among senior representatives from the Ministry of Energy, GNPC and the WCTP Block partners to resolve the matter. We and the WCTP Block partners are in discussions with the Ministry of Energy and GNPC to resolve differences on the PoD.

Teak-1 Discovery—Two appraisal wells have been drilled. Following additional appraisal and evaluation, a decision regarding commerciality of the Teak-1 discovery is expected to be made by the WCTP Block partners in 2014. Within six months of such a declaration, a PoD would be prepared and submitted to Ghana's Ministry of Energy, as required under the WCTP PA.

Teak-2 Discovery—We have performed a gauge installation on the well and are reprocessing seismic data. Following additional appraisal and evaluation, a decision regarding commerciality of the Teak-2 discovery is expected to be made by the WCTP Block partners in 2014. Within six months of such a declaration, a PoD would be prepared and submitted to Ghana's Ministry of Energy, as required under the WCTP PA.

Akasa Discovery—We have performed a drill stem test and gauge installation on the discovery well and are currently drilling the Akasa-2A appraisal well (see Note 13—Subsequent Events). Following additional appraisal and evaluation, a decision regarding commerciality of the Akasa discovery is expected to be made by the WCTP Block partners in 2014. Within six months of such a declaration, a PoD would be prepared and submitted to Ghana's Ministry of Energy, as required under the WCTP PA.

Tweneboa, Enyenra and Ntomme ("TEN") Discoveries—In May 2013, the government of Ghana approved the PoD over the TEN discoveries. Development of TEN will include the drilling and completion of up to 24 development wells, half of the wells are designed as producers and the remainder are for water and gas injection to support ultimate field recoveries. The TEN project is expected to deliver first oil in 2016. The costs associated with the TEN development will remain as unproved property pending the determination of whether the discoveries are associated with proved reserves.

Wawa Discovery—We are currently reprocessing seismic data and plan to acquire a high resolution seismic survey over the discovery area in 2014. Following additional evaluation and potential appraisal activities, a decision regarding commerciality of the Wawa discovery is expected to be made by the DT Block partners in 2014. Within six months of such declaration, a PoD would be prepared and submitted to Ghana's Ministry of Energy, as required under the DT PA.

5. Accounts Payable and Accrued Liabilities

At September 30, 2013 and December 31, 2012, accounts payable of $98.8 million and $128.9 million, respectively, were recorded for invoices received but not paid. Accrued liabilities consisted of the following:

	September 30, 2013	December 31, 2012
	(In thousands)	
Accrued liabilities:		
Accrued exploration, development and production	$ 65,561	$ 20,616
Accrued general and administrative expenses	14,896	5,089
Accrued taxes other than income	15,667	11,124
Accrued derivative settlements	1,465	—
Income taxes	18,277	4,192
	$ 115,866	$ 41,021

6. Debt

Facility

In March 2011, the Company secured a $2.0 billion commercial debt facility (the "Facility") from a number of financial institutions and extinguished the then existing commercial debt facilities. The Facility was syndicated to certain participants of the existing facilities, as well as new participants. The Facility supports our oil and gas exploration, appraisal and development programs and corporate activities. As part of an amendment in November 2012, the total commitments for the Facility were reduced to $1.5 billion.

The Facility provides a revolving-credit and letter of credit facility. The availability period for the revolving-credit facility, as amended in April 2013, expires on December 15, 2014 and the letter of credit sublimit expires on the final maturity date. The available facility amount is subject to borrowing base constraints and, beginning on December 15, 2014, outstanding borrowings will also be constrained by an amortization schedule. The final maturity date is March 29, 2018.

In September 2013, as part of the normal borrowing base determination process, the availability under the facility was reduced by $89.6 million to $1.2 billion. As of September 30, 2013, borrowings under the Facility totaled $900.0 million, the undrawn availability under the Facility was $309.5 million, and there were no letters of credit drawn under the facility.

Corporate Revolver

In November 2012, we secured a revolving credit facility (the "Corporate Revolver"). In April 2013, the availability under the Corporate Revolver was increased from $260.0 million to $300.0 million due to additional commitments received from existing and new financial institutions. As of September 30, 2013, there were no borrowings outstanding under the Corporate Revolver and the undrawn availability under the Corporate Revolver was $300.0 million.

Revolving Letter of Credit Facility

In July 2013, we entered into a revolving letter of credit facility agreement ("LC Facility"). The size of the LC Facility is $100.0 million, with additional commitments up to $50.0 million being available if the existing lender increases its commitment or if commitments from new financial institutions are added. The LC Facility provides that we maintain cash collateral in an amount equal to at least 75% of all outstanding letters of credit under the LC Facility, provided that during the period of any breach of certain financial covenants, the required cash collateral amount shall increase to 100%. The fees associated with outstanding letters of credit issued will be 0.5% per annum. The LC Facility has an availability period which expires on June 1, 2016. We may voluntarily cancel any commitments available under the LC Facility at any time. As of September 30, 2013, there were four outstanding letters of credit totaling $29.0 million under the LC Facility.

At September 30, 2013, the estimated repayments of debt during the five fiscal year periods and thereafter are as follows:

	Payments Due by Year					
	2013(1)	2014	2015	2016	2017	Thereafter
	(In thousands)					
Facility(2)	$ —	$ —	$ 346,693	$ 149,428	$ 292,768	$ 111,111

(1) Represents payments for the period October 1, 2013 through December 31, 2013.

(2) The scheduled maturities of debt are based on the level of borrowings and the available borrowing base as of September 30, 2013. Any increases or decreases in the level of borrowings or decreases in the available borrowing base would impact the scheduled maturities of debt during the next five years and thereafter.

7. Derivative Financial Instruments

We use financial derivative contracts to manage exposures to commodity price and interest rate fluctuations. We do not hold or issue derivative financial instruments for trading purposes. We manage market and counterparty credit risk in accordance with our policies and guidelines. In accordance with these policies and guidelines, our management determines the appropriate timing and extent of derivative transactions.

Oil Derivative Contracts

The following table sets forth the volumes in barrels underlying the Company's outstanding oil derivative contracts and the weighted average Dated Brent prices per Bbl for those contracts as of September 30, 2013.

			Weighted Average Dated Brent Price per Bbl			
Term(1)	Type of Contract	MBbl	Deferred Premium Receivable/ (Payable)	Floor	Ceiling	Call
2013:						
October - December	Three-way collars	375	$ (4.82)	$ 95.00	$ 105.00	$ 125.00
October - December	Three-way collars	253	—	87.50	115.00	135.00
October - December	Three-way collars	250	—	90.00	115.39	135.00
October - December	Three-way collars	250	—	90.08	115.00	135.00
2014:						
January - December	Three-way collars	1,500	(1.22)	85.00	115.00	140.00
January - December	Three-way collars	1,000	—	85.00	115.01	140.00
January - December	Three-way collars	1,000	—	88.09	110.00	125.00
January - December	Three-way collars	1,500	1.15	90.00	113.00	135.00

(1) In October 2013, we entered into put contracts for 1.7 MMBbl from January 2015 through December 2015 with a floor price of $85.00 per Bbl. The put contracts are indexed to Dated Brent prices and have a weighted average deferred premium payable of $3.78 per Bbl.

Interest Rate Swaps Derivative Contracts

The following table summarizes our open interest rate swaps as of September 30, 2013, whereby we pay a fixed rate of interest and the counterparty pays a variable LIBOR-based rate:

Term	Weighted Average Notional Amount	Weighted Average Fixed Rate	Floating Rate
	(In thousands)		
October 2013 — December 2013	$ 200,617	1.99%	6-month LIBOR
January 2014 — December 2014	133,434	1.99%	6-month LIBOR
January 2015 — December 2015	45,319	2.03%	6-month LIBOR
January 2016 — June 2016	12,500	2.27%	6-month LIBOR

The following tables disclose the Company's derivative instruments as of September 30, 2013 and December 31, 2012 and gain/(loss) from derivatives during the three and nine months ended September 30, 2013 and 2012, respectively:

Type of Contract	Balance Sheet Location	Estimated Fair Value Asset (Liability) September 30, 2013	Estimated Fair Value Asset (Liability) December 31, 2012
		(In thousands)	
Derivatives not designated as hedging instruments:			
Derivative assets:			
Commodity(1)	Derivatives assets—current	$ 917	$ 1,061
Commodity(2)	Derivatives assets—long-term	1,583	—
Derivative liabilities:			
Commodity(3)	Derivatives liabilities—current	(6,284)	(17,005)
Interest rate	Derivatives liabilities—current	(3,174)	(3,372)
Commodity(4)	Derivatives liabilities—long-term	(319)	(659)
Interest rate	Derivatives liabilities—long-term	(1,016)	(2,567)
Total derivatives not designated as hedging instruments		$ (8,293)	$ (22,542)

(1) The commodity derivative asset represents $0.9 million of our oil derivative contracts as of September 30, 2013 and $1.1 million of our provisional oil sales contract as of December 31, 2012. Includes deferred premiums receivable of $1.1 million and zero related to commodity derivative contracts as of September 30, 2013 and December 31, 2012, respectively.

(2) Includes deferred premiums receivable of $0.6 million related to commodity derivative contracts as of September 30, 2013.

(3) Includes zero and $3.4 million, as of September 30, 2013 and December 31, 2012, respectively of cash settlements made on our commodity derivative contracts which were settled in the month subsequent to period end. Also, includes deferred premiums payable of $3.0 million and $7.6 million related to commodity derivative contracts as of September 30, 2013 and December 31, 2012, respectively.

(4) Includes deferred premiums payable of $0.6 million and $2.4 million related to commodity derivative contracts as of September 30, 2013 and December 31, 2012, respectively.

Type of Contract	Location of Gain/(Loss)	Amount of Gain/(Loss) Three Months Ended September 30, 2013	Amount of Gain/(Loss) Three Months Ended September 30, 2012	Amount of Gain/(Loss) Nine Months Ended September 30, 2013	Amount of Gain/(Loss) Nine Months Ended September 30, 2012
		(In thousands)			
Derivatives in cash flow hedging relationships:					
Interest rate(1)	Interest expense	$ 405	$ 133	$ 1,122	$ (295)
Total derivatives in cash flow hedging relationships		$ 405	$ 133	$ 1,122	$ (295)
Derivatives not designated as hedging instruments:					
Commodity(2)	Oil and gas revenue	$ (554)	$ 11,494	$ (5,220)	$ 15,221
Commodity	Derivatives, net	(7,585)	(24,529)	(386)	(26,407)
Interest rate	Interest expense	(318)	(931)	(268)	(2,366)
Total derivatives not designated as hedging instruments		$ (8,457)	$ (13,966)	$ (5,874)	$ (13,552)

(1) Amounts were reclassified from AOCI into earnings upon settlement.

(2) Amounts represent the mark-to-market portion of our provisional oil sales contracts.

In accordance with the mark-to-market method of accounting, the Company recognizes changes in fair values of its derivative contracts as gains or losses in earnings during the period in which they occur. The fair value of the effective portion of the interest rate derivative contracts on May 31, 2010, is reflected in AOCI and is being transferred to interest expense over the remaining term of the contracts. The Company expects to reclassify $1.5 million of gains from AOCI to interest expense within the next 12 months. See Note 8—Fair Value Measurements for additional information regarding the Company's derivative instruments.

Offsetting of Derivative Assets and Derivative Liabilities

Our derivative instruments subject to master netting arrangements with our counterparties only have the right of offset when there is an event of default. As of September 30, 2013 and December 31, 2012, there was not an event of default and, therefore, the associated gross asset or gross liability amounts related to these arrangements are presented on the consolidated balance sheets. Additionally, there were no material rights of offset available, if an event of default occurred, as of September 30, 2013 and December 31, 2012.

8. Fair Value Measurements

In accordance with ASC 820—Fair Value Measurements and Disclosures, fair value measurements are based upon inputs that market participants use in pricing an asset or liability, which are classified into two categories: observable inputs and unobservable inputs. Observable inputs represent market data obtained from independent sources, whereas unobservable inputs reflect a company's own market assumptions, which are used if observable inputs are not reasonably available without undue cost and effort. We prioritize the inputs used in measuring fair value into the following fair value hierarchy:

- Level 1—quoted prices for identical assets or liabilities in active markets.
- Level 2—quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs derived principally from or corroborated by observable market data by correlation or other means.
- Level 3—unobservable inputs for the asset or liability. The fair value input hierarchy level to which an asset or liability measurement in its entirety falls is determined based on the lowest level input that is significant to the measurement in its entirety.

The following tables present the Company's assets and liabilities that are measured at fair value on a recurring basis as of September 30, 2013 and December 31, 2012, for each fair value hierarchy level:

	Fair Value Measurements Using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	(In thousands)			
September 30, 2013				
Assets:				
Commodity derivatives	$ —	$ 2,500	$ —	$ 2,500
Liabilities:				
Commodity derivatives	—	(6,603)	—	(6,603)
Interest rate derivatives	—	(4,190)	—	(4,190)
Total	$ —	$ (8,293)	$ —	$ (8,293)
December 31, 2012				
Assets:				
Commodity derivatives	$ —	$ 1,061	$ —	$ 1,061
Liabilities:				
Commodity derivatives	—	(17,664)	—	(17,664)
Interest rate derivatives	—	(5,939)	—	(5,939)
Total	$ —	$ (22,542)	$ —	$ (22,542)

The book values of cash and cash equivalents and restricted cash approximate fair value based on Level 1 inputs. Joint interest billings, oil sales and other receivables, and accounts payable and accrued liabilities approximate fair value due to the short-term nature of these instruments. The carrying values of our debt approximates fair value since they are subject to short-term floating interest rates that approximate the rates available to us for those periods. Our long-term receivables, if any, after any allowances for doubtful accounts approximate fair value. The estimates of fair value of these items are based on Level 2 inputs.

Commodity Derivatives

Our commodity derivatives represent crude oil three-way collars for notional barrels of oil at fixed Dated Brent oil prices. The values attributable to the our oil derivatives are based on (i) the contracted notional volumes, (ii) independent active futures price quotes for Dated Brent, (iii) a credit-adjusted yield curve applicable to each counterparty by reference to the CDS market and (iv) an independently sourced estimate of volatility for Dated Brent. The volatility estimate was provided by certain independent brokers who are active in buying and selling oil options and was corroborated by market-quoted volatility factors. The deferred premium is included in the fair market value of the puts and compound options. See Note 7—Derivative Financial Instruments for additional information regarding the Company's derivative instruments.

Provisional Oil Sales

The value attributable to the provisional oil sales derivative is based on (i) the sales volumes subject to provisional pricing and (ii) an independently sourced forward curve over the term of the provisional pricing period.

Interest Rate Derivatives

We have interest rate swaps, whereby the Company pays a fixed rate of interest and the counterparty pays a variable LIBOR-based rate. The values attributable to the Company's interest rate derivative contracts are based on (i) the contracted notional amounts, (ii) LIBOR yield curves provided by independent third parties and corroborated with forward active market-quoted LIBOR yield curves and (iii) a credit-adjusted yield curve as applicable to each counterparty by reference to the CDS market.

9. Equity-based Compensation

Restricted Stock Awards and Restricted Stock Units

We record compensation expense equal to the fair value of share-based payments over the vesting periods of the Long-Term Incentive Plan ("LTIP") awards. We recorded compensation expense from awards granted under our LTIP of $13.8 million and $19.4 million during the three months ended September 30, 2013 and 2012, respectively, and $50.8 million and $58.2 million during the nine months ended September 30, 2013 and 2012, respectively. The tax benefit resulting from equity-based compensation expense

for the three months ended September 30, 2013 and 2012 was $4.8 million and $6.7 million, respectively, and for the nine months ended September 30, 2013 and 2012 was $17.4 million and $20.2 million, respectively. Additionally, we expensed a tax shortfall (the difference between the estimated tax deduction on the grant date and the actual tax deduction on the vest date) of $6.9 million and $7.4 million during the nine months ended September 30, 2013 and 2012, respectively. No shortfall occurred during the three months ended September 30, 2013 and 2012.

The following table reflects the outstanding restricted stock awards as of September 30, 2013:

	Service Vesting Restricted Stock Awards	Weighted-Average Grant-Date Fair Value	Market / Service Vesting Restricted Stock Awards	Weighted-Average Grant-Date Fair Value
	(In thousands)		(In thousands)	
Outstanding at December 31, 2012	9,898	$ 16.92	3,534	$ 12.93
Granted	351	10.73	—	—
Forfeited	(462)	16.51	(93)	12.45
Vested	(3,358)	17.26	—	—
Outstanding at September 30, 2013	6,429	16.44	3,441	12.94

The following table reflects the outstanding restricted stock units as of September 30, 2013:

	Service Vesting Restricted Stock Units	Weighted-Average Grant-Date Fair Value	Market / Service Vesting Restricted Stock Units	Weighted-Average Grant-Date Fair Value
	(In thousands)		(In thousands)	
Outstanding at December 31, 2012	1,023	$ 10.59	825	$ 15.81
Granted	1,512	10.80	1,074	15.44
Forfeited	(133)	10.53	(73)	15.74
Vested	(225)	10.51	—	—
Outstanding at September 30, 2013	2,177	10.75	1,826	15.60

As of September 30, 2013, total equity-based compensation to be recognized on unvested restricted stock awards and restricted stock units is $144.7 million over a weighted average period of 2.20 years. At September 30, 2013, the Company had approximately 5.5 million shares that remain available for issuance under the LTIP.

For restricted stock awards with a combination of market and service vesting criteria, the number of common shares to be issued is determined by comparing the Company's total shareholder return with the total shareholder return of a predetermined group of peer companies over the performance period and can vest in up to 100% of the awards granted. The grant date fair value of these awards ranged from $6.70 to $13.57 per award. The Monte Carlo simulation model used to estimate the grant-date fair value utilizes multiple input variables that determine the probability of satisfying the market condition stipulated in the award grant and calculates the fair value of the award. The expected volatility utilized in the model was estimated using our historical volatility and the historical volatilities of our peer companies and ranged from 41.3% to 56.7%. The risk-free interest rate was based on the U.S. treasury rate for a term commensurate with the expected life of the grant and ranged from 0.5% to 1.1%.

For restricted stock units with a combination of market and service vesting criteria, the number of common shares to be issued is determined by comparing the Company's total shareholder return with the total shareholder return of a predetermined group of peer companies over the performance period and can vest in up to 200% of the awards granted. The grant date fair value of these awards ranged from $15.44 to $15.81 per award. The Monte Carlo simulation model used to estimate the grant-date fair value utilizes multiple input variables that determine the probability of satisfying the market condition stipulated in the award grant and calculates the fair value of the award. The expected volatility utilized in the model was estimated using our historical volatility and the historical volatilities of our peer companies and ranged from 53.0% to 54.0%. The risk-free interest rate was based on the U.S. treasury rate for a term commensurate with the expected life of the grant and ranged from 0.5% to 0.7%.

10. Income Taxes

Income tax expense was $34.2 million and $25.9 million for the three months ended September 30, 2013 and 2012, respectively, and was $124.6 million and $64.7 million for the nine months ended September 30, 2013 and 2012, respectively. The income tax provision consists of U.S. and Ghanaian income and Texas margin taxes.

The components of income (loss) before income taxes were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(In thousands)			
Bermuda	$ (5,880)	$ (2,316)	$ (19,320)	$ (8,735)
United States	2,740	3,145	8,014	9,492
Foreign—other	(7,124)	(11,156)	40,664	(34,661)
Income (loss) before income taxes	$ (10,264)	$ (10,327)	$ 29,358	$ (33,904)

Our effective tax rate for the three months ended September 30, 2013 and 2012 is (333)% and (251)%, respectively. For the nine months ended, September 30, 2013 and 2012, our effective tax rate is 424% and (191)%. The effective tax rate for the United States is approximately 42% and 43% for the three months ended September 30, 2013 and 2012, respectively, and 125% and 116% for the nine months ended September 30, 2013 and 2012, respectively. The high effective tax rates in the United States are due to the effect of tax shortfalls related to equity-based compensation. The effective tax rate for Ghana is approximately 36% and 39% for the three months ended September 30, 2013 and 2012, respectively, and 36% and 37% for the nine months ended September 30, 2013 and 2012, respectively. Our other foreign jurisdictions have a 0% effective tax rate because they reside in countries with a 0% statutory rate, or we have experienced losses in those countries and have a full valuation allowance reserved against the corresponding net deferred tax assets.

The Company has no material unrecognized income tax benefits.

A subsidiary of the Company files a U.S. federal income tax return and a Texas margin tax return. In addition to the United States, the Company files income tax returns in the countries in which the Company operates. The Company is open to U.S. federal income tax examinations for tax years 2009 through 2012 and to Texas margin tax examinations for the tax years 2008 through 2012. In addition, the Company is open to income tax examinations for years 2004 through 2012 in Ghana.

As of September 30, 2013, the Company had no material uncertain tax positions. The Company's policy is to recognize potential interest and penalties related to income tax matters in income tax expense, but has not accrued any material amounts to date.

11. Net Income (Loss) Per Share

The following table is a reconciliation between net income (loss) and the amounts used to compute basic and diluted net income (loss) per share and the weighted average shares outstanding used to compute basic and diluted net income (loss) per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(In thousands, except per share data)			
Numerator:				
Net income (loss)	$ (44,488)	$ (36,250)	$ (95,210)	$ (98,634)
Less: Basic income allocable to participating securities(1)	—	—	—	—
Basic net income (loss) allocable to common shareholders	(44,488)	(36,250)	(95,210)	(98,634)
Diluted adjustments to income allocable to participating securities(1)	—	—	—	—
Diluted net income (loss) allocable to common shareholders	$ (44,488)	$ (36,250)	$ (95,210)	$ (98,634)
Denominator:				
Weighted average number of shares used to compute net income (loss) per share:				
Basic	377,654	373,448	376,509	371,140
Restricted stock awards and units(1)(2)	—	—	—	—
Diluted	377,654	373,448	376,509	371,140
Net income (loss) per share:				
Basic	$ (0.12)	$ (0.10)	$ (0.25)	$ (0.27)
Diluted	$ (0.12)	$ (0.10)	$ (0.25)	$ (0.27)

(1) Our service vesting restricted stock awards represent participating securities because they participate in nonforfeitable dividends with common equity owners. Income allocable to participating securities represents the distributed and

undistributed earnings attributable to the participating securities. Our restricted stock awards with market and service vesting criteria and all restricted stock units are not considered to be participating securities and, therefore, are excluded from the basic net income (loss) per common share calculation. Our service vesting restricted stock awards do not participate in undistributed net losses and, therefore, are excluded from the basic net income (loss) per common share calculation in periods we are in a net loss position.

(2) We excluded outstanding restricted stock awards and units of 13.9 million and 17.1 million for the three months ended September 30, 2013 and 2012, respectively, and 13.9 million and 17.1 million for the nine months ended September 30, 2013 and 2012, respectively, from the computations of diluted net income per share because the effect would have been anti-dilutive.

12. Commitments and Contingencies

We are involved in litigation, regulatory examinations and administrative proceedings primarily arising in the ordinary course of our business in jurisdictions in which we do business. Although the outcome of these matters cannot be predicted with certainty, management believes none of these matters, either individually or in the aggregate, would have a material effect upon the Company's consolidated financial statements; however, an unfavorable outcome could have a material adverse effect on our results from operations for a specific interim period or year.

In June 2013, we signed a long-term rig agreement with a subsidiary of Atwood Oceanics, Inc. for the new build drillship "Atwood Achiever." Currently under construction, the rig is scheduled for completion in June 2014 and expected to commence drilling operations in the second half of 2014. The rig agreement covers an initial period of three years at a day rate of approximately $0.6 million, with an option to extend the agreement for an additional three-year term.

The estimated future minimum commitments under this contract as of September 30, 2013, are:

	Payments Due By Year(1)						
	Total	2013(2)	2014	2015	2016	2017	Thereafter
	(In thousands)						
Atwood Achiever drilling rig contract (3)	$ 651,525	$ —	$ 90,440	$ 217,175	$ 217,770	$ 126,140	$ —

(1) Does not include purchase commitments for jointly owned fields and facilities where we are not the operator, excludes commitments for development activities under our petroleum contracts where we are not the operator and excludes commitments for exploration activities, including well commitments, in our petroleum contracts and farm-in agreements.

(2) Represents payments for the period from October 1, 2013 through December 31, 2013.

(3) Commitments calculated using a day rate of $595,000 and an estimated rig delivery date of August 1, 2014.

13. Subsequent Events

In October 2013, we entered into three farm-out agreements with BP plc ("BP") covering three blocks in the Agadir Basin, offshore Morocco. Under the terms of the agreements, BP will acquire a non-operating interest in each of the Essaouira Offshore, Foum Assaka Offshore and Tarhazoute Offshore blocks. BP will fund Kosmos' share of the cost of one exploration well in each of the three blocks, subject to a maximum spend of $120.0 million per well, and pay its proportionate share of any well costs above the maximum spend. In the event a second exploration well is drilled in any block, BP will pay 150% of its share of costs subject to a maximum spend of $120.0 million per well. BP shall also pay $36.3 million for their share of past costs. Completion of the transactions is subject to customary closing conditions, including Moroccan Government approvals. After completing the transaction, our participating interests will be 30.0%, 29.925% and 30.0% in the Essaouira, Foum Assaka and Tarhazoute Offshore blocks, respectively, and we will remain the operator.

In October 2013, we entered into a farm-out agreement with Capricorn Exploration & Development Company Limited, a wholly owned subsidiary of Cairn Energy PLC ("Cairn"), covering the Cap Boujdour Contract Area, offshore Western Sahara. Under the terms of the agreement, Cairn will acquire a 20% non-operated interest in the exploration permits comprising the Cap Boujdour Contract Area. Cairn will pay 150% of its share of costs of a 3D seismic survey and one exploration well capped at $125.0 million. In the event the exploration well is successful, Cairn will pay 200% of its share of costs on two appraisal wells capped at $100.0 million per well. Additionally, Cairn will contribute $12.3 million towards our future costs. Completion of the transaction is subject to customary closing conditions, including Moroccan Government approvals. After completing the transaction, our participating interest in the Cap Boujdour Contract Area will be 55.0% and we will remain the operator.

Drilling of the Akasa-2A appraisal well on the WCTP Block was completed in October 2013. The Akasa-2A appraisal well did not encounter oil or gas reserves sufficient to be utilized as a producing well. Accounting rules require that the costs associated with the Akasa-2A appraisal well be impaired, which are $11.5 million and included in exploration expenses in the accompanying consolidated statement of operations. We estimate we will incur an additional $8.9 million of related well costs, which will be expensed as incurred.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our consolidated financial statements and notes thereto contained herein and our annual financial statements for the year ended December 31, 2012, included in our annual report on Form 10-K along with the section Management's Discussion and Analysis of financial condition and Results of Operations contained in such annual report. Any terms used but not defined in the following discussion have the same meaning given to them in the annual report. Our discussion and analysis includes forward-looking information that involves risks and uncertainties and should be read in conjunction with "Risk Factors" under Item 1A of this report and in the annual report, along with "Forward-Looking Information" at the end of this section for information about the risks and uncertainties that could cause our actual results to be materially different than our forward-looking statements.

Overview

We are a leading independent oil and gas exploration and production company focused on frontier and emerging areas along the Atlantic Margin. Our asset portfolio includes existing production and other major project developments offshore Ghana, as well as exploration licenses with significant hydrocarbon potential offshore Ireland, Mauritania, Morocco (including Western Sahara) and Suriname.

We were incorporated pursuant to the laws of Bermuda as Kosmos Energy Ltd. in January 2011 to become a holding company for Kosmos Energy Holdings. Pursuant to the terms of a corporate reorganization that was completed immediately prior to the closing of Kosmos Energy Ltd.'s IPO on May 16, 2011, all of the interests in Kosmos Energy Holdings were exchanged for newly issued common shares of Kosmos Energy Ltd. As a result, Kosmos Energy Holdings became wholly owned by Kosmos Energy Ltd.

Recent Developments

Debt

Our $2.0 billion commercial debt facility ("Facility") provides a revolving-credit and letter of credit facility. The availability period for the revolving-credit facility, as amended in April 2013, expires on December 15, 2014 and the letter of credit sublimit expires on the final maturity date. The available facility amount is subject to borrowing base constraints and, beginning on December 15, 2014, outstanding borrowings will also be constrained by an amortization schedule. The final maturity date is March 29, 2018.

In September 2013, as part of the normal borrowing base determination process, the availability under the facility was reduced $89.6 million to $1.2 billion. As of September 30, 2013, borrowings under the Facility totaled $900.0 million, the undrawn availability under the Facility was $309.5 million and there were no letters of credit drawn under the facility.

In July 2013, we entered into a revolving letter of credit facility agreement ("LC Facility"). The size of the LC Facility is $100.0 million, with additional commitments up to $50.0 million being available if the existing lender increases its commitments or if commitments from new financial institutions are added. The LC Facility provides that we shall maintain cash collateral in an amount equal to at least 75% of all outstanding letters of credit under the LC Facility, provided that during the period of any breach of certain financial covenants, the required cash collateral amount shall increase to 100%. The fees associated with outstanding letters of credit issued will be 0.5% per annum. The LC Facility has an availability period which expires on June 1, 2016. We may voluntarily cancel any commitments available under the LC Facility at any time. As of September 30, 2013, there were four outstanding letters of credit totaling $29.0 million under the LC Facility.

Ghana

We previously received an approval for the Phase 1A PoD of the Jubilee Field, and production from Phase 1A commenced in late 2012. The Phase 1A program includes the drilling of up to eight additional wells consisting of up to five production wells and three water injection wells. Four wells, three producers and one injector, are online. Program execution is expected to be completed in the latter part of 2014.

Drilling of the Akasa-2A appraisal well on the WCTP Block was completed in October 2013. We believe that the well successfully identified the down dip water contact associated with the Akasa-1 discovery as intended. Should the Akasa discovery progress to a development, the Akasa-2A appraisal well is expected to be utilized in the development as a water injector well. However, since the Akasa-2A appraisal well did not encounter oil or gas reserves sufficient to be utilized as a producing well, accounting rules require that the costs associated with the Akasa-2A appraisal well be impaired. As such, $11.5 million is included in exploration expenses in the accompanying consolidated statement of operations for the three and nine months ended September 30, 2013. We estimate we will incur an additional $8.9 million of related well costs, which will be expensed as incurred.

Cameroon

In July 2013, we informed the government of Cameroon that we do not intend to enter into the next phase of our petroleum contracts in Cameroon and expect to relinquish our rights to the blocks.

Ireland

In July 2013, Ireland granted us Frontier Exploration Licenses 1-13, 2-13, and 3-13 pursuant to Licensing Options 11/5, 11/7 and 11/8. We commenced a 3D seismic program of approximately 5,000 square kilometers over these blocks in July 2013, which was completed in October 2013.

Mauritania

In June 2013, we commenced a 3D seismic program of approximately 10,300 square kilometers over portions of Blocks C8 and C12 which is expected to be completed in the fourth quarter of 2013.

Morocco

In January 2013, we closed on an agreement to acquire an additional 37.5% participating interest in the Essaouira Offshore Block from Canamens Energy Morocco SARL, one of our block partners. Certain governmental approvals and processes are still required to be completed before this acquisition is effective.

In August 2013, final government approvals and processes were completed for the acquisition of the additional 18.75% participating interest in the Foum Assaka Block in the Agadir Basin offshore Morocco from Pathfinder, a wholly owned subsidiary of Fastnet, one of our block partners.

In October 2013, Kosmos executed a petroleum agreement with the Office National des Hydrocarbures et des Mines (“ONHYM”), the national oil company of the Kingdom of Morocco, covering the Tarhazoute Offshore block, to which the Company previously held certain exploration rights under a 2011 reconnaissance contract. Under the terms of the petroleum contract, the Company is the operator of the Tarhazoute Offshore block. ONHYM holds a 25% carried interest in the block through the exploration period. The initial exploration period will last for two years and six months and will commence from the date specified in the exploration permits, which have yet to be finalized with the Government of Morocco and ONHYM. The exploration period may be extended for additional exploration extension periods of two years and six months and three years respectively. In the event of commercial success, the Company has the right to develop and produce oil or gas for a period of 25 years from the grant of an exploitation concession from the Government of Morocco, which may be extended for an additional period of 10 years under certain circumstances. The petroleum contract is subject to customary government approvals.

We are filing our new petroleum contract for the Tarhazoute Offshore block as well as our existing petroleum contracts to which we are a party and which have not otherwise been previously filed as exhibits to this Quarterly Report on Form 10-Q.

In October 2013, we entered into three farm-out agreements with BP plc (“BP”) covering three blocks in the Agadir Basin, offshore Morocco. Under the terms of the agreements, BP will acquire a non-operating interest in each of the Essaouira Offshore, Foum Assaka Offshore and Tarhazoute Offshore blocks. BP will fund Kosmos’ share of the cost of one exploration well in each of the three blocks, subject to a maximum spend of $120.0 million per well, and pay its proportionate share of any well costs above the maximum spend. In the event a second exploration well is drilled in any block, BP will pay 150% of its share of costs subject to a maximum spend of $120.0 million per well. BP shall also pay $36.3 million for their share of past costs. Completion of the transactions is subject to customary closing conditions, including Moroccan Government approvals. After completing the transaction, our participating interests will be 30.0%, 29.925% and 30.0% in the Essaouira, Foum Assaka and Tarhazoute Offshore blocks, respectively, and we will remain the operator.

In October 2013, we entered into a farm-out agreement with Capricorn Exploration & Development Company Limited, a wholly owned subsidiary of Cairn Energy PLC (“Cairn”), covering the Cap Boujdour Contract Area, offshore Western Sahara. Under the terms of the agreement, Cairn will acquire a 20% non-operated interest in the exploration permits comprising the Cap Boujdour Contract Area. Cairn will pay 150% of its share of costs of a 3D seismic survey and one exploration well capped at $125.0 million. In the event the exploration well is successful, Cairn will pay 200% of its share of costs on two appraisal wells capped at $100.0 million per well. Additionally, Cairn will contribute $12.3 million towards our future costs. Completion of the transaction is subject to customary closing conditions, including Moroccan Government approvals. After completing the transaction, our participating interest in the Cap Boujdour Contract Area will be 55.0% and we will remain the operator.

Suriname

In August 2013, we completed a 2D seismic program of approximately 1,400 line kilometers over a portion of Block 42, outside of the existing 3D seismic survey.

Results of Operations

All of our production-related results, as presented in the table below, represent operations from the Jubilee Field in Ghana. Certain operating results and statistics for the three and nine months ended September 30, 2013 and 2012, are included in the following table:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(In thousands, except per barrel data)			
Sales volumes:				
MBbl	1,912	1,985	5,847	3,913
Revenues:				
Oil sales	$ 215,169	$ 222,375	$ 636,648	$ 450,360
Average sales price per Bbl	112.52	112.01	108.88	115.08
Costs:				
Oil production, excluding workovers	$ 13,026	$ 16,936	$ 39,145	$ 33,595
Oil production, workovers	19,550	27,937	40,506	38,196
Total oil production costs	$ 32,576	$ 44,873	$ 79,651	$ 71,791
Depletion	$ 56,094	$ 61,913	$ 169,163	$ 123,256
Average cost per Bbl:				
Oil production, excluding workovers	$ 6.82	$ 8.53	$ 6.69	$ 8.58
Oil production, workovers	10.22	14.07	6.93	9.76
Total oil production costs	17.04	22.60	13.62	18.34
Depletion	29.33	31.18	28.93	31.50
Oil production cost and depletion costs	$ 46.37	$ 53.78	$ 42.55	$ 49.84

The following table shows the number of wells in the process of being drilled or are in active completion stages, and the number of wells suspended or waiting on completion as of September 30, 2013:

	Actively Drilling or Completing				Wells Suspended or Waiting on Completion			
	Exploration		Development		Exploration		Development	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Ghana								
West Cape Three Points	1	0.31	—	—	8	2.47	—	—
Deepwater Tano	—	—	—	—	1	0.18	—	—
TEN	—	—	—	—	12	2.16	—	—
Jubilee Unit	—	—	1	0.24	—	—	1	0.24
Total	1	0.31	1	0.24	21	4.81	1	0.24

The discussion of the results of operations and the period-to-period comparisons presented below analyze our historical results. The following discussion may not be indicative of future results.

Three months ended September 30, 2013 compared to three months ended September 30, 2012

	Three Months Ended September 30,		Increase
	2013	2012	(Decrease)
	(In thousands)		
Revenues and other income:			
Oil and gas revenue	$ 215,169	$ 222,375	$ (7,206)
Interest income	77	137	(60)
Other income	133	725	(592)
Total revenues and other income	215,379	223,237	(7,858)
Costs and expenses:			
Oil and gas production	32,576	44,873	(12,297)
Exploration expenses	78,038	38,127	39,911
General and administrative	35,646	39,898	(4,252)
Depletion and depreciation	58,367	63,794	(5,427)
Amortization—deferred financing costs	2,786	2,194	592
Interest expense	8,781	20,213	(11,432)
Derivatives, net	7,585	24,529	(16,944)
Other expenses, net	1,864	(64)	1,928
Total costs and expenses	225,643	233,564	(7,921)
Loss before income taxes	(10,264)	(10,327)	63
Income tax expense	34,224	25,923	8,301
Net loss	$ (44,488)	$ (36,250)	$ (8,238)

Oil and gas revenue. Oil and gas revenue decreased by $7.2 million during the three months ended September 30, 2013 as compared to the three months ended September 30, 2012. The decrease is primarily due to the slight decrease in sales volumes during the three months ended September 30, 2013 as compared to three months ended September 30, 2012.

Oil and gas production. Oil and gas production costs decreased by $12.3 million during the three months ended September 30, 2013 as compared to the three months ended September 30, 2012. The decrease is primarily due to a reduction in well workover costs and non-routine operating costs in the three months ended September 30, 2013 as compared to the three months ended September 30, 2012.

Exploration expenses. Exploration expenses increased by $39.9 million during the three months ended September 30, 2013, as compared to the three months ended September 30, 2012. During the three months ended September 30, 2013, we incurred $59.9 million for seismic costs primarily for Mauritania and Ireland and $13.2 million for unsuccessful well for the Ghana Akasa-2 appraisal well and the Cameroon Sipo-1 exploration well. During the three months ended September 30, 2012, we incurred $32.8 million for seismic costs primarily for Suriname.

General and administrative. General and administrative costs decreased by $4.3 million during the three months ended September 30, 2013, as compared to the three months ended September 30, 2012. Total non-cash general and administrative costs were $13.8 million and $19.4 million for the three months ended September 30, 2013 and 2012, respectively, which was primarily related to equity-based compensation.

Depletion and depreciation. Depletion and depreciation decreased $5.4 million during the three months ended September 30, 2013, as compared with the three months ended September 30, 2012 primarily due to the slight decrease in barrels lifted.

Interest expense. Interest expense decreased $11.4 million during the three months ended September 30, 2013, as compared with the three months ended September 30, 2012, primarily due to an accrual for transaction taxes during the three months ended September 30, 2012 and decreases in our outstanding debt balance and in the mark-to-market loss on our interest rate swaps during the three months ended September 30, 2013.

Derivatives, net. During the three months ended September 30, 2013 and 2012, we recorded losses of $7.6 million and $24.5 million, respectively, on our outstanding hedge positions. The losses recorded were a result of an increase in oil prices during the respective periods.

Income tax expense. The Company's effective tax rates for the three months ended September 30, 2013 and 2012 were (333)% and (251)%, respectively. The large effective tax rates for the periods presented are due to losses incurred in jurisdictions in which we are not subject to taxes and, therefore, do not generate any income tax benefits and losses incurred in jurisdictions in which we have valuation allowances against our deferred tax assets and therefore we do not realize any tax benefit on such losses. Income tax expense increased $8.3 million during the three months ended September 30, 2013, as compared with September 30, 2012, primarily due to an increase in pre-tax income from our Ghanaian subsidiary.

Nine months ended September 30, 2013 compared to nine months ended September 30, 2012

	Nine Months Ended September 30,		Increase
	2013	2012	(Decrease)
	(In thousands)		
Revenues and other income:			
Oil and gas revenue	$ 636,648	$ 450,360	$ 186,288
Interest income	191	1,165	(974)
Other income	708	930	(222)
Total revenues and other income	637,547	452,455	185,092
Costs and expenses:			
Oil and gas production	79,651	71,791	7,860
Exploration expenses	194,384	96,134	98,250
General and administrative	118,787	112,558	6,229
Depletion and depreciation	175,578	128,442	47,136
Amortization—deferred financing costs	8,269	6,582	1,687
Interest expense	27,789	43,717	(15,928)
Derivatives, net	386	26,407	(26,021)
Other expenses, net	3,345	728	2,617
Total costs and expenses	608,189	486,359	121,830
Income (loss) before income taxes	29,358	(33,904)	63,262
Income tax expense	124,568	64,730	59,838
Net loss	$ (95,210)	$ (98,634)	$ 3,424

Oil and gas revenue. Oil and gas revenue increased $186.3 million during the nine months ended September 30, 2013, as compared with the nine months ended September 30, 2012. The increase is primarily due to having six liftings of oil during the nine months ended September 30, 2013 as compared to having four liftings of oil during the nine months ended September 30, 2012. This increase is partially offset by a lower realized price per barrel during the nine months ended September 30, 2013.

Oil and gas production. Oil and gas production costs increased $7.9 million during the nine months ended September 30, 2013, as compared with the nine months ended September 30, 2012. The increase is primarily due to an increase in routine operating expenses related to the increase in production volumes and liftings during the nine months ended September 30, 2013 as compared to the nine months ended September 30, 2012. In addition, higher workover and rig equipment costs were incurred during 2013 as compared to 2012.

Exploration expenses. Exploration expenses increased $98.3 million during the nine months ended September 30, 2013, as compared with the nine months ended September 30, 2012. During the nine months ended September 30, 2013, the Company incurred $97.2 million of unsuccessful well and other related costs primarily related to the Cameroon Sipo-1 exploration well, the Ghana Sapele-1 exploration well, and the Ghana Akasa-2 appraisal well and $84.9 million for seismic costs primarily for Mauritania, Ireland, Morocco and new ventures. During the nine months ended September 30, 2012, we incurred $66.2 million for seismic costs for Suriname, Morocco, Ghana and Cameroon and $19.4 million of unsuccessful well costs, primarily related to the Ghana Teak-4A appraisal well.

General and administrative. General and administrative costs increased $6.2 million during the nine months ended September 30, 2013, as compared with the nine months ended September 30, 2012, due to an increase in headcount. Total non-cash general and administrative costs were $50.8 million and $58.2 million for the nine months ended September 30, 2013 and 2012, respectively, which was primarily related to equity-based compensation.

Depletion and depreciation. Depletion and depreciation increased $47.1 million during the nine months ended September 30, 2013, as compared with the nine months ended September 30, 2012. The increase is primarily due to depletion recognized related to the sale of six liftings of oil during the nine months ended September 30, 2013 as compared to four liftings of oil during the nine months ended September 30, 2012.

Interest expense. Interest expense decreased $15.9 million during the nine months ended September 30, 2013, as compared with the nine months ended September 30, 2012, primarily due to reduced transaction taxes during the nine months ended September 30, 2012, decreases in our outstanding debt balance and in the mark-to-market loss on our interest rate swaps during the nine months ended September 30, 2013.

Derivatives, net. During the nine months ended September 30, 2013 and 2012, we recorded a loss of $0.4 million and $26.4 million, respectively, on our outstanding hedge positions. The losses recorded were a result of an increase in oil prices during the respective periods.

Income tax expense. The Company's effective tax rates for the nine months ended September 30, 2013 and 2012 were 424% and (191%), respectively. The large effective tax rates for the periods presented are due to losses incurred in jurisdictions in which we are not subject to taxes and, therefore, do not generate any income tax benefits as well as losses incurred in jurisdictions in which we have valuation allowances against our deferred tax assets and therefore we do not realize any tax benefit on such losses. Income tax expense increased $59.8 million during the nine months ended September 30, 2013, as compared with September 30, 2012, primarily due to an increase in pre-tax income from our Ghanaian subsidiary.

Liquidity and Capital Resources

We are actively engaged in an ongoing process of anticipating and meeting our funding requirements related to exploring for and developing oil and natural gas resources along the Atlantic Margin. We have historically met our funding requirements through cash flows generated from our operating activities and secured funding from issuances of equity and commercial debt facilities to meet our ongoing liquidity requirements.

Significant Sources of Capital

Facility

In March 2011, the Company secured a $2.0 billion commercial debt facility (the "Facility") from a number of financial institutions and extinguished the then existing commercial debt facilities. The Facility was syndicated to certain participants of the existing facilities, as well as new participants. The Facility supports our oil and gas exploration, appraisal and development programs and corporate activities. As part of an amendment in November 2012, the total commitments for the Facility were reduced to $1.5 billion.

The Facility provides a revolving-credit and letter of credit facility. The availability period for the revolving-credit facility, as amended in April 2013, expires on December 15, 2014 and the letter of credit sublimit expires on the final maturity date. The available facility amount is subject to borrowing base constraints and, beginning on December 15, 2014, outstanding borrowings will also be constrained by an amortization schedule. The final maturity date is March 29, 2018.

In September 2013, as part of the normal borrowing base determination process, the availability under the facility was reduced $89.6 million to $1.2 billion. As of September 30, 2013, borrowings under the Facility totaled $900.0 million, the undrawn availability under the Facility was $309.5 million and there were no letters of credit drawn under the facility.

Corporate Revolver

In November 2012, we secured the Corporate Revolver from a number of financial institutions. In April 2013, the availability under the Corporate Revolver was increased from $260.0 million to $300.0 million by additional commitments from existing and new financial institutions. As of September 30, 2013, there were no borrowings outstanding under the Corporate Revolver and the undrawn availability under the Corporate Revolver was $300.0 million.

Revolving Letter of Credit Facility

In July 2013, we entered into a revolving LC Facility. The size of the LC Facility is $100.0 million, with additional commitments up to $50.0 million being available if the existing lender increases its commitments or if commitments from new financial institutions are added. The LC Facility provides that we shall maintain cash collateral in an amount equal to at least 75% of all outstanding letters of credit under the LC Facility, provided that during the period of any breach of certain financial covenants, the required cash collateral amount shall increase to 100%. The fees associated with outstanding letters of credit issued will be 0.5% per annum. The LC Facility has an availability period which expires on June 1, 2016. We may voluntarily cancel any commitments available under the LC Facility at any time. As of September 30, 2013, there were four outstanding letters of credit totaling $29.0 million under the LC Facility.

Capital Expenditures and Investments

We expect to incur substantial costs as we continue to develop our oil and natural gas prospects and as we:

- complete our 2013 exploration and appraisal drilling program in our license areas;
- develop our discoveries that we determine to be commercially viable;
- purchase and analyze seismic and other geological and geophysical data to identify future prospects; and
- invest in additional oil and natural gas leases and licenses.

We have relied on a number of assumptions in budgeting for our future activities. These include the number of wells we plan to drill, our participating interests in our prospects, the costs involved in developing or participating in the development of a prospect, the timing of third-party projects, and the availability of suitable equipment and qualified personnel. These assumptions are inherently subject to significant business, political, economic, regulatory, environmental and competitive uncertainties, contingencies and risks, all of which are difficult to predict and many of which are beyond our control. We may need to raise additional funds more quickly if one or more of our assumptions proves to be incorrect or if we choose to expand our hydrocarbon asset acquisition, exploration, appraisal, development efforts or any other activity more rapidly than we presently anticipate. We may decide to raise additional funds before we need them if the conditions for raising capital are favorable. We may seek to sell equity or debt securities or obtain additional bank credit facilities. The sale of equity securities could result in dilution to our shareholders. The incurrence of additional indebtedness could result in increased fixed obligations and additional covenants that could restrict our operations.

2013 Capital Program

Our estimate for the 2013 capital program remains at $560.0 million. The 2013 capital expenditure budget consists of:

- approximately 50% for developmental related expenditures offshore Ghana; and
- approximately 50% for exploration and appraisal related expenditures, including new venture opportunities.

The ultimate amount of capital we will spend may fluctuate materially based on market conditions and the success of our drilling results. Our future financial condition and liquidity will be impacted by, among other factors, our level of production of oil and the prices we receive from the sale of these commodities, the success of our exploration and appraisal drilling program, the number of commercially viable oil and natural gas discoveries made and the quantities of oil and natural gas discovered, the speed with which we can bring such discoveries to production, and the actual cost of exploration, appraisal and development of our oil and natural gas assets.

The following table presents our liquidity and financial position as of September 30, 2013:

	September 30, 2013
	(In thousands)
Cash and cash equivalents	$ 440,267
Drawings under the Facility	900,000
Net debt	459,733
Availability under the Facility	$ 309,504
Availability under the Corporate Revolver	300,000
Available borrowings plus cash and cash equivalents	1,049,771

Cash Flows

	Nine Months Ended September 30,	
	2013	2012
	(In thousands)	
Net cash provided by (used in):		
Operating activities	$ 281,349	$ 150,110
Investing activities	(240,950)	(304,800)
Financing activities	(115,296)	(118,752)

Operating activities. Net cash provided by operating activities for the nine months ended September 30, 2013 was $281.3 million compared with net cash provided by operating activities for the nine months ended September 30, 2012 of $150.1 million. The increase in cash provided by operating activities in the nine months ended September 30, 2013 when compared to the same period in 2012 was primarily due to an increase in oil and gas revenues offset by a negative change in working capital items.

Investing activities. Net cash used in investing activities for the nine months ended September 30, 2013 was $241.0 million compared with net cash used in investing activities for the nine months ended September 30, 2012 of $304.8 million. The decrease in cash used in investing activities in the nine months ended September 30, 2013 when compared to the same period in 2012 was primarily attributable to a decrease in expenditures for oil and gas assets and the release of restricted cash during 2013.

Financing activities. Net cash used in financing activities for the nine months ended September 30, 2013 was $115.3 million compared with net cash used in financing activities for the nine months ended September 30, 2012 of $118.8 million. The cash used in financing activities in the nine months ended September 30, 2013 was consistent with the prior period.

Contractual Obligations

The following table summarizes by period the payments due for our estimated contractual obligations as of September 30, 2013:

	Payments Due By Year(3)						
	Total	2013(4)	2014	2015	2016	2017	Thereafter
	(In thousands)						
Facility(1)	$ 900,000	$ —	$ —	$ 346,693	$ 149,428	$ 292,768	$ 111,111
Interest payments on long-term debt(2)	147,468	11,237	47,858	39,494	25,167	21,957	1,755
Operating leases	22,205	1,562	4,306	3,502	3,158	3,223	6,454
Atwood Achiever drilling rig contract(5)	651,525	—	90,440	217,175	217,770	126,140	—

(1) The estimated repayments of debt are based on the level of borrowings and the available borrowing base as of September 30, 2013. Any increases or decreases in the level of borrowings or increases or decreases in the available borrowing base would impact the scheduled maturities of debt during the next five years and thereafter. As of September 30, 2013, there were no borrowings under the Corporate Revolver.

(2) Based on outstanding borrowings as noted in (1) above and the LIBOR yield curves at the reporting date and commitment fees related to the Facility and Corporate Revolver.

(3) Does not include purchase commitments for jointly owned fields and facilities where we are not the operator and excludes commitments for exploration activities, including well commitments, in our petroleum contracts and farm-in agreements.

(4) Represents payments for the period from October 1, 2013 through December 31, 2013.

(5) Commitments calculated using a day rate of $595,000 and an estimated rig delivery date of August 1, 2014.

The following table presents maturities by expected maturity dates under the Facility, the weighted average interest rates expected to be paid on the Facility given current contractual terms and market conditions, and the debt's estimated fair value. Weighted-average interest rates are based on implied forward rates in the yield curve at the reporting date. This table does not take into account amortization of deferred financing costs.

	October 1 Through December 31, 2013(1)	Years Ending December 31, 2014	2015	2016	2017	Thereafter	Liability Fair Value at September 30, 2013
	(In thousands, except percentages)						
Variable rate debt:							
Facility(2)	$ —	$ —	$ 346,693	$ 149,428	$ 292,768	$ 111,111	$ (900,000)
Weighted average interest rate(3)	3.43%	3.94%	4.56%	5.70%	7.05%	7.68%	
Interest rate swaps:							
Notional debt amount(4)	$ —	$ 47,033	$ 16,875	$ 6,250	$ —	$ —	$ (1,746)
Fixed rate payable		2.22%	2.22%	2.22%			
Variable rate receivable(5)		0.47%	0.83%	1.46%			
Notional debt amount(4)	$ —	$ 47,033	$ 16,875	$ 6,250	$ —	$ —	$ (1,846)
Fixed rate payable		2.31%	2.31%	2.31%			
Variable rate receivable(5)		0.47%	0.83%	1.46%			
Notional debt amount(4)	$ —	$ 1,868	$ —	$ —	$ —	$ —	$ (74)
Fixed rate payable		0.98%					
Variable rate receivable(5)		0.53%					
Notional debt amount(4)	$ —	$ 38,434	$ 23,137	$ —	$ —	$ —	$ (524)
Fixed rate payable		1.34%	1.34%				
Variable rate receivable(5)		0.47%	0.68%				

(1) The interest rate swaps' variable rate receivable for the period October 1 through December 31, 2013 locked on June 26, 2013, therefore the notional amounts are not subject to changes in interest rates.

(2) The amounts included in the table represent principal maturities only. The scheduled maturities of debt are based on the level of borrowings and the available borrowing base as of September 30, 2013. Any increases or decreases in the level of borrowings or increases or decreases in the available borrowing base would impact the scheduled maturities of debt during the next five years and thereafter. As of September 30, 2013, there were no borrowings under the Corporate Revolver.

(3) Based on outstanding borrowings as noted in (1) above and the LIBOR yield curves plus applicable margin at the reporting date. Excludes commitment fees related to the Facility and Corporate Revolver.

(4) Represents weighted average notional contract amounts of interest rate derivatives. In the final year of maturity, represents notional amount from January — June.

(5) Based on implied forward rates in the yield curve at the reporting date.

Off-Balance Sheet Arrangements

We may enter into off-balance sheet arrangements and transactions that can give rise to material off-balance sheet obligations. As of September 30, 2013, our material off-balance sheet arrangements and transactions include operating leases and undrawn letters of credit. There are no other transactions, arrangements, or other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect Kosmos' liquidity or availability of or requirements for capital resources.

Critical Accounting Policies

We consider accounting policies related to our revenue recognition, exploration and development costs, receivables, income taxes, derivatives and hedging activities, estimates of proved oil and natural gas reserves, asset retirement obligations and impairment of long-lived assets as critical accounting policies. The policies include significant estimates made by management using information available at the time the estimates are made. However, these estimates could change materially if different information or assumptions were used. These policies are summarized in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations section in our annual report on Form 10-K, for the year ended December 31, 2012.

Cautionary Note Regarding Forward-looking Statements

This quarterly report on Form 10-Q contains estimates and forward-looking statements, principally in "Management's Discussion and Analysis of Financial Condition and Results of Operations." Our estimates and forward-looking statements are mainly based on our current expectations and estimates of future events and trends, which affect or may affect our businesses and operations. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to

several risks and uncertainties and are made in light of information currently available to us. Many important factors, in addition to the factors described in our quarterly report on Form 10-Q and our annual report on Form 10-K, may adversely affect our results as indicated in forward-looking statements. You should read this quarterly report on Form 10-Q, the annual report on Form 10-K and the documents that we have filed with the Securities and Exchange Commission completely and with the understanding that our actual future results may be materially different from what we expect. Our estimates and forward-looking statements may be influenced by the following factors, among others:

- our ability to find, acquire or gain access to other discoveries and prospects and to successfully develop our current discoveries and prospects;
- uncertainties inherent in making estimates of our oil and natural gas data;
- the successful implementation of our and our block partners' prospect discovery and development and drilling plans;
- projected and targeted capital expenditures and other costs, commitments and revenues;
- termination of or intervention in concessions, rights or authorizations granted by the governments of Ghana, Cameroon, Ireland, Mauritania, Morocco or Suriname (or their respective national oil companies) or any other federal, state or local governments or authorities, to us;
- our dependence on our key management personnel and our ability to attract and retain qualified technical personnel;
- the ability to obtain financing and to comply with the terms under which such financing may be available;
- the volatility of oil and natural gas prices;
- the availability, cost, function and reliability of developing appropriate infrastructure around and transportation to our discoveries and prospects;
- the availability and cost of drilling rigs, production equipment, supplies, personnel and oilfield services;
- other competitive pressures;
- potential liabilities inherent in oil and natural gas operations, including drilling risks and other operational and environmental hazards;
- current and future government regulation of the oil and gas industry;
- cost of compliance with laws and regulations;
- changes in environmental, health and safety or climate change laws, greenhouse gas regulation or the implementation, or interpretation, of those laws and regulations;
- environmental liabilities;
- geological, technical, drilling, production and processing problems;
- military operations, civil unrest, terrorist acts, wars or embargoes;
- the cost and availability of adequate insurance coverage;
- our vulnerability to severe weather events;
- our ability to meet our obligations under the agreements governing our indebtedness;
- the availability and cost of financing and refinancing our indebtedness;
- the amount of collateral, if any, required to be posted from time to time in our hedging transactions;
- our success in risk management activities, including the use of derivative financial instruments to hedge commodity and interest rate risks; and
- other risk factors discussed in the "Item 1A. Risk Factors" section of this quarterly report on Form 10-Q and our annual report on Form 10-K.

The words "believe," "may," "will," "aim," "estimate," "continue," "anticipate," "intend," "expect," "plan" and similar words are intended to identify estimates and forward-looking statements. Estimates and forward-looking statements speak only as of the date they were made, and, except to the extent required by law, we undertake no obligation to update or to review any estimate and/or forward-looking statement because of new information, future events or other factors. Estimates and forward-looking statements involve risks and uncertainties and are not guarantees of future performance. As a result of the risks and uncertainties described above, the estimates and forward-looking statements discussed in this quarterly report on Form 10-Q might not occur, and our future results and our performance may differ materially from those expressed in these forward-looking statements due to, including, but not limited to, the factors mentioned above. Because of these uncertainties, you should not place undue reliance on these forward-looking statements.

Item 3. Qualitative and Quantitative Disclosures About Market Risk

The primary objective of the following information is to provide forward-looking quantitative and qualitative information about our potential exposure to market risks. The term "market risks" as it relates to our currently anticipated transactions refers to the risk of loss arising from changes in commodity prices and interest rates. These disclosures are not meant to be precise indicators of expected future losses, but rather indicators of reasonably possible losses. This forward-looking information provides indicators of

how we view and manage ongoing market risk exposures. We enter into market-risk sensitive instruments for purposes other than to speculate.

We manage market and counterparty credit risk in accordance with policies and guidelines. In accordance with these policies and guidelines, our management determines the appropriate timing and extent of derivative transactions. See "Item 8. Financial Statements and Supplementary Data—Note 2—Accounting Policies, Note 10—Derivative Financial Information and Note 11—Fair Value Measurements" section of our annual report on Form 10-K for a description of the accounting procedures we follow relative to our derivative financial instruments.

The following table reconciles the changes that occurred in fair values of our open derivative contracts during the nine months ended September 30, 2013:

	Derivative Contracts Assets (Liabilities)		
	Commodities	Interest Rates	Total
	(In thousands)		
Fair value of contracts outstanding as of December 31, 2012	$ (16,603)	$ (5,939)	$ (22,542)
Changes in contract fair value	(5,606)	(268)	(5,874)
Contract maturities	18,106	2,017	20,123
Fair value of contracts outstanding as of September 30, 2013	$ (4,103)	$ (4,190)	$ (8,293)

Commodity Derivative Instruments

We enter into various oil derivative contracts to mitigate our exposure to commodity price risk associated with anticipated future oil production. These contracts currently consist of three-way collars.

Commodity Price Sensitivity

The following table provides information about our oil derivative financial instruments that were sensitive to changes in oil prices as of September 30, 2013:

			Weighted Average Dated Brent Price per Bbl				
Term (1)	Type of Contract	MBbl	Deferred Premium Receivable/ (Payable)	Floor	Ceiling	Call	Asset (Liability) Fair Value at September 30, 2013(2)
2013:							
October—December	Three-way collars	375	$ (4.82)	$ 95.00	$ 105.00	$ 125.00	$ (3,245)
October—December	Three-way collars	253	—	87.50	115.00	135.00	(115)
October—December	Three-way collars	250	—	90.00	115.39	135.00	(91)
October—December	Three-way collars	250	—	90.08	115.00	135.00	(102)
2014:							
January—December	Three-way collars	1,500	(1.22)	85.00	115.00	140.00	(1,999)
January—December	Three-way collars	1,000	—	85.00	115.01	140.00	(131)
January—December	Three-way collars	1,000	—	88.09	110.00	125.00	(535)
January—December	Three-way collars	1,500	1.15	90.00	113.00	135.00	2,115

(1) In October 2013, we entered into put contracts for 1.7 MMBbl from January 2015 through December 2015 with a floor price of $85.00 per Bbl. The put contracts are indexed to Dated Brent prices and have a weighted average deferred premium payable of $3.78 per Bbl.

(2) Fair values are based on the average forward Dated Brent oil prices on September 30, 2013 which by year are: 2013—$107.57, 2014—$102.77 and 2015 — $97.38. These fair values are subject to changes in the underlying commodity price. The average forward Dated Brent oil prices based on October 28, 2013 market quotes by year are: 2013—$109.05, 2014—$105.31 and 2015 — $99.30.

Interest Rate Derivative Instruments

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations" section of our annual report on Form 10-K for specific information regarding the terms of our interest rate derivative instruments that are sensitive to changes in interest rates.

Interest Rate Sensitivity

At September 30, 2013, we had indebtedness outstanding under the Facility of $900.0 million, of which $699.4 million bore interest at floating rates. The interest rate on this indebtedness as of September 30, 2013 was approximately 3.4%. If LIBOR changed by 10% at this level of floating rate debt, our cash paid for interest would increase or decrease by $0.1 million per year on the Facility. We pay commitment fees on the $309.5 million of undrawn availability and $290.5 million of unavailable commitments under the Facility and on the $300.0 million of undrawn availability under the Corporate Revolver, which are not subject to changes in interest rates.

As of September 30, 2013, the fair market value of our interest rate swaps was a net liability of approximately $4.2 million. If LIBOR increased by 10%, we estimate the liability would decrease to approximately $4.1 million, and if LIBOR decreased by 10%, we estimate the liability would increase to approximately $4.3 million.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) was performed under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer. This evaluation considered the various processes carried out under the direction of our disclosure committee in an effort to ensure that information required to be disclosed in the SEC reports we file or submit under the Exchange Act is accurate, complete and timely. However, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The design of a control system must reflect the fact that there are resource constraints, and the benefit of controls must be considered relative to their costs. Consequently, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. Based upon this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of September 30, 2013, in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, including that such information is accumulated and communicated to the Company's management, including our Chief Executive Officer and our Chief Financial Officer, to allow timely decisions regarding required disclosure.

Evaluation of Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

There have been no material changes from the information concerning legal proceedings discussed in the "Item 3. Legal Proceedings" section of our annual report on Form 10-K.

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in "Item 1A. Risk Factors" section of our annual report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There have been no material changes from the information concerning the use of proceeds from our IPO discussed in the "Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities" section of our annual report on Form 10-K.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information.

There have been no material changes required to be reported under this Item that have not previously been disclosed in the annual report on Form 10-K, other than as follows:

Disclosures Required Pursuant to Section 13(r) of the Securities Exchange Act of 1934

Under the Iran Threat Reduction and Syria Human Rights Act of 2012, which added Section 13(r) of the Exchange Act, we are required to include certain disclosures in our periodic reports if we or any of our "affiliates" (as defined in Rule 12b-2 under the Exchange Act) knowingly engaged in certain specified activities during the period covered by the report. Because the Securities and Exchange Commission ("SEC") defines the term "affiliate" broadly, it includes any entity controlled by us as well as any person or entity that controls us or is under common control with us ("control" is also construed broadly by the SEC).

We are not presently aware that we and our consolidated subsidiaries have knowingly engaged in any transaction or dealing reportable under Section 13(r) of the Exchange Act during the fiscal quarter ended September 30, 2013. In addition, except as described below, at the time of filing this quarterly report on Form 10-Q, we are not aware of any such reportable transactions or dealings by companies that may be considered our affiliates as to whether they have knowingly engaged in any such reportable transactions or dealings during such period. Upon the filing of periodic reports by such other companies for the fiscal quarter or fiscal year ended September 30, 2013, as the case may be, additional reportable transactions may be disclosed by such companies.

As of April 1, 2013, funds affiliated with The Blackstone Group ("Blackstone") held approximately 29% of our outstanding common shares. We are also a party to a shareholders agreement with Blackstone pursuant to which, among other things, Blackstone currently has the right to designate three members of our board of directors. Accordingly, Blackstone may be deemed an "affiliate" of us, both currently and during the fiscal quarter ended September 30, 2013.

Blackstone informed us of the information reproduced below (the "Travelport Disclosure") regarding Travelport Limited ("Travelport"), a company that may be considered one of Blackstone's affiliates. Because both we and Travelport are controlled by Blackstone, we may be considered an "affiliate" of Travelport for the purposes of Section 13(r) of the Exchange Act.

Travelport Disclosure:

Quarter ended September 30, 2013

"As part of our global business in the travel industry, we provide certain passenger travel related GDS and Airline IT Solutions services to Iran Air. We also provide certain Airline IT Solutions services to Iran Air Tours. All of these services are either exempt from applicable sanctions prohibitions pursuant to a statutory exemption in the International Emergency Economic Powers Act permitting transactions ordinarily incident to travel or, to the extent not otherwise exempt, specifically licensed by the U.S. Office of Foreign Assets Control ("OFAC"). Subject to any changes in the exempt/licensed status of such activities, we intend to continue these business activities, which are directly related to and promote the arrangement of travel for individuals.

Quarter ended June 30, 2013

"As part of our global business in the travel industry, we provide certain passenger travel related GDS and airline IT Solutions services to Iran Air. We also provide certain airline IT Solutions services to Iran Air Tours. All of these services are either exempt from applicable sanctions prohibitions pursuant to a statutory exemption in the International Emergency Economic Powers Act permitting transactions ordinarily incident to travel or, to the extent not otherwise exempt, specifically licensed by the U.S. Office of Foreign Assets Control ("OFAC"). Subject to any changes in the exempt/licensed status of such activities, we intend to continue these business activities, which are directly related to and promote the arrangement of travel for individuals.

Prior to and during the reporting period, we also provided airline IT Solutions services to Syrian Arab Airlines. These services were generally understood to be permissible under the same statutory travel exemption. The services were terminated following the May 2013 action by OFAC to designate this airline as a Specially Designated Global Terrorist pursuant to the Global Terrorism Sanctions Regulations.

The gross revenue and net profit attributable to these activities in the quarter ended June 30, 2013 were approximately $248,000 and $176,000, respectively."

The Travelport Disclosure relates solely to activities conducted by Travelport and do not relate to any activities conducted by us. We have no involvement in or control over the activities of Travelport, any of its predecessor companies or any of its subsidiaries. Other than as described above, we have no knowledge of the activities of Travelport with respect to transactions with Iran, and we have not participated in the preparation of the Travelport Disclosure. We have not independently verified the Travelport Disclosure, are not representing to the accuracy or completeness of the Travelport Disclosure and undertake no obligation to correct or update the Travelport Disclosure.

Item 6. Exhibits

The information required by this Item 6 is set forth in the Index to Exhibits accompanying this quarterly report on Form 10-Q.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Kosmos Energy Ltd.
(Registrant)

Date November 5, 2013

/s/ W. GREG DUNLEVY
W. Greg Dunlevy
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

INDEX OF EXHIBITS

Exhibit Number	Description of Document
10.1*	Multi-Currency Revolving Letter of Credit Facility Agreement, dated as of July 3, 2013, among Kosmos Energy Credit International, as Original Borrower, Kosmos Energy Ltd., as Original Guarantor, and Societe Generale, London Branch, as Original Lender, Facility Agent, Security Agent and Account Bank.
10.2*	Charge on Cash Deposits and Account Bank Agreement, dated as of July 3, 2013, among Kosmos Energy Credit International and Societe Generale, London Branch, as Security Agent.
10.3*	Letter of Resignation from John R. Kemp III, dated as of July 18, 2013.
10.4*	Amendment No. 2, effective as of January 1, 2013, to Consulting Agreement between Kosmos Energy Ltd. and John R. Kemp III
10.5*	Amendment No. 3, effective as of October 1, 2013, to Consulting Agreement between Kosmos Energy Ltd. and John R. Kemp III
10.6*	Offer Letter, dated November 22, 2011, between Kosmos Energy, LLC and Darrell McKenna
10.7*	Offer Letter, dated March 2, 2012, between Kosmos Energy, LLC and Tyner Gaston
10.8*	Offer Letter, dated May 16, 2012, between Kosmos Energy, LLC and Paul Nobel
10.9*	Form of RSU Award Agreement (Directors — Service-Vesting)
10.10*	Form of RSU Award Agreement (Employees —Service-Vesting)
10.11*	Form of RSU Award Agreement (Employees —Performance-Vesting)
10.12*	Petroleum Agreement Regarding the Exploration for Exploitation of Hydrocarbons among Office National Des Hydrocarbures Et Des Mines acting on behalf of the Kingdom of Morocco, Kosmos Energy Deepwater Morocco and Canamens Energy Morocco SARL in the area of interest named “Essaouira Offshore” dated September 9, 2011
10.13*	Deed of Assignment in Petroleum Agreement for the Exploration for and Exploitation of Hydrocarbons in the zone of interest named “Essaouira Offshore” between Canamens Energy Morocco SARL and Kosmos Energy Deepwater Morocco dated December 19, 2012
10.14*	Petroleum Agreement Regarding the Exploration for Exploitation of Hydrocarbons among Office National Des Hydrocarbures Et Des Mines acting on behalf of the Kingdom of Morocco, Kosmos Energy Deepwater Morocco and Pathfinder Hydrocarbon Ventures Limited in the area of interest named “Foum Assaka Offshore” dated May 4, 2011
10.15*	Deed of Assignment in Petroleum Agreement for the Exploration for and Exploitation of Hydrocarbons in the zone of interest named “Foum Assaka Offshore” between Pathfinder Hydrocarbon Ventures Limited and Kosmos Energy Deepwater Morocco dated June 11, 2012
10.16*	Petroleum Agreement Regarding the Exploration for Exploitation of Hydrocarbons among Office National Des Hydrocarbures Et Des Mines acting on behalf of the Kingdom of Morocco and Kosmos Energy Deepwater Morocco in the area of interest named “Tarhazoute Offshore” dated October 10, 2013
10.17*	Exploration and Production Contract between The Islamic Republic of Mauritania and Kosmos Energy Mauritania (Bloc C8) dated April 5, 2012
10.18*	Exploration and Production Contract between The Islamic Republic of Mauritania and Kosmos Energy Mauritania (Bloc C12) dated April 5, 2012

10.19*	Exploration and Production Contract between The Islamic Republic of Mauritania and Kosmos Energy Mauritania (Bloc C13) dated April 5, 2012
10.20*	Production Sharing Contract for Petroleum Exploration, Development and Production relating to Block 42 Offshore Suriname between Staatsolie Maatshappij Suriname N.V. and Kosmos Energy Suriname dated December 13, 2011
10.21*	Production Sharing Contract for Petroleum Exploration, Development and Production relating to Block 45 Offshore Suriname between Staatsolie Maatshappij Suriname N.V. and Kosmos Energy Suriname dated December 13, 2011
10.22*	Deed of Assignment and Transfer relating to Blocks 42 and 45 Offshore Suriname between Kosmos Energy Suriname and Chevron Suriname Exploration Limited dated May 31, 2012
10.23*	Irish Continental Shelf — Petroleum Exploration License No. 1/13 (Frontier) between the Minister for Communications, Energy and Natural Resources, Ireland, and Kosmos Energy Ireland and Antrim Exploration (Ireland) Ltd dated August 28, 2013
10.24*	Irish Continental Shelf — Petroleum Exploration License No. 2/13 (Frontier) between the Minister for Communications, Energy and Natural Resources, Ireland, and Kosmos Energy Ireland and Europa Oil and Gas (Holdings) Plc. dated August 23, 2013
10.25*	Irish Continental Shelf — Petroleum Exploration License No. 3/13 (Frontier) between the Minister for Communications, Energy and Natural Resources, Ireland, and Kosmos Energy Ireland and Europa Oil and Gas (Holdings) Plc. dated August 23, 2013
10.26*	Licensing Terms for Offshore Oil and Gas Exploration, Development and Production 2007, relating to the Petroleum Exploration Licenses No. 1/13, No. 2/13 and No. 3/13 offshore Ireland
10.27*	Petroleum Agreement Regarding the Exploration for Exploitation of Hydrocarbons between Office National Des Hydrocarbures Et Des Mines acting on behalf of the State and Kosmos Energy Offshore Morocco HC in the area of interest named "Cap Boujdour Offshore" dated July 7, 2011
31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document

* Filed herewith.

** Furnished herewith.

Exhibit 10.1

CONFORMED COPY

DATED 3 JULY 2013 AND AMENDED AND RESTATED ON 29 JULY 2013

KOSMOS ENERGY CREDIT INTERNATIONAL
as Original Borrower

- and -

KOSMOS ENERGY LTD.
as Original Guarantor

- and -

SOCIETE GENERALE, LONDON BRANCH
as Facility Agent, Security Agent and Account Bank

- and -

THE FINANCIAL INSTITUTIONS LISTED IN SCHEDULE 1
as Original Lender

UP TO USD 150,000,000 MULTICURRENCY REVOLVING LETTER OF CREDIT FACILITY AGREEMENT

Slaughter and May
One Bunhill Row
London
EC1Y 8YY
(SRG/TXI)
516578965

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THIS AGREEMENT is dated 3 July, 2013 and amended and restated on 29 July 2013 and made between:

(1) **KOSMOS ENERGY CREDIT INTERNATIONAL**, a company incorporated in the Cayman Islands, with registered number 256364 and whose registered office is at PO Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman, KY1-1209, Cayman Islands (the "**Original Borrower**" or the "**Company**" or "**KECI**");

(2) **KOSMOS ENERGY LTD.**, a company incorporated under the laws of Bermuda with registered number 45011 and having its registered office at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda (the " **Original Guarantor**");

(3) **SOCIETE GENERALE, LONDON BRANCH** as Original Lender (the "**Original Lender**"); and

(4) **SOCIETE GENERALE, LONDON BRANCH** as facility agent of the Finance Parties under this Agreement (the " **Facility Agent**"), as the security agent for the Secured Parties (the "**Security Agent**") and as the account bank for any Cash Collateral provided by the Original Borrower (the "**Account Bank**").

INTRODUCTION

(1) The Original Lender has agreed to provide a secured revolving letter of credit facility for up to USD 150 million.

(2) The parties have agreed to enter into this Agreement for the purpose of setting out the provisions on which such facility will be provided.

PART 1
INTERPRETATION

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Each of the defined terms and interpretative provisions set out below and in the above list of parties to this Agreement shall apply to this Agreement and each Finance Document, unless an express contrary intention appears in that Finance Document.

"**Account Bank**" means the Account Bank under the Charge from time to time being, on the date of this Agreement, Societe Generale, London Branch.

"**Accounting Reference Date**" means 31 December of each year.

"**Additional Commitment Date**" has the meaning given to that term in clause 3.2 (*Additional Commitments*).

"**Additional Commitment Notice**" has the meaning given to it in clause 3.2 (*Additional Commitments*).

"**Additional Debt**" means, in relation to any debt, any money, debt or liability due, owing or incurred under or in connection with:

(A) any refinancing, deferral, novation or extension of that debt;

(B) any further advance which may be made under any document, agreement or instrument supplemental to any relevant Finance Document together with any related interest, fees and costs;

(C) any claim for damages or restitution in the event of rescission of that debt or otherwise in connection with any relevant Finance Document;

(D) any claim against the Company flowing from any recovery by the Company or any liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer of a payment or discharge in respect of that debt on the grounds of preference or otherwise; and

(E) any amount (such as post-insolvency interest) which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowability of the same in any insolvency or other proceedings.

"**Additional Guarantor**" means any Group member which becomes an additional guarantor in accordance with clause 22.2 (*Additional Guarantor*).

"**Additional Lender**" has the meaning given to that term in clause 3.2 (*Additional Commitments*).

"**Additional Obligor**" means an Additional Guarantor.

"**Affected Facility Agent**" has the meaning given to that term in clause 23.11 (*Replacement of Administrative parties*) of this Agreement.

"**Affiliate**" means, in relation to any person, a subsidiary of that person or a holding company of that person or any other subsidiary of that holding company.

"**Agent**" means each of the Facility Agent and the Security Agent and " **Agents**" shall be construed accordingly.

"**Agreement**" means this facility agreement as amended, supplemented or otherwise varied from time to time.

"**Approved Accounting Principles**" means US generally accepted accounting principles to the extent applicable to the relevant financial statements.

"**Approved Auditor**" means any one of Deloitte LLP, Ernst & Young, PricewaterhouseCoopers LLP or such other internationally recognised auditor as the Majority Lenders may approve from time to time (acting reasonably).

"**Authorisation**" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

"**Authorised Signatory**" means, in relation to a company or other legal person:

(A) one or more directors who are duly authorised, whether singly or jointly, to act to bind that company or other legal person; or

(B) a person or persons duly authorised by that company or other legal person to act to bind that company or other legal person.

"**Authority**" means any governmental, provincial or local government, department, authority, court, tribunal or other judicial or regulatory body, instrumentality or agency in any of the countries where the Borrower operates its business.

"**Availability Period**" means the period from and including the date of this Agreement to and including the date falling one month before the Termination Date.

"**Available Commitment**" means a Lender's Commitment minus:

(A) the amount (in the Base Currency) of its participation in any outstanding Letter of Credit; and

(B) in relation to any proposed Utilisation, the amount (in the Base Currency) of its participation in any Letter of Credit that is due to be issued on or before the proposed Utilisation Date,

other than that Lender's participation in any Letter of Credit that is due to be repaid or prepaid on or before the proposed Utilisation Date.

"**Available Facility**" means the aggregate for the time being of each Lender's Available Commitment.

"**Base Currency**" means US Dollars.

"**Base Currency Amount**" means, in relation to a Letter of Credit, the amount specified in the Utilisation Request delivered by a Borrower for that Letter of Credit (or, if the amount requested is not denominated in the Base Currency, that amount converted into the Base Currency at the Facility Agent's Spot Rate of Exchange on the date which is three Business Days before the Utilisation Date or, if later, on the date the Facility Agent receives the Utilisation Request).

"**Basel II**" has the meaning given to it in clause 12.3 (*Exceptions*).

"**Basel III**" means the agreements on capital requirements, a leverage ratio and liquidity standards contained in "Basel III: A global regulatory framework for more resilient banks and banking systems", "Basel III: International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer" published by the Basel Committee on Banking Supervision on 16 December 2010.

"**Beneficiary**" means any person to whom any Letter of Credit is issued in favour of.

"**Borrower**" means the Original Borrower.

"**Business Day**" means a day (other than a Saturday or Sunday) when banks are open for business in London, Paris and, in the case of a Letter of Credit which is not governed by English law, in the principal banking city of such jurisdiction.

"**Calculation Date**" means:

(A) 31 March and 30 September in each year commencing on and from 30 September 2013; and

(B) a date (selected by the Company) which is within 30 days before the occurrence of each of the following events:

(i) the issuance of HY Notes;

(ii) any increase of the "Total Available Facility Amount" (as defined in the RBL Facility Agreement) or any refinancing of the RBL Facility Agreement;

(iii) any increase of the amount available under the Facility or any refinancing of the Facility, provided that any increase in the Total Commitments pursuant to clause 3.2 (*Additional Commitments*) shall

not trigger a Calculation Date if the Additional Commitment Notice has been given within 90 days of a previous occurrence of a Calculation Date;

(iv) the incurrence by any member of the Group of any new Financial Indebtedness (but, for the avoidance of doubt, not including the refinancing of any existing Financial Indebtedness, except as provided for in paragraphs (ii) and (iii) above); or

(v) a Ghana Petroleum Agreement Small Sale Event.

"**Calculation Trigger Event**" means any event listed in paragraphs (B)(i) to (v) of the definition of " **Calculation Date**".

"**Cash Collateral**" means the cash denominated in US Dollars deposited in the LC Cash Collateral Accounts in accordance with clause 6.14 (*Cash collateralisation*) or 20.15(C) (*Acceleration)*.

"**Change of Control**" has the meaning given to that term in clause 8.2 (*Change of Control*) of this Agreement.

"**Charge**" means the charge on cash deposits and the account bank agreement dated on or about the date of this Agreement between the Company, the Security Agent and the Account Bank.

"**Charged Property**" means all of the assets which from time to time are, or are expressed to be, the subject of the Transaction Security.

"**Committed Additional Participation** " has the meaning given to it in clause 3.2 (*Additional Commitments*).

"**Commitment**" means:

(A) in relation to an Original Lender, the amount in Base Currency set opposite its name under the heading "Commitment" in Schedule 1 (*The Original Lender*) of this Agreement, the amount of any other Commitment transferred to it and the amount of any Committed Additional Participation assumed by it pursuant to clause 3.2 (*Additional Commitments*); and

(B) in relation to any other Lender, the amount in Base Currency of any Commitment transferred to it and the amount of any Committed Additional Participation assumed by it pursuant to clause 3.2 (*Additional Commitments*),

to the extent not cancelled, reduced or transferred by it.

"**Compliance Certificate**" means a certificate substantially in the form set out in Schedule 5 (*Form of Compliance Certificate*) of this Agreement.

"**Conditions Precedent**" means the conditions precedent to initial Utilisation of the Facility as set out in Schedule 2 (*Conditions Precedent*) of this Agreement.

"**Confidentiality Undertaking**" means a confidentiality undertaking substantially in the form of Schedule 6 (*Form of Confidentiality Undertaking*) of this Agreement or in any other form agreed between the Company and the Facility Agent.

"**Consolidated Cash and Cash Equivalents**" means, in relation to the Group, at any time:

(A) cash in hand or on deposit including, for the avoidance of doubt, restricted cash;

(B) any investment in a liquidity fund, provided that such investment is capable of being withdrawn in cash on not more than five Business Days' notice;

(C) certificates of deposit, maturing within one year after the relevant date of calculation;

(D) any investment in marketable obligations in Sterling, US Dollar or Euro having not more than three months to final maturity issued or guaranteed with a rating of A- or above by Standard and Poor's (or its equivalent by Moody's);

(E) any other instrument, security or investment approved in writing by the Majority Lenders.

"**Consolidated Total Borrowings**" means, in relation to the Group, at any time the aggregate of the following:

(A) the outstanding principal amount of any Financial Indebtedness incurred;

(B) any fixed or minimum premium payable on the repayment or redemption of any instrument referred to in paragraph (A) above; and

(C) the outstanding principal amount of any indebtedness arising in connection with any other transaction (including any forward sale or purchase agreement) which has the commercial effect of a borrowing,

including any interest treated as capitalised under applicable Approved Accounting Principles but without double-counting and, for the avoidance of doubt, excluding any such amount or indebtedness owed by one member of the Group to another member of the Group.

"**Consolidated Total Net Borrowings**" means, for any Measurement Period, Consolidated Total Borrowings less Consolidated Cash and Cash Equivalents each as at the last day of that Measurement Period.

"**Contractor**" means the contractor under the WCTP PA and the DWT PA respectively from time to time.

"**Default**" means an Event of Default or event which, with the giving of notice, lapse of time, or fulfilment of any condition, would constitute an Event of Default.

"**Delegate**" means any delegate, agent, attorney or co-trustee appointed by the Security Agent.

"**Deposit Agreements**" means the agreements signed on or about the date of this Deed (or any future date providing the agreements are in substantially the same form as those signed on the date of this Deed) between KECI and Societe Generale, London Branch which detail the terms and conditions which apply to the Accounts (as defined in the Charge).

"**Derivative Agreement**" means an ISDA Master Agreement or similar agreement pursuant to which Derivative Transactions are entered into by the Borrower with a counterparty.

"**Derivative Transaction**" means any transaction entered into under a Derivative Agreement, including (but not limited to) any transaction which is a forward rate agreement, option, future, swap, cap, floor and any combination of the foregoing.

"**Discharge Date**" means the first date on which all liabilities (whether actual or contingent) owed to the Finance Parties have finally been discharged and such Finance Parties are under no further obligation to provide financial accommodation under the Finance Documents.

"**Discharged Rights and Obligations**" has the meaning given to it in clause 21.6 (*Procedure for transfer*).

"**Dispute**" has the meaning given to it in clause 39.1 (*Submission*).

"**Disruption Event**" means either or both of:

(A) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or

(B) the occurrence of any other event which results in a disruption (including, without limitation, disruption of a technical or systems-related nature) to the treasury or payments operations of a Party preventing or severely inhibiting that or any other Party:

(i) from performing its payment obligations under the Finance Documents; or

(ii) from communicating with other Parties in accordance with the terms of the Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

"**DWT Block**" means the Deep Water Tano area offshore Ghana, being the area described in Annex 1 of the DWT PA, but excluding any portions of such area in respect of which the Contractor's rights thereunder are from time to time relinquished or surrendered pursuant to the DWT PA.

"**DWT PA**" means the petroleum agreement dated 10 March 2006 between the Government of Ghana, represented by the Minister, the GNPC, Tullow Ghana Limited, Sabre Oil and Gas Limited and KEG in respect of the DWT Block (and all amendments and supplements thereto).

"**EBITDAX**" means, in relation to the Group for any Measurement Period, its consolidated income on ordinary activities before Tax for that period, but adjusted by:

(A) adding back Net Interest Payable;

(B) adding back depletion and depreciation charged to the consolidated profit and loss account of the Group;

(C) adding back amounts amortised to the consolidated profit and loss account of the Group;

(D) adding back any amount attributable to exploration expense (except to the extent that any such exploration expenses have been capitalised);

(E) adding back any amount attributable to unrealised losses, and deducting any amount attributable to unrealised gains on the value of any Derivative Transaction;

(F) adding back any amount attributable to a loss and deducting any amount attributable to a gain against book value on the disposal of any non-current asset and any amount attributable to an impairment charge relating to a non-current asset;

(G) adding back the amount attributable to any compensation which is paid by way of equity instruments in KEL;

(H) adding back or deducting (as applicable) the amount attributable to any other material item of an unusual or non-recurring nature which represent gains or losses, including (but not limited to) those arising on:

(i) the refinancing of or the extinguishment of any financing, in relation to any cost associated with the original financing which is subsequently written off as a consequence of that refinancing or extinguishment; and

(ii) the restructuring of the activities of an entity and the reversal of any provisions for the cost of restructuring,

for that Measurement Period. In addition, for the purposes of the calculation of the financial covenant contained in clause 18 (*Financial Covenants*), EBITDAX in relation to the Group for any Measurement Period shall be adjusted by:

(I) including the EBITDAX of a subsidiary of the Company or attributable to a business or asset acquired during that Measurement Period for the part of the Measurement Period when it was not a member of the Group and/or the business or asset was not owned by a member of the Group; and

(J) excluding the EBITDAX attributable to any subsidiary of the Company or to any business or asset sold during that Measurement Period.

"**Enforcement Action**" shall have the meaning given to that term in the Intercreditor Agreement.

"**EO**" means EO Group Limited, a Cayman Islands company with registered company number 219175 whose registered place of business is at PMB CT 123, Cantonments, 112A Adole Crescent Way, Airport, Accra, Ghana (formerly known as the KG Group Limited).

"**Euro**" means the single currency of the Participating Member States.

"**Event of Default**" means any event or circumstance specified as such in clause 20 (*Events of Default*) of this Agreement.

"**Excess Cash Collateral**" has the meaning given to it in clause 6.14(F) (*Cash Collateralisation*).

"**Existing Lender**" has the meaning given to it in clause 21.1 (*Assignments and transfers and changes in Facility Office by the Lenders*).

"**Facility**" means the revolving letter of credit facility made available under this Agreement as described in clause 3 (*The Facility*) of this Agreement.

"**Facility Agent's Spot Rate of Exchange**" means the Facility Agent's spot rate of exchange for the purchase of the relevant currency with the Base Currency in the London foreign exchange market at or about 11:00 a.m. on a particular day.

"**Facility Office**" means the office or offices notified by a Lender to the Facility Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five Business Days' written notice where notice is required under clause 23.13 (*Facility Agent relationship with the Lenders*)) as the office or offices through which it will perform its obligations under this Agreement.

"**Fee Letter**" means:

(A) any letter or letters dated after the date of this Agreement between any Finance Party and the Company which are required following any syndication of the Facility and which set out any of the fees referred to in clause 10 (*Fees*) of this

Agreement and any other fees payable by the Company to a Finance Party pursuant to a Finance Document or payable under the Facility; and

(B) the letter dated on or around the date of this Agreement between Societe Generale, London Branch and KECI which details the fee payable in respect of the arrangement of the Facility.

"**Finance Document**" means this Agreement, each Security Document, any Fee Letter and any other document designated as such by the Facility Agent and the Company.

"**Finance Party**" means each of the Lenders, the Facility Agent and the Security Agent and " **Finance Parties**" shall be construed accordingly.

"**Financial Covenants**" means the financial covenants listed under clause 18 (*Financial Covenants*) of this Agreement.

"**Financial Indebtedness**" means any indebtedness for or in respect of:

(A) moneys borrowed;

(B) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

(C) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(D) the amount of any liability in respect of any lease or hire purchase contract which would be treated in the accounts of the relevant entity as a finance or capital lease;

(E) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(F) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the market to market value shall be taken into account);

(G) any amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition but which is classified as a borrowing in the accounts of the relevant entity;

(H) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of an entity which is not a member of the Group and which underlying liability would fall within one of the other paragraphs of this definition if it were a liability of a member of the Group; and

(I) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (A) to (H) above (but only to the extent that the Financial Indebtedness supported thereby is or is at any time in the future capable of being outstanding).

"**First Currency**" has the meaning given to it in clause 13.1 (*Currency indemnity*).

"**Ghana Petroleum Agreements**" means, together, the DWT PA and the WCTP PA (and all other amendments and supplements thereto).

"**Ghana Petroleum Agreement Seller**" means KEI and/or KED and/or KEG, as applicable.

"**Ghana Petroleum Agreement Small Sale Event**" means any event which reduces a Ghana Petroleum Agreement Seller's indirect or direct interest in the Ghana Petroleum Agreements and where, following such reduction, a Ghana Petroleum Agreement Seller has an indirect or direct interest in the Ghana Petroleum Agreements which (before and after such reduction) is (i) 100 per cent. or less; and (ii) more than 66 $^{2}/_{3}$ per cent.

"Ghana Petroleum Agreement Small Sale Percentage Reduction " means the reduction of a Ghana Petroleum Agreement Seller's indirect or direct interest in the Ghana Petroleum Agreements, expressed as a percentage of such Ghana Petroleum Agreement Seller's indirect or direct interest in the Ghana Petroleum Agreements as at the first date of this Agreement, which occurs as a result of a Ghana Petroleum Agreement Small Sale Event.

"**Ghana Obligor**" means KEO, KEI, KEFI, KED, KEG and an "Obligor" from time to time, as defined under the RBL Facility Agreement.

"**GNPC**" means the Ghana National Petroleum Corporation, a public corporation established by Provisional National Defence Council Law 64 of 1983.

"**Government**" means the government of any country in which assets of the Group are situated.

"**Group**" means the Original Guarantor or any Additional Guarantor and its direct and indirect subsidiaries.

"**Guarantor**" means the Original Guarantor.

"**HY Notes**" means any debenture, bond (other than performance bonds, bid bonds, retention bonds, advance payments bonds, letters of credit or trade credit related bonds), note, loan stock or other similar security issued by KEL.

"**Illegality Lender**" has the meaning given to that term in clause 8.1 (*Illegality*) of this Agreement.

"**Increased Costs**" has the meaning given to that term in clause 12.1 (*Increased costs*) of this Agreement.

"**Intercreditor Agreement**" means the KEFI Intercreditor Agreement;

"**IPO**" means in relation to a company, a transaction in which shares in that company are sold or issued to investors and in connection with such sale or issue are admitted to trading on a regulated market or other stock exchange.

"**IPO Reorganisation**" means any Reorganisation implemented by the Company, or any of its Subsidiaries from time to time (or any group of them), which is undertaken for the purpose of facilitating an IPO.

"**KED**" means Kosmos Energy Development, a company incorporated under the laws of the Cayman Islands with registered number 225879 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands.

"**KEFI**" means Kosmos Energy Finance International, a company incorporated under the laws of the Cayman Islands with registered number 253656 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands.

"**KEFI Intercreditor Agreement**" means the intercreditor agreement dated 23 November 2012 between, *inter alios*, (1) KEFI, (2) KEL, (3) Standard Chartered Bank, and (4) BNP Paribas.

"**KEG**" means Kosmos Energy Ghana HC, a company incorporated under the laws of the Cayman Islands with registered number 135710 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands.

"**KEI**" means Kosmos Energy International, a company incorporated under the laws of the Cayman Islands with registered number 218274 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands.

"**KEL**" means Kosmos Energy Ltd., a company incorporated under the laws of Bermuda with registered number 45011 and having its registered office at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda.

"**KEO**" means Kosmos Energy Operating, a company incorporated under the laws of the Cayman Islands with registered number 231417 and having its registered office at P.O. Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands.

"**LC Cash Collateral Accounts**" means the bank accounts which are established and maintained by the Original Borrower pursuant to clause 26 (*Bank Accounts*) of this Agreement with the Account Bank and which are secured in favour of the Security Agent, details of which are set out at Schedule 11 (*Details of the LC Cash Collateral Accounts*).

"**LC Issuing Bank**" means the Original Lender and such of its global facility offices as are required to fulfil a Utilisation requested by the Borrower.

"**Lender**" means:

(A) the Original Lender; and

(B) any bank or financial institution which has become a Party as a lender in accordance with clause 3.2 (*Additional Commitments*) or clause 21 (*Changes to the Lenders*) of this Agreement,

which in each case has not ceased to be a Party in accordance with the terms of this Agreement.

"**Lender Accession Notice**" means a notice substantially in the form set out under Schedule 7 (*Form of Lender Accession Notice*) to be delivered by a New Lender pursuant to and in accordance with clause 21.6 (*Procedure for transfer*) or by an Additional Lender pursuant to and in accordance with clause 3.2 (*Additional Commitments*).

"**Letter of Credit**" means a letter of credit:

(A) issued in substantially the form set out in Schedule 8 (*Form of Letter of Credit*) of this Agreement;

(B) in such form as already issued under this Agreement; or

(C) in any other form requested by the Borrower and agreed to by the LC Issuing Bank and the Facility Agent.

"**Letter of Credit Fee**" has the meaning given to that term in clause 10.1 (*Letter of Credit fee*).

"**Letter of Credit Rate**" has the meaning given to that term in clause 10.1 (*Letter of Credit fee*).

"**Liabilities**" means all present and future liabilities and obligations at any time of any Obligor to any Lender under the Finance Documents, both actual and contingent and whether incurred solely or jointly or in any other capacity together with any of the following matters relating to or arising in respect of those liabilities and obligations:

(A) any refinancing, novation, deferral or extension;

(B) any claim for breach of representation, warranty or undertaking or on an event of default or under any indemnity given under or in connection with any document or agreement evidencing or constituting any other liability or obligation falling within this definition;

(C) any claim for damages or restitution; and

(D) any claim as a result of any recovery by any Obligor of a Payment on the grounds of preference or otherwise,

and any amounts which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowance of those amounts in any insolvency or other proceedings.

"**Majority Lenders**" means, as applicable, those Lenders whose Commitments then aggregate at least 66 $^{2}/_{3}$ per cent. of the Total Commitments under the Facility.

"**Margin**" means 50 basis points per annum.

"**Material Adverse Effect**" means, in relation to any event (or series of events) or circumstance which occurs or arises, that event (or events) or circumstance (or any effect or consequence thereof) which, in the opinion of the Majority Lenders, would reasonably be expected materially and adversely to affect the financial condition, operations, or business of any Obligor or the ability of any Obligor to perform its obligations under the Finance Documents in full and on the basis contemplated therein in a way which is materially prejudicial to the interests of the Lenders or results in the Obligors being unable to pay any amounts when due and payable under the Finance Documents.

"**Measurement Period**" means in respect of a Calculation Date, a period of 12 months ending on the Calculation Date in question.

"**Minister**" means the Government's Minister for Energy.

"**Moody's**" means Moody's Investors Service, Inc., a Delaware corporation and any successor thereto and if such corporation shall for any reason no longer perform the functions of a securities rating agency, Moody's shall be deemed to refer to any other internationally recognised rating agency agreed by the Facility Agent and the Company (both acting reasonably).

"**Net Interest Payable**" means, in relation to the Group for any Measurement Period, Total Interest Payable less Total Interest Receivable for the Group during that Measurement Period.

"**New Commitment Rebalancing**" has the meaning given to it in clause 3.2 (*Additional Commitments*) of this Agreement.

"**New Lender**" has the meaning given to it in clause 21.1 (*Assignments and transfers and changes in Facility Office by the Lenders*) of this Agreement.

"**Non-Borrower Entity**" has the meaning given to it in clause 6.16 (*Letter of Credit issued on behalf of a Non-Borrower Entity*).

"**Non-Funding Lender**" means:

(A) any Lender who fails to participate in any Utilisation in the amount and at the time required;

(B) any Lender who has indicated publicly or to the Facility Agent or an Obligor that it does not intend to participate in all or part of any Utilisation;

(C) any Lender which has repudiated its obligations under the Facility; or

(D) any Lender in respect of which or in respect of whose holding company any of the events specified in clause 20.7 (*Insolvency*) or clause 20.8 (*Insolvency proceedings*) of this Agreement (disregarding paragraph (B) of clause 20.8 (*Insolvency proceedings*)) applies or has occurred.

"**Obligor**" means the Borrower and each Guarantor.

"**Ongoing Letter of Credit**" has the meaning given to that term in clause 6.14 (*Cash collateralisation*) of this Agreement.

"**Optional Currency**" means a currency (other than the Base Currency) which is approved by the LC Issuing Bank in accordance with clause 6.7 (*Conditions relating to Optional Currencies*).

"**Participating Member State**" means any member state of the European Union that has the Euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

"**Party**" means a party to a Finance Document.

"**Payment**" means, in respect of any Liabilities (or any other liabilities or obligations), a payment, prepayment, repayment, redemption, defeasance or discharge of those Liabilities (or other liabilities or obligations).

"**Permitted Party**" has the meaning given to it in clause 21.8 (*Disclosure of information*).

"**Permitted Transferee**" shall have the meaning given to that term in clause 8.2 (*Change of Control*).

"**Person**" has the meaning given to it in clause 17.15 (*OFAC*).

"**Pre-existing Letter of Credit**" has the meaning given to it in clause 6.15 (*Transfer of existing Letters of Credit*).

"**Process Agent**" has the meaning given to it in clause 40 (*Service of Process*).

"**Qualifying Bank**" means an internationally recognised bank:

(A) which is not subject to Sanctions; or

(B) which does not have its principal place of business in a country which is subject to Sanctions; or

(C) which is not a bank whose principal place of business is in a country notified by the Company to the Facility Agent prior to signing of this Agreement; or

(D) whose long-term unguaranteed, unsecured securities or debt is rated at least Baa3 (Moody's) or a comparable rating from an internationally recognised credit rating agency (except that this shall not be a requirement if an Event of Default is continuing).

"**RBL Facility Agreement**" means the facility agreement dated 28 March 2011 between, amongst others, KEFI as original borrower, KEO, KEI, KED and KEG as original guarantors, BNP Paribas as facility agent and the Original Lender named therein, as amended on 17 February 2012.

"**Receiver**" means a receiver or receiver and manager or administrative receiver of the whole or any part of the Charged Property.

"**Renewal or Extension Request**" has the meaning given to that term in clause 6.8(A) (*Renewal or extension of a Letter of Credit*).

"**Reorganisation**" means (without limitation) any transaction, deemed transaction, step, procedure or agreement, including (but without limitation) the transfer, distribution, contribution or settlement of assets and/or liabilities.

"**Repeating Representations**" means the representations set out under:

(A) clauses 17.1 (*Status*), 17.2 (*Legal validity*), 17.3 (*Non-conflict*) and 17.4 (*Powers and authority*) of this Agreement, each as at the time the power or authority was exercised only; and

(B) clauses 17.5 (*Authorisations*), 17.8 (*Financial statements and other factual information*), 17.9 (*Proceedings pending or threatened*), 17.10 (*Breach of laws*), 17.11 (*Ranking of security*), 17.12 (*Pari passu ranking*), 17.13 (*No immunity*) and 17.15 (*OFAC*) of this Agreement.

"**Replacement Lender**" has the meaning given to that term in clause 8.5 (*Right of repayment and cancellation in relation to a single Lender*) of this Agreement.

"**Requested Additional Commitment**" has the meaning given to it in clause 3.2 (*Additional Commitments*).

"**Required Approvals**" means all material approvals, licences, consents and authorisations necessary in connection with the execution, delivery, performance or enforcement of any Finance Document.

"**Revised Termination Date**" has the meaning given to it in clause 20.17 (*Lender's Termination*);

"**Sanctions**" has the meaning given to it in clause 17.15 (*OFAC*).

"**Second Currency**" has the meaning given to it in clause 13.1 (*Currency indemnity*).

"**Secured Liabilities**" means at any time and without double counting, all present and future obligations and liabilities (actual or contingent) of each Obligor (whether or not for the payment of money and including any obligation to pay damages for breach of contract) which are, or are expressed to be, or may become due, owing or payable to any or all of the Secured Parties under or in connection with any of the Finance Documents, together with all costs, charges and expenses incurred by the Security Agent or any Secured Party which any Obligor is obliged to pay under any Finance Document.

"**Secured Party**" means each of the Lenders, the Facility Agent and the Security Agent.

"**Secured Property**" means:

(A) the Transaction Security expressed to be granted in favour of the Security Agent as trustee for the Secured Parties and all proceeds of that Transaction Security;

(B) all obligations expressed to be undertaken by an Obligor to pay amounts in respect of the Liabilities to the Security Agent as trustee for the Secured Parties and secured by the Transaction Security together with all representations and warranties expressed to be given by an Obligor in favour of the Security Agent as trustee for the Secured Parties; and

(C) any other amounts or property, whether rights, entitlements, choses in action or otherwise, actual or contingent, which the Security Agent is required by the terms of the Finance Documents to hold as trustee on trust for the Secured Parties.

"**Security Document**" means:

(A) the Charge;

(B) any other document entered into at any time by any of the Obligors creating any guarantee, indemnity, Security Interest or other assurance against financial loss in favour of any of the Secured Parties as security for any of the Secured Liabilities; and

(C) any Security Interest granted under any covenant for further assurance in any of the documents set out in paragraphs (A) and (B) above.

"**Security Interest**" means a mortgage, charge, pledge, lien or other security interest or any other agreement or arrangement having a similar effect.

"**Service Document**" has the meaning given to it in clause 40 (*Service of Process*).

"**Shareholder**" means any funds affiliated with Warburg Pincus and Blackstone Capital Partners or the Blackstone Group.

"**Shareholder Affiliate**" means any Affiliate of a Shareholder, any trust of which a Shareholder or any of its Affiliates is a trustee, any partnership of which a Shareholder or any of its Affiliates is a partner and any trust, fund or other entity which is managed by, or is under the control of, a Shareholder or any of its Affiliates, provided that any such trust, fund or other entity which has been established for at least six months solely for the purpose of making, purchasing or investing in loans or debt securities and which is managed or controlled independently from all other trusts, funds or other entities managed or controlled by a Shareholder or any of its Affiliates which have been established for the primary or main purpose of investing in the share capital of companies shall constitute a Shareholder Affiliate.

"**Shareholder Distribution**" means the declaration, making or payment of a distribution to a shareholder (which shall include the payment of any loans provided by a shareholder).

"**Signing Date**" means the date on which each of the Finance Documents have been signed, as applicable.

"**Sterling**" means the lawful currency of the United Kingdom.

"**Stock Exchange**" means an organised and regulated financial market for the buying and selling of interests in financial instruments where any securities issued by any Obligor are listed from time to time.

"**Subsidiary Beneficiary**" has the meaning given to it in clause 6.6 (*Issue of Letters of Credit*).

"**Suspension Period End Date**" has the meaning given to it in clause 20.17(A) (*Lender's Termination).*

"**Sum**" has the meaning given to it in clause 13.1 (*Currency indemnity*).

"**Tax**" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

"**Termination Date**" means the earlier of:

(A) the date falling three years from the date of this Agreement or, if not a Business Day, the immediately preceding Business Day; or

(B) if applicable, the Revised Termination Date calculated in accordance with clause 20.17 (*Lender's Termination*).

"**Third Parties Act**" means the Contracts (Rights of Third Parties Act) 1999.

"**Total Commitments**" means the aggregate of the Commitments of the Lenders.

"**Total Interest Payable**" means, in relation to the Group for any Measurement Period, all interest and other financing charges paid or payable and incurred by the Group during that Measurement Period.

"**Total Interest Receivable**" means, in relation to the Group for any Measurement Period, all interest and other financing charges received or receivable by the Group during that Measurement Period.

"**Trade Letter of Credit**" means a letter of credit which is not a standby letter of credit and operates as the primary method of payment for specified goods and/or services, instead of a payment obligation of the entity on whose behalf the letter of credit is issued.

"**Transaction Security**" means the security created or evidenced or expressed to be created or evidenced under or pursuant to the Security Documents.

"**Transfer Certificate**" means a certificate substantially in the form set out in Schedule 4 (*Form of Transfer Certificate*) of this Agreement or any other form agreed between the Facility Agent and the Company.

"**Transfer Date**" means, in relation to a transfer, the later of:

(A) the proposed Transfer Date specified in the Transfer Certificate; and

(B) the date on which the Facility Agent executes the Transfer Certificate.

"**Unpaid Sum**" means any sum due and payable but unpaid by an Obligor under the Finance Documents.

"**USD**" or "**US Dollar**" means the lawful currency of the United States of America.

"**Utilisation**" means a utilisation of the Facility by way of a Letter of Credit.

"**Utilisation Date**" means the date of a Utilisation, being the date on which a Letter of Credit is issued.

"**Utilisation Request**" means a notice substantially in the form set out in Schedule 3 (*Utilisation Request*) of this Agreement.

"**VAT**" means value added tax as provided for in the Value Added Tax Act 1994 or any regulations promulgated thereunder and any other tax of a similar nature.

"**WCTP Block**" means West Cape Three Points area offshore Ghana, being the area described in Annex 1 to the WCTP PA, but excluding any portions of such area in

respect of which the Contractor's rights thereunder are from time to time relinquished or surrendered pursuant to the WCTP PA.

"**WCTP PA**" means the petroleum agreement dated 22 July 2004 between the Government of Ghana, represented by the Minister, the GNPC, KEG and EO in respect of the West Cape Three Points Block Off-shore Ghana (and all amendments and supplements thereto).

1.2 Construction of particular terms

Unless a contrary indication appears, any reference in this Agreement to:

(A) "**this Agreement**" shall be construed as a reference to the agreement or document in which such reference appears together with all recitals and Schedules thereto;

(B) a reference to "**assets**" includes properties, revenues and rights of every description;

(C) an "**authorisation**" or "**consent**" shall be construed as including any authorisation, consent, approval, resolution, licence, exemption, permission, recording, notarisation, filing or registration;

(D) an "**authorised officer**" shall be construed, in relation to any Party, as a reference to a director or other person duly authorised by such Party as notified by such Party to the Facility Agent as being authorised to sign any agreement, certificate or other document or to take any decision or action, as applicable. The provision of any certificate or the making of any certification by any authorised officer of the Company shall not create for that authorised officer any personal liability to the Finance Parties;

(E) a "**calendar year**" is a reference to a period starting on (and including) 1 January and ending on (and including) the immediately following 31 December;

(F) a "**certified copy**" shall be construed as a reference to a copy of that document, certified by an authorised officer of the relevant Party delivering it to be a complete, accurate and up-to-date copy of the original document;

(G) a "**clause**" shall, subject to any contrary indication, be construed as a reference to a clause of the agreement or document in which such reference appears;

(H) "**continuing**" shall, in relation to any Default or Event of Default, be construed as meaning that such Default or Event of Default has not been remedied or waived;

(I) the "**equivalent**" on any given date in any currency (the "**first currency**") of an amount denominated in another currency (the "**second currency**") is a reference to the amount of the first currency which could be purchased with the

amount of the second currency at the Spot Rate of Exchange quoted by the Facility Agent in the normal course of business at or about 11:00 a.m. on such date for the purchase of the first currency with the second currency in the London foreign exchange markets for delivery on the second Business Day thereafter;

(J) the "**group**" of any person, shall be construed as a reference to that person, its subsidiaries and any holding company of that person and all other subsidiaries of any such holding company, from time to time;

(K) a "**holding company**" of a company or corporation shall be construed as a reference to any company or corporation of which the first-mentioned company or corporation is a subsidiary;

(L) "**include**" or "**including**" shall be deemed to be followed by "without limitation" or "but not limited to" whether or not they are followed by such phrase or words of like import;

(M) a "**month**" or "**Month**" is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next succeeding calendar month save that, where any such period would otherwise end on a day which is not a Business Day, it shall end on the next succeeding Business Day, unless that day falls in the calendar month succeeding that in which it would otherwise have ended, in which case it shall end on the immediately preceding Business Day provided that, if a period starts on the last Business Day in a calendar month or if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last Business Day in that later month (and references to " **months**" and "**Months**" shall be construed accordingly);

(N) a "**person**" shall be construed as a reference to any person, trust, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing;

(O) a reference to a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of Law but, if not having the force of Law, being a regulation, rule, official directive, request or guideline with which a prudent person carrying on the same or a similar business to the Company would comply) of any governmental body, agency, department or regulatory, self-regulatory or other authority or organisation;

(P) the Borrower "**repaying**" or "**prepaying**" a Letter of Credit means:

(i) the Borrower providing Cash Collateral for that Letter of Credit;

(ii) the maximum amount payable under that Letter of Credit being reduced in accordance with its terms; or

(iii) the LC Issuing Bank being satisfied that it has no further liability under that Letter of Credit,

and the amount by which a Letter of Credit is repaid or prepaid under paragraphs (P)(i) and (ii) above is the amount of the relevant Cash Collateral or reduction;

(Q) a "**right**" shall be construed as including any right, title, interest, claim, remedy, discretion, power or privilege, in each case whether actual, contingent, present or future;

(R) a "**Schedule**" shall, subject to any contrary indication, be construed as a reference to a schedule of the agreement or document in which such reference appears;

(S) a "**subsidiary**" of a company or corporation means a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006 which shall be construed as a reference to any company or corporation:

(i) which is controlled, directly or indirectly, by the first-mentioned company or corporation;

(ii) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first-mentioned company or corporation; or

(iii) which is a subsidiary of another subsidiary of the first-mentioned company or corporation,

and, for these purposes, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body;

(T) the "**winding-up**", "**dissolution**" or "**administration**" of a company or corporation shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company or corporation is incorporated or any jurisdiction in which such company or corporation carries on business including the seeking of liquidation, bankruptcy, winding-up, reorganisation, dissolution, administration, receivership, judicial custodianship, administrative receivership, arrangement, adjustment, protection or relief of debtors; and

(U) a "**year**" is a reference to a period starting on one day in a month in a calendar year and ending on the numerically corresponding day in the same month in the next succeeding calendar year, save that, where any such period would otherwise end on a day which is not a Business Day, it shall end on the next succeeding Business Day, unless that day falls in the month succeeding that in which it would otherwise have ended, in which case it shall end on the immediately preceding Business Day Provided that, if a period starts on the last

Business Day in a month, that period shall end on the last Business Day in that later month (and references to " **years**" shall be construed accordingly).

1.3 Interpretation

(A) Words importing the singular shall include the plural and vice versa.

(B) Words indicating any gender shall include each other gender.

(C) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document to:

(i) any party or person shall be construed so as to include its and any subsequent successors, permitted transferees and permitted assigns in accordance with their respective interests;

(ii) such agreement or document or any other agreement or document shall be construed as a reference to each such agreement or document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, varied, novated or supplemented, in each case to the extent permitted under the Finance Documents; and

(iii) a time of day shall, save as otherwise provided in any agreement or document, be construed as a reference to London time.

(D) Section, Part, Clause and Schedule headings contained in, and any index or table of contents to, any agreement or document are for ease of reference only.

1.4 Third Party Rights

(A) A person who is not a party to this Agreement has no right under the Third Parties Act to enforce or enjoy the benefit of any term of this Agreement.

(B) Notwithstanding any term of any Finance Document, this Agreement may be rescinded or varied without the consent of any person who is not a Party hereto.

PART 2
CONDITIONS PRECEDENT

2. CONDITIONS PRECEDENT

2.1 Conditions Precedent to first Utilisation

The Company may not deliver a Utilisation Request unless the Facility Agent has received all of the documents and other evidence listed in Schedule 2 (*Conditions Precedent*) in form and substance satisfactory to the Facility Agent (acting reasonably), or their delivery has otherwise been waived. The Facility Agent (acting reasonably) shall notify the Company and the Lenders promptly upon being so satisfied.

2.2 Conditions Precedent to each Utilisation

The Lenders will only be obliged to comply with clause 6.5 (*Lenders' participation*) if, on the proposed Utilisation Date, disregarding for the purposes of paragraph (A) below the effect of clause 20(A) and 20(B) (*Events of Default*):

(A) in the case of a Letter of Credit renewed or extended in accordance with clause 6.8 (*Renewal or extension of a Letter of Credit*), no Event of Default is continuing or would result from the proposed Utilisation and, in the case of any other Utilisation, no Default is continuing or would result from the proposed Utilisation; and

(B) an Authorised Signatory of the Company certifies that the Repeating Representations to be made by each Obligor are, in the light of the facts and circumstances then existing, true and correct in all material respects (or, in the case of a Repeating Representation that contains a materiality concept, true and correct in all respects).

PART 3
OPERATION OF THE FACILITY

3. THE FACILITY

3.1 Facility Commitment amounts

(A) Subject to the terms of the Finance Documents, the Lenders have agreed to make available to the Borrower a secured multicurrency revolving letter of credit facility on the terms and conditions set out in this Agreement (the " **Facility**") in an aggregate amount equal to the Total Commitments.

(B) The Facility may only be utilised by way of Letters of Credit.

3.2 Additional Commitments

(A) KECI may request that the Total Commitments be increased by the provision of additional commitments under the Facility (each such increase being a "**Requested Additional Commitment**"), by providing written notice to the Facility Agent (such notice being an "**Additional Commitment Notice**") provided that,

(i) the Additional Commitment Notice shall be delivered prior to the expiry of the Availability Period;

(ii) the increase in and/or, as the case may be, assumption of Requested Additional Commitments is to take effect before the expiry of the Availability Period and the maximum aggregate amount of Requested Additional Commitments (including all previous increases in and/or assumptions of Requested Additional Commitments) shall not exceed US$50,000,000; and

(iii) no Event of Default is continuing or would arise as a result of the provision of the Requested Additional Commitment; and

(iv) the terms of the Requested Additional Commitment shall, for all purposes of this Agreement, be treated pursuant to the terms of this Agreement in the same manner as the existing Commitments.

(B) Each Additional Commitment Notice shall:

(i) confirm that the requirements of clause 3.2(A) above are fulfilled; and

(ii) specify the date upon which the Requested Additional Commitment is anticipated to be made available to the Borrower (the "**Additional Commitment Date**").

(C) Upon receipt of any notice pursuant to clause 3.2(A) above, the Facility Agent shall promptly notify the Lenders of such request, and on or before the

Additional Commitment Date, each Lender shall inform the Facility Agent of the amount in the Base Currency of the Requested Additional Commitment which it will make available on a committed basis (each a " **Committed Additional Participation** "). The Facility Agent shall promptly notify KECI of the details of each Committed Additional Participation.

(D) If, on the Additional Commitment Date, the aggregate amount of the Committed Additional Participation is less than the Requested Additional Commitment, the Borrower may agree with any bank or financial institution which is not a Lender (each an " **Additional Lender**") that they will participate in the Facility provided that:

(i) any such Additional Lender agrees to become a Lender under this Agreement and make available a Commitment on the terms and conditions of this Agreement and the Borrower notifies the Facility Agent of the same, on or prior to the Additional Commitment Date; and

(ii) KECI shall procure that on or prior to the Additional Commitment Date, such Additional Lender delivers a Lender Accession Notice in the form set out in Schedule 1 (*The Original Lender*) duly completed and signed on behalf of the Additional Lender and specifying its Committed Additional Participation to the Facility Agent.

(E) Subject to the conditions in paragraphs (B) and (D) above being met, from the relevant Additional Commitment Date:

(i) the Additional Lender shall make available the relevant Committed Additional Participation for Utilisation under the Facility in accordance with the terms of this Agreement (as amended);

(ii) the Committed Additional Participation shall rank *pari passu* with respect to existing Commitments; and

(iii) any necessary rebalancing of the Commitments and outstandings under the Facility and the Committed Additional Participation provided by the Additional Lender to ensure that they are pro rata (the " **New Commitment Rebalancing**") will be made, at the Borrower's election, by the Facility Agent making utilisations from the Committed Additional Participation in priority to utilisations from Commitments under the Facility to procure, as far as practicable, any New Commitment Rebalancing, following which all utilisations shall be made pro rata.

(F) Each Additional Lender shall become a party to the Finance Documents (and be entitled to share in the Security created under the Security Documents in accordance with the terms of the Finance Documents) if such Additional Lender accedes to the Finance Documents in accordance with the Finance Documents.

(G) Each party (other than the relevant Additional Lender) irrevocably authorises and instructs the Facility Agent to execute on its behalf any Lender Accession

Notice which has been duly completed and signed on behalf of that proposed Additional Lender and each Party agrees to be bound by such accession. The Facility Agent must promptly sign any such Lender Accession Notice (and in any event within three Business Days of receipt).

(H) The Facility Agent shall only be obliged to execute a Lender Accession Notice delivered to it by an Additional Lender once the Facility Agent (and LC Issuing Bank) (acting reasonably) has, to the extent that the necessary information is not already available to it, received all required information to comply with all (i) "know your customer" requirements or (ii) other similar checks required, in each case by law, regulation or the LC Issuing Bank's mandatory internal policy (as consistently applied) regarding environmental issues, each in relation to the accession of such Additional Lender.

(I) On the date that the Facility Agent executes a Lender Accession Notice:

(i) the Additional Lender party to that Lender Accession Notice, each other Finance Party and the Obligors shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had that Additional Lender been an Original Lender with the rights and/or obligations acquired or assumed by it as a result of that accession and with the Commitment specified by it as its Committed Additional Participation; and

(ii) that Additional Lender shall become a Party to this Agreement as a "Lender".

(J) Clause 21.5 (*Limitation of responsibility of Existing Lenders*) shall apply *mutatis mutandis* in this clause 3.2 in relation to an Additional Lender as if references in that clause to:

(i) an "Existing Lender" were references to all the Lenders immediately prior to the relevant increase;

(ii) the "New Lender" were references to that "Additional Lender"; and

(iii) a "re-transfer" and "re-assignment" were references to respectively a "transfer" and "assignment".

4. FINANCE PARTIES' RIGHTS AND OBLIGATIONS

(A) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under any Finance Documents to which it is a Party does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.

(B) The rights of each Finance Party under or in connection with the Finance Documents to which it is a Party are separate and independent rights and any

debt arising under the Finance Documents to a Finance Party from an Obligor shall be a separate and independent debt.

(C) A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce its rights under the Finance Documents.

5. PURPOSE

5.1 Purpose

The Facility shall be used for the purpose of the issue of Letters of Credit in support of documented performance obligations (including payment obligations), except for any Trade Letters of Credit, or as otherwise agreed by the Parties.

5.2 Monitoring

No Finance Party is bound to monitor or verify the application of any Letter of Credit made pursuant to the Finance Documents.

6. UTILISATION

6.1 Availability Period

Subject to the satisfaction of the relevant Conditions Precedent, the Facility shall be available for drawing during the Availability Period.

6.2 Delivery of a Utilisation Request for Letters of Credit

(A) Subject to clause 6.6(K) (*Issue of Letters of Credit*), the Borrower may request a Letter of Credit to be issued by delivery to the Facility Agent of a duly completed Utilisation Request substantially in the form of Schedule 3 (*Utilisation Request*) not later than five Business Days prior to the proposed Utilisation Date. The Utilisation Request shall attach the form of the proposed Letter of Credit including confirmation as to whether such form falls within paragraph (A), (B) or (C) of the definition of "Letter of Credit" in clause 1.1 (*Definitions*).

(B) If the form of the proposed Letter of Credit requires the agreement of the LC Issuing Bank and the Facility Agent pursuant to paragraph (C) of the definition of "Letter of Credit" in clause 1.1 (*Definitions*), in the event that either the LC Issuing Bank or the Facility Agent does not approve the form, then:

(i) the objecting party shall inform the Borrower of the grounds for its objection and confirm what changes would reasonably need to be made to make the form of the Letter of Credit acceptable; and

(ii) the Utilisation Request shall be deemed to be revoked (but without the Borrower incurring any cost or liability to any Finance Party whatsoever as a consequence of such revocation).

6.3 Completion of a Utilisation Request for Letters of Credit

Each Utilisation Request for a Letter of Credit is irrevocable (except where otherwise provided for in this Agreement) and will not be regarded as having been duly completed unless:

(A) the proposed Utilisation Date is a Business Day within the Availability Period;

(B) the term of the Letter of Credit requested is not more than five years;

(C) the currency and amount of the Letter of Credit requested complies with clauses 6.4 (*Amount*), 6.6 (*Issue of Letters of Credit*) and 6.7 (*Conditions relating to Optional Currencies*) respectively;

(D) the form of the Letter of Credit is in the form set out in paragraph (A) or (B) of the definition of "Letter of Credit" in clause 1.1 (*Definitions*), or is approved by the LC Issuing Bank pursuant to clause 6.2 (*Delivery of a Utilisation Request for Letters of Credit*); and

(E) the delivery instructions for the Letter of Credit are specified; and

(F) it is accompanied by extracts of those underlying documents related to the Letter of Credit which are reasonably required and requested by the LC Issuing Bank to facilitate the negotiation and issuance of the Letter of Credit.

6.4 Amount

(A) The amount of any proposed Letter of Credit under the Facility must be a minimum of USD 250,000 (or the equivalent in any Optional Currency at the Facility Agent's Spot Rate of Exchange) (or such lower amount as agreed between the Parties acting reasonably).

(B) The maximum amount of any single Letter of Credit cannot exceed USD 75,000,000 (or the equivalent in any Optional Currency at the Facility Agent's Spot Rate of Exchange) (or such higher amount as agreed between the Parties acting reasonably).

(C) The maximum amount of all Letters of Credit issued in favour of a single beneficiary or any number of beneficiaries in a single jurisdiction cannot at any time exceed USD 75,000,000 (or the equivalent in any Optional Currency at the Facility Agent's Spot Rate of Exchange) (or such higher amount as agreed between the Parties acting reasonably).

6.5 Lenders' participation

(A) If the conditions set out in this Agreement have been met, each Lender shall make its participation in the relevant Letter of Credit available by the Utilisation Date through its Facility Office in accordance with the terms of this Agreement.

(B) The amount of a Lender's participation in that Letter of Credit will be equal to the proportion borne by its Available Commitment to the Available Facility immediately prior to the making of the relevant Letter of Credit.

(C) Upon notification of a Utilisation to the Facility Agent pursuant to clause 6.2 (*Delivery of a Utilisation Request for Letters of Credit*), the Facility Agent shall notify each Lender of the Base Currency Amount of each Letter of Credit registered and the Base Currency Amount of its participation in each such Letter of Credit.

6.6 Issue of Letters of Credit

(A) If the conditions set out in this Agreement have been met, the LC Issuing Bank shall issue each Letter of Credit on the relevant Utilisation Date proposed in the Utilisation Request.

(B) The LC Issuing Bank will only be obliged to comply with paragraph (A) above if on the date of the Utilisation Request or Renewal or Extension Request and on the proposed Utilisation Date:

(i) the making of the proposed Utilisation would not result in the total outstanding Letters of Credit exceeding 40;

(ii) the making of the proposed Utilisation would not result in the aggregate of all outstanding Letters of Credit issued by the LC Issuing Banks exceeding the Total Commitments;

(iii) the LC Issuing Bank and the Lenders have completed all applicable (i) know-your-customer requirements and (ii) compliance requirements, in each case as required by law, regulation or the LC Issuing Bank's mandatory internal policy (as consistently applied) regarding environmental issues, each in relation to the Beneficiary of the Letter of Credit.

(C) Subject to clause 6.14(B) (*Cash collateralisation*), the Borrower may request a Utilisation which requires a Letter of Credit to be issued by the LC Issuing Bank which has a term greater than the Availability Period under the Facility.

(D) The Borrower may request a Utilisation which requires a Letter of Credit to be issued by the LC Issuing Bank's Facility Office (or branch) in any particular country, and the LC Issuing Bank shall, unless prevented from doing so by mandatory internal policy requirements (as applied consistently) or by applicable law or regulation, satisfy any such request. For the avoidance of doubt, this clause 6.6(D) shall not apply to any Letter of Credit required to be issued by the LC Issuing Bank's London branch.

(E) If the Borrower requests a Utilisation which requires a Letter of Credit:

(i) to be issued by a financial institution in a country in which the LC Issuing Bank does not have a facility office (or branch); or

(ii) where clause 6.6(D) applies;

the LC Issuing Bank will use its best efforts, subject to the Borrower's prior written consent, to procure that such Letter of Credit is issued through a correspondent bank. In the event that the LC Issuing Bank is requested to issue any Letter of Credit through a correspondent bank then it shall promptly, and in any event within 15 Business Days of the date of any Utilisation Request, advise the Borrower of any reasonable additional and documented costs associated with the issue of the Letter of Credit by its correspondent bank (and the LC Issuing Bank shall provide the Borrower with copies of any agreement and any documentation providing for and evidencing the payment of such costs). For the avoidance of doubt the 15 Business Days during which the LC Issuing Bank is required to advise the Borrower of reasonable additional and documented costs shall have no impact or effect on the Utilisation Date. The LC Issuing Bank shall take all reasonable steps to minimise any such additional costs. In no event may the LC Issuing Bank increase the Margin or Letter of Credit Fee payable by the Borrower hereunder or charge any additional amount for its own account as a consequence of the issue of a Letter of Credit through a correspondent bank which it would not otherwise have been able to charge had the Letter of Credit been issued by it under this Agreement. Any additional costs properly incurred and payable to the correspondent bank by the LC Issuing Bank in respect of the issue of the Letter of Credit shall be borne by the Borrower. If the Borrower does not agree to the payment of such costs and/or the identity of the correspondent bank, it may revoke the Utilisation Request (without incurring any cost or liability to any Finance Party whatsoever for so doing).

(F) The Borrower may request that a Letter of Credit is issued in the Base Currency or, subject to clause 6.7 (*Conditions relating to Optional Currencies*), in an Optional Currency.

(G) For the avoidance of doubt, subject to clause 6.16 (*Letters of Credit issued on behalf of a Non-Borrower Entity*) the Borrower may request that a Letter of Credit is issued on behalf of any member of the Group (and the LC Issuing Bank shall comply with any such request).

(H) The Borrower may request that a Letter of Credit is issued which is governed by the governing law of any jurisdiction (and the LC Issuing Bank shall comply with any such request). Where a Letter of Credit is to be governed by law which is not the law of England, the Borrower shall, if so requested by the LC Issuing Bank, pay the reasonable legal costs of the LC Issuing Bank incurred in relation to instructing external advisers to provide it and the Finance Parties with such advice as may reasonably be required in relation to that Letter of Credit.

(I) In the event that the rating of the LC Issuing Bank's long-term unguaranteed, unsecured securities or debt falls below A3 (Moody's) or falls below a

comparable rating from any other internationally recognised credit rating agency, then in any such case the LC Issuing Bank shall, without imposing any cost or penalty of any kind (arising under this Agreement or otherwise), at the direction of the Borrower novate any Letter of Credit identified by the Borrower to a person willing to accept the rights and obligations thereunder, subject to:

(i) the Borrower obtaining the prior consent and cooperation of the relevant Beneficiary in relation to the novation of the Letter of Credit; and;

(ii) the LC Issuing Bank completing all (i) know-your-customer requirements and (ii) compliance requirements which are, in each case required by law or regulation, each in relation to such person.

In both cases the LC Issuing Bank will, at the Borrower's cost, cooperate with the Borrower and sign such documents as may be necessary to effect the relevant transaction provided the LC Issuing Bank is satisfied that such documents release it from all obligations under the relevant Letter of Credit. The LC Issuing Bank shall have no obligation to procure a person willing to issue replacement Letters of Credit or have Letters of Credit novated to it.

(J) The Facility Agent shall notify the LC Issuing Bank and each Lender of the details of each requested Letter of Credit and its participation in that Letter of Credit within five Business Days.

(K) If the Borrower requests a Utilisation which requires a Letter of Credit to be issued in accordance with clauses 6.6 (D), (E) or (H) above, the LC Issuing Bank shall not be required to issue such Letter of Credit or procure that such Letter of Credit is issued unless the Borrower provides 10 Business Days' advance notice of such request.

6.7 Conditions relating to Optional Currencies

The Borrower shall select the currency of a Letter of Credit in the relevant Utilisation Request or Renewal or Extension Request. A Letter of Credit may be issued in the Base Currency or any currency which is freely convertible into the Base Currency and approved by the LC Issuing Bank acting reasonably (such currency being an "**Optional Currency**"). In the event that such currency is not approved by the LC Issuing Bank, the LC Issuing Bank shall notify the Facility Agent and the Borrower in writing not less than three Business Days prior to the proposed Utilisation Date, and the relevant Utilisation Request shall be deemed to be revoked upon the delivery of such notice (without the Borrower incurring any cost or liability to any Finance Party whatsoever).

6.8 Renewal or extension of a Letter of Credit

(A) The Borrower may request any Letter of Credit issued under this Agreement be renewed or extended by delivery to the Facility Agent of a renewal or extension request in the form set out in Schedule 9 (*Form of Renewal or Extension*

Request) by the fifth Business Day before the date of the proposed renewal (a " **Renewal or Extension Request**").

(B) The Lenders shall treat any Renewal or Extension Request in the same way as a Utilisation Request for a Letter of Credit.

(C) The terms of each renewed or extended Letter of Credit shall be the same as those of the relevant Letter of Credit immediately prior to its renewal or extension, except that:

(i) its amount may be less than the amount of the Letter of Credit;

(ii) (in relation to a renewal only) its Term shall start on the date which was the expiry date of the Letter of Credit immediately prior to its renewal and shall end on the proposed expiry date specified in the Renewal or Extension Request; and

(iii) (in relation to an extension only) its Term shall start on the date which was the start date of the Letter of Credit immediately prior to its extension, and shall end on the proposed expiry date specified in the Renewal or Extension Request.

(D) If the conditions set out in this Agreement have been met, the LC Issuing Bank shall re-issue and/or amend any Letter of Credit pursuant to a Renewal or Extension Request.

6.9 Claims under a Letter of Credit

(A) The Borrower irrevocably and unconditionally authorises the LC Issuing Bank to pay any claim made or purported to be made under a Letter of Credit and which appears on its face to be in order (a " **Claim**").

(B) Subject to paragraph (C) below, the Borrower shall within five Business Days on written demand by the Facility Agent pay to the LC Issuing Bank for the account of each Lender an amount equal to the amount of any Claim. The Borrower irrevocably authorises the use by the Facility Agent, the Security Agent and the Account Bank, of amounts standing to the credit of the LC Cash Collateral Accounts in making such payment and each of the Facility Agent and the Security Agent shall take all such steps (and procure that the Account Bank takes all such steps) as may reasonably be required (at the cost of the Borrower) for the Borrower to make such payment.

(C) The Borrower acknowledges that the LC Issuing Bank:

(i) is not obliged to carry out any investigation or seek any confirmation from any other person before paying a Claim; and

(ii) deals in documents only and will not be concerned with the legality of a Claim or any underlying transaction or any available set-off, counterclaim or other defence of any person.

(D) The obligations of the Borrower under this clause will not be affected by:

(i) the sufficiency, accuracy or genuineness of any Claim or any other document; or

(ii) any incapacity of, or limitation on the powers of, any person signing a Claim or other document.

6.10 Indemnities

(A) Subject to clause 6.9 (*Claims under a Letter of Credit*), the Borrower shall immediately on demand indemnify the LC Issuing Bank against any cost, loss or liability incurred by such LC Issuing Bank in acting as LC Issuing Bank hereunder (otherwise than by reason of such LC Issuing Bank's gross negligence or wilful misconduct).

(B) Each Lender shall (according to its portion of the Available Facility), immediately on demand by the Facility Agent (acting on the instructions of the LC Issuing Bank), indemnify the LC Issuing Bank against any cost, loss or liability incurred by the LC Issuing Bank (otherwise than by reason of such LC Issuing Bank's gross negligence or wilful misconduct) in acting as such LC Issuing Bank under any Letter of Credit (unless that LC Issuing Bank has been reimbursed by the Borrower pursuant to a Finance Document).

(C) Subject to clause 6.9 (*Claims under a Letter of Credit*), the Borrower shall immediately on demand reimburse any Lender for any payment it makes to the LC Issuing Bank under this clause 6.10 (*Indemnities*).

(D) The obligations of each Lender and the Borrower under this clause are continuing obligations and will extend to the ultimate balance of sums payable by that Lender or, as the case may be, the Borrower in respect of any Letter of Credit, regardless of any intermediate payment or discharge in whole or in part.

(E) The obligations of a Lender or a Borrower under this clause will not be affected by any act, omission, matter or thing which, but for this clause, would reduce, release or prejudice any of its obligations under this clause (without limitation and whether or not known to it or any other person) including:

(i) any time, waiver or consent granted to, or composition with, any Obligor, any beneficiary under a Letter of Credit or any other person;

(ii) the release of any other Obligor or any other person under the terms of any composition or arrangement;

(iii) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor, any beneficiary under a Letter of Credit or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

(iv) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor, any beneficiary under a Letter of Credit or any other person;

(v) any amendment (however fundamental) or replacement of a Finance Document, any Letter of Credit or any other document or security;

(vi) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document, any Letter of Credit or any other document or security; or

(vii) any insolvency or similar proceedings.

6.11 Role of the LC Issuing Bank

(A) Nothing in this Agreement designates the LC Issuing Bank as a trustee or fiduciary of any other person.

(B) The LC Issuing Bank shall not be bound to account to any Lender for any sum, or the profit element of any sum received by it for its own account.

(C) The LC Issuing Bank may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Group.

(D) The LC Issuing Bank may rely on:

(i) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and

(ii) any statement made by a director, Authorised Signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.

(E) The LC Issuing Bank may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.

(F) The LC Issuing Bank may act in relation to the Finance Documents through its personnel and agents.

(G) The LC Issuing Bank is not responsible for:

(i) the adequacy, accuracy and/or completeness of any information (whether oral or written) provided by any Party (including itself), or any other person under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; or

(ii) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document.

6.12 Credit appraisal by the Lenders

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Lender confirms to the LC Issuing Bank that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including, but not limited to, those listed in paragraphs (A) to (D) of clause 23.14 (*Credit appraisal by the Lenders*).

6.13 Amendments and Waivers

Notwithstanding any other provision of any Finance Document, an amendment or waiver which relates to the rights or obligations of the LC Issuing Bank may not be effected without the consent of the LC Issuing Bank.

6.14 Cash collateralisation

(A) The Borrower shall deposit and maintain Cash Collateral in the LC Cash Collateral Accounts which is in aggregate at least equal to 75 per cent. of the aggregate USD face value of all outstanding Letters of Credit issued under the Facility at any time.

(B) If any Letter of Credit has an expiry date which is after the Termination Date (an "**Ongoing Letter of Credit**") and if the Facility has not been extended or otherwise replaced, then during the period between the Termination Date and the expiry date of any Ongoing Letter of Credit, the Borrower shall, for each such Ongoing Letter of Credit, deposit and maintain Cash Collateral in the LC Cash Collateral Accounts which is at least equal to 100 per cent. of the USD face value of each Ongoing Letter of Credit. For the avoidance of doubt, this obligation shall survive the occurrence of the Termination Date.

(C) Within five Business Days after a breach of any of the Financial Covenants in clause 18 (*Financial Covenants*) the Borrower shall, until such breach is no longer continuing, deposit and maintain Cash Collateral in the LC Cash Collateral Accounts at least equal to 100 per cent. of the aggregate USD face value of all current outstanding Letters of Credit drawn under the Facility.

(D) The LC Issuing Bank shall (i) every six months from the date of this Agreement, (ii) following notification from the LC Issuing Bank of a significant currency disruption event, or (iii) at the reasonable request of the Lenders (and to the extent that such day is not a Business Day, on the immediately following Business Day), the LC Issuing Bank shall determine and inform the Borrower within five Business Days of the USD face value of the Cash Collateral in the LC Cash Collateral Accounts and the USD face value of each current outstanding Letter of Credit (the "**Forex Calculation**"), such amount to be least equal to 75 per cent. of the aggregate USD face value of such current outstanding Letter of Credit issued under the Facility based on the Facility Agent's Spot Rate of Exchange on the Business Day on which the Forex Calculation is made.

(E) If at any time there is insufficient Cash Collateral standing to the credit of the LC Cash Collateral Accounts pursuant to either clause 6.14(A), 6.14(B), 6.14(C), 6.14(D) or clause 8.2(A)(iii) (*Change of Control*), the Borrower shall be required to deposit and maintain the required additional Cash Collateral in the LC Cash Collateral Accounts within five Business Days of being notified in writing by the Facility Agent of such insufficiency.

(F) The Borrower may at any time instruct the Facility Agent to instruct the Security Agent and the Account Bank to release any Cash Collateral standing to the credit of the LC Cash Collateral Accounts (subject to the terms of the Deposit Agreements) which is not then required to be maintained in that account in accordance with the terms of this Agreement (such amount as calculated and confirmed by the Facility Agent in each case) (including, if necessary, by releasing any security held over such amount) and for such amount to be paid to the Borrower or as the Borrower shall instruct (and the Facility Agent and the Security Agent shall comply and shall procure that the Account Bank complies with such instructions). For the avoidance of doubt, where the Borrower has deposited an amount into the LC Cash Collateral Accounts to cure or to prevent an Event of Default from occurring or continuing pursuant to clause 20.3 (*Breach of Financial Covenants),* then on and from the date upon which such Event of Default has been (and remains) cured or waived the Borrower shall be entitled to withdraw any excess amount above the amount which would otherwise be required to be deposited into the LC Cash Collateral Accounts pursuant to clause 6.14(A).

6.15 Transfer of existing Letters of Credit

Upon request by the Borrower, the LC Issuing Bank and the Facility Agent will consult with the Borrower with a view to procuring that any letters of credit issued by any member of the Group prior to the date of this Agreement (" **Pre-existing Letters of Credit**") become letters of credit issued under and subject to the terms and conditions of this Agreement. Each such party shall act in good faith and shall use all reasonable endeavours and enter into such documentation as may reasonably be required to give effect to this clause. If any such existing letter of credit was issued by the LC Issuing Bank, then the form of such Letter of Credit shall be deemed to be acceptable to both the LC Issuing Bank and the Facility Agent.

6.16 Letters of Credit issued on behalf of a Non-Borrower Entity

If the Borrower requests that a Letter of Credit is issued on behalf of a member of the Group (other than the Borrower itself) (a " **Non-Borrower Entity"**) in accordance with clause 6.6(G) (*Issue of Letters of Credit)* the following conditions shall apply:

(A) the LC Issuing Bank shall have no obligation to issue such a Letter of Credit unless the Borrower has supplied to the LC Issuing Bank such documentation and other evidence as is requested by the LC Issuing Bank in order for the LC Issuing Bank to carry out and be satisfied it has complied with all (i) "know your customer" requirements; or (ii) other similar checks, in each case as required under all applicable laws and regulations in respect of the relevant Non-Borrower Entity;

(B) for the avoidance of doubt, notwithstanding that there may be no mention of the Borrower in the terms of the Letter of Credit, once issued such Letter of Credit shall be a Letter of Credit under this Agreement and shall be for the account of the Borrower;

(C) the LC Issuing Bank may act in accordance with the proper instructions of a Non-Borrower Entity without reference to, or the approval of, the Obligors;

(D) neither the LC Issuing Bank nor the Facility Agent shall have any obligation to inform or deliver to the Obligors any notice or declaration given to it by any Non-Borrower Entity; and

(E) for the avoidance of doubt, all of the terms of this Agreement shall apply to any Letter of Credit issued on behalf of a Non-Borrower Entity.

PART 4
PAYMENTS, CANCELLATION, INTEREST AND FEES

7. REPAYMENT

Subject to clause 6.9 (*Claims under a Letter of Credit*), if a Claim is made under a Letter of Credit, the Borrower shall repay an amount equal to the Claim within five Business Days of written demand by the LC Issuing Bank.

8. PREPAYMENT AND CANCELLATION

8.1 Illegality

(A) If it becomes unlawful in any applicable jurisdiction for a Lender (an " **Illegality Lender**") to perform any of its obligations as contemplated by the Finance Documents or to fund or maintain its participation in any Utilisation:

(i) that Lender shall promptly notify the Facility Agent upon becoming aware of that event;

(ii) the Borrower shall to the extent possible and at the sole discretion of the Borrower, implement arrangements whereby all of the Illegality Lender's Commitment is transferred to a Lender or a New Lender and the affected Illegality Lender will provide all reasonable assistance to facilitate such transfer; and

(iii) where the process described at paragraph (ii) above is not possible, the Commitment of that Lender will be immediately cancelled and the Borrower shall repay the Illegality Lender's participations in the Utilisations made to the Borrower on the date specified by the Illegality Lender in the notice delivered to the Facility Agent.

(B) If it becomes unlawful in any applicable jurisdiction for the Borrower to perform any of its obligations as contemplated by the Finance Documents:

(i) the Borrower shall promptly notify the Facility Agent upon becoming aware of that event;

(ii) the Facility Agent shall notify the Lenders; and

(iii) with all reasonable assistance of the Lenders the Borrower shall endeavour to cancel all outstanding Letters of Credit within 90 days of the notice provided under clause 8.1(B)(i) (*Illegality*).

8.2 Change of Control

(A) Upon a Change of Control:

(i) the Obligor shall promptly notify the Facility Agent upon becoming aware of the occurrence of that event; and

(ii) the LC Issuing Bank shall not be obliged to issue any Letter of Credit except pursuant to a Renewal or Extension Request;

(iii) if the Majority Lenders so require, the Borrower shall, as soon as practicable (and in any event within 30 Business Days) deposit and maintain in the LC Cash Collateral Accounts an amount equal to the aggregate face value of all outstanding Letters of Credit at that time.

(B) For the purpose of paragraph (A) above, "**Change of Control**" means any person (or persons with whom they act in concert) other than a Permitted Transferee acquiring, directly or indirectly, more than 50 per cent. of the ordinary share capital in the Obligor carrying a right to vote in general meetings of that company. For the avoidance of doubt, a Change of Control shall not occur on an IPO of any shareholder (directly or indirectly) in the Borrower.

(C) For the purposes of paragraph (B) above, any persons includes more than one person acting in concert and a " **Permitted Transferee**" means:

(i) a Shareholder;

(ii) a Shareholder Affiliate;

(iii) a member of the Group; or

(iv) a person who is otherwise approved by the Majority Lenders (acting reasonably) provided that any Lender which does not grant its approval may, on not less than 30 days' written notice to the Facility Agent and the Company, demand that its participation in the Facility be prepaid in full and that its Commitment be immediately cancelled, provided that the Company may, in accordance with paragraph (B) of clause 8.5 *(Right of repayment and cancellation in relation to a single Lender*), procure the replacement of that Lender or the transfer of its participation and Commitment to another Lender (with that Lender's consent) rather than such prepayment and cancellation provided that such replacement or transfer is completed within the relevant notice period given by the relevant Lender. If such replacement or transfer does not occur within the relevant period, that Lender's participation in the Facility shall be immediately due and payable in full by the Borrower and its Commitment immediately cancelled.

8.3 Automatic cancellation

At the close of business in London on the last Business Day of the Availability Period for the Facility, the undrawn Commitment of each Lender under the Facility at that time shall be automatically cancelled.

8.4 Voluntary cancellation

(A) The Company may, by giving not less than 10 Business Days' (or such shorter period as the Majority Lenders may agree) prior written notice to the Facility Agent, without penalty, cancel the Available Facility in whole or in part (but if in part, in a minimum amount of USD 1 million or, if less, the relevant Commitments in the Available Facility). The relevant Commitments in respect of the Facility will be cancelled on a date specified in such notice, being a date not earlier than 10 Business Days after the relevant notice is received by the Facility Agent.

(B) Any valid notice of cancellation will be irrevocable and will specify the date on which the cancellation shall take effect. No part of any Commitment which has been cancelled or which is the subject of a notice of cancellation may subsequently be utilised.

(C) When any cancellation of Commitments under the Facility takes effect, each Lender's Available Commitment under the Facility will be reduced by an amount which bears the same proportion to the total amount being cancelled as its Available Commitment under the Facility bears to the Available Facility (at that time).

8.5 Right of repayment and cancellation in relation to a single Lender

(A) If:

(i) the Company reasonably believes that the sum payable to any Lender by an Obligor is required to be increased under clause 11.2 (*Tax gross-up*);

(ii) the Company receives a notice from the Facility Agent under clause 11.3 (*Tax Indemnity*) or clause 12.1 (*Increased costs*);

(iii) any Lender is or becomes a Non-Funding Lender;

(iv) the rating of any Lender's long-term unguaranteed, unsecured securities or debt is reduced to below A3 (Moody's) or a comparable rating from an internationally recognised credit rating agency,

the Company may, while (in the case of paragraphs (i) and (ii) above) the circumstance giving rise to the belief or notice continues or (in the case of (iii) or (iv) above) the relevant circumstance continues:

(a) give the Facility Agent notice of cancellation of the Commitment of that Lender and its intention to procure the repayment of that Lender's participation in the Utilisations;

(b) in the case of a Non-Funding Lender or Illegality Lender, give the Facility Agent notice of cancellation of the Available Commitment of that

Lender in relation to the Facility and reinstate all or part of such Available Commitment in accordance with paragraph (B) below; or

(c) replace that Lender in accordance with paragraph (B) below.

(B) The Company may:

(i) in the circumstances set out in paragraph (A) above or pursuant to clause 8.1 (*Illegality*) or clause 8.2(A)(ii) (*Change of Control*), replace an Existing Lender (as defined in clause 21 (*Changes to the Lenders*)), with one or more other Lenders (which need not be Existing Lenders) (each a "**Replacement Lender**"), which have agreed to purchase all or part of the Commitment and participations of that Existing Lender in Utilisations made to the Borrower pursuant to an assignment or transfer in accordance with the provisions of clause 21 (*Changes to the Lenders*); or

(ii) in the circumstances set out in paragraph (A)(iv)(a) of this clause 8.5, cancel the Available Commitments of the Non-Funding Lender or Illegality Lender in respect of the Facility and procure that one or more Replacement Lenders assume Commitments under the Facility in an aggregate amount not exceeding the Available Commitment of the relevant Non-Funding Lender or Illegality Lender in relation to the Facility,

in each case on condition that:

(a) each assignment or transfer under this paragraph (B) shall be arranged by the Company (with such reasonable assistance from the Existing Lender as the Company may reasonably request); and

(b) no Existing Lender shall be obliged to make any assignment or transfer pursuant to this paragraph (B) unless and until it has received payment from the Replacement Lender or Replacement Lenders in an aggregate amount equal to the outstanding principal amount of the participations in the Utilisations owing to the Existing Lender, together with accrued and unpaid interest and fees and all other amounts payable to the Existing Lender under this Agreement.

(C) On receipt of a notice from the Company referred to in paragraph (A) above, the Commitment of that Lender shall immediately be reduced to zero.

(D) Within 90 days of the Company having given notice of cancellation under paragraph (A) above (or, if earlier, the date specified by the Company in that notice), the Company shall repay that Lender's participation in the relevant Utilisation.

(E) Paragraphs (A) and (B) do not in any way limit the obligations of any Finance Party under clause 14.1 (*Mitigation*).

9. INTEREST

9.1 Default interest

(A) Other than Cash Collateral, if an Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (B) below, is 1 per cent. higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a Letter of Credit in the currency of the overdue amount issued for a period equal to the period during which the overdue amount remains outstanding. Any interest accruing under this clause shall be immediately payable by the Obligor on written demand by the Facility Agent.

(B) Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each 90-day period but will remain immediately due and payable.

10. FEES

10.1 Letter of Credit fee

(A) The Borrower shall pay to the LC Issuing Bank, for the account of the Lenders to share rateably in accordance with their participation in each Letter of Credit, a letter of credit fee at a rate equal to the Margin (the " **Letter of Credit Rate**") on the outstanding amount of each Letter of Credit from the period starting from the Utilisation Date in respect of that Letter of Credit until its expiry date or such earlier date upon which it is terminated (the "**Letter of Credit Fee**").

(B) The Letter of Credit Fee shall continue to be payable on the full outstanding balance of each Letter of Credit. The outstanding balance shall not be reduced by any amount of Cash Collateral deposited in the LC Cash Collateral Accounts.

(C) The accrued Letter of Credit Fee on each Letter of Credit is payable quarterly in arrears and on the expiry date or such earlier termination date of each Letter of Credit.

10.2 Arrangement fee

The Borrower shall pay to the Facility Agent (for its own account) an arrangement fee in the amount and at the time agreed in the Fee Letter.

10.3 Security Agent and Facility Agent fee

If the Original Lender ceases to be the sole Lender under the Facility, the Parties shall, acting reasonably, agree fees payable to the Security Agent and the Facility Agent (the "**Security Agent Fee**" and the "**Facility Agent Fee**" respectively). The Borrower shall

pay to the Security Agent and the Facility Agent the Security Agent Fee and the Facility Agent Fee in the amount and at the times agreed in a Fee Letter.

10.4 LC Issuing Bank fee

Where the Original Lender ceases to be the sole lender under the Facility the Parties shall, acting reasonably, agree the LC Issuing Bank fee. The Borrower shall pay to the LC Issuing Bank the LC Issuing Bank fee in the amount and at the times agreed in a Fee Letter.

PART 5
TAXES, INCREASED COSTS AND INDEMNITIES

11. TAX GROSS-UP AND INDEMNITIES

11.1 Definitions

(A) In this Agreement:

"**Tax Credit**" means a credit against, relief or remission for, or repayment of any Tax.

"**Tax Deduction**" means a deduction or withholding for or on account of Tax from a payment under a Finance Document.

"**Tax Payment**" means either the increase in a payment made by an Obligor to a Finance Party under clause 11.2 (*Tax gross-up*) or a payment under clause 11.3 (*Tax Indemnity*).

11.2 Tax gross-up

(A) Each Obligor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.

(B) The Company shall promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Facility Agent accordingly.

(C) If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

(D) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

(E) Within 30 days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Facility Agent for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party (acting reasonably) that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing Authority.

(F) If an Obligor makes any payment to a Finance Party in respect of or relating to a Tax Deduction, but such Obligor was not obliged to make such payment, the relevant Finance Party shall within five Business Days of demand refund such payment to such Obligor.

11.3 Tax Indemnity

(A) Except as provided below, the Borrower shall (within five Business Days of demand by the Facility Agent) indemnify a Finance Party against any loss, liability or cost which that Finance Party determines will be or has been (directly or indirectly) suffered by that Finance Party for or on account of Tax, by that Finance Party in respect of a Finance Document.

(B) Paragraph (A) above shall not apply:

(i) with respect to any Tax assessed on a Finance Party under the law of the jurisdiction in which:

(a) that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for Tax purposes; or

(b) that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if in either such case that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party or that Finance Party's Facility Office; or

(ii) to the extent a loss, liability or cost is compensated for by an increased payment under clause 11.2 (*Tax gross-up*); or

(iii) with respect to any Tax assessed prior to the date which is 180 days prior to the date on which the relevant Finance Party requests such a payment from the Borrower, unless a determination of the amount claimed could only be made on or after the first of those dates.

(C) A Finance Party making, or intending to make a claim under paragraph (A) above shall promptly notify the Facility Agent of the event which will give, or has given, rise to the claim, following which the Facility Agent shall provide to the Company a copy of the notification by such Finance Party.

(D) A Finance Party shall, on receiving a payment from an Obligor under this clause, notify the Facility Agent. The Finance Parties will undertake to use reasonable endeavours to obtain reliefs and remissions for taxes and deductions and to reimburse the Company for reliefs, remissions or credits obtained (but without any obligation to arrange its Tax affairs other than as it sees fit nor to disclose any information about its Tax affairs).

11.4 Tax Credit

(A) If:

(i) an Obligor makes a Tax Payment, and

(ii) a Tax Credit is attributable either to an increased payment of which that Tax Payment forms part, or to that Tax Payment, and

(iii) that Finance Party has obtained, utilised and retained that Tax Credit,

the Finance Party shall pay an amount to the Obligor which that Finance Party reasonably determines will leave it (after that payment) in the same after-Tax position as it would have been in but for its utilisation of the Tax Credit.

(B) Nothing in this clause will:

(i) interfere with the rights of any Finance Party to arrange its affairs in whatever manner it thinks fit; or

(ii) oblige any Finance Party to disclose any information relating to its Tax affairs or computations.

11.5 Stamp taxes

The Company shall, within five Business Days of demand, pay and indemnify each Finance Party against any cost, loss or liability that Finance Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document other than in respect of an assignment or transfer by a Lender.

11.6 Value added tax

(A) All consideration expressed to be payable under a Finance Document by any Party to a Finance Party shall be deemed to be exclusive of any VAT. If VAT is chargeable on any supply made by any Finance Party to any Party in connection with a Finance Document, that Party shall pay to the Finance Party (in addition to and at the same time as paying the consideration) an amount equal to the amount of the VAT against delivery of an appropriate VAT invoice.

(B) Where a Finance Document requires any Party to reimburse a Finance Party for any costs or expenses, that obligation shall be deemed to extend to all VAT incurred by the Finance Party in respect of the costs or expenses to the extent that the Finance Party reasonably determines that neither the Finance Party nor any other member of any VAT group of which it is a member is entitled to credit or repayment of the VAT.

12. INCREASED COSTS

12.1 Increased costs

(A) Subject to clause 12.3 (*Exceptions*) the Borrower shall, within five Business Days of a demand by the Facility Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its

Affiliates as a result of the introduction of or any change in (or in the interpretation, administration or application by any governmental body or regulatory Authority of) any law or regulation (whether or not having the force of law, but if not, being of a type with which that Finance Party or Affiliate is expected or required to comply), or as a result of the implementation or application of, or compliance with, Basel III or any law or regulation that implements or applies Basel III.

(B) In this Agreement "**Increased Costs**" means:

(i) a reduction in the rate of return from the Facility or on a Finance Party's (or its Affiliate's) overall capital;

(ii) an additional or increased cost; or

(iii) a reduction of any amount due and payable under any Finance Document,

which is (a) material and (b) incurred or suffered by a Finance Party or any of its Affiliates but only to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document.

12.2 Increased cost claims

(A) A Finance Party intending to make a claim pursuant to clause 12.1 (*Increased costs*) shall notify the Facility Agent of the event giving rise to the claim, following which the Facility Agent shall promptly notify the Company.

(B) Each Finance Party shall provide a certificate confirming the amount of its Increased Costs.

12.3 Exceptions

(A) Clause 12.1 (*Increased costs*) does not apply to the extent any Increased Cost is:

(i) attributable to a Tax Deduction required by law to be made by an Obligor provided that this clause is without prejudice to any rights which the affected Lender may have under clause 11.2 (*Tax gross-up*) to receive a grossed up payment;

(ii) the subject of a claim under clause 11.3 (*Tax Indemnity*) (or might be or have been the subject of a claim under clause 11.3 (*Tax Indemnity*) but for any of the exclusions in paragraph (B) of clause 11.3 (*Tax Indemnity*));

(iii) incurred prior to the date which is 180 days prior to the date on which the Finance Party makes a claim in accordance with clause 12.2

(*Increased cost claims*), unless a determination of the amount incurred could only be made on or after the first of those dates;

(iv) attributable to the wilful breach by the relevant Finance Party or any of its Affiliates of any law or regulation; or

(v) attributable to the implementation or application of or compliance with the "International Convergence of Capital Measurement and Capital Standards, a Revised Framework" published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement (but excluding any amendment contained in Basel III) (" **Basel II**") or any other law or regulation which implements Basel II (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates).

(B) In this clause 12.3 (*Exceptions*), a reference to a "**Tax Deduction**" has the same meaning given to the term in clause 11.1 (*Definitions*).

13. OTHER INDEMNITIES

13.1 Currency indemnity

(A) If any sum due from an Obligor under the Finance Documents (a " **Sum**"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the " **First Currency**") in which that Sum is payable into another currency (the " **Second Currency**") for the purpose of:

(i) making or filing a claim or proof against that Obligor; or

(ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Obligor shall as an independent obligation, within five Business Days of demand, indemnify each Finance Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (a) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (b) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

(B) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

13.2 Other indemnities

Each Obligor shall, within five Business Days of demand, indemnify each Finance Party against any cost, loss or liability incurred by that Finance Party as a result of:

(A) the occurrence of any Event of Default;

(B) a failure by an Obligor to pay any amount due under a Finance Document on its due date.

13.3 Indemnity to the Facility Agent

Each Obligor shall promptly on demand, indemnify the Facility Agent against any cost, loss or liability incurred by the Facility Agent (acting reasonably) as a direct result of:

(A) investigating any event which it reasonably believes is a Default; and

(B) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised by an Obligor.

14. MITIGATION BY THE LENDERS

14.1 Mitigation

(A) Each Finance Party shall, in consultation with the Company, use all reasonable endeavours to mitigate or remove any circumstances which arise and which would result in any facility ceasing to be available or any amount becoming payable under or pursuant to, or cancelled pursuant to, any of clause 8.1 (*Illegality*), clause 11.2 (*Tax gross-up*) or clause 12.1 (*Increased costs*) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.

(B) Paragraph (A) above does not in any way limit the obligations of any Obligor under the Finance Documents.

(C) Each Finance Party shall notify the Facility Agent as soon as it becomes aware that any circumstances of the kind described in paragraph (A) above have arisen or may arise. The Facility Agent shall notify the Company promptly of any such notification from a Finance Party.

14.2 Limitation of liability

(A) Each Obligor shall promptly indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under clause 14.1 (*Mitigation*).

(B) A Finance Party is not obliged to take any steps under clause 14.1 (*Mitigation*) if, in the *bona fide* opinion of that Finance Party (acting reasonably), to do so might in any way be prejudicial to it.

PART 6
FINANCIAL INFORMATION

15. INFORMATION UNDERTAKINGS

The undertakings in this clause remain in force from the date of this Agreement until the Discharge Date.

15.1 Books of account and auditors

Each Obligor shall:

(A) keep proper books of account relating to its business; and

(B) appoint and maintain as its auditors any Approved Auditor.

15.2 Financial statements

(A) The Borrower shall supply to the Facility Agent (in sufficient copies as most recently notified by the Facility Agent as being sufficient to allow one copy for each Lender):

(i) as soon as they become available, but in any event within 180 days of the end of each financial year, the audited financial statements of the Original Guarantor for that financial year, and within 90 days of the end of each financial year, the annual management reports of the Borrower; and

(ii) within 90 days of the end of each quarter, the unaudited quarterly consolidated financial statements of the Original Guarantor for that period.

(B) If during any financial year of the Original Guarantor there is a material change in the nature and extent of the accounting transactions which the Original Guarantor enters into, the Borrower shall promptly inform the Facility Agent thereof and the Borrower shall, if instructed to do so by the Facility Agent (acting on the instructions of the Majority Lenders (acting reasonably)), supply to the Facility Agent (in sufficient copies for each Lender), as soon as they become available, but in any event within 180 days of request, the audited financial statements of the Original Guarantor for its last financial year.

15.3 Year-end

The Borrower shall not change its financial year-end from the Accounting Reference Date without the consent of the Majority Lenders.

15.4 Form of financial statements

(A) The Borrower must ensure that each set of financial statements supplied under this Agreement:

(i) is certified by an Authorised Signatory of the Borrower as a true and correct copy; and

(ii) gives (if audited) a true and fair view of, or (if unaudited) fairly represents, the financial condition of the relevant Borrower for the period to the date on which those financial statements were drawn up.

(B) Unless otherwise agreed with the Facility Agent, all financial statements delivered under this Agreement shall be prepared in accordance with the Approved Accounting Principles.

(C) The Borrower must notify the Facility Agent of any material change to the manner in which any audited or unaudited financial statements delivered under this Agreement are prepared.

(D) If requested by the Facility Agent, the Borrower must supply to the Facility Agent:

(i) a full description of any change notified under paragraph (B) above and the adjustments which would be required to be made to those financial statements in order to cause them to use the accounting policies, practices, procedures and reference period upon which such financial statements were prepared prior to such change; and

(ii) sufficient information, in such detail and format as may be required by the Facility Agent (acting reasonably), to enable the Lenders to make a proper comparison between the financial position shown by the set of financial statements prepared on the changed basis and its most recent audited or unaudited financial statements delivered to the Facility Agent under this Agreement prior to such change.

15.5 Compliance Certificate

(A) The Borrower must supply to the Facility Agent a Compliance Certificate with each set of financial statements sent to the Facility Agent under clause 15.2 (*Financial statements*), above certifying the matters specified in clause 15.4(A) (*Form of financial statements*) above and compliance with the financial covenants in clauses 18.1 (*Debt cover ratio*) and 18.2 (*Interest cover ratio*) below.

(B) A Compliance Certificate supplied in accordance with paragraph (A) above must be signed by two Authorised Signatories of the Borrower.

15.6 Information: miscellaneous

Each Obligor shall supply to the Facility Agent, in sufficient copies for all the Lenders, if the Facility Agent so requests:

(A) all documents dispatched by each Obligor to its Shareholders (or any class of them) or its creditors generally, at the same time as they are dispatched;

(B) promptly after becoming aware of them, the details of any material litigation, arbitration or administrative proceedings which are currently threatened or pending against the Guarantor or any member of the Group;

(C) promptly upon them being becoming available, (i) each annual work program and each budget to be delivered to any governmental ministry or analogous governmental body, in connection with any underlying licence which a Letter of Credit has been granted in relation to and (ii) any other analogous document or information as reasonably required by the LC Issuing Bank for any Letters of Credit issued for any purpose which is not related to exploration licences.

(D) promptly, such further information regarding the financial condition, assets, business and operations of the Guarantor or any member of the Group as the Facility Agent may reasonably request.

15.7 Notification of Default

Each Obligor must notify the Facility Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.

15.8 "Know your customer" and "customer due diligence" requirements

(A) If:

(i) the introduction of or any change in (or in the interpretation, administration or application by any government or regulatory Authority of) any law or regulation (having the force of law) made after the date of this Agreement;

(ii) any change in the ownership of an Obligor after the date of this Agreement; or

(iii) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the Facility Agent or any Lender (or, in the case of paragraph (C) below, any prospective new Lender) to comply with "know your customer", "customer due diligence" or similar identification procedures in circumstances where the necessary information is not already available to it (or, in the case of paragraph (C) below, cannot be provided by the transferring Lender from

information already provided to it), the Company shall, as soon as reasonably practicable upon the request of the Facility Agent or the relevant Lender, supply, or procure the supply of, such reasonable documentation and other evidence as is within an Obligor's possession and control to enable the Facility Agent or such Lender to comply with all necessary "know your customer", "customer due diligence" or other similar checks required under the relevant laws and regulations including using its reasonable efforts to provide any updated or additional information as may be reasonably requested by the Facility Agent or Lenders to maintain such compliance.

(B) Each Lender shall promptly upon the request of the Facility Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Facility Agent (for itself) in order for the Facility Agent, as the case may be, to carry out and be satisfied it has complied with all (i) "know your customer" requirements or (ii) other similar checks, in each case as required under all applicable laws and regulations, in each case pursuant to the transactions contemplated in the Finance Documents.

(C) The Borrower shall, by not less than 10 Business Days' prior written notice to the Facility Agent, notify the Facility Agent (which shall promptly notify the Lenders) of its intention to request that a member of its Group becomes an Additional Guarantor pursuant to this Agreement.

(D) Following the giving of any notice pursuant to paragraph (C) above, if the accession of such Additional Guarantor obliges the Facility Agent or any Lender, by law or applicable regulation, to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, the Borrower shall promptly upon the request of the Facility Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Facility Agent (for itself or on behalf of any Lender) or any Lender (for itself or on behalf of any prospective new Lender) in order for the Facility Agent or such Lender or any prospective new Lender to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the accession of such subsidiary to this Agreement as an Additional Guarantor.

15.9 Use of websites

(A) Except as provided below, each Obligor may deliver any information under the Facility Agreement to the Facility Agent by posting it on to an electronic website if:

(i) it maintains or has access to an electronic website for this purpose and provides the Facility Agent with the details and password to access the website and the information; and

(ii) the information posted is in a format required by this Agreement or is otherwise agreed between each Obligor and the Facility Agent (whose approval shall not be unreasonably withheld or delayed).

The Facility Agent must supply each relevant Lender with the address of and password for the website.

(B) Notwithstanding the above, the Company must supply to the Facility Agent within 10 Business Days of request, in paper form a copy of any information posted on the website together with sufficient copies for any Lender, if that Lender so requests.

(C) Each Obligor must, promptly upon becoming aware of its occurrence, notify the Facility Agent if:

(i) the website cannot be accessed;

(ii) the website or any information on the website is infected by any electronic virus or similar software;

(iii) the password for the website is changed; or

(iv) any information to be supplied under the Facility Agreement is posted on the website or amended after being posted.

If the circumstances in sub-paragraph (C)(i) or (ii) above occur, an Obligor must supply any information required under this Agreement in paper form until the circumstances giving rise to the notification are no longer continuing and the information can be provided in accordance with paragraph (A) above.

PART 7
GUARANTEE

16. GUARANTEE AND INDEMNITY

16.1 Guarantee and indemnity

Subject to clause 16.5 (*Limitation on liability*), each Guarantor irrevocably and unconditionally jointly and severally:

(A) guarantees to each Finance Party punctual performance by each Borrower of all that Borrower's obligations under the Finance Documents;

(B) undertakes with each Finance Party that whenever a Borrower does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and

(C) indemnifies each Finance Party immediately on demand against any cost, loss or liability suffered by that Finance Party if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which that Finance Party would otherwise have been entitled to recover.

16.2 Continuing guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

16.3 Reinstatement

If any payment by an Obligor or any discharge given by a Finance Party (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is avoided or reduced as a result of insolvency or any similar event:

(A) the liability of each Obligor shall continue as if the payment, discharge, avoidance or reduction had not occurred; and

(B) each Finance Party shall be entitled to recover the value or amount of that security or payment from each Obligor, as if the payment, discharge, avoidance or reduction had not occurred.

16.4 Waiver of defences

The obligations of each Guarantor under this clause 16 will not be affected by an act, omission, matter or thing which, but for this clause, would reduce, release or prejudice any of its obligations under this clause 16 (without limitation and whether or not known to it or any Finance Party) including:

(A) any time, waiver or consent granted to, or composition with, any Obligor or other person;

(B) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;

(C) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

(D) any incapacity or lack of power, authority or legal personality or dissolution or change in the members or status of an Obligor or any other person;

(E) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Finance Document or any other document or security including without limitation any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Finance Document or other document or security;

(F) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or

(G) any insolvency or similar proceedings.

16.5 Limitation on liability

No Guarantor shall have any liability under this clause 16 nor shall any Guarantor otherwise be required to make any payment to any Finance Party or to any trustee or agent on its behalf in respect of any liability of the Borrower which may, at that time, be satisfied by amounts standing to the credit of the LC Cash Collateral Accounts. Subject to the foregoing, each Guarantor waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person claiming from that Guarantor under this clause 16. This waiver applies, subject to the foregoing, irrespective of any law or any provision of a Finance Document to the contrary.

16.6 Appropriations

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may:

(A) subject to clause 6.9 (*Claims under a Letter of Credit*), refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether

against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and

(B) hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of any Guarantor's liability under this clause 16.

16.7 Deferral of Guarantors' rights

(A) Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and unless the Facility Agent otherwise directs, no Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents:

(i) to be indemnified by an Obligor;

(ii) to claim any contribution from any other guarantor of any Obligor's obligations under the Finance Documents; and/or

(iii) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party.

(B) If a Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Finance Parties by the Obligors under or in connection with the Finance Documents to be repaid in full on trust for the Finance Parties and shall promptly pay or transfer the same to the Agent or as the Agent may direct for application in accordance with clause 27 (*Payment Mechanics*) of this Agreement.

16.8 Additional security

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Finance Party.

PART 8
REPRESENTATIONS, COVENANTS, EVENTS OF DEFAULT

17. REPRESENTATIONS

Each Obligor makes the representations and warranties set out in this clause to each Finance Party and acknowledges that each Finance Party has entered into the Finance Documents in full reliance on those representations and warranties.

17.1 Status

(A) It is a limited liability or, as the case may be, an exempted company, duly incorporated and validly existing under the laws of its jurisdiction of incorporation.

(B) It has the power to own its assets and carry on its business as it is being conducted.

17.2 Legal validity

Each Finance Document to which it is a party constitutes, or will constitute when executed, its valid, legally binding and enforceable obligations in accordance with its terms (subject to any limitation on enforcement under law or general principles of equity or qualifications which are specifically set out in any legal opinion delivered as a Condition Precedent) and that, so far as it is aware having made all due and careful enquiries, each Finance Document is in full force and effect.

17.3 Non-conflict

The entry into and performance by it of, and the transactions contemplated by, the Finance Documents to which it is a party do not conflict with:

(A) any applicable law or regulation;

(B) its constitutional documents; or

(C) any agreement binding upon it,

to the extent which has, or could reasonably be expected to have, a Material Adverse Effect.

17.4 Powers and authority

It has (or had at the relevant time) the power and authority to execute and deliver the Finance Documents to which it is a party and it has the power and authority to perform its obligations under the Finance Documents to which it is a party and the transactions contemplated thereby.

17.5 Authorisations

All Required Approvals (except to the extent already provided as a Condition Precedent, or where required by any Authority in respect of any Security Interest granted (or to be granted) under the Security Documents) have been obtained or effected and are in full force and effect (where a failure to do so has or could reasonably be expected to have a Material Adverse Effect).

17.6 Stamp and registration duties

Except for registration fees, if any, payable in relation to the Charge, there is no stamp or registration duty or similar Tax or charge in respect of any Finance Document, which has not been made or paid within applicable time periods (where a failure to do so has, or could reasonably be expected to have, a Material Adverse Effect).

17.7 No Default

No Default has occurred and is outstanding.

17.8 Financial statements and other factual information

(A) The most recent audited financial statements and interim financial statements delivered to the Facility Agent in accordance with clause 15.2 (*Financial statements*):

(i) have been prepared in accordance with the Approved Accounting Principles (if relevant); and

(ii) (if audited) give a true and fair view of, or (if unaudited) fairly represent, its financial condition for the relevant period.

(B) All factual information provided by or under the express direction of the Borrower to the Finance Parties in connection with the Facility was believed by the Borrower at the time it was so provided to be true in all material respects.

17.9 Proceedings pending or threatened

Except as disclosed to the Facility Agent in writing prior to the Signing Date, no litigation, arbitration or administrative proceeding is pending or threatened which could reasonably be expected to be adversely determined against it and which, if so determined, has, or could reasonably be expected to have, a Material Adverse Effect.

17.10 Breach of laws

(A) It has not breached any law or regulation which has, or could reasonably be expected to have, a Material Adverse Effect.

(B) It is in compliance with all environmental laws, a breach of which could reasonably be expected to give rise to a liability on it which has, or could

reasonably be expected to have, a Material Adverse Effect and, so far as it is aware having made due and careful enquiry, there is no environmental claim outstanding against it which, if adversely determined, would give rise to a liability on it which has, or could reasonably be expected to have, a Material Adverse Effect.

17.11 Ranking of security

Subject to any limitations on enforcement under law or general principles of equity or qualifications set out in any legal opinion delivered as a Condition Precedent, each Security Document when executed confers the Security Interests it purports to confer over the assets referred to in that document and those assets are not subject to any other Security Interest.

17.12 Pari passu ranking

Its payment obligations under the Finance Documents rank at least *pari passu* with all its other present unsecured obligations, except for obligations mandatorily preferred by law applying to companies generally.

17.13 No immunity

In any proceedings taken in any relevant jurisdiction in relation to the Finance Documents (or any of them), it shall not be entitled to claim for itself or any of its assets immunity from suit, execution or attachment or other legal process.

17.14 Ownership of Obligors

(A) The Guarantor beneficially owns, indirectly, all of the issued share capital of the Company.

(B) The issued share capital of the Company is fully paid up and, to the extent applicable, beneficially owned by the Guarantor, free of all encumbrances or other third party rights.

17.15 OFAC

Each Obligor represents that neither it nor any of its subsidiaries or, to its knowledge, any director, officer, employee, agent or representative of it or any of its subsidiaries is an individual or entity ("**Person**") currently the subject of any sanctions administered or enforced by the United States Government, including, without limitation, the U.S. Department of Treasury's Office of Foreign Assets Control, the United Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority (collectively, "**Sanctions**"), nor is it or any of its subsidiaries located, organised or resident in a country or territory that is the subject of Sanctions.

17.16 Times for making representations

(A) The representations set out in this clause 17 (other than the representations in clauses 17.4 (*Powers and authority*) and 17.5 (*Authorisations*)) are made by each Obligor on the date of this Agreement. The representation in clause 17.4 (*Powers and authority*) will be made as at the time that the power or authority is exercised only. Each Repeating Representation is deemed to be repeated by each Obligor on the date of each Utilisation Request, each Utilisation Date and any date when the Letter of Credit Fee is paid by the Borrower.

(B) When a representation is repeated, it is applied to the facts and circumstances existing at the time of repetition.

18. FINANCIAL COVENANTS

18.1 Debt cover ratio

The Company undertakes that on each Calculation Date the ratio of Consolidated Total Net Borrowings to EBITDAX of the Group for the Measurement Period shall be less than or equal to 3.50 : 1.00.

18.2 Interest cover ratio

The Company undertakes that on each Calculation Date the ratio of EBITDAX of the Group to the Net Interest Payable of the Group for the Measurement Period shall be greater than or equal to 2.25 : 1.00.

18.3 Calculation of ratios on Calculation Date

(A) The Company will give written notice to the Facility Agent of the anticipated occurrence of any Calculation Date together with pro forma calculations of the ratio of Consolidated Total Net Borrowings to EBITDAX of the Group and EBITDAX of the Group to the Net Interest Payable of the Group for the relevant Measurement Period.

(B) The pro forma calculations referred to in paragraph (A) above will:

(i) incorporate all debt and interest of the Group, ignoring any debt that must be mandatorily prepaid as a result of the relevant Calculation Trigger Event (and also ignoring any related interest) and including any debt envisaged to be incurred (and including any interest that would have been payable had that debt been incurred at the beginning of the relevant Measurement Period) by the Group pursuant to the relevant Calculation Trigger Event as though that debt had been incurred at the beginning of the relevant Measurement Period; and.

(ii) ignore, in instances where the relevant Calculation Trigger Event is a Ghana Petroleum Agreement Small Sale Event, the Ghana Petroleum Agreement Small Sale Percentage Reduction and any amounts payable

to the Group in connection with a Ghana Petroleum Agreement Small Sale Event.

(C) The Company may only proceed with a Calculation Trigger Event which is listed in paragraph (B)(iv) or (B)(v) of the definition of Calculation Date if the pro forma calculations referred to in paragraph (A) above show that the financial covenants in clause 18.1 (*Debt cover ratio*) and in clause 18.2 (*Interest cover ratio*) would be met for the relevant Measurement Period, or otherwise only with the consent of the Majority Lenders.

(D) The Company may only proceed with a Calculation Trigger Event which is listed in paragraph (B)(i), (B)(ii) or (B)(iii) of the definition of Calculation Date in clause 1.1 (*Definitions*) if the pro forma calculations referred to in paragraph (A) above show that the financial covenants in clause 18.1 (*Debt cover ratio*) and in clause 18.2 (*Interest cover ratio*) would be met for the relevant Measurement Period, or otherwise only with the consent of each Lender.

19. GENERAL UNDERTAKINGS

The undertakings in this clause shall remain in force from the date of this Agreement until the Discharge Date.

19.1 Corporate existence

Each Obligor shall maintain its corporate existence.

19.2 Authorisations

Each Obligor shall promptly obtain and comply with Required Approvals where a failure to do so would have a Material Adverse Effect.

19.3 Compliance with laws

Each Obligor shall comply with all laws and regulations (including compliance with environmental laws, permits and licences) applicable to it where failure to do so would have a Material Adverse Effect.

19.4 Pari passu ranking

Each Obligor shall ensure that at all times its payment obligations to the Finance Parties under the Finance Documents rank at least *pari passu* as to priority of payment with all its other present and future unsecured and unsubordinated Financial Indebtedness, except for claims mandatorily preferred by operation of law applying generally.

19.5 Security

Each Obligor shall undertake all actions reasonably necessary (including the making or delivery of filings and payment of fees) to maintain the Security Interests under the

Security Documents to which it is party in full force and effect (including the priority thereof).

19.6 Change of business

KEL shall procure that no substantial change is made to the general nature of the business of the Obligors or the Group taken as a whole from that carried on by the Group as at the date of this Agreement.

19.7 Disposals

Each Obligor shall not, either in a single transaction or in a series of transactions and whether related or not, dispose of all or a material part of its assets.

19.8 Mergers

No Obligor may enter into any amalgamation, consolidation, demerger, merger or reconstruction or winding-up without the consent of the Majority Lenders, except on a solvent basis and in circumstances where the Obligor remains the legal entity following such amalgamation, consolidation, demerger, merger or reconstruction or winding-up.

19.9 Tax affairs

Each Obligor must promptly file all tax returns required by law within the requisite time limits except to the extent contested in good faith and subject to adequate reserve or provision.

19.10 Distributions

(A) Each Obligor may make, declare or pay a Shareholder Distribution, subject to there being no Default or Event of Default outstanding and provided that no Default or Event of Default would occur by making such Shareholder Distribution.

(B) For the avoidance of doubt, nothing in paragraph (A) above shall restrict an Obligor from making a Shareholder Distribution at any time (including at a time when a Default or an Event of Default is continuing) to the extent that the payment of such Shareholder Distribution is mandatory under the rules of any Stock Exchange.

19.11 OFAC

Each Obligor represents and covenants that neither it nor any of its subsidiaries will, directly or, to such Obligor's knowledge, indirectly, use the proceeds of the Facility, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, to fund any activities of or business with any Person, or in any country or territory, that, at the time of such funding, is the subject of Sanctions, or in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as underwriter, adviser, investor or otherwise) of

Sanctions. Furthermore, each Obligor represents and covenants that it and each of its subsidiaries is in compliance with Council Regulation (EU) No 961/2010 of 25 October 2010 on restrictive measures against Iran and repealing Regulation (EC) No 423/2007.

19.12 Restricted Entity

The Borrower undertakes that it shall not nominate as a Beneficiary any person currently the subject of Sanctions, or located, organised or resident in a country or territory that is the subject of Sanctions.

19.13 Insurance

The Obligors shall maintain insurances, with reputable independent insurance companies or underwriters **,** on and in relation to their respective business and assets against those risks and to the extent as is usual for companies carrying on the same or substantially similar business.

19.14 Constitutional documents

Each Obligor shall notify the Facility Agent of any amendment to any of its constitutional documents in a manner that has, or could reasonably be expected to have, a Material Adverse Effect.

20. EVENTS OF DEFAULT

Subject to the following, each of the events or circumstances set out in this clause is an Event of Default unless otherwise stated. Notwithstanding any other provision of any Finance Document:

(A) no Event of Default will or may occur under this Agreement or be continuing where (and for so long as) Cash Collateral has been deposited into the LC Cash Collateral Accounts which is at least equal to 100 per cent. of the aggregate face value of all outstanding Letters of Credit; and

(B) any Event of Default which has occurred will be fully and effectively remedied and shall be deemed not to be continuing if and when Cash Collateral which is at least equal to 100 per cent. of the aggregate face value of all outstanding Letters of Credit is deposited into the LC Cash Collateral Accounts.

20.2 Non-payment

An Obligor does not pay any amount payable by it to any Finance Party (or to the Facility Agent for its own account) under the Finance Documents in the manner and on the date required under the Finance Documents within five Business Days of its due date.

20.3 Breach of financial covenant

The Borrower does not comply with the provisions of the Financial Covenants, provided that where the debt cover ratio or interest cover ratio has been breached, the Borrower shall have 45 days within which to remedy any breach of the relevant financial covenant by means of a prepayment and/or a cancellation of the Facility where any prepayment is funded by the provision of Additional Debt subordinated on terms acceptable to the Majority Lenders (acting reasonably), or by the contribution of equity to the capital of the Borrower or by taking such other remedial action as may be approved by the Majority Lenders provided always that the Borrower shall be entitled to remedy any such breach not more than twice in total and not more than once in any 12-month period.

20.4 Breach of other obligations

An Obligor does not comply with any other provision of the Finance Documents to which it is a party (other than in respect of non-payment or breach of a Financial Covenant), unless the non-compliance is:

(A) capable of remedy; and

(B) remedied within 30 days of the earlier of the Facility Agent giving notice or the Obligor becoming aware of the non-compliance.

20.5 Misrepresentation

Any representation or statement made or deemed to be made by an Obligor in the Finance Documents is or proves to have been incorrect or misleading in any material respect when made or deemed to be made (or, in the case of a representation or statement that contains a materiality concept, is or proves to have been incorrect or misleading in any respect when made or deemed to be made), unless the misrepresentation is:

(A) capable of remedy; and

(B) remedied within 30 days of the earlier of the Facility Agent giving notice or the relevant Obligor becoming aware of the misrepresentation.

20.6 Cross-default

(A) Any Financial Indebtedness of any Obligor is not paid when due nor within any applicable grace period.

(B) Any Financial Indebtedness of any Obligor is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described) and such amount is not paid when due.

(C) Notwithstanding paragraphs (A) and (B) above, no Event of Default will occur under this clause if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness is less than USD 100 million (or its

equivalent in any other currency or currencies) or if the relevant event or default has been waived, or if such event or default is caused by a Disruption Event, provided that, in the case of a Disruption Event the requisite payment is made within five Business Days.

20.7 Insolvency

Any of the following occurs in respect of an Obligor:

(A) it is, or is deemed for the purposes of any law to be, unable to, or admits its inability to, pay its debts as they fall due or is or becomes insolvent or a moratorium is declared in relation to its indebtedness generally; or

(B) it stops or suspends or threatens to suspend, or announces an intention to stop or suspend making payment of all or any class of its debts as they fall due in default of the obligation to make the relevant payment.

20.8 Insolvency proceedings

(A) Except as provided in paragraph (B) below, any of the following occurs in respect of an Obligor:

(i) a written resolution is passed or a resolution is passed at a meeting of its shareholders, directors or other officers to petition for or to file documents with a court or any registrar for its winding-up, administration or dissolution;

(ii) any person presents a petition, or files documents with a court or any registrar for its winding-up, administration or dissolution;

(iii) an order for its winding-up, administration or dissolution is made;

(iv) any liquidator, provisional liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or similar officer is appointed in respect of it or any material part of its assets;

(v) a moratorium is declared in relation to the indebtedness of an Obligor;

(vi) its shareholders, directors or other officers request the appointment of, or give notice of their intention to appoint a liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, provisional liquidator, receiver, administrative receiver, administrator or similar officer;

(vii) any composition, compromise, assignment or arrangement is made with any of its creditors; or

(viii) any other analogous step or procedure is taken in any jurisdiction.

(B) Paragraph (A) does not apply to:

(i) any step or procedure which is part of a re-organisation of an Obligor on a solvent basis with the consent of the Majority Lenders (acting reasonably); or

(ii) an IPO Reorganisation; or

(iii) in the case of sub-paragraph (ii) or (iv) (or any step or procedure under sub-paragraph (vi) that is analogous to sub-paragraph (ii) or (iv)), if the relevant step, petition or filing is made by a person other than an Obligor, shareholder or their respective officers or directors and the relevant Obligor is taking steps in good faith and with due diligence for such proceedings or action to be stayed, discontinued, revoked or set aside and the same is stayed, discontinued, revoked or set aside within a period of 60 days; or

(iv) any Enforcement Action that applies to assets having an aggregate value of less than USD 100 million.

20.9 Creditors' process

Any attachment, sequestration, distress, execution or analogous event affects any asset(s) of an Obligor, having an aggregate value of at least USD 15 million, and is not discharged within 45 days.

20.10 Unlawfulness and invalidity of the Finance Documents

If all or any part of a Finance Document is not, or ceases to be, a legal, valid, binding and enforceable obligation of an Obligor, and:

(A) the Company fails, within 30 days of becoming aware of the matter, to procure the execution of a substitute agreement or agreements on substantially the same terms and with a commercially qualified party or parties acceptable to the Majority Lenders (acting reasonably); or

(B) the matter is not otherwise remedied within 30 days of an Obligor becoming aware of the matter.

20.11 Cessation of business

An Obligor ceases, or threatens to cease, all or a substantial part of its business (as carried on at the date of this Agreement).

20.12 Repudiation of Finance Documents

Any Finance Document is repudiated or rescinded by an Obligor.

20.13 Material litigation

Any material litigation, arbitration or administrative proceedings are commenced, threatened or pending against an Obligor which could reasonably be expected to be adversely determined against it and which, if so determined, has, or would have, a Material Adverse Effect.

20.14 Material Adverse Effect

Any event which, in the opinion of the Majority Lenders (acting reasonably), has a Material Adverse Effect but only following consultation between the Facility Agent and the Company over a period of not less than 30 days with a view to agreeing steps of mitigation (each Party acting reasonably with a view to appropriate remedial action being taken).

20.15 Acceleration

On and at any time after the occurrence of an Event of Default which is continuing, the Facility Agent may, and shall if so directed by the Majority Lenders, by notice to the Borrower:

(A) cancel the Total Commitments whereupon they shall immediately be cancelled;

(B) declare that all accrued fees, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable (as applicable);

(C) require the Borrower to provide 100% Cash Collateral to the relevant LC Issuing Bank in respect of any outstanding uncollateralised liabilities under each Letter of Credit; and/or

(D) exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers or discretions under any of the Finance Documents.

20.16 Notification of Event of Default

The Facility Agent shall notify the Security Agent of the occurrence of any Event of Default.

20.17 Lender's Termination

(A) On the occurrence of an event or circumstance set out in clause 20 which, but for the operation of clause 20(A) and/or 20(B) would be an Event of Default, and which continues for an uninterrupted period until the date which is at least 90 days after the Borrower first received notice or became aware of the event or circumstance in question (such date being the " **Suspension Period End Date**"), the Facility Agent may, on any date selected by it falling after the Suspension Period End Date (provided that on such selected date the event or circumstance in question is still continuing) provide written notice of the revised Termination Date for the Facility (the " **Revised Termination Date**"), which

written notice shall be delivered to the Borrower in accordance with the terms of this Agreement no later than five Business Days prior to such Revised Termination Date.

(B) During the period beginning on the date upon which the Borrower first receives notice or becomes aware of an event or circumstance which, but for the operation of clause 20(A) and/or 20(B) would be an Event of Default, and ending on the Suspension Period End Date relating to that event or circumstance, the Borrower, the LC Issuing Bank and the Facility Agent shall negotiate in good faith with a view to resolving the cause of the event or circumstance in question.

PART 9
CHANGES TO LENDERS AND OBLIGORS AND ROLES

21. CHANGES TO THE LENDERS

21.1 Assignments and transfers and changes in Facility Office by the Lenders

Subject to this clause and to clause 21.2 (*Transfer of LC Issuing Bank role*), a Lender (the "**Existing Lender**") may:

(A)

(i) assign any of its rights; or

(ii) transfer by novation any of its rights and obligations,

to an Affiliate, another Lender, an Affiliate of another Lender or a Qualifying Bank, another bank or financial institution or to a trust or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets or such other institution as the Borrower may agree in writing (the " **New Lender**"), or

(B) change its Facility Office.

21.2 Transfer of LC Issuing Bank role

The Original Lender, who at the Signing Date holds the role of LC Issuing Bank, may not, without the prior written consent of the Borrower, assign, novate or otherwise transfer its rights or obligations as LC Issuing Bank.

21.3 Conditions of assignment and transfer or change in Facility Office

(A) The consent of the Company is required for an assignment or transfer by an Existing Lender, unless the assignment or transfer is (i) to, or in favour of, another Lender, an Affiliate of a Lender or a Qualifying Bank, or (ii) made at a time when an Event of Default is continuing.

(B) The consent of the Company is required for a change in Facility Office to a different jurisdiction. In the case of a change of Facility Office for which the Company's consent is not required, the Lender must notify the Company of the new Facility Office promptly on the change taking effect.

(C) The consent of the Company to an assignment or transfer or change in Facility Office must not be unreasonably withheld or delayed (and will be deemed to have been given five Business Days after the relevant Lender has requested it unless consent is expressly refused by the Company within that time).

(D) An assignment will only be effective on:

(i) receipt by the Facility Agent of written confirmation from the New Lender (in form and substance satisfactory to the Facility Agent) that the New Lender will assume the same obligations to the other Finance Parties as it would have been under if it was an Original Lender; and

(ii) the New Lender entering into the documentation required for it to accede as a party to the relevant Finance Documents.

(E) A transfer will only be effective if the procedure set out in clause 21.6 (*Procedure for transfer*) is complied with.

(F) If:

(i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and

(ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, an Obligor would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under clause 11 (*Tax Gross-Up and Indemnities*) or clause 12 (*Increased costs*),

then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under those clauses to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred.

(G) Each New Lender, by executing the relevant Transfer Certificate confirms, for the avoidance of doubt, that the Facility Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with the Finance Documents on or prior to the date on which the transfer or assignment becomes effective in accordance with this Agreement.

(H) Any assignment or transfer of part of the Existing Lender's rights and/or obligations must be a minimum of USD 5 million (or, if less, the entire Commitment of the Existing Lender) and must not result in the Existing Lender retaining less than USD 5 million, unless the assignment or transfer is made at a time when an Event of Default is continuing.

21.4 Assignment or transfer fee

The New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Facility Agent (for its own account) a fee of USD 2,500.

21.5 Limitation of responsibility of Existing Lenders

(A) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:

(i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents or any other documents;

(ii) the financial condition of any Obligor;

(iii) the performance and observance by any Obligor of its obligations under the Finance Documents or any other documents; or

(iv) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,

and any representations or warranties implied by law are excluded.

(B) Each New Lender confirms to the Existing Lender and the other Finance Parties that it:

(i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in the Facility and has not relied exclusively on any information provided to it by the Existing Lender in connection with any Finance Document; and

(ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.

(C) Nothing in any Finance Document obliges an Existing Lender to:

(i) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this clause; or

(ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under the Finance Documents or otherwise.

21.6 Procedure for transfer

(A) Subject to the conditions set out in clause 21.3 (*Conditions of assignment and transfer or change in Facility Office*) a transfer is effected in accordance with paragraph (B) below when the Facility Agent executes an otherwise duly completed Transfer Certificate and Lender Accession Notice delivered to it by the Existing Lender and the New Lender. The Facility Agent shall, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate and Lender Accession Notice appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate and Lender Accession Notice on behalf of the other Finance Parties and the Obligors as well as itself, and notify the Company of the date of the transfer and name of the New Lender. Each Finance Party

and each Obligor irrevocably authorises the Facility Agent to sign such a Transfer Certificate and Lender Accession Notice on its behalf.

(B) On the Transfer Date:

(i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents, each of the Obligors and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and their respective rights against one another under the Finance Documents shall be cancelled (being the "**Discharged Rights and Obligations**");

(ii) each of the Obligors and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor and the New Lender have assumed and/or acquired the same in place of that Obligor and the Existing Lender;

(iii) the Facility Agent, the New Lender and the other Finance Parties shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had the New Lender been an Original Lender with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent such Finance Parties and the Existing Lender shall each be released from further obligations to each other under the Finance Documents; and

(iv) the New Lender shall become a Party as a "**Lender**".

21.7 Copy of Transfer Certificate and Lender Accession Notice to Borrower

The Facility Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate and Lender Accession Notice, send to the Company a copy of that Transfer Certificate and Lender Accession Notice.

21.8 Disclosure of information

Any Lender, its officers and agents may disclose to any of its Affiliates (including its head office, representative and branch offices in any jurisdiction) (each a "**Permitted Party**") and:

(A) to any person (or through) whom that Lender assigns or transfers (or may potentially assign or transfer) all or any of its rights and obligations under this Agreement (or any adviser on a need-to-know basis advising such person on any of the foregoing);

(B) to a professional adviser or a service provider of the Permitted Parties on a need-to-know basis advising such person on the rights and obligations under

the Finance Documents or to an auditor of any Permitted Party on a need-to-know basis;

(C) with (or through) whom that Lender enters into (or may potentially enter into) any sub-participation in relation to, or any other transaction under which payments are to be made by reference to, this Agreement or any Obligor (or any adviser of any of the foregoing on a need-to-know basis advising such person on the rights and obligations under the Finance Documents);

(D) to any rating agency (provided only general terms are disclosed in relation to the rating of a portfolio of assets), insurer or insurance broker, a direct or indirect provider of credit protection in respect of the Lender's participation in the Facility only on a need-to know-basis;

(E) to any court or tribunal or regulatory, supervisory, governmental or quasi-governmental authority with jurisdiction over the Permitted Parties who requires disclosure of that information (where the Permitted Party has a legal obligation to provide that information or, if not, is customarily obligated or required to comply with such requirement);

(F) to whom, and to the extent that, information is required to be disclosed by any applicable law or regulation; or

(G) to any person who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in paragraph (A) or (C) above,

any information about any Obligor, the Group and the Finance Documents as that Lender shall consider appropriate if, in relation to paragraphs (A) to (C) above, the person to whom the information is to be given has entered into a Confidentiality Undertaking (unless such person is already subject to professional confidentiality requirements which are no less stringent than those which are set out in a Confidentiality Undertaking) and provided that it shall itself ensure that all such information is kept confidential and is protected with security measures and a degree of care that would apply to its own confidential information.

21.9 Security over Lenders' rights

In addition to the other rights provided to Lenders under this clause 21, each Lender may without consulting with or obtaining consent from any Obligor, at any time charge, assign or otherwise create any Security Interest in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

(A) any charge, assignment or other Security Interest to secure obligations to a federal reserve or central bank; and

(B) in the case of any Lender which is a fund, any charge, assignment or other Security Interest granted to any holders (or trustee or representatives of

holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,

except that no such charge, assignment or Security Interest shall:

(i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security Interest for the Lender as a party to any of the Finance Documents; or

(ii) require any payments to be made by an Obligor other than or in excess of, or grant to any person any more extensive rights than, those required to be made or granted to the relevant Lender under the Finance Documents.

22. CHANGES TO THE OBLIGORS

22.1 Assignments and transfers by Obligors

No Obligor may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

22.2 Additional Guarantor

(A) Subject to compliance with the provisions of paragraphs (C) and (D) of clause 15.8 (*"Know your customer" and "customer due diligence" requirements*), the Borrower may request that any member of the Group becomes an Additional Guarantor. That Group member shall become an Additional Guarantor if:

(i) the Company delivers to the Facility Agent an Accession Letter duly completed and executed by that Additional Guarantor and the Company; and

(ii) the Facility Agent has received all of the documents and other evidence listed in Part II of Schedule 2 (*Conditions Precedent*) in relation to that Additional Guarantor, each in form and substance satisfactory to the Facility Agent.

(B) The Facility Agent shall notify the Company and the Lenders promptly upon being satisfied (acting reasonably) that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in Part II of Schedule 2 (*Conditions Precedent*).

23. ROLE OF THE FACILITY AGENT AND THE ARRANGER

23.1 Appointment of the Facility Agent

(A) Each Finance Party (other than the Facility Agent) appoints the Facility Agent to act in that capacity under and in connection with the Finance Documents.

(B) Each other Finance Party authorises the Facility Agent to exercise the rights, powers, authorities and discretions specifically given to it under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

23.2 Duties of the Facility Agent

(A) The Facility Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Facility Agent for that Party by any other Party.

(B) Except where a Finance Document specifically provides otherwise, the Facility Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

(C) If the Facility Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the Finance Parties.

(D) If the Facility Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than to an Agent) under this Agreement, it shall promptly notify the other Finance Parties.

(E) The Facility Agent's duties under the Finance Documents are solely mechanical and administrative in nature.

23.3 No fiduciary duties

(A) Except as specifically provided in the Finance Documents, nothing in this Agreement constitutes the Facility Agent as a trustee or fiduciary of any other person.

(B) The Facility Agent shall not be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

23.4 Business with the Group

The Facility Agent may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Group.

23.5 Rights and discretions of the Facility Agent

(A) The Facility Agent may rely on:

(i) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and

(ii) any statement made by a director, Authorised Signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.

(B) The Facility Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders) that:

(i) no Default has occurred (unless it has actual knowledge of a Default arising under clause 20.2 (*Non-payment*));

(ii) any right, power, authority or discretion vested in any Party or the Lenders (or any consistent majority of Lenders) has not been exercised; and

(iii) any notice or request made by the Company (other than a Utilisation Request) is made on behalf of and with the consent and knowledge of all the Obligors.

(C) The Facility Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.

(D) The Facility Agent may act in relation to the Finance Documents through its personnel and agents.

(E) The Facility Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.

(F) Notwithstanding any other provision of any Finance Document to the contrary, the Facility Agent is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

23.6 Lenders' instructions

(A) Unless a contrary indication appears in a Finance Document, the Facility Agent shall (i) exercise any right, power, authority or discretion vested in it as Facility Agent in accordance with any instructions given to it by the Lenders in accordance with this Agreement (or, if so instructed, refrain from exercising any right, power, authority or discretion vested in it as Facility Agent) and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with such instructions.

(B) The Facility Agent may refrain from acting in accordance with instructions given to it by the Lenders in accordance with this Agreement until it has received such security as it may require for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.

(C) In the absence of instructions in accordance with this Agreement the Facility Agent may act (or refrain from taking action) as it considers to be in the best interest of the Lenders.

(D) The Facility Agent is not authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Finance Document.

23.7 Responsibility for documentation

The Facility Agent:

(A) is not responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Facility Agent, an Obligor or any other person given in or in connection with any Finance Document; or

(B) is not responsible for the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Finance Document.

23.8 Exclusion of liability

(A) Without limiting paragraph (B) below (and without prejudice to the provisions of paragraph (E) of clause 27.9 (*Disruption to Payment Systems etc.*), the Facility Agent shall not be liable (including, without limitation, for negligence or any other category of liability whatsoever) for any action taken by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct.

(B) No Party (other than the Facility Agent) may take any proceedings against any officer, employee or agent of the Facility Agent in respect of any claim it might have against it or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document and any officer, employee or agent of the Facility Agent may rely on this clause.

(C) The Facility Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by it if the Facility Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by it for that purpose.

23.9 Lenders' indemnity to the Facility Agent

Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the Facility Agent within three Business Days of demand, against any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by it (otherwise than by reason of the Facility Agent's gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to clause 27.9 (*Disruption to Payment Systems etc.*) notwithstanding the Facility Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Facility Agent) in acting as Facility Agent under the Finance Documents (unless the Facility Agent has been reimbursed by an Obligor pursuant to a Finance Document).

23.10 Resignation of the Facility Agent

(A) The Facility Agent may resign and appoint one of its Affiliates acting through an office in the United Kingdom as successor by giving notice to the other Finance Parties and the Company.

(B) Alternatively, the Facility Agent may resign by giving notice to the other Finance Parties and the Company, in which case the Majority Lenders may appoint a successor Facility Agent.

(C) If the Majority Lenders have not appointed a successor Facility Agent in accordance with paragraph (B) above within 30 days after notice of resignation was given, the Facility Agent may (with the prior written consent of the Company) appoint a successor Facility Agent (acting through an office in the United Kingdom).

(D) The retiring Facility Agent shall, at its own cost, make available to the successor Facility Agent such documents and records and provide such assistance as the successor Facility Agent may reasonably request for the purposes of performing its functions as Facility Agent under the Finance Documents. This obligation shall not apply in the event the Facility Agent is required to resign pursuant to paragraph (G) below.

(E) The Facility Agent's resignation notice shall only take effect upon the appointment of a successor.

(F) Upon the appointment of a successor, a retiring Facility Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this clause 23.10. Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

(G) After consultation with the Company, the Majority Lenders may, by notice to the Facility Agent, require it to resign in accordance with paragraph (B) above.

23.11 Replacement of Administrative parties

(A) If:

(i) in relation to the Facility Agent (or its holding company), clause 20.7 (*Insolvency*) or clause 20.8 (*Insolvency proceedings*) (disregarding paragraph (B) of that clause) applies or has occurred; or

(ii) if the Facility Agent or any of its Affiliates repudiates its obligations under the Facility or (in its capacity as Lender) becomes a Non-Funding Lender,

the Company shall be entitled to request that Majority Lenders appoint within 10 Business Days either a co-Facility Agent or a replacement Facility Agent from one of their number or (subject to reasonable consultation with the Company), from outside the Lender group.

(B) The Facility Agent to which either of the circumstances described in (A)(i) or (A)(ii) above applies (an " **Affected Facility Agent**") shall cease to be entitled to fees in respect of its role upon becoming an Affected Facility Agent.

(C) The Affected Facility Agent shall provide all assistance and documentation reasonably required to the Company and the other Lenders to enable the uninterrupted administration of the Facility. This shall include the provision to the Company on request and in any event, within five Business Days, of an up to date list of participants in the Facility including names and contact details.

23.12 Confidentiality

(A) In acting as agent for the Finance Parties, the Facility Agent shall be regarded as acting through its agency division performing the role which shall be treated as a separate entity from any other of its divisions or departments.

(B) If information is received by another division or department of the Facility Agent, it may be treated as confidential to that division or department and the Facility Agent shall not be deemed to have notice of it.

23.13 Facility Agent relationship with the Lenders

The Facility Agent may treat each Lender as a Lender, entitled to payments under this Agreement and acting through its Facility Office unless it has received not less than five Business Days' prior notice from that Lender to the contrary in accordance with the terms of this Agreement.

23.14 Credit appraisal by the Lenders

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Lender confirms to the Facility Agent that it has been, and will continue to be, solely responsible for making its own

independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

(A) the financial condition, status and nature of the Guarantor and each member of the Group;

(B) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;

(C) whether that Lender has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and

(D) the adequacy, accuracy and/or completeness of any information provided by the Facility Agent, any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document.

23.15 Deductions from amounts payable by Agents

If any Party owes an amount to the Facility Agent under the Finance Documents, the Facility Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Facility Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents, that Party shall be regarded as having received any amounts so deducted.

24. THE SECURITY AGENT

24.1 Trust

(A) The Security Agent declares that it shall hold the Secured Property on trust for the Secured Parties on the terms contained in this Agreement.

(B) Each of the Secured Parties to this Agreement agrees that the Security Agent shall have only those duties, obligations and responsibilities expressly specified in this Agreement or in the Security Documents to which the Security Agent is expressed to be a party (and no others shall be implied).

24.2 No independent power

The Secured Parties shall not have any independent power to enforce, or have recourse to, any of the Transaction Security or to exercise any rights or powers arising under the Security Documents except through the Security Agent.

24.3 Instructions to Security Agent and exercise of discretion

(A) Subject to paragraphs (D) and (E) below, the Security Agent shall act in accordance with any instructions given to it by the Majority Lenders or, if so instructed by the Majority Lenders, refrain from exercising any right, power, authority or discretion vested in it as Security Agent and shall be entitled to assume that (i) any instructions received by it from the Facility Agent or a group of Lenders are duly given in accordance with the terms of the Finance Documents and (ii) unless it has received actual notice of revocation, that those instructions or directions have not been revoked.

(B) The Security Agent shall be entitled to request instructions, or clarification of any direction, from the Majority Lenders as to whether, and in what manner, it should exercise or refrain from exercising any rights, powers, authorities and discretions and the Security Agent may refrain from acting unless and until those instructions or clarification are received by it.

(C) Any instructions given to the Security Agent by the Majority Lenders shall override any conflicting instructions given by any other Parties.

(D) Paragraph (A) above shall not apply:

(i) where a contrary indication appears in this Agreement;

(ii) where this Agreement requires the Security Agent to act in a specified manner or to take a specified action;

(iii) in respect of any provision which protects the Security Agent's own position in its personal capacity as opposed to its role of Security Agent for the Secured Parties.

(E) In exercising any discretion to exercise a right, power or authority under this Agreement where either:

(i) it has not received any instructions from the Majority Lenders as to the exercise of that discretion; or

(ii) the exercise of that discretion is subject to paragraph (D)(iii) above,

the Security Agent shall do so having regard to the interests of all the Secured Parties.

24.4 Security Agent's actions

Without prejudice to the provisions of clause 24.3 (*Instructions to Security Agent and exercise of discretion*), the Security Agent may (but shall not be obliged to), in the absence of any instructions to the contrary, take such action in the exercise of any of its powers and duties under the Finance Documents as it considers in its discretion to be appropriate.

24.5 Security Agent's discretions

The Security Agent may:

(A) assume (unless it has received actual notice to the contrary from the Facility Agent) that (i) no Default has occurred and no Obligor is in breach of or in default of its obligations under any of the Finance Documents and (ii) any right, power, authority or discretion vested by any Finance Document in any person has not been exercised;

(B) engage, pay for and rely on the advice or services of any legal advisers, accountants, tax advisers, surveyors or other experts (whether obtained by the Security Agent or by any other Secured Party) whose advice or services may at any time seem necessary, expedient or desirable;

(C) rely upon any communication or document believed by it to be genuine and, as to any matters of fact which might reasonably be expected to be within the knowledge of a Secured Party, any Lender or an Obligor, upon a certificate signed by or on behalf of that person; and

(D) refrain from acting in accordance with the instructions of any Secured Party (including bringing any legal action or proceeding arising out of or in connection with the Finance Documents) until it has received any indemnification and/or Security that it may in its discretion require (whether by way of payment in advance or otherwise) for all costs, losses and liabilities which it may incur in so acting.

24.6 Security Agent's obligations

The Security Agent shall promptly:

(A) copy to the Facility Agent the contents of any notice or document received by it from any Obligor under any Finance Document; and

(B) forward to a Secured Party the original or a copy of any document which is delivered to the Security Agent for that Secured Party by any other Party **provided that**, except where a Finance Document expressly provides otherwise, the Security Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

24.7 Excluded obligations

Notwithstanding anything to the contrary expressed or implied in the Finance Documents, the Security Agent shall not:

(A) be bound to enquire as to (i) whether or not any Default has occurred or (ii) the performance, default or any breach by an Obligor of its obligations under any of the Finance Documents;

(B) be bound to account to any other Party for any sum or the profit element of any sum received by it for its own account;

(C) be bound to disclose to any other person (including but not limited to any Secured Party) (i) any confidential information or (ii) any other information if disclosure would, or might in its reasonable opinion, constitute a breach of any law or be a breach of fiduciary duty; or

(D) have or be deemed to have any relationship of trust or agency with any Obligor.

24.8 Exclusion of liability

None of the Security Agent, any Receiver nor any Delegate shall accept responsibility or be liable for:

(A) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Security Agent or any other person in or in connection with any Finance Document or the transactions contemplated in the Finance Documents, or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;

(B) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document, the Secured Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Secured Property;

(C) any losses to any person or any liability arising as a result of taking or refraining from taking any action in relation to any of the Finance Documents, the Secured Property or otherwise, whether in accordance with an instruction from the Facility Agent or otherwise unless directly caused by its gross negligence or wilful misconduct;

(D) the exercise of, or the failure to exercise, any judgment, discretion or power given to it by or in connection with any of the Finance Documents, the Secured Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, the Finance Documents or the Secured Property; or

(E) any shortfall which arises on the enforcement or realisation of the Secured Property.

24.9 No proceedings

No Party (other than the Security Agent, that Receiver or that Delegate) may take any proceedings against any officer, employee or agent of the Security Agent, a Receiver or a Delegate in respect of any claim it might have against the Security Agent, a Receiver or a Delegate or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document or any Secured Property and any officer, employee or agent of the Security Agent, a Receiver or a Delegate may rely on this clause subject to the provisions of the Third Parties Rights Act.

24.10 Own responsibility

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Secured Party confirms to the Security Agent that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

(A) the financial condition, status and nature of each Obligor;

(B) the legality, validity, effectiveness, adequacy and enforceability of any Finance Document, the Secured Property and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Secured Property;

(C) whether that Secured Party has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the Secured Property, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Secured Property;

(D) the adequacy, accuracy and/or completeness of any information provided by the Security Agent or by any other person under or in connection with any Finance Document, the transactions contemplated by any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and

(E) the right or title of any person in or to, or the value or sufficiency of any part of the Charged Property, the priority of any of the Transaction Security or the existence of any Security affecting the Charged Property,

and each Secured Party warrants to the Security Agent that it has not relied on and will not at any time rely on the Security Agent in respect of any of these matters.

24.11 No responsibility to perfect Transaction Security

The Security Agent shall not be liable for any failure to:

(A) require the deposit with it of any deed or document certifying, representing or constituting the title of any Obligor to any of the Charged Property;

(B) obtain any licence, consent or other authority for the execution, delivery, legality, validity, enforceability or admissibility in evidence of any of the Finance Documents or the Transaction Security;

(C) register, file or record or otherwise protect any of the Transaction Security (or the priority of any of the Transaction Security) under any applicable laws in any jurisdiction or to give notice to any person of the execution of any of the Finance Documents or of the Transaction Security;

(D) take, or to require any of the Obligors to take, any steps to perfect its title to any of the Charged Property or to render the Transaction Security effective or to secure the creation of any ancillary Security under the laws of any jurisdiction; or

(E) require any further assurances in relation to any of the Security Documents.

24.12 Insurance by Security Agent

(A) The Security Agent shall not be under any obligation to insure any of the Charged Property, to require any other person to maintain any insurance or to verify any obligation to arrange or maintain insurance contained in the Finance Documents. The Security Agent shall not be responsible for any loss which may be suffered by any person as a result of the lack of or inadequacy of any such insurance.

(B) Where the Security Agent is named on any insurance policy as an insured party, it shall not be responsible for any loss which may be suffered by reason of, directly or indirectly, its failure to notify the insurers of any material fact relating to the risk assumed by such insurers or any other information of any kind, unless the Facility Agent shall have requested it to do so in writing and the Security Agent shall have failed to do so within 14 days after receipt of that request.

24.13 Custodians and nominees

The Security Agent may appoint and pay any person to act as a custodian or nominee on any terms in relation to any assets of the trust as the Security Agent may determine, including for the purpose of depositing with a custodian this Agreement or any document relating to the trust created under this Agreement and the Security Agent shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it under this Agreement or be bound to supervise the proceedings or acts of any person.

24.14 Acceptance of title

The Security Agent shall be entitled to accept without enquiry, and shall not be obliged to investigate, any right and title that any of the Obligors may have to any of the Charged Property and shall not be liable for or bound to require any Obligor or Group Company to remedy any defect in its right or title.

24.15 Refrain from illegality

Notwithstanding anything to the contrary expressed or implied in the Finance Documents, the Security Agent may refrain from doing anything which in its opinion will or may be contrary to any relevant law, directive or regulation of any jurisdiction and the Security Agent may do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.

24.16 Business with the Obligors

The Security Agent may accept deposits from, lend money to, and generally engage in any kind of banking or other business with any of the Obligors.

24.17 Winding up of trust

If the Security Agent, with the approval of the Facility Agent, determines that (a) all of the Liabilities and all other obligations secured by the Security Documents have been fully and finally discharged and (b) none of the Secured Parties is under any commitment, obligation or liability (actual or contingent) to make advances or provide other financial accommodation to any Obligor pursuant to the Finance Documents:

(A) the trusts set out in this Agreement shall be wound up and the Security Agent shall release, without recourse or warranty, all of the Transaction Security and the rights of the Security Agent under each of the Security Documents; and

(B) any Retiring Security Agent shall release, without recourse or warranty, all of its rights under each of the Security Documents.

24.18 Perpetuity period

The perpetuity period under the rule against perpetuities, if applicable to this Agreement, shall be the period of 125 years from the date of this Agreement.

24.19 Powers supplemental

The rights, powers and discretions conferred upon the Security Agent by this Agreement shall be supplemental to the Trustee Act 1925 and the Trustee Act 2000 and in addition to any which may be vested in the Security Agent by general law or otherwise.

24.20 Trustee division separate

(A) In acting as trustee for the Secured Parties, the Security Agent shall be regarded as acting through its trustee division which shall be treated as a separate entity from any of its other divisions or departments.

(B) If information is received by another division or department of the Security Agent, it may be treated as confidential to that division or department and the Security Agent shall not be deemed to have notice of it.

24.21 Disapplication

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Security Agent in relation to the trusts constituted by this Agreement. Where there are any inconsistencies between the Trustee Act 1925 or the Trustee Act 2000 and the provisions of this Agreement, the provisions of this Agreement shall, to the extent allowed by law, prevail and, in the case of any inconsistency with the Trustee Act 2000, the provisions of this Agreement shall constitute a restriction or exclusion for the purposes of that Act.

24.22 Obligors: Power of Attorney

Each Obligor by way of security for its obligations under this Agreement irrevocably appoints the Security Agent to be its attorney to do anything which that Obligor has authorised the Security Agent or any other Party to do under this Agreement or is itself required to do under this Agreement but has failed to do (and the Security Agent may delegate that power on such terms as it sees fit).

25. CHANGE OF SECURITY AGENT AND DELEGATION

25.1 Resignation of the Security Agent

(A) The Security Agent may resign and appoint one of its affiliates as successor by giving notice to the Company and the Lenders.

(B) Alternatively the Security Agent may resign by giving notice to the other Lenders in which case the Majority Lenders may appoint a successor Security Agent.

(C) If the Majority Lenders have not appointed a successor Security Agent in accordance with paragraph (B) above within 30 days after the notice of resignation was given, the Security Agent (after consultation with the Facility Agent) may appoint a successor Security Agent.

(D) The retiring Security Agent (the "**Retiring Security Agent**") shall, at its own cost, make available to the successor Security Agent such documents and records and provide such assistance as the successor Security Agent may reasonably request for the purposes of performing its functions as Security Agent under the Finance Documents.

(E) The Security Agent's resignation notice shall only take effect upon (i) the appointment of a successor and (ii) the transfer of all of the Secured Property to that successor.

(F) Upon the appointment of a successor, the Retiring Security Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under paragraph 24.17(B) (*Winding up of trust*) and under paragraph (D) above) but shall, in respect of any act or omission by it whilst it was the Security Agent, remain entitled to the benefit of clause 24 (*The Security Agent*), clause 30.1 (*Obligors' indemnity*) and clause 30.3 (*Lenders' indemnity*). Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if that successor had been an original Party.

(G) The Majority Lenders may, by notice to the Security Agent, require it to resign in accordance with paragraph (B) above. In this event, the Security Agent shall resign in accordance with paragraph (B) above but the cost referred to in paragraph (D) above shall be for the account of the Company.

25.2 Delegation

(A) Each of the Security Agent, any Receiver and any Delegate may, at any time, delegate by power of attorney or otherwise to any person for any period, all or any of the rights, powers and discretions vested in it by any of the Finance Documents.

(B) That delegation may be made upon any terms and conditions (including the power to sub-delegate) and subject to any restrictions that the Security Agent, that Receiver or that Delegate (as the case may be) may, in its discretion, think fit in the interests of the Secured Parties and it shall not be bound to supervise, or be in any way responsible for any loss incurred by reason of any misconduct or default on the part of any such delegate or sub-delegate.

25.3 Additional Security Agents

(A) The Security Agent may at any time appoint (and subsequently remove) any person to act as a separate trustee or as a co-trustee jointly with it (i) if it considers that appointment to be in the interests of the Secured Parties or (ii) for the purposes of conforming to any legal requirements, restrictions or conditions which the Security Agent deems to be relevant or (iii) for obtaining or enforcing any judgment in any jurisdiction, and the Security Agent shall give prior notice to the Company and the Facility Agent of that appointment.

(B) Any person so appointed shall have the rights, powers and discretions (not exceeding those conferred on the Security Agent by this Agreement) and the duties and obligations that are conferred or imposed by the instrument of appointment.

(C) The remuneration that the Security Agent may pay to that person, and any costs and expenses (together with any applicable VAT) incurred by that person in performing its functions pursuant to that appointment shall, for the purposes of this Agreement, be treated as costs and expenses incurred by the Security Agent.

PART 10
ADMINISTRATION, COSTS AND EXPENSES

26. BANK ACCOUNTS

26.1 LC Cash Collateral Accounts

The borrower shall establish and maintain the LC Cash Collateral Accounts with the Account Bank.

27. PAYMENT MECHANICS

27.1 Payments to the Facility Agent

(A) On any date on which an Obligor or a Lender is required to make a payment under a Finance Document, that Obligor or Lender shall make the same available to the Facility Agent in US Dollars (unless a contrary indication appears in a Finance Document) for value on the due date at the time specified by the Facility Agent as being customary at the time for settlement of transactions in the place of payment.

(B) Payment shall be made to such account in London (or, as the case may be, Paris or New York) as the Facility Agent specifies.

27.2 Distributions by the Facility Agent

Each payment received by the Facility Agent under the Finance Documents for another Party shall be made available by the Facility Agent as soon as practicable after receipt to the Party entitled to receive payment (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the Facility Agent by not less than five Business Days' notice with a bank in London (or, as the case may be, Paris or New York).

27.3 Clawback

(A) Where a sum is to be paid to the Facility Agent under the Finance Documents for another Party, the Facility Agent is not obliged to pay that sum to that other Party (or enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.

(B) If the Facility Agent pays an amount to another Party and it proves to be the case that the Facility Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Facility Agent shall on demand refund the same to the Facility Agent together with interest on that amount from the date of payment to the date of receipt by the Facility Agent, calculated by the Facility Agent to reflect its cost of funds.

27.4 Partial payments

(A) If the Facility Agent receives a payment for application against amounts due in respect of any Finance Documents that is insufficient to discharge all the amounts then due and payable by an Obligor under those Finance Documents, the Facility Agent shall apply that payment towards the obligations of that Obligor under the Finance Documents in the following order:

(i) **first**, in or towards payment pro rata of any unpaid fees, costs and expenses of the Facility Agent under the Finance Documents;

(ii) **secondly**, in or towards payment pro rata of any accrued interest, fee or commission due but unpaid under this Agreement;

(iii) **thirdly**, in or towards payment pro rata of any principal due but unpaid under this Agreement; and

(iv) **fourthly**, in or towards payment pro rata of any other sum due but unpaid under the Finance Documents.

(B) The Facility Agent shall, if so directed by the Majority Lenders, vary the order set out in paragraphs (A)(ii) to (iv) above.

(C) Paragraphs (A) and (B) above will override any appropriation made by an Obligor.

27.5 No set-off by Obligors

All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

27.6 Business Days

(A) Subject to paragraph (C) below, any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

(B) During any extension of the due date for payment of any Unpaid Sum under the Finance Documents, interest is payable on the Unpaid Sum at the rate payable on the original due date.

(C) Notwithstanding paragraph (A) above, a payment due on the Termination Date shall be made on the Termination Date.

27.7 Currency of account

The default currency for any sum due from an Obligor under any Finance Document is the US Dollar.

27.8 Change of currency

(A) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:

(i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Facility Agent acting reasonably (after consultation with the Company); and

(ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Facility Agent (acting reasonably).

(B) If a change in any currency of a country occurs, the Parties will enter negotiations in good faith with a view to agreeing any amendments which may be necessary to this Agreement to comply with any generally accepted conventions and market practice in the London interbank market and otherwise to reflect the change in currency.

27.9 Disruption to Payment Systems etc.

If the Facility Agent determines (acting reasonably) that a Disruption Event has occurred or the Facility Agent is notified by the Company that a Disruption Event has occurred:

(A) the Facility Agent may, and shall if requested to do so by the Company, consult with the Company with a view to agreeing with the Company such changes to the operation or administration of the Facility (including, without limitation, changes to the timing and mechanics of payments due under the Finance Documents) as the Facility Agent may deem necessary in the circumstances;

(B) the Facility Agent shall not be obliged to consult with the Company in relation to any changes mentioned in paragraph (A) above if, in its reasonable opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;

(C) the Facility Agent may consult with the Finance Parties in relation to any changes mentioned in paragraph (A) above but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;

(D) any such changes agreed upon by the Facility Agent and the Company shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents, notwithstanding the provisions of clause 36 (*Amendments and Waivers*);

(E) the Facility Agent shall not be liable for any damages, costs or losses whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Facility Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this clause; and

(F) the Facility Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (D) above.

28. SET-OFF

Without prejudice to the rights of the Finance Parties at law, at any time after an Event of Default has occurred which is continuing, a Finance Party (other than a Non-Funding Lender) may, on giving notice to the Obligor, set off any matured obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

29. COSTS AND EXPENSES

29.1 Transaction expenses

The Company shall, within 15 Business Days of written demand, pay the Facility Agent the amount of all costs and expenses (including legal fees) reasonably incurred by any of them in connection with the negotiation, preparation, printing, and execution of:

(A) this Agreement and any other documents referred to in this Agreement; and

(B) any other Finance Documents executed after the date of this Agreement.

29.2 Amendment costs

If:

(A) an Obligor requests an amendment, waiver or consent; or

(B) an amendment is required pursuant to clause 27.8 (*Change of currency*),

the Company shall, within 15 Business Days of written demand, reimburse the Facility Agent for the amount of all costs and expenses (including legal fees) reasonably incurred by the Facility Agent in responding to, evaluating, negotiating or complying with that request or requirement.

29.3 Enforcement costs

The Company shall, within five Business Days of written demand, pay to each Finance Party the amount of all costs and expenses (including legal fees) incurred by that Finance Party in connection with the enforcement or attempted enforcement of, or the preservation of any rights under, any Finance Document.

30. INDEMNITIES

30.1 Obligors' indemnity

Each Obligor shall promptly indemnify the Security Agent and every Receiver and Delegate against any cost, loss or liability (together with any applicable VAT) incurred by any of them:

(A) in relation to or as a result of:

(i) any failure by the Company to comply with obligations under clause 29 (*Costs and Expenses*);

(ii) the taking, holding, protection or enforcement of the Transaction Security;

(iii) the exercise of any of the rights, powers, discretions and remedies vested in the Security Agent, each Receiver and each Delegate by the Finance Documents or by law; or

(iv) any default by any Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents; or

(B) which otherwise relates to any of the Secured Property or the performance of the terms of this Agreement (otherwise than as a result of its gross negligence or wilful misconduct).

30.2 Priority of indemnity

The Security Agent and every Receiver and Delegate may, in priority to any payment to the Secured Parties, indemnify itself out of the Charged Property in respect of, and pay and retain, all sums necessary to give effect to the indemnity in clause 30.1 (*Obligors' indemnity*) and shall have a lien on the Transaction Security and the proceeds of the enforcement of the Transaction Security for all moneys payable to it.

30.3 Lenders' indemnity

Each Lender shall (in the proportion that the Liabilities due to it bears to the aggregate of the Liabilities due to all the Lenders for the time being (or, if the Liabilities due to each of those Lenders is zero, immediately prior to their being reduced to zero)), indemnify the Security Agent and every Receiver and every Delegate, within three Business Days of demand, against any cost, loss or liability incurred by any of them (otherwise than by

reason of the relevant Security Agent's, Receiver's or Delegate's gross negligence or wilful misconduct in acting as Security Agent, Receiver or Delegate under the Finance Documents (unless the Security Agent, Receiver or Delegate has been reimbursed by an Obligor pursuant to a Finance Document) and the Obligors shall jointly and severally indemnify each Lender against any payment made by it under this 30.

31. NOTICES

31.1 Communications in writing

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter or, as appropriate, electronic mail.

31.2 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

(A) in the case of the Obligors, that identified with its name below;

(B) in the case of each Lender or any other Obligor, that notified in writing to the Facility Agent on or prior to the date on which it becomes a Party; and

(C) in the case of the Facility Agent, that identified with its name below,

or any substitute address or fax number or department or officer as the Party may notify to the Facility Agent (or the Facility Agent may notify to the other Parties, if a change is made by the Facility Agent) by not less than five Business Days' notice.

Contact details of the Original Borrower

P.O. Box 32322
4th Floor, Century Yard
Cricket Square
Elgin Avenue
George Town
Grand Cayman
KY1-1209
Cayman Islands

Fax: (345) 946 4090

Attention: Andrew Johnson

c/o Kosmos Energy LLC
8176 Park Lane
Suite 500
Dallas
Texas 75231
USA

Fax: +1 214 445 9705

Attention: General Counsel

Contact details of the Guarantor

Clarendon House
2 Church Street
Hamilton
HM11
Bermuda

Fax: (345) 946 4090

Attention: Andrew Johnson

c/o Kosmos Energy LLC
8176 Park Lane
Suite 500
Dallas
Texas 75231
USA

Fax: +1 214 445 9705

Attention: General Counsel

Contact details of the Facility Agent

SG House
41 Tower Hill
London
EC3N 4SG

Fax: +44 207676 6661

Attention: Mirela Kubicka and Muzaffar Khalmirzaev

Contact details of the Security Agent

SG House
41 Tower Hill
London
EC3N 4SG

Fax: +44 207676 6661

Attention: Mirela Kubicka and Muzaffar Khalmirzaev

Contact details of the Account Bank

SG House
41 Tower Hill
London
EC3N 4SG

Fax: +44 207676 6661

Email: Mirela.kubicka@sgcib.com; Muzaffar.Khalmirzaev@sgcib.com; and par-oper-tsu-mm@sgcib.com

Attention: Mirela Kubicka and Muzaffar Khalmirzaev

31.3 Delivery

(A) Subject to clause 31.5 (*Electronic communication*), any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:

(i) if by way of fax, when received in legible form; or

(ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post with postage prepaid in an envelope addressed to it at that address;

and, if a particular department or officer is specified as part of its address details provided under clause 31.2 (*Addresses*), if addressed to that department or officer.

(B) Any communication or document to be made or delivered to the Facility Agent will be effective only when actually received by the Facility Agent and then only if it is expressly marked for the attention of the department or officer identified with the Facility Agent's signature below (or any substitute department or officer as the Facility Agent shall specify for this purpose).

(C) All notices from or to an Obligor shall be sent through the Facility Agent.

(D) Any communication or document made or delivered to the Company in accordance with this clause will be deemed to have been made or delivered to each of the Obligors.

31.4 Notification of address and fax number

Promptly upon receipt of notification of an address or fax number or change of address or fax number pursuant to clause 31.2 (*Addresses*) or changing its own address or fax number, the Facility Agent shall notify the other Parties.

31.5 Electronic communication

(A) Any communication to be made between the Facility Agent and a Lender under or in connection with the Finance Documents may be made by electronic mail or other electronic means, if the Facility Agent and the relevant Lender:

(i) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;

(ii) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and

(iii) notify each other of any change to their address or any other such information supplied by them.

(B) Any electronic communication made between the Facility Agent and a Lender will be effective only when actually received in readable form and in the case of any electronic communication made by a Lender to the Facility Agent only if it is addressed in such a manner as the Facility Agent shall specify for this purpose.

31.6 English language

(A) Any notice given under or in connection with any Finance Document must be in English.

(B) All other documents provided under or in connection with any Finance Document must be:

(i) in English; or

(ii) if not in English, and if so required by the Facility Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

(C) The Security Agent and/or receiving party shall be entitled to assume the accuracy of and rely upon any English translation of any document provided pursuant to this clause 31.6 and the English translation shall prevail unless the document is a statutory or other official document. Translation costs are for the account of the Obligors.

32. CALCULATIONS AND CERTIFICATES

32.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are *prima facie* evidence of the matters to which they relate.

32.2 Certificates and determinations

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest or proven error, *prima facie* evidence of the matters to which it relates.

32.3 Day count convention

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days.

33. DISCLOSURE TO NUMBERING SERVICE PROVIDERS

(A) Any Finance Party may disclose to any national or international numbering service provider appointed by that Finance Party to provide identification numbering services in respect of this Agreement, the Facility and/or one or more Obligors the following information:

(i) names of Obligors;

(ii) country of domicile of Obligors;

(iii) place of incorporation of Obligors;

(iv) date of this Agreement;

(v) the name of the Facility Agent;

(vi) date of each amendment and restatement of this Agreement;

(vii) amount of Total Commitments;

(viii) currencies of the Facility;

(ix) type of Facility;

(x) ranking of Facility;

(xi) Termination Date for the Facility;

(xii) changes to any of the information previously supplied pursuant to paragraphs (i) to (xi) above; and

(xiii) such other information agreed between such Finance Party and the Company,

to enable such numbering service provider to provide its usual syndicated loan numbering identification services.

(B) The Parties acknowledge and agree that each identification number assigned to this Agreement, the Facility and/or one or more Obligors by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.

(C) The Company represents that none of the information set out in paragraphs (i) to (xiii) of paragraph (A) above is, nor will at any time be, unpublished price-sensitive information.

(D) The Facility Agent shall notify the Company and the other Finance Parties of:

(i) the name of any numbering service provider appointed by the Facility Agent in respect of this Agreement, the Facility and/or one or more Obligors; and

(ii) the number or, as the case may be, numbers assigned to this Agreement, the Facility and/or one or more Obligors by such numbering service provider.

34. PARTIAL INVALIDITY

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

35. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of any Finance Party, any right or remedy under the Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

36. AMENDMENTS AND WAIVERS

36.1 Required consents

(A) Subject to clause 36.2 (*Exceptions*) below, any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and the Obligors and any such amendment or waiver will be binding on all Parties.

(B) The consent of the Security Agent shall be required in relation to any proposed amendment or waiver of clause 24 (*The Security Agent*), clause 25 (*Change of Security Agent and Delegation*) or clause 30 (*Indemnities*).

(C) The Facility Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this clause.

36.2 Exceptions

(A) The following may not be effected without the consent of all the Lenders:

(i) amending the definition of "**Majority Lenders**";

(ii) amending, varying or waiving clause 4 (*Finance Parties' Rights and Obligations*) and/or any other term of any Finance Document which relates to the rights and/or obligations of each Finance Party being several;

(iii) varying the date for, or altering the amount or currency of, any payment to Lenders under the Finance Documents;

(iv) extending the Commitment of a Lender (except in relation to clause 8.1 (*Illegality*));

(v) amending varying or waiving a term of any Finance Document which expressly requires the consent of all the Lenders;

(vi) amending, varying or waiving this clause; or

(vii) any release of Security Interests granted pursuant to any Security Document.

(B) An amendment or waiver which relates to the rights or obligations of the Facility Agent may not be effected without the consent of the Facility Agent.

(C) If a Lender (i) becomes a Non-Funding Lender or (ii) does not accept or reject a request for an amendment, waiver, consent or approval within 15 Business Days (or such longer period as the Company may specify) of such request being made, that Lender's Commitment shall not be included for the purposes of calculating Total Commitments under the Facility when ascertaining whether a certain percentage of Total Commitments has been obtained to approve the amendment, waiver, consent or approval, provided that (other than in the case of (i) above) no more than 25 per cent. of Lender votes (by Commitment) may be disregarded in such a way.

36.3 Exclusions

Subject to clause 36.2 (*Exceptions*), if a Lender does not accept or reject a request for an amendment or waiver within 10 Business Days of receipt of such request (or such longer period as the Company and the Facility Agent may agree), or abstains from accepting or rejecting a request for an amendment or waiver, or if the Lender is a Non-Funding Lender, its Commitments shall not be included for the purpose of calculating the Total Commitments when ascertaining whether the consent of a Lender or Lenders whose Commitments aggregate more than the required percentage of the Total Commitments has been obtained in respect of such request.

36.4 Disenfranchisement of Shareholder Affiliates

Notwithstanding any other provisions of this Agreement, for so long as a Shareholder Affiliate is a Lender and/or to the extent that a Shareholder Affiliate beneficially owns a

Commitment or has entered into a sub-participation agreement relating to a Commitment or other agreement or arrangement having a substantially similar economic effect and such agreement or arrangement has not been terminated, such Shareholder Affiliate shall not be entitled to exercise any rights to vote as Lender in respect of any matters requiring decision by the Lenders under the terms of this Agreement or any of the Finance Documents. Each such Shareholder Affiliate acknowledges and agrees that:

(A) in the event that a matter requires decision by one or more Lenders under this Agreement or any of the Finance Documents,

(i) the Commitment of such Shareholder Affiliate and any associated participation of such Shareholder Affiliate in a Loan shall be deemed to be zero; and

(ii) such Shareholder Affiliate shall be deemed not to be a Lender;

(B) in relation to any meeting or conference call to which all or any number of Lenders are invited to attend or participate, it shall not attend or participate in the same if so requested by the Facility Agent or, unless the Facility Agent otherwise agrees, be entitled to receive the agenda or any minutes of the same; and

(C) it shall not, unless the Facility Agent otherwise agrees, be entitled to receive any report or other document prepared at the behest of, or on the instructions of, the Facility Agent or one or more of the Lenders.

37. COUNTERPARTS

(A) This Agreement may be executed in any number of counterparts, and by the parties on separate counterparts, but shall not be effective until each Party has executed at least one counterpart.

(B) Each counterpart shall constitute an original of this Agreement, but all the counterparts shall together constitute one and the same instrument.

PART 11
GOVERNING LAW AND ENFORCEMENT

38. GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

39. JURISDICTION

39.1 Submission

The parties hereby irrevocably agree for the exclusive benefit of the Secured Parties that the courts of England shall have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement, or any non-contractual obligations arising out of or in connection with it) (a " **Dispute**").

39.2 Forum convenience

The parties hereby irrevocably agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly irrevocably agree not to argue to the contrary.

39.3 Concurrent jurisdiction

This clause 39 is for the benefit of the Secured Parties only. As a result, no Secured Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Secured Parties may take concurrent proceedings in any number of jurisdictions.

40. SERVICE OF PROCESS

(A) Without prejudice to any other mode of service allowed under any relevant law, each of the Obligors:

(i) irrevocably appoints Trusec Limited of 2 Lambs Passage, London, EC1Y 8BB (the " **Process Agent**") as its agent for service of process in relation to any Dispute before the English courts in connection with any Finance Document;

(ii) irrevocably agrees that any Service Document may be sufficiently and effectively served on it in connection with any Dispute in England and Wales by service on the Process Agent (or any replacement agent appointed pursuant to paragraph (B) of this clause 40; and

(iii) irrevocably agrees that failure by a process agent to notify the relevant Obligor of the process will not invalidate the proceedings concerned.

(B) If the agent referred to in paragraph (A) of this clause 40 (or any replacement agent appointed pursuant to this paragraph (B)) at any time ceases for any reason to act as such, as the case may be, each Obligor shall as soon as reasonably practicable appoint a replacement agent to accept service having an address for service in England or Wales and shall notify the Facility Agent of the name and address of the replacement agent. Failing such appointment and notification, the agent referred to in paragraph (A) of this clause 40 (or any replacement agent appointed pursuant to this paragraph (B)) shall continue to be authorised to act as agent for service of process in relation to any proceedings before the English courts on behalf of the relevant party and shall constitute good service.

(C) Any document addressed in accordance with paragraph (A) of this clause 40 shall be deemed to have been duly served if:

(i) left at the specified address, when it is left; or

(ii) sent by first class post, two clear Business Days after posting.

(D) For the purposes of this clause 40 (*Service of Process*), "**Service Document**" means a writ, summons, order, judgment or other document relating to or in connection with any Dispute. Nothing contained herein shall affect the right to serve process in any other manner permitted by law.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

Schedule 1
The Original Lender

Original Lender	Commitment (USD)
Societe Generale, London Branch	100,000,000

Schedule 2
Conditions Precedent

Part I
Conditions Precedent to First Utilisation

1. Provision of each of the following Finance Documents, duly executed by each of the parties to them:

   (i) this Agreement;

   (ii) the Charge.

2. Provision of certified copies of each Obligor's (excluding the Original Guarantor) constitutional documents and the director and shareholder corporate resolutions authorising entry into and performance of the Finance Documents to which they are a party and certification as to solvency.

3. Provision by each Obligor (excluding the Original Guarantor) of the specimen signatures of the persons authorised by each of the Obligor's corporate resolutions referred to at paragraph 2 above to execute the Finance Documents and all other documents and notices required in connection with such Finance Documents.

4. Receipt by the Facility Agent of appropriate legal opinions from Maples and Calder (Cayman Islands Counsel to the Original Borrower) in relation to the Original Borrower and Conyers Dill & Pearman Limited in relation to the Original Guarantor (special Bermuda legal Counsel to the Original Guarantor).

5. The Charge entered into pursuant to condition precedent 1 above is perfected and fully valid.

6. Provision of a certificate from the Borrower that all Required Approvals on the date of the proposed Utilisation have been obtained (including a schedule of all such Required Approvals).

7. Provision of such documentation and other evidence to the satisfaction by the Facility Agent and the Lenders of their respective "know your customer" checks or similar identification procedures.

8. Provision by the Original Borrower of a schedule detailing all Pre-existing Letters of Credit which it anticipates will be migrated to the Facility (included at Schedule 10 (*Pre-existing Letters of Credit*)).

9. Provision by the Original Borrower of a duly signed and executed Fee Letter detailing the arrangement fee for the Facility.

10. Evidence that all sums required to be deposited into the LC Cash Collateral Accounts pursuant to clause 6.14 (Cash Collateralisation) have been deposited.

11. Provision of a certificate from the Borrower that the Repeating Representations to be made by each Obligor are, in the light of the facts and circumstances then existing, true

and correct in all material respects (or, in the case of a Repeating Representation that contains a materiality concept, true and correct in all respects).

Part II
Conditions Precedent Required to be Delivered by an Additional Obligor

1. Provision of an Accession Letter, duly executed by the Additional Obligor and the Borrower.

2. Provision of certified copies of the Additional Obligor's constitutional documents and certificates of incorporation (or equivalent).

3. A copy of a resolution of the board of directors of the Additional Obligor approving the terms of, and the transactions contemplated by, the Accession Letter and the Finance Documents and resolving that one or more specified persons execute the Accession Letter and any other documents and notices in connection with the Finance Documents.

4. A specimen signature of each person authorised to execute the Accession Letter and any other documents and notices in connection with the Finance Documents.

5. A certificate of the Additional Obligor (signed by a director) confirming that borrowing or guaranteeing or securing, as appropriate, the Total Commitments would not cause any borrowing, guarantee, security or similar limit binding on it to be exceeded.

6. A certificate of an Authorised Signatory of the Additional Obligor certifying that each copy document listed in this Part II of Schedule 2 (*Conditions Precedent*) is correct, complete and in full force and effect as at a date no earlier than the date of the Accession Letter.

7. A copy of any Authorisation or other document, opinion or assurance which the Facility Agent considers to be necessary or desirable in connection with the entry into and performance of the transactions contemplated by the Accession Letter or for the validity and enforceability of any Finance Document.

8. If available, the latest audited financial statements of the Additional Obligor.

9. Receipt by the Facility Agent of any appropriate legal opinions.

10. If the proposed Additional Obligor is incorporated in a jurisdiction other than England and Wales, evidence that the process agent specified in clause 40 (*Service of Process*), if not an Obligor, has accepted its appointment in relation to the proposed Additional Obligor.

11. Evidence that all sums required to be deposited into the LC Cash Collateral Accounts pursuant to clause 6.14 (Cash Collateralisation) have been deposited.

Schedule 3
Utilisation Request

From: **KOSMOS ENERGY CREDIT INTERNATIONAL** (the "**Borrower**")

To: **SOCIETE GENERALE, LONDON BRANCH** (the "**Facility Agent**")

Dated:

Dear Sirs

KOSMOS ENERGY CREDIT INTERNATIONAL — Facility Agreement
dated [ ] (the "Agreement")

1. We refer to the Agreement. This is a Utilisation Request in respect of a Utilisation under the Facility. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.

2. We wish for a Letter of Credit to be issued under the Facility in the form attached in the Schedule to this Utilisation Request and on the following terms:

Proposed Utilisation Date:	[ ]	(or, if that is not a Business Day, the next Business Day)
Amount:	[ ]	
Currency:	[ ]	
Issued on behalf of:	[ ]	

3. We hereby certify that:

(a) no Default or Event of Default is continuing or will result from the proposed Letter of Credit being issued;

(b) the making of the Utilisation would not result in the aggregate amount outstanding under the Facility exceeding the Total Commitment; and

(c) the Repeating Representations are, in the light of the facts and circumstances existing on the date hereof, true and correct in all material respects (or, in the case of a Repeating Representation that contains a materiality concept, true and correct in all respects).

5. This Utilisation Request is irrevocable and is a Finance Document.

Yours faithfully

_____

Authorised Signatory for
KOSMOS ENERGY CREDIT INTERNATIONAL

SCHEDULE
Form of Letter of Credit

[Attach form of Letter of Credit]

Schedule 4
Form of Transfer Certificate

To: **SOCIETE GENERALE, LONDON BRANCH** as the "**Facility Agent**"

From: [the Existing Lender] (the "**Existing Lender**") and [the New Lender] (the "**New Lender**")

Dated:

Dear Sirs

KOSMOS ENERGY CREDIT INTERNATIONAL — Facility Agreement
dated [ ] (the "Agreement")

1. We refer to the Agreement. This is a Transfer Certificate. Terms defined in the Agreement have the same meaning in this Transfer Certificate unless given a different meaning in this Transfer Certificate.

2. We refer to clause 21.6 (*Procedure for transfer*):

   (a) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation all or part of the Existing Lender's Commitment, rights and obligations referred to in the Schedule in accordance with clause 21.6 (*Procedure for transfer*).

   (b) The proposed Transfer Date is [ ].

   (c) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of clause 31.2 (*Addresses*) are set out in the Schedule.

3. The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in paragraph (C) of clause 21.5 (*Limitation of responsibility of Existing Lenders*).

4. The New Lender confirms that it is a Qualifying Bank.

5. The New Lender confirms that it has validly executed a Lender Accession Notice in the form set out at Schedule 7 (*Form of Lender Accession Notice*) to this Agreement.

6. This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.

7. This Transfer Certificate is governed by English law.

THE SCHEDULE
Commitments/rights and obligations to be transferred

[Insert relevant details]

[*Facility Office address, fax number and attention details for notices and account details for payments*]

[Existing Lender]	[New Lender]
By:	By:

This Transfer Certificate is accepted by the Facility Agent and the Transfer Date is confirmed as [ ].

Societe Generale, London Branch

By:

Schedule 5
Form of Compliance Certificate

To: **SOCIETE GENERALE, LONDON BRANCH** (the "**Facility Agent**")

From: **KOSMOS ENERGY CREDIT INTERNATIONAL** (the "**Borrower**")

Dated:

Dear Sirs

KOSMOS ENERGY CREDIT INTERNATIONAL — Facility Agreement
dated [ ] (the "Agreement")

1. We refer to the Agreement. This is a Compliance Certificate. Terms defined in the Agreement have the same meaning in this Compliance Certificate unless given a different meaning in this Compliance Certificate.

2. We confirm that the financial statements supplied to the Facility Agent pursuant to clause 17.8 (*Financial statements and other factual information*) of the Agreement:

   (A) are certified by an Authorised Signatory of the Borrower as a true and correct copy; and

   (B) [give a true and fair view of]**(1)** / [fairly represent]**(2)** the financial condition of the Borrower for the period to the date on which those financial statements were drawn up.

3. We confirm that as at [ ], being the last occurring Calculation Date:

   (A) the debt cover ratio was [ ]; and

   (B) the interest cover ratio was [ ].

4. We set out below the calculations establishing the figures in paragraph 2 above:

   [ ]

5. We confirm that as at [ ], so far as we are aware having made diligent enquiries, no Default has occurred or is continuing. **(3)**

---

(1) Insert if audited.

(2) Insert if unaudited.

(3) Note — If this statement cannot be made, the certificate should identify any Default that has occurred or is continuing and the action taken, or proposed to be taken, to remedy it.

Yours faithfully

Authorised Signatory for **KOSMOS ENERGY CREDIT INTERNATIONAL**	Authorised Signatory for **KOSMOS ENERGY CREDIT INTERNATIONAL**

Schedule 6
Form of Confidentiality Undertaking

To: [*Purchaser's details*]

Re:

KOSMOS ENERGY CREDIT INTERNATIONAL (the "**Company**") and its up to USD 150 million revolving letter of credit facility dated [ ] 2013 (the "**Facility**")

[*insert date*]

Dear Sirs

We understand that you are considering participating in the Facility. In consideration of us agreeing to make available to you certain information, by your signature of a copy of this letter you agree as follows:

1. *Confidentiality Undertaking:* You undertake:

(A) to keep the Confidential Information confidential and not to disclose it to anyone except as provided for by paragraph 2 below and to ensure that the Confidential Information is protected with security measures with a degree of care not less than that which you would apply to your own confidential information;

(B) to keep confidential and not disclose to anyone except as provided for by paragraph 2 below the fact that the Confidential Information has been made available or that discussions or negotiations are taking place or have taken place between us;

(C) to use the Confidential Information only for the Permitted Purpose;

(D) to ensure that any person to whom you pass any Confidential Information in accordance with paragraph 2 (unless disclosed under paragraph 2(B) below) acknowledges and complies with the provisions of this letter as if that person were also a party to it; and

(E) not to make enquiries in relation to the Confidential Information of any other person, whether a third party or any member of the Group or any of their officers, directors, employees or professional advisers, save for such officers, directors, employees or professional advisers as may be expressly nominated by us for this purpose, provided that this paragraph shall not prevent or restrict you from conducting and completing all necessary and appropriate due diligence in accordance with your normal credit and underwriting approval processes and as required to be performed in order to obtain any requisite credit or underwriting approvals in relation to your possible participation in the Facility.

2. *Permitted Disclosure:* We agree that you may disclose Confidential Information:

(A) to members of the Participant Group and their officers, directors, employees, consultants and professional advisers but only to the extent necessary for the proper fulfilment of the Permitted Purpose, provided that:

(i) such information is disclosed strictly on a need-to-know basis and provided that the Confidential Information may not be disclosed to any person in the Participant Group who is not working directly on matters concerning your participation in the Facility; and

(ii) appropriate information barriers or other procedures as may be necessary are in place to ensure there can be no unauthorised disclosure of, or access to, the Confidential Information to any such person referred to in subparagraph (i) above;

(B) (i) where required by any court of competent jurisdiction or any competent judicial, governmental, supervisory or regulatory body, (ii) where required by the rules of any stock exchange on which the shares or other securities of any member of the Participant Group are listed or (iii) where required by the laws or regulations of any country with jurisdiction over the affairs of any member of the Participant Group; or

(C) with our prior written consent.

3. *Notification of Required or Unauthorised Disclosure:* You agree (to the extent permitted by law) to inform us of the full circumstances of any disclosure under paragraph 2(B) (in advance where reasonable and practicable) or immediately upon becoming aware that Confidential Information has been disclosed in breach of this letter.

4. *Return of Copies:* If we so request in writing, you shall return all Confidential Information supplied to you by us or any member of the Group and destroy or permanently erase all copies of Confidential Information made by you and use all reasonable endeavours to ensure that anyone to whom you have supplied any Confidential Information destroys or permanently erases such Confidential Information and any copies made by them, in each case save to the extent that you or the recipients are required to retain any such Confidential Information by any applicable law, rule or regulation or by any competent judicial, governmental, supervisory or regulatory body, or where the Confidential Information has been disclosed in accordance with paragraph 2(B) above.

5. *Continuing Obligations:* The obligations in the preceding paragraphs of this letter are continuing and, in particular, shall survive the termination of any discussions or negotiations between you and us, irrespective of their outcome. Notwithstanding the previous sentence, the obligations in this letter shall cease 12 months after you have returned all Confidential Information and destroyed or permanently erased all copies of Confidential Information made by you to the extent required pursuant to paragraph 4 above.

6. *No Representation; Consequences of Breach, etc:* You acknowledge and agree that:

(A) neither we nor any of our officers, employees or advisers, and no other member of the Group and none of the officers, employees or advisers of any member of the Group (each a "**Relevant Person**"), (i) make any representation or warranty, express or implied, as to, or assume any responsibility for, the accuracy, reliability or completeness of any of the Confidential Information or any other information supplied by us or any member of the Group or the assumptions on which it is based or (ii) shall be under any obligation to update or correct any inaccuracy in the Confidential Information or any other information supplied by us or any other member of the Group or be otherwise liable to you or any other person in respect of the Confidential Information or any such information; and

(B) we and other members of the Group may be irreparably harmed by the breach of the terms of this letter and damages may not be an adequate remedy; each Relevant Person may be granted an injunction or specific performance for any threatened or actual breach of the provisions of this letter by you or any other person.

7. *Inside Information:* You acknowledge that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation relating to insider dealing and you undertake not to use any Confidential Information for any unlawful purpose. As a result of being given the Confidential Information you may well become insiders and, therefore, be unable to take certain actions which you would otherwise be able to take.

8. *No Waiver; Amendments, etc:* This letter shall not affect any other obligation owed by you to any member of the Group. No failure or delay in exercising any right, power or privilege under this letter will operate as a waiver thereof nor will any single or partial exercise of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privileges under this letter. The terms of this letter and your obligations under this letter may only be amended or modified by written agreement between us and you.

9. *Nature of Undertakings:* The undertakings and acknowledgements given by you under this letter are given to us and (without implying any fiduciary obligations on our part) are also given for the benefit of each other member of the Group.

10. *Third party rights:*

(A) Each other member of the Group and each Relevant Person (each a "**Third Party**") may enforce the terms of this letter by virtue of the Contracts (Rights of Third Parties) Act 1999 (the "**Third Parties Act**"). This paragraph 10(A) confers a benefit on each Third Party, and, subject to the remaining provisions of this paragraph 10, is intended to be enforceable by each Third Party by virtue of the Third Parties Act.

(B) Subject to paragraph 10(A), a person who is not a party to this letter has no right under the Third Parties Act to enforce or enjoy the benefit of any term of this letter.

(C) Notwithstanding any provisions of this letter, the parties to this letter do not require the consent of any person to rescind or vary this letter at any time.

11. *Counterparts:* This letter may be executed in any number of counterparts, and by the parties on separate counterparts, but shall not be effective until each party has executed at least one counterpart. Each counterpart shall constitute an original of this letter, but all the counterparts shall together constitute one and the same instrument.

12. *Governing Law and Jurisdiction:* Any matter, claim or dispute, whether contractual or non-contractual, arising out of or in connection with this letter (including the agreement constituted by your acknowledgement of its terms), is to be governed by and determined in accordance with English law, and the parties submit to the non-exclusive jurisdiction of the English courts.

13. *Definitions and Construction:* In this letter (including the acknowledgement set out below):

"**Confidential Information**" means any and all information relating to the Company, the Group and the Facility, provided to you by us or any member of the Group or any of our affiliates or advisers, in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information and information regarding all discussions and negotiations between us (including information regarding the outcome of such discussions or negotiations), but excludes information that (a) is or becomes public knowledge other than as a direct or indirect result of any breach of this letter or (b) is known by you before the date the information is disclosed to you by us or any member of the Group or any of our affiliates or advisers or is lawfully obtained by you after that date, other than from a source which is connected with the Group and which, in either case, as far as you are aware, has not been obtained in violation of, and is not otherwise subject to, any obligation of confidentiality;

"**Group**" means, in respect of a person, that person and that person's Holding Companies and each of their respective Subsidiaries;

"**Holding Company**" means, in relation to a company, any other company in respect of which it is a Subsidiary;

"**Participant Group**" means you and each of your Holding Companies and Subsidiaries;

"**Permitted Purpose**" means considering and evaluating whether to enter into contracts with us in relation to your participation in the Facility; and

"**Subsidiary**" means a subsidiary within the meaning of section 1159 of the Companies Act 2006.

Please acknowledge your agreement to the above by signing and returning the enclosed copy.

Yours faithfully

_____

For and on behalf of [*Seller's details*]

To: [*Seller's details*]

We acknowledge and agree to the above:

_____

For and on behalf of [*Purchaser's details*]

Schedule 7
Form of Lender Accession Notice

To: **SOCIETE GENERALE, LONDON BRANCH** as Facility Agent

From: [New Lender / Additional Lender]

Dated:

Dear Sirs

Kosmos Energy Credit International - Facility Agreement
dated [ ] 2013 (the "Facility Agreement")

1. We refer to the Facility Agreement. This is a Lender Accession Notice. Terms defined in the Facility Agreement have the same meaning in this Lender Accession Notice unless given a different meaning in this Lender Accession Notice.

2. [New Lender / Additional Lender] agrees:

   (a) to be bound by the terms of the Finance Documents as a Lender pursuant to clause [21.6 (*Procedure for transfer*)] [3.2 (*Additional Commitments*)] of the Facility Agreement.

3. [New Lender's / Additional Lender's] Commitment is USD [ ].

4. [New Lender's / Additional Lender's] administrative details are as follows:

   Account details: [ ]

   Facility Office address: [ ]

   Telephone no.: [ ]

   Fax no.: [ ]

   Attention: [ ]

5. This Lender Accession Notice may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Lender Accession Notice.

6. This Lender Accession Notice is governed by English law.

7. This Lender Accession Notice has been delivered as a deed on the date stated at the beginning of this Lender Accession Notice.

[New Lender / Additional Lender]

By:

This Lender Accession Notice is accepted by the Facility Agent and the [Transfer Date / Additional Commitment Date] is confirmed as [ ].

Societe Generale, London Branch

By:

Schedule 8
Form of Letter of Credit

To: [Beneficiary] (the "**Beneficiary**")

Date:

Irrevocable Standby Letter of Credit no. [ ]

At the request and for the account of [ ], [LC Issuing Bank] (the " **LC Issuing Bank**") hereby establishes in your favour this irrevocable standby letter of credit ("**Letter of Credit**") not exceeding the Total L/C Amount on the following terms and conditions:

1. Definitions

In this Letter of Credit:

"**Business Day**" means a day (other than a Saturday or a Sunday) on which banks are open for general business in London.

"**Demand**" means a demand for a payment under this Letter of Credit in the form of the schedule to this Letter of Credit.

"**Expiry Date**" means [ ].

"**Restricted Entity**" means any director, officer, employee, agent or representative of it or any of its subsidiaries is an individual or entity ("**Person**") currently the subject of any Sanctions administered or enforced by the United States Government, including, without limitation, the U.S. Department of Treasury's Office of Foreign Assets Control, the United Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority (collectively, "**Sanctions**"), nor is it or any of its subsidiaries located, organised or resident in a country or territory that is the subject of Sanctions.

"**Total L/C Amount**" means an aggregate amount not to exceed (USD [•] [*insert amount in words*] only).

2. LC Issuing Bank's agreement

(A) The Beneficiary may request a drawing or drawings under this Letter of Credit by giving to the LC Issuing Bank a duly completed Demand. A Demand must be received by the LC Issuing Bank by [ ] p.m. (London time) on the Expiry Date. Multiple drawings are permitted.

(B) Subject to the terms of this Letter of Credit, the LC Issuing Bank unconditionally and irrevocably undertakes to the Beneficiary that, within [10] Business Days of receipt by it of a Demand, it shall pay to the Beneficiary the amount demanded in that Demand.

(C) The LC Issuing Bank will not be obliged to make a payment under this Letter of Credit if as a result the aggregate of all payments made by it under this Letter of Credit would exceed the Total L/C Amount.

3. Expiry

(A) The LC Issuing Bank will be released from its obligations under this Letter of Credit on the date (if any) notified by the Beneficiary to the LC Issuing Bank as the date upon which the obligations of the LC Issuing Bank under this Letter of Credit are released.

(B) Unless previously released under paragraph (A) above, on [ ] p.m. ([London] time) on the Expiry Date the obligations of the LC Issuing Bank under this Letter of Credit will cease with no further liability on the part of the LC Issuing Bank except for any Demand validly presented under the Letter of Credit that remains unpaid.

(C) The cancellation/release of this Letter of Credit can be indicated by return of the original to the LC Issuing Bank or by way of a formal release letter issued by the Beneficiary. In any case it will be rendered null and void after the Expiry Date whether or not it is returned to the LC Issuing Bank.

(D) [The Letter of Credit shall be deemed to be automatically extended from year to year, without amendment, for successive periods of one year each from the present or any future Expiry Date hereof unless, not less than 90 days prior to the present or any future Expiry Date, the LC Issuing Bank shall notify the Beneficiary (at the address set out above or such other address as the Beneficiary may advise the Bank by notice in writing to the address set out above) in writing by courier that the LC Issuing Bank elects not to consider this Letter of Credit renewed for any such additional period. Upon receipt by the Beneficiary of such notice, the Beneficiary may draw the Total L/C Amount by means of a Demand accompanied by the original of this Letter of Credit.]

4. Payments

All payments under this Letter of Credit shall be made in [ ] and for value on the due date to the account of the Beneficiary specified in the Demand.

5. Delivery of demand

Each Demand shall be in writing, and, unless otherwise stated, may be made by letter, sent by registered mail or by courier on your letterhead, with the blanks appropriately completed, purportedly signed by your authorised officers bearing original handwritten signatures and must be received in legible form by the LC Issuing Bank at its address and by the particular department or officer (if any) as follows:

[ ]

6. Assignment

The Beneficiary's rights under this Letter of Credit may not be assigned or transferred.

7. Amendment

The Letter of Credit may be amended only by written instrument signed by the LC Issuing Bank and the Beneficiary.

8. ISP 98

Except to the extent it is inconsistent with the express terms of this Letter of Credit, this Letter of Credit is subject to the International Standby Practices (ISP 98), International Chamber of Commerce Publication No. 590.

9. Restricted Entity

For the avoidance of doubt, the LC issuing bank shall be under no obligation to make any payment or pay any compensation to a Restricted Entity.

9. Governing law

This Letter of Credit is governed by [English law].

10. Jurisdiction

The courts of [England] have exclusive jurisdiction to settle any dispute arising out of or in connection with this Letter of Credit.

Yours faithfully

[LC Issuing Bank]

By:

SCHEDULE

FORM OF DEMAND

To: [*LC Issuing Bank*]

Date:

Dear Sirs

Standby Letter of Credit no. [ ] issued in favour of [BENEFICIARY] (the "Letter of Credit")

We refer to the Letter of Credit. Terms defined in the Letter of Credit have the same meaning when used in this Demand.

1. We certify that the sum of [ ] is due [and has remained unpaid for at least [ ] Business Days] [under [set out underlying contract or agreement]]. We therefore demand payment of the sum of [ ].

2. The amount specified in paragraph 1 is not in excess of the Total L/C Amount.

3. Payment should be made to the following account:

   Name:

   Account number:

   Bank:

4. The date of this Demand is not later than the Expiry Date.

Yours faithfully

(Authorised Signatory) (Authorised Signatory)

For

[BENEFICIARY]

Schedule 9
Form of Renewal or Extension Request

From: **KOSMOS ENERGY CREDIT INTERNATIONAL** (the "**Borrower**")

To: **SOCIETE GENERALE, LONDON BRANCH** (the "**Facility Agent**")

Dated:

Dear Sirs

KOSMOS ENERGY CREDIT INTERNATIONAL - Facility Agreement
dated [ ] (the "Agreement")

1. We refer to the Agreement. This is a Renewal or Extension Request in respect of a Letter of Credit under the Facility. Terms defined in the Agreement have the same meaning in this Renewal or Extension Request unless given a different meaning in this Renewal or Extension Request.

2. We wish for a Letter of Credit to be issued under the Facility on the following terms:

Current Beneficiary:	[ ]
Current expiry date:	[ ]
Current amount:	[ ]
Letter of Credit number:	[ ]
Proposed expiry date:	[ ] (or, if that is not a Business Day, the next Business Day)
Proposed Amount:	[ ] or, if less, the Total Available Commitment
Proposed Currency:	[ ]
To be issued on behalf of:	[ ]

3. We hereby certify that:

(a) no Event of Default is continuing or will result from the proposed Letter of Credit being issued;

(b) the making of the Utilisation would not result in the aggregate principal amount outstanding under the Facility exceeding the Total Commitments; and

(c) the Repeating Representations are, in the light of the facts and circumstances existing on the date hereof, true and correct in all material respects (or, in the

case of a Repeating Representation that contains a materiality concept, true and correct in all respects).

5. This Renewal or Extension Request is irrevocable and is a Finance Document.

Yours faithfully

_____

Authorised Signatory for
KOSMOS ENERGY CREDIT INTERNATIONAL

Schedule 10
Pre-existing Letters of Credit

Issuing Bank	Beneficiary	Amount and Currency	Expiry Date	Reference/ Details	Entity originally issued on behalf of	Entity issued on behalf of going forward
Societe Generale, London Branch	A Monsieur le Ministre charge des Hydrocarbures Bruts, Republique Islamique de Mauritainie	USD 9,000,000	15/12/2016	Block C8	Kosmos Energy Mauritania	Kosmos Energy Mauritania
Societe Generale, London Branch	A Monsieur le Ministre charge des Hydrocarbures Bruts, Republique Islamique de Mauritainie	USD 9,000,000	15/12/2016	Block C12	Kosmos Energy Mauritania	Kosmos Energy Mauritania
Societe Generale, London Branch	A Monsieur le Ministre charge des Hydrocarbures Bruts, Republique Islamique de Mauritainie	USD 9,000,000	15/12/2016	Block C13	Kosmos Energy Mauritania	Kosmos Energy Mauritania

Schedule 11
Details of the LC Cash Collateral Accounts

Name:	Kosmos Energy Credit International
Number:	10172726661

Name:	Kosmos Energy Credit International
Number:	10272726661

Name:	Kosmos Energy Credit International
Number:	10372726661

Name:	Kosmos Energy Credit International
Number:	10472726661

Name:	Kosmos Energy Credit International
Number:	10572726661

Name:	Kosmos Energy Credit International
Number:	10672726661

Name:	Kosmos Energy Credit International
Number:	10772726661

Name:	Kosmos Energy Credit International
Number:	10872726661

Name:	Kosmos Energy Credit International
Number:	10972726661

Name:	Kosmos Energy Credit International
Number:	11072726661

Name:	Kosmos Energy Credit International
Number:	11172726661

Name:	Kosmos Energy Credit International
Number:	11272726661

Name:	Kosmos Energy Credit International
Number:	11372726661

Name:	Kosmos Energy Credit International
Number:	11472726661

Name:	Kosmos Energy Credit International
Number:	11572726661

Name:	Kosmos Energy Credit International
Number:	11672726661

Name:	Kosmos Energy Credit International
Number:	11772726661

Name:	Kosmos Energy Credit International
Number:	11872726661

Name:	Kosmos Energy Credit International
Number:	11972726661

Name:	Kosmos Energy Credit International
Number:	12072726661

Name:	Kosmos Energy Credit International
Number:	12172726661

Name:	Kosmos Energy Credit International
Number:	12272726661

Name:	Kosmos Energy Credit International
Number:	12372726661

Name:	Kosmos Energy Credit International
Number:	12472726661

Name:	Kosmos Energy Credit International
Number:	12572726661

SIGNATURES

Original Borrower

KOSMOS ENERGY CREDIT INTERNATIONAL

EXECUTED as a DEED by **KOSMOS ENERGY CREDIT INTERNATIONAL** acting by Neal Shah expressly authorised in accordance with a power of attorney dated 28 June 2013 in the presence of:

Per: /s/ NEAL SHAH

Title: ATTORNEY-IN-FACT

Name: NEAL SHAH

/s/ PHILLIP B. FEINER
Witness's signature
Name: PHILLIP B. FEINER

Address: 8176 PARK LANE, SUITE 500, DALLAS, TEXAS 75231 USA

Occupation: ATTORNEY

Guarantor

KOSMOS ENERGY LTD.

EXECUTED as a DEED by **KOSMOS ENERGY LTD.**)
acting by Neal Shah expressly authorised in accordance with a power of)
attorney dated)
in the presence of:)
)
)
)
)
)
/s/ PHILLIP B. FEINER)
Witness's signature)
Name: PHILLIP B. FEINER

Per: /s/ NEAL SHAH

Title: ATTORNEY-IN-FACT

Name: NEAL SHAH

Address: 8176 PARK LANE, SUITE 500, DALLAS, TEXAS 75231
USA

Occupation: ATTORNEY

The Original Lender

SOCIETE GENERALE, LONDON BRANCH

By: MARIA MARTIN

/s/ MARIA MARTIN

Name: MARIA MARTIN
Title: VICE PRESIDENT

Facility Agent

SOCIETE GENERALE, LONDON BRANCH

By: MARIA MARTIN

/s/ MARIA MARTIN

Name: MARIA MARTIN
Title: VICE PRESIDENT

Security Agent

SOCIETE GENERALE, LONDON BRANCH

By: MARIA MARTIN

/s/ MARIA MARTIN

Name: MARIA MARTIN
Title: VICE PRESIDENT

Account Bank

SOCIETE GENERALE, LONDON BRANCH

By: MARIA MARTIN

/s/ MARIA MARTIN

Name: MARIA MARTIN
Title: VICE PRESIDENT

Exhibit 10.2

EXECUTION VERSION

DATED 3 July 2013

KOSMOS ENERGY CREDIT INTERNATIONAL

- and -

SOCIETE GENERALE, LONDON BRANCH

CHARGE ON CASH DEPOSITS AND ACCOUNT BANK AGREEMENT

Slaughter and May
One Bunhill Row
London
EC1Y 8YY

(SRG/JKW/TXI)

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CHARGE ON CASH DEPOSITS

Date: 3 July, 2013

PARTIES:

(1) **KOSMOS ENERGY CREDIT INTERNATIONAL** a company incorporated in the Cayman Islands whose registered number is 256364 and whose registered office is at PO Box 32322, 4th Floor, Century Yard, Cricket Square, Elgin Avenue, George Town, Grand Cayman, KY1-1209, Cayman Islands (the "**Company**" or "**KECI**"); and

(2) **SOCIETE GENERALE, LONDON BRANCH** located at SG House, 41 Tower Hill, London, EC2N 4SG (the "**Security Agent**" or "**Account Bank**" or "**Facility Agent**").

PART 1
INTERPRETATION

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Terms defined in clause 1.1 (*Definitions*) of the letter of credit facility agreement dated on or about the date of this Deed and made by Kosmos Energy Credit International, Kosmos Energy Ltd., the Original Lenders, the Security Agent, the Facility Agent and the Account Bank (the " **Facility Agreement**"), shall, unless otherwise defined herein, have the same meaning when used in this Deed.

1.2 Additional definitions

In this Deed, unless otherwise specified:

"**Accounts**" means the interest-bearing US Dollar deposit accounts held with the Account Bank, details of which are provided in Schedule 1 (*Details of the Accounts*).

"**Account Bank Liability**" means any liability or obligation of KECI to indemnify the Account Bank or pay any amount under this Deed or in respect of any failure to perform, or breach of, KECI's obligations under this Deed or for any liability in contract, tort or otherwise connected with the performance of KECI's obligations under this Deed.

"**Affiliate**" means, in relation to any person, a subsidiary of that person or a holding company of that person or any other subsidiary of that holding company.

"**Authorised Signatory**" means, in relation to any entity entitled to give or countersign an Instruction, an entity notified pursuant to clause 13.2(E) (*Instructions*) to the Account Bank by such first-mentioned entity from time to time as being authorised to sign or, as the case may be, countersign an Instruction on behalf of such first-mentioned entity, and in respect of whom a certified copy of the authorising resolution and specimen signature have been provided to the Account Bank.

"**Business Day**" means a day (other than a Saturday or a Sunday) on which banks are open for business in London.

"**Cash Collateral**" has the meaning given to this term in the Facility Agreement.

"**Charge**" means the security interests constituted or expressed to be constituted in favour of the Security Agent by or pursuant to this Deed.

"**Costs and Expenses**" means costs, charges, losses, liabilities, expenses and other sums (including legal, accountants' and other professional fees) and any taxes thereon.

"**Default Notice**" means a notice in writing given by the Facility Agent to the Account Bank and KECI substantially in the form of Part I of Schedule 2 (*Details and Enforcement Notices*).

"**Default Revocation Notice**" means a notice in writing given by the Facility Agent to the Account Bank and KECI substantially in the form of Part II of Schedule 2 (*Details and Enforcement Notices*).

"**Deposit**" means all credit balances now or at any time in the future on the Accounts, all debts from time to time represented by such credit balances and all other rights of the Company accruing or arising in relation to the Accounts.

"Deposit Agreements" means the agreements signed on or about the date of this Deed (or on any future date provided that they are in substantially the same form as those signed on the date of this Deed) between KECI and Societe Generale, London Branch which detail the terms and conditions which apply to the Accounts (as defined in the Charge).

"**Dissolution**" means an event or circumstance as described in clause 20.8 (*Insolvency Proceedings*) of the Facility Agreement.

"**Dispute**" has the meaning given to it in clause 28 (*Jurisdiction*).

"**Enforcement Event**" means:

(A) any Event of Default in respect of which a written notice has been given to the Company pursuant to clause 20.15 (*Acceleration*) of the Facility Agreement; or

(B) (i) where at any time the Borrower has failed to pay to the LC Issuing Bank for the account of each Lender an amount due under clause 6.9(B) (*Claims under a Letter of Credit*) of the Facility Agreement; and

(ii) the LC Issuing Bank (acting reasonably), is unable to recover the amount due from the LC Cash Collateral Accounts (either at the instruction of the Borrower or otherwise) within three Business Days of such non-payment pursuant to clause 6.9(B) of the Facility Agreement.

"**Event of Default**" means any event or circumstance specified as such in the Facility Agreement.

"**Group**" means the Original Guarantor or any Additional Guarantor and its direct and indirect subsidiaries.

"**Instruction**" means:

(a) an instruction transmitted in accordance with operating procedures agreed in accordance with clause 13.3 (*Operating procedures*); or

(b) a Default Notice; or

(c) a Default Revocation Notice; or

(d) a Notice of an Enforcement Event.

"**Notice of an Enforcement Event**" means a notice in writing from the Security Agent to the Account Bank and KECI substantially in the form of Part III of Schedule 2 (*Details and Enforcement Notices*).

"**Secured Obligations**" means all present and future obligations and liabilities of the Company (whether actual or contingent and whether owed jointly or severally or in any other capacity whatever) which are, or are expressed to be, or may become, due, owing or payable to the Secured Parties under or in connection with the Finance Documents (as such documents may be varied, amended, waived, released, novated, supplemented, extended, restated or replaced from time to time, in each case, however fundamentally), together with all costs, charges and expenses incurred by the Secured Parties which are, or are expressed to be, or may become due, owing or payable by the Company under or in connection with the Facility Agreement.

"**Tax**" includes any present or future tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest in connection with any failure to pay or delay in paying any of the same) and " **Taxes**" shall be construed accordingly.

1.3 Construction of Particular Terms

Unless a contrary intention appears, in this Deed the provisions of clause 1.2 (*Construction*) of the Facility Agreement shall apply as if set out in full in this Deed, save that references to the Facility Agreement shall be construed as references to this Deed and in addition:

Unless otherwise specified, any reference to:

(A) "**assets**" includes properties, revenues and rights of every kind, present, future and contingent, and whether tangible or intangible;

(B) a "**company**" includes any company, corporation or other body corporate, wherever and however incorporated or established;

(C) "**this Deed**" or any other agreement or instrument is a reference to this deed or other agreement or instrument as it may have been amended, supplemented, replaced or novated from time to time and includes a reference to any document which amends, supplements, replaces, novates or is entered into, made or given pursuant to or in accordance with any of the terms of this Deed or, as the case may be, the relevant deed, agreement or instrument;

(D) "**law**" includes any present or future common or customary law, principles of equity and any constitution, decree, judgment, decision, legislation, statute, order, ordinance, regulation, bye-law or other legislative measure in any jurisdiction or any present or future official directive, regulation, guideline, request, rule, code of practice, treaty or requirement (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the general practice of a person to whom the directive, regulation, guideline, request, rule, code of practice, treaty or requirement is intended to apply) of any governmental, intergovernmental or

supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

(E) "**rights**" includes all rights, title, benefits, powers, privileges, interests, claims, authorities, discretions, remedies, liberties, easements, quasi-easements and appurtenances (in each case, of every kind, present, future and contingent); and

(F) "**security**" includes any mortgage, charge, pledge, lien, security assignment, hypothecation or trust arrangement for the purpose of providing security and any other encumbrance or security interest of any kind having the effect of securing any obligation of any person (including the deposit of moneys or property with a person with the intention of affording such person a right of lien, set-off, combination or counter-claim) and any other agreement or any other type of arrangement having a similar effect (including any "flawed asset" or "hold back" arrangement) and "**security interest**" shall be construed accordingly.

1.4 Interpretation of this Deed

(A) Unless a contrary indication appears, a reference to any party or person shall be construed as including its and any subsequent successors in title, permitted transferees and permitted assigns, in each case in accordance with their respective interests.

(B) Unless a contrary indication appears, a reference to a time of day shall be construed as referring to London time.

(C) The terms "include", "includes" and "including" shall be construed without limitation.

(D) References in this Deed to any Clause or Schedule shall be to a clause or schedule contained in this Deed.

(E) Clause and Schedule headings are for ease of reference only and shall be ignored in construing this Deed.

(F) Unless a contrary indication appears, references to any provision of any law are to be construed as referring to that provision as it may have been, or may from time to time be, amended or re-enacted, and as referring to all bye-laws, instruments, orders, decrees, ordinances and regulations for the time being made under or deriving validity from that provision.

(G) An Enforcement Event is "**continuing**" if it has not been remedied or waived.

1.5 Third party rights

(A) Save as otherwise provided in this Deed, a person who is not a party to this Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or enjoy the benefit of any term of this Deed.

(B) Notwithstanding any term of this Deed, the consent of any person who is not a party is not required to rescind or vary this Deed at any time.

PART 2
CHARGE ON CASH DEPOSITS AND THE ACCOUNTS

2. OBLIGATION TO PAY THE SECURED OBLIGATIONS

The Company undertakes to the Security Agent as trustee for the Secured Parties to perform, observe, pay and discharge all Secured Obligations when due and payable and, upon demand by the Security Agent, pay those Secured Obligations which are due in accordance with the Finance Documents but remain unpaid.

3. CHARGE

As continuing security for the full and punctual payment, performance and discharge of the Secured Obligations, but without prejudice to any other rights of the Security Agent under this Deed, the Company, with full title guarantee and free of any other security interest, charges all its right, title and interest from time to time in and to the Deposit and the Accounts by way of first fixed charge in favour of the Security Agent.

4. PERFECTION OF SECURITY

4.1 Notice of charge

The execution of this Deed by the Company and the Security Agent shall constitute notice to the Security Agent of the charge over the Deposit and Accounts.

4.2 Further assurances

The Company shall (at its own cost) promptly take all action necessary or desirable to:

(A) ensure that the Charge is and remains valid, legally binding and enforceable;

(B) perfect, preserve or protect the Charge and its priority; and

(C) facilitate the exercise of any and all of the rights, powers and discretions vested or intended to be vested in the Security Agent by or pursuant to this Deed and to facilitate the realisation of the Deposit,

including the execution of all such documents, transfers, conveyances, assignments and assurances in respect of the Deposit, and the giving of all such notices, orders, instructions and directions as the Security Agent may reasonably consider necessary from time to time. The obligations of the Company under this clause 4.2 (*Further assurances*) shall be in addition to and not in substitution for the covenants for further assurance deemed to be included in this Deed by virtue of the Law of Property (Miscellaneous Provisions) Act 1994.

5. NATURE AND PROTECTION OF SECURITY

5.1 Continuing security

The Charge is continuing and extends to the ultimate balance of the Secured Obligations from time to time unless and until discharged by the Security Agent in accordance with clause 8 (*Release*) or clause 24.17 (*Winding up of trust)* of the Facility Agreement, regardless of any intermediate payment, discharge or satisfaction in whole or part.

5.2 Additional security

The security created by this Deed and the rights given to the Security Agent under this Deed shall be cumulative and in addition to and shall not prejudice, or be prejudiced by, any other security or guarantee or any other right, power or remedy which the Security Agent has or may at any time hold in respect of or in connection with any or all of the Secured Obligations. All such rights, powers and remedies may be exercised from time to time as often as the Security Agent may deem expedient.

5.3 Immediate recourse

The Security Agent need not, before exercising any of the rights, title, benefit and interest conferred upon it by this Deed or by law:

(A) take action or obtain judgment against the Company or any other person in any court; or

(B) make or file any claim or proof on the rehabilitation, administration, custodianship, receivership, liquidation, winding-up or dissolution of the Company or any other person; or

(C) enforce or seek to enforce the recovery of the moneys and liabilities hereby secured or enforce or seek to enforce any other security or guarantee.

5.4 Waiver of defences

Without prejudice to the other provisions of this clause 5 *(Nature and protection of security*), neither this Deed nor Charge, its priority, the rights of the Security Agent under or pursuant to this Deed nor the liability of the Company for the Secured Obligations under this Deed shall be prejudiced or affected by:

(A) any variation, amendment, novation, extension (whether of maturity or not), supplementation or replacement of, or waiver or release granted under or in connection with any Finance Document or other document or any Security Obligations, guarantee or indemnity; or

(B) any time, waiver, consent or other indulgence or concession granted, by the Company or other person; or

(C) the taking, holding, failure to take or hold, variation, realisation, non-enforcement, non-perfection or release by the Security Agent or any other person of any other security obligation or any guarantee or indemnity or other right; or

(D) any corporate, legal proceeding or other procedure or step taken for or with a view to the rehabilitation, administration, custodianship, receivership, liquidation, winding-up or dissolution of the Company or any other person; or

(E) any change in the constitution of the Company; or

(F) any amalgamation, merger or reconstruction that may be effected by the Security Agent with any other person or any sale or transfer of the whole or any part of the assets of the Security Agent to any other person; or

(G) the existence of any claim, set-off or other right which the Company may have at any time against the Security Agent or other person; or

(H) the making or absence of any demand for payment or discharge of the Security Agent on the Company or any other person, whether by the Security Agent or any other person; or

(I) any arrangement or compromise entered into by the Security Agent with the Company or any other person; or

(J) any incapability or lack of power, authority or legal personality of or dissolution or change in the numbers or status of the Company or any other person; or

(K) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or

(L) any other thing done or omitted or neglected to be done by the Security Agent or any other person or any other dealing, fact, matter or thing which, but for this provision, might operate to prejudice or affect any of the security created under this Deed or the liability of the Company for the Secured Obligations.

5.5 Deferral of rights

(A) Until such time as the Charge has been released in accordance with clause 8 (*Release*), the Company will not exercise any rights which it may have by reason of performance by it of its obligations under this Deed:

(i) to claim, rank, prove or vote as a creditor of any other party to any of the Finance Documents; or

(ii) to receive, claim or have the benefit of any payment, guarantee, indemnity, contribution or security from or on account of any such party (in whole or in part or whether by way of subrogation or otherwise); and/or

(iii) of set-off, combination or counter-claim or in relation to any "flawed-asset" or "hold back" arrangement as against any such party.

(B) The Company shall hold on trust for, and immediately pay or transfer to, the Security Agent an amount equal to any payment or benefit received by it contrary to paragraph (A) above.

(C) If the Company exercises any right of set-off, combination or counter-claim or any rights in relation to any "flawed-asset" or "hold back arrangement" contrary to paragraph (A)(iii) above, it will immediately pay or transfer to the Security Agent an amount equal to the amount set-off, combined or counterclaimed.

(D) The Security Agent shall apply all amounts received pursuant to paragraph (B) and paragraph (C) above in or towards payment of the Secured Obligations or any part thereof in such order in such manner as the Security Agent shall (in its absolute discretion) determine and thereafter in payment of any surplus to the Company or other person entitled to it.

5.6 New account

At any time after:

(A) the Security Agent receives, or is deemed to be affected by, notice (either actual or constructive) of any subsequent security interest or any disposition affecting the Deposit or Accounts or part thereof or interest therein; or

(B) any corporate, legal proceeding or other procedure or step taken for or with a view to the rehabilitation, administration, custodianship, receivership, liquidation, winding-up or dissolution of the Company,

the Security Agent may open a new account in the name of the Company (whether or not it permits any existing account to continue). If the Security Agent does not open such a new account, it shall nevertheless be treated as if it had done so at the time when the notice was received or was deemed to have been received or, as the case may be, the corporate, legal proceeding or other procedure or step was taken. As from that time, all payments made by the Company to the Security Agent or received shall be credited or treated as having been credited to the new account and will not operate to reduce the amount secured by this Deed at any time.

5.7 Further advances

The Charge created by this Deed is intended to secure further advances.

6. DEALING WITH SECURED ASSETS

6.1 Negative pledge

The Company shall not, without the prior written consent of the Security Agent, at any time during the subsistence of this Deed, create or permit to exist any security (other than the Charge) over the Deposit or the Accounts.

6.2 Disposal of assets

The Company shall not enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, transfer, assign, lease, licence or otherwise dispose of any interest in the Deposit or the Accounts (otherwise than pursuant to this Deed or the Facility Agreement).

7. RESTRICTIONS

Upon the occurrence of an Enforcement Event which is continuing, or as otherwise prohibited under the Facility Agreement, the Company shall not be entitled to receive, withdraw or otherwise transfer all or any part of the credit balance from time to time on the Accounts and Deposit:

(A) except with the prior written consent of the Security Agent; or

(B) unless there are no remaining Secured Obligations and the Security has been discharged in full in accordance with clause 8 (*Release*).

8. RELEASE

8.1 Release of deposit

If the Security Agent is satisfied that:

(A) all Secured Obligations have been unconditionally and irrevocably paid or discharged in full and the Facility Agreement has been terminated and the Security Agent and the Secured Parties have no further actual or contingent obligations to make advances or provide other financial accommodation to the Borrower or any other party under the Facility Agreement; or

(B) security or a guarantee for the Secured Obligations, in each case acceptable to the Security Agent, has been provided in substitution for this Deed, or

then, subject to the remainder of this clause 8 (*Release*), the Security Agent shall at the request and cost of the Company take whatever action is necessary to release the Deposit and Accounts from the Charge.

8.2 Reinstatement

If the Security Agent reasonably considers, on the basis of independent legal advice, that any payment to, or security or guarantee provided in relation to the Secured Obligations to it is capable of being avoided, reduced or invalidated by virtue of applicable law, notwithstanding any re-assignment or discharge of the Deposit, the liability of the Company under this Deed and the Charge shall continue as if such amounts had not been paid or as if any such security or guarantee had not been provided.

9. ENFORCEMENT

9.1 Appropriation

(A) Immediately upon and at any time after the occurrence of an Enforcement Event which is continuing, or as otherwise permitted under the Facility Agreement, the Security Agent shall be entitled, and is hereby irrevocably and unconditionally authorised, without giving prior notice to the Company or obtaining the consent of the Company but at the cost of the Company, to apply, set-off or transfer the whole or any part of the Deposit (whether or not then payable) in or towards payment or other satisfaction of the Secured Obligations or any part thereof in such order as the Security Agent shall (in its absolute discretion) determine and thereafter in payment of any surplus to the Company or other person entitled to it.

(B) On exercising its rights under this clause 9.1 (*Appropriation*) the Security Agent shall serve a Notice of an Enforcement Event on the Account Bank and shall copy any such notice to KECI.

(C) The Account Bank agrees, immediately upon receipt of a Notice of an Enforcement Event:

(i) to comply with all directions for or in connection with the Accounts whatsoever given by the Authorised Signatories of the Security Agent and as more specifically set out in the Notice of an Enforcement Event (without reference to and regardless of any inconsistent request or Instruction from KECI); and

(ii) not to comply with the terms of any Instruction or other demand, direction or request in relation to any of the Accounts from any person other than the Security Agent unless it has been approved in writing by the Security Agent.

9.2 Financial collateral regulations

(A) To the extent that any of the Accounts and the Deposit, this Deed and the rights and obligations of the parties under this Deed, constitute a "security financial collateral arrangement" (as defined in and for the purposes of, the Financial Collateral Arrangements (No. 2) Regulations 2003 (SI 2003/3226) (the

"**Regulations**")), the Security Agent shall have the benefit of all of the rights of a collateral taker conferred upon it by the Regulations, including the right to appropriate all or any part of the financial collateral (as defined in the Regulations) in or towards discharge of the Secured Obligations in such order as the Security Agent shall (in its absolute discretion) determine and thereafter in payment of any surplus to the Company or other person entitled to it.

(B) The parties agree that the value of the financial collateral (as defined in the Regulations) so appropriated shall be the amount standing to the credit of the Accounts (or any new account opened pursuant to clause 5.6 (*New account*), together with any accrued but unposted interest, at the time the right of appropriation is exercised. The parties agree that the method of valuation provided for in this Deed is a commercially reasonable method of valuation for the purposes of the Regulations.

9.3 Section 93 Law of Property Act 1925

Section 93 of the Law of Property Act 1925 shall not apply to this Deed.

10. CERTIFICATES AND DETERMINATIONS

For all purposes, including any legal proceedings:

(A) a determination by the Security Agent; or

(B) a copy of a certificate signed by an officer of the Security Agent,

of the amount of any indebtedness comprised in the Secured Obligations and/or the amount standing to the credit of the Accounts for the time being or at any time shall, in the absence of manifest error, be conclusive evidence against the Company as to such amount.

11. COVENANT TO PAY

The Company shall pay and discharge all Secured Obligations in accordance with the Facility Agreement or, as the case may be, this Deed.

PART 3
ACCOUNT BANK AGREEMENT

12. THE ACCOUNTS

(A) The Accounts shall be maintained at an office of the Account Bank in London or such other jurisdiction approved by the Facility Agent (acting reasonably). For the avoidance of doubt, nothing in this clause 12(A) shall create any obligation on the Account Bank to establish an account in another location other than in London.

(B) The Accounts shall be denominated in US Dollars. Any sum constituting interest paid in respect of the credit balance of the Accounts shall be treated in the same manner as any other sum credited to the Accounts.

(C) The Account Bank is hereby notified that pursuant to this Deed KECI has charged to the Security Agent all its rights, title and interests in and to the Deposit and the Accounts from time to time.

(D) The Accounts shall be maintained by KECI at all times prior to the Discharge Date at which time the Facility Agent will notify the Account Bank in writing that the Accounts are no longer required to be maintained.

13. OPERATION OF THE ACCOUNTS

13.1 Compliance with the Facility Agreement

(A) KECI shall operate the Accounts in accordance with the provisions of the Facility Agreement and shall not:

(i) request withdrawals from the Accounts except where expressly permitted under the provisions of the Facility Agreement; or

(ii) pay any moneys into the Accounts except in accordance with the provisions of the Facility Agreement.

13.2 Instructions

(A) Except as required by applicable law, the Account Bank shall not accept or act upon any Instruction or request to make any payment or transfer to or from, or otherwise to transact any other dealing in relation to the Accounts:

(i) from any person other than KECI, the Facility Agent or the Security Agent, as specified by this Deed; and

(ii) unless such Instruction or request from either the Facility Agent, the Security Agent or KECI is in written format.

(B) Subject to the terms of this Deed and so long as no Default Notice has been issued by the Facility Agent which has not been revoked by a Default Revocation Notice, KECI may give, and the Account Bank may accept and act upon, Instructions regarding the operation of the Accounts in accordance with the customary banking practice of the Account Bank in the jurisdiction concerned, subject to the terms of this Deed, the Deposit Agreements or any other Finance Document.

(C) Withdrawals or transfers may, subject to clause 14 (*Default*) and clause 9 (*Enforcement*), be made from the Accounts provided that:

(i) the withdrawal or transfer is in compliance with the terms of this Deed, the Deposit Agreements or any other Finance Document;

(ii) the withdrawal or transfer is based on cleared funds; and

(iii) the Accounts may not be overdrawn at any time.

(D) KECI shall not exercise any right which it may have under any applicable law to instruct the Account Bank to transfer any amount standing to the credit of the Accounts to KECI or to its order in any manner which is or would be inconsistent with any of the provisions of this Deed, the Deposit Agreements or any other Finance Document.

(E) KECI, the Facility Agent and the Security Agent shall each, from time to time by letter addressed to the other parties and, in the case of KECI, signed by a director of KECI duly authorised to sign:

(i) designate in writing the individuals authorised to sign Instructions, notices, communications or documents to be made, given or delivered under this Deed on its behalf;

(ii) supply to the other parties specimen signatures of those individuals; and

(iii) it is acknowledged by the parties that KECI has given a notice (to the Account Bank only) for the purpose of this clause 13.2 (*Instructions*) prior to the date of this Deed.

(F) The Account Bank shall be entitled to rely on any Instruction, notice, communication or document believed by it in good faith to be genuine, correct and duly authorised, and to have been communicated or signed by the person by or on behalf of whom it purports to be communicated or signed and shall not be liable to any of the parties to this Deed for any of the consequences of such reliance.

(G) The Account Bank shall not have any responsibility to any of the parties to this Deed if any Instruction which should be given by the Facility Agent to the Account Bank under or in connection with this Deed is not received by the Account Bank or is not made at the time it should be made.

(H) Without prejudice to paragraph (F), where the Account Bank receives any Instruction in accordance with the terms of this clause 13.2 (*Instructions*) which it believes to be genuine, correct and duly authorised, and to have been communicated or signed by the person by or on behalf of whom it purports to be communicated or signed, the Account Bank shall not have any responsibility to:

(i) ensure that the information set out therein is correct;

(ii) check or enquire as to whether any condition contained therein has been met or will be fulfilled;

(iii) check or enquire as to whether such Instruction has been properly given; or

(iv) enquire as to the purpose or nature of any request for a withdrawal from the Accounts contained therein.

(I) The Account Bank and KECI confirm that the Accounts will be operated in a manner that provides a written statement of all transactions carried out on such Accounts including, for the avoidance of doubt, all transactions for which Instructions were given to the Account Bank via the Account Bank's electronic banking system and, as at any given date, of the balance standing to the credit of the Accounts, and the Account Bank confirms that such statements will be made available to KECI and the Security Agent at the end of each calendar month and as may otherwise reasonably be requested from time to time.

(J) The Account Bank shall be entitled to deal with money paid to it by KECI for the purposes of this Deed in the same manner as other money paid to a banker by its customers, except that (a) it acknowledges that it is not entitled to, and undertakes not to claim or exercise any lien, right of set-off, combination or other similar right with respect to moneys standing to the credit of the Accounts are held or are in the course of being credited to it; and (b) it shall not be liable to account to KECI for any interest or other amounts in respect of the money, save for interest borne under clause 13.5 (*Interest*).

(K) The Account Bank confirms that it has not received any other notice of any Security Interest, nor is it otherwise aware of any Security Interest, in respect of the Accounts in favour of any person other than the Security Agent.

13.3 Operating procedures

(A) Detailed operating procedures for the Accounts shall, subject to clause 13.3(B)(iii) (*Operating procedures*), be agreed from time to time between KECI and the Account Bank.

(B) Each of the parties to this Deed agrees and acknowledges that:

(i) there shall be no operation of the Accounts except in accordance with the provisions of this Deed and the Facility Agreement;

(ii) the operating procedures shall be amended from time to time as agreed in writing between KECI, the Account Bank and the Security Agent (each acting reasonably); and

(iii) in the event of inconsistency between the operating procedures agreed in accordance with clause 13.3(A) (*Operating procedures*) and the terms of this Deed, the latter shall prevail.

13.4 Fees

(A) Subject to the Facility Agreement, KECI shall pay to the Account Bank such transaction charges and other fees, costs and expenses (including value added tax where applicable) as the Account Bank and KECI shall separately agree in writing for carrying out the relevant transactions and are payable from time to time by KECI.

(B) KECI will pay to the Account Bank, within fifteen Business Days of demand, the amount of all charges, costs and expenses payable by KECI to the Account Bank pursuant to clause 13.4(A) (*Fees*).

(C) The fees, commissions and expenses payable to the Account Bank for services rendered and the performance of its obligations under this Deed shall not be abated by any remuneration or other amounts or profits receivable by the Account Bank (or to its knowledge by any of its associates) in connection with any transaction effected by the Account Bank with or for KECI.

13.5 Interest

(A) Each sum credited to the Accounts from time to time shall, from the time it is credited until the time it is withdrawn from the Accounts, bear interest at such commercially appropriate rate as may be agreed from time to time by the Account Bank and KECI provided that the Account Bank may, at any time, apply a new rate of interest to the Accounts, which new rate shall be effective on a date no less than 30 Business Days after the Account Bank has given written notice to KECI of the same.

(B) Subject to KECI maintaining Cash Collateral in the Accounts in compliance with its obligations under the Facility Agreement and providing an Enforcement Event has not occurred and is continuing, all interest earned on the balance standing to the credit of the Accounts shall be credited to the account (which is not secured under this Deed) as notified by KECI to the Account Bank.

13.6 Information

KECI irrevocably instructs and authorises the Account Bank to disclose to the Facility Agent or the Security Agent (as the case may be), without any reference to or further authority from KECI and without any inquiry by the Account Bank as to the justification for such disclosure, such information relating to the Accounts as the Facility Agent, or the Security Agent (as the case may be) may request from time to time. All such

information provided by the Account Bank shall be deemed to have been provided on behalf of KECI and each Secured Party is subject to the confidentiality undertaking contained in Schedule 6 (*Form of Confidentiality Undertaking*) of the Facility Agreement in relation to such information.

13.7 Terms of appointment of the Account Bank

(A) The Account Bank is authorised and regulated by the Financial Services Authority. Nothing in this Deed shall require the Account Bank to carry on an activity of the kind specified by any provision of Part II (other than article 5 (accepting deposits)) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, or to lend money to KECI.

(B) The Account Bank shall be obliged to perform such duties and only such duties as are expressly set out in this Deed and no implied duties or obligations of any kind (including without limitation duties or obligations of a fiduciary or equitable nature) shall be read into this Deed against the Account Bank.

(C) Any of the Account Bank, its officers, directors and employees may accept deposits from, lend money to and generally engage or be interested in any kind of lending, financial or other business with KECI and any other party to any Finance Documents.

(D) The Account Bank shall be entitled to take any action or to refuse to take any action which the Account Bank regards as necessary for the Account Bank to comply with any applicable law, regulation or fiscal requirement, or the rules, operating procedures or market practice of any relevant stock exchange or other market or clearing system.

(E) The Account Bank may collect, use and disclose personal data about KECI and/or other transaction parties (if any are an individual) or individuals associated with KECI and/or other transaction parties, so that the Account Bank can carry out its obligations to KECI and for other related purposes, including auditing, monitoring and analysis of its business, fraud and crime prevention, money laundering, legal and regulatory compliance and the marketing by the Account Bank or members of the Account Bank's corporate group of other services. The Account Bank will keep the personal data up to date. The Account Bank may also transfer the personal data to any country (including countries outside the European Economic Area where there may be less stringent data protection laws) to process information on the Account Bank's behalf. Wherever it is processed, the personal data will be protected by a strict code of secrecy and security to which all members of the processing agent's corporate group, their staff and any third parties are subject, and will only be used in accordance with the Account Bank's instructions.

(F) The Account Bank may consult with legal and other professional advisers and the opinion of the advisers shall be full and complete protection in respect of any action taken, omitted or suffered under this Deed in good faith and in accordance with the opinion of the advisers.

(G) The Account Bank shall not be under any obligation to take any action under this Deed which it expects will result in any expense or liability accruing to it, the payment of which within a reasonable time is not, in its opinion, assured to it.

(H) Any corporation into which the Account Bank may be merged or converted, or any corporation with which the Account Bank may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Account Bank shall be a party, or any corporation to which the Account Bank shall sell or otherwise transfer all or substantially all of its assets shall, on the date when the merger, conversion, consolidation or transfer becomes effective and to the extent permitted by any applicable laws, become the successor Account Bank under this Deed without the execution or filing of any paper or any further act on the part of the parties to this Deed, unless otherwise required by KECI, and after the said effective date all references in this Deed to the Account Bank shall be deemed to be references to such successor corporation. Written notice of any such merger, conversion, consolidation or transfer shall immediately be given to the KECI by the Account Bank.

14. DEFAULT

14.1 Default Notice

(A) The Facility Agent shall only be entitled to serve a Default Notice to the Account Bank where a Default or an Event of Default has occurred and is continuing and has not been waived under the Facility Agreement.

(B) Upon receipt by the Account Bank of a Default Notice, KECI and the Account Bank agree that no amount may be withdrawn or transferred from the Account and the Account Bank shall not comply with any Instruction or other demand, direction or request for such a withdrawal or transfer (except a Default Revocation Notice, Notice of an Enforcement Event or as ordered by any court) in respect of the Accounts unless and until the Account Bank has received a Default Revocation Notice (revoking the corresponding Default Notice).

(C) Once a Default Notice has been given, it will continue in force and the provisions of clause 14.1(B) (*Default Notice*) will apply until the Account Bank receives a Default Revocation Notice from the Facility Agent.

(D) The Facility Agent shall copy each notice given pursuant to this clause 14.1 (*Default Notice*) forthwith to KECI.

(E) To the extent permitted under this clause 14 (*Default*), during the period between receipt by KECI of the copy of a Default Notice and receipt of a copy of a corresponding Default Revocation Notice, KECI shall present all Instructions or other directions or requests and all certificates given by KECI regarding the operation of the Accounts in a timely fashion to the Facility Agent for information.

(F) Where the Account Bank has received a Default Notice, which has not been the subject of a corresponding Default Revocation Notice, the Account Bank shall

make withdrawals from the Accounts and take all other action in relation to the Accounts solely as instructed by the Security Agent (or as ordered by any court).

14.2 Default Revocation Notice

(A) The Facility Agent shall give a Default Revocation Notice to the Account Bank (copied to KECI) promptly after being satisfied that no Default or Event of Default is continuing under the Facility Agreement.

(B) For the avoidance of doubt, if any waiver given in respect of any Default expires, or if any condition relating to such waiver is not or ceases to be satisfied, or if such waiver is revoked or otherwise ceases to apply, the Facility Agent shall not be restricted from serving a further Default Notice in respect of the relevant Default.

15. ACCESS TO BOOKS AND RECORDS

The Account Bank shall provide to the Facility Agent and KECI, not less than five Business Days after the end of each calendar year quarter, a full statement of all payments (including the relevant account balance) into and from the Accounts.

16. CONFIDENTIALITY

The Account Bank shall keep confidential all information made available to it by, or by any person on behalf of, any other party to this Deed and shall not disclose any such information to any third party without the prior written consent of KECI, the Security Agent and the Facility Agent unless such disclosure is:

(A) made to a sub-custodian for the purpose of arrangements made in accordance with this Deed;

(B) made to an Affiliate of the Account Bank and is necessary for such Affiliate to comply with any law provided that prior to such disclosure the relevant Affiliate has given an undertaking to be bound by the confidentiality provisions of this clause 16 (*Confidentiality*);

(C) made in connection with any proceedings, claims or suits arising out of or in connection with this Deed, to the extent that the Account Bank reasonably considers it necessary to protect its interests;

(D) required by an order of a court of competent jurisdiction;

(E) made or required pursuant to any law in accordance with which the Account Bank is required to act;

(F) made to its auditors for the purpose of enabling them to undertake any audit or to its legal advisers when seeking bona fide legal advice in connection with this Deed; or

(G) limited to information which has been published or announced in conditions free from confidentiality or has otherwise entered the public domain without default on the part of the Account Bank or has become known by the Account Bank before being disclosed by or on behalf of KECI, the Security Agent or either Facility Agent or has lawfully been obtained after that date other than from a source connected with KECI, the Security Agent or the Facility Agent.

17. ACCOUNT BANK EXONERATION

17.1 Exoneration

(A) The Account Bank may rely on the provisions of clause 23.2 (*Duties of the Facility Agent*), clause 23.3 (*No fiduciary duties*), clause 23.4 (*Business with the Group*), clause 23.5 (*Rights and discretions of Agents*), clause 23.7 (*Responsibility for documentation*) and clause 23.8 (*Exclusion of liability*) of the Facility Agreement individually, as if such provisions were set out in full in this Deed, substituting references to the Facility Agent or the Agent with references to the Account Bank.

(B) The Account Bank shall not be liable to KECI or any other person for any action it may properly take in reliance in good faith upon any written notice or request given to it by KECI or the Security Agent or the Facility Agent (including any withdrawals made pursuant to clause 13.2 (*Instructions*)), including where such notice or request causes the Accounts to become overdrawn.

(C) The Account Bank does not have and does not accept any responsibility for:

(i) the accuracy and/or completeness of any information (other than statements provided in accordance with clause 15 (*Access to books and records*); or

(ii) the legality, validity, effectiveness, adequacy or enforceability of any document made or executed in connection with this Deed.

(D) KECI agrees that it shall not assert or seek to assert against any director, officer or employee of the Account Bank any claim it might have against the Account Bank in respect of the matters referred to in this clause 17 (*Account Bank exoneration*).

17.2 Excluded obligation of Account Bank

(A) Subject to clause 19 (*Liability*) and exercising the banker's duty of care, the Account Bank shall not:

(i) be bound to enquire as to the occurrence or otherwise of a Default;

(ii) be bound to enquire as to the performance by any other party to this Deed of its obligations hereunder;

(iii) be bound to account to any other party hereto for any sum or the profit element of any sum received by it for its own account; or

(iv) be under any fiduciary duty towards any other party hereto or under any obligations other than those for which express provision is made in this Deed or in any operating procedures determined under clause 13.3 (*Operating procedures*).

17.3 Indemnity

KECI shall indemnify the Account Bank on demand against any cost, loss, liability, claim, action, damages, expenses or demands (together, "**Losses**") incurred by or made against the Account Bank in acting as the Account Bank under this Deed, except to the extent that any Losses result from its own wilful default, gross negligence or fraud or that of its officers, directors or employees.

18. CUSTODY OF DOCUMENTS

(A) The Account Bank, the Facility Agent and the Security Agent undertake that they shall not deliver this Deed into a country that would result in this Deed (or any party to it) becoming subject to (or liable for payment of) any stamp duty, documentary taxes or any other similar tax, charge or impost (or any obligation upon a member of the Group to reimburse any other person for such a payment).

(B) Paragraph (A) above shall not apply to the Account Bank, the Facility Agent or the Security Agent at any time at which such party either (i) has a right to take Enforcement Action; or (ii) has the written consent of KECI.

19. LIABILITY

(A) The Account Bank will only be liable to KECI for losses, liabilities, costs, expenses and demands arising directly from the performance of its obligations under this Deed suffered by or occasioned to KECI (" **Liabilities**") to the extent that the Account Bank has been negligent, fraudulent or in wilful default (including any wilful breach of the terms of this Deed) in respect of its obligations under this Deed. The Account Bank shall not otherwise be liable or responsible for any Liabilities or inconvenience which may result from anything done or omitted to be done by it in connection with this Deed.

(B) Liabilities arising under clause 19(A) (*Liability*) shall be limited to the amount of KECI's actual loss. Such actual loss shall be determined (i) as at the date of default of the Account Bank or, if later, the date on which the loss arises as a result of such default, and (ii) without reference to any special conditions or circumstances known to the Account Bank at the time of entering into the Agreement, or at the time of accepting any relevant instructions, which increase the amount of the loss. In no event shall the Account Bank be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for

special, punitive or consequential damages, whether or not the Account Bank has been advised of the possibility of such loss or damages.

(C) The liability of the Account Bank under clause 19(A) (*Liability*) will not extend to any Liabilities arising through any acts, events or circumstances not reasonably within its control, or resulting from the general risks of investment in or the holding of assets in any jurisdiction, including, but not limited to, Liabilities arising from: nationalisation, expropriation or other governmental actions; any law, order or regulation of a governmental, supranational or regulatory body; regulation of the banking or securities industry including changes in market rules or practice, currency restrictions, devaluations or fluctuations; market conditions affecting the execution or settlement of transactions or the value of assets; breakdown, failure or malfunction of any third party transport, telecommunications, computer services or systems; natural disasters or acts of God; war, terrorism, insurrection or revolution; and strikes or industrial action.

PART 4
MISCELLANEOUS

20. STAMP TAXES

The Company shall, within five Business Days of demand, pay and indemnify the Security Agent and the Account Bank against any cost, loss or liability that the Security Agent or the Account Bank incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of this Deed (other than in respect of an assignment or transfer by a Security Agent) in accordance with clause 11.5 (*Stamp taxes*) of the Facility Agreement.

21. COSTS AND EXPENSES

21.1 Transaction Expenses

The Company shall within fifteen Business Days of written demand pay to the Security Agent (or other relevant Finance Party) all costs and expenses (including legal fees) reasonably incurred:

(A) in connection with the negotiation, preparation, printing and execution of this Deed; and

(B) in responding to evaluating, negotiating, preparing, printing, execution of or complying with, an amendment, waiver or consent requested by the Company relating to this Deed.

21.2 Enforcement Costs

The Company shall within five Business Days of written demand pay to the Security Agent and each of the Secured Parties the amount of all documented costs and expenses (including legal fees) incurred by the Security Agent or the relevant Secured Party in connection with the enforcement or attempted enforcement of, or the preservation of rights under, this Deed.

22. POWER OF ATTORNEY

22.1 Appointment

The Company hereby appoints as its attorney, irrevocably (within the meaning of section 4 of the Powers of Attorney Act 1971) and by way of security for the performance of its obligations under this Deed, the Security Agent and any person nominated in writing by the Security Agent severally (with full powers of substitution and delegation), on its behalf and in its name or otherwise and as its act and deed, at such time and in such manner as the attorney may think fit:

(A) to take any action which it is obliged to take under this Deed but has not taken; and

(B) to take any action required to enable the Security Agent to exercise all or any of the rights, powers, authorities and discretions conferred on it by or pursuant to this Deed or by law,

and the taking of action by the attorney or attorneys shall (as between the attorney and any third party) be conclusive evidence to any third party of its right to take such action.

22.2 Ratification

The Company undertakes to ratify and confirm everything that any attorney does or purports to do in the exercise or purported exercise of the power of attorney in clause 22.1 (*Appointment*).

23. ASSIGNMENT

23.1 Assignment by the security agent

The Security Agent may at any time, without the consent of the Company, assign or transfer any of its rights and obligations under this Deed to any person to whom its rights and obligations under the Facility Agreement may be assigned or transferred.

23.2 Assignment by the Company

The Company shall not assign or transfer, or attempt to assign or transfer, any of its rights or obligations under or in respect of this Deed.

23.3 Assignment by the Account Bank

The Account Bank shall not assign or transfer, or attempt to assign or transfer, any of its rights or obligations under or in respect of this Deed.

24. AMENDMENTS

This Deed may not be amended, modified or waived in any respect, without the prior written consent of the Security Agent and the Account Bank given with express reference to this clause 24 (*Amendments*) (such consent not to be unreasonably withheld or delayed).

25. REMEDIES AND WAIVERS

No delay or omission on the part of the Security Agent or the Account Bank in exercising any right provided by law or under this Deed shall impair, affect or operate as a waiver of that or any other right. The single or partial exercise by the Security Agent or the Account Bank of any right shall not, unless otherwise expressly stated, preclude or prejudice any other or further exercise of that, or the exercise of any other, right. The rights of the Security Agent and the Account Bank under this Deed are in addition to and do not affect any other rights available to it by law.

26. EXECUTION AS A DEED

Each of the parties intends this Deed to be a deed and confirms that it is executed and delivered as a deed, notwithstanding the fact that any one of the parties may only execute it under hand.

27. COUNTERPARTS

This Deed may be executed in any number of counterparts, and by the parties to this Deed on separate counterparts, but will not be effective until each such party has executed at least one counterpart. Each counterpart shall constitute an original of this Deed, but all the counterparts will together constitute one and the same instrument.

28. JURISDICTION

(A) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute regarding the existence, validity or termination of this Deed) (a "**Dispute**").

(B) The parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no party will argue to the contrary.

(C) This clause 28 (*Jurisdiction*) is for the benefit of only the Security Agent and the Account Bank. As a result, the Security Agent and the Account Bank shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Security Agent and the Account Bank may take concurrent proceedings in any number of jurisdictions.

29. GOVERNING LAW

This Deed is governed by and is to be construed in accordance with English law.

30. SERVICE OF PROCESS

(A) Without prejudice to any other mode of service allowed under any relevant law, the Company:

(i) irrevocably appoints Trusec Limited of 2 Lambs Passage, London EC1Y 8BB (the "**Process Agent**") as its agent for service of process in relation to any Dispute before the English courts in connection with this Deed;

(ii) irrevocably agrees that any Service Document may be sufficiently and effectively served on it in connection with any dispute in England by service on the Process Agent (or any replacement agent appointed pursuant to paragraph (B) of this clause 30 (*Service of process*); and

(iii) irrevocably agrees that failure by a process agent to notify the Company of the process will not invalidate the proceedings concerned.

(B) If the agent referred to in paragraph (A) of this clause 30 (*Service of process*) (or any replacement agent appointed pursuant to this paragraph (B)) at any time ceases for any reason to act as such, as the case may be, the Company shall as soon as reasonably practicable appoint a replacement agent to accept service having an address for service in England and shall notify the Security Agent of the name and address of the replacement agent; failing such appointment and notification, the agent referred to in paragraph (A) of this clause 30 (*Service of process*) (or any replacement agent appointed pursuant to this paragraph (B)) shall continue to be authorised to act as agent for service of process in relation to any proceedings before the English courts on behalf of the relevant party and shall constitute good service.

(C) Any document addressed in accordance with clause 30(A) (*Service of process*) shall be deemed to have been duly served if:

(i) left at the specified address, when it is left; or

(ii) sent by first class post, two clear Business Days after posting.

(D) For the purposes of this clause 30 (*Service of process*), "**Service Document**" means a writ, summons, order, judgment or other document relating to or in connection with any Dispute.

Nothing contained herein shall affect the right to serve process in any other manner permitted by law.

IN WITNESS of which this document has been signed on behalf of the Security Agent, the Facility Agent and the Account Bank and executed as a deed by the Company and is delivered on the date stated at the beginning of this Deed.

SCHEDULE 1
DETAILS OF THE ACCOUNTS

Name:	Kosmos Energy Credit International
Number:	10172726661

Name:	Kosmos Energy Credit International
Number:	10272726661

Name:	Kosmos Energy Credit International
Number:	10372726661

Name:	Kosmos Energy Credit International
Number:	10472726661

Name:	Kosmos Energy Credit International
Number:	10572726661

Name:	Kosmos Energy Credit International
Number:	10672726661

Name:	Kosmos Energy Credit International
Number:	10772726661

Name:	Kosmos Energy Credit International
Number:	10872726661

Name:	Kosmos Energy Credit International
Number:	10972726661

Name:	Kosmos Energy Credit International
Number:	11072726661

Name:	Kosmos Energy Credit International
Number:	11172726661

Name:	Kosmos Energy Credit International
Number:	11272726661

Name:	Kosmos Energy Credit International
Number:	11372726661

Name:	Kosmos Energy Credit International
Number:	11472726661

Name:	Kosmos Energy Credit International
Number:	11572726661

Name:	Kosmos Energy Credit International
Number:	11672726661

Name:	Kosmos Energy Credit International
Number:	11772726661

Name:	Kosmos Energy Credit International
Number:	11872726661

Name:	Kosmos Energy Credit International
Number:	11972726661

Name:	Kosmos Energy Credit International
Number:	12072726661

Name:	Kosmos Energy Credit International
Number:	12172726661

Name:	Kosmos Energy Credit International
Number:	12272726661

Name:	Kosmos Energy Credit International
Number:	12372726661

Name:	Kosmos Energy Credit International
Number:	12472726661

Name:	Kosmos Energy Credit International
Number:	12572726661

SCHEDULE 2
DETAILS AND ENFORCEMENT NOTICES

Part I
Default Notice

[*Letterhead of Facility Agent*]

To: Societe Generale, London Branch (as the Account Bank)
SG House
41 Tower Hill
EC3N 4SG
London, UK

Fax: +44 20 7676 6661

F.A.O.: Mirela Kubicka and Muzaffar Khalmirzaev

cc: Kosmos Energy Credit International
P.O. Box 32322
4th Floor Century Yard
Cricket Square
Elgin Avenue
George Town
Grand Cayman
KY1-1209
Cayman Islands

Fax: (345) 946 4090

F.A.O.: Andrew Johnson

cc: Kosmos Energy Credit International
c/o Kosmos Energy LLC
8176 Park Lane
Suite 500
Dallas
Texas 75231
USA

Fax: (345) 946 4090

F.A.O.: Andrew Johnson

cc: Societe Generale, London Branch (as the Security Agent)
SG House
41 Tower Hill
EC3N 4SG
London, UK

Fax: +44 20 7676 6661

F.A.O.: Mirela Kubicka and Muzaffar Khalmirzaev

[*Date*]

Dear Sirs,

Default Notice

1. We refer to the Charge on Cash Deposits and Account Bank Agreement dated [ ] made between, *inter alios*, Kosmos Energy Credit International ("**KECI**"), you as the Account Bank and us as Facility Agent (the " **Agreement**").

   Terms defined in the Agreement shall, unless otherwise defined herein, have the same meaning in this Default Notice.

2. We hereby give you notice that a Default has occurred and KECI's right to withdraw money from the Accounts is restricted in accordance with the terms of clause 13 (*Default*) of the Agreement.

3. Pursuant to clause 13 (*Default*) of the Agreement, we hereby notify and instruct you that no amount may be withdrawn or transferred from the Accounts, and that you shall not comply with any Instruction or other demand, direction or request for such a withdrawal or transfer (except a Notice of an Enforcement Event) in respect of the Accounts, unless and until:

   (a) we have notified you in writing (signed by an Authorised Signatory) that an amount or amounts may be withdrawn or transferred by KECI from the Accounts in accordance with such Instruction, demand, direction or request; or

   (b) a Default Revocation Notice has been delivered to you from us.

4. This Default Notice shall remain in force until a Default Revocation Notice has been delivered to you by us.

This Default Notice shall be governed by and construed in accordance with English law.

Yours faithfully,

_____

For and on behalf of

SOCIETE GENEALE, LONDON BRANCH
as Facility Agent

SCHEDULE 2

Part II
Default Revocation Notice

[*Letterhead of Facility Agent*]

To: Societe Generale, London Branch (as the Account Bank)
SG House
41 Tower Hill
EC3N 4SG
London, UK

Fax: +44 20 7676 6661

F.A.O.: Mirela Kubicka and Muzaffar Khalmirzaev

Email: Mirela.kubicka@sgcib.com,
Muzaffar.Khalmirzaev@sgcib.com; and
par-oper-tsu-mm@sgcib.com

cc: Kosmos Energy Credit International
P.O. Box 32322
4th Floor Century Yard
Cricket Square
Elgin Avenue
George Town
Grand Cayman
KY1-1209
Cayman Islands

Fax: (345) 946 4090

F.A.O.: Andrew Johnson

cc: Kosmos Energy Credit International
c/o Kosmos Energy LLC
8176 Park Lane
Suite 500
Dallas
Texas 75231
USA

Fax: (345) 946 4090

F.A.O.: Andrew Johnson

cc: Societe Generale, London Branch (as the Security Agent)
SG House

41 Tower Hill
EC3N 4SG
London, UK

Fax: +44 20 7676 6661

F.A.O.: Mirela Kubicka and Muzaffar Khalmirzaev

[*Date*]

Dear Sirs,

Default Revocation Notice

1. We refer to clause 13 (*Default*) of the Charge on Cash Deposits and Account Bank Agreement dated [ ] made between, *inter alios*, Kosmos Energy Credit International ("**KECI**"), you as the Account Bank and us as Facility Agent (the " **Agreement**") and the Default Notice addressed to you dated [ ].

   Terms defined in the Agreement shall have the same meaning in this Default Revocation Notice.

2. We hereby revoke the Default Notice referred to in paragraph 1.

This Default Revocation Notice shall be governed by and construed in accordance with English law.

Yours faithfully,

_____

For and on behalf of
SOCIETE GENERALE, LONDON BRANCH
as Facility Agent

SCHEDULE 2

Part III
Notice of an Enforcement Event

[*Letterhead of Security Agent*]

To: Societe Generale, London Branch (as the Account Bank)
SG House
41 Tower Hill
EC3N 4SG
London, UK

Fax: +44 20 7676 6661

F.A.O.: Mirela Kubicka and Muzaffar Khalmirzaev

Email: Mirela.kubicka@sgcib.com,
Muzaffar.Khalmirzaev@sgcib.com; and
par-oper-tsu-mm@sgcib.com

cc: Kosmos Energy Credit International
P.O. Box 32322
4th Floor Century Yard
Cricket Square
Elgin Avenue
George Town
Grand Cayman
KY1-1209
Cayman Islands

Fax: (345) 946 4090

F.A.O.: Andrew Johnson

cc: Kosmos Energy Credit International
c/o Kosmos Energy LLC
8176 Park Lane
Suite 500
Dallas
Texas 75231
USA

Fax: (345) 946 4090

F.A.O.: Andrew Johnson

[*Date*]

Dear Sirs,

Notice of an Enforcement Event

1. We refer to the Charge on Cash Deposits and Bank Account Agreement dated [ ] made between *inter alios* Kosmos Energy Credit International ("**KECI**") and us as Security Agent (the "**Agreement**").

   Terms defined in the Agreement shall, unless otherwise defined herein, have the same meaning in this Notice of an Enforcement Event.

2. This is a Notice of an Enforcement Event and prevails over any contrary or inconsistent Instruction given by KECI at any time.

3. Pursuant to clause 14 (*Enforcement*) of the Agreement, we hereby notify and instruct you:

   (a) that no withdrawal of any sums standing to the credit of the Accounts are permitted or should be made as of the date hereof until further notice except in accordance with paragraph (c) below;

   (b) not to comply with the terms of any Instruction or other demand, direction or request in relation to the Accounts unless it has been approved by us in writing; and

   (c) to comply with all directions given for or in connection with the Accounts whatsoever by or on behalf of the Security Agent, including without limitation, to honour and comply with all cheques, notes and other orders drawn, and all bills accepted by or on behalf of the Security Agent, and to accept all receipts as a valid discharge to you for any monies deposited with or owing by you on the Accounts at any time, provided that such cheques, notes, orders, bills, directions or receipts are signed by:

Name	Function	Capacity (i.e. severally or jointly and if so with whom)	Specimen Signatures
_____	_____	_____	_____
_____	_____	_____	_____

The above signatories are for the purposes of the Accounts the " **Authorised Signatories**" and each an "**Authorised Signatory**" of the Security Agent.

This notice shall be governed by and construed in accordance with English law.

Please acknowledge receipt of this notice by signing and returning the acknowledgement to us at the address specified above.

Yours faithfully,

_____

For and on behalf of
SOCIETE GENERALE, LONDON BRANCH
as Security Agent

We acknowledge the above:

For and on behalf of
SOCIETE GENERALE, LONDON BRANCH
as Account Bank

Date:

SIGNATURES

KECI

EXECUTED as a DEED by **KOSMOS ENERGY CREDIT INTERNATIONAL** acting by Neal Shah expressly authorised in accordance with a power of attorney dated in the presence of:)

Per: /s/ Neal Shah

Title: Neal Shah

Name: Attorney-in-Fact

/s/ Phillip B. Feiner

Witness's signature

Name: Phillip B. Feiner

Address:

8176 Park Lane
Suite 500
Dallas, Texas 75231 USA

Occupation: Attorney

Address: P.O. Box 32322,
4th Floor, Century Yard
Cricket Square
Elgin Avenue
George Town
Grand Cayman, KY1-1209
Cayman Islands

cc: Kosmos Energy Credit International
c/o Kosmos Energy LLC
8176 Park Lane
Suite 500, Dallas
Texas 75231
USA

Fax number:

Attention:

Facility Agent

Executed as a deed on behalf of **SOCIETE GENERALE, LONDON BRANCH**, a company incorporated in France, by **Christophe Roux**, being a person who, in accordance with the laws of France, is acting under the authority of the company.	)	/s/Christophe Roux
		(Authorised signatory)

Signature of witness /s/ Camille Souchaud

Name of witness Camille Souchaud

Address: Societe Generale, London Branch
SG House
41 Tower Hill
London, EC3N 4SG

Fax: +44 20 7676 6661

F.A.O.: Mirela Kubicka and Muzaffar Khalmirzaev

Security Agent

Signed by **SOCIETE GENERALE, LONDON BRANCH** acting by its duly appointed attorney	)))))	/s/Christophe Roux

Address: Societe Generale, London Branch
SG House
41 Tower Hill
London, EC3N 4SG

Fax: +44 20 7676 6661

F.A.O.: Mirela Kubicka and Muzaffar Khalmirzaev

Account Bank

Signed by **SOCIETE GENERALE, LONDON BRANCH** acting by its duly appointed attorney	)))))	/s/Christophe Roux

Address: Societe Generale, London Branch
SG House
41 Tower Hill
London, EC3N 4SG

Fax: +44 20 7676 6661

Email: Mirela.kubicka@sgcib.com,
Muzaffar.Khalmirzaev@sgcib.com; and
par-oper-tsu-mm@sgcib.com

F.A.O.: Mirela Kubicka and Muzaffar Khalmirzaev

Exhibit 10.3

July 18, 2013

Kosmos Energy Ltd.
c/o Kosmos Energy, LLC
8176 Park Lane, Suite 500
Dallas, TX 75231

Attention: The Board of Directors

Re: Resignation

In connection with my anticipated retirement, this letter confirms my resignation as a member and Chairman of the Board of Directors of Kosmos Energy Ltd. (the "**Company**"), to be effective upon the appointment of my successor as Chairman of the Board of Directors of the Company.

I confirm my support for the Board of Directors of the Company and the Company's management team. My retirement/resignation is not the result of any disagreement with the Company on any matter relating to the Company's operations, policies or practices.

Sincerely,

/s/ John R. Kemp
John R. Kemp

Exhibit 10.4

KOSMOS ENERGY LTD.

AMENDMENT NUMBER TWO
TO CONSULTING AGREEMENT

THIS AMENDMENT NUMBER TWO TO CONSULTING AGREEMENT (this "**Amendment**"), effective as of January 1, 2013 (the "**Effective Date**"), by and between Kosmos Energy Ltd., a company incorporated under the laws of Bermuda (" **Kosmos**"), and John R. Kemp ("**Kemp**"). Unless specifically set forth otherwise, reference to the "parties" in this Amendment refers solely to Kosmos and Kemp.

WITNESSETH

WHEREAS, Kosmos and Kemp entered into a Consulting Agreement dated October 31, 2011 and amended effective as of January 1, 2012 (the "**Consulting Agreement**") pursuant to which Kemp serves as a consultant to perform such services as Kosmos may reasonably request from time to time during the term of the Consulting Agreement, in addition to his duties as a member of the Kosmos Board of Directors; and

WHEREAS, Kosmos and Kemp desire to amend certain provisions of the Consulting Agreement as set forth in this Amendment.

NOW, THEREFORE, in consideration of the promises and mutual covenants and agreements set forth herein and for other good and valuation consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

1. **Capitalized Terms**. All capitalized terms used but not defined in this Amendment shall have the same meaning as prescribed in the Consulting Agreement.

2. **Amendment of Section 3.** Section 3 of the Consulting Agreement shall be amended by replacing the first sentence thereof in its entirety with the following:

> 3. ***Compensation***. As payment for Kemp's fulfillment of the Consulting Services and covenants set forth in this Agreement, Kosmos shall pay and provide to Kemp: (i) during the period beginning on January 1, 2013 and ending on the expiration or earlier termination of this Agreement, $61,000 per month payable in arrears; and (ii) an award of 12,000 restricted common shares of Kosmos, or a restricted share unit award with respect to 12,000 common shares of Kosmos, as determined by the Compensation Committee of the Board of Directors of Kosmos in its sole discretion, to be granted by Kosmos to Kemp on the first day of each Renewal Term, if any, which award shall become 100% vested (and, in the case of an award of restricted share units, 100% of the common shares underlying such award shall become issuable on or within 30 days after the date of such vesting) at the expiration of each such Renewal Term (collectively, the "**Compensation**").

3. **Amendment of Section 4**. Section 4 of the Consulting Agreement shall be amended by deleting therefrom the phrase "in traveling from Houston, Texas to Dallas, Texas."

4. **Execution and Delivery**. This Amendment may be executed in several counterparts, all of which will together constitute a single agreement among the parties. Delivery by electronic transmission of an executed counterpart of the signature page to this Amendment shall be as effective as delivery of a manually executed counterpart of this Amendment.

5. **No Other Amendments**. Except as modified by this Amendment, all provisions of the Consulting Agreement shall continue in full force and effect.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment or have caused this Amendment to be executed by their duly authorized representatives to be effective as of the Effective Date.

KOSMOS ENERGY LTD.

By: /s/ W. Greg Dunlevy
Name: W. Greg Dunlevy
Title: Executive Vice President and Chief Financial Officer

/s/ John R. Kemp
JOHN R. KEMP

Exhibit 10.5

KOSMOS ENERGY LTD.

AMENDMENT NUMBER THREE
TO CONSULTING AGREEMENT

THIS AMENDMENT NUMBER THREE TO CONSULTING AGREEMENT (this "**Amendment**"), dated effective as of October 1, 2013 (the "**Effective Date**"), by and between Kosmos Energy Ltd., a company incorporated under the laws of Bermuda (" **Kosmos**"), and John R. Kemp ("**Kemp**"). Unless specifically set forth otherwise, reference to the "**parties**" in this Amendment refers solely to Kosmos and Kemp.

WITNESSETH

WHEREAS, Kosmos and Kemp entered into a Consulting Agreement dated October 31, 2011 and amended effective as of January 1, 2012 and January 1, 2013 (collectively, the "**Consulting Agreement**") pursuant to which Kemp serves as a consultant to perform such services as Kosmos may reasonably request from time to time during the term of the Consulting Agreement, in addition to his duties as a member of the Kosmos Board of Directors; and

WHEREAS, Kosmos and Kemp desire to amend certain provisions of the Consulting Agreement as set forth in this Amendment.

NOW, THEREFORE, in consideration of the promises and mutual covenants and agreements set forth herein and for other good and valuation consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

1. **Capitalized Terms.** All capitalized terms used but not defined in this Amendment shall have the same meaning as prescribed in the Consulting Agreement.

2. **Amendment of Section 2.** Effective as of the Effective Date, Section 2 of the Consulting Agreement shall be amended by replacing the second sentence thereof in its entirety with the following:

> "Thereafter, this Agreement shall automatically renew and continue for an indefinite period of time (such period of time is referred to in this Agreement as the **"Renewal Term"**), unless and until on or after November 1, 2013 either party gives the other party written notice of termination at least five (5) days in advance; *provided, however*, in no event shall the Renewal Term exceed twelve (12) months in duration."

3. **Amendment of Section 3.** Effective as of the Effective Date, Section 3 of the Consulting Agreement shall be amended by replacing the first sentence thereof in its entirety with the following:

> "3. ***Compensation.*** As payment for Kemp's fulfillment of the Consulting Services and covenants set forth in this Agreement, each month of the Renewal Term Kosmos shall pay and provide to Kemp: (i) $61,000 payable in arrears; and (ii) an award of 1,000 restricted common shares of Kosmos, or a restricted share unit award with respect to 1,000 common shares of Kosmos, as determined by the Compensation Committee of the Board of Directors of Kosmos in its sole discretion, to be granted by Kosmos to Kemp on the first day of each such month, if any, which award shall become 100% vested (and, in the case of an award of restricted share units, 100% of the common shares underlying such award shall become issuable on or within 30 days after the date of such vesting) at the expiration of the Renewal Term (collectively, the "**Compensation**"). In the event the Renewal Term is terminated prior to the end of a calendar month, the Compensation for such calendar month shall be proportionately reduced based on the number of days remaining in such calendar month after the termination date, divided by the total number of days in such calendar month."

4. **Execution and Delivery.** This Amendment may be executed in several counterparts, all of which will together constitute a single agreement among the parties. Delivery by electronic transmission of an executed counterpart of the signature page to this Amendment shall be as effective as delivery of a manually executed counterpart of this Amendment.

5. **No Other Amendments.** Except as modified by this Amendment, all provisions of the Consulting Agreement shall continue in full force and effect.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment or have caused this Amendment to be executed by their duly authorized representatives to be effective as of the Effective Date.

KOSMOS ENERGY LTD.

By: /s/ Jason E. Doughty
Name: Jason E. Doughty
Title: Senior Vice President, General Counsel and Secretary

Date: 8/29/2013

/s/ John R. Kemp
JOHN R. KEMP

Date: 8/29/2013

Exhibit 10.6

November 22, 2011

Darrell McKenna
5535 Memorial Drive, Suite F-455
Houston, Texas 77007

RE: REVISED Offer of Employment (terminating all previous offers)

Dear Darrell,

On behalf of the Kosmos organization, I am pleased to extend an offer of employment to you with Kosmos Energy, LLC ("Kosmos Energy" or the "Company") as Chief Operating Officer. This letter serves to confirm our offer of employment to you including the following:

Compensation:	A salary of $20,833.33 per semi-monthly pay period (annualized to $500,000). Salary is paid on the 15th and last day of each month. This position provides for an annual discretionary bonus that is targeted, based on market comparisons, in the 75% range.
Signing Bonus:	A signing bonus of $600,000 will be paid in your first paycheck. Should you voluntarily terminate your employment for any reason within the first 12 months of employment, you agree to reimburse Kosmos Energy for your signing bonus.
Incentive Compensation:	Kosmos Energy, Ltd. will grant you participation in the Incentive Compensation Program ("Program") with a face value of **five (5)** times your base annual salary. The face value will be converted into participation in the Program by calculation using Kosmos Energy, Ltd's stock price on the first of the month following your start date. The Incentive Compensation Award granted to you shall vest in accordance with the program's standard four year vesting cycle and will be based on a mix of a 50% time-vesting schedule and a 50% performance-vesting schedule. All terms and conditions of the Incentive Compensation Award granted to you, including without limitation, the vesting schedules and forfeiture restrictions, shall be subject to the provisions of the Long-Term Incentive Plan as well as the attached form of Award Agreement(s) which have been incorporated into this Offer Letter by reference.
Vacation:	Based on your years of relevant industry-related work experience, Kosmos Energy offers you five (5) weeks of annual vacation allowance.

Relocation: The Company will pay or reimburse you for all reasonable and customary costs associated with moving your household goods and effects to the Dallas/Fort Worth area, as indicated below:

- The cost of packing and transporting standard furniture and personal effects belonging to you and members of your immediate family will be covered.
- We will pay/reimburse your one-way airfare for you and your immediate family from Australia to Dallas, Texas.

In addition to the above:

- We will provide reasonable expenses, including travel, for up to five days for you and your family to attain housing in the Dallas/Fort Worth area. This is a taxable item, but it **will** be grossed up.
- We will pay/reimburse necessary transitional temporary housing (approved by the Company in advance) as you relocate from your current residence to the Dallas/Fort Worth area for up to three (3) months. This is a taxable item, but it **will** be grossed up.
- We will pay you a one-time lump sum of $5,000 to cover miscellaneous expenses. Please be aware that this shall be considered taxable income to you and will not be grossed up for federal income tax purposes.
- Kosmos agrees to pay up to $25,000 to cover the loss on the sale of your two vehicles in Australia. This is a taxable item and **will not** be grossed up for federal income tax purposes.

Other:

- Should you voluntarily terminate your employment for any reason within the first 12 months of employment, you agree to reimburse Kosmos Energy for the expenses incurred by the Company pursuant to the "Relocation" section of this offer.

Spouse Assistance: We will provide employment assistance through The MI Group for your spouse. This benefit covers items such as,

but not limited to, career counseling, employment search coaching, resume development, career development workshops, etc. This benefit is to be commenced within 90 days of your move date to Dallas and should be completed within 1 year.

Severance Program: If you are terminated through no fault of your own or your position is eliminated and you are not offered a comparable position in Dallas you will receive your current Base Annual Salary plus Estimated Bonus for 1 year. Additionally, Kosmos will reimburse you the amount of COBRA payment to cover medical and dental health insurance for you and your dependents for 1 year.

Benefits Program: As a full-time regular employee of Kosmos Energy, you are entitled to participate in the Company benefit plans. For the 2012 Plan Year, the company is paying 100% of the cost of these Employer Paid Plans. Kosmos retains the right to change benefits and their costs at the Company's sole discretion.

Holiday: The Company's office closes for nine of the nationally recognized, major U.S. holidays. Additionally, the company provides employees the option to take two additional "floating" holidays of their choice.

Please be advised that your employment with Kosmos Energy will be at-will and nothing in this letter shall be deemed to be construed as a contract for a term of employment.

We look forward to receiving a response from you within the next week. If you have any additional questions, please do not hesitate to call me at 214-445-9606.

We believe Kosmos Energy is an outstanding organization with a capable, dedicated team and know you will be a valuable, enthusiastic addition.

Sincerely,

/s/ Brian Maxted

Brian Maxted
President & Chief Executive Officer

cc: Grace Weisberg

I agree to the terms of the employment set forth above. Furthermore, I represent to Kosmos Energy that I am not subject to any obligation or agreement (e.g., an employment agreement or non-compete agreement) that would prevent me from becoming an employee of Kosmos Energy or that will adversely impact my ability to perform my duties.

I also agree that the terms and conditions of my employment offer are confidential.

/s/ Darrell McKenna	01/04/2012	01/03/2012
Darrell McKenna	Date	Start Date

Exhibit 10.7

March 2, 2012

Ty Gaston
2309 Highlands Creek Road
Carrollton, Texas 75007

RE: Offer of Employment - Revised

Dear Ty,

On behalf of the Kosmos organization, I am pleased to extend an offer of employment to you with Kosmos Energy, LLC ("Kosmos Energy" or the "Company") as Sr. Vice President, Global Human Resources, contingent on our background verification and proof of your identity and eligibility to work in the United States. This letter serves to confirm our offer of employment to you including the following:

Compensation:	A salary of $10,416.67 per semi-monthly pay period (annualized to $250,000). Salary is paid on the 15th and last day of each month. This position provides for an annual discretionary bonus that is targeted, based on market comparisons, in the 50% range.
Signing Bonus:	A signing bonus of $100,000 will be paid in your first paycheck. Should you voluntarily terminate your employment for any reason within the first 12 months of employment, you agree to reimburse Kosmos Energy for your signing bonus.
Incentive Compensation:	Kosmos Energy, Ltd. will grant you participation in the Incentive Compensation Program ("Program") with a face value of **two (2) times** your base annual salary. The face value will be converted into participation in the Program by calculation using Kosmos Energy, Ltd's stock price at the date of approval of your award by the Compensation Committee of the Board of Directors or their delegates (the "Committee"). The Incentive Compensation Award granted to you shall vest in accordance with the program's standard four year vesting cycle and may be based on a mix of a time-vesting schedule and a performance-vesting schedule, as determined and approved by the Committee, in their sole discretion, and as generally applied to Company's employees. All terms and conditions of the Incentive Compensation Award granted to you, including without limitation, the vesting schedules and forfeiture restrictions, shall be subject to the provisions of the Program, as may be

amended from time to time.

Vacation:	Based on your years of relevant industry-related work experience, Kosmos Energy offers you four (4) weeks of annual vacation allowance.
Severance Program:	If you are terminated through no fault of your own or your position is eliminated and you are not offered a comparable position in Dallas you will receive your current Base Annual Salary plus Estimated Bonus for 1 year. Additionally, Kosmos will reimburse you the amount of COBRA payment to cover medical and dental health insurance for you and your dependents for 1 year.
Benefits Program:	As a full-time regular employee of Kosmos Energy, you are entitled to participate in the Company benefit plans. For the 2012 Plan Year, the Company is paying 100% of the cost of these Employer Paid Plans. Kosmos retains the right to change benefits and their costs at the Company's sole discretion.
Holidays:	The Company's office closes for nine of the nationally recognized, major U.S. holidays. Additionally, the Company provides employees the option to take two additional "floating" holidays of their choice.

Please be advised that your employment with Kosmos Energy will be at-will and nothing in this letter shall be deemed to be construed as a contract for a term of employment.

We look forward to receiving a response from you within the next week. If you have any additional questions, please do not hesitate to call me at 214-445-9602.

We believe Kosmos Energy is an outstanding organization with a capable, dedicated team and know you will be a valuable, enthusiastic addition.

Sincerely,

/s/ Brian F. Maxted
Brian F. Maxted
President and Chief Executive Officer

cc: Grace Weisberg

I agree to the terms of the employment set forth above. Furthermore, I represent to Kosmos Energy that I am not subject to any obligation or agreement (e.g., an employment agreement or non-compete agreement) that would prevent me from becoming an employee of Kosmos Energy or that will adversely impact my ability to perform my duties.

I also agree that the terms and conditions of my employment offer are confidential.

Ty Gaston	Date	Anticipated Start Date

Exhibit 10.8

May 16, 2012

Paul Nobel
15243 SW 39 St.
Davie, FL 33331

RE: Revised - Offer of Employment

Dear Paul,

On behalf of the Kosmos organization, I am pleased to extend an offer of employment to you with Kosmos Energy, LLC ("Kosmos Energy" or the "Company") as Senior Vice President and Chief Accounting Officer, contingent on our background verification and proof of your identity and eligibility to work in the United States. This letter serves to confirm our offer of employment to you including the following:

Compensation:	A salary of $14,583.34 per semi-monthly pay period (annualized to $350,000). Salary is paid on the 15th and last day of each month. This position provides for an annual discretionary bonus that is targeted, based on market comparisons, in the 50% range. The first year of your target bonus will not be pro-rated.
Signing Bonus:	A signing bonus of $100,000 will be paid in your first paycheck. Should you voluntarily terminate your employment for any reason within the first 12 months of employment, you agree to reimburse Kosmos Energy for your signing bonus.
Retention Payments:	A $100,000 bonus will be paid on your first year anniversary date, if you are still actively employed by Kosmos Energy at that time.
Incentive Compensation:	Kosmos Energy, Ltd, will grant you participation in the Incentive Compensation Program ("Program") with a face value of **two and one-fourth (2.25) times** your base annual salary. The face value will be converted into participation in the Program by calculation using Kosmos Energy, Ltd's stock price at the first business day of the month following the latter of your start date with the Company or date of approval of your award by the Compensation Committee of

the Board of Directors or their delegates (the "Committee").

The Incentive Compensation Award granted to you shall vest in accordance with the program's standard four year vesting cycle and will be a mix of 50% time vesting and 50% performance-vesting, as determined and approved by the Committee, in their sole discretion, and as generally applied to Company's employees. All terms and conditions of the Incentive Compensation Award granted to you, including without limitation, the vesting schedules and forfeiture restrictions, shall be subject to the provisions of the Program, as may be amended from time to time.

Vacation: Based on your years of relevant work experience, Kosmos Energy offers you four (4) weeks of annual vacation allowance.

Severance Program: If you are terminated through no fault of your own or your position is eliminated and you are not offered a comparable position in Dallas you will receive your current Base Annual Salary plus Target Bonus for 1 year. Additionally, Kosmos will reimburse you the amount of COBRA payment to cover medical and dental health insurance for you and your dependents for 1 year.

Transition to Dallas: You will work from the Dallas Office Monday through Friday. Kosmos will cover the reasonable cost of your transportation between Davie, FL and Dallas for a period of up to six (6) months and will provide you with reasonable living accommodations in Dallas for a period of up to six (6) months, with an eye towards your relocation to Dallas. You will be required to pay for other miscellaneous expenses not directly associated with transportation or living accommodations. This is a taxable item, but it **will** be grossed up.

Relocation: The Company will Pay or reimburse you for all reasonable and customary costs associated with moving your household goods and effects to the Dallas/Fort Worth area, as indicated below:

- The cost of packing and transporting standard furniture and personal effects belonging to you and members of your immediate family will be covered.
- We will reimburse mileage from your current residence

to the Dallas/Fort Worth area for 2 vehicles (at the current IRS rate per mile). If you choose to have your vehicles transported by moving van, we will pay/reimburse your one-way airfare for you and your immediate family.

- We will not cover the cost of transporting more than 2 vehicles and non-standard items such as boats, trailers, recreational vehicles, pianos, and machinery.

In addition to the above:

- We will provide reasonable expenses, including travel, for up to five days for you and your family to attain housing in the Dallas/Fort Worth area. This is a taxable item, but it **will** be grossed up.

- We will pay you a one-time lump sum of $5,000 to cover miscellaneous expenses. Please be aware that this shall be considered taxable income to you and **will not** be grossed up for federal income tax purposes.

Also, should, you own a home in your current location, you may be eligible for either option A or B below, as circumstances require and subject to pre-approval by the Company:

A. Existing Home Lease — Kosmos Energy will pay/reimburse you for monthly covered costs of your current residence (after you and, if applicable, your family relocate to the Dallas/Fort Worth area). This will include out of pocket ownership expense during any period in which your house is not leased, subject to a maximum of $3,000 per month, and further subject to a maximum period of six (6) months. These payments shall be considered taxable income to you but **will not** be grossed up for federal income tax purposes, Covered costs include the following monthly expenses while the property is offered for lease but not leased and while unoccupied:

- Interest charges (but not repayment of principal) on your mortgage
- Pro-rated Property Taxes and mandatory Homeowners' Association dues
- Utilities required to be maintained including:
- Electric

- Gas
- Water/sewage
- Home security system
- Trash pickup/removal fees or taxes
- Yard maintenance services
- An additional allowance for miscellaneous expenses of $100 per month

B. Existing Home Sale — Kosmos Energy will pay you a lump-sum amount of $50,000 in lieu of costs associated with the sale of your existing home and the purchase/lease of a new residence in the Dallas/Fort Worth area, which shall be considered taxable income to you but **will not** be grossed up for federal income tax purposes. You are required to sell your existing home and either purchase or lease a home in the Dallas/Fort Worth area to receive this payment.

Other:

- Should you voluntarily terminate your employment for any reason within the first 12 months of employment, you agree to reimburse Kosmos Energy for the expenses incurred by the Company pursuant to the "Relocation" section of this offer.

- If, solely as a result of a "Change in Control" (as defined in the Long Term Incentive Plan of Kosmos Energy Ltd. which would include certain sales or mergers), either:

  (i) your employment with Kosmos Energy should terminate within the first 18 months of employment, OR

  (ii) you are required to relocate to a location outside of the Dallas/Fort Worth area,

Kosmos Energy agrees to pay all reasonable and customary costs associated with moving your household goods and effects back to your previous residential area.

Benefits Program: As a full-time regular employee of Kosmos Energy, you are entitled to participate in the Company benefit plans. For the 2012 Plan Year, the Company is paying 100% of the cost of these Employer Paid Plans. Kosmos retains the right to

change benefits and their costs at the Company's sole discretion.

Holidays: The Company's office closes for nine of the nationally recognized, major U.S. holidays. Additionally, the Company provides employees the option to take two additional "floating" holidays of their choice.

Please be advised that your employment with Kosmos Energy will be at-will and nothing in this letter shall be deemed to be construed as a contract for a term of employment.

We look forward to receiving a response from you within the next week. If you have any additional questions, please do not hesitate to call me at 214-445-9631.

We believe Kosmos Energy is an outstanding organization with a capable, dedicated team and know you will be a valuable, enthusiastic addition.

Sincerely,

/s/ W. Greg Dunlevy
W. Greg Dunlevy
Chief Financial Officer

cc: Human Resources

I agree to the terms of the employment set forth above, Furthermore, I represent to Kosmos Energy that I am not subject to any obligation or agreement (e.g., an employment agreement or non-compete agreement) that would prevent me from becoming an employee of Kosmos Energy or that will adversely impact my ability to perform my duties.*

I also agree that the terms and conditions of my employment offer are confidential.

/s/ Paul Nobel	May 29, 2012	July 16, 2012
Paul Nobel	Date	Anticipated Start Date

* Discussed non-compete language contained within my Severance Agreement with World Fuel, as provided, with you and mutually concluded it should not create an issue towards employment with Kosmos.

Exhibit 10.9

KOSMOS ENERGY LTD.
LONG TERM INCENTIVE PLAN

RSU Award Agreement
[Service Vesting — for Directors]

You have been granted a restricted share unit award (this "**Award**") on the following terms and subject to the provisions of Attachment A and the Kosmos Energy Ltd. Long Term Incentive Plan (the "**Plan**"). Unless defined in this Award agreement (including Attachment A, this " **Agreement**"), capitalized terms will have the meanings assigned to them in the Plan. In the event of a conflict among the provisions of the Plan, this Agreement and any descriptive materials provided to you, the provisions of the Plan will prevail.

Participant	[Full name]
Number of RSUs	[●] Restricted Share Units (the "**RSUs**")
Grant Date	[●]
Vesting	Subject to Section 3 of Attachment A, the RSUs shall vest on [insert applicable vesting date[s]] if the Participant does not experience a Termination of Service at any time prior to [such] [the applicable] Vesting Date. [Further, subject to Section 3 of Attachment A, if a Change in Control occurs, then the RSUs that have not vested pursuant to the preceding sentence shall fully vest on such Change in Control.]

Attachment A

RSU Award Agreement
Terms and Conditions

Grant to: [Full name]

Section 1. *Grant of RSU Award.* Subject to the terms and conditions of the Plan and this Agreement, the Company hereby grants this Award to the Participant on the Grant Date on the terms set forth on the cover page of this Agreement, as more fully described in this Attachment A. This Award is granted under the Plan, which is incorporated herein by this reference and made a part of this Agreement.

Section 2. *Issuance of RSUs.*

(a) *Issuance.* Each RSU shall represent the right to receive one Share upon the vesting of such RSU in accordance with this Agreement.

(b) *Voting Rights.* The Participant shall have no voting rights with respect to the RSUs unless and until the Participant becomes the record owner of the Shares, including Dividend Shares (as defined below) to the extent applicable, underlying such RSUs.

(c) *Dividend Equivalents.* If a dividend is paid on Shares during the period commencing on the Grant Date and ending on the date on which the Shares underlying RSUs are distributed to the Participant, the Participant shall be eligible to receive an amount equal to the amount of the dividend that the Participant would have received had the Shares underlying the RSUs been distributed to the Participant as of the time at which such dividend is paid; *it being understood* that no such amount shall be payable with respect to any RSUs that are forfeited. Such amount shall be paid to the Participant on the date on which the Shares underlying the RSUs are distributed to the Participant in the same form (cash, Shares or other property) in which such dividend is paid to holders of Shares generally. Any Shares that the Participant is eligible to receive pursuant to this Section 2 are referred to herein as " **Dividend Shares**."

(d) *Transferability*. The RSUs shall not be assigned, sold, transferred or otherwise be subject to alienation by the Participant. Any assignment, sale, transfer or other alienation with respect to the Shares issuable upon the vesting of the RSUs shall be in accordance with applicable securities laws.

(e) *Withholding Requirements*. The Company may withhold any tax (or other governmental obligation) that becomes due with respect to the RSUs (or any dividend or distribution thereon), and the Participant shall make arrangements satisfactory to the Company to enable the Company to satisfy all such withholding requirements. Notwithstanding the foregoing, the Committee, in its

sole discretion, may permit the Participant to satisfy any such withholding requirement by transferring to the Company pursuant to such procedures as the Committee may require, effective as of the date on which such requirement arises, a number of vested Shares owned and designated by the Participant having an aggregate Fair Market Value as of such date that is equal to the minimum amount required to be withheld. If the Committee permits the Participant to satisfy any such withholding requirement pursuant to the preceding sentence, the Company shall remit to the Internal Revenue Service and appropriate state and local revenue agencies, for the credit of the Participant, an amount of cash withholding equal to the Fair Market Value of the Shares transferred to the Company as provided above.

Section 3. *Accelerated Vesting, Forfeiture upon Termination of Service and Distribution.*

(a) *Death or Disability.* In the event of the Participant's Termination of Service at any time due to the Participant's death or Disability, the RSUs shall fully vest as of the date of such Termination of Service.

(b) *For Any Other Reason*. In the event of the Participant's Termination of Service at any time under circumstances not described in Section 3(a), any unvested RSUs shall be forfeited in their entirety without any payment to the Participant or, in the Committee's sole discretion, if required pursuant to applicable law to effect such forfeiture, the Company may repurchase the RSUs at their par value.

(c) *Distribution on Vesting.* Subject to the provisions of this Agreement, upon the vesting of any of the RSUs, the Company shall distribute to the Participant, on or within 30 days after the date of such vesting, one Share for each such RSU and the number of Dividend Shares determined in accordance with Section 2(c) of this Attachment A. Subject to any applicable Lock Up Agreement, on such distribution, such Shares (including Dividend Shares) shall be fully assignable, saleable and transferable by the Participant, and the Company shall deliver such Shares to the Participant by transfer or issuance to the Depository Trust Company for the benefit of the Participant or by delivery of a share certificate registered in the Participant's name and such transfer or issuance shall be evidenced in the register of members of the Company.

Section 4. *Miscellaneous Provisions*.

(a) *Notices*. All notices, requests and other communications under this Agreement shall be in writing and shall be delivered in person (by courier or otherwise), mailed by certified or registered mail, return receipt requested, or sent by facsimile transmission, as follows:

if to the Company, to:

Kosmos Energy Ltd.
c/o Kosmos Energy, LLC
8176 Park Lane, Suite 500
Dallas, Texas 75231
Attention: Assistant General Counsel

if to the Participant, to the address that the Participant most recently provided to the Company,

or to such other address or facsimile number as such party may hereafter specify for the purpose by notice to the other parties hereto. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. on a business day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed received on the next succeeding business day in the place of receipt.

(b) *Entire Agreement.* This Agreement, the Plan and any other agreements, schedules, exhibits and other documents referred to herein or therein constitute the entire agreement and understanding between the parties in respect of the subject matter hereof and supersede all prior and contemporaneous arrangements, agreements and understandings, both oral and written, whether in term sheets, presentations or otherwise, between the parties with respect to the subject matter hereof.

(c) *Amendment; Waiver.* No amendment or modification of any provision of this Agreement shall be effective unless signed in writing by or on behalf of the Company and the Participant, except that the Company may amend or modify this Agreement without the Participant's consent in accordance with the provisions of the Plan or as otherwise set forth in this Agreement. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature. Any amendment or modification of or to any provision of this Agreement, or any waiver of any provision of this Agreement, shall be effective only in the specific instance and for the specific purpose for which made or given.

(d) *Assignment*. Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by the Participant.

(e) *Successors and Assigns; No Third Party Beneficiaries*. This Agreement shall inure to the benefit of and be binding upon the Company and the Participant and their respective heirs, successors, legal representatives and permitted assigns. Nothing in this Agreement, expressed or implied, is intended to confer on any Person other than the Company and the Participant, and their

respective heirs, successors, legal representatives and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

(f) *Counterparts*. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

(g) *Participant Undertaking*. The Participant agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable to carry out or give effect to any of the obligations or restrictions imposed on either the Participant or the RSUs pursuant to the provisions of this Agreement.

(h) *Plan.* The Participant acknowledges and understands that material definitions and provisions concerning the RSUs and the Participant's rights and obligations with respect thereto are set forth in the Plan. The Participant has read carefully, and understands, the provisions of the Plan.

(i) *Dispute Resolution*. If any dispute arising out of or relating to this Agreement or the Plan, or the breach thereof, cannot be settled through negotiation, the parties agree first to try in good faith to settle such dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Rules. If the parties fail to settle such dispute within 30 days after the commencement of such mediation, such dispute shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the arbitral award rendered may be entered in any court having jurisdiction thereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

KOSMOS ENERGY LTD.

By: _____

Name:
Title:

_____

[Name of Participant]

Exhibit 10.10

KOSMOS ENERGY LTD.
LONG TERM INCENTIVE PLAN

RSU Award Agreement
[Service Vesting — for Employees]

You have been granted a restricted share unit award (this "**Award**") on the following terms and subject to the provisions of Attachment A and the Kosmos Energy Ltd. Long Term Incentive Plan (the "**Plan**"). Unless defined in this Award agreement (including Attachment A, this " **Agreement**"), capitalized terms will have the meanings assigned to them in the Plan. In the event of a conflict among the provisions of the Plan, this Agreement and any descriptive materials provided to you, the provisions of the Plan will prevail.

Participant	[Full name]
Number of RSUs	[●] Restricted Share Units (the "**RSUs**")
Grant Date	[●]
Vesting	Subject to Section 3 of Attachment A, [insert applicable vesting date or schedule] if the Participant does not experience a Termination of Service at any time prior to the [applicable] vesting date. Further, subject to Section 3 of Attachment A, if a Change in Control occurs and the Participant does not experience a Termination of Service from [insert applicable date] to the [●] anniversary of the date of such Change in Control, then the RSUs that have not vested pursuant to the preceding sentence shall fully vest on such [●] anniversary.

Attachment A

RSU Award Agreement
Terms and Conditions

Grant to: [Full name]

Section 1. *Grant of RSU Award.* Subject to the terms and conditions of the Plan and this Agreement, the Company hereby grants this Award to the Participant on the Grant Date on the terms set forth on the cover page of this Agreement, as more fully described in this Attachment A. This Award is granted under the Plan, which is incorporated herein by this reference and made a part of this Agreement.

Section 2. *Issuance of RSUs.*

(a) *Issuance.* Each RSU shall represent the right to receive one Share upon the vesting of such RSU in accordance with this Agreement.

(b) *Voting Rights.* The Participant shall have no voting rights with respect to the RSUs unless and until the Participant becomes the record owner of the Shares, including Dividend Shares (as defined below) to the extent applicable, underlying such RSUs.

(c) *Dividend Equivalents.* If a dividend is paid on Shares during the period commencing on the Grant Date and ending on the date on which the Shares underlying RSUs are distributed to the Participant, the Participant shall be eligible to receive an amount equal to the amount of the dividend that the Participant would have received had the Shares underlying the RSUs been distributed to the Participant as of the time at which such dividend is paid; *it being understood* that no such amount shall be payable with respect to any RSUs that are forfeited. Such amount shall be paid to the Participant on the date on which the Shares underlying the RSUs are distributed to the Participant in the same form (cash, Shares or other property) in which such dividend is paid to holders of Shares generally. Any Shares that the Participant is eligible to receive pursuant to this Section 2 are referred to herein as " **Dividend Shares**."

(d) *Transferability*. The RSUs shall not be assigned, sold, transferred or otherwise be subject to alienation by the Participant. Any assignment, sale, transfer or other alienation with respect to the Shares issuable upon the vesting of the RSUs shall be in accordance with applicable securities laws.

(e) *Withholding Requirements*. The Company may withhold any tax (or other governmental obligation) that becomes due with respect to the RSUs (or any dividend or distribution thereon), and the Participant shall make arrangements satisfactory to the Company to enable the Company to satisfy all such withholding requirements. Notwithstanding the foregoing, the Committee, in its sole discretion, may permit the Participant to satisfy any such withholding

requirement by transferring to the Company pursuant to such procedures as the Committee may require, effective as of the date on which such requirement arises, a number of vested Shares owned and designated by the Participant having an aggregate Fair Market Value as of such date that is equal to the minimum amount required to be withheld. If the Committee permits the Participant to satisfy any such withholding requirement pursuant to the preceding sentence, the Company shall remit to the Internal Revenue Service and appropriate state and local revenue agencies, for the credit of the Participant, an amount of cash withholding equal to the Fair Market Value of the Shares transferred to the Company as provided above.

Section 3. *Accelerated Vesting, Forfeiture upon Termination of Service and Distribution.*

(a) *Death or Disability; without Cause or for Good Reason within One Year After a Change in Control*. In the event of the Participant's Termination of Service (x) at any time due to the Participant's death or Disability or (y) on the date upon which a Change in Control occurs or within one year thereafter by the Company or any Affiliate without Cause or by the Participant for Good Reason, then, in any such case, the RSUs shall fully vest.

(b) *For Any Other Reason*. In the event of the Participant's Termination of Service at any time under circumstances not described in Section 3(a), the RSUs shall be forfeited in their entirety without any payment to the Participant or, in the Committee's sole discretion, if required pursuant to applicable law to effect such forfeiture, the Company may repurchase the RSUs at their par value.

(c) *Distribution on Vesting.* Subject to the provisions of this Agreement, upon the vesting of any of the RSUs, the Company shall distribute to the Participant, on or within 30 days after the date of such vesting, one Share for each such RSU and the number of Dividend Shares determined in accordance with Section 2(c) of this Attachment A. Subject to any applicable Lock Up Agreement, on such distribution, such Shares (including Dividend Shares) shall be fully assignable, saleable and transferable by the Participant, and the Company shall deliver such Shares to the Participant by transfer or issuance to the Depository Trust Company for the benefit of the Participant or by delivery of a share certificate registered in the Participant's name and such transfer or issuance shall be evidenced in the register of members of the Company.

Section 4. *Miscellaneous Provisions*.

(a) *Notices*. All notices, requests and other communications under this Agreement shall be in writing and shall be delivered in person (by courier or otherwise), mailed by certified or registered mail, return receipt requested, or sent by facsimile transmission, as follows:

if to the Company, to:

Kosmos Energy Ltd.
c/o Kosmos Energy, LLC
8176 Park Lane, Suite 500
Dallas, Texas 75231
Attention: Assistant General Counsel

if to the Participant, to the address that the Participant most recently provided to the Company,

or to such other address or facsimile number as such party may hereafter specify for the purpose by notice to the other parties hereto. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. on a business day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed received on the next succeeding business day in the place of receipt.

(b) *Entire Agreement.* This Agreement, the Plan and any other agreements, schedules, exhibits and other documents referred to herein or therein constitute the entire agreement and understanding between the parties in respect of the subject matter hereof and supersede all prior and contemporaneous arrangements, agreements and understandings, both oral and written, whether in term sheets, presentations or otherwise, between the parties with respect to the subject matter hereof.

(c) *Amendment; Waiver.* No amendment or modification of any provision of this Agreement shall be effective unless signed in writing by or on behalf of the Company and the Participant, except that the Company may amend or modify this Agreement without the Participant's consent in accordance with the provisions of the Plan or as otherwise set forth in this Agreement. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature. Any amendment or modification of or to any provision of this Agreement, or any waiver of any provision of this Agreement, shall be effective only in the specific instance and for the specific purpose for which made or given.

(d) *Assignment*. Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by the Participant.

(e) *Successors and Assigns; No Third Party Beneficiaries*. This Agreement shall inure to the benefit of and be binding upon the Company and the Participant and their respective heirs, successors, legal representatives and permitted assigns. Nothing in this Agreement, expressed or implied, is intended to confer on any Person other than the Company and the Participant, and their respective heirs, successors, legal representatives and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

(f) *Counterparts*. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

(g) *Participant Undertaking*. The Participant agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable to carry out or give effect to any of the obligations or restrictions imposed on either the Participant or the RSUs pursuant to the provisions of this Agreement.

(h) *Plan.* The Participant acknowledges and understands that material definitions and provisions concerning the RSUs and the Participant's rights and obligations with respect thereto are set forth in the Plan. The Participant has read carefully, and understands, the provisions of the Plan.

(i) *Dispute Resolution*. If any dispute arising out of or relating to this Agreement or the Plan, or the breach thereof, cannot be settled through negotiation, the parties agree first to try in good faith to settle such dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Rules. If the parties fail to settle such dispute within 30 days after the commencement of such mediation, such dispute shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the arbitral award rendered may be entered in any court having jurisdiction thereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

KOSMOS ENERGY LTD.

By: _____

Name:
Title:

_____

[Name of Participant]

Exhibit 10.11

KOSMOS ENERGY LTD.
LONG TERM INCENTIVE PLAN

RSU Award Agreement
[Performance Vesting — for Employees]

You have been granted a restricted share unit award (this "**Award**") on the following terms and subject to the provisions of Attachments A and B and the Kosmos Energy Ltd. Long Term Incentive Plan (the "**Plan**"). Unless defined in this Award agreement (including Attachments A and B, this "**Agreement**"), capitalized terms will have the meanings assigned to them in the Plan. In the event of a conflict among the provisions of the Plan, this Agreement and any descriptive materials provided to you, the provisions of the Plan will prevail.

Participant	[Full name]
Number of RSUs	[●] Restricted Share Units (the "**RSUs**"), if 100% of the Performance Condition (as defined below) is satisfied (the "**Target RSUs**")
Grant Date	[●]
Vesting	Subject to Section 3 of Attachment A, the RSUs shall vest to the extent that both the applicable "Service Condition" and the applicable "Performance Condition" (as such terms are defined below) with respect to such RSUs are satisfied.
Service Condition	Subject to Section 3 of Attachment A, the "**Service Condition**" shall be satisfied [insert applicable Service Condition attainment schedule], in each case if the Participant does not experience a Termination of Service at any time prior to the applicable anniversary date.
Performance Condition	Subject to Section 3 of Attachment A, the "**Performance Condition**" shall be deemed satisfied with respect to between 0% and 200% of the RSUs based on attainment of Relative TSR as of the End Date as detailed in Attachment B.

Attachment A

RSU Award Agreement
Terms and Conditions

Grant to: [Full name]

Section 1. *Grant of RSU Award.* Subject to the terms and conditions of the Plan and this Agreement, the Company hereby grants this Award to the Participant on the Grant Date on the terms set forth on the cover page of this Agreement, as more fully described in this Attachment A and in Attachment B. This Award is granted under the Plan, which is incorporated herein by this reference and made a part of this Agreement.

Section 2. *Issuance of RSUs..*

(a) *Issuance.* Each RSU shall represent the right to receive up to 200% of a Share upon the vesting of such RSU as determined in accordance with this Agreement.

(b) *Voting Rights.* The Participant shall have no voting rights with respect to the RSUs unless and until the Participant becomes the record owner of the Shares, including Dividend Shares (as defined below) to the extent applicable, underlying such RSUs.

(c) *Dividend Equivalents.* If a dividend is paid on Shares during the period commencing on [insert Grant Date or, if earlier, the first day of the month after the hire date] and ending on the date on which the Shares underlying RSUs are distributed to the Participant, the Participant shall be eligible to receive an amount equal to the amount of the dividend that the Participant would have received had the Shares underlying the RSUs been distributed to the Participant as of the time at which such dividend is paid; *it being understood* that no such amount shall be payable with respect to any RSUs that are forfeited. Such amount shall be paid to the Participant on the date on which the Shares underlying the RSUs are distributed to the Participant in the same form (cash, Shares or other property) in which such dividend is paid to holders of Shares generally. Any Shares that the Participant is eligible to receive pursuant to this Section 2 are referred to herein as "**Dividend Shares**."

(d) *Transferability*. The RSUs shall not be assigned, sold, transferred or otherwise be subject to alienation by the Participant. Any assignment, sale, transfer or other alienation with respect to the Shares issuable upon the vesting of the RSUs shall be in accordance with applicable securities laws.

(e) *Withholding Requirements*. The Company may withhold any tax (or other governmental obligation) that becomes due with respect to the RSUs (or any dividend or distribution thereon), and the Participant shall make arrangements

satisfactory to the Company to enable the Company to satisfy all such withholding requirements. Notwithstanding the foregoing, the Committee, in its sole discretion, may permit the Participant to satisfy any such withholding requirement by transferring to the Company pursuant to such procedures as the Committee may require, effective as of the date on which such requirement arises, a number of vested Shares owned and designated by the Participant having an aggregate Fair Market Value as of such date that is equal to the minimum amount required to be withheld. If the Committee permits the Participant to satisfy any such withholding requirement pursuant to the preceding sentence, the Company shall remit to the Internal Revenue Service and appropriate state and local revenue agencies, for the credit of the Participant, an amount of cash withholding equal to the Fair Market Value of the Shares transferred to the Company as provided above.

Section 3. *Accelerated Vesting, Forfeiture and Distribution.*

(a) *Termination of Service.*

(i) *Death or Disability*. In the event of the Participant's Termination of Service at any time due to the Participant's death or Disability, the Service Condition shall be deemed fully satisfied as of such termination; *provided* that, if such termination occurs prior to the End Date, then, subject to Section 3(b), the RSUs shall remain subject to the Performance Condition.

(ii) *Without Good Reason; without Cause or for Good Reason Not on or within One Year After a Change in Control*. In the event of the Participant's Termination of Service (x) by the Participant without Good Reason at any time prior to the End Date or (y) by the Company or any Affiliate without Cause or by the Participant for Good Reason at any time prior to the End Date and other than on or within one year after a Change in Control, (A) the RSUs, if any, for which the applicable Service Condition is satisfied as of such termination shall remain subject to the Performance Condition and (B) the RSUs, if any, for which the applicable Service Condition is not satisfied as of such termination shall be forfeited in their entirety without any payment to the Participant or, in the Committee's sole discretion, if required pursuant to applicable law to effect such forfeiture, the Company may repurchase the RSUs at their par value.

(iii) *For Cause*. In the event of the Participant's Termination of Service at any time by the Company or any Affiliate for Cause, the RSUs shall be forfeited in their entirety without any payment to the Participant or, in the Committee's sole discretion, if required pursuant to applicable law to effect such forfeiture, the Company may repurchase the RSUs at their par value.

(b) *Change in Control*. In the event of a Change in Control, the Performance Condition shall be deemed satisfied at 100% as of the date of such Change in Control and, following such Change in Control, (i) one-fourth of the Target RSUs will vest in the event that any of the first four anniversaries of [insert applicable date] occurs during the first year after such Change in Control, if the Participant does not experience a Termination of Service at any time prior to such anniversary, and (ii) all of the remaining Target RSUs will fully vest on the earlier of (x) the first anniversary of such Change in Control, if the Participant does not experience a Termination of Service at any time prior to such anniversary, and (y) the Participant's Termination of Service due to the Participant's death or Disability, by the Company or any Affiliate without Cause or by the Participant for Good Reason.

(c) *Distribution on Vesting.* Subject to the provisions of this Agreement, upon the vesting of any of the RSUs, the Company shall distribute to the Participant, on or within 30 days after the date of such vesting, a number of Shares for each such RSU determined in accordance with Attachment B and, to the extent applicable, the number of Dividend Shares determined in accordance with Section 2(c) of this Attachment A. Subject to any applicable Lock Up Agreement, on such distribution, such Shares (including Dividend Shares) shall be fully assignable, saleable and transferable by the Participant, and the Company shall deliver such Shares to the Participant by transfer or issuance to the Depository Trust Company for the benefit of the Participant or by delivery of a share certificate registered in the Participant's name and such transfer or issuance shall be evidenced in the register of members of the Company.

(d) *Effect of Failure to Achieve Performance Condition*. On the End Date, any of the RSUs for which the Performance Condition is not satisfied as of such date shall be forfeited without any payment to the Participant or, in the Committee's sole discretion, if required pursuant to applicable law to effect such forfeiture, the Company may repurchase the RSUs at their par value.

Section 4. *Miscellaneous Provisions*.

(a) *Notices*. All notices, requests and other communications under this Agreement shall be in writing and shall be delivered in person (by courier or otherwise), mailed by certified or registered mail, return receipt requested, or sent by facsimile transmission, as follows:

if to the Company, to:

Kosmos Energy Ltd.
c/o Kosmos Energy, LLC
8176 Park Lane, Suite 500
Dallas, Texas 75231
Attention: Assistant General Counsel

if to the Participant, to the address that the Participant most recently provided to the Company,

or to such other address or facsimile number as such party may hereafter specify for the purpose by notice to the other parties hereto. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. on a business day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed received on the next succeeding business day in the place of receipt.

(b) *Entire Agreement.* This Agreement, the Plan and any other agreements, schedules, exhibits and other documents referred to herein or therein constitute the entire agreement and understanding between the parties in respect of the subject matter hereof and supersede all prior and contemporaneous arrangements, agreements and understandings, both oral and written, whether in term sheets, presentations or otherwise, between the parties with respect to the subject matter hereof.

(c) *Amendment; Waiver.* No amendment or modification of any provision of this Agreement shall be effective unless signed in writing by or on behalf of the Company and the Participant, except that the Company may amend or modify this Agreement without the Participant's consent in accordance with the provisions of the Plan or as otherwise set forth in this Agreement. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature. Any amendment or modification of or to any provision of this Agreement, or any waiver of any provision of this Agreement, shall be effective only in the specific instance and for the specific purpose for which made or given.

(d) *Assignment*. Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by the Participant.

(e) *Successors and Assigns; No Third Party Beneficiaries*. This Agreement shall inure to the benefit of and be binding upon the Company and the Participant and their respective heirs, successors, legal representatives and permitted assigns. Nothing in this Agreement, expressed or implied, is intended to confer on any Person other than the Company and the Participant, and their respective heirs, successors, legal representatives and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

(f) *Counterparts*. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

(g) *Participant Undertaking*. The Participant agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable to carry out or give effect to any of the obligations or restrictions imposed on either the Participant or the RSUs pursuant to the provisions of this Agreement.

(h) *Plan.* The Participant acknowledges and understands that material definitions and provisions concerning the RSUs and the Participant's rights and obligations with respect thereto are set forth in the Plan. The Participant has read carefully, and understands, the provisions of the Plan.

(i) *Dispute Resolution*. If any dispute arising out of or relating to this Agreement or the Plan, or the breach thereof, cannot be settled through negotiation, the parties agree first to try in good faith to settle such dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Rules. If the parties fail to settle such dispute within 30 days after the commencement of such mediation, such dispute shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the arbitral award rendered may be entered in any court having jurisdiction thereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

KOSMOS ENERGY LTD.

By: _____

Name:

Title:

_____

[Name of Participant]

Attachment B

Performance Condition

Section 1. *Definitions*. As used in this Attachment B, the following terms shall have the meanings set forth below:

(a) "**End Date**" means January 1 (or the first trading day after such date, if such date is not a trading day) of (i) the fourth year following the Grant Year, if the Grant Date is any date before October 1 of such Grant Year, and (ii) the fifth year following the Grant Year, if the Grant Date is any date on or after October 1 of such Grant Year.

(b) "**End Price**" with respect to a Share or a Peer Share means the average of the closing price of such Share or Peer Share on each of the 30 trading days ending with the End Date on the applicable Principal Exchange; *provided* that, if such Principal Exchange is a non-U.S. stock market or exchange, each such closing price shall be converted to U.S. dollars at the applicable spot exchange rate as of such trading day; *provided further* that the Committee shall adjust equitably the End Price with respect to such Share or Peer Share, as calculated in accordance with the preceding clause, to reflect any corporate transaction or event set forth in Section 5(c) of the Plan that affects such Share or Peer Share if such adjustment is appropriate to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Award.

(c) "**Grant Year**" means the year in which the Grant Date occurs.

(d) "**Peer**" means any of the following companies whose shares are quoted or traded on the End Date on a Principal Exchange: Anadarko Petroleum Corporation, Apache Corporation, BG Group plc, Cairn Energy plc, Cobalt International Energy, Inc., HRT Participacoes em Petroleo SA, Lundin Petroleum AB, Nexen, Inc., Niko Resources Ltd., Noble Energy, Inc., OGX Petroleo e Gas Participacoes SA, Premier Oil plc and Tullow Oil plc.

(e) "**Peer Share**" means the share of a Peer that is quoted or traded on a national securities exchange.

(f) "**Principal Exchange**" means the principal U.S. securities exchange or non-U.S. stock market or exchange on which a Share or Peer Share is quoted or traded as of an applicable date. For the avoidance of doubt, a Share or Peer Share that is quoted or traded only over the counter shall not be deemed to be quoted or traded on a Principal Exchange.

(g) "**Relative TSR**" means the percentile ranking of the TSR of a Share in relation to the TSR of each of the Peers' Shares, as calculated by the Committee in good faith applying a reasonable statistical method.

(h) "**Start Date**" means January 1 (or the first trading day after such date, if such date is not a trading day) of (i) the Grant Year, if the Grant Date is any date before October 1 of such Grant Year, and (ii) the year following the Grant Year, if the Grant Date is any date on or after October 1 of such Grant Year.

(i) "**Start Price**" with respect to a Share or a Peer Share means the average of the closing price of such Share or Peer Share on each of the 30 trading days ending with the Start Date on the applicable Principal Exchange; *provided* that, if such Principal Exchange is a non-U.S. stock market or exchange, such closing price shall be converted to U.S. dollars at the applicable spot exchange rate on such date; *provided further* that the Committee shall adjust equitably the Start Price with respect to such Share or Peer Share, as calculated in accordance with the preceding clause, to reflect any corporate transaction or event set forth in Section 5(c) of the Plan that affects such Share or Peer Share if such adjustment is appropriate to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Award.

(j) "**TSR**" with respect to a Share or Peer Share means (i) the sum of (x) the End Price of such Share or Peer Share minus the Start Price of such Share or Peer Share and (y) the aggregate amount of the dividends, if any, paid on such Share or Peer Share for any dividend record dates that occur during the period beginning on the Start Date and ending on the End Date, divided by (ii) such Start Price.

Section 2. *Performance Condition Attainment*. (a) The following table sets forth the percentage of an RSU for which the Performance Condition shall be deemed satisfied based on the attainment of Relative TSR indicated in the corresponding row of the table:

Relative TSR (Percentile)	Performance Condition Attainment (%)
75 – 100	200
50	100
25	25
0 – 24.9	0

(b) If Relative TSR equals or exceeds the 25th percentile and is less than the 50th percentile, the percentage of an RSU for which the Performance Condition shall be deemed satisfied shall equal the sum of (i) 25 and (ii) the product of (x) 3 and (y) the amount of such excess. For purposes of illustration only, if Relative TSR is the 35th percentile, the percentage of an RSU for which the Performance Condition shall be deemed satisfied shall equal 55 (*i.e.*, 25 + (3 x 10)).

(c) If Relative TSR equals or exceeds the 50th percentile and is less than the 75th percentile, the percentage of an RSU for which the Performance Condition shall be deemed satisfied shall equal the sum of (i) 100 and (ii) the product of (x) 4 and (y) the amount of such excess. For purposes of illustration only, if Relative TSR is the 65th percentile, the percentage of an RSU for which the Performance Condition shall be deemed satisfied shall equal 160 (*i.e.*, 100 + (4 x 15)).

(d) For the avoidance of doubt, to the extent that the total number of Shares (including Dividend Shares, to the extent applicable) eligible to be distributed to the Participant upon vesting of the RSUs pursuant to this Award would otherwise result in the issuance of a fractional Share, such fractional Share shall be cancelled in exchange for a cash payment therefor.

Exhibit 10.12

PETROLEUM AGREEMENT

REGARDING

THE EXPLORATION FOR AND EXPLOITATION OF HYDROCARBONS

AMONG

OFFICE NATIONAL DES HYDROCARBURES ET DES MINES
"ONHYM"

ACTING ON BEHALF OF THE KINGDOM OF MOROCCO

AND

KOSMOS ENERGY DEEPWATER MOROCCO
"KOSMOS"

AND

CANAMENS ENERGY MOROCCO SARL
"CANAMENS"

IN THE AREA OF INTEREST NAMED

"ESSAOUIRA OFFSHORE"

THIS PETROLEUM AGREEMENT IS CONCLUDED

AMONG:

OFFICE NATIONAL DES HYDROCARBURES ET DES MINES, a public Moroccan establishment instituted by law n° 33-01 promulgated by dahir n° 1-03-203 on the date of 16 Ramadan 1424 (November 11th, 2003) and implemented by decree n°2-04-372 on the date of 16 Kaada 1425 (December 29th, 2004), whose headquarter is at 5, Moulay Hassan Avenue B.P 99 - RABAT - MOROCCO, (hereinafter called "**ONHYM**"), acting on behalf of the Kingdom of Morocco (hereinafter called "**the STATE**"), herein represented by its General Director, Mme. **Amina BENKHADRA**;

AND

KOSMOS ENERGY DEEPWATER MOROCCO HC, a Cayman Islands company, whose office is at 4th Floor, Century Yard, Cricket Square, Hutchins Drive, Elgin Avenue, George Town, Grand Cayman KY1-1209, CAYMAN ISLANDS (hereinafter called "**KOSMOS**"), herein represented by its Vice President, Mr. **Joseph MATTHEWS**;

AND

CANAMENS ENERGY MOROCCO SARL, a company incorporated under the laws of the Kingdom of Morocco, whose registered office is at Twin Center Tour Ouest 16ème étage angle BD Zerktouni et Massira Khadra, CASABLANCA, MOROCCO, hereinafter referred to as " **CANAMENS**", herein represented by its Exploration Manager, **Mr. Mike BILBO**;

ONHYM, **KOSMOS** and **CANAMENS** will be hereinafter together called "**the Parties**" or individually the "**Party**".

KOSMOS and **CANAMENS** will collectively be hereinafter called the "**CONTRACTOR GROUP**".

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PREAMBLE

Whereas, the law n°21-90, enacted by Dahir n°1-91-118 of 27 Ramadan 1412 (April 1 st, 1992) as amended by the law n°27-99, enacted by Dahir n°1-99-340 of 9 Kaada 1420 (February 15 th, 2000), hereinafter together called the "**Law**", regulates the exploration for and the exploitation of Hydrocarbon deposits in Morocco. The Law is implemented by the Decree n° 2-93-786 of 18 Joumada I 1414 (November 3 rd, 1993), which was amended by the Decree n° 2-99-210 of 9 Hija 1420 (March 16 th, 2000), hereinafter together called the "**Decree**". The Law and the Decree are hereinafter together called "**the Hydrocarbon Code**";

Whereas, section 5 of the decree n° 2-04-372 of 16 Kaada 1425 (December 29 th, 2004) implementing the law n° 33-01 instituting the **OFFICE NATIONAL DES HYDROCARBURES ET DES MINES "ONHYM"**, which stipulates that **ONHYM** is empowered to exercise on behalf of the **STATE** the duties listed in Section 71 of the Law; and

Whereas **KOSMOS** and **CANAMENS** are willing to undertake their obligations under this Agreement on a joint and several basis, excluding, however, any liabilities for taxes due for which the Parties shall be responsible on an individual basis;

Taking into account the joint willingness of the Parties to undertake and achieve the exploration for and the exploitation of Hydrocarbon deposits within the Area of Interest as specified in Article 3 and described in Appendix II of this Agreement;

NOW THEREFORE, THE FOLLOWING HAS BEEN AGREED UPON AND RESOLVED:

PART I

SCOPE AND DURATION OF THE PETROLEUM AGREEMENT

ARTICLE I

SCOPE OF THE PETROLEUM AGREEMENT

The purpose of this Agreement (of which the Appendices form part) is to specify the rights and obligations of the Parties resulting from the Exploration Permits and any Exploitation Concession which might derive there from.

Definitions of various words, terms and phrases used in this Agreement are set forth in Appendix I of this Agreement.

ARTICLE 2

DURATION AND TERMINATION OF THE PETROLEUM AGREEMENT

This Agreement shall become effective in accordance with the provisions set forth in Article 25 and shall terminate in the following instances:

a) If there is no Commercial Discovery of Hydrocarbons during the period of validity of any of the Exploration Permits referred to in Article 3;

b) Upon expiration of the last producing Exploitation Concession obtained pursuant to Article 5, or upon final abandonment of the exploitation of all Hydrocarbon deposits therein, occurring prior to the expiration of such Exploitation Concession;

c) If **CONTRACTOR GROUP** elects to abandon entirely its entire collective Percentage Interest in the Exploration Permits and in the Exploitation Concession(s) in accordance with the Hydrocarbon Code and this Agreement; or

d) If the forfeiture of all of the Exploration Permits and/or all Exploitation Concessions obtained is pronounced in accordance with the Hydrocarbon Code.

PART II

EXPLORATION PERMITS AND WORK

ARTICLE 3

EXPLORATION PERMITS

3.1 (a) According to the Hydrocarbon Code, **ONHYM, KOSMOS** and **CANAMENS** have filed jointly with the appropriate department of the Ministry in charge of Energy the applications for the Exploration Permits named "ESSAOUIRA OFFSHORE I", "ESSAOUIRA OFFSHORE II", "ESSAOUIRA OFFSHORE III", "ESSAOUIRA OFFSHORE IV", "ESSAOUIRA OFFSHORE V", "ESSAOUIRA OFFSHORE VI" and "ESSAOUIRA OFFSHORE VII" more particularly described in Appendix II to this Agreement and which constitute the Area of Interest named "ESSAOUIRA OFFSHORE".

(b) In accordance with the second paragraph of Section 4 of the Law, the Parties agree that their respective Percentage Interests in the Exploration Permits to be granted to them by the Minister in charge of Energy shall be:

KOSMOS	**37.5%**
CANAMENS	**37.5%**
ONHYM	**25%**

3.2 Each Exploration Permit is specified by its geographic co-ordinates in Appendix II to this Agreement.

The Exploration Permits together cover an initial area of approximately 11,730.8 km².

3.3 Each of the Exploration Permits shall have an overall duration of eight (8) years comprising:

(a) an Initial Period of two and a half (2.5) years;

(b) a First Extension Period of three (3) years;

(c) a Second Extension Period of two and a half (2.5) years; and,

(d) notwithstanding the terms of this Article 3.3, if Hydrocarbons are discovered during the last year of validity of the Second Extension Period of the Exploration Permits, the Parties shall have the right to apply jointly for the exceptional period as mentioned in Section 24 of the Law.

3.4 Applications for the extension of the Exploration Permits as well as the reduction in surface areas will be made in accordance with Sections 22 and 24 of the Law, and with Sections 10, 14, 15 and 16 of the Decree and Article 4.2 of this Agreement.

3.5 The partial or total abandonment of any of the Exploration Permits will be effected according to the Hydrocarbon Code.

3.6 The Parties agree that in the case where a Natural Gas discovery is made during the validity period, but the commerciality of such discovery cannot be declared due to the non-conclusion of one or more sales contract(s) of this Natural Gas, the Parties shall file at the end of the validity period with the appropriate department of the Ministry in charge of Energy applications for one or more exploration permits covering the area(s) where the discovery(ies) is(are) located. The exploration permit application(s) shall set out the minimum exploration work program which shall consist of evaluation and feasibility study(ies) of the said Natural Gas discovery(ies). In accordance with Section 4 of the Law, the Parties shall sign a petroleum agreement in respect of the said exploration permit or exploration permits the provisions of which, with the exception of the minimum exploration work program, shall be in accordance with this Petroleum Agreement.

ARTICLE 4

EXPLORATION WORK

4.1 Exploration Work shall mean all exploration and appraisal studies and operations in order to establish the existence of Hydrocarbons in commercially exploitable quantities, conducted in or in relation to the Area of Interest, either within the Exploration Permits or the Exploitation Concession(s), whether these activities are carried out within or outside Morocco.

Exploration Work includes but is not limited to the following:

- hydrographic, geodesic, meteorological and topographic studies and surveys, if these operations are necessary for the Exploration Work and, in the case of appraisal, operations to determine the limits and the productive capacity of a Hydrocarbon deposit in order to help in making a decision whether or not to develop such Hydrocarbon deposit;
- geological and geophysical studies and surveys;
- studies and surveys aimed at determining the locations of Exploration Wells and Appraisal Wells;
- drilling operations regarding Exploration Wells and Appraisal Wells; and
- tests and studies for the evaluation of reservoirs.

4.2 During the validity period of the Exploration Permits, **CONTRACTOR GROUP** agrees to perform the following Minimum Exploration Work Programmes and to devote sufficient funding thereto under the conditions and schedule set forth below:

4.2.1 Initial Period of two and a half (2.5) years,

(a) **CONTRACTOR GROUP** commits, during the Initial Period to carry out the following Minimum Exploration Work Program:

1) Reinterpretation of all existing 2D Seismic in the Area of Interest and integration of same with satellite gravity;

2) Development of Cretaceous and Jurassic reservoir models and integration with onshore geological work;

3) Evaluation of Jurassic and Cretaceous source rock and modeling of thermal maturity;

4) Description of a structural and depositional model for the basin;

5) Decision by **CONRACTOR GROUP** on location of 3D Seismic;

6) Acquisition, processing and interpretation of 1,000 km^2 of 3D Seismic and subsequent integration with block-wide interpretation; processing to include full pre-stack depth migration of new 3D Seismic if located in salt basin;

7) Special geophysical studies including AVO analysis over key prospects; and

8) Risking and ranking of prospects.

The estimated cost of such Minimum Exploration Work Program is seven million US Dollars (US$ 7,000,000).

(b) After having completed the Minimum Exploration Work Program referred to in paragraph (a) above or subject to making the payment required in respect thereof pursuant to Articles 4.2.4 and 4.2.6, **CONTRACTOR GROUP** shall notify **ONHYM** of its intention to abandon all its interest in the Exploration Permits, or of its intention to enter into the First Extension Period.

4.2.2 (a) If **CONTRACTOR GROUP** decides, pursuant to Section 15 of the Decree, to enter into the First Extension Period of three (3) years duration from the end of the Initial Period, **CONTRACTOR GROUP** will be committed to carry out the following Minimum Exploration Work Program:

1) Drilling of an exploration well to a minimum depth of two thousand and five hundred (2,500) meters below seabed or to the Cretaceous objective, whichever is penetrated first; and

2) Evaluation of the results of such exploration well.

The estimated cost of such Minimum Exploration Work Program is thirty million US Dollars (US$ 30,000,000).

(b) After having completed the Minimum Exploration Work Program referred to in paragraph (a) above, or subject to making the payment required in respect thereof pursuant to Articles 4.2.4 and 4.2.6, **CONTRACTOR GROUP** shall notify **ONHYM** of its intention to abandon all its interest in the Exploration Permits, or of its intention to enter into the Second Extension Period.

4.2.3 (a) If **CONTRACTOR GROUP** decides, pursuant to Section 15 of the Decree, to enter into the Second Extension Period of two and a half (2.5) years duration from the end of the First Extension Period, **CONTRACTOR**

GROUP will be committed to carry out the following Minimum Exploration Work Program:

1) Drilling of two wells to a minimum depth of two thousand and five hundred (2,500) meters below seabed or the Cretaceous objective, whichever is penetrated first; and

2) Evaluation of the results of such two wells.

The estimated cost of such Minimum Exploration Work Program is sixty million US Dollars (US$ 60,000,000)

(b) After having completed the Minimum Exploration Work Program referred to in paragraph (a) above, or subject to making the payment requested in respect thereof pursuant to Articles 4.2.4 and 4.2.6, **CONTRACTOR GROUP** shall notify **ONHYM** of its intention to abandon all its interest in the Exploration Permits.

4.2.4 **Operator** shall provide **ONHYM** with irrevocable Bank Guarantees acceptable to **ONHYM** in order to secure the completion of the Minimum Exploration Work Programs set out in Articles 4.2.1, 4.2.2 and 4.2.3 as follows:

(a) No later than the date of signature of this Agreement, **Operator** shall provide a Bank Guarantee in the amount of two million US Dollars (US$ 2,000,000) to guarantee the fulfilment of the Minimum Exploration Work Program for the Initial Period of Article 4.2.1(a). The amount of the Bank Guarantee will be reduced to one million US Dollars (US$ 1,000,000) at the remittance by the **Operator** of the field tapes and support data from the 1,000 km^2 3D Seismic. Another five hundred thousand US Dollars (US$ 500,000) will be released at the remittance of the processed 3D Seismic. The outstanding amount of five hundred thousand US Dollars (US$ 500,000) will be released at the remittance by **Operator** of all the reports deriving from the Minimum Exploration Work Program for the Initial Period.

(b) Each time **CONTRACTOR GROUP** decides to enter into an Extension Period pursuant to Articles 4.2.2 and 4.2.3, at the time of such application **Operator** shall provide a Bank Guarantee in the amount of five million US Dollars (US$ 5,000,000) in addition to the drilling contract of the committed well. In the event **Operator** does not provide the drilling contract, the amount of the Bank Guarantee will be twelve million US Dollars (US$ 12,000,000). The Bank Guarantee, as stated in this paragraph, will be put in place in order to guarantee the fulfilment of the Minimum Work Programs set out in Articles 4.2.2(a) and 4.2.3(a) respectively.

4.2.5 **Operator** shall notify **ONHYM** when **CONTRACTOR GROUP** has completed the Exploration Work in a Minimum Exploration Work Program for any Exploration Period, and **ONHYM** shall give, if the Bank Guarantee is due to be released pursuant to Article 4.2.4, within fifteen (15) days of such notice, a notification to the Bank to release the Bank Guarantee or notify **CONTRACTOR GROUP** that it disagrees that such Minimum Exploration Work Program has been completed. The Bank Guarantee shall be released at the expiry date of the relevant expiry date in Article 4.2.4, unless a payment is due under Article 4.2.6, in which case the Bank Guarantee will be released when such payment is made.

4.2.6 It is the intention of the Parties that the Exploration Work set out in the Minimum Exploration Work Programs shall be carried out by **CONTRACTOR GROUP** as a minimum commitment. However, if for any reason other than Force Majeure, or technical difficulties, as described below, **CONTRACTOR GROUP** has not completed the Minimum Exploration Work Program for a particular Exploration Period to which it is committed under Articles 4.2.1, 4.2.2 or 4.2.3, **CONTRACTOR GROUP** will pay an amount equal to the estimated costs provided in Articles 4.2.1, 4.2.2, and 4.2.3 for the applicable period. In the event of technical difficulties, including but not limited to encountering impenetrable substances, high pressures, wellbore instability, mechanical failures, unsafe conditions or other conditions, which **CONTRACTOR GROUP** is not able to overcome using good and prudent oil field practices, and such technical difficulties prevent **Operator** from fulfilling the Minimum Exploration Work Program, **Operator** may cease operations and will be deemed to have fulfilled the Minimum Exploration Work Program.

Furthermore, if and insofar as any Exploration Work in the Minimum Exploration Work Programs detailed in Articles 4.2.2 and 4.2.3 above which has already been carried out by **CONRACTOR GROUP** prior to the commencement of any of the Extension Periods, such Exploration Work may be credited for the purposes of Articles 4.2.2 and 4.2.3 above.

Nevertheless, if and insofar as **CONTRACTOR GROUP**, has already carried out the Exploration Work as set out in Articles 4.2.2. and 4.2.3. above prior to the commencement of any of the Extension Periods and if **CONTRACTOR GROUP** decides to enter into the following Extension Period, **CONTRACTOR GROUP** and **ONHYM** will file an application to enter into the first Extension Period, and/or the Second Extension Period together with the Minimum Exploration Work Program which will be conducted within the Area of interest during such Extension Period.

4.2.7 Subject to Article 4.2.6, it is understood and expressly agreed that it is the performance of the Minimum Exploration Work Program and not the expenditures associated with the estimated cost thereof which shall determine **CONTRACTOR GROUP**'s compliance with this Agreement. Performance of the Minimum Exploration Work Program shall be deemed to constitute the fulfillment of all obligations related to payment of the estimated costs provided in Articles 4.2.1, 4.2.2, and 4.2.3 for the applicable period. Notwithstanding the provisions of Article 3.1, all costs incurred in carrying out Exploration Work shall be borne entirely by **CONTRACTOR GROUP**, without any obligation for **ONHYM** to provide any reimbursement.

4.2.8 Furthermore, **ONHYM** has the right to control and audit expenditures relating to Exploration Works incurred by **CONTRACTOR GROUP** during the Initial Validity Period and any Extension Period in order to control the fulfillment of the Minimum Exploration Work Program.

4.3 The income from the Hydrocarbons produced by **CONTRACTOR GROUP** during Testing performed prior to the application for the relevant Exploitation Concession being filed by the Parties, shall, following recovery by **CONTRACTOR GROUP** of the costs incurred in the performance of the Operations relating to such Testing, be shared by the Parties pro rata to their respective Participating Interests as defined in Article 5.2 below.

PART III

EXPLOITATION CONCESSION(S)

ARTICLE 5

HYDROCARBON EXPLOITATION

5.1 In accordance with the provisions of Section 27 of the Law, the discovery of a commercially exploitable Hydrocarbon deposit shall give the Parties the right to obtain, at their request, an Exploitation Concession covering all of the area of said deposit. The maximum duration of the Exploitation Concession shall be twenty-five (25) years. However, one single exceptional extension, not to exceed ten (10) years, may be granted, upon joint application by the Parties if the rational and economic exploitation of the deposit so justifies; **ONHYM** and **CONTRACTOR GROUP** shall jointly apply the procedure to obtain the aforementioned exceptional extension.

5.2 Subject to any assignment in accordance with Article 17, the indivisible Percentage Interest of the Parties in each of the Exploitation Concession(s) shall be:

KOSMOS	**37.5%**
CANAMENS	**37.5%**
ONHYM	**25%**

5.3 Expenses for Development and Exploitation Work in respect of a Hydrocarbons deposit, incurred after the declaration made in accordance with the provisions of the Hydrocarbon Code and the Association Contract that such deposit contains commercially exploitable quantities, shall be funded by the Parties in proportion to their respective Percentage Interests. However **ONHYM** shall not be required to commence the payment of its share of such expenses until the effective date of the relevant Exploitation Concession.

5.4 The Parties, each being the sole owner at the point of production of their respective Percentage Interest shares in the Hydrocarbons produced from the Exploitation Concession(s), shall each have the right to take, dispose of and separately sell their share of Available Crude Oil and Available Natural Gas.

Not later than 90 days before commencement of production from the Exploitation Concession, the Parties shall sign an agreement (the "Lifting Agreement") the terms of which shall govern and facilitate the separate lifting of Crude Oil by the Parties. The Lifting Agreement shall detail, inter alia, terms relating to each Party's share in the Crude Oil, the timetable for lifting nominations by the Parties, under/overlift provisions, cargo procedures, vessel capacity acceptance procedures and failure to lift provisions.

In accordance with Section 41 of the Law, **CONTRACTOR GROUP** must, before contemplating export of its share of production of Available Crude Oil, contribute to the needs of the local market of Morocco. The price of the sold Available Crude Oil in the domestic market shall be the Market Price as determined pursuant to Article 6. The portion so required to be sold by **CONTRACTOR GROUP** in any calendar year shall not (unless otherwise agreed between the Parties) exceed the lesser of the quantities determined according to the following ratios: either twenty percent (20%) of **CONTRACTOR GROUP**'s share of Available Crude Oil or **CONTRACTOR GROUP**'s share of the domestic market deficit as measured by the ratio of **CONTRACTOR GROUP**'s share of Available Crude Oil to the total production of Crude Oil under all petroleum agreements concluded in Morocco.

5.5 In the case of Natural Gas, the Parties will use their best endeavors to find domestic and foreign markets for such Natural Gas.

If the Parties agree that the quantity of Natural Gas discovered requires the construction of export facilities, in addition to domestic market facilities, the Parties shall determine, after having informed the **STATE**, respective quantities to be reserved for the domestic market and for export customers having entered into long-term contracts. **ONHYM** shall use its best endeavors to assist **CONTRACTOR GROUP** to obtain all necessary licenses and authorisations for the construction of such facilities.

ARTICLE 6

MARKET PRICE

6.1 The Market Price in Dollars as determined in accordance with this Article 6 shall be used for the calculation of the royalty in cash and of the corporate tax pursuant to Section 46 of the Law.

6.2 The Market Price for Crude Oil shall be determined each Quarter for each of the Parties, as follows:

(a) Except in the case of sales of Crude Oil which do not meet the conditions set out below in Article 6.2(b) or which are excluded by Article 6.5, the Market Price shall be the actual price received by the Party in question for sales of Crude Oil in the relevant period. Market Price shall be determined separately for each type of Crude Oil or Crude Oil blend and for each place of loading.

Such actual prices shall be adjusted to the price per Barrel, F.O.B. place of loading in Morocco.

(b) Actual prices shall only be used if they are obtained from customers who generally purchase on a regular basis pursuant to purchase contracts contemplating liftings over a period of at least ninety (90) days or from spot sales under arms length transactions, including contracts notified under Article 6.2(c).

(c) If Crude Oil is to be sold by a Party under a long term contract with its Affiliate at a price based on the published prices of Crude Oil on the international market, adjusted in particular to account for differences in quality and transport, then such Party shall submit a copy of the contract to the appropriate department of the **STATE**.

6.3 If, during a given Quarter, a Party has made Crude Oil sales that do not fall under Article 6.2, the price to be applied to such sales shall be the Market Price per barrel determined in accordance with Article 6.2 for the sales of said Party.

6.4 If there are no sales of Crude Oil within a Quarter by a Party which fall within Article 6.2, then the Market Price for the Party concerned will be determined by agreement between the appropriate departments of the **STATE** and such Party.

Such Market Price shall be based upon weighted average sales prices in Dollars in the past preceding Quarter of a basket of leading types of Crude Oils produced in major Crude Oil producing countries in the Arabian-Persian Gulf, Mediterranean, or in Africa, which are quoted and regularly sold on the open

market. The composition and weighting of the said basket shall be agreed between the **STATE** and the Party(ies) concerned, and may be adjusted to reflect the individual characteristics of the particular Crude Oil or Crude Oil blend produced, taking into consideration positive or negative adjustments generally applied in the international petroleum industry (corrections for quality, transportation, etc.). The intent of this provision is to determine the Market Price in foreign currency that is obtainable generally in arms-length transactions, on the open market from customers regularly purchasing on competitive commercial terms.

In determining the Market Price of Crude Oil produced under this Agreement pursuant to this Article 6.4, the **STATE** and the Party(ies) shall consider all available relevant data, including the weighted average actual prices, F.O.B. (INCOTERMS 2000 by the International Chamber of Commerce — I.C.C. and its future updates), exclusive of any marketing fee, of any export sales by the Parties or by their Affiliates to third parties that are non-Affiliates.

6.5 Prices of the following types of sales shall not be considered in fixing Market Price:

(i) Sales, whether direct or indirect, through brokers or otherwise, by any Party to any Affiliate of such Party, unless such sales are under a contract submitted to the **STATE** under Article 6.2(c) (except where the **STATE** has notified the Party, giving its reasons, within sixty (60) days of submission, that it is not satisfied with the terms of such contract submitted under Article 6.2(c), because it does not agree on the Fair Value of the price for such contract).

(ii) Sales involving a quid pro quo other than payment in a foreign currency or motivated in whole or in part by considerations other than the usual economic incentives for arms-length Crude Oil sales, for example, sales influenced by or involving special dealings, relations between governments or barter transactions.

6.6 If the **STATE** and the relevant Party fail to agree under Article 6.4 on Market Price for any Crude Oil for any Quarter by at least fifteen (15) days after the end of that Quarter, either of them, with notice to the other, may submit, for determination by a single arbitrator designated by the International Center of Technical Expertise of the International Chamber of Commerce (I.C.C.), the question, what single price per Barrel, in the arbitrator's judgment, performed under I.C.C. rules and procedures, best represents the Market Price of that Crude Oil for the pertinent Quarter.

If the **STATE** does notify a Party that it is not satisfied that the price under a contract submitted under Article 6.2(c) is Fair Value, the question of whether the

price under the contract is Fair Value may be submitted for arbitration on the same basis as set out in the above paragraph.

The arbitrator's decision shall be final and binding on the **STATE** and the Parties. For the purpose of arbitration under this Article 6.6, the provisions of Articles 22.4 to 22.7 inclusive shall apply.

6.7 Market Price for Natural Gas shall be determined by applying, when applicable, the same general principles as those enumerated above for the determination of the Market Price of Crude Oil, in respect of export sales of Natural Gas. In the case of domestic sales, the Market Price shall be the price received.

6.8 The Parties agree that for the determination of royalties payable pursuant to Article 11, the Market Price fixed according to the above provisions shall be adjusted by the deduction of all processing and transportation costs as well as sales costs incurred to deliver such Hydrocarbons to the purchaser.

PART IV

THE PARTIES' OBLIGATIONS

ARTICLE 7

APPLICABLE LAW

7.1 Exploration Work and Development and Exploitation Work in the Area of Interest shall be performed in conformity with the provisions of this Agreement, executed according to the Hydrocarbon Code, and with the laws and regulations of Morocco in force on the date of signature.

7.2 This Agreement shall be governed and interpreted in conformity with Moroccan Law in accordance with Section 33 of the Law. Without prejudice to the foregoing, the principles and customs of the international petroleum industry may be applied in the interpretation of this Agreement.

ARTICLE 8

ADMINISTRATION CONTROL AND ASSISTANCE

8.1 The Parties shall be bound by the control procedures set out by the Hydrocarbon Code for all their activities relating to Exploration Works and to Development and Exploitation Works.

8.2 **ONHYM** shall provide the appropriate assistance to the Operator to enable it to obtain any necessary authorisations and approvals required for the Performance of Exploration Works under the Exploration Permits.

8.3 **ONHYM** shall give all necessary assistance to the Parties applying for an Exploitation Concession, to obtain any authorisations or approvals required for the construction of facilities and pipelines to exploit the Hydrocarbon discovery within the Exploitation Concession, as well as those required for the construction of such facilities necessary for Development Works located outside the boundaries of the Exploitation Concession but within the jurisdiction of Morocco.

ARTICLE 9

PROFESSIONAL TRAINING

9.1 **CONTRACTOR GROUP** shall contribute to the training of **ONHYM**'s staff and technicians up to fifty thousand US Dollars (US$ 50,000) for each twelve (12) Month period during the entire duration of this Agreement. The annual contribution to training shall be increased by twenty-five thousand US Dollars (US$ 25,000) each time an Exploitation Concession is granted, not to exceed a total annual amount of one hundred thousand US Dollars (US$100,000).

9.2 On abandonment of the Exploration Permits or Exploitation Concession(s) **CONTRACTOR GROUP** shall pay to **ONHYM** an amount in respect of training as set out in Article 9.1 of this Agreement accrued on a pro rata basis to the effective date of abandonment and not yet paid.

9.3 Pursuant to Article 47 of the Law, all training expenses incurred by **CONTRACTOR GROUP** in accordance with Article 9.1 of this Agreement shall be considered as costs of exploration or exploitation in relation to the Exploration Permits or Exploitation Concession(s), as the case may be.

ARTICLE 10

SAFETY AND ENVIRONMENT

The Parties shall conduct all Exploration Works and the Development and Exploitation Works according to the rules relating to safety and the protection of the environment in conformity with Section 38 of the Law as well as Sections 32 and 33 of the Decree.

PART V

FISCAL PROVISIONS

ARTICLE 11

ANNUAL ROYALTY

11.1 Each of the Parties shall pay the **STATE** an annual royalty on the value of its Percentage Interest of the Available Crude Oil and Available Natural Gas produced from each Exploitation Concession at the following rates:

(a) **Exploitation Concession located onshore or offshore at a water depth less than or equal to 200 meters**

Crude Oil

The production of the first 300,000 tons from an Exploitation Concession is exempt from the payment of royalty. Any production in excess of 300,000 tons from an Exploitation Concession shall be subject to royalty at the rate of ten percent (10%).

Natural Gas

The production of the first 300 million cubic meters from an Exploitation Concession is exempt from the payment of royalty. Any production in excess of 300 million cubic meters from an Exploitation Concession shall be subject to royalty at the rate of five percent (5%).

(b) **Exploitation Concession located offshore at a water depth of more than 200 meters**

Crude Oil

The production of the first 500,000 tons from an Exploitation Concession is exempt from the payment of royalty. Any production in excess of 500,000 tons from an Exploitation Concession shall be subject to royalty at the rate of seven percent (7%).

Natural Gas

The production of the first 500 million cubic meters from an Exploitation Concession is exempt from the payment of royalty. Any production in excess of 500 million cubic meters from an Exploitation Concession shall be subject to royalty at the rate of three-and-a-half percent (3.5%).

11.2 Payment of the annual royalty shall be made by the Parties as follows:

11.2.1 In respect of Natural Gas produced from any Exploitation Concession, royalty shall be paid to the **STATE** in cash, unless the **STATE** decides one year in

advance, by so notifying each of the Parties, to be paid in kind, in the point of production, for such Exploitation Concession.

In the case of Crude Oil, the **STATE** reserves the right to be paid royalties in cash or in kind in the point of production. Any decision by the **STATE** to modify its choice of payment in respect of Crude Oil must be communicated to each of the Parties in writing at least six (6) Months prior to the effective date of such a change.

11.2.2 In respect of any royalties to be paid to the **STATE** in cash, on or before 31st of July and 31st of January of each calendar year, each of the Parties shall pay the **STATE** on account of the annual royalty for the six Month periods ending 30 th June and 31st December of the calendar year in question, in respect of the sales of Available Crude Oil or Available Natural Gas produced from each of the Exploitation Concession(s) during such six Month period.

The amount of such payments shall be estimated by each of the Parties by utilizing the appropriate Market Prices for royalty calculations for Crude Oil and/or Natural Gas in effect during the Quarters to which such payment relates as determined pursuant to Article 6.

11.2.3 Within ninety (90) days following the end of each calendar year, each of the Parties shall submit to the **STATE** the final annual royalty declaration. In the case of payment of royalty in cash, the Parties shall then settle the difference between the actual amounts due and the sum of the estimated payments made for the calendar year in question.

If the sum of the estimated payments made is greater than the final amount due, the difference shall be carried forward as a credit to the annual royalty for the next calendar year, and shall be deducted from the next payment(s) to be made.

ARTICLE 12

CORPORATE INCOME TAX

12.1. In accordance with article 5 of the "Code Général des Impôts" instituted by finance law n° 43-06 for the 2007 financial year, promulgated by dahir n° 1-06-232 of 10 Hijja 1427 (December 31st, 2006), as amended by finance law n° 38-07 for the 2008 financial year, by finance law n° 40-08 for the 2009 financial year, by finance law n° 48-09 for the 2010 financial year and by finance law n° 43-10 for the 2011 financial year, and in accordance with Sections 46, 47, 48 and 49 of the Law, each of the Parties shall calculate and pay the **STATE** the corporate income tax according to the law n°24-86 establishing the corporate income tax as amended and completed, utilizing the Market Prices determined pursuant to Article 6.

12.2. In accordance with article 6-II-B-2° of "Code Général des Impôts" instituted by finance law n° 43-06 for the 2007 financial year, promulgated by dahir n° 1-06-232 of 10 Hijja 1427 (December 31st, 2006), as amended by finance law n° 38-07 for the 2008 financial year, by finance law n° 40-08 for the 2009 financial year, by finance law n° 48-09 for the 2010 financial year and by finance law n° 43-10 for the 2011 financial year, each of the Parties shall benefit of a total exemption from corporate income tax for a ten consecutive year-period for each Exploitation Concession starting from the date of commencement of regular production from such Exploitation Concession.

ARTICLE 13

CUSTOMS

Each of the Parties, their contractors and sub-contractors shall benefit from the customs regime specified in Sections 50, 51 and 52 of the Law.

ARTICLE 14

FOREIGN EXCHANGE AND OTHER FISCAL PROVISIONS

14.1 In accordance with article 6-I-C-1 of "Code Général des Impôts" instituted by finance law n° 43-06 for the 2007 financial year, promulgated by dahir n° 1-06-232 of 10 Hijja 1427 (December 31st, 2006), as amended by finance law n° 38-07 for the 2008 financial year, by finance law n° 40-08 for the 2009 financial year, by finance law n° 48-09 for the 2010 financial year and by finance law n° 43-10 for the 2011 financial year, and with provisions of Sections 53 to 58, 60 and 62 of the Law, each of the Parties, when applicable, shall benefit, from measures relating to the duty on actual capital contributions, the foreign exchange regime, the business activity tax (Impôt des patentes), the urban tax, un-built urban areas tax and the tax on proceeds from shares, capital rights and similar revenues.

14.2 In accordance with the provisions of articles 92-I-40° and 123-41° of "Code Général des Impôts" instituted by finance law n° 43-06 for the 2007 financial year, promulgated by dahir n° 1-06-232 of 10 Hijja 1427 (December 31st, 2006), as amended by finance law n° 38-07 for the 2008 financial year, by finance law n° 40-08 for the 2009 financial year, by finance law n° 48-09 for the 2010 financial year and by finance law n° 43-10 for the 2011 financial year, and Section 61 of the Law, each of the Parties, their contractors and sub-contractors shall benefit from exemption from value-added tax on goods and services acquired in the domestic market or imported from abroad.

14.3 Withholding tax will apply to payments for services provided by all foreign companies in accordance with law n° 24-86, as amended and completed, and in accordance with any double taxation treaties applicable to such foreign company.

14.4 **CONTRACTOR GROUP** shall pay the application fees for the grant and extensions of the Exploration Permits.

14.5 Each of the Parties shall pay its proportional share of the annual surface rental of one thousand Dirham (1,000 DH) per square kilometer on all Exploitation Concession(s).

ARTICLE 15

BONUSES

15.1 **CONTRACTOR GROUP** agrees to pay the **STATE**, when a deposit of Hydrocarbons in the Area of Interest in which it has a Percentage Interest is declared pursuant to the Association Contract to contain commercially exploitable quantities, a discovery Bonus of an amount of one million US Dollars (US$ 1,000,000). This payment has to be made within thirty (30) days of the official granting of the Exploitation Concession.

15.2 In addition, starting from the date the total production of Crude Oil or Barrels equivalent Crude Oil, from all Exploitation Concessions in the Area of Interest in which **CONTRACTOR GROUP** has a Percentage Interest has reached and been maintained during a period of thirty (30) consecutive days at the daily production levels listed below, **CONTRACTOR GROUP** shall pay the **STATE** the corresponding bonuses payable within thirty (30) days of the end of the Month in which the aggregate levels of production have first been so maintained:

50,000 BOPD/BOE per day	one million US Dollars (US$ 1,000,000)
75,000 BOPD/BOE per day	two million US Dollars (US$ 2,000,000)
100,000 BOPD/BOE per day	three million US Dollars (US$ 3,000,000)
More than 100,000 BOPD/BOE per day	four million US Dollars (US$ 4,000,000)

It is understood that the Bonuses specified in Article 15.2 will be a one time, lump sum payment for each level of production when such level of production is reached and maintained for a period of 30 consecutive days.

The Bonus payments established in Articles 15.1 and 15.2 above shall be deemed development costs and shall be deductible for the calculation of **CONTRACTOR GROUP's** taxable profits.

ARTICLE 16

STABILITY

16.1 The economic terms and conditions which will apply to **CONTRACTOR GROUP** for the activities to be conducted by **CONTRACTOR GROUP** under this Petroleum Agreement and throughout its period of validity, have been agreed after negotiations in good faith on the basis of the legislation in force in Morocco on the date of signature.

16.2 In the event that a change in Regulations has a significant adverse effect on the economic benefits that **CONTRACTOR GROUP** would have received if such change had not been made, the terms of this Agreement will be as soon as possible adjusted in order to compensate **CONTRACTOR GROUP** for such adverse effect.

ONHYM shall use every effort with the **STATE** to preserve or re-establish in favor of **CONTRACTOR GROUP** the economic terms and conditions prevailing at the time of signature. If despite the efforts of **ONHYM**, this should not prove to be possible **CONTRACTOR GROUP** shall notify in writing to **ONHYM** a proposal for the necessary changes to be made to the terms of this Agreement in order to compensate for such adverse effect, and the Parties shall endeavor to agree on such changes to the terms hereof.

If the Parties fail to agree on such changes within a term of sixty (60) days from the date on which **CONTRACTOR GROUP** delivers a notice on this regard to **ONHYM**, the matter may be referred to Arbitration under Article 22.

PART VI

MISCELLANEOUS PROVISIONS

ARTICLE 17

TRANSFER OF PERCENTAGE INTERESTS

17.1 Any member of **CONTRACTOR GROUP** shall be entitled to transfer all or part of its Percentage Interest in the Exploration Permits, in accordance with the provisions of the Hydrocarbon Code, and subject to the provisions of the Association Contract. Any transfer of such **CONTRACTOR GROUP** member's Percentage Interest in the Exploration Permits during the validity of an Exploration Period, may not be made without the prior written authorization of the Minister in charge of Energy. Notwithstanding the foregoing and for the avoidance of doubt, the Parties agree and acknowledge that any pledge, mortgage charge, lien, hypothecation, encumbrance, by way of security of its interest under the Exploration Permits will require only notification to the Minister in charge of Energy.

If such a transfer takes place, the Parties shall enter into an amendment to this Agreement to define the new Percentage Interests and the corresponding commitments.

17.2 Any Party shall be entitled at any time to transfer all or part of its Percentage Interest in any Exploitation Concession, independently from the other Exploitation Concession(s) in accordance with the provisions of the Hydrocarbon Code and subject to the provisions of the Association Contract. If such a transfer takes place, the Parties shall enter into an amendment to this Agreement to recognize the new Percentage Interests and the corresponding commitments.

17.3 The transferee of any such Percentage Interest shall become a Private Party to this Agreement upon the completion of the transfer of the Percentage Interest to it in accordance with the provisions of the Hydrocarbon Code and the provisions of the Association Contract. The Private Party(ies) shall be jointly and severally responsible for the obligations of **CONTRACTOR GROUP** set out in this Agreement.

ARTICLE 18

ASSOCIATION CONTRACT

18.1 Simultaneously with the signing of this Petroleum Agreement, **ONHYM** and **CONTRACTOR GROUP** shall sign an Association Contract in order to:

18.1.1 Establish the appropriate procedures to enable the Parties to perform jointly successful Exploration Works and Development and Exploitation Works as specified in this Agreement relating to the Area of Interest;

18.1.2 Establish the necessary procedures to secure an orderly conduct of joint operations and to govern relations between the Parties; and,

18.1.3 Define and set forth the rights and obligations of each of the Parties.

ARTICLE 19

THE OPERATOR

19.1 **KOSMOS** is hereby designated as Operator for the conduct of all the operations and activities in respect of the Exploration Permits and the Exploitation Concession(s) which will derive from the said Exploration Permits, until the creation of a Joint Operating Company or until such time as it ceases to be Operator in accordance with the provisions of the Association Contract.

19.2 The rights and duties of the Operator are detailed in the Association Contract. The Operator shall unless otherwise agreed by the Parties or provided herein, give notice on behalf of the Parties to the **STATE** under this Agreement and represent the Parties in discussions with the **STATE** or any other Moroccan authorities, in accordance with the provisions of the Association Contract.

ARTICLE 20

CONFIDENTIALITY

20.1 Each of the Parties undertakes to treat as confidential the terms of this Agreement, and information gathered by it as a result of the operations under this Agreement ("**Confidential Information**"), and shall not divulge Confidential Information to a person who is not a Party. Provided that a Party may divulge Confidential Information in the following cases:

a) to the extent such Confidential Information is required to be furnished pursuant to any arbitration or legal proceedings, or by virtue of any law applicable to such Party;

b) to any of its Affiliates, provided any such Affiliate maintains confidentiality as provided in this Article;

c) to its or its Affiliates' employees for the purposes of conducting operations hereunder, subject to each Party taking customary precautions to ensure Confidential Information is kept confidential;

d) subject to Article 20.2, to a contractor, subcontractor, professional adviser or auditor employed or potentially to be employed by a Party in relation to the operations described in this Agreement, where such disclosure is required for the effective performance of the recipient's duties;

e) subject to Article 20.2, to a credit establishment, finance provider or any other financial institution or insurance institution in connection with the prospective funding of a loan or other financial agreement or insurance agreement to be entered into for financing operations described in this Agreement or insuring a Party's interests in this Agreement;

f) subject to Article 20.2, to a bona fide prospective transferee of the whole or part of a Percentage Interest in this Agreement, including an entity with which such Party is conducting bona fide negotiations directed toward a merger, consolidation or the sale of a majority of the shares in such Party or any of its Affiliates;

g) to the extent Confidential Information must be disclosed by the Party as a public communication for the purpose of complying with laws, regulations and requirements of the Moroccan Government or pursuant to any rules or requirements of any other government or stock exchange having jurisdiction over such Party, or its Affiliates;

h) if, before such disclosure, the Confidential Information had become public knowledge or had been legally obtained by the Party or any Affiliate from a source other than under this Agreement; or

i) if such disclosure is approved in writing by all of the Parties.

20.2 Disclosure pursuant to Articles 20.1 (d), (e) and (f) shall not be made unless prior to such disclosure the disclosing Party has obtained a written undertaking from the recipient to keep the data and information strictly confidential and not to use or disclose the data and information except for the express purpose for which disclosure is to be made.

20.3 The Parties agree under all circumstances to honor the provisions of this Article 20 throughout the entire term of this Agreement. In addition, **CONTRACTOR GROUP** undertakes under all circumstances to comply with the provisions of this Article 20 for a duration of three (3) years after the expiry of the Exploration Permits in respect of which the Confidential Information was obtained.

20.4 Any member of **CONTRACTOR GROUP** shall notify and seek the approval of **ONHYM** before sending any press release or providing any information demanded or requested by any public media relating to this Agreement. **ONHYM** shall respond within seventy-two (72) hours of receipt of such notice and request for approval. If **ONHYM** does not provide a response within said seventy-two (72) hours, approval by **ONHYM** shall be deemed to have been given.

Any member of **CONTRACTOR GROUP** shall provide **ONHYM** with information that such member of **CONTRACTOR GROUP** has provided to any government agency or regulatory authority in compliance with statutory or regulatory requirements.

ARTICLE 21

FORCE MAJEURE

21.1 Any failure or delay by one of the Parties in the performance of any of its obligations under this Agreement, with the exception of obligations in respect of the payment of any amount due hereunder, shall be excused to the extent that it is attributable to an event of Force Majeure. For the purposes of this Agreement, an event of Force Majeure shall mean any event which is unforeseen, insurmountable or beyond the reasonable control of the Party affected, and which the Party affected can not prevent or overcome by exercising due diligence in accordance with oil industry standards.

21.2 The Party whose ability to perform its obligations is affected by an event of Force Majeure, shall advise the other Parties thereof in writing as soon as possible. Each of the Parties shall take all steps that are reasonably within their power to ensure that an event of Force Majeure is overcome as soon as possible.

21.3 As soon as practicable, once the period of an event of Force Majeure ceases, operations affected by an event of Force Majeure shall recommence.

21.4 If as a result of an event of Force Majeure, the operations are delayed, curtailed or prevented for a period of time then the time for carrying out the affected operations will be extended by a period equal to the period of an event of Force Majeure. In addition the period of validity of the Exploration Permits and/or Exploitation Concession(s) shall be extended by a period equal to the period of an event of Force Majeure.

ARTICLE 22

ARBITRATION

22.1 The Parties shall use all reasonable endeavors to amicably reach an equitable settlement of any dispute arising out of or in connection with this Agreement. If an amicable settlement cannot be reached within sixty (60) days from the time one Party delivers a notice to the other Party , such dispute shall be settled by arbitration as provided below.

22.2 With the exception of any disputes with regard to the determination of Market Price, which shall be settled in conformity with Article 6, all disputes arising out of or in connection with this Agreement, which have not been amicably resolved as proved in Article 22.1, shall be definitively settled by arbitration before the International Centre for the Settlement of Investment Disputes (ICSID). If, for whatever reason, the dispute does not fall within the jurisdiction of ICSID, it shall then be submitted to arbitration under the rules for conciliation and arbitration of the International Chamber of Commerce (ICC).

22.3 The arbitration tribunal shall be composed of three (3) arbitrators, one appointed by **ONHYM** and the other by **CONTRACTOR GROUP** and the third arbitrator, who shall be president of the arbitral tribunal, appointed by agreement between the first two arbitrators. If there shall be any default in appointing an arbitrator, such arbitrator shall be appointed on the application of any Party by the President of the Administrative Council of ICSID (or, if the arbitration is being conducted under the ICC rules, by the President of the ICC Arbitration Court). The arbitration tribunal shall apply Moroccan Law.

22.4 Any arbitration proceeding shall take place in Paris (France) and shall be conducted in the French language.

22.5 It is agreed that recourse to arbitration shall be made directly by one Party by notice to ICSID (or ICC) with a copy to the other Party(ies). The Parties expressly agree that the arbitration award shall be final and binding and that it may be recognised or enforced by any court of competent jurisdiction, in accordance with Article 54 of the ICSID Convention or the ICC Rules as the case may be.

The Parties waive any right of immunity as to it or its property in respect of the enforcement of and execution upon any award rendered under this Article 22.

22.6 The Parties commit irrevocably to apply any decision given by an arbitral tribunal constituted according to the provisions of this Agreement.

22.7 Each Party shall bear its own costs and expenses, including its attorneys' fees, incurred relating to the arbitration, but the costs of the arbitrators and the arbitration tribunal shall be borne by the Party against whom the ruling is made.

ARTICLE 23

NOTIFICATION

All notices which must or may be given in accordance with the Hydrocarbon Code and with this Agreement, shall be in writing and may be delivered by hand, courier or notified by electronic mail, or fax, at sender's option and expense. Any such notice shall be deemed to have been given or received at the time of delivery (if delivered by hand), the first working next following the day of sending (if sent by facsimile), the day the sender receives an acknowledgment of receipt (if sent by courier) and when a read-receipt has been received by the sender (if sent by email).

These notices shall be addressed as follows:

To:	**The STATE**
Address:	Ministry in charge of Energy, B.P. 6208 - Rabat Instituts Haut Agdal, Rabat — MAROC
Attention:	Le Secrétaire Général
E-mail:	
FAX:	(212) 05 37 77 47 32

To:	**ONHYM**
Address:	The Office National des Hydrocarbures et des Mines 5 Avenue Moulay Hassan B.P. 99 - RABAT - MAROC
Attention:	Le Directeur Général
E-mail:	benkhadra@onhym.com
Fax:	(212) 05 37 28 16 26 / 05 37 79 44 75

To:	**KOSMOS ENERGY DEEPWATER MOROCCO**
Address:	Kosmos Energy Deepwater Morocco 4th Floor, Century Yard Cricket Square, Hutchins Drive Elgin Avenue, George Town Gran Cayman KY1-1209 Cayman Islands
Attention:	Andrew Johnson
E-mail:	whayes@kosmosenergy.com
Fax:	+ 1 345 527 2105

with copy to:

	KOSMOS ENERGY DEEPWATER MOROCCO
Address:	**c/o KOSMOS ENERGY, LLC**
	8176 Park Lane
	Suite 500
	Dallas, Texas 75231
	General Counsel
E-mail:	whayes@kosmosenergy.com
Fax:	+ 1 214 363 9024

To:	**CANAMENS ENERGY MOROCCO SARL**
Address:	Canamens Energy Morocco SARL
	c/o Canamens Energy Limited
	Tower House
	10 Southampton Street
	London, WC2E 7HA
	United Kingdom
Attention:	Mr Mike Bilbo
E-mail:	mike.bilbo@canamens.com
Fax:	+44 20 7845 7559

For the purposes of this Agreement, any Party may change its notification address by notice in writing to the other Party(ies), provided that notices to the old address shall continue to be validly served for a period of ten (10) days following notification of such change.

ARTICLE 24

OTHER PROVISIONS

24.1 All notices and any applications to and correspondence with the **STATE** which may have to be given in accordance with the Hydrocarbon Code and this Agreement will be in the French language, while technical data and documents may be established in the French language or the English language.

24.2 If any Party does not require performance of any of the provisions of this Agreement or exercise its rights and privileges arising out of the Hydrocarbon Code and/or of this Agreement, this shall not be deemed a waiver of any such provisions, rights and privileges. Any express waiver shall not be deemed to be a waiver in respect of any future exercise of such provisions, rights and privileges.

24.3 The Parties' respective successors and all their assignees shall be bound by and benefit from this Agreement.

24.4 This Agreement is signed in French and English versions. In case of any difference of interpretation, the French version shall prevail.

24.5 No provision of this Agreement may be amended or modified except by mutual agreement in writing and signed by the Parties. Such amendments or modifications shall not become effective until they have been approved by a joint order issued in accordance with the Hydrocarbon Code. **ONHYM** shall assist **CONTRACTOR GROUP** in procuring such approval.

24.6 Where this Agreement is silent in respect of any given situation, the provisions of the Hydrocarbon Code shall apply.

ARTICLE 25

EFFECTIVE DATE

25.1 As stipulated in Section 34 of the Law and Section 60 of the Decree, this Petroleum Agreement shall be approved by a joint order issued by the Minister in charge of Energy and the Minister in charge of Finance.

25.2 This Agreement will become effective on the date of the signature of the aforesaid joint order "Effective Date" and will remain in force until its termination in accordance with the provisions of Article 2.

IN WITNESS WHEREOF, THIS AGREEMENT IS EXECUTED IN SIX (6) ORIGINAL COPIES IN THE FRENCH LANGUAGE AND THREE (3) ORIGINAL COPIES IN THE ENGLISH LANGUAGE.

IN RABAT ON THIS DAY OF September 9, 2011

OFFICE NATIONAL DES HYDROCARBURES ET DES MINES,
ACTING ON BEHALF OF THE KINGDOM OF MOROCCO,

/s/ **MME. AMINA BENKHADRA**
BY: **MME. AMINA BENKHADRA**
TITLE:: **GENERAL DIRECTOR**

KOSMOS ENERGY DEEPWATER MOROCCO

/s/ **MR. JOSEPH MATTHEWS**
BY: **MR. JOSEPH MATTHEWS**
TITLE: **VICE PRESIDENT**

CANAMENS ENERGY MOROCCO SARL

/s/ **MR. MIKE BILBO**
BY: **MR. MIKE BILBO**
TITLE: **EXPLORATION MANAGER**

APPENDIX I

DEFINITIONS

The corresponding definitions set forth in the Law are hereby adopted and incorporated by reference herein, and accordingly shall apply for all purposes hereof.

The following words, terms and phrases shall have the meaning ascribed thereto below and accordingly shall apply for all purposes hereof, whenever any of the following words and expressions (words importing gender include all genders) are used in this Petroleum Agreement with an initial capital letter:

1) **"Affiliate"** means: -

(i) in relation to **KOSMOS** and **CANAMENS**;

(a) any company (other than **KOSMOS** or **CANAMENS**) which for the time being directly or indirectly (i) controls or (ii) is controlled by **KOSMOS** or **CANAMENS**.

(ii) in relation to any Party other than **KOSMOS** or **CANAMENS**;

(a) any company or entity controlled by such Party;

(b) any company or entity which controls such Party;

(c) any company or entity which is controlled by another company or entity which controls such Party.

"**Control**" shall mean the ownership, (whether such ownership is direct or indirect through a series of companies or entities) by one or more companies or entities of at least fifty percent (50 %):

(a) of the voting stock of another company or entity which is issuing voting stock; or

(b) of the rights to decide the appointment of managers of another entity which is not issuing voting stock.

In the case of **ONHYM**, this definition shall include the **STATE** and any entity controlled by the **STATE**.

2) **"Appraisal Well"** means any well whose purpose at the time of commencement of drilling such well is the determination of the extent, volume or producibility of a discovery of Hydrocarbons.

3) **"Area of Interest"** means the Area of Interest more particularly described in Appendix II of the Petroleum Agreement or the portion of such Area that remains subject to this Agreement.

4) **"Article"** means an article of this Agreement unless otherwise indicated.

5) **"Association Contract"** means the document referred to in Article 18.1.

6) **"Available Crude Oil"** means, for each Exploitation Concession, the Crude Oil produced after deduction of the Crude Oil used in carrying out Development and Exploitation Work and Exploration Work.

7) **"Available Natural Gas"** means, for each Exploitation Concession, Natural Gas produced, whether or not produced in association with Crude Oil, after deduction of the Natural Gas used as fuel, or for secondary recovery, re-injected or flared in carrying out Development and Exploitation Work and Exploration Work.

8) **"Bank"** means any financial institution that issues a guarantee pursuant to Article 4.2.4.

9) **"Bank Guarantee"** means an irrevocable bank guarantee, acceptable to **ONHYM**, provided by **Operator** in order to secure the completion of the Minimum Exploration Work Programmes set out in Articles 4.2.1, 4.2.2 and 4.2.3.

10) **"Canamens"** means Canamens Energy Morocco SARL and any of its successors and assigns.

11) **"Commercial Discovery"** means a discovery of Hydrocarbons which, after completion of an adequate program of appraisal drilling, the Parties prove reveals potentially recoverable Hydrocarbon reserves which could give rise to an economically profitable exploitation, and which the Parties undertake to develop.

12) **"Contractor Group"** means Kosmos and Canamens and any of their successors or assigns.

13) **"Crude Oil"** means all Hydrocarbons that are liquid in their natural state, or obtained by the condensation or separation of Natural Gas and asphalt.

14) **"Decree"** has the meaning ascribed thereto in the Preamble.

15) **Development and Exploitation Work"** means any operation relating to the development or production of a Hydrocarbon deposit within the area covered by an Exploitation Concession, whether carried out within or outside Morocco and, in particular, geological and geophysical work, the drilling of development wells, the production of Hydrocarbons, the installation of collection pipes and the operations necessary to the maintenance of pressure and to primary or secondary recovery.

16) **"Dollar or US$"** means Dollar of United States of America.

17) **"Effective Date"** means the date on which the joint order has been signed pursuant to Article 25.

18) **"Exploitation Concession"** means any Exploitation Concession granted to the Parties pursuant to the Hydrocarbon Code and this Agreement, which derives from the Exploration Permits.

19) **"Exploration Period"** means the Initial Period, or any of the Extension Periods referenced in Article 4.2.

20) **"Exploration Permits"** means the Exploration Permits referred to in Article 3 granted to the Parties pursuant to the Hydrocarbon Code and this Agreement in the Area of Interest.

21) **"Exploration Work"** has the meaning set out in Article 4.1.

22) **"Exploration Well"** means any well whose purpose at the time of commencement of drilling such well is to explore for any accumulation of Hydrocarbons whose existence at that time was not confirmed by drilling.

23) **"Extension Period"** means the First and/or the Second Extension Period.

24) **"Fair Value"** means the Market Price based upon weighted average sales prices in Dollars in the past Quarter of a basket of leading Crude Oils produced in major Crude Oil producing countries in the Arabian-Persian Gulf, Mediterranean, or in Africa which are quoted and regularly sold on the open market. The composition and weighting of the said basket shall be agreed between the **STATE** and the Party(ies) concerned, and may be adjusted from time to time, to reflect the individual characteristics of the particular Crude Oil or Crude Oil blend produced, taking into consideration positive or negative adjustments generally applied in the international petroleum industry (corrections for quality, transportation, etc.).

25) **"First Extension Period"** shall mean the period of three (3) years duration as stipulated in Article 3.3(b).

26) **"Force Majeure"** has the meaning set out in Article 21.

27) **"Hydrocarbon Code"** has the meaning ascribed thereto in the Preamble.

28) **"Hydrocarbons"** means naturally occurring Hydrocarbons whether liquid, gaseous or solid other than bituminous shale, and shall include Crude Oil and Natural Gas

29) **"Initial Period"** means the period of two and one half (2.5) years duration as stipulated in Article 3.3(a).

30) **"Kosmos**" means Kosmos Energy Deepwater Morocco and any of its successors and assigns.

31) **"Law"** has the meaning ascribed thereto in the Preamble.

32) **"Market Price"** means the prices for Hydrocarbons, determined as provided in Article 6 which shall be used for calculation of annual royalty in cash and of corporate income tax.

33) **"Minimum Exploration Work Program"** means the Exploration Work to be completed before the end of the Initial Period or any of the Extension Periods referred to in Articles 4.2.1, 4.2.2 and 4.2.3.

34) **"Month"** means a calendar month according to the Gregorian calendar.

35) **"Natural Gas"** means all gaseous Hydrocarbons obtained from oil or gas wells together with gas that is the residue of the process of separation of liquid Hydrocarbons.

36) **"ONHYM"** means the Office National des Hydrocarbures et des Mines and any of its successors and assigns.

37) "**Operator"** means **KOSMOS**, appointed in accordance with Article 19 or such other Party subsequently designated as such pursuant to the Association Contract.

38) **"Party"** means **ONHYM** or **CANAMENS** or **KOSMOS** or a transferee Party individually, and "**Parties**" shall refer to them collectively.

39) **"Percentage Interest"** means in respect of the Exploration Permits, the percentage interests of the Parties as set forth in Article 3.1(b) and, in respect of any Exploitation Concession, the percentage interests of the Parties as set forth in Article 5.2.

40) **"Petroleum Agreement"** or **"this Agreement"** means the agreement of which this Appendix I forms part.

41) **"Private Party"** means **CONTRACTOR GROUP** in its capacity as a Party and / or any transferee of **CANAMENS** or **KOSMOS** or of another Private Party in accordance with Article 17.

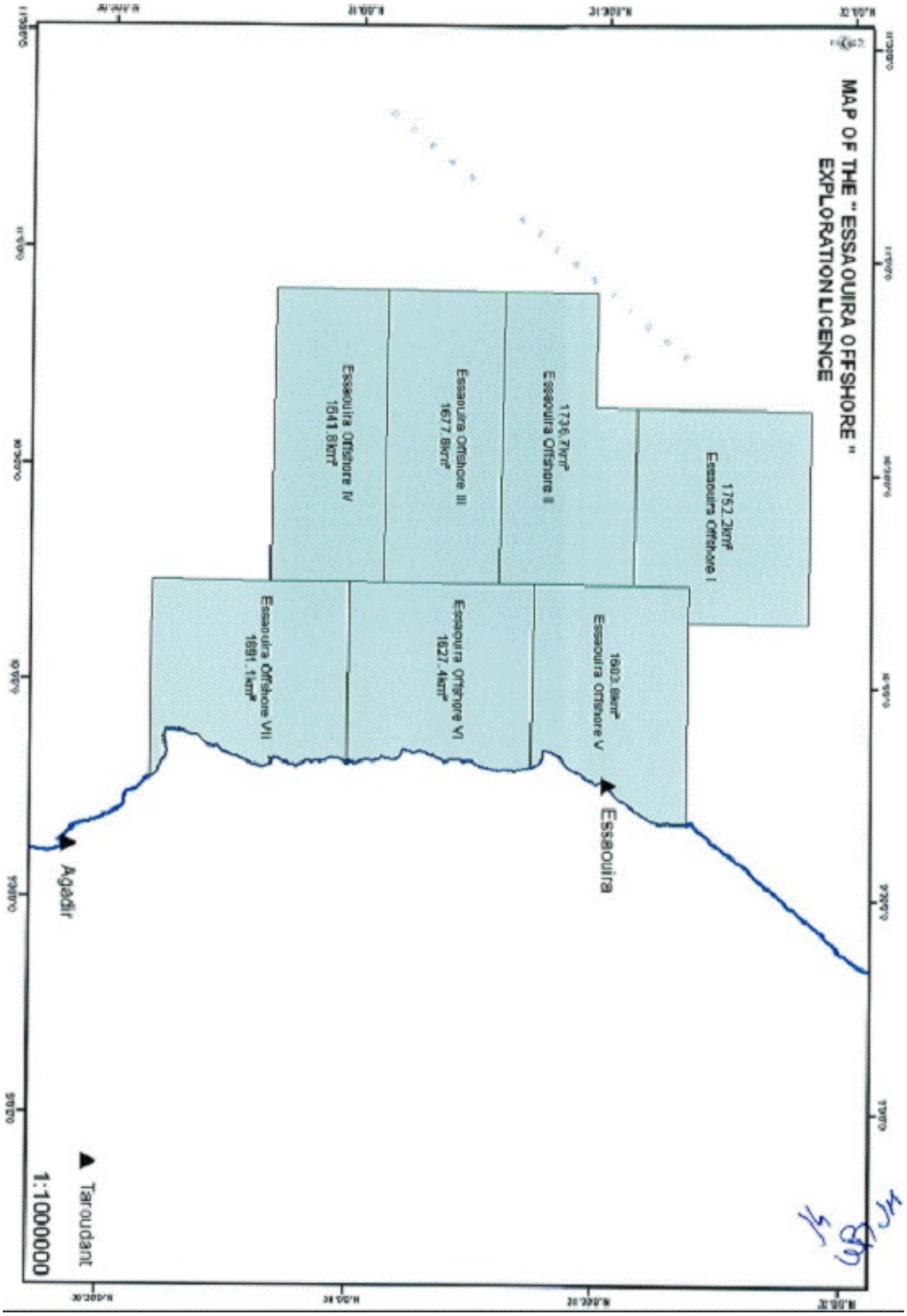
42) **"Quarter"** means a period of three Months commencing on the first day of January, April, July or October in any calendar year.

43) **"Regulations"** means all applicable laws, decrees, rules and regulations, including all administrative practices relating thereto.

44) **"Second Extension Period"** shall mean the period of two and a half (2.5) years duration as stipulated in Article 3.3(c).

45) "**Testing**" means an operation intended to evaluate the capacity of a Zone to produce Hydrocarbons. "Test" and other derivatives shall be construed accordingly;

APPENDIX II
MAP AND DESCRIPTION OF THE AREA OF INTEREST


MAP OF THE "ESSAOUIRA OFFSHORE"
EXPLORATION LICENCE
1752.2km²
Essaouira Offshore I
1736.7km²
Essaouira Offshore II
1603.6km²
Essaouira Offshore V
Essaouira Offshore III
1677.8km²
Essaouira Offshore VI
1627.4km²
Essaouira Offshore IV
1541.8km²
Essaouira Offshore VII
1691.1km²
Essaouira
Agadir
Taroudant
1:1000000

GEOGRAPHICAL COORDINATES OF "ESSAOUIRA OFFSHORE" EXPLORATION PERMITS

Permit	Points	Lat_Clarcke 1880	Long_Clarcke 1880
Essaouira Offshore I	1	31 55 40.000 N	10 39 00.000 W
Essaouira Offshore I	2	31 55 40.000 N	10 09 00.000 W
Essaouira Offshore I	3	31 41 10.000 N	10 09 00.000 W
Essaouira Offshore I	4	31 41 10.000 N	10 14 10.000 W
Essaouira Offshore I	5	31 34 30.000 N	10 14 10.000 W
Essaouira Offshore I	6	31 34 30.000 N	10 39 00.000 W
Essaouira Offshore II	1	31 34 30.000 N	10 39 00.000 W
Essaouira Offshore II	2	31 34 30.000 N	10 14 10.000 W
Essaouira Offshore II	3	31 18 00.000 N	10 14 10.000 W
Essaouira Offshore II	4	31 18 00.000 N	10 55 00.000 W
Essaouira Offshore II	5	31 29 30.000 N	10 55 00.000 W
Essaouira Offshore II	6	31 29 30.000 N	10 39 00.000 W
Essaouira Offshore III	1	31 18 00.000 N	10 55 00.000 W
Essaouira Offshore III	2	31 18 00.000 N	10 14 10.000 W
Essaouira Offshore III	3	31 04 00.000 N	10 14 10.000 W
Essaouira Offshore III	4	31 04 00.000 N	10 55 00.000 W
Essaouira Offshore IV	1	31 04 00.000 N	10 55 00.000 W
Essaouira Offshore IV	2	31 04 00.000 N	10 14 10.000 W
Essaouira Offshore IV	3	30 50 20.000 N	10 14 10.000 W
Essaouira Offshore IV	4	30 50 20.000 N	10 55 00.000 W
Essaouira Offshore V	1	31 41 10.000 N	10 14 10.000 W
Essaouira Offshore V	2	31 41 10.000 N	10 09 00.000 W
Essaouira Offshore V	3	31 41 10.000 N	Intersection cote
Essaouira Offshore V	4	31 22 10.000 N	Intersection cote
Essaouira Offshore V	5	31 22 10.000 N	10 14 10.000 W
Essaouira Offshore V	6	31 34 30.000 N	10 14 10.000 W
Essaouira Offshore VI	1	31 22 10.000 N	10 14 10.000 W
Essaouira Offshore VI	2	31 22 10.000 N	Intersection cote
Essaouira Offshore VI	3	30 59 50.000 N	Intersection cote
Essaouira Offshore VI	4	30 59 50.000 N	10 14 10.000 W
Essaouira Offshore VI	5	31 04 00.000 N	10 14 10.000 W
Essaouira Offshore VI	6	31 18 00.000 N	10 14 10.000 W
Essaouira Offshore VII	1	30 59 50.000 N	10 14 10.000 W
Essaouira Offshore VII	2	30 59 50.000 N	Intersection cote
Essaouira Offshore VII	3	30 36 00.000 N	Intersection cote
Essaouira Offshore VII	4	30 36 00.000 N	10 00 00.000 W
Essaouira Offshore VII	5	30 36 00.000 N	10 03 00.000 W
Essaouira Offshore VII	6	30 36 00.000 N	10 14 10.000 W
Essaouira Offshore VII	7	30 50 20.000 N	10 14 10.000 W

APPENDIX III

LIST OF DELIVERABLES

The Deliverables shall be remitted to ONHYM in the following formats:

I. Seismic : Reprocessing, acquisition and processing

I.1. 2D and 3D Seismic :

- Field data on cartridges, 3592 or LTO-04 in an international standard format (SEG-D format)
- Intermediate data such as CDP gathers
- Data processed on cartridge, 3592 or LTO-04 (stack and migration) SEG-Y with header information about the processed seismic data (processing sequence, navigation data or coordinates)
- Special processing (PSDM, AVO) on cartridge 3592 or LTO-04 in SEG-Y format with header information about the processed seismic data (processing sequence, navigation data or coordinates)
- Complete sequence of processing in hard copy or electronic format
- Velocity analysis data
- Field documents (operating report of the seismic acquisition, field note-book, coordinates of the shooting points and of the receivers and seismic data test) in hard copy and electronic formats
- Navigation data on CD in either ASCII or SEG-P1 format (for the offshore data)

Projection System is : UTM
Options for the projection: Ellipsoid: WGS84
Format: UKOOA in ASCII or EXCEL

I.2. 2D Seismic: Reprocessing:

- Data processed on cartridge, 3592 or LTO-04 (Stack and migration) SEG-Y with header information about the processed seismic data (processing sequence, navigation data or coordinates)
- Special processing (PSDM, AVO) on cartridge 3592 or LTO-04 in SEG-Y format with header information about the processed seismic data (processing sequence, navigation data or coordinates)
- Complete sequence of processing in hard copy or electronic format
- Velocity analysis data in ASCCI format

II. **Magnetic, gravimetric, Electromagnetic, Magneto —telluric and electrical data:**

- Raw data in an international standard format together with all the supporting documents
- Processed data in an international standard format
- Interpretation of these data

III. **Drilling :**

- Cuttings: an average of 500 grams of washed cuttings and 500 grams of non-washed cuttings from each 5 m for the interval of the reservoir ; and from each 10-20 m for the remaining of the well
- Cores : half of the cores cut in length
- Electrical logs: data of all drilling operations in an international standard format
- Check shot Survey ,VSP
- Seismic coring
- data of well test (pressure, samples of received fluide, PVT analysis and water analysis)
- Final well report that includes drilling evaluation report and logs interpretation (paper and electronic format)
- Copy of composite log

IV. **Studies :**

- Preliminary Reports (work progress reports at the end of each year)
- Final Report for each phase (paper and electronic format): this report will include in particular :
- Text and plates
- Report on the field geological work
- Conventional and special analysis of the cores
- Copy of electrical logs of drilling in standard electronic format (Las, picture)
- Copies of different laboratory studies and analyses
  - Geochemistry,
  - Stratigraphy
  - Petrophysics
  - Sedimentology

Any other studies, operational reports and/or operational data resulting from any works executed by third parties on behalf of **CONTRACTOR GROUP** directly relating to the Exploration Work or Development and Exploitation Work in the area of the Permits. For the avoidance of doubt, this obligation does not apply to such information as any proprietary or confidential information or reports, parent company financial information, reserve information or confidential information or reports provided to governmental authorities.

Copy of any tender and contract with a value in excess of one million US Dollars (US$ 1,000,000) with service companies in paper and electronic format.

Exhibit 10.13

DEED OF ASSIGNMENT

IN

PETROLEUM AGREEMENT

FOR

THE EXPLORATION FOR AND EXPLOITATION OF HYDROCARBONS

IN THE ZONE OF INTEREST

NAMED

"ESSAOUIRA OFFSHORE"

The present deed of assignment is concluded between:

CANAMENS ENERGY MOROCCO SARL, a company incorporated under the laws of the Kingdom of Morocco, whose registered office is at Twin Center Tour Ouest 16ème étage angle BD Zerktouni et Massira Khadra, CASABLANCA, MOROCCO, hereinafter referred to as "CANAMENS" (the **"Assignor"),** herein represented by its Manager, Mr. **Jan KIELLAND;**

AND

KOSMOS ENERGY DEEPWATER MOROCCO, a company organized and established under the laws of the Cayman Islands, whose registered office is located at 4th Floor, Century Yard, Cricket Square, Hutchins Drive, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands, hereinafter named **"KOSMOS",** (the **"Assignee"),** herein represented by its Vice President, Mr. **Hugh MCDOWELL,**

CANAMENS and **KOSMOS** may collectively be referred to as the "Parties"

PREAMBLE

A. The Office National des Hydrocarbures et des Mines **("ONHYM"), CANAMENS** and **KOSMOS** are parties to:

a) the Petroleum Agreement between **ONHYM, KOSMOS** and **CANAMENS** signed on September 9 1h, 2011 and approved by joint order of the Minister in charge of Energy and the Minister in charge of Finance Ns 1799-12 on April 2" d 2012 published in Official Gazette **N2** 6058 dated June 21St, 2012 (the "Petroleum Agreement"), in pursuance of which they have obtained the exclusive right to undertake petroleum activities in the Area of Interest **("ESSAOUIRA OFFSHORE")** comprising the exploration permits as specified in the Petroleum Agreement;

b) the Association Contract signed on September 9 th, 2011 relating to exploration for and exploitation of hydrocarbons in the Area of Interest referred to as **ESSAOUIRA OFFSHORE** (the "Association Contract");

c) the seven (7) exploration permits referred to as **"ESSAOUIRA OFFSHORE I", "ESSAOUIRA OFFSHORE II", "ESSAOUIRA OFFSHORE Ill", "ESSAOUIRA OFFSHORE IV" , "ESSAOUIRA OFFSHORE V" , "ESSAOUIRA OFFSHORE VI"** and **"ESSAOUIRA OFFSHORE VII"** granted by orders of the Minister in charge of Energy effective from October 21', 2011 (the "Permits");

The Petroleum Agreement, the Association Contract and the Permits are hereinafter collectively referred to as the "Documents".

B. In accordance with the Documents, **ONHYM, CANAMENS** and **KOSMOS** are holders of the exclusive right to prospect for liquid and gaseous hydrocarbons in the area defined by the Permits;

C. Article 17 of the Petroleum Agreement, and Clause 10 of the Association Contract, permits the Pa rties to the Petroleum Agreement and the Association Contract to assign and transfer in whole or in pa rt their Percentage Interest as defined by the Documents in accordance with Article 8 of the Law n° 21-90 as amended and updated by the Law n° 27-99 and Section 19 of the Decree n° 293-786 as amended and updated by Decree n° 2-99-210;

D. Article 17 of the Petroleum Agreement and Clause 10 of the Association Contract require the approval of the Minister in charge of Energy and the consent of the Parties before an assignee may acquire any rights pursuant to the Documents;

E. The Parties have agreed that provided that the approvals and agreements referred to in A rticle 1 below are obtained, **CANAMENS** shall transfer to **KOSMOS** one hundred per cent (100%) of its undivided Percentage Interest in accordance with the Documents (the "Assignment").

In witness whereof, the Parties have agreed the following between themselves in consideration of the obligations set out in the present deed of assignment:

Article 1

On the condition of the approval and agreement of the Minister in charge of Energy and of **ONHYM,** and as well as those agreements stated in the present deed of assignment, the Assignment to **KOSMOS** shall be effective on the date of the signature of the joint order *(arrêté)* of the Minister in charge of Energy and the Minister in charge of Finance approving the Amendment N°1 to the Petroleum Agreement (the **"Effective Date").**

Article 2

Pursuant to the Documents, **CANAMENS** assigns and transfers, and **KOSMOS** accepts by the present document, one hundred per cent (100%) of its undivided Interest in the Documents (the **"KOSMOS Assigned Interest"),** so that the interest held by the parties in the Documents at the Effective Date to the Documents is as follows:

ONHYM twenty-five per cent (25%)

KOSMOS seventy-five per cent (75%)

Article 3

KOSMOS acknowledges and accepts that it shall assume and fulfil all the obligations, responsibilities and duties from the Effective Date, under the Documents that may arise after this date related to the **KOSMOS** Assigned Interest.

KOSMOS agrees to indemnify and hold each of **ONHYM** and **CANAMENS** harmless from and against all such obligations, liabilities, duties, costs and expenses arising out of operations relating to the Documents which accrue after the Effective Date related to the **KOSMOS** Assigned Interest.

Article 4

CANAMENS declares and warrants by the present deed of assignment that it has not in any way previously transferred, assigned or pledged its interest under the Documents constituting the object of the present assignment to **KOSMOS,** and **CANAMENS** shall undertake to indemnify and shall hold **KOSMOS** harmless from all claims, losses or damages that **KOSMOS** may suffer or incur owing to a violation of the above declaration and warranty.

CANAMENS herein commits to indemnify and hold **KOSMOS** harmless from all responsibilities and obligations relating to the **KOSMOS** Assigned Interest which accrue before the Effective Date.

Article 5

The Parties shall sign all other documents and shall car ry out all other activities that may be necessary or desirable to obtain the consent of the Minister in charge of Energy as well as the present Assignment, to confirm or record the assignment of the **KOSMOS** Assigned Interest, and to put this into effect in accordance with the laws of the Kingdom of Morocco.

Article 6

All the terms used in the present deed of assignment (with the exception of the term "Pa rties") have the same definition as that indicated in the Documents.

In witness whereof, the Parties have duly signed this deed of assignment in four (4) original copies in the French language and in three (3) copies in the English language on the day of 19 December 2012

CANAMENS ENERGY MOROCCO SARL

/s/ JAN KIELLAND

By: **JAN KIELLAND**

Position: Manager

KOSMOS ENERGY DEEPWATER MOROCCO

/s/ HUGH MCDOWALL

BY: HUGH MCDOWALL

Position: **VICE PRESIDENT**

By its agreement to this Assignment as indicated in the present deed of assignment, **ONHYM** accepts and consents to the **KOSMOS** Assignment. Moreover, it is agreed that the conditions of Article 17 of the Petroleum Agreement and Clause 10 of the Association Contract have been fulfilled.

Read and approved

Date: 19 December 2012

OFFICE NATIONAL DES HYDROCARBURES ET DES MINES.

/s/ AMINA BENKHADRA

By: **AMINA BENKHADRA**

Position: **GENERAL DIRECTOR**

Exhibit 10.14

PETROLEUM AGREEMENT

REGARDING

THE EXPLORATION FOR AND EXPLOITATION OF HYDROCARBONS

AMONG

OFFICE NATIONAL DES HYDROCARBURES ET DES MINES
"ONHYM"

ACTING ON BEHALF OF THE KINGDOM OF MOROCCO

AND

KOSMOS ENERGY DEEPWATER MOROCCO
"KOSMOS"

AND

PATHFINDER HYDROCARBON VENTURES LIMITED
"PHVL"

IN THE AREA OF INTEREST NAMED

"FOUM ASSAKA OFFSHORE"

THIS PETROLEUM AGREEMENT IS CONCLUDED

AMONG,

The **OFFICE NATIONAL DES HYDROCARBURES ET DES MINES** , a public Moroccan establishment instituted by law n° 33-01 promulgated by dahir n° 1-03-203 on the date of 16 Ramadan 1424 (November 11 th, 2003) and implemented by decree n°2-04-372 on the date of 16 Kaada 1425 (December 29th, 2004), whose headquarter is at 5, Moulay Hassan Avenue B.P 99 - RABAT - MOROCCO, (hereinafter called "**ONHYM**"), acting on behalf of the Kingdom of Morocco (hereinafter called "**the STATE**"), herein represented by its General Director, Mme. **Amina BENKHADRA**;

AND

KOSMOS ENERGY DEEPWATER MOROCCO, a Cayman Islands company, whose office is at 4th Floor, Century Yard, Cricket Square, Hutchins Drive, Elgin Avenue, George Town, Grand Cayman KY1-1209, Cayman Islands (hereinafter called "**KOSMOS**"), herein represented by its Vice President, Mr. Joseph Matthews;

AND

PATHFINDER HYDROCARBON VENTURES LIMITED, a company incorporated under the laws of Jersey (*Company Registration Number 97888*), whose registered office is at, Channel House, Green Street, St. Helier, Jersey JE2 4UH, British Channel Islands , (hereinafter called "**PHVL**"), herein represented by its Chief Executive Officer, Mr. **Paul GRIFFITHS** ;

ONHYM, **KOSMOS** and **PHVL** will be hereinafter together called "**the Parties**" or individually the "**Party**".

KOSMOS and **PHVL** will Collectively be hereinafter together called the "**Contractor Group**".

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PREAMBLE

Whereas, the law n°21-90, enacted by Dahir n°1-91-118 of 27 Ramadan 1412 (April 1 st, 1992) as amended by the law n°27-99, enacted by Dahir n°1-99-340 of 9 Kaada 1420 (February 15 th, 2000), hereinafter together called the "**Law**", regulates the exploration for and the exploitation of Hydrocarbon deposits in Morocco. The Law is implemented by the Decree n° 2-93-786 of 18 Joumada I 1414 (November 3 rd, 1993), which was amended by the Decree n° 2-99-210 of 9 Hija 1420 (March 16th, 2000), hereinafter together called the "Decree". The Law and the Decree are hereinafter together called " **the Hydrocarbon Code**";

Whereas, section 5 of the decree n° 2-04-372 of 16 Kaada 1425 (December 29 th, 2004) implementing the law n° 33-01 instituting the **OFFICE NATIONAL DES HYDROCARBURES ET DES MINES "ONHYM"**, which stipulates that **ONHYM** is empowered to exercise on behalf of the State the duties listed in Section 71 of the Law; and

Whereas KOSMOS and PHVL are willing to undertake their obligations under this Agreement on a joint and several basis, excluding, however, any liabilities for taxes due for which the Parties shall be responsible on an individual basis;

Taking into account the joint willingness of the Parties to undertake and achieve the exploration for and the exploitation of Hydrocarbon deposits within the Area of Interest as specified in Article 3 and described in Appendix II of this Agreement;

NOW THEREFORE, THE FOLLOWING HAS BEEN AGREED UPON AND RESOLVED:

PART I

SCOPE AND DURATION OF THE PETROLEUM AGREEMENT

ARTICLE I

SCOPE OF THE PETROLEUM AGREEMENT

The purpose of this Agreement (of which the Appendices form part) is to specify the rights and obligations of the Parties resulting from the Exploration Permits and any Exploitation Concession which might derive there from.

Definitions of various words, terms and phrases used in this Agreement are set forth in Appendix I of this Agreement.

ARTICLE 2

DURATION AND TERMINATION OF THE PETROLEUM AGREEMENT

This Agreement shall become effective in accordance with the provisions set forth in Article 25 and shall terminate in the following instances:

a) If there is no Commercial Discovery of Hydrocarbons during the period of validity of any of the Exploration Permits referred to in Article 3;

b) Upon expiration of the last producing Exploitation Concession obtained pursuant to Article 5, or upon final abandonment of the exploitation of all Hydrocarbon deposits therein, occurring prior to the expiration of such Exploitation Concession;

c) If **Contractor Group** elects to abandon entirely its entire collective Percentage Interest in the Exploration Permits and in the Exploitation Concession(s) in accordance with the Hydrocarbon Code and this Agreement; or

d) If the forfeiture of all of the Exploration Permits and/or all Exploitation Concessions obtained is pronounced in accordance with the Hydrocarbon Code.

PART II

EXPLORATION PERMITS AND WORK

ARTICLE 3

EXPLORATION PERMITS

3.1 (a) According to the Hydrocarbon Code, **ONHYM, KOSMOS** and **PHVL** have filed jointly with the appropriate department of the Ministry in charge of Energy the applications for the Exploration Permits named "FOUM ASSAKA OFFSHORE I", "FOUM ASSAKA OFFSHORE II", "FOUM ASSAKA OFFSHORE III" and "FOUM ASSAKA OFFSHORE IV" more particularly described in Appendix II to this Agreement and which constitute the Area of Interest named "FOUM ASSAKA OFFSHORE".

(b) In accordance with the second paragraph of Section 4 of the Law, the Parties agree that their respective Percentage Interests in the Exploration Permits to be granted to them by the Minister in charge of Energy shall be:

KOSMOS	**37.5%**
PHVL	**37.5%**
ONHYM	**25%**

3.2 Each Exploration Permit is specified by its geographic co-ordinates in Appendix II to this Agreement.

The Exploration Permits together cover an initial area of approximately 6473.1 km².

3.3 Each of the Exploration Permits shall have an overall duration of eight (8) years comprising:

(a) an Initial Period of Two and half (2.5) years;

(b) a First Extension Period of Two and half (2.5) years;

(c) a Second Extension Period of Three (3) years; and,

(d) notwithstanding the terms of this Article 3.3, when Hydrocarbons are discovered during the last year of validity of the Second Extension Period of the Exploration Permits, the Parties shall have the right to apply jointly for the exceptional period as mentioned in Section 24 of the Law.

3.4 Applications for the extension of the Exploration Permits as well as the reduction in surface areas will be made in accordance with Sections 22 and 24 of the Law, and with Sections 10, 14, 15 and 16 of the Decree and Article 4.2 of this Agreement.

3.5 The partial or total abandonment of any of the Exploration Permits will be effected according to the Hydrocarbon Code.

ARTICLE 4

EXPLORATION WORK

4.1 Exploration Work shall mean all exploration and appraisal studies and operations in order to establish the existence of Hydrocarbons in commercially exploitable quantities, conducted in or in relation to the Area of Interest, either within the Exploration Permits or the Exploitation Concession(s), whether these activities are carried out within or outside Morocco.

Exploration Work includes but is not limited to the following:

- hydrographic, geodesic, meteorological and topographic studies and surveys, if these operations are necessary for the Exploration Work and, in the case of appraisal, operations to determine the limits and the productive capacity of a Hydrocarbon deposit in order to help in making a decision whether or not to develop such Hydrocarbon deposit;
- geological and geophysical studies and surveys;
- studies and surveys aimed at determining the locations of Exploration Wells and Appraisal Wells;
- drilling operations regarding Exploration Wells and Appraisal Wells; and
- tests and studies for the evaluation of reservoirs.

4.2 During the validity period of the Exploration Permits, **Contractor Group** agrees to perform the following Minimum Exploration Work Programmes and to devote sufficient funding thereto under the conditions and schedule set forth below:

4.2.1 Initial Period of two and a half (2.5) years,

(a) **Contractor Group** commits, during the Initial Period to carry out the following Minimum Exploration Work Program:

1) Post mortem study

- Post mortem study of the previous wells drilled in the area;
- Post mortem study of acquisition and processing parameters of the available 3D seismic in the Area of Interest.

2) Update the geological model

- Hinterland and basinal reservoir rock relation

3) Acquisition, processing and interpretation of 500 sq. km. of 3D Seismic;

4) Reinterpretation of available 2D and 3D seismic data;

5) Geochemical and basin modeling studies;

6) Post processing seismic special studies on defined Prospects/Leads

- Seismic inversion
- AVO studies

7) Risk analysis and prospect ranking;

8) Economic evaluation.

The estimated cost of such Minimum Exploration Work Program is four million US Dollars (US $ 4,000,000).

(b) After having completed the Minimum Exploration Work Program referred to in paragraph (a) above or subject to making the payment required in respect thereof pursuant to Articles 4.2.4 and 4.2.6 **Contractor Group** shall notify **ONHYM** of its intention to abandon all its interest in the Exploration Permits, or of its intention to enter into the First Extension Period.

4.2.2 (a) If **Contractor Group** decides, pursuant to Section 15 of the Decree, to enter into the First Extension Period of two and half (2.5) years duration from the end of the Initial Period, **Contractor Group** will be committed to carry out the following Minimum Exploration Work Program:

1) Well planning;

2) Drilling of an exploration well to the Lower Cretaceous or to a minimum depth of two thousand and five hundred (2500) meters below seabed, whichever is penetrated first.

The estimated cost of such Minimum Exploration Work Program is forty million US Dollars (US$ 40,000,000).

(b) After having completed the Minimum Exploration Work Program referred to in paragraph (a) above, or subject to making the payment required in respect thereof pursuant to Articles 4.2.4. and 4.2.6, **Contractor Group** shall notify **ONHYM** of its intention to abandon all

its interest in the Exploration Permits, or of its intention to enter into the Second Extension Period.

4.2.3 (a) If **Contractor Group** decides, pursuant to Section 15 of the Decree, to enter into the Second Extension Period of three (3) years duration from the end of the First Extension Period, **Contractor Group** will be committed to carry out the following Minimum Exploration Work Program:

1) Post mortem study of the exploration well drilled during the First Extension Period;

2) Special recalibration of available 3D seismic according to the well results;

3) Drilling of an exploration well to the Lower Cretaceous or to a minimum depth of two thousand and five hundred (2500) meters below seabed, whichever is penetrated first.

The estimated cost of such Minimum Exploration Work Program is forty million US Dollars (US$ 40,000,000)

(b) After having completed the Minimum Exploration Work Program referred to in paragraph (a) above, or subject to making the payment requested in respect thereof pursuant to Articles 4.2.4 and 4.2.6, **Contractor Group** shall notify **ONHYM** of its intention to abandon all its interest in the Exploration Permits.

4.2.4 **Operator** shall provide **ONHYM** with irrevocable Bank Guarantees acceptable to **ONHYM** in order to secure the completion of the Minimum Exploration Work Programs set out in Articles 4.2.1, 4.2.2 and 4.2.3 as follows:

(a) No later than the date of signature of this Agreement, **Operator** shall provide a Bank Guarantee in the amount of two million US Dollars (US$ 2,000,000) to guarantee the fulfillment of the Minimum Exploration Work Program set out in Article 4.2.1(a). The amount of the Bank Guarantee will be reduced to one million US Dollars (US$ 1,000,000) at the remittance by the **Operator** of the field tapes and support data. Another five hundred thousand US Dollars (US$ 500,000) will be released at the remittance of the processed data. The outstanding amount of five hundred thousand US Dollars (US$ 500,000) will be released at the remittance by **Operator** of all the reports and documents deriving from the Minimum Exploration Work Program of the Initial Period.

(b) Each time **Contractor Group** decides to enter into an Extension Period pursuant to Articles 4.2.2 and 4.2.3, at the time of such application **Operator** shall provide a Bank Guarantee in the amount of five million

US Dollars (US$ 5,000,000) in addition to the drilling contract of the committed exploration well. In the event **Operator** does not provide the drilling contract, the amount of the Bank Guarantee will be twelve million US Dollars (US$ 12,000,000). The Bank Guarantee, as stated in this paragraph, will be put in place in order to guarantee the fulfillment of the Minimum Exploration Work Programs set out in Articles 4.2.2(a) and 4.2.3(a) respectively.

4.2.5. **Operator** shall notify **ONHYM** when **Contractor Group** has completed the Exploration Work in a Minimum Exploration Work Program for any Exploration Period, and **ONHYM** shall, if the Bank Guarantee is due to be released pursuant to Article 4.2.4, within fifteen (15) days of such notice from **Operator,** give a notification to the Bank to release the Bank Guarantee or notify **Contractor Group** that it disagrees that such Minimum Exploration Work Program has been completed. The Bank Guarantee shall be released at the relevant expiry date specified in Article 4.2.4, unless a payment is due under Article 4.2.6, in which case the Bank Guarantee will be released when such payment is made.

4.2.6. It is the intention of the Parties that the Exploration Work set out in the Minimum Exploration Work Programs shall be carried out by **Contractor Group** as a minimum commitment. However, if for any reason other than Force Majeure, or technical difficulties, as described below, **Contractor Group** has not completed the Minimum Exploration Work Program for a particular Exploration Period to which it is committed under Articles 4.2.1, 4.2.2 or 4.2.3, **Contractor Group** will pay an amount equal to the estimated costs provided in Articles 4.2.1, 4.2.2, and 4.2.3 for the applicable period. In the event of technical difficulties, including but not limited to encountering impenetrable substances, high pressures, wellbore instability, mechanical failures, unsafe conditions or other conditions, which **Contractor Group** is not able to overcome using good and prudent oil field practices, and such technical difficulties prevent **Operator** from fulfilling the Minimum Exploration Work Program, **Operator** may cease operations and will be deemed to have fulfilled the Minimum Exploration Work Program.

4.2.7. Subject to Article 4.2.6, it is understood and expressly agreed that it is the performance of the Minimum Exploration Work Program and not the expenditures associated with the estimated cost thereof which shall determine **Contractor Group**'s compliance with this Agreement. Performance of the Minimum Exploration Work Program shall be deemed to constitute the fulfillment of all obligations related to payment of the estimated costs provided in Articles 4.2.1, 4.2.2, and 4.2.3 for the applicable period. Notwithstanding the provisions of Article 3.1, all costs incurred in carrying out Exploration Work shall be borne entirely by **Contractor Group**, without any obligation for **ONHYM** to provide any reimbursement.

4.2.8. Furthermore, **ONHYM** has the right to control and audit expenditures relating to Exploration Works incurred by **Contractor Group** during the Initial Validity Period and any Extension Period in order to control the fulfillment of the Minimum Exploration Work Program.

PART III

EXPLOITATION CONCESSION(S)

ARTICLE 5

HYDROCARBON EXPLOITATION

5.1 In accordance with the provisions of Section 27 of the Law, the discovery of a commercially exploitable Hydrocarbon deposit shall give the Parties the right to obtain, at their request, an Exploitation Concession covering all of the area of said deposit. The maximum duration of the Exploitation Concession shall be twenty-five (25) years. However, one single exceptional extension, not to exceed ten (10) years, may be granted, upon joint application by the Parties if the rational and economic exploitation of the deposit so justifies; **ONHYM** and **Contractor Group** shall jointly apply the procedure to obtain the aforementioned exceptional extension.

5.2 Subject to any assignment in accordance with Article 17, the indivisible Percentage Interest of the Parties in each of the Exploitation Concession(s) shall be:

KOSMOS	**37.5%**
PHVL	**37.5%**
ONHYM	**25%**

5.3 Expenses for Development and Exploitation Work in respect of a Hydrocarbons deposit, incurred after the declaration made in accordance with the provisions of the Hydrocarbon Code and the Association Contract that such deposit contains commercially exploitable quantities, shall be funded by the Parties in proportion to their respective Percentage Interests. However **ONHYM** shall not be required to commence the payment of its share of such expenses until the effective date of the relevant Exploitation Concession.

5.4 The Parties, each being the sole owner at the point of production of their respective Percentage Interest shares in the Hydrocarbons produced from the Exploitation Concession(s), shall each have the right to take, dispose of and separately sell their share of Available Crude Oil and Available Natural Gas.

In accordance with Section 41 of the Law, **Contractor Group** must, before contemplating export of its share of production of Available Crude Oil, contribute to the needs of the local market of Morocco. The price of the sold Available Crude Oil in the domestic market shall be the Market Price as determined pursuant to Article 6. The portion so required to be sold by

Contractor Group in any calendar year shall not (unless otherwise agreed between the Parties) exceed the lesser of the quantities determined according to the following ratios: either twenty percent (20%) of **Contractor Group**'s share of Available Crude Oil or **Contractor Group's** share of the domestic market deficit as measured by the ratio of **Contractor Group**'s share of Available Crude Oil to the total production of Crude Oil under all petroleum agreements concluded in Morocco.

5.5 In the case of Natural Gas, the Parties will use their best endeavors to find domestic and foreign markets for such Natural Gas.

If the Parties agree that the quantity of Natural Gas discovered requires the construction of export facilities, in addition to domestic market facilities, the Parties shall determine, after having informed the STATE, respective quantities to be reserved for the domestic market and for export customers having entered into long-term contracts. **ONHYM** shall use its best endeavors to assist **Contractor Group** to obtain all necessary licenses and authorisations for the construction of such facilities.

ARTICLE 6

MARKET PRICE

6.1 The Market Price in Dollars as determined in accordance with this Article 6 shall be used for the calculation of the royalty in cash and of the corporate tax pursuant to Section 46 of the Law.

6.2 The Market Price for Crude Oil shall be determined each Quarter for each of the Parties, as follows:

(a) Except in the case of sales of Crude Oil which do not meet the conditions set out below in Article 6.2 (b) or which are excluded by Article 6.5, the Market Price shall be the actual price received by the Party in question for sales of Crude Oil in the relevant period. Market Price shall be determined separately for each type of Crude Oil or Crude Oil blend and for each place of loading.

Such actual prices shall be adjusted to the price per Barrel, F.O.B. place of loading in Morocco.

(b) Actual prices shall only be used if they are obtained from customers who generally purchase on a regular basis pursuant to purchase contracts contemplating liftings over a period of at least ninety (90) days or from spot sales under arms length transactions, including contracts notified under Article 6.2 (c).

(c) If Crude Oil is to be sold by a Party under a long term contract with its Affiliate at a price based on the published prices of Crude Oil on the international market, adjusted in particular to account for differences in quality and transport, then such Party shall submit a copy of the contract to the appropriate department of the STATE.

6.3 If, during a given Quarter, a Party has made Crude Oil sales that do not fall under Article 6.2, the price to be applied to such sales shall be the Market Price per barrel determined in accordance with Article 6.2 for the sales of said Party.

6.4 If there are no sales of Crude Oil within a Quarter by a Party which fall within Article 6.2, then the Market Price for the Party concerned will be determined by agreement between the appropriate departments of the STATE and such Party.

Such Market Price shall be based upon weighted average sales prices in Dollars in the past preceding Quarter of a basket of leading types of Crude

Oils produced in major Crude Oil producing countries in the Arabian-Persian Gulf, Mediterranean, or in Africa, which are quoted and regularly sold on the open market. The composition and weighting of the said basket shall be agreed between the STATE and the Party(ies) concerned, and may be adjusted to reflect the individual characteristics of the particular Crude Oil or Crude Oil blend produced, taking into consideration positive or negative adjustments generally applied in the international petroleum industry (corrections for quality, transportation, etc.). The intent of this provision is to determine the Market Price in foreign currency that is obtainable generally in arms-length transactions, on the open market from customers regularly purchasing on competitive commercial terms.

In determining the Market Price pursuant to this Article 6.4, the STATE and the Party(ies) shall consider all available relevant data, including the weighted average actual prices, F.O.B. (INCOTERMS 2000 by the International Chamber of Commerce — I.C.C. and its future updates), exclusive of any marketing fee, of Crude Oil produced under this Agreement, of any export sales by the Parties or by their Affiliates to third parties that are non-Affiliates.

6.5 Prices of the following types of sales shall not be considered in fixing Market Price:

(i) Sales, whether direct or indirect, through brokers or otherwise, by any Party to any Affiliate of such Party, unless such sales are under a contract submitted to the STATE under Article 6.2(c) (except where the STATE has notified the Party, giving its reasons, within sixty (60) days of submission, that it is not satisfied with the terms of such contract submitted under Article 6.2(c), because it does not agree on the Fair Value of the price for such contract).

(ii) Sales involving a quid pro quo other than payment in a foreign currency or motivated in whole or in part by considerations other than the usual economic incentives for arms-length Crude Oil sales, for example, sales influenced by or involving special dealings, relations between governments or barter transactions.

6.6 If the STATE and the relevant Party fail to agree under Article 6.4 on Market Price for any Crude Oil for any Quarter by at least fifteen (15) days after the end of that Quarter, either of them, with notice to the other, may submit, for determination by a single arbitrator designated by the International Center of Technical Expertise of the International Chamber of Commerce (I.C.C.), the question, what single price per Barrel, in the arbitrator's judgment, performed under I.C.C. rules and procedures, best represents the Market Price of that Crude Oil for the pertinent Quarter.

If the STATE does notify a Party that it is not satisfied that the price under a contract submitted under Article 6.2(c) is Fair Value, the question of whether the price under the contract is Fair Value may be submitted for arbitration on the same basis as set out in the above paragraph.

The arbitrator's decision shall be final and binding on the STATE and the Parties. For the purpose of arbitration under this Article 6.6, the provisions of Articles 22.4 to 22.7 inclusive shall apply.

6.7 Market Price for Natural Gas shall be determined by applying, when applicable, the same general principles as those enumerated above for the determination of the Market Price of Crude Oil, in respect of export sales of Natural Gas. In the case of domestic sales, the Market Price shall be the price received.

6.8 The Parties agree that for the determination of royalties payable pursuant to Article 11, the Market Price fixed according to the above provisions shall be adjusted by the deduction of all processing and transportation costs as well as sales costs incurred to deliver such Hydrocarbons to the purchaser.

PART IV

THE PARTIES' OBLIGATIONS

ARTICLE 7

APPLICABLE LAW

7.1 Exploration Work and Development and Exploitation Work in the Area of Interest shall be performed in conformity with the provisions of this Agreement, executed according to the Hydrocarbon Code, and with the laws and regulations of Morocco in force on the date of signature.

7.2 This Agreement shall be governed and interpreted in conformity with Moroccan Law in accordance with Section 33 of the Law.

ARTICLE 8

ADMINISTRATION CONTROL

The Parties shall be bound by the control procedures set out by the Hydrocarbon Code for all their activities relating to Exploration Works and to Development and Exploitation Works.

ARTICLE 9

PROFESSIONAL TRAINING

9.1 **Contractor Group** shall contribute to the training of **ONHYM**'s staff and technicians up to fifty thousand US Dollars (US $ 50,000) for each twelve (12) Month period during the entire duration of this Agreement. The annual contribution to training shall be increased by twenty -five thousand US Dollars (US $ 25,000) each time an Exploitation Concession is granted.

9.2 Pursuant to Article 47 of the Law, all training expenses incurred by **Contractor Group** in accordance with Article 9.1 of this Agreement shall be considered as costs of exploration or exploitation in relation to the Exploration Permits or Exploitation Concession(s), as the case may be.

ARTICLE 10

SAFETY AND ENVIRONMENT

The Parties shall conduct all Exploration Works and the Development and Exploitation Works according to the rules relating to safety and the protection of the environment in conformity with Section 38 of the Law as well as Sections 32 and 33 of the Decree.

PART V

FISCAL PROVISIONS

ARTICLE 11

ANNUAL ROYALTY

11.1 Each of the Parties shall pay the STATE an annual royalty on the value of its Percentage Interest of the Available Crude Oil and Available Natural Gas produced from each Exploitation Concession at the following rates:

(a) **Exploitation Concession located onshore or offshore at a water depth less than or equal to 200 meters**

Crude Oil

The production of the first 300,000 tons from an Exploitation Concession is exempt from the payment of royalty. Any production in excess of 300,000 tons from an Exploitation Concession shall be subject to royalty at the rate of ten percent (10%).

Natural Gas

The production of the first 300 million cubic meters from an Exploitation Concession is exempt from the payment of royalty. Any production in excess of 300 million cubic meters from an Exploitation Concession shall be subject to royalty at the rate of five percent (5%).

(b) **Exploitation Concession located offshore at a water depth of more than 200 meters**

Crude Oil

The production of the first 500,000 tons from an Exploitation Concession is exempt from the payment of royalty. Any production in excess of 500,000 tons from an Exploitation Concession shall be subject to royalty at the rate of seven percent (7%).

Natural Gas

The production of the first 500 million cubic meters from an Exploitation Concession is exempt from the payment of royalty. Any production in excess of 500 million cubic meters from an Exploitation Concession shall be subject to royalty at the rate of three-and-a-half percent (3.5%).

11.2 Payment of the annual royalty shall be made by the Parties as follows:

11.2.1 In respect of Natural Gas produced from any Exploitation Concession, royalty shall be paid to the STATE in cash, unless the STATE decides one year in advance, by so notifying each of the Parties, to be paid in kind, in the point of production, for such Exploitation Concession.

In the case of Crude Oil, the STATE reserves the right to be paid royalties in cash or in kind in the point of production. Any decision by the STATE to modify its choice of payment in respect of Crude Oil must be communicated to each of the Parties in writing at least six (6) Months prior to the effective date of such a change.

11.2.2 In respect of any royalties to be paid to the STATE in cash, on or before 31st of July and 31st of January of each calendar year, each of the Parties shall pay the STATE on account of the annual royalty for the six Month periods ending 30th June and 31st December of the calendar year in question, in respect of the sales of Available Crude Oil or Available Natural Gas produced from each of the Exploitation Concession(s) during such six Month period.

The amount of such payments shall be estimated by each of the Parties by utilizing the appropriate Market Prices for royalty calculations for Crude Oil and/or Natural Gas in effect during the Quarters to which such payment relates as determined pursuant to Article 6.

11.2.3 Within ninety (90) days following the end of each calendar year, each of the Parties shall submit to the STATE the final annual royalty declaration. In the case of payment of royalty in cash, the Parties shall then settle the difference between the actual amounts due and the sum of the estimated payments made for the calendar year in question.

If the sum of the estimated payments made is greater than the final amount due, the difference shall be carried forward as a credit to the annual royalty for the next calendar year, and shall be deducted from the next payment(s) to be made.

ARTICLE 12

CORPORATE INCOME TAX

12.1. In accordance with article 5 of the "Code Général des Impôts" instituted by finance law n° 43-06 for the 2007 financial year, promulgated by dahir n° 1-06-232 of 10 Hijja 1427 (December 31st, 2006), as amended by finance law n° 38-07 for the 2008 financial year, by finance law n° 40-08 for the 2009 financial year, by finance law n° 48-09 for the 2010 financial year and by finance law n° 43-10 for the 2011 financial year, and in accordance with Sections 46, 47, 48 and 49 of the Law, each of the Parties shall calculate and pay the STATE the corporate income tax according to the law n°24-86 establishing the corporate income tax as amended and completed, utilizing the Market Prices determined pursuant to Article 6.

12.2. In accordance with article 6-II-B-2° of "Code Général des Impôts" instituted by finance law n° 43-06 for the 2007 financial year, promulgated by dahir n° 1-06-232 of 10 Hijja 1427 (December 31st, 2006), as amended by finance law n° 38-07 for the 2008 financial year, by finance law n° 40-08 for the 2009 financial year, by finance law n° 48-09 for the 2010 financial year and by finance law n° 43-10 for the 2011 financial year, each of the Parties shall benefit of a total exemption from corporate income tax for a ten consecutive year-period for each Exploitation Concession starting from the date of commencement of regular production from such Exploitation Concession.

ARTICLE 13

CUSTOMS

Each of the Parties, their contractors and sub-contractors shall benefit from the customs regime specified in Sections 50, 51 and 52 of the Law.

ARTICLE 14

FOREIGN EXCHANGE AND OTHER FISCAL PROVISIONS

14.1 In accordance with article 6-I-C-1 of "Code Général des Impôts" instituted by by finance law n° 43-06 for the 2007 financial year, promulgated by dahir n° 1-06-232 of 10 Hijja 1427 (December 31st, 2006), as amended by finance law n° 38-07 for the 2008 financial year, by finance law n° 40-08 for the 2009 financial year, by finance law n° 48-09 for the 2010 financial year and by finance law n° 43-10 for the 2011 financial year, and with provisions of Sections 53 to 58, 60 and 62 of the Law, each of the Parties, when applicable, shall benefit, from measures relating to the duty on actual capital contributions, the foreign exchange regime, the business activity tax (Impôt des patentes), the urban tax, un-built urban areas tax and the tax on proceeds from shares, capital rights and similar revenues.

14.2 In accordance with the provisions of articles 92-I-40° and 123-41° of "Code Général des Impôts" instituted by by finance law n° 43-06 for the 2007 financial year, promulgated by dahir n° 1-06-232 of 10 Hijja 1427 (December 31st, 2006), as amended by finance law n° 38-07 for the 2008 financial year, by finance law n° 40-08 for the 2009 financial year, by finance law n° 48-09 for the 2010 financial year and by finance law n° 43-10 for the 2011 financial year, and Section 61 of the Law, each of the Parties, their contractors and sub-contractors shall benefit from exemption from value-added tax on goods and services acquired in the domestic market or imported from abroad.

14.3 Withholding tax will apply to payments for services provided by all foreign companies in accordance with law n° 24-86, as amended and completed, and in accordance with any double taxation treaties applicable to such foreign company.

14.4 **Contractor Group** shall pay the application fees for the grant and extensions of the Exploration Permits.

14.5 Each of the Parties shall pay its proportional share of the annual surface rental of one thousand Dirham (1,000 DH) per square kilometer on all Exploitation Concession(s).

ARTICLE 15

BONUSES

15.1 **Contractor Group** agrees to pay the STATE, when a deposit of Hydrocarbons in the Area of Interest in which it has a Percentage Interest is declared pursuant to the Association Contract to contain commercially exploitable quantities, a discovery Bonus of an amount of one million US Dollars (US $ 1,000,000). This payment has to be made within thirty (30) days of the official granting of the Exploitation Concession.

15.2 In addition, starting from the date the total production of Crude Oil or Barrels equivalent Crude Oil, from all Exploitation Concessions in the Area of Interest in which **Contractor Group** has a Percentage Interest has reached and been maintained during a period of thirty (30) consecutive days at the daily production levels listed below, **Contractor Group** shall pay the STATE the corresponding bonuses payable within thirty (30) days of the end of the Month in which the aggregate levels of production have first been so maintained:

50,000 BOPD/BOE per day	one million US Dollars (US$1,000,000)
75,000 BOPD/BOE per day	two million US Dollars (US$2,000,000)
100,000 BOPD/BOE per day	three million US Dollars (US$3,000,000)
More than 100,000 BOPD/BOE per day	four million US Dollars (US$ 4,000,000)

It is understood that the Bonuses specified in Article 15.2 will be a one time, lump sum payment for each level of production when such level of production is reached and maintained for a period of 30 consecutive days.

The Bonus payments established in Articles 15.1 and 15.2 above shall be deemed development costs and shall be deductible for the calculation of **Contractor Group's** taxable profits.

ARTICLE 16

STABILITY

16.1 The economic terms and conditions which will apply to **Contractor Group** for the activities to be conducted by **Contractor Group** under this Petroleum Agreement and throughout its period of validity, have been agreed after negotiations in good faith on the basis of the legislation in force in Morocco on the date of signature.

16.2 In the event that a change in Regulations has a significant adverse effect on the economic benefits that **Contractor Group** would have received if such change had not been made, the terms of this Agreement will be as soon as possible adjusted in order to compensate **Contractor Group** for such adverse effect.

ONHYM shall use every effort with the STATE to preserve or re-establish in favor of **Contractor Group** the economic terms and conditions prevailing at the time of signature. If despite the efforts of **ONHYM**, this should not prove to be possible **Contractor Group** shall notify in writing to **ONHYM** a proposal for the necessary changes to be made to the terms of this Agreement in order to compensate for such adverse effect, and the Parties shall endeavor to agree on such changes to the terms hereof.

If the Parties fail to agree on such changes within a term of sixty (60) days from the date on which **Contractor Group** delivers a notice on this regard to **ONHYM**, the matter may be referred to Arbitration under Article 22.

PART VI

MISCELLANEOUS PROVISIONS

ARTICLE 17

TRANSFER OF PERCENTAGE INTERESTS

17.1 Any member of **Contractor Group** shall be entitled to transfer all or part of its Percentage Interest in the Exploration Permits, in accordance with the provisions of the Hydrocarbon Code, and subject to the provisions of the Association Contract. Any transfer of such **Contractor Group** member's Percentage Interest in the Exploration Permits during the validity of an Exploration Period, may not be made without the prior written authorization of the Minister in charge of Energy. Notwithstanding the foregoing and for the avoidance of doubt, the Parties agree and acknowledge that any pledge, mortgage charge, lien, hypothecation, encumbrance, by way of security of its interest under the Exploration Permits will require only notification to the Minister in charge of Energy.

If such a transfer takes place, the Parties shall enter into an amendment to this Agreement to define the new Percentage Interests and the corresponding commitments.

17.2 Any Party shall be entitled at any time to transfer all or part of its Percentage Interest in any Exploitation Concession, independently from the other Exploitation Concession(s) in accordance with the provisions of the Hydrocarbon Code and subject to the provisions of the Association Contract. If such a transfer takes place, the Parties shall enter into an amendment to this Agreement to recognize the new Percentage Interests and the corresponding commitments.

17.3 The transferee of any such Percentage Interest shall become a Private Party to this Agreement upon the completion of the transfer of the Percentage Interest to it in accordance with the provisions of the Hydrocarbon Code and the provisions of the Association Contract. The Private Party(ies) shall be jointly and severally responsible for the obligations of **Contractor Group** set out in this Agreement.

ARTICLE 18

ASSOCIATION CONTRACT

18.1 Simultaneously with the signing of this Petroleum Agreement, **ONHYM** and **Contractor Group** shall sign an Association Contract in order to:

18.1.1 Establish the appropriate procedures to enable the Parties to perform jointly successful Exploration Works and Development and Exploitation Works as specified in this Agreement relating to the Area of Interest;

18.1.2 Establish the necessary procedures to secure an orderly conduct of joint operations and to govern relations between the Parties; and,

18.1.3 Define and set forth the rights and obligations of each of the Parties.

ARTICLE 19

THE OPERATOR

19.1 **KOSMOS** is hereby designated as Operator for the conduct of all the operations and activities in respect of the Exploration Permits and the Exploitation Concession(s) which will derive from the said Exploration Permits, until the creation of a Joint Operating Company or until such time as it ceases to be Operator in accordance with the provisions of the Association Contract.

19.2 The rights and duties of the Operator are detailed in the Association Contract. The Operator shall unless otherwise agreed by the Parties or provided herein, give notice on behalf of the Parties to the STATE under this Agreement and represent the Parties in discussions with the STATE or any other Moroccan authorities, in accordance with the provisions of the Association Contract.

ARTICLE 20

CONFIDENTIALITY

20.1 Each of the Parties undertakes to treat as confidential the terms of this Agreement, and information gathered by it as a result of the operations under this Agreement ("**Confidential Information**"), and shall not divulge Confidential Information to a person who is not a Party. Provided that a Party may divulge Confidential Information in the following cases:

a) to the extent such Confidential Information is required to be furnished pursuant to any arbitration or legal proceedings, or by virtue of any law applicable to such Party;

b) to any of its Affiliates, provided any such Affiliate maintains confidentiality as provided in this Article;

c) to its or its Affiliates' employees for the purposes of conducting operations hereunder, subject to each Party taking customary precautions to ensure Confidential Information is kept confidential;

d) subject to Article 20.2, to a contractor, subcontractor, professional adviser or auditor employed or potentially to be employed by a Party in relation to the operations described in this Agreement, where such disclosure is required for the effective performance of the recipient's duties;

e) subject to Article 20.2, to a credit establishment or any other financial institution or insurance institution in connection with the prospective funding of a loan or other financial agreement or insurance agreement to be entered into for financing operations described in this Agreement or insuring a Party's interests in this Agreement;

f) subject to Article 20.2, to a bona fide prospective transferee of the whole or part of a Percentage Interest in this Agreement, including an entity with which such Party is conducting bona fide negotiations directed toward a merger, consolidation or the sale of a majority of the shares in such Party or any of its Affiliates which control such Party directly or indirectly;

g) to the extent Confidential Information must be disclosed by the Party as a public communication for the purpose of complying with laws, regulations and requirements of the Moroccan Government or pursuant to any rules or requirements of any other government or stock exchange having jurisdiction over such Party, or its Affiliates;

h) if, before such disclosure, the Confidential Information had become public knowledge or had been legally obtained by the Party or any Affiliate from a source other than under this Agreement; or

i) if such disclosure is approved in writing by all of the Parties.

20.2 Disclosure pursuant to Articles 20.1 (d), (e) and (f) shall not be made unless prior to such disclosure the disclosing Party has obtained a written undertaking from the recipient to keep the data and information strictly confidential and not to use or disclose the data and information except for the express purpose for which disclosure is to be made.

20.3 The Parties agree under all circumstances to honor the provisions of this Article 20 throughout the entire term of this Agreement. In addition, **Contractor Group** undertakes under all circumstances to comply with the provisions of this Article 20 for a duration of three (3) years after the expiry of the Exploration Permits in respect of which the Confidential Information was obtained.

20.4 Any member of **Contractor Group** shall notify and seek the approval of **ONHYM** before sending any press release or providing any information demanded or requested by any public media relating to this Agreement. **ONHYM** shall respond within seventy-two (72) hours of receipt of such notice and request for approval. If **ONHYM** does not provide a response within said seventy-two (72) hours, approval by **ONHYM** shall be deemed to have been given.

Any member of **Contractor Group** shall provide **ONHYM** with information that such member of **Contractor Group** has provided to any government agency or regulatory authority in compliance with statutory or regulatory requirements

ARTICLE 21

FORCE MAJEURE

21.1 Any failure or delay by one of the Parties in the performance of any of its obligations under this Agreement, with the exception of obligations in respect of the payment of any amount due hereunder, shall be excused to the extent that it is attributable to an event of Force Majeure. For the purposes of this Agreement, an event of Force Majeure shall mean any event which is unforeseen, insurmountable or beyond the reasonable control of the Party affected, and which the Party affected can not prevent or overcome by exercising due diligence in accordance with oil industry standards.

21.2 The Party whose ability to perform its obligations is affected by an event of Force Majeure, shall advise the other Parties thereof in writing as soon as possible. Each of the Parties shall take all steps that are reasonably within their power to ensure that an event of Force Majeure is overcome as soon as possible.

21.3 As soon as practicable, once the period of an event of Force Majeure ceases, operations affected by an event of Force Majeure shall recommence.

21.4 If as a result of an event of Force Majeure, the operations are delayed, curtailed or prevented for a period of time then the time for carrying out the affected operations will be extended by a period equal to the period of an event of Force Majeure. In addition the period of validity of the Exploration Permits and/or Exploitation Concession(s) shall be extended by a period equal to the period of an event of Force Majeure.

ARTICLE 22

ARBITRATION

22.1 The Parties shall use all reasonable endeavors to amicably reach an equitable settlement of any dispute arising out of or in connection with this Agreement. If an amicable settlement cannot be reached within sixty (60) days from the time one Party delivers a notice to the other Party , such dispute shall be settled by arbitration as provided below.

22.2 With the exception of any disputes with regard to the determination of Market Price, which shall be settled in conformity with Article 6, all disputes arising out of or in connection with this Agreement, which have not been amicably resolved as proved in Article 22.1, shall be definitively settled by arbitration before the International Centre for the Settlement of Investment Disputes (ICSID). If, for whatever reason, the dispute does not fall within the jurisdiction of ICSID, it shall then be submitted to arbitration under the rules for conciliation and arbitration of the International Chamber of Commerce (ICC).

22.3 The arbitration tribunal shall be composed of three (3) arbitrators, one appointed by ONHYM and the other by Contractor Group and the third arbitrator, who shall be president of the arbitral tribunal, appointed by agreement between the first two arbitrators. If there shall be any default in appointing an arbitrator, such arbitrator shall be appointed on the application of any Party by the President of the Administrative Council of ICSID (or, if the arbitration is being conducted under the ICC rules, by the President of the ICC Arbitration Court). The arbitration tribunal shall apply Moroccan Law.

22.4 Any arbitration proceeding shall take place in Paris (France) and shall be conducted in the French language.

22.5 It is agreed that recourse to arbitration shall be made directly by one Party by notice to ICSID (or ICC) with a copy to the other Party(ies). The Parties expressly agree that the arbitration award shall be final and binding and that it may be recognised or enforced by any court of competent jurisdiction, in accordance with Article 54 of the ICSID Convention or the ICC Rules as the case may be.

The Parties waive any right of immunity as to it or its property in respect of the enforcement of and execution upon any award rendered under this Article 22.

22.6 The Parties commit irrevocably to apply any decision given by an arbitral tribunal constituted according to the provisions of this Agreement.

22.7 Each Party shall bear its own costs and expenses, including its attorneys' fees, incurred relating to the arbitration, but the costs of the arbitrators and the arbitration tribunal shall be borne by the Party against whom the ruling is made.

ARTICLE 23

NOTIFICATION

All notices which must or may be given in accordance with the Hydrocarbon Code and with this Agreement, shall be in writing and may be delivered by hand or notified by electronic mail, or fax, at sender's option and expense, and (unless delivered by hand or acknowledged or otherwise agreed by the receiving Party) shall be confirmed by registered letter with acknowledgement of receipt and shall become effective once received by the first of these means of transmission:

These notices shall be addressed as follows:

To:	**The STATE**
Address:	Ministry in charge of Energy, B.P. 6208 - Rabat Instituts Haut Agdal, Rabat — MAROC
Attention:	Le Secrétaire Général
E-mail:	
FAX:	(212) 05 37 77 47 32

To:	**ONHYM**
Address:	The Office National des Hydrocarbures et des Mines 5 Avenue Moulay Hassan B.P. 99 - RABAT - MAROC
Attention:	Le Directeur Général
E-mail:	benkhadra@onhym.com
Fax:	(212) 05 37 28 16 26 / 05 37 79 44 75

To:	**KOSMOS ENERGY DEEPWATER MOROCCO**
Address:	4th Floor, Century Yard Cricket Square, Hutchins Drive Elgin Avenue, George Town Gran Cayman KY1-1209 Cayman Islands
Attention:	Andrew Johnson
E-mail:	whayes@kosmosenergy.com
Fax:	+ 1 345 527 2105

with copy to:

Address:	KOSMOS ENERGY DEEPWATER MOROCCO **c/o KOSMOS ENERGY, LLC** 8176 Park Lane Suite 500 Dallas, Texas 75231 General Counsel
E-mail:	whayes@kosmosenergy.com
Fax:	+ 1 214 363 9024

To:	**PATHFINDER HYDROCARBON VENTURES LIMITED**
Address:	Pathfinder Hydrocarbon Ventures Limited, Channel House, Green Street, St. Helier, Jersey JE2 4UH, British Channel Islands
Attention:	Mr Paul Griffiths
E-mail:	paulgriffiths@eircom.net
Fax:	00 44 1534 834601

For the purposes of this Agreement, any Party may change its notification address by notice in writing to the other Party(ies), provided that notices to the old address shall continue to be validly served for a period of ten (10) days following notification of such change.

ARTICLE 24

OTHER PROVISIONS

24.1 All notices and any applications to and correspondence with the STATE which may have to be given in accordance with the Hydrocarbon Code and this Agreement will be in the French language, while technical data and documents may be established in the French language or the English language.

24.2 If any Party does not require performance of any of the provisions of this Agreement or exercise its rights and privileges arising out of the Hydrocarbon Code and/or of this Agreement, this shall not be deemed a waiver of any such provisions, rights and privileges. Any express waiver shall not be deemed to be a waiver in respect of any future exercise of such provisions, rights and privileges.

24.3 The Parties' respective successors and all their assignees shall be bound by and benefit from this Agreement.

24.4 This Agreement is signed in French and English versions. In case of any difference of interpretation, the French version shall prevail.

24.5 No provision of this Agreement may be amended or modified except by mutual agreement in writing and signed by the Parties. Such amendments or modifications shall not become effective until they have been approved by a joint order issued in accordance with the Hydrocarbon Code.

24.6 Where this Agreement is silent in respect of any given situation, the provisions of the Hydrocarbon Code shall apply.

ARTICLE 25

EFFECTIVE DATE

25.1 As stipulated in Section 34 of the Law and Section 60 of the Decree, this Petroleum Agreement shall be approved by a joint order issued by the Minister in charge of Energy and the Minister in charge of Finance.

25.2 This Agreement will become effective on the date of the signature of the aforesaid joint order "Effective Date" and will remain in force until its termination in accordance with the provisions of Article 2.

IN WITNESS WHEREOF, THIS AGREEMENT IS EXECUTED IN SIX (6) ORIGINAL COPIES IN THE FRENCH LANGUAGE AND THREE (3) ORIGINAL COPIES IN THE ENGLISH LANGUAGE.

IN RABAT ON THIS DAY OF May 4, 2011

OFFICE NATIONAL DES HYDROCARBURES ET DES MINES,
ACTING ON BEHALF OF THE KINGDOM OF MOROCCO,

/s/ **MME. AMINA BENKHADRA**

BY: **MME. AMINA BENKHADRA**
TITLE:: **GENERAL DIRECTOR**

KOSMOS ENERGY DEEPWATER MOROCCO

/s/ **MR. JOSEPH MATTHEWS**

BY: **MR. JOSEPH MATTHEWS**
TITLE: **VICE PRESIDENT**

PATHFINDER HYDROCARBON VENTURES LIMITED

/s/ **MR. PAUL GRIFFITHS**

BY: **MR. PAUL GRIFFITHS**
TITLE: **CHIEF EXECUTIVE OFFICER**

APPENDIX I

DEFINITIONS

The corresponding definitions set forth in the Law are hereby adopted and incorporated by reference herein, and accordingly shall apply for all purposes hereof.

The following words, terms and phrases shall have the meaning ascribed thereto below and accordingly shall apply for all purposes hereof, whenever any of the following words and expressions (words importing gender include all genders) are used in this Petroleum Agreement with an initial capital letter:

1) **"Affiliate"** means: -

(i) in relation to **KOSMOS** and **PHVL**;

(a) any company (other than **KOSMOS** or **PHVL**) which is for the time being directly or indirectly controlled by **KOSMOS** or **PHVL**.

(ii) in relation to any Party other than **KOSMOS** or **PHVL**;

(a) any company or entity controlled by such Party;

(b) any company or entity which controls such Party;

(c) any company or entity which is controlled by another company or entity which controls such Party.

"**Control**" shall mean the ownership, (whether such ownership is direct or indirect through a series of companies or entities) by one or more companies or entities of at least fifty percent (50 %):

(a) of the voting stock of another company or entity which is issuing voting stock ; or

(b) of the rights to decide the appointment of managers of another entity which is not issuing voting stock.

In the case of **ONHYM**, this definition shall include the STATE and any entity controlled by the STATE.

2) **"Appraisal Well"** means any well whose purpose at the time of commencement of drilling such well is the determination of the extent, volume or producibility of a discovery of Hydrocarbons.

3) **"Area of Interest"** means the Area of Interest more particularly described in Appendix II of the Petroleum Agreement or the portion of such Area that remains subject to this Agreement.

4) **"Article"** means an article of this Agreement unless otherwise indicated.

5) **"Association Contract"** means the document referred to in Article 18.1.

6) **"Available Crude Oil"** means, for each Exploitation Concession, the Crude Oil produced after deduction of the Crude Oil used in carrying out Development and Exploitation Work and Exploration Work.

7) **"Available Natural Gas"** means, for each Exploitation Concession, Natural Gas produced, whether or not produced in association with Crude Oil, after deduction of the Natural Gas used as fuel, or for secondary recovery, re-injected or flared in carrying out Development and Exploitation Work and Exploration Work.

8) **"Bank"** means any financial institution that issues a guarantee pursuant to Article 4.2.4.

9) **"Bank Guarantee"** means an irrevocable bank guarantee, acceptable to **ONHYM**, provided by **Operator** in order to secure the completion of the Minimum Exploration Work Programmes set out in Articles 4.2.1, 4.2.2 and 4.2.3.

10) **"Commercial Discovery"** means a discovery of Hydrocarbons which, after completion of an adequate program of appraisal drilling, the Parties prove reveals potentially recoverable Hydrocarbon reserves which could give rise to an economically profitable exploitation, and which the Parties undertake to develop.

11) **"Contractor Group**" means Kosmos and Pathfinder and any of their successors or assigns.

12) **"Crude Oil"** means all Hydrocarbons that are liquid in their natural state, or obtained by the condensation or separation of Natural Gas and asphalt.

13) **"Decree"** has the meaning ascribed thereto in the Preamble.

14) **Development and Exploitation Work"** means any operation relating to the development or production of a Hydrocarbon deposit within the area covered by an Exploitation Concession, whether carried out within or outside Morocco and, in particular, geological and geophysical work, the drilling of development wells, the production of Hydrocarbons, the installation of collection pipes and the operations necessary to the maintenance of pressure and to primary or secondary recovery.

15) **"Dollar or US$"** means Dollar of United States of America.

16) **"Effective Date"** means the date on which the joint order has been signed pursuant to Article 25.

17) **"Exploitation Concession"** means any Exploitation Concession granted to the Parties pursuant to the Hydrocarbon Code and this Agreement, which derives from the Exploration Permits.

18) **"Exploration Period"** means the Initial Period, or any of the Extension Periods referenced in Article 4.2.

19) **"Exploration Permits"** means the Exploration Permits referred to in Article 3 granted to the Parties pursuant to the Hydrocarbon Code and this Agreement in the Area of Interest.

20) **"Exploration Work"** has the meaning set out in Article 4.1.

21) **"Exploration Well"** means any well whose purpose at the time of commencement of drilling such well is to explore for any accumulation of Hydrocarbons whose existence at that time was not confirmed by drilling.

22) **"Extension Period"** means the First and/or the Second Extension Period.

23) **"Fair Value"** means the Market Price based upon weighted average sales prices in Dollars in the past Quarter of a basket of leading Crude Oils produced in major Crude Oil producing countries in the Arabian-Persian Gulf, Mediterranean, or in Africa which are quoted and regularly sold on the open market. The composition and weighting of the said basket shall be agreed between the STATE and the Party(ies) concerned, and may be adjusted from time to time, to reflect the individual characteristics of the particular Crude Oil or Crude Oil blend produced, taking into consideration positive or negative adjustments generally applied in the international petroleum industry (corrections for quality, transportation, etc.).

24) **"First Extension Period"** shall mean the period of two and half (2.5) years duration as stipulated in Article 3.3(b).

25) **"Force Majeure"** has the meaning set out in Article 21.

26) **"Hydrocarbon Code"** has the meaning ascribed thereto in the Preamble.

27) **"Hydrocarbons"** means naturally occurring Hydrocarbons whether liquid, gaseous or solid other than bituminous shale, and shall include Crude Oil and Natural Gas

28) **"Initial Period"** means the period of two and one half (2.5) years duration as stipulated in Article 3.3(a).

29) **"Kosmos**" means Kosmos Energy Deepwater Morocco and any of its successors and assigns.

30) **"Law"** has the meaning ascribed thereto in the Preamble.

31) **"Market Price"** means the prices for Hydrocarbons, determined as provided in Article 6 which shall be used for calculation of annual royalty in cash and of corporate income tax.

32) **"Minimum Exploration Work Program"** means the Exploration Work to be completed before the end of the Initial Period or any of the Extension Periods referred to in Articles 4.2.1, 4.2.2 and 4.2.3.

33) **"Month"** means a calendar month according to the Gregorian calendar.

34) **"Natural Gas"** means all gaseous Hydrocarbons obtained from oil or gas wells together with gas that is the residue of the process of separation of liquid Hydrocarbons.

35) **"ONHYM"** means the Office National des Hydrocarbures et des Mines and any of its successors and assigns.

36) "**Operator"** means **KOSMOS**, appointed in accordance with Article 19.

37) **"Party"** means **ONHYM** or **PHVL** or **KOSMOS** or a transferee Party individually, and "**Parties**" shall refer to them collectively.

38) **"Percentage Interest"** means in respect of the Exploration Permits, the percentage interests of the Parties as set forth in Article 3.1(b) and, in respect of any Exploitation Concession, the percentage interests of the Parties as set forth in Article 5.2.

39) **"Petroleum Agreement"** or **"this Agreement"** means the agreement of which this Appendix I forms part.

40) "**PHVL**" means Pathfinder Hydrocarbon Ventures Limited and any of its successors and assigns.

41) **"Private Party"** means **Contractor Group** in its capacity as a Party and / or any transferee of **PHVL** or **KOSMOS** or of another Private Party in accordance with Article 17.

42) **"Quarter"** means a period of three Months commencing on the first day of January, April, July or October in any calendar year.

43) **"Regulations"** means all applicable laws, decrees, rules and regulations, including all administrative practices relating thereto.

44) **" Second Extension Period"** shall mean the period of three (3) years duration as stipulated in Article 3.3(c).

APPENDIX II

MAP AND DESCRIPTION OF THE AREA OF INTEREST

APPENDIX III

LIST OF DELIVERABLES

The Deliverables shall be remitted to ONHYM in the following formats:

I. Seismic : Acquisition and processing

I.1. 2D and 3D Seismic :

- Field data on cartridges, 3592 or LTO-04 in an international standard format (SEG-D format)
- Intermediate data such as miror CDP
- Data processed on cartridge, 3592 or LTO-04 (stack and migration) SEG-Y with header information about the processed seismic data (processing sequence, navigation data or coordinates)
- Special processing (PSDM, AVO) on cartridge 3592 or LTO-04 in SEG-Y format with header information about the processed seismic data (processing sequence, navigation data or coordinates)
- Complete sequence of processing in hard copy or electronic format
- Velocities analysis data
- Field documents (operating report of the seismic acquisition, field note-book, coordinates of the shooting points and of the receivers, data of the alteration zone (WZ), and seismic data test) in hard copy and electronic formats
- Navigation data on CD (for the offshore data)

For onshore data acquisition, the Projection System is : UTM
Options for the projection: Ellipsoid: WGS84
Format: UKOOA in ASCII or EXCEL

I.2. Seismic: Reprocessing:

- Data processed on cartridge, 3592 or LTO-04 (Stack and migration) SEG-Y with header information about the processed seismic data (processing sequence, navigation data or coordinates)
- Special processing (PSDM, AVO) on cartridge 3592 or LTO-04 in SEG-Y format with header information about the processed seismic data (processing sequence, navigation data or coordinates)
- Complete sequence of processing in hard copy or electronic format
- Velocities analysis data in ASCCI format

II. **Magnetic, gravimetric, Electromagnetic, Magneto —telluric and electrical data:**

- Raw data in an international standard format together with all the supporting documents
- Processed data in an international standard format
- Interpretation of these data

III. **Drilling :**

- Cuttings: an average of 500 grams of washed cuttings and 500 grams of non-washed cuttings from each 5 m for the interval of the reservoir ; and from each 10-20 m for the remaining of the well
- Cores : half of the cores cut in length
- Electrical logs: data of all drilling operations in an international standard format
- Check shot Survey ,VSP
- Seismic coring
- data of well test (pressure, samples of received fluide, PVT analysis and water analysis)
- Final well report that includes drilling evaluation report and logs interpretation (paper and electronic format)
- Copy of composite log

IV. **Studies :**

- Preliminary Reports (work progress reports at the end of each year)
- Final Report for each phase (paper and electronic format): this report will include in particular :
- Text and plates
- Report on the field geological work
- Conventional and special analysis of the cores
- Copy of electrical logs of drilling in standard electronic format (Las, picture)
- Copies of different laboratory studies and analyses
  - Geochemistry,
  - Stratigraphy
  - Petrophysics
  - Sedimentology

Any other studies, operational reports and/or operational data resulting from any works executed by third parties on behalf of Contractor Group directly relating to the Exploration Work or Development and Exploitation Work in the area of the Permits. For the avoidance of doubt, this obligation does not apply to such information as any proprietary or confidential information or reports, parent company financial

information, reserve information or confidential information or reports provided to governmental authorities.

Copy of any tender and contract with a value in excess of one million US Dollars (US$ 1 000 000 US $) with service companies in paper and electronic format.

Exhibit 10.15

DEED OF ASSIGNMENT

IN

PETROLEUM AGREEMENT

FOR

THE EXPLORATION FOR AND EXPLOITATION OF HYDROCARBONS

IN THE ZONE OF INTEREST

NAMED

"FOUM ASSAKA OFFSHORE"

The present deed of assignment has been concluded between:

PATHFINDER HYDROCARBON VENTURES LIMITED. hereinafter named **"PHVL",** a company organized and established under the laws of Jersey (Company Registration Number 97888), whose registered office is located at Channel House, Green Street, St. Helier, Jersey JE2 4UH, British Channel Islands (the **"Assignor"),** herein represented by its Chief Executive Officer. Mr. **Paul GRIFFITHS,**

AND

KOSMOS ENERGY DEEPWATER MOROCCO, hereinafter named **"KOSMOS",** a company organized and established under the laws of the Cayman Islands, whose registered office is located at 4th Floor, Century Yard, Cricket Square, Hutchins Drive, Elgin Avenue, George Town. Grand Cayman KY1-1209, Cayman Islands (the **"Assignee"),** herein represented by its Vice President, Mr. **Joseph MATTHEWS,**

PHVL and **KOSMOS** may collectively be referred to as the ``Parties"

PREAMBLE

A. The Office National des Hydrocarbures et des Mines **("ONHYM"), PHVL** and **KOSMOS** are parties to:

a) the Petroleum Agreement between **ONHYM, KOSMOS** and **PHVL** signed on May 4th, 2011 and approved by joint order of the Minister in charge of Energy and the Minister in charge of Finance Ns **2333-11** on July 1st, 2011 published in Official Gazette N2 5978 dated September 15m, 2011 (the "Petroleum Agreement"), in pursuance of which they have obtained the exclusive right to undertake petroleum activities in the zone of interest **("FOUM ASSAKA OFFSHORE")** comprising the exploration permits as specified in the Petroleum Agreement;

b) the Association Contract signed on May 4 m, 2011 relating to exploration for and exploitation of hydrocarbons in the zone of interest referred to as **FOUM ASSAKA OFFSHORE** (the "Association Contract"):

c) the four (4) exploration permits referred to as "FOUM **ASSAKA OFFSHORE I", "FOUM ASSAKA OFFSHORE II". FOUM ASSAKA OFFSHORE III** and **"FOUM ASSAKA OFFSHORE IV"** granted by orders of the Minister in charge of Energy (the "Permits");

The Petroleum Agreement. the Association Contract and the Permits are hereinafter collectively referred to as the "Documents".

B. in accordance with the Documents, **ONHYM, PHVL** and **KOSMOS** are holders of the exclusive right to prospect for liquid and gaseous hydrocarbons in the area defined by the Permits;

C. Article 17 of the Petroleum Agreement, and Clause 11 of the Association Contract, permits the Pa rties to the Petroleum Agreement and the Association Contract to assign and transfer in whole or in pa rt their Interest as defined by the Documents in accordance with A rticle 8 of the Law n° 21-90 as amended and updated by the Law n° 27-99 and Section 19 of the Decree n° 2-93-786 as amended and updated by Decree n' 2-99-210;

D. Article 17 of the Petroleum Agreement and Clause 11 of the Association Contract require the approval of the Minister in charge of Energy and the consent of the Parties before an assignee may acquire any rights pursuant to the Documents:

E. The Parties have agreed that provided that the approvals and agreements referred to in Article 1 below are obtained, **PHVL** shall transfer to **KOSMOS** eighteen point seven five per cent (18.75%) of its undivided Percentage Interest in accordance with the Documents (the "Assignment").

In witness whereof, the Parties have agreed the following between themselves in consideration of the obligations set out in the present document:

Article 1

On the condition of the approval and agreement of the Minister in charge of Energy, and of **ONHYM, PHVL** and **KOSMOS** as well as those agreements stated in the present document, the Assignment to **KOSMOS** shall be effective on the date of the signature of the joint order *(arrêté)* of the Minister in charge of Energy and the Minister *in* charge of Finance approving the Amendment N°1 to the Petroleum Agreement (the **"Effective Date").**

Article 2

Pursuant to the Documents, **PHVL** assign and transfer, and **KOSMOS** accept by the present document, eighteen point seven five per cent (18.75%) of its undivided Interest in the Documents (the **"KOSMOS Assigned Interest"),** so that the interest held by the parties in the Documents at the Effective Date to the Documents is as follows:

ONHYM twenty-five per cent (25%)

KOSMOS fifty-six point two five per cent (56.25%)

PHVL eighteen point seven five per cent (18.75%)

Article 3

KOSMOS acknowledges and accept that it shall assume and fulfil all the obligations, responsibilities and duties from the Effective Date, under the Documents that may arise after this date related to the **KOSMOS** Assigned Interest.

KOSMOS agrees to indemnify and hold each of **ONHYM** and **PHVL** harmless from and against all such obligations, liabilities, duties, costs and expenses arising out of operations relating to the Documents which accrue after the Effective Date related to the **KOSMOS** Assigned Interest.

Article 4

PHVL declares and warrants by the present document that it has not in any way previously transferred, assigned or pledged its interest under the Documents constituting the object of the present assignment to **KOSMOS,** and **PHVL** shall undertake to indemnify and shall hold **KOSMOS** harmless from all claims, losses or damages that **KOSMOS** may suffer or incur owing to a violation of the above declaration and warranty.

PHVL herein commits to indemnify and hold **KOSMOS** harmless from all responsibilities and obligations relating to the **KOSMOS** Assigned Interest which accrue after the Effective Date.

Article 5

The Parties shall sign all other documents and shall carry out all other activities that may be necessary or desirable to obtain the consent of the Minister in charge of Energy as well as the present Assignment; to confirm or record the assignment of the KOSMOS Assigned Interest, and to put this into effect in accordance with the laws of the Kingdom of Morocco.

Article 6

All the terms used in the present document (with the exception of the term "Pates") have the same definition as that indicated in the Documents.

In witness whereof, the Parties have duly signed this Deed of Assignment in five (5) original copies on the 11 day of June 2012

PATHFINDER HYDROCARBON VENTURES LIMITED

/s/ Paul Griffiths

By: PAUL GRIFFITHS

Position: Chief Executive Officer

KOSMOS ENERGY DEEP WATERMOROCCO

/s/ Joseph Matthews

By: JOSEPH MATTHEWS

Position: Vice President

By their agreement to this Assignment as indicated in the present document, **ONHYM** and **KOSMOS** accept and consent to the **KOSMOS** Assignment. Moreover, it is agreed that the conditions of Article 17 of the Petroleum Agreement and Article 11 of the Association Contract have been fulfilled.

Read and approved

Date: 11 June 2012

OFFICE NATIONAL DES HYDROCARBURES ET DES MINES.

/s/ Amina Benkhadra

By: Amina Benkhadra

Position: Vice President

KOSMOS ENERGY DEEPWATER MOROCCO

/s/ Joseph Matthews

By: Joseph Matthews

Position: Vice President

Exhibit 10.16

PETROLEUM AGREEMENT

REGARDING

THE EXPLORATION FOR AND EXPLOITATION OF HYDROCARBONS

BETWEEN

OFFICE NATIONAL DES HYDROCARBURES ET DES MINES
"ONHYM"

ACTING ON BEHALF OF THE STATE

AND

KOSMOS ENERGY DEEPWATER MOROCCO
"KOSMOS"

IN THE AREA OF INTEREST NAMED

"TARHAZOUTE OFFSHORE"

THIS PETROLEUM AGREEMENT IS CONCLUDED

BETWEEN,

The **OFFICE NATIONAL DES HYDROCARBURES ET DES MINES** , a public Moroccan establishment instituted by law n° 33-01 promulgated by dahir n° 1-03-203 on the date of 16 Ramadan 1424 (November 11 th, 2003) and implemented by decree n°2-04-372 on the date of 16 Kaada 1425 (December 29, 2004), whose headquarter is at 5, Moulay Hassan Avenue B.P 99 - RABAT - MOROCCO, fiscal identification n° 330 4 540, Patent n° 25112444, RC n° 61 577, (hereinafter called "**ONHYM**"), acting on behalf of the Kingdom of Morocco (hereinafter called "the STATE"), herein represented by its General Director, Mme. **Amina BENKHADRA;**

AND,

KOSMOS ENERGY DEEPWATER MOROCCO HC, a Cayman Islands company, whose office is at 4th Floor, Century Yard, Cricket Square, Hutchins Drive, Elgin Avenue, George Town, Grand Cayman KY1-1209, CAYMAN ISLANDS (hereinafter called "**KOSMOS**"), herein represented by its Vice President and Country Manager, Mr. **Ragnar FREDSTED**;

ONHYM and **KOSMOS** will be hereinafter together called "the Parties" or individually the "Party".

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PREAMBLE

Whereas, the Law n°21-90, enacted by Dahir n°1-91-118 of 27 Ramadan 1412 (1 st April 1992) as amended by the Law n°27-99, enacted by Dahir n°1-99 -340 of 9 Kaada 1420 (15th February 2000), hereinafter together called the "Law", regulates the exploration for and the exploitation of Hydrocarbon deposits in Morocco. The Law is implemented by the Decree n° 2-93-786 of 18 Joumada I 1414 (3 rd November 1993), which was amended by the Decree n° 2-99-210 of 9 Hija 1420 (16th March 2000), hereinafter together called the "Decree". The Law and the Decree are hereinafter together called "the Hydrocarbon Code";

Whereas, section 5 of the decree n°2-04-372 of 16 Kaada 1425 (29th December 2004) implementing the law n° 33-01 instituting the **OFFICE NATIONAL DES HYDROCARBURES ET DES MINES "ONHYM",** which stipulates that **ONHYM** is empowered to exercise on behalf of the State the duties listed in Section 71 of the Law;

Taking into account the joint willingness of the Parties to undertake and achieve the exploration for and the exploitation of Hydrocarbon deposits within the Area of Interest as specified in Article 3 and described in Appendix II of this Agreement;

NOW THEREFORE, THE FOLLOWING HAS BEEN AGREED UPON AND RESOLVED:

PART I

SCOPE AND DURATION OF THE PETROLEUM AGREEMENT

ARTICLE 1

SCOPE OF THE PETROLEUM AGREEMENT

The purpose of this Agreement (of which the Appendices form part) is to specify the rights and obligations of the Parties resulting from the Exploration Permits and any Exploitation Concession which might derive there from.

Definitions of various words, terms and phrases used in this Agreement are set forth in Appendix I of this Agreement.

ARTICLE 2

DURATION AND TERMINATION OF THE PETROLEUM AGREEMENT

This Agreement shall become effective in accordance with the provisions set forth in Article 25 and shall terminate in the following instances:

a) If there is no Commercial Discovery of Hydrocarbons during the period of validity of any of the Exploration Permits referred to in Article 3,

b) Upon expiration of the last producing Exploitation Concession obtained pursuant to Article 5, or upon final abandonment of the exploitation of all Hydrocarbon deposits therein, occurring prior to the expiration of such Exploitation Concession;

c) If **KOSMOS** elects to abandon entirely its Percentage Interest in the Exploration Permits and in the Exploitation Concession(s) in accordance with the Hydrocarbon Code and this Agreement; or

d) If the forfeiture of all of the Exploration Permits and/or all Exploitation Concessions obtained is pronounced in accordance with the Hydrocarbon Code.

PART II

EXPLORATION PERMITS AND WORK

ARTICLE 3

EXPLORATION PERMITS

3.1 a) According to the Hydrocarbon Code, **ONHYM** and **KOSMOS** have filed jointly with the appropriate department of the Ministry in charge of Energy the applications for the Exploration Permits named "Tarhazoute Offshore 1", "Tarhazoute Offshore 2", "Tarhazoute Offshore 3" and "Tarhazoute Offshore 4", more particularly described in Appendix II to this Agreement and which constitute the Area of Interest named "Tarhazoute Offshore".

b) In accordance with the second paragraph of Section 4 of the Law, the Parties agree that their respective Percentage Interests in the Exploration Permits to be granted to them by the Minister in charge of Energy shall be:

KOSMOS	75%
ONHYM	25%

3.2 Each Exploration Permit is specified by its Datum Merchich geographical co-ordinates in Appendix II to this Agreement.

The Exploration Permits together cover an initial area of approximately 7,753.3 Km².

3.3 Each of the Exploration Permits shall have an overall duration of eight (8) years comprising:

(a) an Initial Period of two (2) years and six (6) months;
(b) a First Extension Period of two (2) years and six (6) months;
(c) a Second Extension Period of three (3) years; and,
(d) notwithstanding the terms of this Article 3.3, when Hydrocarbons are discovered during the last year of validity of the Second Extension Period of the Exploration Permits, the Parties shall have the right to apply jointly for the exceptional period as mentioned in Section 24 of the Law.

3.4 Applications for the extension of the Exploration Permits as well as the reduction in surface areas will be made in accordance with Sections 22 and 24 of the Law, and with Sections 10, 14, 15 and 16 of the Decree and Article 4.2 of this Agreement.

3.5 The partial or total abandonment of any of the Exploration Permits will be effected according to the Hydrocarbon Code.

3.6 The Parties agree that in the case where a Natural Gas discovery is made during the Exploration Period, but the commerciality of such discovery cannot be declared due to the non-conclusion of one or more sales contract(s) of this Natural Gas, the Parties shall file at

the end of the Exploration Period with the appropriate department of the Ministry in charge of Energy applications for one or more exploration permits covering the area(s) where the discovery(ies) is(are) located. The exploration permit application(s) shall set out the minimum exploration work program which shall consist of evaluation and feasibility study(ies) of the said Natural Gas discovery(ies). In accordance with Section 4 of the Law, the Parties shall sign a petroleum agreement in respect of the said exploration permit or exploration permits the provisions of which, with the exception of the minimum exploration work program, shall be in accordance with this Petroleum Agreement.

ARTICLE 4

EXPLORATION WORK

4.1 Exploration Work shall mean all exploration and appraisal studies and operations in order to establish the existence of Hydrocarbons in commercially exploitable quantities, conducted in or in relation to the Area of Interest, either within the Exploration Permits or the Exploitation Concession(s), whether these activities are carried out within or outside Morocco.

Exploration Work includes but is not limited to the following:

- hydrographic, geodesic, meteorological and topographic studies and surveys, if these operations are necessary for the Exploration Work and, in the case of appraisal, operations to determine the limits and the productive capacity of a Hydrocarbon deposit in order to help in making a decision whether or not to develop such Hydrocarbon deposit.
- geological and geophysical studies and surveys.
- studies and surveys aimed at determining the locations of Exploration Wells and Appraisal Wells;
- drilling operations regarding Exploration Wells and Appraisal Wells;
- tests and studies for the evaluation of reservoirs.

4.2 During the validity period of the Exploration Permits, **KOSMOS** agrees to perform the following Minimum Exploration Work Programs and to devote sufficient funding thereto under the conditions and schedule set forth below:

4.2.1 Initial Period of two (2) years and six (6) months:

(a) **KOSMOS** commits, during the Initial Period to carry out the following Minimum Exploration Work Program:

- 1) Acquisition, processing and interpretation of 1200 km^2 of Multi Azimuth 3D seismic and subsequent integration with block-wide interpretation;
- 2) Special geophysical studies including AVO analysis over key prospects; and
- 3) Risking and ranking of prospects.

The estimated cost of such Minimum Exploration Work Program is four million US Dollars (US $4,000,000).

(b)After having completed the Minimum Exploration Work Program referred to in paragraph (a) above or subject to making the payment required in respect thereof pursuant to Articles 4.2.5 and 4.2.6 **KOSMOS** shall notify **ONHYM** of its intention to abandon all its interest in the Exploration Permits, or of its intention to enter into the First Extension Period.

4.2.2 (a) If **KOSMOS** decides, pursuant to Section 15 of the Decree, to enter into the First Extension Period of two (2) years and six (6) months duration from the end of the Initial Period, **KOSMOS** will be committed to carry out the following Minimum Exploration Work Program:

- 1) Drilling of an Exploration Well to a minimum depth of two thousand seven hundred and fifty (2,750) meters below seabed or to the Cretaceous objective, whichever is penetrated first; and
- 2) Evaluation of the results of such Exploration Well.

The estimated cost of such Minimum Exploration Work Program is thirty million US Dollars (US $30,000,000).

(b) After having completed the Minimum Exploration Work Program referred to in paragraph (a) above, or subject to making the payment required in respect thereof pursuant to Articles 4.2.5. and 4.2.6, **KOSMOS** shall notify **ONHYM** of its intention to abandon all its interest in the Exploration Permits, or of its intention to enter into the Second Extension Period.

4.2.3 (a) If **KOSMOS** decides, pursuant to Section 15 of the Decree, to enter into the Second Extension Period of three (3) years duration from the end of the First Extension Period, **KOSMOS** will be committed to carry out the following Minimum Exploration Work Program:

- 1) Drilling of an Exploration Well to a minimum depth of two thousand seven hundred and fifty (2,750) meters below seabed or to the Cretaceous objective, whichever is penetrated first; and
- 2) Evaluation of the results of such Exploration Well.

The estimated cost of such Minimum Exploration Work Program is thirty million US Dollars (US $30,000,000)

(b) After having completed the Minimum Exploration Work Program referred to in paragraph (a) above, or subject to making the payment requested in respect thereof pursuant to Articles 4.2.5 and 4.2.6, **KOSMOS** shall notify **ONHYM** of its intention to abandon all its interest in the Exploration Permits.

4.2.4 **KOSMOS** shall provide **ONHYM** with irrevocable on first demand Bank Guarantees acceptable to **ONHYM** in order to secure the completion of the Minimum Exploration Work Programs set out in Articles 4.2.1, 4.2.2 and 4.2.3 as follows:

(a) No later than the date of signature of this Agreement, **KOSMOS** shall provide a Bank Guarantee on first demand for an amount of two million US Dollars (US$2,000,000), in order to guarantee the fulfillment of the Minimum Exploration Work Program set out in Article 4.2.1(a). The amount of the bank guarantee will be reduced to five hundred

thousand US Dollars (US$ 500,000) at the remittance by Kosmos of the field tapes and support data from the 1200 km^2 of Multi Azimuth 3D Seismic acquired pursuant to paragraph 4.2.1 (a) (1). Another two hundred fifty thousand US Dollars (US$ 250,000) will be released at the remittance of the processed 3D seismic data. The outstanding amount of two hundred fifty thousand US Dollars (US$ 250,000) will be released at the remittance by Kosmos of all the reports deriving from the Minimum Exploration Work Program for the Initial Period.

(b) Each time **KOSMOS** decides to enter into an Extension Period pursuant to Articles 4.2.2 and 4.2.3, at the time of such application **KOSMOS** shall provide a Bank Guarantee on first demand for an amount of five million US Dollars (US$ 5,000,000) in addition to the drilling contract of the committed well. In the event **KOSMOS** does not provide the drilling contract, the amount of the Bank Guarantee will be twelve million US Dollars (US$ 12,000,000). Once a drilling contract is provided the Bank Guarantee will be reduced to five million US Dollars (US$5,000,000). The Bank Guarantee, as stated in this paragraph, will be put in place in order to guarantee the fulfillment of the Minimum Exploration Work Program set out in Articles 4.2.2(a) and 4.2.3(a) respectively.

4.2.5 **KOSMOS** shall notify **ONHYM** when **KOSMOS** has completed the Exploration Work in a Minimum Exploration Work Program for an Exploration Period, and **ONHYM** shall, if the Bank Guarantee is due to be released pursuant to Article 4.2.4, within fifteen (15) days of such notice from **KOSMOS**, give a notification to the Bank to release the Bank Guarantee or notify **KOSMOS** that it disagrees that such Minimum Exploration Work Program has been completed. The Bank Guarantee shall be released at the relevant expiry date specified in Article 4.2.4, unless a payment is due under Article 4.2.6., in which case the Bank Guarantee will be released when such payment is made.

Except in case of Force Majeure and as provided in Article 4.2.6, if **KOSMOS** does not fulfil totally or partially the Minimum Exploration Work Program for a particular Exploration Period to which it is committed under Articles 4.2.1, 4.2.2 or 4.2.3, **ONHYM** shall call the Bank Guarantee in conformity with the terms and conditions set out in Clause 7 of the Association Contract.

4.2.6 It is the intention of the Parties that the Exploration Work set out in the Minimum Exploration Work Programs shall be carried out by **KOSMOS** as a minimum commitment. However, if for any reason other than Force Majeure, **KOSMOS** has not completed the Minimum Exploration Work Program for a particular Exploration Period to which it is committed under Articles 4.2.1, 4.2.2 or 4.2.3 then **KOSMOS** shall pay a penalty equal to the estimated cost of the Minimum Exploration Work Program set out in the relevant Article for the applicable period. Provided, however, that in the event of technical difficulties, including but not limited to encountering impenetrable substances, high pressures, wellbore instability, mechanical failures, unsafe conditions or other conditions, which **KOSMOS** is not able to overcome using good and prudent oil field practices, and such technical difficulties prevent **KOSMOS** from fulfilling the Minimum Exploration Work Program, **KOSMOS** may cease operations and will be deemed to have fulfilled the

Minimum Exploration Work Program set out in the relevant Article.

Additionally, if and insofar as any Exploration Work in the Minimum Exploration Work Programs detailed in Articles 4.2.2 and 4.2.3 which has already been carried out by **KOSMOS** prior to the commencement of the applicable Extension Period, such Exploration Work shall be credited to **KOSMOS** for the purpose of fulfilling the Minimum Exploration Work Program set out in Articles 4.2.2 and 4.2.3, as the case may be.

It is understood between the Parties that, in case **ONHYM** did call the Bank Guarantee according to Article 4.2.5., the amount of such bank Guarantee, if already paid to **ONHYM**, will be deducted from the amount of the penalty due to be paid according to the first paragraph of this Article 4.2.6. If the amount of the Bank Guarantee is not paid to **ONHYM**, the amount of the penalty will be equal to the estimated cost of the Minimum Exploration Work Program set out in the relevant Article.

4.2.7 Subject to Article 4.2.6, it is understood and expressly agreed, that it is the performance of the Minimum Exploration Work Program and not the expenditures associated with the estimated cost thereof which shall determine **KOSMOS**'s compliance with this Agreement. Performance of the Minimum Exploration Work Program shall be deemed to constitute the fulfillment of all obligations related to payment of the estimated costs provided in Articles 4.2.1, 4.2.2, and 4.2.3 for the applicable period.

4.2.8 Notwithstanding the provisions of Article 3.1, all costs incurred in carrying out Exploration Work shall be borne entirely by **KOSMOS**, without any obligation for **ONHYM** to provide any reimbursement.

4.2.9 Furthermore, **ONHYM** has the right to control and audit expenditures relating to Exploration Works incurred by **KOSMOS** during the Initial Period and any Extension Periods in order to control the fulfilment of the Minimum Exploration Work Program.

PART III

EXPLOITATION CONCESSION(S)

ARTICLE 5

HYDROCARBON EXPLOITATION

5.1 In accordance with the provisions of Section 27 of the Law, the discovery of a commercially exploitable Hydrocarbon deposit shall give the Parties the right to obtain, at their request, an Exploitation Concession covering all of the area of said deposit. The maximum duration of the Exploitation Concession shall be twenty-five (25) years. However, one single exceptional extension, not to exceed ten (10) years, may be granted, upon joint application by the Parties if the rational and economic exploitation of the deposit so justifies; **ONHYM** and **KOSMOS** shall jointly apply the procedure to obtain the aforementioned exceptional extension.

5.2 Subject to any assignment in accordance with Article 17, the indivisible Percentage Interest of the Parties in each of the Exploitation Concession(s) shall be:

KOSMOS	75%
ONHYM	25%

5.3 Expenses for Development and Exploitation Work in respect of a Hydrocarbons deposit, incurred after the declaration made in accordance with the provisions of the Hydrocarbon Code and the Association Contract that such deposit contains commercially exploitable quantities, shall be funded by the Parties in proportion to their respective Percentage Interests. However **ONHYM** shall not be required to commence the payment of its share of such expenses until the effective date of the relevant Exploitation Concession.

5.4 The Parties, each being the sole owner at the point of production of their respective Percentage Interest shares in the Hydrocarbons produced from the Exploitation Concession(s), shall each have the right to take, dispose of and separately sell their share of Available Crude Oil and Available Natural Gas.

No later than ninety (90) days before commencement of production from the Exploitation Concession, the Parties shall sign an agreement (the "Lifting Agreement") the terms of which shall govern and facilitate the separate lifting of Crude Oil by the Parties. The Lifting Agreement shall detail, inter alia, terms relating to each Party's share in the Crude Oil, the timetable for lifting nominations by the Parties, under/overlift provisions, cargo procedures, vessel capacity acceptance procedures and failure to lift provisions.

In accordance with Section 41 of the Law, **KOSMOS** must, before contemplating export of its share of production of Available Crude Oil, contribute to the needs of the local market of Morocco. The price of the sold Available Crude Oil in the domestic market shall be the Market Price as determined pursuant to Article 6. The portion so required to be sold by

KOSMOS in any calendar year shall not (unless otherwise agreed between the Parties) exceed the lesser of the quantities determined according to the following ratios): either twenty percent (20%)of **KOSMOS**'s share of Available Crude Oil or **KOSMOS**'s share of the domestic market deficit as measured by the ratio of **KOSMOS**'s share of Available Crude Oil to the total production of Crude Oil under all petroleum agreements concluded in Morocco.

5.5 In the case of Natural Gas, the Parties will use their best endeavors to find domestic and foreign markets for such Natural Gas.

If the Parties agree that the quantity of Natural Gas discovered requires the construction of export facilities, in addition to domestic market facilities, the Parties shall determine, after having informed the STATE, respective quantities to be reserved for the domestic market and for export customers having entered into long-term contracts. **ONHYM** shall use its best endeavors to assist **KOSMOS** to obtain all necessary licenses and authorisations for the construction of such facilities.

ARTICLE 6

MARKET PRICE

6.1 The Market Price in Dollars as determined in accordance with this Article 6 shall be used for the calculation of the royalty in cash and of the corporate tax pursuant to Section 46 of the Law.

6.2 The Market Price for Crude Oil shall be determined each Quarter for each of the Parties, as follows:

(a) Except in the case of sales of Crude Oil which do not meet the conditions set out below in Article 6.2 (b) or which are excluded by Article 6.5, the Market Price shall be the actual price received by the Party in question for sales of Crude Oil in the relevant period. Market Price shall be determined separately for each type of Crude Oil or Crude Oil blend and for each place of loading.

Such actual prices shall be adjusted to the price per Barrel, F.O.B. place of loading in Morocco.

(b) Actual prices shall only be used if they are obtained from customers who generally purchase on a regular basis pursuant to purchase contracts contemplating liftings over a period of at least ninety (90) days or from spot sales under arms length transactions, including contracts notified under Article 6.2 (c).

(c) If Crude Oil is to be sold by a Party under a long term contract with its Affiliate at a price based on the published prices of Crude Oil on the international market, adjusted in particular to account for differences in quality and transport, then such Party shall submit a copy of the contract to the appropriate department of the STATE.

6.3 If, during a given Quarter, a Party has made Crude Oil sales that do not fall under Article 6.2, the price to be applied to such sales shall be the Market Price per barrel determined in accordance with Article 6.2 for the sales of said Party.

6.4 If there are no sales of Crude Oil within a Quarter by a Party which fall within Article 6.2, then the Market Price for the Party concerned will be determined by agreement between the appropriate departments of the STATE and such Party.

Such Market Price shall be based upon weighted average sales prices in Dollars in the past preceding Quarter of a basket of leading types of Crude Oils produced in major Crude Oil producing countries in the Arabian-Persian Gulf, Mediterranean, or in Africa, which are quoted and regularly sold on the open market. The composition and weighting of the said basket shall be agreed between the STATE and the Party(ies) concerned, and may be adjusted to reflect the individual characteristics of the particular Crude Oil or Crude Oil

blend produced, taking into consideration positive or negative adjustments generally applied in the international petroleum industry (corrections for quality, transportation, etc.). The intent of this provision is to determine the Market Price in foreign currency that is obtainable generally in arms-length transactions, on the open market from customers regularly purchasing on competitive commercial terms.

In determining the Market Price of Crude Oil produced under this Agreement pursuant to this Article 6.4, the STATE and the Party(ies) shall consider all available relevant data, including the weighted average actual prices, F.O.B. (INCOTERMS 2000 by the International Chamber of Commerce — I.C.C and its future updates), exclusive of any marketing fee, of any export sales by the Parties or by their Affiliates to third parties that are non-Affiliates.

6.5 Prices of the following types of sales shall not be considered in fixing Market Price:

(i) Sales, whether direct or indirect, through brokers or otherwise, by any Party to any Affiliate of such Party, unless such sales are under a contract submitted to the STATE under Article 6.2(c) (except where the STATE has notified the Party, giving its reasons, within sixty (60) days of submission, that it is not satisfied with the terms of such contract submitted under Article 6.2(c), because it does not agree on the Fair Value of the price for such contract).

(ii) Sales involving a quid pro quo other than payment in a foreign currency or motivated in whole or in part by considerations other than the usual economic incentives for arms-length Crude Oil sales, for example, sales influenced by or involving special dealings, relations between governments or barter transactions.

6.6 If the STATE and the relevant Party fail to agree under Article 6.4 on Market Price for any Crude Oil for any Quarter by at least fifteen (15) days after the end of that Quarter, either of them, with notice to the other, may submit, for determination by a single arbitrator designated by the International Center of Technical Expertise of the International Chamber of Commerce (I.C.C.), the question, what single price per Barrel, in the arbitrator's judgment, performed under I.C.C. rules and procedures, best represents the Market Price of that Crude Oil for the pertinent Quarter.

If the STATE does notify a Party that it is not satisfied that the price under a contract submitted under Article 6.2(c) is Fair Value, the question of whether the price under the contract is Fair Value may be submitted for arbitration on the same basis as set out in the above paragraph.

The arbitrator's decision shall be final and binding on the STATE and the Parties. For the purpose of arbitration under this Article 6.6, the provisions of Articles 22.4 to 22.7 inclusive shall apply.

6.7 Market Price for Natural Gas shall be determined by applying, when applicable, the same general principles as those enumerated above for the determination of the Market Price of

Crude Oil, in respect of export sales of Natural Gas. In the case of domestic sales, the Market Price shall be the price received.

6.8 The Parties agree that for the determination of royalties payable pursuant to Article 11, the Market Price fixed according to the above provisions shall be adjusted by the deduction of all processing and transportation costs as well as sales costs incurred to deliver such Hydrocarbons to the purchaser.

PART IV

THE PARTIES' OBLIGATIONS

ARTICLE 7

APPLICABLE LAW

7.1 Exploration Work and Development and Exploitation Work in the Area of Interest shall be performed in conformity with the provisions of this Agreement, executed according to the Hydrocarbon Code, and with the laws and regulations of Morocco in force on the date of signature.

7.2 This Agreement shall be governed and interpreted in conformity with Moroccan Law in accordance with Section 33 of the Law. Without prejudice to the foregoing, the principles and customs of the international petroleum industry may be applied in the interpretation of this Agreement.

ARTICLE 8

ADMINISTRATION CONTROL

8.1 The Parties shall be bound by the control procedures set out by the Hydrocarbon Code for all their activities relating to Exploration Works and to Development and Exploitation Works.

8.2 **ONHYM** shall provide the appropriate assistance to the Operator to enable it to obtain any necessary authorisations and approvals required for the performance of Exploration Works under the Exploration Permits.

8.3 **ONHYM** shall give all necessary assistance to the Parties applying for an Exploitation Concession, to obtain any authorisations or approvals required for the construction of facilities and pipelines to exploit the Hydrocarbon discovery within the Exploitation Concession, and for the construction of such facilities necessary for Development Works located outside the boundaries of the Exploitation Concession but within the jurisdiction of Morocco.

ARTICLE 9

PROFESSIONAL TRAINING

9.1 **KOSMOS** shall contribute to the training of **ONHYM**'s staff and technicians up to fifty thousand US Dollars (US $50,000) for each twelve (12) Month period during the entire duration of this Agreement. The annual contribution to training shall be increased by twenty-five thousand US Dollars (US $25,000) each time an Exploitation Concession is granted, not to exceed a total annual amount of one hundred thousand US Dollars (US$100,000). The training programs and the method and schedule of payment of these contributions shall be established by agreement between the Parties, and shall include the costs of all training organized by **KOSMOS** on behalf of the personnel of **ONHYM**.

If **KOSMOS** is going to retire from this Agreement, **KOSMOS** must complete any training program already in progress and shall not be required to contribute to training programs other than that already in progress. Moreover, it is agreed that the accumulated outstanding amounts of the annual training budgets will be paid by **KOSMOS** to **ONHYM** in accordance with and on written request from **ONHYM**.

9.2 Pursuant to Article 47 of the Law, all training expenses incurred by **KOSMOS** in accordance with Article 9.1 of this Agreement shall be considered as costs of exploration or exploitation in relation to the Exploration Permits or Exploitation Concession(s), as the case may be.

ARTICLE 10

SAFETY AND ENVIRONMENT

The Parties shall conduct all Exploration Works and the Development and Exploitation Works according to the rules relating to safety and the protection of the environment in conformity with Section 38 of the Law as well as Sections 32 and 33 of the Decree.

PART V

FISCAL PROVISIONS

ARTICLE 11

ANNUAL ROYALTY

11.1 Each of the Parties shall pay the STATE an annual royalty on the value of its Percentage Interest of the Available Crude Oil and Available Natural Gas produced from each Exploitation Concession at the following rates:

(a) Exploitation Concession located onshore or offshore at a water depth less than or equal to 200 meters

Crude Oil

The production of the first 300,000 tons from an Exploitation Concession is exempt from the payment of royalty. Any production in excess of 300,000 tons from an Exploitation Concession shall be subject to royalty at the rate of ten percent (10%).

Natural Gas

The production of the first 300 million cubic meters from an Exploitation Concession is exempt from the payment of royalty. Any production in excess of 300 million cubic meters from an Exploitation Concession shall be subject to royalty at the rate of five percent (5%).

(b) Exploitation Concession located offshore at a water depth of more than 200 meters

Crude Oil

The production of the first 500,000 tons from an Exploitation Concession is exempt from the payment of royalty. Any production in excess of 500,000 tons from an Exploitation Concession shall be subject to royalty at the rate of seven percent (7%).

Natural Gas

The production of the first 500 million cubic meters from an Exploitation Concession is exempt from the payment of royalty. Any production in excess of 500 million cubic meters from an Exploitation Concession shall be subject to royalty at the rate of three-and-a-half percent (3.5%).

11.2 Payment of the annual royalty shall be made by the Parties as follows:

11.2.1 In respect of Natural Gas produced from any Exploitation Concession, royalty shall be paid to the STATE in cash, unless the STATE decides one year in advance, by so notifying each of the Parties, to be paid in kind, in the point of production, for such Exploitation Concession.

In the case of Crude Oil, the STATE reserves the right to be paid royalties in cash or in kind

in the point of production. Any decision by the STATE to modify its choice of payment in respect of Crude Oil must be communicated to each of the Parties in writing at least six (6) Months prior to the effective date of such a change.

11.2.2 In respect of any royalties to be paid to the STATE in cash, on or before 31st of July and 31st of January of each calendar year, each of the Parties shall pay the STATE on account of the annual royalty for the six (6) Month periods ending 30th June and 31st December of the calendar year in question, in respect of the sales of Available Crude Oil or Available Natural Gas produced from each of the Exploitation Concession(s) during such six (6) Month period.

The amount of such payments shall be estimated by each of the Parties by utilizing the appropriate Market Prices for royalty calculations for Crude Oil and/or Natural Gas in effect during the Quarters to which such payment relates as determined pursuant to Article 6.

11.2.3 Within ninety (90) days following the end of each calendar year, each of the Parties shall submit to the STATE the final annual royalty declaration. In the case of payment of royalty in cash, the Parties shall then settle the difference between the actual amounts due and the sum of the estimated payments made for the calendar year in question.

If the sum of the estimated payments made is greater than the final amount due, the difference shall be carried forward as a credit to the annual royalty for the next calendar year, and shall be deducted from the next payment(s) to be made.

ARTICLE 12

CORPORATE INCOME TAX

12.1. In accordance with articles 2, 5 and 8 of the code général des impôts instituted by finance law n° 43-06 for the 2007 financial year, promulgated by dahir n° 1-06-232 of 10 Hijja 1427 (31st December 2006), as amended and completed ("Code Général des Impôts"), each of the Parties shall calculate and pay the STATE the corporate income tax, utilizing the Market Prices determined pursuant to Article 6.

12.2. In accordance with article 6-II-B-2° of Code Général des Impôts, each of the Parties shall benefit of a total exemption from corporate income tax for a ten consecutive year-period for each Exploitation Concession starting from the date of commencement of regular production from such Exploitation Concession.

ARTICLE 13

CUSTOMS

Each of the Parties, their contractors and sub-contractors shall benefit from the customs regime specified in Sections 50, 51 and 52 of the Law.

ARTICLE 14

FOREIGN EXCHANGE AND OTHER FISCAL PROVISIONS

14.1 In accordance with article 6-I-C-1 of Code Général des Impôts, and with provisions of Sections 54 to 58 and 60 of the Law, each of the Parties, when applicable, shall benefit, from measures relating to the foreign exchange regime and the withholding tax on proceeds from shares, capital rights and similar revenues.

14.2 In accordance with section 6-I-A-31° of the law n°47-06 dated 30 November 2007 relating to local taxation, each of the Parties shall benefit from a total exemption of business activity tax, and in accordance with section 41-3° of the law n°47-06, the Parties are exempted from the un built urban areas tax.

14.3 In accordance with the provisions of articles 92-I-40° and 123-41° of Code Général des Impôts , each of the Parties, their contractors and sub-contractors shall benefit from exemption from value-added tax on goods and services acquired in the domestic market or imported from abroad.

14.4 Withholding tax will apply to payments for services provided by all foreign companies in accordance with the provisions of articles 4-III, 15, 19-IV-B and 160 of Code Général des Impôts and in accordance with any double taxation treaties applicable to such foreign company.

14.5 **KOSMOS** shall pay the application fees for the institution and extensions of the Exploration Permits.

14.6 Each of the Parties shall pay its proportional share of the annual surface rental of one thousand Dirham (1,000 DH) per square kilometers on all Exploitation Concession(s).

ARTICLE 15

BONUSES

15.1 **KOSMOS** agrees to pay the STATE, when a deposit of Hydrocarbons in the Area of Interest in which it has a Percentage Interest is declared pursuant to the Association Contract to contain commercially exploitable quantities, a discovery Bonus of an amount of one million US Dollars (US $1,000,000). This payment has to be made within thirty (30) days of the official granting of the Exploitation Concession.

15.2 In addition, starting from the date the total production of Crude Oil or Barrels equivalent Crude Oil, from all Exploitation Concessions in the Area of Interest in which **KOSMOS** has a Percentage Interest has reached and been maintained during a period of thirty (30) consecutive days at the daily production levels listed below, **KOSMOS** shall pay the STATE the corresponding bonuses payable within thirty (30) days of the end of the Month in which the aggregate levels of production have first been so maintained:

50,000 BOPD/BOE per day	one million US Dollars (US$1,000,000)
75,000 BOPD/BOE per day	two million US Dollars (US$2,000,000)
100,000 BOPD/BOE per day	three million US Dollars (US$3,000,000)
More than 100,000 BOPD/BOE per day	four million US Dollars (US$4,000,000)

It is understood that the Bonuses specified in Article 15.2 will be a one time, lump sum payment for each level of production when such level of production is reached and maintained for a period of thirty (30) consecutive days.

These Bonus payments established in Articles 15.1 and 15.2 above shall be deemed development costs and shall be deductible for the calculation of **KOSMOS**'s taxable profits.

ARTICLE 16

STABILITY

16.1 The economic terms and conditions which will apply to **KOSMOS** for the activities to be conducted by **KOSMOS** under this Petroleum Agreement and throughout its period of validity, have been agreed after negotiations in good faith on the basis of the legislation in force in Morocco on the date of signature.

16.2 In the event that a change in Regulations has a significant adverse effect on the economic benefits that **KOSMOS** would have received if such change had not been made, the terms of this Agreement will be as soon as possible adjusted in order to compensate **KOSMOS** for such adverse effect.

ONHYM shall use every effort with the STATE to preserve or re-establish in favor of **KOSMOS** the economic terms and conditions prevailing at the time of signature. If despite the efforts of **ONHYM**, this should not prove to be possible, **KOSMOS** shall notify in writing to **ONHYM** a proposal for the necessary changes to be made to the terms of this Agreement in order to compensate for such adverse effect, and the Parties shall endeavor to agree on such changes to the terms hereof.

If the Parties fail to agree on such changes within a term of sixty (60) days from the date on which **KOSMOS** deliver a notice on this regard to **ONHYM**, the matter may be referred to Arbitration under Article 22

PART VI

MISCELLANEOUS PROVISIONS

ARTICLE 17

TRANSFER OF PERCENTAGE INTERESTS

17.1 **KOSMOS** shall be entitled to transfer all or part of its Percentage Interest in the Exploration Permits, in accordance with the provisions of the Hydrocarbon Code, and subject to the provisions of the Association Contract. Any transfer of **KOSMOS**'s Percentage Interest in the Exploration Permits during the validity of an Exploration Period, may not be made without the prior written authorization of the Minister in charge of Energy. Notwithstanding the foregoing and for the avoidance of doubt, the Parties agree and acknowledge that any pledge, mortgage charge, lien, hypothecation, encumbrance, by way of security of their Percentage Interest under the Exploration Permits will require only notification to the Minister in charge of Energy.

If such a transfer takes place, the Parties shall enter into an amendment to this Agreement to define the new Percentage Interests and the corresponding commitments.

17.2 Any Party shall be entitled at any time to transfer all or part of its Percentage Interest in any Exploitation Concession, independently from the other Exploitation Concession(s) in accordance with the provisions of the Hydrocarbon Code and subject to the provisions of the Association Contract. If such a transfer takes place, the Parties shall enter into an amendment to this Agreement to recognize the new Percentage Interests and the corresponding commitments.

17.3 The transferee of any such Percentage Interest shall become a Private Party upon the completion of the transfer of the Percentage Interest to it in accordance with the provisions of the Hydrocarbon Code and the provisions of the Association Contract. The Private Party(ies) shall be jointly and severally responsible for the obligations of **KOSMOS** set out in this Agreement.

ARTICLE 18

ASSOCIATION CONTRACT

18.1 Simultaneously with the signing of this Petroleum Agreement, **ONHYM** and **KOSMOS** shall sign an Association Contract in order to:

18.1.1 Establish the appropriate procedures to enable the Parties to perform jointly successful Exploration Works and Development and Exploitation Works as specified in this Agreement relating to the Area of Interest;

18.1.2 Establish the necessary procedures to secure an orderly conduct of joint operations and to govern relations between the Parties; and,

18.1.3 Define and set forth the rights and obligations of each of the Parties.

ARTICLE 19

THE OPERATOR

19.1 **KOSMOS** is hereby designated as Operator for the conduct all the operations and activities in respect of the Exploration Permits and the Exploitation Concession(s) which will derive from the said Exploration Permits, until the creation of a Joint Operating Company or until such time as it ceases to be Operator in accordance with the provisions of the Association Contract.

19.2 The rights and duties of the Operator are detailed in the Association Contract. The Operator shall unless otherwise agreed by the Parties or provided herein, give notice on behalf of the Parties to the STATE under this Agreement and represent the Parties in discussions with the STATE or any other Moroccan authorities, in accordance with the provisions of the Association Contract.

ARTICLE 20

CONFIDENTIALITY

20.1 Each of the Parties undertakes to treat as confidential the terms of this Agreement, and information gathered by it as a result of the operations under this Agreement ("Confidential Information"), and shall not divulge Confidential Information to a person who is not a Party. Provided that a Party may divulge Confidential Information in the following cases:

a) to the extent such Confidential Information is required to be furnished pursuant to any arbitration or legal proceedings, or by virtue of any law applicable to such Party;

b) to any of its Affiliates, provided any such Affiliate maintains confidentiality as provided in this Article;

c) to its or its Affiliates' employees for the purposes of conducting operations hereunder, subject to each Party taking customary precautions to ensure Confidential Information is kept confidential;

d) subject to Article 20.2, to a contractor, subcontractor, professional adviser or auditor employed or potentially to be employed by a Party in relation to the operations described in this Agreement, where such disclosure is required for the effective performance of the recipient's duties;

e) subject to Article 20.2, to a credit establishment, finance provider or any other financial institution or insurance institution in connection with the prospective funding of a loan or other financial agreement or insurance agreement to be entered into for financing operations described in this Agreement or insuring a Party's interests in this Agreement;

f) subject to Article 20.2, to a bona fide prospective transferee of the whole or part of a Percentage Interest in this Agreement, including an entity with which such Party is conducting bona fide negotiations directed toward a merger, consolidation or the sale of a majority of the shares in such Party or any of its Affiliates;

g) to the extent Confidential Information must be disclosed by the Party as a public communication for the purpose of complying with laws, regulations and requirements of the Moroccan Government or pursuant to any rules or requirements of any other government or stock exchange having jurisdiction over such Party, or its Affiliates;

h) if, before such disclosure, the Confidential Information had become public knowledge or had been legally obtained by the Party or any Affiliate from a source other than under this Agreement; or

i) if such disclosure is approved in writing by all of the Parties.

20.2 Disclosure pursuant to Articles 20.1 (d), (e) and (f) shall not be made unless prior to such disclosure the disclosing Party has obtained a written undertaking from the recipient to keep the data and information strictly confidential and not to use or disclose the data and information except for the express purpose for which disclosure is to be made.

20.3 The Parties agree under all circumstances to honor the provisions of this Article 20 throughout the entire term of this Agreement. In addition, **KOSMOS** undertakes under all circumstances to comply with the provisions of this Article 20 for a duration of three (3) years after the expiry of the Exploration Permits in respect of which the Confidential Information was obtained.

20.4 **KOSMOS** shall inform **ONHYM** before sending any press release or providing any previously unpublished information required, demanded or requested by any law or stock exchange regulation relating to this Agreement. **ONHYM** shall respond within seventy-two (72) hours of receipt of such notice. If **ONHYM** does not provide a response within said seventy-two (72) hours, approval by **ONHYM** shall be deemed to have been given.

ARTICLE 21

FORCE MAJEURE

21.1 Any failure or delay by one of the Parties in the performance of any of its obligations under this Agreement, with the exception of obligations in respect of the payment of any amount due hereunder, shall be excused to the extent that it is attributable to an event of Force Majeure. For the purposes of this Agreement, an event of Force Majeure shall mean any event which is unforeseen, insurmountable or beyond the reasonable control of the Party affected, and which the Party affected can not prevent or overcome by exercising due diligence in accordance with oil industry standards.

21.2 The Party whose ability to perform its obligations is affected by an event of Force Majeure, shall advise the other Parties thereof in writing as soon as possible. Each of the Parties shall take all steps that are reasonably within their power to ensure that the event of Force Majeure is overcome as soon as possible.

21.3 As soon as practicable, once the period of an event of Force Majeure ceases, operations affected by an event of Force Majeure shall recommence.

21.4 If as a result of an event of Force Majeure, the operations are delayed, curtailed or prevented for a period of time then the time for carrying out the affected operations will be extended by a period equal to the period of an event of Force Majeure. In addition the period of validity of the Exploration Permits and/or Exploitation Concession(s) shall be extended by a period equal to the period of an event of Force Majeure.

ARTICLE 22

ARBITRATION

22.1 If any dispute arises out of or in connection with this Agreement, the Parties shall use all reasonable endeavors to amicably reach an equitable settlement. If an amicable settlement cannot be reached within sixty (60) days from the time one Party delivers a notice to the other Party , such dispute shall be settled by arbitration as provided below.

22.2 With the exception of any disputes with regard to the determination of Market Price, which shall be settled in conformity with Article 6, all disputes arising out of or in connection with this Agreement, which have not been amicably resolved as proved in Article 22.1, shall be definitively settled by arbitration before the International Centre for the Settlement of Investment Disputes (ICSID). If, for whatever reason, the dispute does not fall within the jurisdiction of ICSID, it shall then be submitted to arbitration under the rules for conciliation and arbitration of the International Chamber of Commerce (ICC).

22.3 The arbitration tribunal shall be composed of three (3) arbitrators, one appointed by each Private Party and the third arbitrator, who shall be president of the arbitral tribunal, appointed by agreement between the first two arbitrators. If there shall be any default in appointing an arbitrator, such arbitrator shall be appointed on the application of any Party by the President of the Administrative Council of ICSID (or, if the arbitration is being conducted under the ICC rules, by the President of the ICC Arbitration Court). The arbitration tribunal shall apply Moroccan Law.

22.4 Any arbitration proceeding shall take place in Paris (France) and shall be conducted in the French language.

22.5 It is agreed that recourse to arbitration shall be made directly by one Party by notice to ICSID (or ICC) with a copy to the other Party(ies). The Parties expressly agree that the arbitration award shall be final and binding and that it may be recognised or enforced by any court of competent jurisdiction, in accordance with article 54 of the ICSID Convention or the ICC Rules as the case may be.

The Parties waive any right of immunity as to it or its property in respect of the enforcement of and execution upon any award rendered under this Article 22.

22.6 The Parties commit irrevocably to apply any decision given by an arbitral tribunal constituted according to the provisions of this Agreement.

22.7 Each Party shall bear all its own costs and expenses, including its attorneys' fees, incurred relating to the arbitration but the costs of the arbitrators and the arbitration tribunal shall be borne by the Party against whom the ruling is made.

ARTICLE 23

NOTIFICATION

All notices which must or may be given in accordance with the Hydrocarbon Code and with this Agreement, shall be in writing and may be delivered by hand, courier or notified by electronic mail, or fax, at sender's option and expense. Any such notice shall be deemed to have been given or received at the time of delivery (if delivered by hand), the first working day following the day of sending (if sent by facsimile), the day the sender receives an acknowledgment of receipt (if sent by courier) and when a read-receipt has been received by the sender (if sent by email):

These notices shall be addressed as follows:

To:	**The STATE**
Address:	Ministry in charge of Energy, B.P. 6208 - Rabat Instituts Haut Agdal, Rabat — MAROC
Attention:	Le Secretaire General
Fax:	(212) 05 37 77 47 32

To:	**ONHYM**
Address	Office National des Hydrocarbures et des Mines 5 Avenue Moulay Hassan B.P. 99 - RABAT - MAROC
Attention:	Le Directeur General
E-mail:	benkhadra@onhym.com
Fax:	(212) 05 37 28 16 26 / 05 37 79 44 75

To:	**KOSMOS**
Address:	Kosmos Energy Deepwater Morocco 4th Floor, Century Yard Cricket Square, Hutchins Drive Elgin Avenue, George Town Grand Cayman KY1-1209 Cayman Islands
Attention:	Andrew Johnson
E-mail:	MoroccoNotifications@kosmosenergy.com
Fax:	+1 345 527 2105

with copy to:

Address:	**KOSMOS ENERGY DEEPWATER MOROCCO** **c/o KOSMOS ENERGY, LLC** 8176 Park Lane Suite 500 Dallas, Texas 75231
Attention:	General Counsel
E-mail:	KosmosGeneralCounsel@kosmosenergy.com
Fax:	+1 214 4459705

For the purposes of this Agreement, any Party may change its notification address by notice in writing to the other Party(ies), provided that notices to the old address shall continue to be validly served for a period of ten (10) days following notification of such change.

ARTICLE 24

OTHER PROVISIONS

24.1 All notices and any applications to and correspondence with the STATE which may have to be given in accordance with the Hydrocarbon Code and this Agreement will be in the French language, while technical data and documents may be established in the French language or the English language.

24.2 If any Party does not require performance of any of the provisions of this Agreement or exercise its rights and privileges arising out of the Hydrocarbon Code and/or of this Agreement, this shall not be deemed a waiver of any such provisions, rights and privileges. Any express waiver shall not be deemed to be a waiver in respect of any future exercise of such provisions, rights and privileges.

24.3 The Parties' respective successors and all their assignees shall be bound by and benefit from this Agreement.

24.4 This Agreement is signed in French and English versions. In case of any difference of interpretation, the French version shall prevail.

24.5 No provision of this Agreement may be amended or modified except by mutual agreement in writing and signed by the Parties. Such amendments or modifications shall not become effective until they have been approved by a joint order issued in accordance with the Hydrocarbon Code. **ONHYM** shall assist **KOSMOS** in procuring such approval.

24.6 Where this Agreement is silent in respect of any given situation, the provisions of the Hydrocarbon Code shall apply.

ARTICLE 25

EFFECTIVE DATE

25.1 As stipulated in Section 34 of the Law and Section 60 of the Decree, this Petroleum Agreement shall be approved by a joint order issued by the Minister in charge of Energy and the Minister in charge of Finance.

25.2 This Agreement will become effective on the date of the signature of the aforesaid joint order "Effective Date" and will remain in force until its termination in accordance with the provisions of Article 2.

IN WITNESS WHEREOF, THIS AGREEMENT IS EXECUTED IN FOUR (4) ORIGINAL COPIES IN THE FRENCH LANGUAGE AND TWO (2) ORIGINAL COPIES IN THE ENGLISH LANGUAGE.

IN RABAT ON THIS October 10, 2013

OFFICE NATIONAL DES HYDROCARBURES ET DES MINES,
ACTING ON BEHALF OF THE KINGDOM OF MOROCCO

BY : MME. AMINA BENKHADRA

/s/ MME. AMINA BENKHADRA

TITLE : GENERAL DIRECTOR

KOSMOS ENERGY DEEPWATER MOROCCO

BY : MR. RAGNAR FREDSTED

/s/ MR. RAGNAR FREDSTED

TITLE : VICE PRESIDENT AND COUNTRY MANAGER

APPENDIX I

DEFINITIONS

The corresponding definitions set forth in the Law are hereby adopted and incorporated by reference herein, and accordingly shall apply for all purposes hereof.

The following words, terms and phrases shall have the meaning ascribed thereto below and accordingly shall apply for all purposes hereof, whenever any of the following words and expressions (words importing gender include all genders) are used in this Petroleum Agreement with an initial capital letter:

1) **"Affiliate"** means:

(i) in relation to **KOSMOS**; any company which for the time being directly or indirectly controls, or is directly or indirectly controlled by **KOSMOS**, or that is directly or indirectly controlled by an entity that controls, **KOSMOS**.

(ii) in relation to any Party other than **KOSMOS**; -

(a) any company or entity controlled by such Party;
(b) any company or entity which controls such Party;
(c) any company or entity which is controlled by another company or entity which controls such Party.

"Control" shall mean the ownership, (whether such ownership is direct or indirect through a series of companies or entities) by one or more companies or entities of at least fifty percent (50 %):

(a) of the voting stock of another company or entity which is issuing voting stock; or
(b) of the rights to decide the appointment of managers of another entity which is not issuing voting stock.

In the case of **ONHYM**, this definition shall include the STATE and any entity controlled by the STATE.

2) **"Appraisal Well"** means any well whose purpose at the time of commencement of drilling such well is the determination of the extent, volume or producibility of a discovery of Hydrocarbons.

3) **"Area of Interest"** means the Area of Interest more particularly described in Appendix II of the Petroleum Agreement or the portion of such Area that remains subject to this Agreement

4) **"Article"** means an article of this Agreement unless otherwise indicated.

5) **"Association Contract"** means the document referred to in Article 18.1.

6) **"Available Crude Oil"** means, for each Exploitation Concession, the Crude Oil produced after deduction of the Crude Oil used in carrying out Development and Exploitation Work and Exploration Work.

7) **"Available Natural Gas"** means, for each Exploitation Concession, Natural Gas produced, whether or not produced in association with Crude Oil, after deduction of the Natural Gas used as fuel, or for secondary recovery, re-injected or flared in carrying out Development and Exploitation Work and Exploration Work.

8) **"Bank"** means any financial institution that issues a guarantee pursuant to Article 4.2.4.

9) **"Bank Guarantee"** means irrevocable on first demand bank guarantee, acceptable to **ONHYM**, provided by **KOSMOS** in order to secure the completion of the Minimum Exploration Work Programs set out in Articles 4.2.1, 4.2.2 and 4.2.3.

10) **"Code Général des Impôts"** means general tax code instituted by finance law n° 43-06 for the 2007 financial year, promulgated by dahir n° 1-06-232 of 10 Hijja 1427 (December 31st, 2006), as amended and completed.

11) **"Commercial Discovery"** means a discovery of Hydrocarbons which, after completion of an adequate program of appraisal drilling, the Parties prove reveals potentially recoverable Hydrocarbon reserves which could give rise to an economically profitable exploitation, and which the Parties undertake to develop.

12) **"Crude Oil"** means all Hydrocarbons that are liquid in their natural state, or obtained by the condensation or separation of Natural Gas and asphalt.

13) **"Decree"** has the meaning ascribed thereto in the Preamble.

14) **"Development and Exploitation Work"** means any operation relating to the development or production of a Hydrocarbon deposit within the area covered by an Exploitation Concession, whether carried out within or outside Morocco and, in particular, geological and geophysical work, the drilling of development wells, the production of Hydrocarbons, the installation of collection pipes and the operations necessary to the maintenance of pressure and to primary or secondary recovery.

15) **"Dollar or US$"** means Dollar of United States of America.

16) **"Effective Date"** means the date on which the joint order has been signed pursuant to Article 25.

17) **"Exploitation Concession"** means any Exploitation Concession granted to the Parties pursuant to the Hydrocarbon Code and this Agreement, which derives from the Exploration Permits.

18) **"Exploration Period"** means the Initial Period, or any of the Extension Periods referenced in Article 4.2.

19) **"Exploration Permits"** means the Exploration Permits referred to in Article 3 granted to the Parties pursuant to the Hydrocarbon Code and this Agreement in the Area of Interest.

20) **"Exploration Work"** has the meaning set out in Article 4.1.

21) **"Exploration Well"** means any well whose purpose at the time of commencement of drilling such well is to explore for any accumulation of Hydrocarbons whose existence at that time was not confirmed by drilling.

22) **"Extension Period"** means the First and/or the Second Extension Period.

23) **"Fair Value"** means the Market Price based upon weighted average sales prices in Dollars in the past Quarter of a basket of leading Crude Oils produced in major Crude Oil producing countries in the Arabian-Persian Gulf, Mediterranean, or in Africa which are quoted and regularly sold on the open market. The composition and weighting of the said basket shall be agreed between the STATE and the Party(ies) concerned, and may be adjusted from time to time, to reflect the individual characteristics of the particular Crude Oil or Crude Oil blend produced, taking into consideration positive or negative adjustments generally applied in the international petroleum industry (corrections for quality, transportation, etc.).

24) **"First Extension Period"** shall mean the period of two (2) years and six (6) months duration as stipulated in Article 3.3(b).

25) **"Force Majeure"** has the meaning set out in Article 21.

26) **"Hydrocarbon Code"** has the meaning ascribed thereto in the Preamble.

27) **"Hydrocarbons"** means naturally occurring Hydrocarbons whether liquid, gaseous or solid other than bituminous shale, and shall include Crude Oil and Natural Gas

28) **"Initial Period"** means the period of two (2) years and six (6) months duration as stipulated in Article 3.3(a).

29) **"Kosmos**" means Kosmos Energy Deepwater Morocco and any of its successors and assigns.

30) **"Law"** has the meaning ascribed thereto in the Preamble.

31) **"Market Price"** means the prices for Hydrocarbons, determined as provided in Article 6 which shall be used for calculation of annual royalty in cash and of corporate income tax.

32) **"Minimum Exploration Work Program"** means the Exploration Work to be completed before the end of the Initial Period or any of the Extension Periods referred to in Articles 4.2.1, 4.2.2 and 4.2.3.

33) **"Month"** means a calendar month according to the Gregorian calendar.

34) **"Natural Gas"** means all gaseous Hydrocarbons obtained from oil or gas wells together with gas that is the residue of the process of separation of liquid Hydrocarbons.

35) **"ONHYM"** means the Office National des Hydrocarbures et des Mines and all of its successors and assigns.

36) **"Operator"** means **KOSMOS**, appointed in accordance with Article 19 or such other Party subsequently designated as such pursuant to the Association Contract.

37) **"Party"** means **ONHYM** and/or **KOSMOS** and/or any Private Party individually and "the Parties" shall refer to them collectively.

38) **"Percentage Interest"** means in respect of the Exploration Permits, the percentage interests of the Parties as set forth in Article 3.1(b) and, in respect of any Exploitation Concession, the percentage interests of the Parties as set forth in Article 5.2.

39) **"Petroleum Agreement"** or **"this Agreement"** means the agreement of which this Appendix I forms part.

40) **"Private Party"** means **KOSMOS** in its capacity as a Party and / or any transferee of **KOSMOS** or of another Private Party in accordance with Article 17.

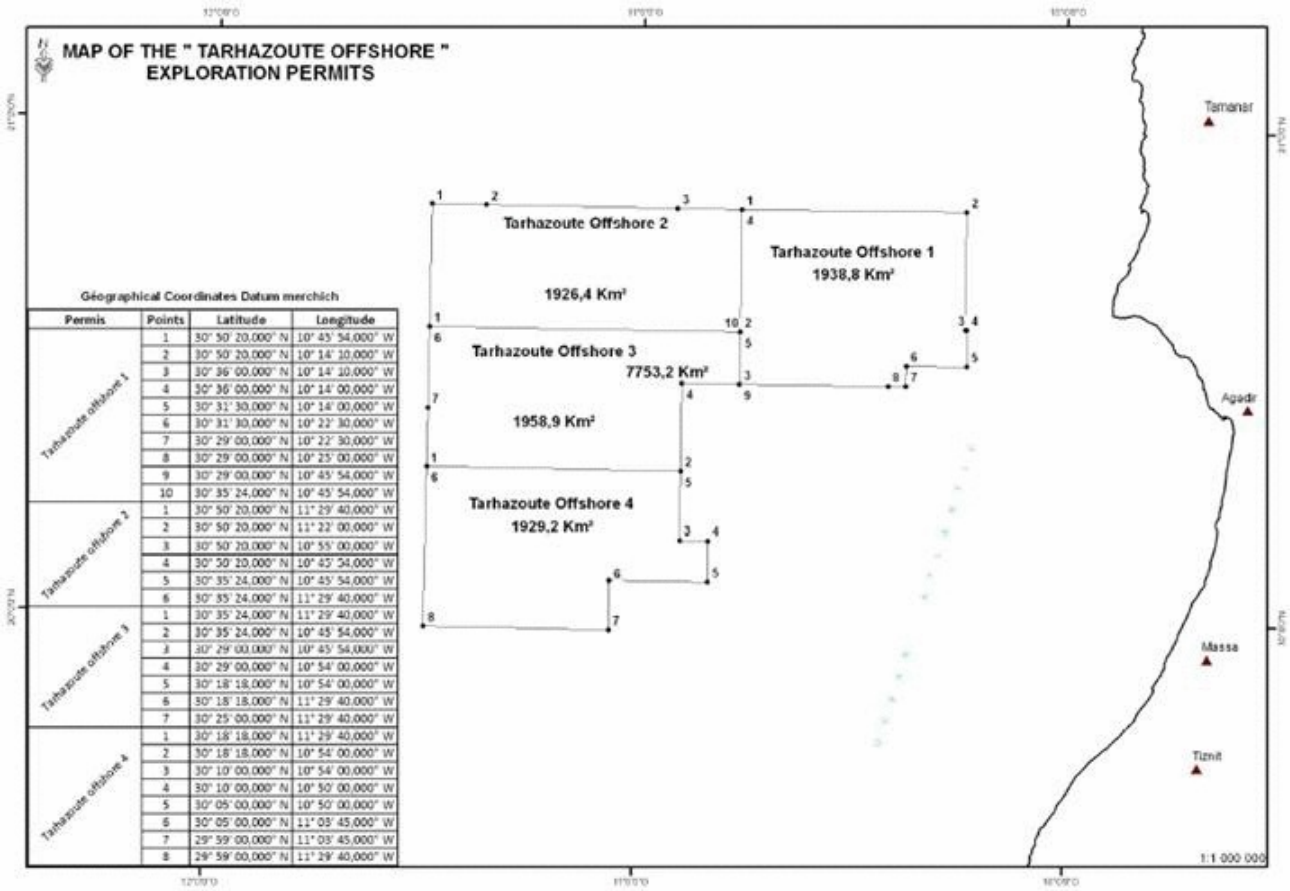
41) **"Quarter"** means a period of three Months commencing on the first day of January, April, July or October in any calendar year.

42) **"Regulations"** means all applicable laws, decrees, rules and regulations, including all administrative practices relating thereto.

43) **"Second Extension Period"** shall mean the period of three (3) years duration as stipulated in Article 3.3(c).

APPENDIX II

MAP AND DESCRIPTION OF THE AREA OF INTEREST



Géographical Coordinates Datum merchich

Permis	Points	Latitude	Longitude
Tarhazoute offshore 1	1	30° 50' 20,000" N	10° 45' 54,000" W
	2	30° 50' 20,000" N	10° 14' 10,000" W
	3	30° 36' 00,000" N	10° 14' 10,000" W
	4	30° 36' 00,000" N	10° 14' 00,000" W
	5	30° 31' 30,000" N	10° 14' 00,000" W
	6	30° 31' 30,000" N	10° 22' 30,000" W
	7	30° 29' 00,000" N	10° 22' 30,000" W
	8	30° 29' 00,000" N	10° 25' 00,000" W
	9	30° 29' 00,000" N	10° 45' 54,000" W
	10	30° 35' 24,000" N	10° 45' 54,000" W
Tarhazoute offshore 2	1	30° 50' 20,000" N	11° 29' 40,000" W
	2	30° 50' 20,000" N	11° 22' 00,000" W
	3	30° 50' 20,000" N	10° 55' 00,000" W
	4	30° 50' 20,000" N	10° 45' 54,000" W
	5	30° 35' 24,000" N	10° 45' 54,000" W
	6	30° 35' 24,000" N	11° 29' 40,000" W
Tarhazoute offshore 3	1	30° 35' 24,000" N	11° 29' 40,000" W
	2	30° 35' 24,000" N	10° 45' 54,000" W
	3	30° 29' 00,000" N	10° 45' 54,000" W
	4	30° 29' 00,000" N	10° 54' 00,000" W
	5	30° 18' 18,000" N	10° 54' 00,000" W
	6	30° 18' 18,000" N	11° 29' 40,000" W
	7	30° 25' 00,000" N	11° 29' 40,000" W
Tarhazoute offshore 4	1	30° 18' 18,000" N	11° 29' 40,000" W
	2	30° 18' 18,000" N	10° 54' 00,000" W
	3	30° 10' 00,000" N	10° 54' 00,000" W
	4	30° 10' 00,000" N	10° 50' 00,000" W
	5	30° 05' 00,000" N	10° 50' 00,000" W
	6	30° 05' 00,000" N	11° 03' 45,000" W
	7	29° 59' 00,000" N	11° 03' 45,000" W
	8	29° 59' 00,000" N	11° 29' 40,000" W

APPENDIX III

LIST OF DELIVERABLES

The Deliverables shall be remitted to ONHYM in the following formats:

I. Seismic : Acquisition and processing

I.1. 2D and 3D Seismic :

- Field data on cartridges, 3592 or LTO-04 in an international standard format (SEG-D format)
- Intermediate data such as pre-migrated CDP gathers
- Data processed on cartridge, 3592 or LTO-04 (stack and migration) SEG-Y with header information about the processed seismic data (processing sequence, navigation data or coordinates)
- Special processing (PSDM, AVO) on cartridge 3592 or LTO-04 in SEG-Y format with header information about the processed seismic data (processing sequence, navigation data or coordinates)
- Complete sequence of processing in hard copy or electronic format
- Velocities analysis data
- Field documents (operating report of the seismic acquisition, field note-book, coordinates of the shooting points and of the receivers and seismic data test) in hard copy and electronic formats
- Navigation data on CD in either ASCII or SEG P1 format (for the offshore data)

For offshore data acquisition, the Projection System is : UTM
Options for the projection: Ellipsoid: WGS84
Format: UKOOA in ASCII or EXCEL

I.2.Seismic: Reprocessing:

- Data processed on cartridge, 3592 or LTO-04 (Stack and migration) SEG-Y with header information about the processed seismic data (processing sequence, navigation data or coordinates)
- Special processing (PSDM, AVO) on cartridge 3592 or LTO-04 in SEG-Y format with header information about the processed seismic data (processing sequence, navigation data or coordinates)
- Complete sequence of processing in hard copy or electronic format
- Velocities analysis data in ASCCI format

II. Magnetic, gravimetric, Electromagnetic, Magneto —telluric and electrical data:

- Raw data in an international standard format together with all the supporting documents
- Processed data in an international standard format
- Interpretation of these data

III. Drilling :

- Cuttings: an average of 500 grams of washed cuttings and 500 grams of non-washed cuttings from each 5 m for the interval of the reservoir ; and from each 10-20 m for the remaining of the well
- Cores : half of the cores cut in length
- Electrical logs: data of all drilling operations in an international standard format
- Check shot Survey ,VSP
- Seismic coring
- data of well test (pressure, samples of received fluide, PVT analysis and water analysis)
- Final well report that includes drilling evaluation report and logs interpretation (paper and electronic format)
- Copy of composite log

IV. Studies :

- Preliminary Reports (work progress reports at the end of each year)
- Final Report for each phase (paper and electronic format): this report will include in particular :
- Text and plates
- Report on the field geological work
- Conventional and special analysis of the cores
- Copy of electrical logs of drilling in standard electronic format (Las, picture)
- Copies of different laboratory studies and analyses
  - Geochemistry,
  - Stratigraphy
  - Petrophysics
  - Sedimentology

Any other studies, operational reports and/or operational data resulting from any works executed by third parties on behalf of **KOSMOS** directly relating to the Exploration Work or Development and Exploitation Work in the area of the Permits. For the avoidance of doubt, this obligation does not apply to such information as any proprietary or confidential information or reports, parent company financial information, reserve information or confidential information or reports provided to governmental authorities.

Copy of any tender and contract with a value in excess of one million US Dollars (US$ 1,000,000) with service companies in paper and electronic format.

Exhibit 10.17

ISLAMIC

REPUBLIC

OF

MAURITANIA

HONOR — BROTHERHOOD -

JUSTICE

EXPLORATION AND PRODUCTION CONTRACT

BETWEEN

THE ISLAMIC REPUBLIC OF MAURITANIA

AND

KOSMOS ENERGY MAURITANIA

Bloc C8

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APPENDIX 1 : EXPLORATION PERIMETER

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BETWEEN

The Islamic Republic of Mauritania (hereafter referred to as « the State »), represented for purposes of these presents by the Minister in Charge of Crude Hydrocarbons

ON THE ONE HAND,

AND

Kosmos Energy Mauritania, a company under the Cayman Islands laws, having its registered headquarters at 4th Floor Century Yard, Cricket Square, PO Box 32322, George Town, Grand Cayman KY1, 1209 (hereafter referred to as « the Contractor »), represented herein by John R. KEMP III, having all powers and being endowed with full authority for these purposes.

ON THE OTHER HAND,

The State and the Contractor being hereafter collectively referred to as « Parties » or individually « Party ».

WHEREAS:

The State, owner of the deposits and natural accumulations of hydrocarbons contained in the soil and the subsoil of the national territory, wishes to promote the discovery and the production of hydrocarbons in order to promote economic expansion within the framework instituted by Law No. 2010-033 of 20 July 2010 containing the Crude Hydrocarbons Code;

The Contractor wishes to explore and to exploit, within the framework of this exploration-production contract and pursuant to the Crude Hydrocarbons Code, the hydrocarbons which may be contained in the perimeter described in Appendix 1 of this Contract, and has shown it possesses the technical and financial means necessary for this purpose.

IT HAS BEEN AGREED AS FOLLOWS:

ARTICLE 1 : DEFINITIONS

The terms utilized in this text have the following meaning:

1.1 « Calendar Year » means a period of twelve (12) consecutive months commencing on the first (1st) of January and terminating on the thirty-first (31st) of the following December.

1.2 « Contract Year » means a period of twelve (12) consecutive months beginning on the Effective Date or the anniversary date of said Effective Date.

1.3 « Appendices » (also called Annexes) means the appendices to this Contract consisting of :

- The Exploration Perimeter constituting Appendix 1
- The Accounting Procedure constituting Appendix 2
- The model bank guarantee constituting Appendix 3

1.4 « Exploration Authorization » means the authorization referred to in Article 3 of this Contract by which the State authorizes the Contractor to carry out, on an exclusive basis, all works of prospection and exploration of Hydrocarbons within the Exploration Perimeter.

1.5 « Exploitation Authorization » means the authorization granted to the Contractor to carry out, on an exclusive basis, all works of development and of exploitation of the deposits of Hydrocarbons within the Exploitation Perimeter.

1.6 « Barrel» means « U.S. barrel », or 42 American gallons (159 liters) measured at the temperature of 60°F (15.6 °C) and at atmospheric pressure.

1.7 « BTU » means the British unit of energy « British Thermal Unit » in such manner that a million BTU (MMBTU) is equal to approximately 1055 joules.

1.8 « Annual Budget » means the detailed estimate of the cost of Petroleum Operations defined in an Annual Work Program.

1.9 « Crude Hydrocarbons Code » means Law No. 2010-033 of 20 July 2010 containing the Crude Hydrocarbons Code, its amendments and its application texts.

1.10 « Environmental Code » means Law No. 2000-045 of 26 July 2000 containing the Environmental Code, its amendments and its application texts.

1.11 « Contractor » means collectively or individually the company(ies) signing this Contract as well as any entity or company to which an interest would be assigned in application of Articles 21 and 22 of this Contract.

1.12 « Contract » means this text as well as its appendices and amendments.

In the case of contradiction between the provisions of this text and those of its appendices, the

provisions of this text shall prevail.

1.13 « Petroleum Costs » means all the costs and expenses incurred by the Contractor in execution of Petroleum Operations provided for in this Contract and determined according to the Accounting Procedure, the subject of Appendix 2 to this Contract.

1.14 « Effective Date » means the date of entry into force of this Contract such as it is defined in Article 30.

1.15 « Dollar » means the dollar of the United States of America ($).

1.16 « State » means the Islamic Republic of Mauritania.

1.17 « Gross Negligence » means imprudence or negligence of such gravity that it raises a presumption of malicious intent on the part of the person responsible for such action.

1.18 « Wet Gas » means Natural Gas containing a fraction of elements becoming liquid at ambient pressure and temperature, justifying the creation of a facility to recover such liquids.

1.19 « Natural Gas » means all gaseous hydrocarbons produced from a well, including Wet Gas and Dry Gas which may be associated or non-associated with liquid hydrocarbons and the residual gas which is obtained after extraction of the liquids from Natural Gas.

1.20 « Associated Natural Gas » means the Natural Gas existing in a reservoir in a solution with Crude Petroleum or in the form of "Gas Cap" in contact with Crude Petroleum, and which is produced or may be produced in association with the Crude Petroleum.

1.21 « Non-Associated Natural Gas » means Natural Gas excluding Associated Natural Gas.

1.22 « Dry Gas » : means Natural Gas containing essentially methane, ethane and inert gases.

1.23 « Hydrocarbons » means liquid and gaseous or solid hydrocarbons, in particular oil sands and oil shale.

1.24 « LIBOR » means the annual interbank rate applicable for the Dollar as published by the Financial Times, The Wall Street Journal or any other comparable publication of reference.

1.25 « Ministry » means the Ministry in Charge of Crude Hydrocarbons.

1.26 « Minister » means the Minister in Charge of Crude Hydrocarbons.

1.27 « Operator » means the company designated in Article 6.2 here below in charge of the conduct and the execution of Petroleum Operations or any company which would later be substituted for it according to applicable terms.

1.28 « Petroleum Operations » means all operations of exploration, exploitation, storage, transport and marketing of Hydrocarbons, including therein operations of evaluation/appraisal, development, production, separation, processing up until the Delivery Point, as well as the

remediation of the sites to their prior condition, and, more generally, all other operations directly or indirectly linked to the foregoing, carried out by the Contractor within the framework of this Contract, with the exclusion of refining and distribution of petroleum products.

1.29 « Ouguiya » means the currency of the Islamic Republic of Mauritania.

1.30 « Exploitation Perimeter » means all or part of the Exploratation Perimeter for which the State, within the context of this Contract, grants to the Contractor an Exploitation Authorization pursuant to the provisions of Article 9 here below.

1.31 « Exploration Perimeter » means the surface defined in Appendix 1, reduced, as the case may be, by relinquishments provided for in Article 3 and/or by Exploitation Perimeters, for which the State, in the context of this Contract, grants to the Contractor an Exploration Authorization pursuant to the provisions of Article 2.1 here below.

1.32 « Crude Petroleum » means all liquid Hydrocarbons in the natural state or obtained from Natural Gas by condensation or separation as well as asphalt.

1.33 « Delivery Point means:

- For Crude Petroleum, the loading point F.O.B. of the Crude Petroleum as may be further defined more precisely in the possible lifting agreement(s) the Parties may enter into.

- For Natural Gas, the Delivery Point set by common agreement between the Parties pursuant to Article 15 of this Contract.

1.34 « Remediation Plan » means the document detailing the program of work to be carried out by the Contractor at the expiration, the surrender or the canceling of an Exploitation Authorization, pursuant to Article 23.2 here below.

1.35 « Annual Work Program » means the descriptive document, item by item, of the Petroleum Operations to be carried out during the course of a Calendar Year within the framework of this Contract prepared pursuant to the provisions of Articles 4, 5 and 9 here below.

1.36 « Affiliated company » means:

a) Any company or any other entity which controls or is controlled, directly or indirectly, by a company or entity, party to this contract, or

b) Any company or any other entity which controls or is controlled, directly or indirectly, by a company or entity which itself controls directly or indirectly any company or entity, party to this contract.

For purposes of this definition, the term « control » means the direct or indirect ownership by a

company or any other entity of a percentage of capital stock or shares greater than fifty percent (50%) of the voting rights at the shareholders' meeting of another company or entity.

1.37 « Third Party » means any natural person or legal entity other than the State, the Contractor and the Affiliated Companies of the Contractor.

1.38 « Quarter » means a period of three (3) consecutive months beginning on the first day of January, April, July or October of each Calendar Year.

ARTICLE 2 : SCOPE OF APPLICATION OF THE CONTRACT

Pursuant to the Crude Hydrocarbons Code, the State hereby authorizes the Contractor to carry out on an exclusive basis in the Exploration Perimeter defined in Appendix 1 the appropriate and necessary Petroleum Operations within the framework of this Contract.

2.1 This Contract is entered into for the duration of the Exploration Authorization such as provided for in Article 3 of this Contract, including therein its renewal periods and possible extensions, and, in the case of a commercial discovery, for the duration of the Exploitation Authorizations which will have been granted, such as defined in Article 9.11 here below.

2.2 This Contract shall terminate if, at the expiration of all of the exploration phases provided for in Article 3, the Contractor has not notified the State of its decision to develop a commercial Hydrocarbons deposit and applied for an Exploitation Authorization relative to such deposit, pursuant to the provisions of Article 9.5 here below.

In the event of the grant of more than one Exploitation Authorization and unless there is an early termination, this Contract will expire upon the expiration of the last current valid Exploitation Authorization.

2.3 The expiration, surrender or termination of this Contract for whatever reason it may be, shall not free the Contractor from his obligations under this Contract, which came into being prior to the time of such expiration, surrender or termination, which obligations must be carried out by the Contractor.

2.4 The Contractor shall have the responsibility to carry out the Petroleum Operations provided for in this Contract. For their execution he undertakes to comply with good oilfield practice of the international petroleum industry and to comply with norms and standards decreed by Mauritanian regulations in matters of industrial safety, protection of the environment, and operational techniques.

2.5 The Contractor shall supply all the financial and technical means necessary for the proper functioning of the Petroleum Operations and shall bear in full all the risks linked to the execution of said Operations, and without prejudice to the provisions of Article 21 of this Contract. The Petroleum Costs borne by the Contractor shall be recoverable by the Contractor pursuant to the provisions of Article 10 here below.

2.6 During the period of validity of the Contract, the production resulting from the Petroleum Operations shall be shared between the State and the Contractor pursuant to the provisions of Article 10 here below.

ARTICLE 3 : EXPLORATION AUTHORIZATION

3.1 The Exploration Authorization in the Exploration Perimeter defined in Appendix 1 shall be granted to the Contractor for a first phase of Four (4) Contract Years.

3.2 The Contractor shall have right to renewal of the Exploration Authorization two times, for a period of Three (3) Contract Years each time, if he has fulfilled for the preceding exploration phase the work obligations stipulated in Article 4 here below and provided that he furnishes the bank guarantee for the renewal period pursuant to Article 4.6 here below.

3.3 In accordance with Article 21of the Crude Hydrocarbon Code, if at the expiration of any phase of the exploration period defined in Article 3.1 or 3.2 here above, works are actually still in progress, the Contractor shall have the right, if he submits an application duly providing supporting information, to a special extension of such phase for a period of time not to exceed twelve (12) months.

3.4 If the Contractor discovers one or more deposits of Hydrocarbons for which he cannot present the declaration of commerciality prior to the end of the third phase of the exploration period pursuant to Article 9.5 here below, by reason of the distance of the deposit in relation to possible delivery points on the Mauritanian territory and of the lack of infrastructure of transportation by pipeline, or the lack of a market for the production of the Natural Gas, he may apply for an extension of the Exploration Authorization for a maximum period of three (3) years for deposits of Petroleum or of Wet Gas and five (5) years for deposits of Dry Gas, the Exploration Perimeter being thus reduced to the presumed limits of the deposit(s) in question.

3.5 In the case where such an extension is granted, the Contractor must furnish to the Minister within sixty (60) days following the end of each Calendar Year of the period of extension a report showing whether or not the relevant deposit(s) is/are commercial, and, in the case of a deposit of Natural Gas, the results of the works and studies carried out pursuant to Article 15 here below.

3.6 For each renewal or extension, other than the extension contemplated by Article 3.3, the Contractor must submit an application to the Minister not later than two (2) months prior to the expiration of the current exploration phase.

The renewals shall be granted by decree of the Minister while the extensions shall be granted by decree of the Council of Ministers; such decrees shall take effect starting from the date following the expiration of the preceding period.

3.7 The Contractor undertakes to relinquish to the State at least twenty-five percent (25%) of the initial surface area of the Exploration Perimeter at the time of each renewal of same, in such fashion as to not retain during the second phase of the exploration period more than seventy-five percent (75%) of the initial surface area of the Exploration Perimeter and during the third phase of the exploration period, not more than fifty percent (50%) of the initial surface area of the Exploration Perimeter.

3.8 For the application of Article 3.7 here above :

a) The surfaces having previously been the subject of a voluntary relinquishment per Article 3.9 here below and the surfaces already covered by Exploitation Authorizations shall be deducted from the area subject to mandatory relinquishment.

b) The Contractor shall have the right to determine the extent, the form and the location of the portion of the Exploration Perimeter which he intends to keep. However, the portion relinquished must consist of a perimeter of simple geometric form, delimited by North-South, East-West lines or by natural limits or frontiers. The surface relinquishment shall be made according to the land registry grid from one of the borders of the initial or residual Exploration Perimeter and in a contiguous fashion.

c) The application for renewal must be accompanied by a plan containing an indication of the Exploration Perimeter that was kept as well as a report specifying the works carried out since the Effective Date on the relinquished surfaces and the results obtained.

3.9 The Contractor may at any time, upon three (3) months' notice, notify the Minister that he is surrendering all or a portion of the Exploration Perimeter. In the event of a full surrender, the Exploration Authorization shall terminate automatically on the date of said notification. In the case of a partial surrender, the provisions of Article 3.8 here above shall be applicable.

In all cases, no voluntary surrender during the course of an exploration phase shall reduce the exploration work commitments stipulated in Article 4 here below for said phase, nor does it terminate the corresponding bank guarantee.

3.10 Except in the case of extension pursuant to Articles 3.3 and 3.4 here above, upon the expiration of the third phase of the exploration period, the Contractor must relinquish the remaining surface of the Exploration Perimeter, except for areas already comprised within Exploitation Perimeters.

Notwithstanding the preceding paragraph and pursuant to the provisions of Article 26.2 of the Crude Hydrocarbons Code, the Exploration Authorization shall remain in effect until Contractor submits a request for an Exploitation Authorization in accordance with the time frames stipulated in Article 9.

ARTICLE 4 : EXPLORATION WORKS OBLIGATION

4.1 During the first phase of the exploration period of four (4) Contract Years defined in Article 3.1 here above, the Contractor undertakes to carry out the following work:

- Acquire two thousand (2000) km 2D seismic

Said works must commence within the twelve (12) months following the Effective Date.

4.2 During the second phase of the exploration period of three (3) Contract Years defined in Article 3.2 here above, the Contractor undertakes to carry out the following work:

- Acquire one thousand (1000) sq. km 3D seismic;
- Drill one (1) Exploration well to a depth of two thousand five hundred (2500) meters below the mud line.

Said works must commence within the six (6) months following the start of the phase in question.

4.3 During the third phase of the exploration period of Three (3) Contract Years defined in Article 3.2 here above, the Contractor undertakes to carry out the following work:

- Drill one (1) Exploration well to a depth of two thousand five hundred (2500) meters below mud line.

Said works must commence within the three (3) months following the start of the phase in question.

4.4 Each of the above-cited wells shall be carried out up to the minimum depth set forth here above, or to a lesser depth, upon authorization of the Minister, if the pursuit of the well, carried out according to good oilfield practices in the international petroleum industry, is impractical for one or another of the following reasons:

a) The basement is encountered at a depth that is less than the minimum depth referred to above;

b) The pursuit of the well presents a manifest danger by reason of the existence of an abnormal stratum pressure ;

c) Rock formations are encountered, the hardness of which does not allow the practical advancement of the well carried out with the appropriate means of equipment;

d) Petroliferous formations are encountered which in order to cross through requires for their protection the laying of casings, preventing the attainment of the above-cited minimum depth.

In each of the cases cited here above, the Contractor shall inform the Minister and shall be authorized to suspend the well and said well shall be deemed to have been drilled to the minimum depth referred to above.

4.5 If the Contractor, either during the course of the first phase of the exploration period, or during the course of the second phase of the exploration period, defined respectively in Articles 3.1 and 3.2 here above, carries out a number of exploration wells greater than the minimum commitments stipulated respectively in Articles 4.1 and 4.2 here above for said phase, the excess wells may be carried over to the following phase(s) of the exploration period and shall be deducted from the minimum work commitments stipulated for said phase(s).

For purposes of the application of Articles 4.1 to 4.5 here above, the wells carried out in the context of a program for evaluation of a discovery shall not be considered to be exploration wells, and, in the case of a discovery of Hydrocarbons, only one well per discovery shall be deemed to be an exploration well.

4.6 Within the thirty (30) days following the Effective Date, the Contractor must remit to the Minister a bank guarantee issued by an international bank of first order, pursuant to Appendix 3 of nine million Dollars ($9,000,000), covering his minimum work commitments for the first phase of the exploration period defined in Article 4.1 here above.

In the case of renewal of the Exploration Authorization, the Contractor also must remit to the Minister, within the thirty (30) days following receipt of the decree from the Minister granting the renewal, a bank guarantee issued by an international bank of first order, pursuant to Appendix 3 of twenty-seven million Dollars ($27,000,000) for the second Phase of the exploration period and of twenty-two million Dollars ($22,000,000) covering his minimum work commitments for the relevant phase.

If on expiration of any phase of the exploration period or in the case of total or partial surrender

or termination of the Contract, the exploration works have not reached the minimum commitments of this Article 4, the Minister shall have the right to call the guarantee for an amount equal to the amount of the guarantee after deduction of the estimated cost of the minimum work actually carried out.

Such cost shall be calculated on a lump-sum basis in utilizing the following unit costs:

a) four thousand five hundred Dollars ($4,500) per kilometer of seismic;

b) five thousand Dollars ($5,000) per square kilometer of seismic;

c) twenty-two million Dollars ($22,000,000) per exploration well.

Once the payment is made, the Contractor shall be deemed to have fulfilled his minimum exploration work obligations per Article 4 of this Contract; the Contractor may, except in the event of cancellation of the Exploration Authorization for a major failure in performance of this Contract, continue to benefit from the provisions of said Contract and, in the case of an acceptable application, obtain the renewal of the Exploration Authorization.

ARTICLE 5 : PRESENTATION AND APPROVAL OF ANNUAL WORK PROGRAMS

5.1 Not later than (2) months after the Effective Date, the Contractor shall prepare and submit to the Ministry for approval an Annual Work Program, detailed item by item, including therein the corresponding Annual Budget for all of the Exploration Perimeter, specifying the Petroleum Operations relating to the period running from the Effective Date to the following 31 December.

Thereafter, not later than (3) months prior to the start of each Calendar Year, the Contractor shall prepare and submit to the Ministry for approval an Annual Work Program, detailed item by item, including therein the corresponding Annual Budget for all of the Exploration Perimeter, then, if applicable, for the Exploitation Perimeter(s), in specifying the Petroleum Operations which he proposes to carry out over the course of the following Calendar Year.

Each Annual Work Program and corresponding Annual Budget shall be itemized between the different activities of exploration, and if applicable, of appraisal for each discovery, of development and of production for each commercial deposit.

5.2 If the Ministry deems that revisions or modifications to the Annual Work Program and to the corresponding Annual Budget are necessary and appropriate, it must so notify the Contractor in

writing with all supporting documentation deemed appropriate within a time period of sixty (60) days following their receipt. In such case, the Ministry and the Contractor shall meet as soon as possible in order to study the revisions or modifications requested and establish by common agreement the Annual Work Program and the corresponding Annual Budget in their definitive form, according to good oilfield practice in the international petroleum industry. The date of adoption of the Annual Work Program and of the corresponding Annual Budget shall be the above-cited mutually agreed date.

In the absence of notification by the Ministry to the Contractor of his wish for revision or modification within the time period of the above-referenced sixty (60) days, said Annual Work Program and corresponding Annual Budget shall be deemed accepted by the Ministry upon the date of expiration of said time period.

In all cases, each operation of the Annual Work Program, for which the Ministry has not requested revision or modification, must be carried out by the Contractor within the time periods set forth.

5.3 The Parties accept that the results obtained during the course of the works taking place, or that special circumstances may justify changes to an Annual Work Program and to the corresponding Budget. In such case, after notification to the Ministry, the Contractor may make such changes provided that the fundamental objectives of said Annual Work Program are not modified.

ARTICLE 6 : OBLIGATIONS OF THE CONTRACTOR IN THE CONDUCT OF PETROLEUM OPERATIONS

6.1 Without prejudice to the provisions of Article 21 here below, the Contractor must furnish all necessary funds and purchase or rent all tools, equipment and construction supplies that are indispensable for the execution of Petroleum Operations. The Contractor is responsible for the preparation and the execution of the Annual Work Programs which are to be carried out in the most appropriate manner in compliance with good oilfield practice in the international petroleum industry.

6.2 Upon the Effective Date of this Contract, Kosmos Energy Mauritania is designated as Operator and shall be responsible for the conduct and the execution of the Petroleum Operations. The Operator, in the name of and on the behalf of the Contractor, shall communicate to the Minister all reports and information referred to in this Contract. Any change of Operator contemplated by the entities of the Contractor must receive the prior

approval of the Minister, which approval shall not be withheld without reasonable justification provided therefor.

6.3 The Operator must maintain during the term of the Contract in Mauritania, a branch which shall in particular be staffed with a responsible person having authority for the conduct of the Petroleum Operations and to whom any notification with regard to this Contract can be sent.

6.4 The Contractor must during the course of the Petroleum Operations take all necessary measures for the protection of the environment.

He must in particular, for any Petroleum Operation subject to prior authorization according to the Environmental Code, submit to the Minister, depending on the case, the studies or notices of environmental impact required for this type of operation, carry out the measures and comply with restrictions set forth in the environmental management plan, furnish the declarations and submit himself to the oversight provided for in the Environmental Code

The Contractor must moreover take all reasonable measures according to good oilfield practice in the international petroleum industry in order to:

a) Ensure that all of the facilities and equipment utilized for purposes of the Petroleum Operations be at all times in good repair and in conformity with the applicable norms, including therein those which result from international conventions ratified by the Islamic Republic of Mauritania and relative to the prevention of pollution;

b) avoid losses and dumping:

- of Hydrocarbons, including the flaring of Natural Gas, (with the exception of the cases provided for in Article 40 of the law instituting the Crude Hydrocarbons Code, under penalty of a fine which shall be later be determined by a decree taken by the Council of Ministers and which shall not under any circumstances exceed twenty (20) per cent of the then current market price of Natural Gas in Mauritania),

The above-cited fine shall not be considered a recoverable Petroleum Cost nor a deductible charge.

c) DOES NOT APPLY.

d) Store the Hydrocarbons produced in the facilities and receptacles constructed for this purpose ;

e) Without prejudice to the provisions of Article 23.2 here below, dismantle facilities which are no longer necessary to the Petroleum Operations and return the sites to their original condition;

f) and, generally, prevent pollution of the soil and of the subsoil, of the water and of the atmosphere, as well as prevent harm to fauna and flora.

6.5 The Contractor must, during the course of the Petroleum Operations, take all necessary measures to ensure the safety and protect the health of persons according to good oilfield practices in the international petroleum industry and the Mauritanian regulations in force, and in particular to put into place:

a) Appropriate means for prevention, rapid response and handling of risks, including the risks of blow-out;

b) Measures for information, training and means adapted to the risks encountered, including therein individual protective equipment, fire-fighting materials as well as means of first-aid and prompt evacuation of victims.

6.6 All works and facilities set up by the Contractor under this Contract must, according to the nature and circumstances, be constructed, shown with markers and sign posts and equipped in such fashion as to allow at any time and in complete safety free passage within the Exploration Perimeter and the Exploitation Perimeter(s).

6.7 While carrying out his right of construction, to execute works, and to maintain all facilities necessary for the purposes of this Contract, the Contractor should not occupy lands situated less than five hundred (500) meters away from any religious buildings, whether cultural or not, burial grounds, walled enclosures, courts and gardens, dwelling places, groups of dwelling places, villages, built-up areas, wells, springs , reservoirs, roads, routes, railways, water conduits, pipelines, works of public utility, civil engineering works, without the prior consent of the Minister. The Contractor shall be required to repair any damages which his works may have caused to occur.

6.8 The Contractor commits to granting preference to Mauritanian enterprises and products, on equivalent conditions in terms of price, quantity, quality, terms for payment and timeframe of delivery, and to require his subcontractors to make a similar commitment

All contracts of supply, construction or service of a value greater than seven hundred fifty thousand (750,000) Dollars where works of exploration/appraisal are concerned and one million five hundred thousand ($1,500,000) Dollars where works of development/exploitation are concerned, must be the subject of a call for bids from Mauritanian and foreign bidders, unless there is a prior consent from the Minister.

Copies of such contracts entered into during the course of each Quarter shall be sent to the Minister within the thirty (30) days following the end of the relevant Quarter.

6.9 The Contractor undertakes to grant preference, on equivalent economic terms, in the purchase of goods necessary for the Petroleum Operations, taking into account rental terms and any other lease arrangements and to require from his subcontractors a similar commitment .

To this end, every Annual Budget referred to in Article 5 must specify all the draft rental contracts of an annual value greater than seven hundred fifty thousand (750,000) Dollars.

ARTICLE 7 : RIGHTS OF THE CONTRACTOR IN THE CONDUCT OF PETROLEUM OPERATIONS

7.1 The Contractor has the exclusive right to carry out Petroleum Operations inside of the Exploration Perimeter or any Exploitation Perimeter resulting therefrom, as long as the Petroleum Operations are in conformity with the terms and conditions of this Contract, of the Crude Hydrocarbons Code as well as with the provisions of the laws and regulations in force in Mauritania, and that they are executed according to good oilfield practice in the international petroleum industry.

7.2 For purposes of the execution of the Petroleum Operations, the Contractor shall benefit from the rights set forth in Article 54 of the Crude Hydrocarbons Code.

7.3 The costs, compensation payments, and in general all charges resulting from occupation of lands referred to in Articles 55 to 57 of the Crude Hydrocarbons Code shall be at the expense of the Contractor and shall be recoverable as Petroleum Costs pursuant to the provisions of Article 10.2 here below.

7.4 The expiration of an Exploration Authorization or of an Exploitation Authorization, or the obligatory or voluntary relinquishment, partial or total of an Exploration Perimeter or of an Exploitation Perimeter has no effect with regard to the rights resulting from Article 7.2 here above for the Contractor, on works and facilities executed in application of the provisions of this Article 7, provided that said works and facilities continue to be utilized in the framework of

the Contractor's activity on the portion kept or on other exploration or exploitation perimeters in Mauritania.

7.5 Subject to the provisions of Articles 6.8 and 6.9 here above, the Contractor has freedom of choice concerning suppliers and subcontractors and shall benefit from the customs regime set forth in Article 18 of this Contract.

7.6 Unless there are provisions to the contrary in the Contract, no restriction shall be set upon the entry, the stay, freedom of movement, employment and repatriation of persons and their families as well as their goods, for the employees of the Contractor and those of his subcontractors, subject to compliance with employment legislation and regulations as well as social laws in force in Mauritania.

The Ministry shall facilitate the delivery to the Contractor, as well as to his agents, to his subcontractors and to their families, all administrative authorizations which may possibly be required in relation with the Petroleum Operations carried out in the framework of this Contract, including entry and exit visas.

ARTICLE 8 : MONITORING OF PETROLEUM OPERATIONS AND ACTIVITY REPORTS — CONFIDENTIALITY

8.1 The Petroleum Operations shall be subject to monitoring by the Ministry pursuant to the provisions of Title VIII of the Crude Hydrocarbons Code. The duly mandated representatives of the Ministry shall in particular have the right to monitor the Petroleum Operations, to inspect facilities, equipment, materials, and to audit said procedures, norms, records and books pertaining to the Petroleum Operations. Said such representatives shall make every effort not to disrupt the normal conduct of Contractor's operations.

In order to allow the exercise of the rights referred to here above, the Contractor shall furnish to the representatives of the Ministry and to the other agents of the State in charge of the supervision of Petroleum Operations reasonable assistance in the matter of means of transport and of lodging. The reasonable expenses for transport and lodging directly linked to monitoring and inspection shall be at the expense of the Contractor. Such expenses shall be considered as recoverable Petroleum Costs according to the provisions of Article 10.2 of this

Contract and as deductible charges for purposes of the calculation of Industrial and Commercial Income Tax.

8.2 The Contractor shall keep the Ministry regularly informed of the status of the Petroleum Operations. He must in particular supply the Ministry with the following programs and information:

a) A work program for any geological or geophysical campaign, at least thirty (30) days before the beginning of the campaign in question and specifying in particular its location, its objectives, the techniques and equipment utilized, the name and address of the enterprise which will carry out the work, the starting date and the projected duration, the number of kilometers of seismic lines, the estimated costs and the safety measures put into place if the usage of explosives is contemplated.

b) A work program for any well, at least thirty (30) days before the spudding of the well in question and specifying in particular its precise location, a detailed description of the works contemplated, including the well techniques and the associated operations, its depth, its geological objective, the start date and the projected duration, the estimated costs of the program, a summary of the geological and geophysical data which prompted the Contractor's decision, the name and address of the drilling contractor as well as the designation of the well site, the name and address of all other subcontractors recruited for such operation, and the safety measures envisioned.

c) An advance notice of thirty (30) days concerning any abandonment of a producing well and forty-eight (48) hours when it concerns a non-producing well.

d) An advance notice of forty-eight (48) hours concerning any suspension of drilling or resumption of drilling after a suspension of greater than thirty (30) days.

Any accident involving a stoppage of work or material damage or death occurring in the framework of the Petroleum Operations must be immediately notified to the Minister and not later than within twenty-four (24) hours.

8.3 The Ministry may require from Contractor the execution, at the expense of the latter, of all work necessary to ensure safety and hygiene within the framework of the Petroleum Operations, pursuant to Article 6.5 here above.

8.4 The Ministry shall have access to all original data resulting from Petroleum Operations

undertaken by the Contractor within the Exploration Perimeter and Exploitation Perimeter(s) such as geological, geophysical, petrophysical, drilling, reports concerning commencement of exploitation and all other reports generally required for the Petroleum Operations.

8.5 The Contractor commits to furnishing to the Ministry the following periodic reports:

a) Daily reports on drilling activities;

b) Weekly reports on geophysical works;

c) Starting from the date of granting of an Exploitation Authorization, within fifteen (15) days following the end of each Quarter, a detailed report on development activities;

d) Starting from the start-up of production, within fifteen (15) days following the end of each month, an exploitation report specifying in particular each of the quantities of Hydrocarbons produced, utilized in Petroleum Operations, stored, lost or flared, and sold, during the course of the preceding month as well as an estimate of each of the quantities in question for the current month. With regard to Hydrocarbons sold, the report shall specify for each sale the identity of the buyer, the quantity sold and the price obtained;

e) Within the fifteen (15) days following the end of each Quarter, a report relative to Petroleum Operations carried out during the Quarter elapsed, containing in particular a description of the Petroleum Operations carried out and a detailed statement of the Petroleum Costs incurred, categorized in particular by Exploration Perimeter / Exploitation Perimeter and by type;

f) Within the three (3) months following the end of each Calendar Year, a report relative to the Petroleum Operations carried out during the Calendar Year elapsed, as well as a detailed statement of Petroleum Costs incurred, categorized in particular by Exploration Perimeter / Exploitation Perimeter and by type and a statement of the personnel employed by the Contractor, indicating the number of employees, their nationality, their duties, the total amount of the salaries as well as a report on medical care and instruction given to them.

g) Any other report generally required within the framework of Petroleum Operations.

8.6 Moreover, the following reports, data and documents shall be furnished to the Ministry during the month following their drafting or their being obtained:

a) Two (2) copies of the geological reports made in the framework of exploration ;

b) Two (2) copies of geophysical reports made in the framework of exploration. The Ministry shall have access to the originals of all recordings made (magnetic tapes or other format) and may, upon request, obtain copies;

c) Two (2) copies of reports of commencement and termination of drilling for each of the wells drilled;

d) Two (2) copies of all measures, tests, and well loggings recorded during the course of drilling (drilling termination reports);

e) Two (2) copies of each report of analyses (petrography, biostratigraphy, geochemistry or other) carried out on the core samples, the cuttings or fluids sampled in each one of the wells drilled, including therein raw data and supporting items with media for copying photos pertaining thereto;

f) A representative portion of the core samples taken, well cuttings taken from each well as well as fluid samples collected during the production tests shall also be supplied within reasonable periods of time.

g) Moreover, the Contractor may freely export core samples taken, drill cuttings taken and fluids produced;

h) And in a general fashion, two (2) copies of all other reports generally required for Petroleum Operations.

Reports, studies and other results referred to in this Article 8.6, as well as those referred to in Article 8.5 here above, shall be supplied in a suitable medium in digital and/or hard copy.

8.7 The Parties undertake to consider as confidential and to not communicate to Third Parties or to publish, except with the prior consent of the Minister, data and information of a technical nature related to the Petroleum Operations and which would not already be in the public domain, for the entire duration of the Contract.

In the case of relinquishment of a surface area or surrender of a perimeter , the Contractor undertakes to consider as confidential and to not communicate to Third Parties or to publish, except with the prior consent of the Minister, the data and information relating to the perimeter in question and which would not already be in the public domain.

After the surrender, termination or expiration of the Contract, the Contractor undertakes to consider as confidential and to not communicate to Third Parties or to publish, except with the prior consent of the Minister, the data and information relating to Petroleum Operations and

which would not already be in the public domain.

8.8 Notwithstanding the provisions of Article 8.7, the State may communicate the data and information:

a) To all suppliers of services and professional consultants providing services in the framework of the monitoring of Petroleum Operations, after obtaining a similar commitment of confidentiality;

b) To any bank, institution or financial establishment with which an entity of the State solicits or obtains financing, after obtaining a similar commitment of confidentiality;

c) In the framework of any contentious proceeding in a legal, administrative or arbitrational matter.

8.9 Notwithstanding the provisions of Article 8.7, the Contractor may communicate the data and information:

a) To any Affiliated Company bound by a similar commitment of confidentiality;

b) To any suppliers of services and professional consultants providing services in the framework of Petroleum Operations, after obtaining a similar commitment of confidentiality;

c) To any company with a bona fide interest in the carrying out of a possible assignment, after obtaining from such company a commitment to keep confidential such information and to utilize it only for the purposes of such assignment;

d) To any bank or financial establishment with which an entity of the Contractor solicits or obtains financing, after obtaining a similar commitment of confidentiality;

e) When and to the extent that the regulations of a recognized stock exchange require the information;

f) Within the framework of any contentious proceeding in a legal, administrative or arbitrational matter.

8.10 The Contractor must report to the Minister the soonest possible any information relative to mineral substances encountered during the Petroleum Operations.

8.11 The Contractor must participate in the implementation of the Extractive Industries Transparency Initiative (EITI) pursuant to Article 98 of the Crude Hydrocarbons Code.

ARTICLE 9 : APPRAISAL OF A DISCOVERY AND GRANTING OF AN EXPLOITATION AUTHORIZATION

9.1 If the Contractor discovers Hydrocarbons in the Exploration Perimeter, he must so notify the Minister in writing the soonest possible and carry out, pursuant to good oilfield practice in the international petroleum industry, the necessary tests. Within the thirty (30) days following the provisional closure or abandonment of the discovery well, the Contractor must submit to the Minister a report giving all information pertaining to such discovery and formulating recommendations of the Contractor as to whether or not to pursue his appraisal.

9.2 If the Contractor wishes to undertake the appraisal works of the above-cited discovery, he must diligently submit to the Minister for approval the appraisal work program, the timetable for execution and the estimate of the corresponding budget, not later than six (6) months following the date of the notification of the discovery referred to in Article 9.1 here above.

The Contractor must then commence with maximum diligence the appraisal work pursuant to the program drawn up, it being understood that the provisions of Articles 5.2 and 5.3 here above shall apply to said program.

9.3 Within the three (3) months following the completion of the appraisal works, and not later than thirty (30) days prior to the expiration of the third phase of the exploration period defined in Article 3.2, as may be extended pursuant to the provisions of Articles 3.3 and 3.4 here above, the Contractor shall submit to the Minister a detailed report giving all the technical and economic information relative to the deposit so discovered and appraised, and establishing the commercial character or not of the said discovery. Such report shall in particular include the following information: the geological and petrophysical, characteristics, and the estimated delimitation of the deposit; the results of the production tests carried out, the nature, properties and volume of Hydrocarbons which it contains, a preliminary technical and economic study on the placement of the deposit into production.

9.4 Any quantity of Hydrocarbons produced from a discovery before the discovery has been declared commercial, if it is not utilized for the carrying-out of the Petroleum Operations, or lost, shall be subject to the provisions of Article 10 of this Contract.

9.5 A deposit considered by the Contractor to be commercially exploitable gives him the right to an Exploitation Authorization. In such case, the Contractor shall submit to the Minister, within the three (3) months following the submission of the report referred to in Article 9.3 here above, and not later than thirty (30) days prior to the expiration of the third phase of the exploration period defined in Article 3.2, possibly extended pursuant to the provisions of Articles 3.3 and

3.4 here above, an application for an Exploitation Authorization. Said application shall specify the lateral and stratigraphic delimitation of the Exploitation Perimeter, which shall cover only the presumed limits of the deposit discovered and appraised in the Exploration Perimeter then currently valid and shall be accompanied by technical justifications necessary for said delimitation. The above-cited application for an Exploitation Authorization shall be accompanied by a detailed development and production program, including in particular for the deposit in question :

a) An estimate of the recoverable reserves, proven and probable and of the corresponding production profile, as well as a study of the methods of recovery of hydrocarbons and development of natural gas;

b) A description of the works and facilities required to put the field into production, such as number of wells, facilities required for production, separation, processing, storage and transport of Hydrocarbons;

c) A program and a schedule for carrying out the said works and facilities, including startup date for production ;

d) An estimate of development investments and exploitation costs itemized for each year as well as an economic study confirming the commercial character of the deposit ;

e) The methods for financing such investments by each one of the entities making up the Contractor ;

f) An environmental impact study of the development project, carried out by the Contractor pursuant to the provisions of the Environmental Code.

g) An outline of a Rehabilitation Plan to return the sites to their original condition at the end of exploitation.

The Minister may propose revisions or modifications to the development and production program referred to above, as well as to the Exploitation Perimeter applied for, in notifying the Contractor thereof with all justifying supporting data deemed appropriate, within the ninety (90) days following receipt of the said program. The provisions of Article 5.2 here above shall apply to said program with regard to its adoption.

When the results acquired during the course of development justify changes to the development and production program, said program may be modified in utilizing the same procedure as that referred to here above for its initial adoption.

9.6 The Exploitation Authorization shall be granted by the Minister within forty-five (45) days following the date of adoption by the Parties of the development and production program. The granting of an Exploitation Authorization entails *ipso facto* the cancellation of the Exploration Authorization inside of the Exploitation Perimeter; however, the Exploration Authorization continues to be valid outside that perimeter until its expiration date, without the minimum exploration work obligation referred to in Article 4 above for the subject phase of the exploration period being modified.

9.7 If the Contractor makes several commercial discoveries within the Exploration Perimeter, each of such will give rise, in accordance with Articles 9.5 and 9.6 here above, to a separate Exploitation Authorization corresponding to an Exploitation Perimeter.

9.8 If in the course of work subsequent to the grant of an Exploitation Authorization, it appears that the deposit has an extension greater than that initially provided for in Article 9.5 here above, the Minister shall grant to the Contractor, within the framework of the Exploitation Authorization already granted, the additional portion, provided that the extension is an integral part of the currently valid Exploration Perimeter and that the Contractor supplies the technical justifications for the extension applied for.

If it appears that the deposit has an extension less than that initially provided for, the Minister may require the Contractor to relinquish the exterior portion(s) of the boundaries of the deposit.

9.9 In the event that a deposit extends beyond the boundaries of the currently valid Exploration Perimeter, the Minister may require the Contractor to exploit such deposit together with the holder of the adjacent perimeter following the provisions of Article 53 of the Crude Hydrocarbons Code. Within the twelve (12) months following the written request of the Minister, the Contractor must submit to him, for approval, a draft development and production program of the relevant deposit drawn up in agreement with the holder of the adjacent perimeter.

In the case where the deposit extends over one or more other perimeters which are not under contract, the process of extension of the contractual perimeter may be undertaken, pursuant to the provisions of the Crude Hydrocarbons Code.

9.10 The Contractor must start up the development operations including the necessary studies, not later than six (6) months following the date of granting of the Exploitation Authorization referred to in Article 9.6 here above and must pursue them with the maximum diligence. The Contractor undertakes to carry out the development and production operations according to good oilfield practice in the international petroleum industry, making it possible to ensure the optimum recovery of Hydrocarbons contained in the deposit. The Contractor undertakes to proceed as soon as possible with studies of assisted recovery in consultation with the Ministry

and to utilize such processes if, in the estimation of Contractor, such processes will lead under the economic conditions to an improvement of the rate of recovery.

9.11 The duration of the exploitation period during which the Contractor is authorized to ensure the production of a deposit declared to be commercial is set at twenty-five (25) years if the exploitation is for deposits of Crude Petroleum and thirty (30) years if the exploitation is for deposits of Dry Gas, starting from the date of granting of the corresponding Exploitation Authorization.

Upon the expiration of the initial period of exploitation defined here above, the Exploitation Authorization may be renewed for an additional maximum period of ten (10) years upon an application by Contractor providing supporting information submitted to the Minister at least one (1) year prior to said expiration, provided that the Contractor has fulfilled all his contractual obligations during the initial exploitation period and that he proves that additional commercial production from the Exploitation Perimeter remains possible during the additional period applied for.

9.12 For any deposit having given rise to the granting of an Exploitation Authorization, the Contractor must, without prejudice to the provisions of Article 21 here below, carry out at his own expense all appropriate and necessary Petroleum Operations to place the deposit into exploitation, in conformity with the adopted development and production program.

However if the Contractor believes, on the basis of technical knowledge acquired on such deposit, and can make the accounting proof during the course of the development and production program or during the course of exploitation that producing from such deposit cannot be, or can no longer be, commercially profitable, even though the discovery well and the appraisal works have led to the granting of an Exploitation Authorization pursuant to this Contract, the Minister undertakes to not obligate the Contractor to pursue the works and to explore with the Contractor, to the extent possible, technical and economic improvements which would permit the Contractor to consider the profitable exploitation of said deposit. In the case where the Contractor decides not to pursue the exploitation works and if the Minister asks him to, the Contractor shall surrender the relevant Exploitation Authorization and the rights which are attached thereto.

9.13 The Contractor may at any time, subject to so notifying the Minister in writing with an advance notice of at least six (6) months, surrender totally or in part an Exploitation Authorization,

provided that he has satisfied all obligations provided for in this Contract.

9.14 The Contractor undertakes for the duration of the Exploitation Authorizations to produce annually quantities of Hydrocarbons from each deposit according to generally accepted norms in the international petroleum industry in taking principally into consideration the rules for the proper conservation of deposits and the optimal recovery of the reserves of Hydrocarbons under economic conditions for the duration of the relevant Exploitation Authorizations.

9.15 The ceasing of production of a deposit for a duration greater than six (6) consecutive months, decided upon by the Contractor without the consent of the Minister, may lead to the cancellation of this Contract within the terms set forth in Article 25 here below.

9.16 The Minister may place the Contractor on notice by registered letter with return receipt to remedy the following shortcomings within a time period of three (3) months, if the latter, without duly justified reasons:

a) Has not submitted an appraisal work program for said discovery within the time period referred in Article 9.2 here above ;

b) Has not carried out the appraisal works of said discovery in conformity with the appraisal program referred to in Article 9.2 here above ;

c) Or has not submitted an application for an Exploitation Authorization within the time period referred to in Article 9.5 here above.

If the Contractor has not remedied the above shortcomings within the mentioned time period, the Minister may then demand that he relinquish immediately and without compensation all his rights within the presumed boundaries of said discovery, including the Hydrocarbons which could be produced from it.

The State may then carry out all works of appraisal, development and production of such discovery upon condition however that it does not cause damage to the performance of the Petroleum Operations of the Contractor in the Exploration Perimeter or any Exploitation Perimeter governed by the Contract.

ARTICLE 10 : RECOVERY OF PETROLEUM COSTS AND PRODUCTION SHARING

10.1 From the commencement of regular Hydrocarbons production carried out pursuant to an Exploitation Authorization or an early production authorization, that production shall be shared and sold in accordance with the provisions hereafter.

10.2 For the recovery of Petroleum Costs, the Contractor shall freely retain each Quarter, and for each Exploitation Authorization, a share of total production equal to fifty-five percent (55%) for Crude Petroleum and sixty-two percent (62%) for Dry Gas, calculated on total production which is not utilized for Petroleum Operations, nor wasted, or, if applicable, a lower percentage of production, or only a lower percentage which would be necessary and would suffice.

The value of the share of total production allocated for the petroleum cost recovery of the Contractor as defined in the preceding subparagraph, shall be calculated in accordance with the provisions of Articles 14 and 15 here below.

In the course of a Calendar Year, should the Petroleum Costs not yet recovered by the Contractor pursuant to the provisions of this Article 10.2 exceed the equivalent in value of fifty-five percent (55%) with respect to Crude Petroleum and sixty-two percent (62%) with respect to Dry Gas, of the total production calculated as indicated here above, the excess which cannot be recovered for the Calendar Year under consideration shall be carried forward to the following Calendar Year(s) until full recovery of Petroleum Costs or the termination of this Contract. The recovery of Petroleum Costs for any Quarter shall be scheduled in the order stipulated in the Accounting Procedure.

10.3 The volume of Hydrocarbons, related to each Exploitation Authorization, which remains for each Quarter after the Contractor has taken from total production the share necessary to the recovery of Petroleum Costs under the provisions of Article 10.2 here above, shall be shared between the State and the Contractor in the following manner, in the ratio of the applicable figure for the ratio “R” defined as follows::

Value of « R »	Share of the State	Share of the Contractor
Less than 1	31%	69%

Greater than or equal to 1 and less than 1.5	33%	67%
Greater than or equal to 1.5 and less than 2	35%	65%
Greater than or equal to 2 and less than 2.5	37%	63%
Greater than or equal to 2.5 and less than 3	39%	61%
Greater than or equal to 3	42%	58%

For the application of this Article, the ratio « R » means to the ratio of « Cumulative Net Revenue » of Contractor over « Cumulative Investments » in the relevant Exploitation Perimeter, where:

« Cumulative Net Revenue » means the sum, calculated from the Effective Date until the end of the preceding Quarter, of the value of Hydrocarbons obtained by Contractor pursuant to the provisions of Articles 10.2 and 10.3 here above ; less the Exploitation Petroleum Costs incurred by the Contractor, as such are defined and determined under the provisions of the Accounting Procedure.

« Cumulative Investments » means the sum, from the Effective Date up until the end of the preceding Quarter, of the Exploration Petroleum Costs and the Development Petroleum Costs incurred by the Contractor as defined and determined under the provisions of the Accounting Procedure.

10.4 The State may receive its share of production defined in Article 10.3 here above, either in kind, or in cash.

10.5 If the State wishes to receive in kind all of part of its share of production defined in Article 10.3 here above, the Minister shall advise the Contractor in writing not less than ninety (90) days prior to the commencement of the relevant Quarter and specify the exact quantity it wishes to receive in kind during said Quarter and the modalities of delivery, which must be specified in the lifting contract.

For this purpose, it is agreed that the Contractor shall not commit to the sale of a part of the State production, for a term which exceeds one hundred and eighty (180) days, unless he shall have obtained the written consent of the Minister.

10.6 If the State wishes to receive in cash all or part of its share of production specified in Article 10.3 here above, or if the Minister has failed to notify the Contractor of its decision to take a portion of the State's production in kind in accordance with Article 10.5 here above, the Contractor is obligated to sell the State share of production which the State wishes to take in cash during the relevant Quarter, and to proceed with the liftings of such share in the course of such Quarter, and to pay the State within thirty (30) days following each lifting, an amount equal to the quantity corresponding to the portion of the State production share, multiplied by the sale price F.O.B., after deduction of the costs attributable to such sales.

The Minister shall be entitled to request the settling of the sales of the State share of production effected by the Contractor either in Dollars or in any other convertible currency in which the transaction took place.

ARTICLE 11 : TAX REGIME

11.1 Each of the entities which make up the Contractor shall be subject to the Industrial and Commercial Income Tax levied on the net profits earned in relation to the Petroleum Operations in accordance with Articles 66 to 74 of the Crude Hydrocarbons Code and the provisions of the Accounting Procedure found in Appendix 2 of this Contract.

The rate of this tax is set at twenty-seven percent (27%) for the entire duration of the Contract such as defined in Article 2.2 here above.

For the purposes of setting the amount of the Industrial and Commercial Income Tax, the value of Hydrocarbons sold by the Contractor under Articles 10.2 and 10.3 here above to be included in net taxable profit shall be established in accordance with the provisions of Article 14 here below.

11.2 Without prejudice to the provisions of Article 21 here below, the Contractor shall pay to the State the following surface rentals:

a) two Dollars ($2) per square kilometer and per year during the first phase of the exploration period ;

b) three Dollars ($3) per square kilometer and per year during the second phase of the exploration period ;

c) four Dollars ($4) per square kilometer and per year during the third phase of the exploration period and during any extension provided for in Articles 3.3 and 3.4 here above;

d) one hundred seventy Dollars ($170) per square kilometer and per year during the validity of the Exploitation Authorization.

The surface rentals referred to in paragraphs a), b) and c) here above shall be paid in advance and per year, not later than the first day of each Contract Year, for the entire Contract Year, according to the extent of the Exploration Perimeter held by the Contractor upon the due date of said rentals.

The surface rental relative to an Exploitation Authorization shall be paid in advance and per year, at the beginning of each Calendar Year following the granting of the Exploitation Authorization or for the Calendar Year of said grant, within thirty (30) days of the date of the grant, prorated over time for the remaining duration of the current Calendar Year, according to the extent of the Exploitation Perimeter upon such date.

In the case of relinquishment of the surface during the course of a Calendar Year or during the course of an event of Force Majeure, the Contractor shall have no right to any reimbursement of surface rentals already paid.

The amounts referred to in this Article 11.2 are not considered recoverable Petroleum Costs under the provisions of Article 10.2 here above, nor are they considered as deductible costs for setting the basis of the Industrial and Commercial Income Tax in accordance with Article 76 of the Crude Hydrocarbons Code.

11.3 The Contractor shall be subject to taxes and fees as well as to withholdings at source and other tax obligations applicable to contractors pursuant to Title VI of the Crude Hydrocarbons Code.

11.4 The subcontractors of the Contractor as well as the personnel of the Contractor and of his subcontractors shall be subject to the generally applicable tax provisions, subject to the provisions of Title VI of the Crude Hydrocarbons Code which are applicable to them.

11.5 The shareholders of the entities making up the Contractor and their Affiliated Companies shall benefit from the exemptions provided for in Article 86 of Title VI of the Crude Hydrocarbons Code.

11.6 Except for taxes, fees and dues provided in Title VI of the Crude Hydrocarbons Code, for special taxes related to the utilization of drinking water or of irrigation water provided for in Article 6 .4 here above, for the surface rentals provided for in Article 11.2 here above, for the bonuses provided for in Article 13 here below andfor the payment referred to in Article 12.2 here below, the Contractor shall not be subject to any tax, fees, royalties, payments and contributions of any nature whatsoever, be they national, regional or municipal, either in effect now or in the future, which may burden the Petroleum Operations, and of any revenue derived therefrom or more generally, the property, the activities or action of the Contractor, including its facility, its money transfers, and its operation in implementation of this contract, provided, however, that these exemptions are only applicable to Petroleum Operations.

Pursuant to Article 83-2º of the Crude Hydrocarbons Code, the rendering of services directly related to Petroleum Operations shall, in particular, be subject to VAT at the rate of zero, when the service rendered, the right transferred or the item rented are reused or exploited in Mauritania, pursuant to Article 177 B of the General Tax Code.

The foregoing exemptions in this Article do not cover services actually rendered to Contractor by public Mauritanian administrations and local governmental departments or units. However, the tariffs levied in such cases on the Contractor, its subcontractors, transporters, customers and agents must be reasonable in relation to the services rendered and must not exceed the tariffs generally applicable for these same services by the same public Mauritanian administrations and local governmental departments or units. The cost of these services shall be considered recoverable Petroleum Costs in accordance with Article 10.2 of this Contract.

ARTICLE 12 : PERSONNEL

12.1 From the beginning of the Petroleum Operations, the Contractor undertakes to ensure the employment on a priority basis, with equal qualification, of Mauritanian personnel and to contribute to the training of such personnel, in order to allow their accession to all employment as qualified workers, supervisors, management, engineers and directors.

To this end, the Contractor shall establish in agreement with the Ministry at the end of each Calendar Year, a recruitment plan of Mauritanian personnel and a plan for training and skills improvement in order to attain a greater and greater participation of Mauritanian personnel in the Petroleum Operations.

12.2 The Contractor must also contribute to the training and skills improvement of the agents of the Ministry and to the other purposes referred to in Article 80 of the Crude Hydrocarbons Code, according to a plan established by the Ministry at the end of each Calendar Year.

To this end, the Contractor shall pay to the State, for said training and job skills improvement plan, an amount of three hundred thousand Dollars ($300,000) per Calendar Year during the validity of the Exploration Authorization, and, starting from the granting of an Exploitation Authorization, an amount of six hundred thousand Dollars ($600,000) per Calendar Year. The above-cited payments shall be considered to be nonrecoverable Petroleum Costs with respect to the provisions of Article 10.2 here above but as deductible charges on the Industrial and Commercial Income Tax in conformity with Article 82 of the Crude Hydrocarbons Code.

ARTICLE 13 : BONUSES

13.1 The Contractor shall pay to the State a signature bonus in the amount of one million Dollars ($1,000,000) within the thirty (30) days following the Effective Date.

13.2 Moreover, the Contractor shall pay to the State the following production bonuses:

a) six million Dollars ($6,000,000) when the regular commercial production of Hydrocarbons extracted from the Exploitation Perimeter(s) reaches for the first time an average rate equal to twenty-five thousand (25,000) Barrels of Crude Petroleum per day during a period of thirty (30) consecutive days;

b) eight million Dollars ($8,000,000) when the regular commercial production of Hydrocarbons extracted from the Exploitation Perimeter(s) reaches for the first time an average rate equal to fifty thousand (50,000) Barrels of Crude Petroleum per day for a period of thirty (30) consecutive days;

c) tweleve million Dollars ($12,000,000) when the regular commercial production of Hydrocarbons extracted from the Exploitation Perimeter(s) reaches for the first time an average rate equal to one hundred thousand (100,000) Barrels of Crude Petroleum per day for a period of thirty (30) consecutive days ;

d) twenty million Dollars ($20,000,000) when the regular commercial production of Hydrocarbons extracted from the Exploitation Perimeter(s) reaches for the first time an

average rate equal to one hundred fifty thousand (150,000) Barrels of Crude Petroleum per day for a period of thirty (30) consecutive days.

Each of the sums referred to in paragraphs a), b), c) and d) here above shall be paid within the thirty (30) days following the above-cited period of reference.

13.3 The sums referred to in Articles 13.1 and 13.2 here above shall not be considered as recoverable Petroleum Costs with respect to the provisions of Article 10.2 here above, nor considered to be deductible charges for the determination of the Industrial and Commercial Income Tax pursuant to Article 79 of the Crude Hydrocarbons Code.

ARTICLE 14 : PRICE AND MEASUREMENT OF HYDROCARBONS

14.1 The unitary market price of the Crude Petroleum used in consideration for purposes of Articles 10 and 11 here above shall be the "Market Price" F.O.B. the Delivery Point, expressed in Dollars per Barrel, as determined here below for each Quarter.

A Market Price shall be established for each type of Crude Petroleum or blend of Crude Petroleums.

14.2 The Market Price applicable to Crude Petroleum lifted in the course of a Quarter shall be calculated at the end of each Quarter under consideration, and shall be equal to the weighted average of prevailing prices obtained by the Contractor and the State in the course of their sale of Crude Petroleum to Third Parties in the course of the Quarter under consideration, adjusted as appropriate to reflect differentials in quality and density, and on the terms of F.O.B. delivery and payment terms provided the quantity sold in such manner to Third Parties in the course of the Quarter under consideration corresponds to no less than thirty percent (30%) of the total of the volumes of Crude Petroleum extracted from the Exploitation Perimeters existing under this Contract, taken as a whole, and sold in the course of the said Quarter.

14.3 If such Third Party sales do not take place during the Quarter under consideration, or if they constitute less than thirty percent of the total of the quantities of Crude Petroleum of the Exploitation Perimeter granted under the present Contract taken as a whole and sold in the course of the said Quarter, the Market Price shall be arrived at by comparison with the « Current International Market Price » for the Quarter under consideration of the qualities of Crude Petroleum produced in Mauritania and in neighboring producing countries, taking into

account differentials of quality, density, transport and terms of payment.

« Current International Market Price » shall be a reference price based on Dated Brent prices, as such are published in "Platt's Crude Oil Marketwire" or similar internationally recognized publication, averaged for the month(s) during which sales were made and adjusted for differences in quality, API gravity, terms of FOB delivery and payment terms. If Dated Brent is replaced by another internationally recognized reference crude, the published quotes of the replacement crude shall be used instead.

14.4 In particular the following transactions are not taken into account in calculating the Market Price of the Crude Petroleum:

a) Sales in which the buyer is an Affiliated Company of the seller as well as sales between entities making up the Contractor;

b) Sales which include some consideration other than payment in freely-convertible currency or sales attributable in whole or in part to motivations other than the usual economic incentives attached to sales of Crude Petroleum on the international market (such as barter contracts, sales from government to government or to governmental units).

14.5 A committee presided over by the Minister or his delegate and including other representatives of the State and those of the Contractor shall meet at the request of its president, at the end of each Quarter, to establish, according to the stipulations of this Article 14, the Market Price of the Crude Petroleum produced, applicable to the Quarter elapsed. The decisions of the committee shall be by unanimous vote.

If no agreement can be reached by the committee on a decision within a time period of thirty (30) days after the end of the relevant Quarter, the Market Price of the Crude Petroleum produced shall be definitively determined by an expert of international reputation, appointed by agreement of the Parties, or, if such agreement is not reached, by the International Centre for Expertise of the International Chamber of Commerce. The expert shall establish the price according to the stipulations of this Article 14 within a time period of twenty (20) days after his appointment. The costs of expertise shall be shared equally between the Parties.

14.6 While awaiting the determination of the price, the Market Price provisionally applicable to a Quarter shall be the Market Price of the preceding Quarter. Any necessary adjustment shall be made not later than thirty (30) days after the determination of the Market Price for the Quarter under consideration.

14.7 The Contractor shall measure all the Hydrocarbons produced after extraction of water and connected substances, in utilizing, with the consent of the Ministry, the instruments and procedures in conformity with the methods in force in the international petroleum industry. The Ministry shall have the right to examine such measures and to check the instruments and procedures utilized.

If during the course of exploitation the Contractor wishes to modify such instruments and procedures, he must obtain the prior consent of the Ministry.

If, during the course of an inspection carried out by the Ministry, it is verified that the measuring instruments are inaccurate and exceed the acceptable tolerances, and that this condition of fact is confirmed by an independent expert, the inaccuracy in question shall be considered as having existed for half of the period since the preceding inspection, unless a different period is demonstrated. The accounting of the Petroleum Costs and the shares of production and liftings of the Parties shall be the subject of appropriate adjustments within thirty (30) days following receipt of the expert's report.

14.8 For Dry Gas, the provisions of this Article 14 shall apply *mutatis mutandis,* subject to the provisions of Article 15 here below.

ARTICLE 15 : NATURAL GAS

Non-Associated Natural Gas

15.1 In the case where a discovery referred to in Article 9.1 here above concerns a deposit of Non-Associated Natural Gas which the Contractor has undertaken to appraise pursuant to Article 9.2 here above, the Minister and the Contractor shall jointly carry out, in parallel with the appraisal works of the discovery in question, a market study intended to evaluate the possible market outlets for such Natural Gas, both on the local and the export markets, as well as the means necessary for its marketing, and shall consider the possibility of a joint marketing of their shares of production. The study shall in particular determine the quantities for which sale on the local market can be assured as a fuel or as a raw material, the facilities and arrangements necessary for the sale of such Natural Gas to the utilizing enterprises or to the entity of the State in charge of its distribution, as well as the discounted price which shall be determined pursuant to the principles set forth in Article 15.8 here below.

For purposes of evaluating the commercial value of the discovery of the Non-Associated Natural Gas, the Contractor shall have the right pursuant to Article 3.4 here above to an extension of his Exploration Authorization.

If following the appraisal of a discovery of Non-Associated Natural Gas, it is shown that the development requires specific economic terms in order to make it economically viable in the opinion of each of the two Parties, the Parties may agree, on an exceptional basis, on said terms. .

15.2 At the end of appraisal works, in the case where the Parties should decide to jointly exploit such Natural Gas in order to supply the local market, or in the case where the Contractor should decide to exploit it for export, the latter shall submit, prior to the end of the Exploration Authorization, an application for an Exploitation Authorization which the Minister shall grant within the terms set forth in Article 9.6 here above.

The Contractor shall then proceed with the development and the production of such Natural Gas pursuant to the development and production program submitted to the Minister and approved by the latter within the terms provided for in Article 9.5. The provisions of this Contract applicable to Crude Petroleum shall apply *mutatis mutandis* to the Natural Gas, subject to the special provisions provided for in Articles 15.7 to 15.9 here below.

In the case where the production is intended in whole or in part for the local market, a supply contract shall be entered into, under the supervision of the Minister, between the Contractor and the enterprise of the State responsible for the distribution of the gas. The Contract shall define the obligations of the parties in the matter of delivery and lifting of the commercial gas and may contain a clause obligating the purchaser to pay a portion of the price in the event of a default in the lifting of the contractual quantities.

15.3 If an appraisal program or application for an Exploitation Authorization has not been submitted within the time periods allowed for in Articles 9.2 and 9.5 here above, the surface comprising the extent of the deposit of Non-Associated Natural Gas shall be, upon the request of the Minister, relinquished to the State, which shall be able to undertake for its own account all works of placement into exploitation of the deposit in question.

Associated Natural Gas

15.4 In the event of a discovery of a commercially exploitable deposit of Crude Petroleum containing Associated Natural Gas, the Contractor shall indicate in the report provided for in

Article 9.3 here above whether he considers that the production of such Associated Natural Gas is likely to exceed the quantities necessary for the purposes of Petroleum Operations relative to the production of Crude Petroleum, including therein the operations of reinjection, and whether it considers that such excess is likely to be produced in marketable quantities. In the case where the Contractor will have advised the Minister of such an excess amount, the Parties shall jointly evaluate the possible markets for such excess amount, both on the local and the export markets, including therein the possibility of a joint marketing of their shares of production of such excess amount as well as the means necessary for its marketing.

In the case where the Parties should agree to exploit the excess amount of the Associated Natural Gas, or in the case where the Contractor should decide to exploit such amount for export, the Contractor shall indicate in the development and production program referred to in Article 9.5 here above the additional facilities necessary for the development and exploitation of such excess amount and his estimate of the costs pertaining thereto.

The Contractor must then proceed with the development and the exploitation of such excess amount pursuant to the development and production program submitted and approved by the Minister within the terms set forth in Article 9.5 here above, and the provisions of this Contract applicable to the Crude Petroleum shall apply *mutatis mutandis* to the excess quantity of Natural Gas, subject to the special provisions set forth in Articles 15.7 to 15.9 here below.

A similar procedure to that described in the paragraph here above shall be followed if the marketing of the Associated Natural Gas is decided upon during the course of the exploitation of a deposit.

15.5 In the case where the Contractor should decide not to exploit the excess amount of Associated Natural Gas and if the State should at any time desire to utilize it, the Minister shall so advise the Contractor, in which case:

a) The Contractor shall freely place at the disposal of the State all or a portion of the excess amount which the State desires to lift, at the exit point of the separation facilities;

b) The State shall be responsible for the collection, the processing, compression and transport of such excess amount from the above-mentioned separation facilities, and shall bear all additional costs pertaining thereto;

c) The construction of the facilities necessary for the operations referred to in paragraph b) here above, as well as the lifting of the excess amount by the State, shall be accomplished pursuant to good oilfield practices in the international petroleum industry and in such a

manner so as not to impede production, lifting and transport of the Crude Petroleum by the Contractor.

15.6 Any excess amount of Associated Natural Gas which is not utilized within the framework of Articles 15.4 and 15.5 here above must be reinjected by the Contractor, unless Contractor technically demonstrates that such reinjection would result in a reduction of maximum oil recovery, in which case Contactor shall be authorized to flare said excess and shall be subject to the penalty provided for in Article 6.4.

Common Provisions

15.7 The Contractor shall have the right to dispose of his share of production of Natural Gas, pursuant to the provisions of this Contract. He shall also have the right to proceed with the separation of liquids of all Natural Gas produced, and to transport, store, as well as to sell on the local or export market his share of the liquid Hydrocarbons thus separated, which Hydrocarbons shall be considered as Crude Petroleum for purposes of their sharing between the Parties according to Article 10 here above.

15.8 For purposes of this Contract, the Market Price of the Natural Gas, expressed in Dollars per million of BTU, shall be equal:

a) To the price obtained from buyers with regard to export sales of Natural Gas to Third Parties;

b) With regard to sales on the local market of the Natural Gas as a fuel, to a price to be mutually agreed upon between the Minister or the national entity in charge of the distribution of gas on the local market, and the Contractor, on the basis in particular of the market rate of a fuel substitute for Natural Gas.

15.9 For purposes of the application of Articles 10.2, 10.3 and 13.2 here above, the quantities of Natural Gas available after deduction of quantities reinjected, flared and those utilized for purposes of the Petroleum Operations shall be expressed in number of Barrels of Crude Petroleum such that one hundred sixty-five (165) cubic meters of Natural Gas measured at a temperature of 15.6°C and at an atmospheric pressure of 1.01325 bars are deemed to be equal to one (1) Barrel of Crude Petroleum, except as otherwise agreed between the Parties.

ARTICLE 16 : TRANSPORT OF HYDROCARBONS BY PIPELINES

16.1 The Contractor shall have the right, for the validity term of the Contract and within the terms defined in Title V of the Crude Hydrocarbons Code, to process and transport within its own facilities inside of the territory of Mauritania and to cause to be processed and transported, while retaining ownership, the products resulting from its exploitation activities or its share of such products, to points of storage, processing, lifting, or gross consumption.

16.2 In the case where agreements having as their purpose to permit or to facilitate transport by pipelines of Hydrocarbons through other states should come to be agreed upon between such states and the Mauritanian State, the latter shall grant to the Contractor without discrimination all the benefits which could result from the execution of such agreements..

16.3 Within the framework of its transport operations, the Contractor shall benefit from the rights and shall be subject to the obligations provided for in Title V of the Crude Hydrocarbons Code.

ARTICLE 17 : OBLIGATION FOR SUPPLYING THE DOMESTIC MARKET

17.1 The Contractor has the obligation of participating in meeting the needs of domestic consumption of Hydrocarbons, except for exports of petroleum products, pursuant to the provisions of Article 41 of the Crude Hydrocarbons Code.

17.2 The Minister shall notify the Contractor in writing, not later than the 1st of October of each Calendar Year, the quantities of Hydrocarbons which the State chooses to purchase pursuant to this Article, during the course of the following Calendar Year. The deliveries shall be made, to the State or to the person designated by the Minister, by quantities and at regular time intervals during the course of said Year, according to terms set by agreement of the parties.

17.3 The price of the Hydrocarbons so sold by the Contractor to the State shall be the Market Price established according to the provisions of Articles 14 and 15.8 here above; it shall be payable to the Contractor in Dollars within sixty (60) days from the date of delivery. A sales contract shall be entered into between the State and the Contractor which shall establish payment procedures

and pertaining guarantees.

ARTICLE 18 : IMPORTATION AND EXPORTATION

18.1 The Contractor shall have the right to import into Mauritania, for its account or for that of its subcontractors, all merchandise, materials, machines, equipment, spare parts and consumable materials necessary for the proper execution of Petroleum Operations and specified in a customs list established by the Ministry, upon the proposal of the Contractor, pursuant to Article 92 of the Crude Hydrocarbons Code.

It is understood that the Contractor and his subcontractors undertake to proceed with the importing defined here above only to the extent that said materials and equipment are not available in Mauritania upon equivalent conditions in terms of price, quantity, quality, terms of payment and time period for delivery.

18.2 The imports and re-exports of the Contractor and of his subcontractors are subject to the customs regime set forth in Articles 90 to 96 of the Crude Hydrocarbons Code.

18.3 The Contractor, his clients and their transporters shall have, for the duration of the Contract, the right to freely export at the point of exportation chosen for such purpose, free of all customs duties and taxes and at any time whatsoeverand pursuant to the provisions of the Crude Hydrocarbons Code, the portion of Hydrocarbons to which the Contractor is entitled according to the provisions of the Contract, after deduction of all deliveries made to the State pursuant to Article 17. However, the Contractor undertakes, at the request of the State, not to sell the Hydrocarbons produced in Mauritania to countries declared hostile to the State.

ARTICLE 19 : FOREIGN EXCHANGE

19.1 The Contractor shall benefit from the rights and is subject to the obligations provided for in Title VII of the Crude Hydrocarbons Code in matters of control of foreign exchange and of protection of investments.

ARTICLE 20 : BOOK-KEEPING, MONETARY UNIT, ACCOUNTING

20.1 The records and books of account of the Contractor shall be kept according to the accounting rules generally utilized in the international petroleum industry, pursuant to the regulations in force and with the Accounting Procedure defined in Appendix 2 of this Contract.

20.2 The records and books of account shall be kept in the English language and denominated in Dollars. They shall be fully supported by detailed documentation proving the expenses and receipts of the Contractor with respect to this Contract.

Such records and books of account shall be utilized in particular to determine Petroleum Costs, and the net profits of the Contractor subject to the Industrial and Commercial Income Tax pursuant to Articles 66 *et seq* of the Crude Hydrocarbons Code. They must contain the accounts of the Contractor highlighting the sales of Hydrocarbons under the terms of this Contract.

For informational purposes, the accounting of profits and balance sheets shall be kept in Ouguiyas.

20.3 The originals of the records and accounting books referred to in Article 20.1 here above can be kept at the central headquarters of the Contractor, up until the Contractor is granted the first Exploitation Authorization, with at least one copy in Mauritania. Starting from the month during the course of which such Exploitation Authorization is granted to the Contractor, the originals of said records and accounting books as well as the supporting documents pertaining thereto shall be kept in Mauritania.

20.4 The Minister, after having informed the Contractor in writing, may cause to have the records and books of account relative to the Petroleum Operations examined and verified by auditors of his choice or by his own agents, according to the terms specified in the Accounting Procedure. He shall have a period of three (3) years following the end of a given Calendar Year to carry out the examinations or verifications concerning said Calendar Year and present to the Contractor his objections for any contradictions or errors noted at the time of such examinations or verifications. The Parties may agree to extend this time period by one additional year if special circumstances so justify it.

For Petroleum Costs incurred before the first year of production of Hydrocarbons, the time period of verification and of rectification is extended to the end of the second Calendar Year following the Calendar Year during which the first lifting of Hydrocarbons takes place.

The Contractor is required to furnish all necessary assistance to persons appointed by the Minister for this purpose and to facilitate the services they are rendering. The reasonable expenses for examination and of verification shall be reimbursed to the State by the Contractor and shall be considered to be recoverable Petroleum Costs according to the provisions of Article 10.2 here above.

20.5 The sums due to the State or to the Contractor shall be payable in Dollars or in a convertible currency chosen by common agreement between the Parties.

In the event of a delay in payment, the sums due shall bear interest at the LIBOR rate +5% starting from the day that they should have been paid up until their payment, with monthly compounding of interest if the payment is more than thirty (30) days late.

ARTICLE 21 : PARTICIPATION OF THE STATE

21.1 The State shall acquire on the Effective Date, through the National Enterprise (Société Mauritanienne des Hydrocarbures) referred to in Article 6 of the Crude Hydrocarbons Code, a carried interest of ten percent (10%) in the rights and obligations of the Contractor in the Exploration Perimeter. The entities of the Contractor, other than the National Enterprise, shall finance the share of the latter in all Petroleum Costs corresponding to the exploration Petroleum Operations including therein the evaluation/appraisal of discoveries made in the Exploration Perimeter, during the entire duration of the Exploration Authorization which is the subject of Article 3 here above.

The National Enterprise, as an entity of the Contractor, shall benefit on account of and pro rata to its participation from the same rights and benefits and is subject to the same obligations as the other members of the Contractor, subject to the provisions of this Article 21.

21.2 The State shall have the option to acquire, through the National Enterprise, a participation in the Petroleum Operations in any Exploitation Perimeter resulting from the Exploration Perimeter within the limits indicated in Article 21.3 here below.

In such case, the National Enterprise shall be the beneficiary, on account of and pro rata to its participation, of the same rights and subject to the same obligations as those of the Contractor defined in this Contract, subject to the provisions of this Article 21.

In order to avoid any ambiguity, the participation of the State in the Exploration Perimeter shall continue to be carried by the entities of the Contractor pursuant to the provisions of Article 21.1 here above.

21.3 In the case of the exercise by the State of the option of participation in an Exploitation Perimeter mentioned in Article 21.2 here above, such participation may not be less than ten percent (10%) and may not exceed fourteen percent (14%).

21.4 Not later than six (6) months starting from the date of the grant of an Exploitation Authorization, the Minister must notify the Contractor in writing of the decision of the State to exercise its option of participation in specifying the percentage chosen within the limit set forth in Article 21.3 here above.

Said participation shall take effect starting from the date of receipt of notification of the exercise of the option of the State.

In order to avoid any ambiguity, the State shall have no participation in Petroleum Operations in any Exploitation Perimeter from the Exploration Perimeter if he does not exercise the option mentioned in Article 21.2 here above.

21.5 Starting from the effective date of its participation, which is the subject of Articles 21.2 to 21.4 here above, the State shall finance the Petroleum Costs in the relevant Exploitation Perimeter pro rata to its participation.

The State shall reimburse to the entities of the Contractor, other than the National Enterprise, pursuant to Article 21.6 here below, pro rata to its participation, the Petroleum Costs not yet recovered relative to said Exploitation Perimeter and incurred since the Effective Date (with the exclusion of exploitation Petroleum Costs (OPEX) and financing costs), up until the date of receipt of notification referred to in Article 21.4 here above.

The Contractor shall not be subject to any tax of any type whatsoever, by reason of such reimbursements or possible added value pertaining thereto.

21.6 The State shall assign and shall continue to assign to the Contractor thirty percent (30%) of the share of production to which it is entitled from its participation and as recovery of Petroleum Costs pursuant to Article 10.2 here above and the Accounting Procedure constituting Appendix 2, until the cumulative value of such transfers or reimbursements, appraised according to the provisions of Articles 14 and 15 here above, is equal to one hundred fifteen percent (115%) of the Petroleum Costs prior to the Effective Date of the participation and referred to in the second paragraph of Article 21.5 here above.

21.7 In order to remove any ambiguity, the reimbursement of the exploration Petroleum Costs stipulated in Articles 21.5 and 21 .6 here above, does not in any way include the sums paid by the Contractor with respect to Article 13 of this Contract.

21.8 The reimbursements which will be made by the State with respect to the provisions of Articles 21.5 and 21.6 here above, shall be paid in kind by the State which shall transfer to the entities of the Contractor, other than the National Enterprise, each Quarter at the Delivery Point the percentage of its quarterly share of production of Hydrocarbons stipulated in said Articles.

However, the State reserves the option to make said reimbursements in Dollars for which the payment in full must take place within a time period of ninety (90) days starting from the effective date of the participation referred to in Article 21.4 here above.

In the event that the payment of all said reimbursements within the time periods provided here above does not take place, the reimbursement in kind such as referred to in Articles 21.5 and 21.6 here above shall apply.

21.9 The practical methods of participation of the State stipulated in Article 21.1 here above as well as the rules and obligations of the entities of the Contractor, including therein the National Enterprise, shall be determined in an association contract (JOA), substantially conforming to the AIPN model JOA, which shall be entered into between these entities and shall enter into force not later than ninety (90) days starting from the Effective Date. Said association contract (JOA) shall be amended as necessary and in particular to take into account, if applicable, the exercise by the State of its participation, which is the subject of Article 21.2 here above.

21.10 The National Enterprise, on the one hand, and the other entities making up the Contractor on the other hand, shall not be jointly and severally liable for the obligations resulting from this Contract vis-a-vis the State. The National Enterprise shall be individually responsible vis-à-vis the State for its obligations such as provided in this Contract. Any default of the National Enterprise to execute any of its obligations shall not be considered as a default of the other entities making up the Contractor and shall in no event be invoked by the State in order to cancel this Contract. The association of the National Enterprise to the Contractor, shall not under any circumstance cause void nor affect the rights of the other entities constituting the Contractor to have recourse to the arbitration clause provided in Article 28 here below.

ARTICLE 22 : ASSIGNMENT

22.1 The rights and obligations resulting from this Contract may not be assigned to a Third Party, wholly or in part, by any of the entities making up the Contractor, without the prior approval of the Minister .

If within the three (3) months following notification to the Minister of a proposed assignment accompanied by the necessary information to prove the technical and financial means of the assignee as well as the terms and conditions of assignment, the Minister has not given notice of his opposition with reasonable justification, such assignment shall be deemed to have been approved by the Minister.

Starting from the date of approval, the assignee shall acquire the status of a member of the Contractor and must satisfy the obligations imposed upon the Contractor by this Contract.

Each of the entities making up the Contractor may freely and at any time assign all or a portion of its interests under the Contract to an Affiliated Company or to another entity of the Contractor provided that the Minister is notified beforehand.

22.2 Likewise, the Contractor, or any entity of the Contractor, shall be required to submit for prior approval of the Minister:

a) Any plan which would be likely to lead, in particular through a new allocation of capital stock, to a change of the direct control of the Contractor or of an entity comprising the Contractor. In particular the following shall be considered as elements of control of the Contractor, or of an entity comprising the Contractor : a change in the allocation of capital stock, the nationality of the majority shareholders, as well as the statutory provisions relative to the registered office and the rights and obligations attached to the company shares with respect to the majority required at the shareholder meetings. However, the transfers of company shares to Affiliated Companies may be freely made subject to prior declaration to the Minister for information and application of the provisions of Article 24.4 here below, if applicable. As for transfer of company shares to Third Parties, transfers

shall not be subject to the approval of the Minister unless they result in the transfer of greater than thirty percent (30%) of the capital of the enterprise.

b) Any plan to pledge as security property and facilities earmarked for Petroleum Operations.

The plans referred to in paragraphs a) and b) shall be notified to the Minister. If within a time period of three (3) months, the Minister has not notified the Contractor or one of the entities in question of his opposition with reasonable justification to said plans, the plans shall be deemed approved.

22.3 When the Contractor is made up of several entities, it shall furnish to the Minister, within the month following its signature, a copy of the association agreement (JOA) binding the entities and of all modifications which could be made to said agreement, in specifying the name of the enterprise appointed as Operator for the Petroleum Operations. Any change of Operator shall be submitted to the approval of the Minister, pursuant to the provisions of Article 6.2 here above.

22.4 The transfers made in violation of the provisions of this Article 22 shall be null and void.

ARTICLE 23 : OWNERSHIP, USAGE AND ABANDONMENT OF PROPERTY

23.1 The Contractor shall be the owner of property, moveable and immoveable, which he will have acquired for purposes of the Petroleum Operations, and shall retain the full usage thereof, as well as the right to export them or to transfer them to Third Parties during the entire term of the Contract, provided that the State may acquire for free, at the request of the Minister, all or a portion of the property belonging to the Contractor which will have been utilized for the Petroleum Operations and for which the acquisition costs will have been fully recovered pursuant to Article 10 here above in the following cases:

a) Upon expiration, surrender or termination of this Contract ;

b) In the event of surrender or of expiration of an Exploitation Authorization, with regard to the works and facilities situated in the Exploitation Perimeter and the equipment earmarked exclusively for Petroleum Operations in the Exploitation Perimeter in question, unless the Contractor wishes to utilize such property for the Petroleum Operations in other Exploitation Perimeters resulting from the Exploration Perimeter.

23.2 Upon the expiration, surrender or termination of any Exploitation Authorization, the Contractor must proceed with all operations necessary to rehabilitate its original condition in conformity

with a Remediation Plan drawn up and financed within the following terms:

a) At the end of the Quarter during the course of which sixty percent (60%) of the recoverable reserves of Hydrocarbons identified in the development program of a deposit referred to in Article 9.5 will have been recovered, the Contractor shall prepare and submit to the Minister for approval a Remediation Plan of the site, in conformity with good oilfield practices of the international petroleum industry, which he proposes to carry out at the end of production operations, as well as the corresponding budget. Each Calendar Year the Contractor shall incorporate into the Remediation Plan the necessary revisions to take into account the changes of technical and financial parameters. The revised Remediation Plan shall become the new Remediation Plan which shall be taken into account for the calculation of the payments on the sequestered account ;

b) The Remediation Plan shall include a detailed description of the works of removal and/or of securing of infrastructure such as the platforms, the storage facilities, the wells, pipes, gathering lines, etc., necessary for the protection of the environment and of persons;

c) The Minister may, in consultation with the Minister in charge of the Environment, propose revisions or modifications to the Remediation Plan, notifying the Contractor thereof in writing with all appropriate justifying supporting information, within the ninety (90) days following receipt of said Plan. The provisions of Article 5.2 here above shall apply to said Plan with regard to its adoption. When the results acquired during the course of exploitation justify changes to the Remediation Plan, said Plan and the corresponding budget may be modified in conformity with the adoption procedure described here before;

d) For purposes of financing the operations set forth in the Remediation Plan, the Contractor shall open a sequestered account with a top tier international banking establishment acceptable to the Minister, which he will fund starting from the Quarter following the adoption of the Remediation Plan via annual payments of amounts and according to a schedule determined in agreement with the Minister ;

e) The funds paid into the sequestered account shall be treated as recoverable Petroleum Costs according to the terms set forth in Article 10.2 here above, and shall be considered to be deductible charges for the determination of the tax on industrial and commercial profits. Such funds, as well as the interest received on the sequestered account, shall be

earmarked exclusively for the payment of expenses linked to the operations of the Remediation Plan ;

f) The Contractor shall notify the Minister, with an advance notice of one hundred eighty (180) days, of his intention to start up the operations set forth in the Remediation Plan, unless the Minister notifies Contractor within thirty (30) days following the above-cited opinion that:

(i) the exploitation of the deposit of the Exploitation Perimeter in question shall be pursued by the State or by a Third Party, or

(ii) the State wishes to retain the facilities for justifiable reasons.

In the two cases cited in i) and ii) here above, the sequestered account shall be transferred to the successor responsible party and Contractor is relieved of all liability with regard to the Remediation Plan and the sequestered account pertaining to the deposit in question;

g) In the case where the expenses necessary for the execution of the Rehabilitation Plan are greater than the amount available in the sequestered account, the excess amount shall be entirely at the expense of the Contractor;

h) The Contractor shall pay to the State upon completion of Rehabilitation Plan any residual amount of the sequestered account not utilized for the carrying out of the Rehabilitation Plan and which will have been recovered under this Article 10.2 here above.

ARTICLE 24 : LIABILITY AND INSURANCE

24.1 The Contractor shall indemnify and hold harmless any person, including the State, for any damage or loss that the Contractor, his employees or his subcontractors and their employees may cause to the person, property or rights of other persons, by reason of or during Petroleum Operations.

In the event the liability of the State is implicated by reason of or during the course of Petroleum Operations, the Minister must so advise the Contractor, who shall conduct the defense in this regard and shall indemnfiy the State for any sum which the latter is required to pay or any expense pertaining thereto which he has borne or which is incurred subseqent of a claim.

24.2 The Contractor shall obtain and maintain in force, and shall cause his subcontractors to obtain and to maintain in force, all insurance coverages relative to Petroleum Operations of the type and amounts in use in the international petroleum industry, in particular (a) general third party liability coverage, (b) coverage for environmental risks pertaining to the Petroleum Operations, (c) coverage for employee work-related accidents (d) any other insurance coverage required by the regulations in force.

The insurance coverages in question shall be obtained from top tier insurance companies pursuant to the applicable regulations.

The Contractor shall provide the Minister with certifications proving the obtaining of insurance coverage and the maintenance in force of the above-cited insurance coverages.

24.3 When the Contractor is made up of several entities, the obligations and responsibilities of the latter under this Contract shall be, without prejudice to the provisions of Article 21 here above, joint and several with the exception of their obligations pertaining to the Industrial and Commercial Income Tax.

24.4 If one of the entities of the Contractor assigns all or a portion of his rights and obligations in connection with this Contract to an Affiliated Company, whenever the latter displays a lower level of financial and technical qualification, the parent company shall submit for the approval of the Minister a commitment guaranteeing the proper execution of the obligations arising from this Contract.

ARTICLE 25 : TERMINATION OF THE CONTRACT

25.1 This Contract may be terminated, without compensation, in any of the following cases:

a) Serious and/or continued violation by the Contractor of the provisions of this Contract, of the Crude Hydrocarbons Code, or of the regulations in force applicable to the Contractor;

b) Failure to remit a bank guarantee pursuant to Article 4.6 here above;

c) Delay of more than three (3) months of a payment due to the State;

d) Cessation of development works of a deposit for six (6) consecutive months without the consent of the Minister;

e) After the startup of production on a deposit, cessation of his exploitation for a period of greater than six (6) months, decided upon by the Contractor without the consent of the Minister;

f) Non-execution by the Contractor within the time period prescribed by an arbitral award rendered pursuant to the provisions of Article 28 here below;

g) Bankruptcy, receivership or liquidation of the property of the Contractor.

25.2 Except for the case set forth in subparagraph g) here above, the Minister may only pronounce the forfeiture provided for in Article 25.1 here above after having placed the Contractor on notice, by registered letter with return receipt, to remedy the violation in question within the allowed time period specified in the notice from the time of receipt of such.

25.3 If there is a failure by the Contractor to remedy the violation which was the subject of the termination notice within the time period allowed, the termination of this Contract may be pronounced.

Any dispute as to the justification of the termination of the Contract pronounced by the Minister is open to recourse to arbitration pursuant to the provisions of Article 28 here below. In such a case, the Contract shall remain in force until an arbitral award confirms the justifiability of such termination, in which case the Contract will definitively terminate. **.**

The termination of this Contract shall automatically entail the withdrawal of the Exploration Authorization and of the currently valid Exploitation Authorizations.

ARTICLE 26 : APPLICABLE LAW AND STABILIZATION OF TERMS

26.1 This Contract is governed by the laws and regulations of the Islamic Republic of Mauritania, supplemented by general principles of the laws of international commerce.

26.2 The Contractor shall be subject at all times to the laws and regulations in force in the Islamic Republic of Mauritania.

26.3 No legislative or regulatory provision occurring after the Effective Date of the Contract may be applied to the Contractor which would have as a direct or an indirect effect to diminish the rights of the Contractor or to increase his obligations under this Contract and the legislation and regulations in force upon the Effective Date of this Contract, without the prior agreement of the Parties.

However, it is agreed that the Contractor cannot, with reference to the preceding paragraph, oppose the application of the legislative and regulatory provisions which are generally applicable, adopted after the Effective Date of the Contract, in the matter of safety of persons and of protection of the environment or employment law

ARTICLE 27 : FORCE MAJEURE

27.1 Any obligation resulting from this Contract which would be totally or partially impossible for a Party to carry out, other than payments for which it is responsible to pay, shall not be considered to be a violation of this Contract if said non-execution results from a case of Force Majeure, provided however that there is a direct link of cause and effect between impediment and the case of Force Majeure invoked.

27.2 For purposes of this Contract the following should be understood to be a case of Force Majeure : any event which is unforeseeable, irresistible or outside of the will of the Party invoking it, such as earthquake, accidents, strike, guerilla actions, acts of terrorism, blockade, riot, insurrection, civil unrest, sabotage, acts of war, the Contractor being subject to any law, regulation, or any other cause outside of his control and which has as a result of delaying or rendering momentarily impossible the execution of all or a portion of his obligations. The intention of the Parties is that the term Force Majeure be given the interpretation the most in conformity with the principles and customs of international law and with the practices of the international petroleum industry.

27.3 When a Party considers itself prevented from carrying out any of its obligations by reason of a case of Force Majeure, it must immediately so notify the other Party in writing specifying the elements of the type to establish the case of Force Majeure and to take, in agreement with the other Party, all appropriate and necessary provisions in order to allow a return to the normal

execution of obligations affected by the Force Majeure after the case of Force Majeure ceases.

The obligations, other than those affected by the Force Majeure, must continue to be fulfilled pursuant to the provisions of this Contract.

27.4 If, following a case of Force Majeure, the execution of any of the obligations of this Contract was delayed, the duration of the delay resulting therefrom, increased by the delay which may be necessary for the repair of all damage caused by the case of Force Majeure, shall be added to the time period stipulated in this Contract for the execution of said obligation as well as to the duration of the currently valid Exploration Authorization and of any Exploitation Authorizations.

ARTICLE 28 : ARBITRATION AND EXPERTISE

28.1 In the event of a dispute between the State and the Contractor concerning the interpretation or the application of the provisions of this Contract, the Parties shall make good faith effort to resolve such dispute amicably.

With regard to the Market Price, the provisions of Article 14.5 here above shall apply.

The Parties may also agree to submit any other dispute of a technical nature to an expert appointed by common agreement or by the International Centre for Expertise of the International Chamber of Commerce ("ICC").

If, within a time period of ninety (90) days starting from the date of notification of a dispute, the Parties are not able to reach an amicable solution or following the proposal of an expert, said dispute shall be submitted at the request of the most diligent Party to the ICC for arbitration following the rules set by the Rules of Arbitration of the ICC.

28.2 The location of the arbitration shall be Paris (France). The languages utilized during the proceedings shall be the French and English languages and the applicable law shall be the Mauritanian law, as well as the rules and customs of applicable international law in the matter.

The arbitrational court shall be made up of three (3) arbitrators. No arbitrator shall be a national of the countries of which the Parties are nationals.

The award of the court is rendered on a definitive and irrevocable basis. It is binding upon the Parties and is immediately executory.

The expenses of arbitration shall be borne in equal part by the Parties, subject to the decision of the court concerning their allocation.

The Parties formally and without reservation waive any right to attack such award, to impede its recognition and its execution by any means whatsoever.

28.3 The Parties shall conform to any protective measures ordered by the arbitrational court. Without prejudice to the power of the arbitrational court to recommend protective measures, each Party may solicit provisional or protective measures in application of the pre-arbitration emergency procedure rules of the ICC.

28.4 The introduction of an arbitrational procedure shall entail the suspension of the contractual provisions with respect to the subject of the dispute, but shall leave in place all other rights and obligations of the Parties with respect to this Contract.

28.5 Without prejudice to the provisions of Article 21 here above, the costs and expert fees referred to in Article 28.1 here above shall be borne by the Contractor up until the grant of the first Exploitation Authorization and thereafter half by each of the Parties. Such costs shall be considered as recoverable Petroleum Costs with regard to Article 10 of this Contract.

ARTICLE 29 : TERMS FOR APPLICATION OF THE CONTRACT

29.1 The Parties agree to cooperate in all ways possible in order to achieve the objectives of this Contract.

The State shall facilitate the Contractor in the exercise of his activities in granting to him all permits, authorizations, licenses and access rights necessary for the carrying out of the Petroleum Operations, and in placing at his disposal all appropriate services to said Operations of the Contractor , of his employees and agents on national territory.

Any application for the above-cited permits, authorizations, licenses and rights shall be submitted to the Minister who shall transmit it, if applicable to the relevant Ministries and entities, and shall ensure its follow-up. Such applications may not be refused without a legitimate reason and shall be diligently handled in a manner so as to not unduly delay the Petroleum Operations.

29.2 All notices or other communications related to this Contract must be sent in writing and shall be considered to have been validly made from the time they are, hand delivered against receipt, to the qualified representative of the concerned Party at the place of its principal establishment in Mauritania, or delivered in a stamped envelope, by registered mail with return receipt, or sent by telecopy confirmed by letter, and after confirmation of receipt by the recipient, at the address chosen by them and deemed authentic indicated here below :

For the Ministry :

Department of Crude Hydrocarbons

BP : 4921

Nouakchott- Mauritania

TEL/FAX : +222 524 43 07

For the Contractor :

Kosmos Energy Mauritania
c/o Wilmington Trust
4th Floor, Century Yard
Cricket Square, Hutchins Dr.
Elgin Avenue, George Town
Grand Cayman KY1-1209
Cayman Islands
Telephone : +1-345-814-6703
FAX : +1-345-527-2105
Attention : Andrew Johnson
Email: mauritanianotifications@kosmosenergy.com

With Copy to:
Kosmos Energy Mauritania
c/o Kosmos Energy, LLC.
Attention: General Counsel
8176 Park Lane, Suite 500
Dallas, TX 75231
Fax: 214-445-9705
Email: KosmosGeneralCounsel@kosmosenergy.com

The notices shall be considered as having been made upon the date of confirmation of the receipt.

29.3 The State and the Contractor may at any time change their authorized representatives or choice of domicile mentioned in Article 29.2 here above, subject to having so notified with an advance notice of at least ten (10) days.

29.4 This Contract may not be modified except by common agreement of the Parties and by the execution of an approved amendment entering into force within the terms provided in Article 30 here below.

29.5 Any waiver by the State of the execution of an obligation of the Contractor must be done in writing and signed by the Minister, and no possible waiver can be considered as a precedent if the State declines to act upon any of its rights which are recognized by this Contract.

29.6 Titles appearing in this Contract are inserted for purposes of convenience and of reference and in no way shall define, nor limit, nor describe the scope or the purpose of the provisions of the Contract.

29.7 Appendices 1, 2 and 3 attached hereto are an integral part of this Contract. However, in the event of conflict, the provisions of this Contract shall prevail over those of the Appendices.

ARTICLE 30 : ENTRY INTO FORCE

Once signed by the Parties, this Contract shall be approved by decree made in the Council of Ministers and shall enter into force upon the date of publication of the said decree in the Official Journal, said date being designated under the name Effective Date and rendering said Contract binding upon the Parties.

In witness whereof, the Parties have signed this Contract in two (2) original copies.

Nouakchott, on April 5, 2012

FOR	FOR
THE ISLAMIC REPUBLIC	THE CONTRACTOR
OF MAURITANIA	
THE MINISTER	**/s/ John R. KEMP III**
/s/ **Taleb ABDIVALL**	

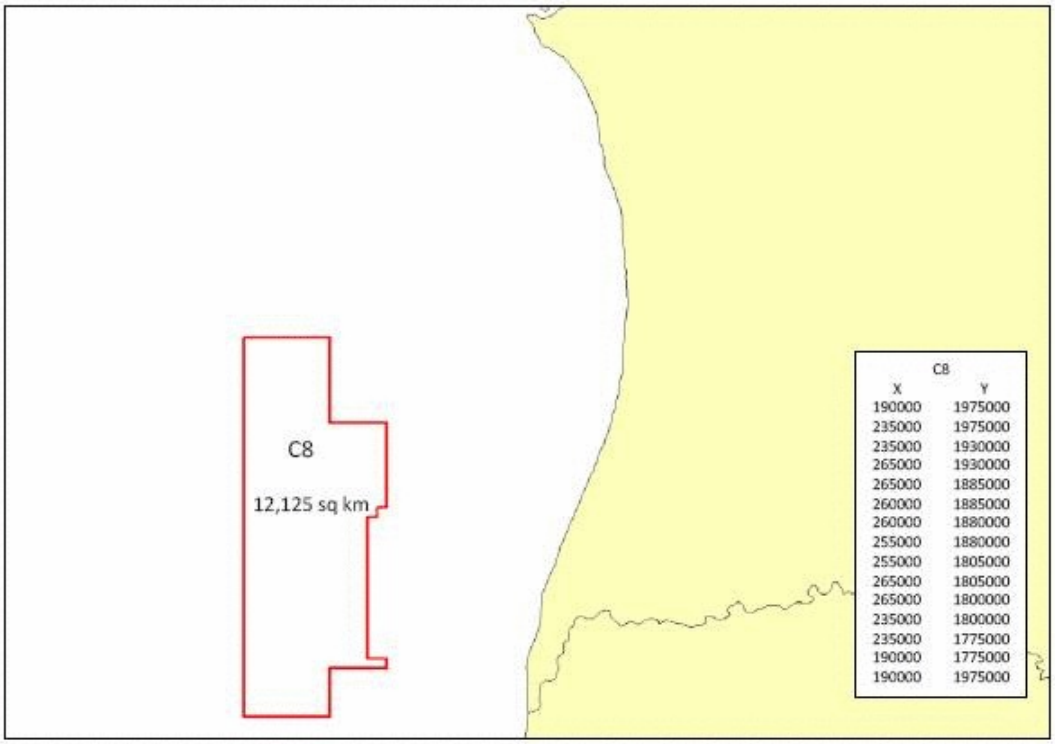
APPENDIX 1 : EXPLORATION PERIMETER

Attached and being an integral part of the Contract between the Islamic Republic of Mauritania and the Contractor.

On the Effective Date, the initial Exploration Perimeter includes a surface area deemed to be equal to twelve thousand one hundred twenty-five (12,125) km^2,

Such Exploration Perimeter is represented on the attached map with the indicated coordinates.

MAP OF THE EXPLORATION PERIMETER



C8	
X	Y
190000	1975000
235000	1975000
235000	1930000
265000	1930000
265000	1885000
260000	1885000
260000	1880000
255000	1880000
255000	1805000
265000	1805000
265000	1800000
235000	1800000
235000	1775000
190000	1775000
190000	1975000

APPENDIX 2 : ACCOUNTING PROCEDURE

Attached to and an integral part of the Contract between the Islamic Republic of Mauritania and Contractor.

ARTICLE 1: GENERAL PROVISIONS

1.1 Purpose

The purpose of this Accounting Procedure is to set the rules and methods of accounting for the verification of Petroleum Costs to provide for their recovery and for the purpose of sharing production in accordance with Article 10 of the Contract, as well as the rules to determine net profits of the Contractor for purposes of calculating the tax on industrial and commercial profits.

1.2 Statements

The accounts, books and registers of the Contractor shall be maintained consistent with the rules of the applicable accounting plan in Mauritania and the practices and methods in use in the international petroleum industry.

Pursuant to the provisions of Article 20.2 of the Contract, the accounts, books and registers of the Contractor shall be kept in the English language using the Dollar as the unit of account.

Anytime, whenever it is necessary to convert into Dollars expenses and revenue paid or received in any other currency, these currencies shall be valued on the basis of the rate of exchange quoted on the foreign-exchange market of Paris, in accordance with terms determined by mutual agreement.

1.3 Interpretation

The definitions of words which appear in this Appendix 2 are the same as those of the corresponding words as they appear in the Contract.

The word « Contractor », has the meaning given to it by the Contract, and may sometimes refer to the Operator when the Contractor is made up of several entities and when Petroleum Operations are conducted by the Operator on behalf of all these entities, or sometimes the reference is to each of these entities whenever the obligation of each individual entity is being addressed.

ARTICLE 2: ACCOUNTING FOR PETROLEUM COSTS

2.1 General rules and principles. Classes and groupings

2.1.1 The Contractor shall at all times keep books of account specially reserved and organized for the booking of Petroleum Costs ; they shall detail the expenses actually incurred by it and giving rise to recovery consistent with the provisions of the Contract and of this Appendix, the recovered Petroleum Costs, progressively as the production intended for such purpose becomes available, as well as the amounts which must be properly deducted or which have the effect of reducing the Petroleum Costs.

2.1.2 The accounting of Petroleum Costs must highlight at all times and for each Exploration Perimeter and for each Exploitation Perimeter derived therefrom :

- The full amount of the Petroleum Costs paid by Contractor from Effective Date;
- The full amount of the Petroleum Costs recovered;
- The amounts which diminish or otherwise are a deduction from Petroleum Costs and the type of operations related to these amounts;
- The balance of Petroleum Costs not yet recovered.

2.1.3 The accounting for Petroleum Costs shall comprise as debit entries all expenses actually incurred and directly related to Petroleum Operations in accordance with the Contract and the provisions of this Appendix, and considered chargeable to Petroleum Costs.

These expenses which have been actually incurred must:

- Be actually incurred by Contractor ;
- Be necessary to the proper carrying out of Petroleum Operations ;
- Be properly incurred and supported by items and documents which allow an effective audit by the Ministry.

2.1.4 The accounting for Petroleum Costs shall include as credit entries the amount of recovered Petroleum Costs as and when this recovery takes place, and as and when the amounts are collected, the revenue and miscellaneous products which are to be deducted from or operate to diminish the Petroleum Costs.

2.1.5 The original text of contracts, invoices and other documents which support the Petroleum Costs must be available for examination by the Ministry and produced whenever it requests it.

2.1.6 Petroleum Costs are recovered in accordance with the following:

a) The priority order arranged by the type of costs:

- Exploitation Petroleum Costs ;
- Development Petroleum Costs ;
- Exploration Petroleum Costs;

As these categories of Petroleum Costs are defined in Articles 3.2, 3.3 and 3.4 of this Appendix.

b) Priority based on geographic considerations:

- Petroleum Costs incurred in an Exploitation Perimeter shall be the first to be recovered from the production extracted from that perimeter consistent with the order of priorities stipulated in paragraph a) here above ;
- Petroleum Costs incurred outside of an Exploitation Perimeter shall be recovered in second priority from the production extracted from that perimeter consistent with the priority order specified in paragraph a) here above.

  Petroleum Costs incurred in the Exploitation Perimeters, other than that in question shall be recovered before the Petroleum Costs incurred in the Exploration Perimeter and in accordance with the order of priority stipulated in subparagraph a) here above.

Each entity which makes up the Contractor is entitled to its cost recovery upon commencement of production.

2.1.7 Accounting for Petroleum Costs must be true and accurate ; it must be organized and the books must be kept and submitted in such manner that they can be easily grouped together and make the relevant Petroleum Costs clearly apparent, in particular as they relate to the following expenses:

- exploration
- appraisal

- development
- production of Crude Petroleum,
- production of Natural Gas,
- transportation of Hydrocarbons and storage thereof,
- ancillary activities, auxiliary or subordinate, and separate from them,
- as well as the amounts paid in the sequestered account in accordance with Article 23.2 of the Contract.

2.1.8 For each of the activities here above listed, the accounting of Petroleum Costs must clearly show the following expenses:

a) Related to tangible assets, in particular those which refer to the purchase, creation, construction or carrying out of:

- land parcels,
- buildings (workshops, offices, storage areas, dwellings, laboratories, etc....),
- facilities for loading and storage,
- access roads and general infrastructure works,
- facilities to transport Hydrocarbons (pipelines, tankers, etc.),
- general equipment,
- specific equipment and facilities,
- vehicles for use of transport and civil engineering machinery,
- materiel and tools (the normal useful life of which exceeds one year),
- successful drilling,
- other tangible assets.

b) Related to intangible assets, particularly those which relate to:

- Surface investigation of geological or geophysical nature and related to laboratory work (studies, reprocessing, etc.),
- Nonproductive exploration wells which are not utilized in furtherance of the development plan,
- Other intangible assets.

c) Related to raw materials consumables;

d) Operational for functioning expenses :

Involved here are expenses of whatever nature, excepting the overhead referred to below, and which are not accounted for in subparagraphs a) to c) above of this Article 2.1.8, and which are directly connected to the study, progress and the implementation of Petroleum Operations ;

e) Non operating expenses or overhead :

Involved here are expenses borne by the Contractor related to Petroleum Operations and connected to management or to administration of the said operations.

2.1.9 Moreover, the accounting of Petroleum Costs must show, for each category of expenses listed or defined in subparagraphs a) to d) of Article 2-1-8 above, all payments made to the following:

- The Operator, for goods and services which it has itself furnished;
- For the entities which make up the Contractor, the goods and services which they have supplied themselves;
- Affiliated Companies;
- Third Parties.

2.2 Analysis of expenses and methodology for attribution

2.2.1 The principles for attribution and the usual analytical methods of the Contractor in the matter of itemizing and of reintegrating must be applied in a homogeneous manner, which is fair and does not discriminate against its activities taken as a whole. They must be submitted to the Ministry on its request.

The Contractor must inform Ministry of any change made by it in its principles and methodology.

2.2.2 Tangible assets constructed, manufactured, created or brought about by the Contractor in the furtherance of Petroleum Operations and dedicated to these operations as well as their normal maintenance shall be accounted for at the acquisition cost of construction, manufacturing, creation, or realization.

2.2.3 Equipment, materials and consumables required for Petroleum Operations and not including those referred to above shall be:

a) Either acquired for immediate use, subject to the time spent in transport, and if necessary, the temporary storage by Contractor (provided they shall not have been commingled with his own inventory). This equipment, materials and consumables acquired by the Contractor shall be valued, for their charging Petroleum Costs, at their landed price in Mauritania.

"The Landed price in Mauritania " includes the following items, which shall be accounted for in accordance with the analytic methodology of Contractor:

- Purchase price less discounts and rebates,
- Transport costs, insurance, transit costs, handling and customs (and other possible taxes and fees) from the storage site of the vendor to that of the Contractor or to the place they are utilized, as may be applicable,

b) Or supplied by the Contractor from its own inventory

- New equipment and materials other than consumables, supplied by the Contractor from its own inventory, shall be valued for accounting purposes at the weighted purchase price calculated pursuant to the provisions of subparagraph a) of this Article 2.2.3, hereafter « net cost ».
- Materials and equipment which are depreciable and already used supplied by the Contractor from his own inventory or which originate from other activities he may have had, including those of Affiliated Companies, shall be valued for purposes of booking Petroleum Costs, in accordance with the following schedule:

- New Material (Condition « A »): New Material, never used : 100% (one hundred percent) of the net cost.

- Material in good condition (Condition « B »): Material in good condition and still utilizable for its original purpose without repair: 75% (seventy-five percent) of the net cost of the new material as defined here above.

- Other used material (Condition « C »): Material which is still utilizable for its original purpose, but only after repair and upgrading: 50% (fifty percent) of the net cost of the new material as defined here above.

- Material in poor condition (Condition « D »): Material not utilizable for its original purpose but still usable for another purpose: 25% (twenty-five percent) of net cost of the new material as defined here above.

- Junk and scrap (Condition « E »): Materials unusable and not repairable: applicable price for junk.

2.2.3.1 The Operator does not guarantee the quality of the new material referred to above beyond the warranty furnished by the manufacturer or seller of the subject material. In the event of defective new material, Contractor will do its best to seek reimbursement or compensation from the manufacturer or the reseller; however, the corresponding credit shall only be booked after receipt of reimbursement for indemnification;

2.2.3.2 In the event used material referred to above is defective, the Contractor shall credit the account of the Petroleum Costs with the amount which it will have actually received as compensation.

2.2.3.3 Utilization of materials, equipment and facilities which are Contractor's own property Materials, equipment and facilities which are Contractor's own property and which are temporarily put into use to carry out Petroleum Operations, shall be charged to Petroleum Costs at a rental amount covering the following:

a) Maintenance and repairs,

b) A share of depreciation pro rata to the time period utilized for Petroleum Operations, calculated by applying to the original costs (initial cost before revaluation), a rate which shall not exceed the one provided by Article 4.2 here below.

c) The expenses of transport and operations and all other expenses have not been otherwise charged.

The invoiced price shall exclude any excess cost, arising in particular from breakdown or abnormal or inappropriate use of the same equipment and facilities in furtherance of the Contractor's activities which are not Petroleum Operations.

In all events, costs charged as Petroleum Costs for use of this equipment and facilities shall not exceed those in common usage in Mauritania by Third Parties, nor shall they result in a cascading charge of expenses and profit margins.

The Contractor shall maintain detailed statement of materials, equipment and facilities which are owned by it and used in Petroleum Operations, it shall indicate the description and serial number of each unit, the maintenance expenses, the relevant repairs, and the dates on which each item has been dedicated to and then withdrawn from Petroleum Operations. This statement must delivered to the Ministry not later than March 1 st of every year.

2.3 Operational expenses

2.3.1 Expenses of this type shall be charged to Petroleum Costs at the Contractor's actual cost for the charges for services involved, such as this price appears in the Contractor's accounts consistent with the applicable provisions of this Appendix. These expenses include in particular:

2.3.2 The taxes, fees and imposts due and payable in Mauritania under applicable regulations and the provisions of the Contract and directly related to Petroleum Operations.

Surface rentals, the BIC tax and the bonuses provided for respectively in Articles 11 and 13 of the Contract, as well as any other charge the recovery of which is disallowed by the provisions of this Contract or of this Appendix, shall not be charged to Petroleum Costs..

2.3.3 Personnel expenses and environment of the personnel

2.3.3.1 Principles

To the extent that they correspond to actual work and services and that they are not excessive with regard to the importance of the responsibilities exercised, to the work carried out, and to the customary practices, such expenses cover all payments made to employ and and provide benefits to personnel working in Mauritania and hired for the conduct and execution of the Petroleum Operations or for their supervision. Such personnel includes persons recruited locally by the by the Contractor and those placed at the Contractor's disposal by the Affiliated Companies, the other Parties or Third Parties.

Such expenses are also deductible when they are connected to fixed premises of the Contractor abroad, when the activity of such premises is carried out exclusively for the benefit of the Petroleum Operations of the Contractor in Mauritania.

2.3.3.2 Expense Items

The expenses of personnel and personnel benefits shall include, on the one hand, all sums paid or reimbursed on account of such personnel referred to here above, under legal and regulatory texts, collective agreements, employment contracts and the internal policies of the Contractor and, on the other hand, expenses paid for the benefit of such personnel:

a) Salaries and pay for active employment or holidays, overtime, bonuses and other compensation;

b) Employer contributions pertaining thereto resulting from legal and regulatory texts, collective agreements and terms of employment;

c) Expenses paid for the benefit of the personnel; these represent, in particular:

- Expenses for medical and hospital assistance, social security and all other social expenses particular to the Contractor ;
- Expenses for transportation of employees, their families and their personal effects, when the assumption of such expenses is provided for in the employment contract;
- Expenses for lodging of personnel, including therein provision of services related thereto, when the assumption of such expenses by the employer is provided for in the employment contract (water, gas, electricity, telephone) ;

- Compensation paid upon the time of moving in and of departure of the salaried personnel;

- Expenses paid to administrative personnel rendering the following services: management and recruitment of local personnel, management of expatriate personnel, personnel training, maintenance and operation of offices and lodging, when such expenses are not included in overhead or under other expense categories;

- Expenses for office rental or their expense for occupancy, the expense of collective administrative services (secretarial services, furniture, office supplies, telephone, etc.).

2.3.3.3 Terms for booking charges

Personnel costs correspond:

- Either to direct expenses charged to the corresponding Petroleum Costs account,

- Or to indirect or common expenses charged to the Petroleum Costs account based upon data fromanalytical accounting and determined pro rata to the time dedicated to the Petroleum Operations.

2.3.4 Expenses paid by reason of the provision of services supplied by Third Parties, the entities comprising the Contractor and the Affiliated Companies shall include in particular:

2.3.4.1 Services rendered by Third Parties and by the Parties are booked at the Contractor's actual book costs, which means the price invoiced by the vendors, including all taxes, fees, and ancillary costs, if applicable; the actual costs shall be reduced by any rebates, discounts, kickbacks, or promotions the Contractor may have secured either directly or indirectly.

2.3.4.2 The technical assistance rendered to the Contractor by its Affiliated Companies: consisting of services and actions for the benefit of the Petroleum Operations and emanate from the departments and services of these Affiliated Companies who are engaged in the following activities:

- Geology,

- Geophysics,
- Engineering,
- Drilling and production,
- Deposits and reservoir studies,
- Economic studies,
- Technical contracts,
- Laboratories,
- Purchases and transport in transit (except for charges comprised of those referred to in 2.2.3 here above),
- Designs,
- Some administrative and legal services related to studies or to well-defined or occasional projects and which are not part of ordinary and regular business, nor of the legal proceedings referred to in 2.3.8 below.

Technical assistance is generally the subject of service contracts entered into between the Contractor and its Affiliated Companies.

The costs of technical assistance rendered by the Affiliated Companies are booked at actual cost for the Affiliated Company which renders the service. This actual cost includes, in particular, personnel expenses, the cost of raw materials, materials and consumables utilized, the cost of maintenance and repair, the cost of insurance, taxes, a portion of the amortization of general investments calculated on the original acquisition cost or of the construction of related tangible items and of any other expenses which are related to these services and have not been otherwise booked elsewhere.

However, the price excludes any surcharges arising from, in particular, fixed assets or a non-regular or cyclical use of materials, facilities and equipment at an Affiliated Company.

In all cases, expenses related to these services must not exceed those which are normally incurred for similar services by technical service companies and independent laboratories. They must not result in cascading charges from profit margins.

Moreover, all of these services, including analytical studies, must be supported by reports to be submitted at the request of the Ministry. They must be the subject of written orders issued by the Contractor, and also of itemized invoices.

2.3.4.3 Whenever the Contractor utilizes in Petroleum Operations, materiel, equipment or facilities which are the sole property of an entity which makes up the Contractor, the Contractor must charge the Petroleum Costs pro rata the usage time, and the corresponding entry must be determined in accordance with the customary methods and the principles defined in 2.3.4.2 above. This entry includes, in particular:

- A portion of the annual depreciation calculated on the original "landed Mauritanian price" defined in 2.2.3 here above;
- A portion of the start-up cost, of insurance coverage, of ordinary maintenance, of financing, and of periodic checkups.
- Warehousing costs
- Warehousing costs and handling costs (expenses incurred for personnel and for management of the services) are charged to Petroleum Costs pro rata the value of the items taken out of inventory.
- Transportation expense: expenses of transport of personnel, of materiel or of equipment intended and dedicated to Petroleum Operations shall be booked as Petroleum Costs if they are not already included in the preceding paragraphs and if they have not been accounted in actual costs.

2.3.5 Damages and waste which impact jointly-owned properties

All expenses necessary to repair and restore to working condition equipment which has suffered damages or losses arising from fires, floods, storms, theft, accidents or any other cause, shall be booked in accordance with the principles defined in this Appendix.

Amounts recovered from insurance companies for these damages and losses shall be booked as a credit to Petroleum Costs.

2.3.6 Maintenance expenses

Maintenance expenses (routine maintenance and exceptional maintenance) of the materiel, equipment and facilities dedicated to Petroleum Operations shall be booked to Petroleum Costs at actual cost.

2.3.7 Insurance premiums and expenses related to the settlement of casualty losses shall be charged to Petroleum Costs:

a) Premiums and expenses related to mandatory insurance and to those arising under policies to cover the Hydrocarbons produced, the persons and the properties dedicated to Petroleum Operations or the third-party liability insurance of the Contractor within the purview of the said operations;

b) Expenses incurred by the Contractor as the result of a casualty which arose from Petroleum Operations, and those incurred in the settlement of all losses, claims, damages and other related costs which are not covered by the insurance policies;

c) Expenses disbursed in settlement of losses, claims, damages or legal proceedings which are not compensated by insurance and which do not relate to risk which the Contractor was required to insure against. The amounts recovered from insurance policies and guarantees are accounted for as provided for in Article 2.6.2 g) here below;

2.3.8 Legal costs

Petroleum Costs can be charged with expenses related to adversary legal proceedings, investigation, and settlement of disputes and claims (requests for reimbursement or compensation), which arise from Petroleum Operations or which become necessary in order to protect or recover properties, including, in particular, the fees of lawyers and experts, legal costs, investigation costs, cost of gathering evidence, as well as amounts disbursed in settlement of the disputes or the final settlement of any proceedings or claim.

Whenever these services are rendered by personnel of the Contractor, a compensatory payment shall be included in the Petroleum Costs which corresponds to time expended and costs actually incurred. The price charged in such manner shall not exceed that which would have been paid to Third Parties for identical or analogous services.

2.3.9 Interest, fees, and financial charges

The following are chargeable to Petroleum Costs : interest penalties for late payment incurred by the Contractor and related to borrowings from Third Parties as well as advances and loans

from Affiliated Companies, to the extent that these borrowings and advances are used to finance the Petroleum Costs and related exclusively to petroleum development operations of a commercial deposit (excluded here are Petroleum Operations related to exploration and appraisal), and provided they do not exceed seventy percent (70%) of the total amount of these petroleum development costs. These borrowings and advances must be submitted for the approval of the Ministry.

In the case where such financing is secured by Affiliated Companies, the acceptable interest rates must not exceed the rate normally charged on the international financial markets for similar loans.

2.3.10 Foreign-exchange losses

Foreign-exchange losses related to borrowings and debts incurred by the Contractor under this Contract are chargeable to Petroleum Costs.

2.3.11 Disbursements related to expenses, verifications and audits of the Ministry, pursuant to the provisions of the Contract, are chargeable to Petroleum Costs.

2.3.12 Payments related to other expenses, including payments to Third Parties for the transport of Hydrocarbons to the Delivery Point shall be included in the Petroleum Costs. Involved here are all payments made or losses incurred related to or caused by the proper execution of the Petroleum Operations, provided the charge to Petroleum Costs is not disallowed under provisions of this Contract or of this Appendix, and provided they are not similar to expenses which the Ministry has disallowed and provided these expenses have received the approval of the Ministry. Moreover, except for contrary provisions in the law, the Contractor is at liberty, if it wishes, to make contributions of an economic, social, cultural or sport-related nature, with the mandatory exclusion of financing political activities. These contributions shall be debited to the Petroleum Costs account.

2.4 Overhead

These expenses pertain to those Petroleum Costs which have not been otherwise accounted for. They pertain to:

2.4.1 Expenses incurred outside of Mauritania

The Contractor shall add a reasonable sum on account of foreign overhead necessary to carry out the Petroleum Operations and borne by the Contractor and its Affiliated Companies, in such amount as they reflect the cost of the services rendered to the Petroleum Operations.

The amounts must be supported by accounting entries and copies of reports related to the services and works carried out; if an arbitrary sharing is utilized, there must be proof by means of supportive explanations and presentation of the rules utilized to arrive at such.

The amounts charged are considered provisional amounts arrived at on the basis of the Contractor's experience, and they shall be adjusted annually in relation to the Contractor's real costs, but they must not exceed the following caps:

- Before grant of the first Exploitation Authorization : three percent (3%) of the Petroleum Costs excluding overhead;
- On the grant of the first Exploitation Authorization : one and one-half percent (1.5%) of Petroleum Costs not including financial costs and overhead.

These percentages are applied to expenses, not including overhead, which are chargeable to Petroleum Costs for the Calendar Year under consideration.

2.4.2 Expenses disbursed inside of Mauritania

These expenses cover payment related to the following activities and services:

- General management and general secretarial services;
- Information and communication ;
- General administration (law department, insurance, taxes, computer services) ;
- Accounting and budget ;
- Internal audit.

They must include services which have actually been required to advance the Petroleum Operations and which correspond to actual services rendered in Mauritania by the Contractor or the Affiliated Companies. They must not result in cascading of of costs margins.

The amount must be actual amounts, whenever direct expenses are involved, and they must be amounts arrived at by sharing whenever indirect expenses are involved. In the latter case, the rules for sharing must be clearly defined and the amounts must be supported by analytical accounting.

2.5 Expenses not chargeable to Petroleum Costs

Payments paid in settlement of expenses, charges or costs not directly chargeable to Petroleum Operations, and those for which the deduction or charging for is disallowed by the provisions of the Contract or of this Appendix, or those which are not necessary for the conduct of Petroleum Operations, shall not be taken into account and shall not give rise to recovery.

Involved here are these types of payments:

a) Costs of a capital increase;

b) Expenses related to activities downstream of the Delivery Point, particularly marketing costs;

c) The expenses which relate to the period prior to the Effective Date;

d) Auditing expenses disbursed by the Contractor further to special relationships between the entities which make up the Contractor;

e) Expenses borne for meetings, studies and work carried out in furtherance of the association which ties together the entities which make up the Contractor and the purpose of which is not the proper conduct of the Petroleum Operations;

f) Interest, late payment fees, and financial charges other than those the chargeability of which is authorized pursuant to Article 2.3.9 of this Appendix.

g) Foreign-exchange losses incurred other than those which are chargeable under the provisions of this Contract.

h) Foreign-exchange losses which constitute a loss of earnings tied to risks related to the Contractor's own capital and self-financing by it.

2.6 Items to be booked as a credit to Petroleum Costs

The following must be credited to the Petroleum Costs account, in particular:

2.6.1 The proceeds from the quantities of Hydrocarbons which the Contractor takes in furtherance of the provisions of Article 10.2 of the Contract, multiplied by the related Market Price as defined in Article 14 of the Contract.

2.6.2 All other receipts, revenues, proceeds, connected profits, whether ancillary or accessory, directly or indirectly tied to Petroleum Operations, including in particular those derived from:

(A) The sale of associated substances;

(B) The transport and storage of products owned by Third Parties in the facilities dedicated to the Petroleum Operations;

(C) Reimbursements originating from insurance companies;

(D) Settlements arising out transactions or liquidations;

(E) Transfers or rentals already declared under Petroleum Costs

(F) Discounts, rebates, allowances and promotions received which have not been charged as a deduction from the actual costs of the properties to which they relate.

(G) Any other income or receipts similar to those listed above that are usually deducted from Petroleum Costs.

2.7 Materiel, equipment and facilities sold by the Contractor

2.7.1 The materials, equipment, facilities, and consumables which are not used or are not usable shall be withdrawn from Petroleum Operations ; they must be either downgraded or considered as « junk and waste », or bought back by the Contractor for his own needs, or sold to Third Parties or to Affiliated Companies.

2.7.2 In the event of adisposal to the entities which make up the Contractor or to their Affiliated Companies, the prices shall be arrived at pursuant to the provisions of 2-2-3.b of this Appendix, or, should they exceed those which would be applicable under the provisions of that article, their price must be agreed by the Parties. Whenever the use of an item of property related to Petroleum Operations has been temporary and it does not fall under the price reduction referred to in the above article, the said item shall be valued so that the Petroleum Costs are debited of a net amount which is equivalent to the value of the service rendered.

2.7.3 The sales to Third Parties of materials, equipment, facilities and consumables shall be effected by Contractor at the best possible price. All reimbursements or compensation granted to a buyer for a defective piece of equipment shall be debited to the Petroleum Costs account to the extent and at the time such are actually paid by the Contractor.

2.7.4 Whenever an asset is used for the benefit of a Third Party or the Contractor for activities which are not within the scope of this Contract, the amounts due in exchange therefor must be calculated at a rate which is not less than actual costs, unless the Ministry agrees otherwise.

ARTICLE 3: DETERMINATION OF THE RATIO « R »

3.1 For the purpose of arriving at the value of the “R” ratio in application of Article 10.3 of the Contract, the Petroleum Costs which impact the calculation of Net Cumulative Revenues and of Cumulative Investments shall be categorized and recorded separately according to the following categories.

3.2 Exploration Petroleum Costs

They are the Petroleum Costs incurred in the exploration Petroleum Operations inside an Exploration Perimeter, included in an Annual Work Program approved pursuant to the provisions of the Contract, and they shall include, without limitation:

3.2.1 Geochemical, geophysical, paleontological, geological, topographical studies and the seismic campaigning as well as studies and interpretations related thereto.

3.2.2 Coring, exploration wells, appraisal wells and wells drilled to supply water.

3.2.3 Labor costs, materiel, supplies and services used to service exploration wells or appraisal wells of a discovery and which are not completed as producers.

3.2.4 Equipment utilized exclusively to enhance and justify the objectives listed in Articles 3.2.1, 3.2.2 and 3.2.3 here above, including access roads and acquired geological and geophysical information.

3.2.5 That portion of the Petroleum Costs incurred in construction of facilities and equipment, the overhead chargeable to exploration Petroleum Costs as such is derived from a fair allocation of the Petroleum Costs taken as a whole (including overhead) between exploration Petroleum Costs and the Petroleum Costs taken as a whole, with exception of overhead.

3.2.6 All the other Petroleum Costs incurred for the purpose of exploration between the Effective Date and the startup of the commercial production of Hydrocarbons that are not included in Article 3.3 here below.

3.3 Petroleum Costs of Development

They are the Petroleum Costs incurred in development Petroleum Operations related to an Exploitation Authorization, and they include, without limitation:

3.3.1 Development and production wells, including water-injection wells and gas-injection wells drilled for the purpose of enhancing recovery of Hydrocarbons as well as those intended to sequester and conserve natural gas.

3.3.2 The wells which have been completed by setting casing or equipment after a well has been drilled with intent to complete it as a producer well or a water-injection well or a gas-injection well drilled for the purpose of increasing the recovery rate of Hydrocarbons as well as those wells the purpose of which is sequestration and conservation of natural gas.

3.3.3 The costs of equipment related to production, transport and storage to the Delivery Point, such as pipelines, flow-lines, processing and production units, equipment on the well-head, underwater equipment, systems to increase recovery of Hydrocarbons, offshore platforms, production floating unit and/or production and storage floating units (FPO and FPSO), storage facilities, export terminals, port installations and auxiliary equipment, as well as access roads in relation to production activities.

3.3.4 Engineering studies and design studies related to the equipment referred to in Article 3.3.3.

3.3.5 The cost of construction, the overhead chargeable to Development Costs, as these are calculated according to the ratio of Development Costs over total Petroleum Costs, excluding overhead.

3.3.6 Financial charges pertaining to the financing of Development Costs are excluded.

3.4 Exploitation Petroleum Costs

These are the Petroleum Costs incurred in an Exploitation Perimeter consequent to the startup of commercial Hydrocarbons production and which are neither exploration costs nor development costs nor overhead.

Exploitation costs include more particularly the reserves built up for the purpose of meeting losses or charges, including the reserve to fund the Rehabilitation Plan, which reserve has been paid in full to the sequestered account opened for the purpose of financing rehabilitation of the site works in accordance with Article 23.2 of the Contract.

The portion of overhead which has not been allocated to either exploration or development costs shall be included in exploitation costs.

3.5 It is understood that depreciation of assets as calculated for the determination of taxable profits pursuant to the provisions of Article 4 here below are not Petroleum Costs and consequently, they do not enter into the determination of the Ratio "R".

ARTICLE 4: CHARGES WHICH ARE DEDUCTIBLE FOR DETERMINATION OF THE INDUSTRIAL AND COMMERCIAL INCOME TAX

4.1 Deductible charges

In accordance with Article 70 of the Crude Hydrocarbons Code, the charges which are deductible for the determination of the Industrial and Commercial Income Tax are made up of the following items, within the limits prescribed by this Accounting Procedure, and excluding those charges which are non-deductible as specified in Title 6 of the Crude Hydrocarbons Code and of costs non-chargeable to Petroleum as specified in Article 2.5 here above of this Appendix:

- The exploitation Petroleum Costs, as defined in the provisions of this Accounting Procedure ;
- The overhead in accordance with the provisions of Article 2-4 here above of this Appendix;

- Depreciation of assets which make up the development Petroleum Costs in according with the provisions of Article 4.2 below;
- Interest, interest for late payments, and financial charges, in accordance with the Article 2.3.9 here above ;
- Loss or wastage of materials and property arising out of destruction or casualty, uncollectible debts, and compensation paid to Third Parties on account of legal liability (unless these damages were caused by the Gross Negligence of the Contractor) ;
- Reserves which are reasonable and justified created for the purpose of meeting losses or clearly defined charges which the prevailing circumstances make probable;
- The non-recovered portion of deficits related to previous years within a limit of five (5) years following the fiscal year that shows a deficit.

4.2 Depreciation of fixed assets

Fixed assets of the Contractor that are required for Petroleum Operations are depreciated according to a straight-line dereciation method.

The minimum span of the depreciation period shall be:

- ten (10) Calendar Years for assets related to the transport of Hydrocarbons production by pipeline;
- five (5) Calendar Years for the other fixed assets.

The period of depreciation shall begin with the Calendar Year during which the said fixed assets have been acquired, or from the Calendar Year during which the fixed assets were placed into normal service if such latter year is after, pro rata temporis, the first Calendar Year in question.

4.3 Exploration Petroleum Costs

The petroleum Exploration Costs incurred by the Contractor for the Exploration Perimeter, including particularly the expenses of geological and geophysical exploration studies and the expenses of exploration drilling and appraisal of a discovery (excluding productive wells, which shall be considered assets which fall under the provisions of Article 4.2 here above of this Appendix), are considered charges deductible in full from the year they are entered on the books or they may be depreciated at the rate chosen by the Contractor.

ARTICLE 5: INVENTORIES

5.1 Frequency

The Contractor shall keep a permanent inventory in both quantity and value of all property used in Petroleum Operations and he shall, with reasonable frequency, and not less than once a year, proceed to take a physical inventory as required by the Parties.

5.2 Notification

Written notification of the intention to take a physical inventory must be sent by the Contractor not less than ninety days (90) days prior to the commencement of the taking of such inventory, so that the Ministry and the entities which make up the Contractor may if they wish be represented at their own expense during the taking of said inventory.

5.3 Information

Should the Ministry or an entity which makes up the Contractor not be represented when an inventory is taken, such Party will remain bound by the result of the inventory taken by the Contractor, who must furnish to said Party a copy of the said inventory.

ARTICLE 6: STATEMENTS OF OPERATIONS AND WORK, STATUS REPORTS

6.1 Principles

Other than the statements and supply of information provided for elsewhere, the Contractor must submit to the Ministry under terms, conditions and timelines indicated below, the details of its operations and works carried out as they have been booked in its accounts, documents, reports and statements which it must keep in relation to the Petroleum Operations.

6.2 Statement of variations in fixed assets accounting and in inventory of materiel and consumables.

This statement must be received by the Ministry not later than the fifteenth day (15 th) day of the first month of each calendar Quarter. In particular, it shall state, for the preceding quarter what was acquired and created by way of fixed assets, of materiel and of consumables required for Petroleum Operations, for each deposit, and by major categories, as well as disposal of these items (assignments, wastage and losses, destruction, discarding and junk).

6.3 Statement of the quantities of Crude Petroleum and of Natural Gas which have been transported during each month

Such statement must reach the Ministry not later than the fifteenth (15 th) day of each month. For each deposit, it shall indicate the quantities of Crude Petroleum and of Natural Gas which have been transported in the course of the preceding month, between the field and the point of export or delivery, as well as the identification of the pipeline utilized and the cost of transport paid,

whenever transport was carried out by Third Parties. The statement must also show how the products transported in such manner are shared between the Parties.

6.4 Statement of the recovery of Petroleum Costs

This statement must reach the Ministry not later than the fifteenth (15 th) day of each month. It shall show, for the preceding month, the breakdown of the Petroleum Costs account and must reflect, in particular, the following:

- The Petroleum Costs which remain to be recovered as of the end of the preceding month;
- The Petroleum Costs related to activities during the month in question;
- The Petroleum Costs recovered in the course of the month indicating in particular quantities and value of production involved for this purpose;
- The amounts which are booked to reduce or diminish Petroleum Costs in the course of the month in question;
- The unrecovered Petroleum Costs as of the end of that month.

6.5 Statement of the determination of the ratio « R »

This statement must reach the Ministry not later than the fifteenth (15 th) day of the first month of each Quarter. It shall highlight each of the factors which enter into the determination of the "R" ratio as defined in Article 3 of this Accounting Procedure, as well as the resulting value of the ratio, which ratio is applicable during the subject Quarter.

6.6 Inventories of Crude Petroleum and of Natural Gas

This statement must reach the Ministry not later than the fifteenth (15 th) day of each month. It shall specify for the preceding month and for each storage location:

- Inventory at the commencement of the month;
- Addition to inventory in the course of the month;
- Withdrawals from inventories during the course of the month;
- Theoretical level of the inventory at the end of the month;
- Inventory at the end of the month taken by measurement;
- An explanation for discrepancies, if any.

6.7 Tax returns

The Contractor shall supply the Ministry with a copy of all returns which the entities which make up the Contractor are required to file with the Tax Administrations responsible for determining tax basis; and in particular, those which pertain to the BIC tax on together with all annexes, documents, and supporting information attached thereto.

6.8 Statement of payments of taxes and fees

Not later than the fifteenth (15th) day of the first month of each Quarter, the Contractor shall prepare and submit to the Ministry a statement showing taxes, fees, and dues of any kind paid by it in the course of the preceding calendar Quarter; it shall detail precisely the nature of the tax, fee and dues involved (surface rentals, customs duties, etc.), the kind of payment involved (on account, balances, corrections, etc.), the date and the amount of each payment, the designation of the tax collector responsible for the collection, and other further useful information.

6.9 Special provisions

The statements, lists, and information referred to in Articles 6.2 to 6.8 shall be produced and submitted in accordance with printed forms issued by the Ministry, after consultation with the Contractor.

The Ministry may, as needed, request that the Contractor furnish it with all other statements, reports and information that the Ministry deems useful.

APPENDIX 3: MODEL BANK GUARANTEE

Attached and being an integral part of the Contract between the Islamic Republic of Mauritania and the Contractor (On letterhead of the Bank)

To the Honorable Minister in Charge of Crude Hydrocarbons,
Nouakchott
Mauritania
Amount :
In letters :

We have been informed that, upon the date of , the Mauritanian State entered into an exploration-production contract with the Contractor constituted by the following entities:

Kosmos Energy Mauritania

Grand Cayman

Kosmos Energy Mauritania , address is the Principal and has been so designated here below.

Pursuant to Article 4.6 of this Contract, a bank guarantee of proper discharge of the minimum work obligations, for work committed to for each phase of the Exploration Period of the contract, must be remitted to the State.

That said, we (name of bank , address) referred to hereafter as «the Bank», upon instructions from the Principal, commit ourselves through this Guarantee, in an irrevocable fashion, to pay to the Mauritanian State, independently of the validity and legal merits under the Contract in question and without raising any exception, nor objection arising from the said Contract, upon your first demand, any amount up to the maximum amount cited above in this letter of of guarantee, upon receipt by ourselves of a demand for payment duly signed and a written confirmation on your part certifying that the Contractor has not fulfilled the minimum work obligations above-mentioned and specifying the nature as well of the estimated cost of the work not executed.

For reasons of identification, your written demand for payment will only be considered valid if it reaches us through the intermediary of our corresponding bank located in Mauritania (name , address), accompanied by a declaration of the latter certifying that it proceeded with the verification of your signature.

Your call is also acceptable to the extent that it is fully transmitted to us by the bank in question by means of a telex/SWIFT confirming that it has sent us the original by registered mail or by another courier service and that the signature appearing there was verified by the latter.

The amount of the Guarantee shall be reduced by the amount of the expenditures made by , upon receipt by the Bank of a copy of a work completion statement signed by the Mauritanian State and attesting to said expenditures and to the resulting new Guarantee amount, in accordance with the model in Annex A.

Our guarantee is valid up until the (provide for 6 months after the end of the phase in question of the Exploration Period) and shall terminate automatically and entirely if your demand for payment or the telex/SWIFT does not reach us at the address here above by such date at the latest, whether it is a business day or not.

All the bank fees in connection with this guarantee are at the expense of the Principal.

This guarantee is subject to the « Uniform Rules for Demand Guarantees of the ICC » of the International Chamber of Commerce (ICC Publication in force No. 758).

- Signature of the authorized representative and seal of the Bank

Annex A

Model notification of expenditure and reduction of guarantee to be used

Notification of expenditure and reduction of guarantee

To the Minister in Charge of Crude Hydrocarbons

Mauritanian State

Nouakchott

Mauritania

Purpose: Notification of expenditure and reduction of guarantee amount ref. XXXX

Honorable Minister,

We refer to the Exploration and Production Contract signed on , as well as the bank guarantee of proper discharge in the initial amount of USD given by on under reference no. .

On the amounts expended were USD . Accordingly the amount of said guarantee is reduced to (numbers plus letters).

Polite closure statement

Date:

Signature of Contracting Entity
Confirmation of Principal (KOSMOS ENERGY)

"**Stamp of the Minister in charge of Hydrocarbons**, authorized signature
Preceded by the statement "Agreed for the reduction of the guarantee in question in the amount of XXXX"
NAME + FUNCTION + STAMP of the Minister"

Exhibit 10.18

ISLAMIC

REPUBLIC

OF

MAURITANIA

HONOR – BROTHERHOOD -

JUSTICE

EXPLORATION AND PRODUCTION CONTRACT

BETWEEN

THE ISLAMIC REPUBLIC OF MAURITANIA

AND

KOSMOS ENERGY MAURITANIA

Bloc C12

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BETWEEN

The Islamic Republic of Mauritania (hereafter referred to as « the State »), represented for purposes of these presents by the Minister in Charge of Crude Hydrocarbons

ON THE ONE HAND,

AND

Kosmos Energy Mauritania, a company under the Cayman Islands laws, having its registered headquarters at 4th Floor Century Yard, Cricket Square, PO Box 32322, George Town, Grand Cayman KY1, 1209 (hereafter referred to as « the Contractor »), represented herein by John R. KEMP III, having all powers and being endowed with full authority for these purposes.

ON THE OTHER HAND,

The State and the Contractor being hereafter collectively referred to as « Parties » or individually « Party ».

WHEREAS:

The State, owner of the deposits and natural accumulations of hydrocarbons contained in the soil and the subsoil of the national territory, wishes to promote the discovery and the production of hydrocarbons in order to promote economic expansion within the framework instituted by Law No. 2010-033 of 20 July 2010 containing the Crude Hydrocarbons Code;

The Contractor wishes to explore and to exploit, within the framework of this exploration-production contract and pursuant to the Crude Hydrocarbons Code, the hydrocarbons which may be contained in the perimeter described in Appendix 1 of this Contract, and has shown it possesses the technical and financial means necessary for this purpose.

IT HAS BEEN AGREED AS FOLLOWS:

ARTICLE 1 : DEFINITIONS

The terms utilized in this text have the following meaning:

1.1 « Calendar Year » means a period of twelve (12) consecutive months commencing on the first (1st) of January and terminating on the thirty-first (31st) of the following December.

1.2 « Contract Year » means a period of twelve (12) consecutive months beginning on the Effective Date or the anniversary date of said Effective Date.

1.3 « Appendices » (also called Annexes) means the appendices to this Contract consisting of :

- The Exploration Perimeter constituting Appendix 1
- The Accounting Procedure constituting Appendix 2
- The model bank guarantee constituting Appendix 3

1.4 « Exploration Authorization » means the authorization referred to in Article 3 of this Contract by which the State authorizes the Contractor to carry out, on an exclusive basis, all works of prospection and exploration of Hydrocarbons within the Exploration Perimeter.

1.5 « Exploitation Authorization » means the authorization granted to the Contractor to carry out, on an exclusive basis, all works of development and of exploitation of the deposits of Hydrocarbons within the Exploitation Perimeter.

1.6 « Barrel» means « U.S. barrel », or 42 American gallons (159 liters) measured at the temperature of 60°F (15.6 °C) and at atmospheric pressure.

1.7 « BTU » means the British unit of energy « British Thermal Unit » in such manner that a million BTU (MMBTU) is equal to approximately 1055 joules.

1.8 « Annual Budget » means the detailed estimate of the cost of Petroleum Operations defined in an Annual Work Program.

1.9 « Crude Hydrocarbons Code » means Law No. 2010-033 of 20 July 2010 containing the Crude Hydrocarbons Code, its amendments and its application texts.

1.10 « Environmental Code » means Law No. 2000-045 of 26 July 2000 containing the Environmental Code, its amendments and its application texts.

1.11 « Contractor » means collectively or individually the company(ies) signing this Contract as well as any entity or company to which an interest would be assigned in application of Articles 21 and 22 of this Contract.

1.12 « Contract » means this text as well as its appendices and amendments.

In the case of contradiction between the provisions of this text and those of its appendices, the

provisions of this text shall prevail.

1.13 « Petroleum Costs » means all the costs and expenses incurred by the Contractor in execution of Petroleum Operations provided for in this Contract and determined according to the Accounting Procedure, the subject of Appendix 2 to this Contract.

1.14 « Effective Date » means the date of entry into force of this Contract such as it is defined in Article 30.

1.15 « Dollar » means the dollar of the United States of America ($).

1.16 « State » means the Islamic Republic of Mauritania.

1.17 « Gross Negligence » means imprudence or negligence of such gravity that it raises a presumption of malicious intent on the part of the person responsible for such action.

1.18 « Wet Gas » means Natural Gas containing a fraction of elements becoming liquid at ambient pressure and temperature, justifying the creation of a facility to recover such liquids.

1.19 « Natural Gas » means all gaseous hydrocarbons produced from a well, including Wet Gas and Dry Gas which may be associated or non-associated with liquid hydrocarbons and the residual gas which is obtained after extraction of the liquids from Natural Gas.

1.20 « Associated Natural Gas » means the Natural Gas existing in a reservoir in a solution with Crude Petroleum or in the form of "Gas Cap" in contact with Crude Petroleum, and which is produced or may be produced in association with the Crude Petroleum.

1.21 « Non-Associated Natural Gas » means Natural Gas excluding Associated Natural Gas.

1.22 « Dry Gas » : means Natural Gas containing essentially methane, ethane and inert gases.

1.23 « Hydrocarbons » means liquid and gaseous or solid hydrocarbons, in particular oil sands and oil shale.

1.24 « LIBOR » means the annual interbank rate applicable for the Dollar as published by the Financial Times, The Wall Street Journal or any other comparable publication of reference.

1.25 « Ministry » means the Ministry in Charge of Crude Hydrocarbons.

1.26 « Minister » means the Minister in Charge of Crude Hydrocarbons.

1.27 « Operator » means the company designated in Article 6.2 here below in charge of the conduct and the execution of Petroleum Operations or any company which would later be substituted for it according to applicable terms.

1.28 « Petroleum Operations » means all operations of exploration, exploitation, storage, transport and marketing of Hydrocarbons, including therein operations of evaluation/appraisal, development, production, separation, processing up until the Delivery Point, as well as the

remediation of the sites to their prior condition, and, more generally, all other operations directly or indirectly linked to the foregoing, carried out by the Contractor within the framework of this Contract, with the exclusion of refining and distribution of petroleum products.

1.29 « Ouguiya » means the currency of the Islamic Republic of Mauritania.

1.30 « Exploitation Perimeter » means all or part of the Exploratation Perimeter for which the State, within the context of this Contract, grants to the Contractor an Exploitation Authorization pursuant to the provisions of Article 9 here below.

1.31 « Exploration Perimeter » means the surface defined in Appendix 1, reduced, as the case may be, by relinquishments provided for in Article 3 and/or by Exploitation Perimeters, for which the State, in the context of this Contract, grants to the Contractor an Exploration Authorization pursuant to the provisions of Article 2.1 here below.

1.32 « Crude Petroleum » means all liquid Hydrocarbons in the natural state or obtained from Natural Gas by condensation or separation as well as asphalt.

1.33 « Delivery Point means:

- For Crude Petroleum, the loading point F.O.B. of the Crude Petroleum as may be further defined more precisely in the possible lifting agreement(s) the Parties may enter into.

- For Natural Gas, the Delivery Point set by common agreement between the Parties pursuant to Article 15 of this Contract.

1.34 « Remediation Plan » means the document detailing the program of work to be carried out by the Contractor at the expiration, the surrender or the canceling of an Exploitation Authorization, pursuant to Article 23.2 here below.

1.35 « Annual Work Program » means the descriptive document, item by item, of the Petroleum Operations to be carried out during the course of a Calendar Year within the framework of this Contract prepared pursuant to the provisions of Articles 4, 5 and 9 here below.

1.36 « Affiliated company » means:

a) Any company or any other entity which controls or is controlled, directly or indirectly, by a company or entity, party to this contract, or

b) Any company or any other entity which controls or is controlled, directly or indirectly, by a company or entity which itself controls directly or indirectly any company or entity, party to this contract.

For purposes of this definition, the term « control » means the direct or indirect ownership by a

company or any other entity of a percentage of capital stock or shares greater than fifty percent (50%) of the voting rights at the shareholders' meeting of another company or entity.

1.37 « Third Party » means any natural person or legal entity other than the State, the Contractor and the Affiliated Companies of the Contractor.

1.38 « Quarter » means a period of three (3) consecutive months beginning on the first day of January, April, July or October of each Calendar Year.

ARTICLE 2 : SCOPE OF APPLICATION OF THE CONTRACT

Pursuant to the Crude Hydrocarbons Code, the State hereby authorizes the Contractor to carry out on an exclusive basis in the Exploration Perimeter defined in Appendix 1 the appropriate and necessary Petroleum Operations within the framework of this Contract.

2.1 This Contract is entered into for the duration of the Exploration Authorization such as provided for in Article 3 of this Contract, including therein its renewal periods and possible extensions, and, in the case of a commercial discovery, for the duration of the Exploitation Authorizations which will have been granted, such as defined in Article 9.11 here below.

2.2 This Contract shall terminate if, at the expiration of all of the exploration phases provided for in Article 3, the Contractor has not notified the State of its decision to develop a commercial Hydrocarbons deposit and applied for an Exploitation Authorization relative to such deposit, pursuant to the provisions of Article 9.5 here below.

In the event of the grant of more than one Exploitation Authorization and unless there is an early termination, this Contract will expire upon the expiration of the last current valid Exploitation Authorization.

2.3 The expiration, surrender or termination of this Contract for whatever reason it may be, shall not free the Contractor from his obligations under this Contract, which came into being prior to the time of such expiration, surrender or termination, which obligations must be carried out by the Contractor.

2.4 The Contractor shall have the responsibility to carry out the Petroleum Operations provided for in this Contract. For their execution he undertakes to comply with good oilfield practice of the international petroleum industry and to comply with norms and standards decreed by Mauritanian regulations in matters of industrial safety, protection of the environment, and operational techniques.

2.5 The Contractor shall supply all the financial and technical means necessary for the proper functioning of the Petroleum Operations and shall bear in full all the risks linked to the execution of said Operations, and without prejudice to the provisions of Article 21 of this Contract. The Petroleum Costs borne by the Contractor shall be recoverable by the Contractor pursuant to the provisions of Article 10 here below.

2.6 During the period of validity of the Contract, the production resulting from the Petroleum Operations shall be shared between the State and the Contractor pursuant to the provisions of Article 10 here below.

ARTICLE 3 : EXPLORATION AUTHORIZATION

3.1 The Exploration Authorization in the Exploration Perimeter defined in Appendix 1 shall be granted to the Contractor for a first phase of Four (4) Contract Years.

3.2 The Contractor shall have right to renewal of the Exploration Authorization two times, for a period of Three (3) Contract Years each time, if he has fulfilled for the preceding exploration phase the work obligations stipulated in Article 4 here below and provided that he furnishes the bank guarantee for the renewal period pursuant to Article 4.6 here below.

3.3 In accordance with Article 21of the Crude Hydrocarbon Code, if at the expiration of any phase of the exploration period defined in Article 3.1 or 3.2 here above, works are actually still in progress, the Contractor shall have the right, if he submits an application duly providing supporting information, to a special extension of such phase for a period of time not to exceed twelve (12) months.

3.4 If the Contractor discovers one or more deposits of Hydrocarbons for which he cannot present the declaration of commerciality prior to the end of the third phase of the exploration period pursuant to Article 9.5 here below, by reason of the distance of the deposit in relation to possible delivery points on the Mauritanian territory and of the lack of infrastructure of transportation by pipeline, or the lack of a market for the production of the Natural Gas, he may apply for an extension of the Exploration Authorization for a maximum period of three (3) years for deposits of Petroleum or of Wet Gas and five (5) years for deposits of Dry Gas, the Exploration Perimeter being thus reduced to the presumed limits of the deposit(s) in question.

3.5 In the case where such an extension is granted, the Contractor must furnish to the Minister within sixty (60) days following the end of each Calendar Year of the period of extension a report showing whether or not the relevant deposit(s) is/are commercial, and, in the case of a deposit of Natural Gas, the results of the works and studies carried out pursuant to Article 15 here below.

3.6 For each renewal or extension, other than the extension contemplated by Article 3.3, the Contractor must submit an application to the Minister not later than two (2) months prior to the expiration of the current exploration phase.

The renewals shall be granted by decree of the Minister while the extensions shall be granted by decree of the Council of Ministers; such decrees shall take effect starting from the date following the expiration of the preceding period.

3.7 The Contractor undertakes to relinquish to the State at least twenty-five percent (25%) of the initial surface area of the Exploration Perimeter at the time of each renewal of same, in such fashion as to not retain during the second phase of the exploration period more than seventy-five percent (75%) of the initial surface area of the Exploration Perimeter and during the third phase of the exploration period, not more than fifty percent (50%) of the initial surface area of the Exploration Perimeter.

3.8 For the application of Article 3.7 here above :

a) The surfaces having previously been the subject of a voluntary relinquishment per Article 3.9 here below and the surfaces already covered by Exploitation Authorizations shall be deducted from the area subject to mandatory relinquishment.

b) The Contractor shall have the right to determine the extent, the form and the location of the portion of the Exploration Perimeter which he intends to keep. However, the portion relinquished must consist of a perimeter of simple geometric form, delimited by North-South, East-West lines or by natural limits or frontiers. The surface relinquishment shall be made according to the land registry grid from one of the borders of the initial or residual Exploration Perimeter and in a contiguous fashion.

c) The application for renewal must be accompanied by a plan containing an indication of the Exploration Perimeter that was kept as well as a report specifying the works carried out since the Effective Date on the relinquished surfaces and the results obtained.

3.9 The Contractor may at any time, upon three (3) months' notice, notify the Minister that he is surrendering all or a portion of the Exploration Perimeter. In the event of a full surrender, the Exploration Authorization shall terminate automatically on the date of said notification. In the case of a partial surrender, the provisions of Article 3.8 here above shall be applicable.

In all cases, no voluntary surrender during the course of an exploration phase shall reduce the exploration work commitments stipulated in Article 4 here below for said phase, nor does it terminate the corresponding bank guarantee.

3.10 Except in the case of extension pursuant to Articles 3.3 and 3.4 here above, upon the expiration of the third phase of the exploration period, the Contractor must relinquish the remaining surface of the Exploration Perimeter, except for areas already comprised within Exploitation Perimeters.

Notwithstanding the preceding paragraph and pursuant to the provisions of Article 26.2 of the Crude Hydrocarbons Code, the Exploration Authorization shall remain in effect until Contractor submits a request for an Exploitation Authorization in accordance with the time frames stipulated in Article 9.

ARTICLE 4 : EXPLORATION WORKS OBLIGATION

4.1 During the first phase of the exploration period of four (4) Contract Years defined in Article 3.1 here above, the Contractor undertakes to carry out the following work:

- Acquire two thousand (2000) km 2D seismic

Said works must commence within the twelve (12) months following the Effective Date.

4.2 During the second phase of the exploration period of three (3) Contract Years defined in Article 3.2 here above, the Contractor undertakes to carry out the following work:

- Acquire one thousand (1000) sq. km 3D seismic;
- Drill one (1) Exploration well to a depth of two thousand five hundred (2500) meters below the mud line.

Said works must commence within the six (6) months following the start of the phase in question.

4.3 During the third phase of the exploration period of Three (3) Contract Years defined in Article 3.2 here above, the Contractor undertakes to carry out the following work:

- Drill one (1) Exploration well to a depth of two thousand five hundred (2500) meters below mud line.

Said works must commence within the three (3) months following the start of the phase in question.

4.4 Each of the above-cited wells shall be carried out up to the minimum depth set forth here above, or to a lesser depth, upon authorization of the Minister, if the pursuit of the well, carried out according to good oilfield practices in the international petroleum industry, is impractical for one or another of the following reasons:

a) The basement is encountered at a depth that is less than the minimum depth referred to above;

b) The pursuit of the well presents a manifest danger by reason of the existence of an abnormal stratum pressure ;

c) Rock formations are encountered, the hardness of which does not allow the practical advancement of the well carried out with the appropriate means of equipment;

d) Petroliferous formations are encountered which in order to cross through requires for their protection the laying of casings, preventing the attainment of the above-cited minimum depth.

In each of the cases cited here above, the Contractor shall inform the Minister and shall be authorized to suspend the well and said well shall be deemed to have been drilled to the minimum depth referred to above.

4.5 If the Contractor, either during the course of the first phase of the exploration period, or during the course of the second phase of the exploration period, defined respectively in Articles 3.1 and 3.2 here above, carries out a number of exploration wells greater than the minimum commitments stipulated respectively in Articles 4.1 and 4.2 here above for said phase, the excess wells may be carried over to the following phase(s) of the exploration period and shall be deducted from the minimum work commitments stipulated for said phase(s).

For purposes of the application of Articles 4.1 to 4.5 here above, the wells carried out in the context of a program for evaluation of a discovery shall not be considered to be exploration wells, and, in the case of a discovery of Hydrocarbons, only one well per discovery shall be deemed to be an exploration well.

4.6 Within the thirty (30) days following the Effective Date, the Contractor must remit to the Minister a bank guarantee issued by an international bank of first order, pursuant to Appendix 3 of nine million Dollars ($9,000,000), covering his minimum work commitments for the first phase of the exploration period defined in Article 4.1 here above.

In the case of renewal of the Exploration Authorization, the Contractor also must remit to the Minister, within the thirty (30) days following receipt of the decree from the Minister granting the renewal, a bank guarantee issued by an international bank of first order, pursuant to Appendix 3 of twenty-seven million Dollars ($27,000,000) for the second Phase of the exploration period and of twenty-two million Dollars ($22,000,000) covering his minimum work commitments for the relevant phase.

If on expiration of any phase of the exploration period or in the case of total or partial surrender

or termination of the Contract, the exploration works have not reached the minimum commitments of this Article 4, the Minister shall have the right to call the guarantee for an amount equal to the amount of the guarantee after deduction of the estimated cost of the minimum work actually carried out.

Such cost shall be calculated on a lump-sum basis in utilizing the following unit costs:

a) four thousand five hundred Dollars ($4,500) per kilometer of seismic;

b) five thousand Dollars ($5,000) per square kilometer of seismic;

c) twenty-two million Dollars ($22,000,000) per exploration well.

Once the payment is made, the Contractor shall be deemed to have fulfilled his minimum exploration work obligations per Article 4 of this Contract; the Contractor may, except in the event of cancellation of the Exploration Authorization for a major failure in performance of this Contract, continue to benefit from the provisions of said Contract and, in the case of an acceptable application, obtain the renewal of the Exploration Authorization.

ARTICLE 5 : PRESENTATION AND APPROVAL OF ANNUAL WORK PROGRAMS

5.1 Not later than (2) months after the Effective Date, the Contractor shall prepare and submit to the Ministry for approval an Annual Work Program, detailed item by item, including therein the corresponding Annual Budget for all of the Exploration Perimeter, specifying the Petroleum Operations relating to the period running from the Effective Date to the following 31 December.

Thereafter, not later than (3) months prior to the start of each Calendar Year, the Contractor shall prepare and submit to the Ministry for approval an Annual Work Program, detailed item by item, including therein the corresponding Annual Budget for all of the Exploration Perimeter, then, if applicable, for the Exploitation Perimeter(s), in specifying the Petroleum Operations which he proposes to carry out over the course of the following Calendar Year.

Each Annual Work Program and corresponding Annual Budget shall be itemized between the different activities of exploration, and if applicable, of appraisal for each discovery, of development and of production for each commercial deposit.

5.2 If the Ministry deems that revisions or modifications to the Annual Work Program and to the corresponding Annual Budget are necessary and appropriate, it must so notify the Contractor in

writing with all supporting documentation deemed appropriate within a time period of sixty (60) days following their receipt. In such case, the Ministry and the Contractor shall meet as soon as possible in order to study the revisions or modifications requested and establish by common agreement the Annual Work Program and the corresponding Annual Budget in their definitive form, according to good oilfield practice in the international petroleum industry. The date of adoption of the Annual Work Program and of the corresponding Annual Budget shall be the above-cited mutually agreed date.

In the absence of notification by the Ministry to the Contractor of his wish for revision or modification within the time period of the above-referenced sixty (60) days, said Annual Work Program and corresponding Annual Budget shall be deemed accepted by the Ministry upon the date of expiration of said time period.

In all cases, each operation of the Annual Work Program, for which the Ministry has not requested revision or modification, must be carried out by the Contractor within the time periods set forth.

5.3 The Parties accept that the results obtained during the course of the works taking place, or that special circumstances may justify changes to an Annual Work Program and to the corresponding Budget. In such case, after notification to the Ministry, the Contractor may make such changes provided that the fundamental objectives of said Annual Work Program are not modified.

ARTICLE 6 : OBLIGATIONS OF THE CONTRACTOR IN THE CONDUCT OF PETROLEUM OPERATIONS

6.1 Without prejudice to the provisions of Article 21 here below, the Contractor must furnish all necessary funds and purchase or rent all tools, equipment and construction supplies that are indispensable for the execution of Petroleum Operations. The Contractor is responsible for the preparation and the execution of the Annual Work Programs which are to be carried out in the most appropriate manner in compliance with good oilfield practice in the international petroleum industry.

6.2 Upon the Effective Date of this Contract, Kosmos Energy Mauritania is designated as Operator and shall be responsible for the conduct and the execution of the Petroleum Operations. The Operator, in the name of and on the behalf of the Contractor, shall communicate to the Minister all reports and information referred to in this Contract. Any change of Operator contemplated by the entities of the Contractor must receive the prior approval of the Minister,

which approval shall not be withheld without reasonable justification provided therefor.

6.3 The Operator must maintain during the term of the Contract in Mauritania, a branch which shall in particular be staffed with a responsible person having authority for the conduct of the Petroleum Operations and to whom any notification with regard to this Contract can be sent.

6.4 The Contractor must during the course of the Petroleum Operations take all necessary measures for the protection of the environment.

He must in particular, for any Petroleum Operation subject to prior authorization according to the Environmental Code, submit to the Minister, depending on the case, the studies or notices of environmental impact required for this type of operation, carry out the measures and comply with restrictions set forth in the environmental management plan, furnish the declarations and submit himself to the oversight provided for in the Environmental Code

The Contractor must moreover take all reasonable measures according to good oilfield practice in the international petroleum industry in order to:

a) Ensure that all of the facilities and equipment utilized for purposes of the Petroleum Operations be at all times in good repair and in conformity with the applicable norms, including therein those which result from international conventions ratified by the Islamic Republic of Mauritania and relative to the prevention of pollution;

b) avoid losses and dumping:

- of Hydrocarbons, including the flaring of Natural Gas, (with the exception of the cases provided for in Article 40 of the law instituting the Crude Hydrocarbons Code, under penalty of a fine which shall be later be determined by a decree taken by the Council of Ministers and which shall not under any circumstances exceed twenty (20) per cent of the then current market price of Natural Gas in Mauritania),

The above-cited fine shall not be considered a recoverable Petroleum Cost nor a deductible charge.

c) DOES NOT APPLY.

d) Store the Hydrocarbons produced in the facilities and receptacles constructed for this purpose ;

e) Without prejudice to the provisions of Article 23.2 here below, dismantle facilities which are no longer necessary to the Petroleum Operations and return the sites to their original condition;

f) and, generally, prevent pollution of the soil and of the subsoil, of the water and of the atmosphere, as well as prevent harm to fauna and flora.

6.5 The Contractor must, during the course of the Petroleum Operations, take all necessary measures to ensure the safety and protect the health of persons according to good oilfield practices in the international petroleum industry and the Mauritanian regulations in force, and in particular to put into place:

a) Appropriate means for prevention, rapid response and handling of risks, including the risks of blow-out;

b) Measures for information, training and means adapted to the risks encountered, including therein individual protective equipment, fire-fighting materials as well as means of first-aid and prompt evacuation of victims.

6.6 All works and facilities set up by the Contractor under this Contract must, according to the nature and circumstances, be constructed, shown with markers and sign posts and equipped in such fashion as to allow at any time and in complete safety free passage within the Exploration Perimeter and the Exploitation Perimeter(s).

6.7 While carrying out his right of construction, to execute works, and to maintain all facilities necessary for the purposes of this Contract, the Contractor should not occupy lands situated less than five hundred (500) meters away from any religious buildings, whether cultural or not, burial grounds, walled enclosures, courts and gardens, dwelling places, groups of dwelling places, villages, built-up areas, wells, springs , reservoirs, roads, routes, railways, water conduits, pipelines, works of public utility, civil engineering works, without the prior consent of the Minister. The Contractor shall be required to repair any damages which his works may have caused to occur.

6.8 The Contractor commits to granting preference to Mauritanian enterprises and products, on equivalent conditions in terms of price, quantity, quality, terms for payment and timeframe of delivery, and to require his subcontractors to make a similar commitment

All contracts of supply, construction or service of a value greater than seven hundred fifty thousand (750,000) Dollars where works of exploration/appraisal are concerned and one million five hundred thousand ($1,500,000) Dollars where works of development/exploitation are concerned, must be the subject of a call for bids from Mauritanian and foreign bidders, unless there is a prior consent from the Minister.

Copies of such contracts entered into during the course of each Quarter shall be sent to the Minister within the thirty (30) days following the end of the relevant Quarter.

6.9 The Contractor undertakes to grant preference, on equivalent economic terms, in the purchase of goods necessary for the Petroleum Operations, taking into account rental terms and any other lease arrangements and to require from his subcontractors a similar commitment .

To this end, every Annual Budget referred to in Article 5 must specify all the draft rental contracts of an annual value greater than seven hundred fifty thousand (750,000) Dollars.

ARTICLE 7 : RIGHTS OF THE CONTRACTOR IN THE CONDUCT OF PETROLEUM OPERATIONS

7.1 The Contractor has the exclusive right to carry out Petroleum Operations inside of the Exploration Perimeter or any Exploitation Perimeter resulting therefrom, as long as the Petroleum Operations are in conformity with the terms and conditions of this Contract, of the Crude Hydrocarbons Code as well as with the provisions of the laws and regulations in force in Mauritania, and that they are executed according to good oilfield practice in the international petroleum industry.

7.2 For purposes of the execution of the Petroleum Operations, the Contractor shall benefit from the rights set forth in Article 54 of the Crude Hydrocarbons Code.

7.3 The costs, compensation payments, and in general all charges resulting from occupation of lands referred to in Articles 55 to 57 of the Crude Hydrocarbons Code shall be at the expense of the Contractor and shall be recoverable as Petroleum Costs pursuant to the provisions of Article 10.2 here below.

7.4 The expiration of an Exploration Authorization or of an Exploitation Authorization, or the obligatory or voluntary relinquishment, partial or total of an Exploration Perimeter or of an Exploitation Perimeter has no effect with regard to the rights resulting from Article 7.2 here above for the Contractor, on works and facilities executed in application of the provisions of this Article 7, provided that said works and facilities continue to be utilized in the framework of the Contractor's activity on the portion kept or on other exploration or exploitation perimeters in Mauritania.

7.5 Subject to the provisions of Articles 6.8 and 6.9 here above, the Contractor has freedom of choice concerning suppliers and subcontractors and shall benefit from the customs regime set forth in Article 18 of this Contract.

7.6 Unless there are provisions to the contrary in the Contract, no restriction shall be set upon the entry, the stay, freedom of movement, employment and repatriation of persons and their

families as well as their goods, for the employees of the Contractor and those of his subcontractors, subject to compliance with employment legislation and regulations as well as social laws in force in Mauritania.

The Ministry shall facilitate the delivery to the Contractor, as well as to his agents, to his subcontractors and to their families, all administrative authorizations which may possibly be required in relation with the Petroleum Operations carried out in the framework of this Contract, including entry and exit visas.

ARTICLE 8 : MONITORING OF PETROLEUM OPERATIONS AND ACTIVITY REPORTS — CONFIDENTIALITY

8.1 The Petroleum Operations shall be subject to monitoring by the Ministry pursuant to the provisions of Title VIII of the Crude Hydrocarbons Code. The duly mandated representatives of the Ministry shall in particular have the right to monitor the Petroleum Operations, to inspect facilities, equipment, materials, and to audit said procedures, norms, records and books pertaining to the Petroleum Operations. Said such representatives shall make every effort not to disrupt the normal conduct of Contractor's operations.

In order to allow the exercise of the rights referred to here above, the Contractor shall furnish to the representatives of the Ministry and to the other agents of the State in charge of the supervision of Petroleum Operations reasonable assistance in the matter of means of transport and of lodging. The reasonable expenses for transport and lodging directly linked to monitoring and inspection shall be at the expense of the Contractor. Such expenses shall be considered as recoverable Petroleum Costs according to the provisions of Article 10.2 of this Contract and as deductible charges for purposes of the calculation of Industrial and Commercial Income Tax.

8.2 The Contractor shall keep the Ministry regularly informed of the status of the Petroleum Operations. He must in particular supply the Ministry with the following programs and information:

a) A work program for any geological or geophysical campaign, at least thirty (30) days before the beginning of the campaign in question and specifying in particular its location, its objectives, the techniques and equipment utilized, the name and address of the enterprise which will carry out the work, the starting date and the projected duration, the number of kilometers of seismic lines, the estimated costs and the safety measures put into place if the usage of explosives is contemplated.

b) A work program for any well, at least thirty (30) days before the spudding of the well in question and specifying in particular its precise location, a detailed description of the works contemplated, including the well techniques and the associated operations, its depth, its geological objective, the start date and the projected duration, the estimated costs of the program, a summary of the geological and geophysical data which prompted the Contractor's decision, the name and address of the drilling contractor as well as the designation of the well site, the name and address of all other subcontractors recruited for such operation, and the safety measures envisioned.

c) An advance notice of thirty (30) days concerning any abandonment of a producing well and forty-eight (48) hours when it concerns a non-producing well.

d) An advance notice of forty-eight (48) hours concerning any suspension of drilling or resumption of drilling after a suspension of greater than thirty (30) days.

Any accident involving a stoppage of work or material damage or death occurring in the framework of the Petroleum Operations must be immediately notified to the Minister and not later than within twenty-four (24) hours.

8.3 The Ministry may require from Contractor the execution, at the expense of the latter, of all work necessary to ensure safety and hygiene within the framework of the Petroleum Operations, pursuant to Article 6.5 here above.

8.4 The Ministry shall have access to all original data resulting from Petroleum Operations undertaken by the Contractor within the Exploration Perimeter and Exploitation Perimeter(s) such as geological, geophysical, petrophysical, drilling, reports concerning commencement of exploitation and all other reports generally required for the Petroleum Operations.

8.5 The Contractor commits to furnishing to the Ministry the following periodic reports:

a) Daily reports on drilling activities;

b) Weekly reports on geophysical works;

c) Starting from the date of granting of an Exploitation Authorization, within fifteen (15) days following the end of each Quarter, a detailed report on development activities;

d) Starting from the start-up of production, within fifteen (15) days following the end of each month, an exploitation report specifying in particular each of the quantities of Hydrocarbons produced, utilized in Petroleum Operations, stored, lost or flared, and sold, during the course of the preceding month as well as an estimate of each of the quantities in

question for the current month. With regard to Hydrocarbons sold, the report shall specify for each sale the identity of the buyer, the quantity sold and the price obtained;

e) Within the fifteen (15) days following the end of each Quarter, a report relative to Petroleum Operations carried out during the Quarter elapsed, containing in particular a description of the Petroleum Operations carried out and a detailed statement of the Petroleum Costs incurred, categorized in particular by Exploration Perimeter / Exploitation Perimeter and by type;

f) Within the three (3) months following the end of each Calendar Year, a report relative to the Petroleum Operations carried out during the Calendar Year elapsed, as well as a detailed statement of Petroleum Costs incurred, categorized in particular by Exploration Perimeter / Exploitation Perimeter and by type and a statement of the personnel employed by the Contractor, indicating the number of employees, their nationality, their duties, the total amount of the salaries as well as a report on medical care and instruction given to them.

g) Any other report generally required within the framework of Petroleum Operations.

8.6 Moreover, the following reports, data and documents shall be furnished to the Ministry during the month following their drafting or their being obtained:

a) Two (2) copies of the geological reports made in the framework of exploration ;

b) Two (2) copies of geophysical reports made in the framework of exploration. The Ministry shall have access to the originals of all recordings made (magnetic tapes or other format) and may, upon request, obtain copies;

c) Two (2) copies of reports of commencement and termination of drilling for each of the wells drilled;

d) Two (2) copies of all measures, tests, and well loggings recorded during the course of drilling (drilling termination reports);

e) Two (2) copies of each report of analyses (petrography, biostratigraphy, geochemistry or other) carried out on the core samples, the cuttings or fluids sampled in each one of the wells drilled, including therein raw data and supporting items with media for copying photos pertaining thereto;

f) A representative portion of the core samples taken, well cuttings taken from each well as well as fluid samples collected during the production tests shall also be supplied within reasonable periods of time.

g) Moreover, the Contractor may freely export core samples taken, drill cuttings taken and fluids produced;

h) And in a general fashion, two (2) copies of all other reports generally required for Petroleum Operations.

Reports, studies and other results referred to in this Article 8.6, as well as those referred to in Article 8.5 here above, shall be supplied in a suitable medium in digital and/or hard copy.

8.7 The Parties undertake to consider as confidential and to not communicate to Third Parties or to publish, except with the prior consent of the Minister, data and information of a technical nature related to the Petroleum Operations and which would not already be in the public domain, for the entire duration of the Contract.

In the case of relinquishment of a surface area or surrender of a perimeter , the Contractor undertakes to consider as confidential and to not communicate to Third Parties or to publish, except with the prior consent of the Minister, the data and information relating to the perimeter in question and which would not already be in the public domain.

After the surrender, termination or expiration of the Contract, the Contractor undertakes to consider as confidential and to not communicate to Third Parties or to publish, except with the prior consent of the Minister, the data and information relating to Petroleum Operations and which would not already be in the public domain.

8.8 Notwithstanding the provisions of Article 8.7, the State may communicate the data and information:

a) To all suppliers of services and professional consultants providing services in the framework of the monitoring of Petroleum Operations, after obtaining a similar commitment of confidentiality;

b) To any bank, institution or financial establishment with which an entity of the State solicits or obtains financing, after obtaining a similar commitment of confidentiality;

c) In the framework of any contentious proceeding in a legal, administrative or arbitrational matter.

8.9 Notwithstanding the provisions of Article 8.7, the Contractor may communicate the data and information:

a) To any Affiliated Company bound by a similar commitment of confidentiality;

b) To any suppliers of services and professional consultants providing services in the framework of Petroleum Operations, after obtaining a similar commitment of confidentiality;

c) To any company with a bona fide interest in the carrying out of a possible assignment, after obtaining from such company a commitment to keep confidential such information and to utilize it only for the purposes of such assignment;

d) To any bank or financial establishment with which an entity of the Contractor solicits or obtains financing, after obtaining a similar commitment of confidentiality;

e) When and to the extent that the regulations of a recognized stock exchange require the information;

f) Within the framework of any contentious proceeding in a legal, administrative or arbitrational matter.

8.10 The Contractor must report to the Minister the soonest possible any information relative to mineral substances encountered during the Petroleum Operations.

8.11 The Contractor must participate in the implementation of the Extractive Industries Transparency Initiative (EITI) pursuant to Article 98 of the Crude Hydrocarbons Code.

ARTICLE 9 : APPRAISAL OF A DISCOVERY AND GRANTING OF AN EXPLOITATION AUTHORIZATION

9.1 If the Contractor discovers Hydrocarbons in the Exploration Perimeter, he must so notify the Minister in writing the soonest possible and carry out, pursuant to good oilfield practice in the international petroleum industry, the necessary tests. Within the thirty (30) days following the provisional closure or abandonment of the discovery well, the Contractor must submit to the Minister a report giving all information pertaining to such discovery and formulating recommendations of the Contractor as to whether or not to pursue his appraisal.

9.2 If the Contractor wishes to undertake the appraisal works of the above-cited discovery, he must diligently submit to the Minister for approval the appraisal work program, the timetable for execution and the estimate of the corresponding budget, not later than six (6) months following the date of the notification of the discovery referred to in Article 9.1 here above.

The Contractor must then commence with maximum diligence the appraisal work pursuant to the program drawn up, it being understood that the provisions of Articles 5.2 and 5.3 here above shall apply to said program.

9.3 Within the three (3) months following the completion of the appraisal works, and not later than thirty (30) days prior to the expiration of the third phase of the exploration period defined in Article 3.2, as may be extended pursuant to the provisions of Articles 3.3 and 3.4 here above, the Contractor shall submit to the Minister a detailed report giving all the technical and economic information relative to the deposit so discovered and appraised, and establishing the commercial character or not of the said discovery. Such report shall in particular include the following information: the geological and petrophysical, characteristics, and the estimated delimitation of the deposit; the results of the production tests carried out, the nature, properties and volume of Hydrocarbons which it contains, a preliminary technical and economic study on the placement of the deposit into production.

9.4 Any quantity of Hydrocarbons produced from a discovery before the discovery has been declared commercial, if it is not utilized for the carrying-out of the Petroleum Operations, or lost, shall be subject to the provisions of Article 10 of this Contract.

9.5 A deposit considered by the Contractor to be commercially exploitable gives him the right to an Exploitation Authorization. In such case, the Contractor shall submit to the Minister, within the three (3) months following the submission of the report referred to in Article 9.3 here above, and not later than thirty (30) days prior to the expiration of the third phase of the exploration period defined in Article 3.2, possibly extended pursuant to the provisions of Articles 3.3 and 3.4 here above, an application for an Exploitation Authorization. Said application shall specify the lateral and stratigraphic delimitation of the Exploitation Perimeter, which shall cover only the presumed limits of the deposit discovered and appraised in the Exploration Perimeter then currently valid and shall be accompanied by technical justifications necessary for said delimitation. The above-cited application for an Exploitation Authorization shall be accompanied by a detailed development and production program, including in particular for the deposit in question :

a) An estimate of the recoverable reserves, proven and probable and of the corresponding production profile, as well as a study of the methods of recovery of hydrocarbons and development of natural gas;

b) A description of the works and facilities required to put the field into production, such as number of wells, facilities required for production, separation, processing, storage and transport of Hydrocarbons;

c) A program and a schedule for carrying out the said works and facilities, including startup date for production ;

d) An estimate of development investments and exploitation costs itemized for each year as well as an economic study confirming the commercial character of the deposit ;

e) The methods for financing such investments by each one of the entities making up the Contractor ;

f) An environmental impact study of the development project, carried out by the Contractor pursuant to the provisions of the Environmental Code.

g) An outline of a Rehabilitation Plan to return the sites to their original condition at the end of exploitation.

The Minister may propose revisions or modifications to the development and production program referred to above, as well as to the Exploitation Perimeter applied for, in notifying the Contractor thereof with all justifying supporting data deemed appropriate, within the ninety (90) days following receipt of the said program. The provisions of Article 5.2 here above shall apply to said program with regard to its adoption.

When the results acquired during the course of development justify changes to the development and production program, said program may be modified in utilizing the same procedure as that referred to here above for its initial adoption.

9.6 The Exploitation Authorization shall be granted by the Minister within forty-five (45) days following the date of adoption by the Parties of the development and production program. The granting of an Exploitation Authorization entails *ipso facto* the cancellation of the Exploration Authorization inside of the Exploitation Perimeter; however, the Exploration Authorization continues to be valid outside that perimeter until its expiration date, without the minimum exploration work obligation referred to in Article 4 above for the subject phase of the exploration period being modified.

9.7 If the Contractor makes several commercial discoveries within the Exploration Perimeter, each of such will give rise, in accordance with Articles 9.5 and 9.6 here above, to a separate Exploitation Authorization corresponding to an Exploitation Perimeter.

9.8 If in the course of work subsequent to the grant of an Exploitation Authorization, it appears that the deposit has an extension greater than that initially provided for in Article 9.5 here above, the Minister shall grant to the Contractor, within the framework of the Exploitation Authorization already granted, the additional portion, provided that the extension is an integral part of the

currently valid Exploration Perimeter and that the Contractor supplies the technical justifications for the extension applied for.

If it appears that the deposit has an extension less than that initially provided for, the Minister may require the Contractor to relinquish the exterior portion(s) of the boundaries of the deposit.

9.9 In the event that a deposit extends beyond the boundaries of the currently valid Exploration Perimeter, the Minister may require the Contractor to exploit such deposit together with the holder of the adjacent perimeter following the provisions of Article 53 of the Crude Hydrocarbons Code. Within the twelve (12) months following the written request of the Minister, the Contractor must submit to him, for approval, a draft development and production program of the relevant deposit drawn up in agreement with the holder of the adjacent perimeter.

In the case where the deposit extends over one or more other perimeters which are not under contract, the process of extension of the contractual perimeter may be undertaken, pursuant to the provisions of the Crude Hydrocarbons Code.

9.10 The Contractor must start up the development operations including the necessary studies, not later than six (6) months following the date of granting of the Exploitation Authorization referred to in Article 9.6 here above and must pursue them with the maximum diligence. The Contractor undertakes to carry out the development and production operations according to good oilfield practice in the international petroleum industry, making it possible to ensure the optimum recovery of Hydrocarbons contained in the deposit. The Contractor undertakes to proceed as soon as possible with studies of assisted recovery in consultation with the Ministry and to utilize such processes if, in the estimation of Contractor, such processes will lead under the economic conditions to an improvement of the rate of recovery.

9.11 The duration of the exploitation period during which the Contractor is authorized to ensure the production of a deposit declared to be commercial is set at twenty-five (25) years if the exploitation is for deposits of Crude Petroleum and thirty (30) years if the exploitation is for deposits of Dry Gas, starting from the date of granting of the corresponding Exploitation Authorization.

Upon the expiration of the initial period of exploitation defined here above, the Exploitation Authorization may be renewed for an additional maximum period of ten (10) years upon an application by Contractor providing supporting information submitted to the Minister at least one (1) year prior to said expiration, provided that the Contractor has fulfilled all his contractual obligations during the initial exploitation period and that he proves that additional commercial

production from the Exploitation Perimeter remains possible during the additional period applied for.

9.12 For any deposit having given rise to the granting of an Exploitation Authorization, the Contractor must, without prejudice to the provisions of Article 21 here below, carry out at his own expense all appropriate and necessary Petroleum Operations to place the deposit into exploitation, in conformity with the adopted development and production program.

However if the Contractor believes, on the basis of technical knowledge acquired on such deposit, and can make the accounting proof during the course of the development and production program or during the course of exploitation that producing from such deposit cannot be, or can no longer be, commercially profitable, even though the discovery well and the appraisal works have led to the granting of an Exploitation Authorization pursuant to this Contract, the Minister undertakes to not obligate the Contractor to pursue the works and to explore with the Contractor, to the extent possible, technical and economic improvements which would permit the Contractor to consider the profitable exploitation of said deposit. In the case where the Contractor decides not to pursue the exploitation works and if the Minister asks him to, the Contractor shall surrender the relevant Exploitation Authorization and the rights which are attached thereto.

9.13 The Contractor may at any time, subject to so notifying the Minister in writing with an advance notice of at least six (6) months, surrender totally or in part an Exploitation Authorization, provided that he has satisfied all obligations provided for in this Contract.

9.14 The Contractor undertakes for the duration of the Exploitation Authorizations to produce annually quantities of Hydrocarbons from each deposit according to generally accepted norms in the international petroleum industry in taking principally into consideration the rules for the proper conservation of deposits and the optimal recovery of the reserves of Hydrocarbons under economic conditions for the duration of the relevant Exploitation Authorizations.

9.15 The ceasing of production of a deposit for a duration greater than six (6) consecutive months, decided upon by the Contractor without the consent of the Minister, may lead to the cancellation of this Contract within the terms set forth in Article 25 here below.

9.16 The Minister may place the Contractor on notice by registered letter with return receipt to remedy the following shortcomings within a time period of three (3) months, if the latter, without duly justified reasons:

a) Has not submitted an appraisal work program for said discovery within the time period referred in Article 9.2 here above ;

b) Has not carried out the appraisal works of said discovery in conformity with the appraisal program referred to in Article 9.2 here above ;

c) Or has not submitted an application for an Exploitation Authorization within the time period referred to in Article 9.5 here above.

If the Contractor has not remedied the above shortcomings within the mentioned time period, the Minister may then demand that he relinquish immediately and without compensation all his rights within the presumed boundaries of said discovery, including the Hydrocarbons which could be produced from it.

The State may then carry out all works of appraisal, development and production of such discovery upon condition however that it does not cause damage to the performance of the Petroleum Operations of the Contractor in the Exploration Perimeter or any Exploitation Perimeter governed by the Contract.

ARTICLE 10 : RECOVERY OF PETROLEUM COSTS AND PRODUCTION SHARING

10.1 From the commencement of regular Hydrocarbons production carried out pursuant to an Exploitation Authorization or an early production authorization, that production shall be shared and sold in accordance with the provisions hereafter.

10.2 For the recovery of Petroleum Costs, the Contractor shall freely retain each Quarter, and for each Exploitation Authorization, a share of total production equal to fifty-five percent (55%) for Crude Petroleum and sixty-two percent (62%) for Dry Gas, calculated on total production which is not utilized for Petroleum Operations, nor wasted, or, if applicable, a lower percentage of production, or only a lower percentage which would be necessary and would suffice.

The value of the share of total production allocated for the petroleum cost recovery of the Contractor as defined in the preceding subparagraph, shall be calculated in accordance with the provisions of Articles 14 and 15 here below.

In the course of a Calendar Year, should the Petroleum Costs not yet recovered by the Contractor pursuant to the provisions of this Article 10.2 exceed the equivalent in value of fifty-five percent (55%) with respect to Crude Petroleum and sixty-two percent (62%) with respect to

Dry Gas, of the total production calculated as indicated here above, the excess which cannot be recovered for the Calendar Year under consideration shall be carried forward to the following Calendar Year(s) until full recovery of Petroleum Costs or the termination of this Contract. The recovery of Petroleum Costs for any Quarter shall be scheduled in the order stipulated in the Accounting Procedure.

10.3 The volume of Hydrocarbons, related to each Exploitation Authorization, which remains for each Quarter after the Contractor has taken from total production the share necessary to the recovery of Petroleum Costs under the provisions of Article 10.2 here above, shall be shared between the State and the Contractor in the following manner, in the ratio of the applicable figure for the ratio "R" defined as follows::

Value of « R »	Share of the State	Share of the Contractor
Less than 1	31%	69%
Greater than or equal to 1 and less than 1.5	33%	67%
Greater than or equal to 1.5 and less than 2	35%	65%
Greater than or equal to 2 and less than 2.5	37%	63%
Greater than or equal to 2.5 and less than 3	39%	61%
Greater than or equal to 3	42%	58%

For the application of this Article, the ratio « R » means to the ratio of « Cumulative Net Revenue » of Contractor over « Cumulative Investments » in the relevant Exploitation Perimeter, where:

« Cumulative Net Revenue » means the sum, calculated from the Effective Date until the end of the preceding Quarter, of the value of Hydrocarbons obtained by Contractor pursuant to the provisions of Articles 10.2 and 10.3 here above ; less the Exploitation Petroleum Costs incurred by the Contractor, as such are defined and determined under the provisions of the Accounting Procedure.

« Cumulative Investments » means the sum, from the Effective Date up until the end of the preceding Quarter, of the Exploration Petroleum Costs and the Development Petroleum Costs incurred by the Contractor as defined and determined under the provisions of the Accounting Procedure.

10.4 The State may receive its share of production defined in Article 10.3 here above, either in kind, or in cash.

10.5 If the State wishes to receive in kind all of part of its share of production defined in Article 10.3 here above, the Minister shall advise the Contractor in writing not less than ninety (90) days prior to the commencement of the relevant Quarter and specify the exact quantity it wishes to receive in kind during said Quarter and the modalities of delivery, which must be specified in the lifting contract.

For this purpose, it is agreed that the Contractor shall not commit to the sale of a part of the State production, for a term which exceeds one hundred and eighty (180) days, unless he shall have obtained the written consent of the Minister.

10.6 If the State wishes to receive in cash all or part of its share of production specified in Article 10.3 here above, or if the Minister has failed to notify the Contractor of its decision to take a portion of the State's production in kind in accordance with Article 10.5 here above, the Contractor is obligated to sell the State share of production which the State wishes to take in cash during the relevant Quarter, and to proceed with the liftings of such share in the course of such Quarter, and to pay the State within thirty (30) days following each lifting, an amount equal to the quantity corresponding to the portion of the State production share, multiplied by the sale price F.O.B., after deduction of the costs attributable to such sales.

The Minister shall be entitled to request the settling of the sales of the State share of production effected by the Contractor either in Dollars or in any other convertible currency in which the transaction took place.

ARTICLE 11 : TAX REGIME

11.1 Each of the entities which make up the Contractor shall be subject to the Industrial and Commercial Income Tax levied on the net profits earned in relation to the Petroleum Operations in accordance with Articles 66 to 74 of the Crude Hydrocarbons Code and the provisions of the Accounting Procedure found in Appendix 2 of this Contract.

The rate of this tax is set at twenty-seven percent (27%) for the entire duration of the Contract such as defined in Article 2.2 here above.

For the purposes of setting the amount of the Industrial and Commercial Income Tax, the value of Hydrocarbons sold by the Contractor under Articles 10.2 and 10.3 here above to be included in net taxable profit shall be established in accordance with the provisions of Article 14 here below.

11.2 Without prejudice to the provisions of Article 21 here below, the Contractor shall pay to the State the following surface rentals:

a) two Dollars ($2) per square kilometer and per year during the first phase of the exploration period ;

b) three Dollars ($3) per square kilometer and per year during the second phase of the exploration period ;

c) four Dollars ($4) per square kilometer and per year during the third phase of the exploration period and during any extension provided for in Articles 3.3 and 3.4 here above;

d) one hundred seventy Dollars ($170) per square kilometer and per year during the validity of the Exploitation Authorization.

The surface rentals referred to in paragraphs a), b) and c) here above shall be paid in advance and per year, not later than the first day of each Contract Year, for the entire Contract Year, according to the extent of the Exploration Perimeter held by the Contractor upon the due date of said rentals.

The surface rental relative to an Exploitation Authorization shall be paid in advance and per year, at the beginning of each Calendar Year following the granting of the Exploitation Authorization or for the Calendar Year of said grant, within thirty (30) days of the date of the grant, prorated over time for the remaining duration of the current Calendar Year, according to the extent of the Exploitation Perimeter upon such date.

In the case of relinquishment of the surface during the course of a Calendar Year or during the course of an event of Force Majeure, the Contractor shall have no right to any reimbursement of surface rentals already paid.

The amounts referred to in this Article 11.2 are not considered recoverable Petroleum Costs under the provisions of Article 10.2 here above, nor are they considered as deductible costs for

setting the basis of the Industrial and Commercial Income Tax in accordance with Article 76 of the Crude Hydrocarbons Code.

11.3 The Contractor shall be subject to taxes and fees as well as to withholdings at source and other tax obligations applicable to contractors pursuant to Title VI of the Crude Hydrocarbons Code.

11.4 The subcontractors of the Contractor as well as the personnel of the Contractor and of his subcontractors shall be subject to the generally applicable tax provisions, subject to the provisions of Title VI of the Crude Hydrocarbons Code which are applicable to them.

11.5 The shareholders of the entities making up the Contractor and their Affiliated Companies shall benefit from the exemptions provided for in Article 86 of Title VI of the Crude Hydrocarbons Code.

11.6 Except for taxes, fees and dues provided in Title VI of the Crude Hydrocarbons Code, for special taxes related to the utilization of drinking water or of irrigation water provided for in Article 6 .4 here above, for the surface rentals provided for in Article 11.2 here above, for the bonuses provided for in Article 13 here below andfor the payment referred to in Article 12.2 here below, the Contractor shall not be subject to any tax, fees, royalties, payments and contributions of any nature whatsoever, be they national, regional or municipal, either in effect now or in the future, which may burden the Petroleum Operations, and of any revenue derived therefrom or more generally, the property, the activities or action of the Contractor, including its facility, its money transfers, and its operation in implementation of this contract, provided, however, that these exemptions are only applicable to Petroleum Operations.

Pursuant to Article 83-2º of the Crude Hydrocarbons Code, the rendering of services directly related to Petroleum Operations shall, in particular, be subject to VAT at the rate of zero, when the service rendered, the right transferred or the item rented are reused or exploited in Mauritania, pursuant to Article 177 B of the General Tax Code.

The foregoing exemptions in this Article do not cover services actually rendered to Contractor by public Mauritanian administrations and local governmental departments or units. However, the tariffs levied in such cases on the Contractor, its subcontractors, transporters, customers and agents must be reasonable in relation to the services rendered and must not exceed the tariffs generally applicable for these same services by the same public Mauritanian administrations and local governmental departments or units. The cost of these services shall be considered recoverable Petroleum Costs in accordance with Article 10.2 of this Contract.

ARTICLE 12 : PERSONNEL

12.1 From the beginning of the Petroleum Operations, the Contractor undertakes to ensure the employment on a priority basis, with equal qualification, of Mauritanian personnel and to contribute to the training of such personnel, in order to allow their accession to all employment as qualified workers, supervisors, management, engineers and directors.

To this end, the Contractor shall establish in agreement with the Ministry at the end of each Calendar Year, a recruitment plan of Mauritanian personnel and a plan for training and skills improvement in order to attain a greater and greater participation of Mauritanian personnel in the Petroleum Operations.

12.2 The Contractor must also contribute to the training and skills improvement of the agents of the Ministry and to the other purposes referred to in Article 80 of the Crude Hydrocarbons Code, according to a plan established by the Ministry at the end of each Calendar Year.

To this end, the Contractor shall pay to the State, for said training and job skills improvement plan, an amount of three hundred thousand Dollars ($300,000) per Calendar Year during the validity of the Exploration Authorization, and, starting from the granting of an Exploitation Authorization, an amount of six hundred thousand Dollars ($600,000) per Calendar Year. The above-cited payments shall be considered to be nonrecoverable Petroleum Costs with respect to the provisions of Article 10.2 here above but as deductible charges on the Industrial and Commercial Income Tax in conformity with Article 82 of the Crude Hydrocarbons Code.

ARTICLE 13 : BONUSES

13.1 The Contractor shall pay to the State a signature bonus in the amount of one million Dollars ($1,000,000) within the thirty (30) days following the Effective Date.

13.2 Moreover, the Contractor shall pay to the State the following production bonuses:

a) six million Dollars ($6,000,000) when the regular commercial production of Hydrocarbons extracted from the Exploitation Perimeter(s) reaches for the first time an average rate equal

to twenty-five thousand (25,000) Barrels of Crude Petroleum per day during a period of thirty (30) consecutive days;

b) eight million Dollars ($8,000,000) when the regular commercial production of Hydrocarbons extracted from the Exploitation Perimeter(s) reaches for the first time an average rate equal to fifty thousand (50,000) Barrels of Crude Petroleum per day for a period of thirty (30) consecutive days;

c) tweleve million Dollars ($12,000,000) when the regular commercial production of Hydrocarbons extracted from the Exploitation Perimeter(s) reaches for the first time an average rate equal to one hundred thousand (100,000) Barrels of Crude Petroleum per day for a period of thirty (30) consecutive days ;

d) twenty million Dollars ($20,000,000) when the regular commercial production of Hydrocarbons extracted from the Exploitation Perimeter(s) reaches for the first time an average rate equal to one hundred fifty thousand (150,000) Barrels of Crude Petroleum per day for a period of thirty (30) consecutive days.

Each of the sums referred to in paragraphs a), b), c) and d) here above shall be paid within the thirty (30) days following the above-cited period of reference.

13.3 The sums referred to in Articles 13.1 and 13.2 here above shall not be considered as recoverable Petroleum Costs with respect to the provisions of Article 10.2 here above, nor considered to be deductible charges for the determination of the Industrial and Commercial Income Tax pursuant to Article 79 of the Crude Hydrocarbons Code.

ARTICLE 14 : PRICE AND MEASUREMENT OF HYDROCARBONS

14.1 The unitary market price of the Crude Petroleum used in consideration for purposes of Articles 10 and 11 here above shall be the “Market Price” F.O.B. the Delivery Point, expressed in Dollars per Barrel, as determined here below for each Quarter.

A Market Price shall be established for each type of Crude Petroleum or blend of Crude Petroleums.

14.2 The Market Price applicable to Crude Petroleum lifted in the course of a Quarter shall be calculated at the end of each Quarter under consideration, and shall be equal to the weighted average of prevailing prices obtained by the Contractor and the State in the course of their sale

of Crude Petroleum to Third Parties in the course of the Quarter under consideration, adjusted as appropriate to reflect differentials in quality and density, and on the terms of F.O.B. delivery and payment terms provided the quantity sold in such manner to Third Parties in the course of the Quarter under consideration corresponds to no less than thirty percent (30%) of the total of the volumes of Crude Petroleum extracted from the Exploitation Perimeters existing under this Contract, taken as a whole, and sold in the course of the said Quarter.

14.3 If such Third Party sales do not take place during the Quarter under consideration, or if they constitute less than thirty percent of the total of the quantities of Crude Petroleum of the Exploitation Perimeter granted under the present Contract taken as a whole and sold in the course of the said Quarter, the Market Price shall be arrived at by comparison with the « Current International Market Price » for the Quarter under consideration of the qualities of Crude Petroleum produced in Mauritania and in neighboring producing countries, taking into account differentials of quality, density, transport and terms of payment.

« Current International Market Price » shall be a reference price based on Dated Brent prices, as such are published in "Platt's Crude Oil Marketwire" or similar internationally recognized publication, averaged for the month(s) during which sales were made and adjusted for differences in quality, API gravity, terms of FOB delivery and payment terms. If Dated Brent is replaced by another internationally recognized reference crude, the published quotes of the replacement crude shall be used instead.

14.4 In particular the following transactions are not taken into account in calculating the Market Price of the Crude Petroleum:

a) Sales in which the buyer is an Affiliated Company of the seller as well as sales between entities making up the Contractor;

b) Sales which include some consideration other than payment in freely-convertible currency or sales attributable in whole or in part to motivations other than the usual economic incentives attached to sales of Crude Petroleum on the international market (such as barter contracts, sales from government to government or to governmental units).

14.5 A committee presided over by the Minister or his delegate and including other representatives of the State and those of the Contractor shall meet at the request of its president, at the end of each Quarter, to establish, according to the stipulations of this Article 14, the Market Price of the Crude Petroleum produced, applicable to the Quarter elapsed. The decisions of the committee shall be by unanimous vote.

If no agreement can be reached by the committee on a decision within a time period of thirty (30) days after the end of the relevant Quarter, the Market Price of the Crude Petroleum produced shall be definitively determined by an expert of international reputation, appointed by agreement of the Parties, or, if such agreement is not reached, by the International Centre for Expertise of the International Chamber of Commerce. The expert shall establish the price according to the stipulations of this Article 14 within a time period of twenty (20) days after his appointment. The costs of expertise shall be shared equally between the Parties.

14.6 While awaiting the determination of the price, the Market Price provisionally applicable to a Quarter shall be the Market Price of the preceding Quarter. Any necessary adjustment shall be made not later than thirty (30) days after the determination of the Market Price for the Quarter under consideration.

14.7 The Contractor shall measure all the Hydrocarbons produced after extraction of water and connected substances, in utilizing, with the consent of the Ministry, the instruments and procedures in conformity with the methods in force in the international petroleum industry. The Ministry shall have the right to examine such measures and to check the instruments and procedures utilized.

If during the course of exploitation the Contractor wishes to modify such instruments and procedures, he must obtain the prior consent of the Ministry.

If, during the course of an inspection carried out by the Ministry, it is verified that the measuring instruments are inaccurate and exceed the acceptable tolerances, and that this condition of fact is confirmed by an independent expert, the inaccuracy in question shall be considered as having existed for half of the period since the preceding inspection, unless a different period is demonstrated. The accounting of the Petroleum Costs and the shares of production and liftings of the Parties shall be the subject of appropriate adjustments within thirty (30) days following receipt of the expert's report.

14.8 For Dry Gas, the provisions of this Article 14 shall apply *mutatis mutandis,* subject to the provisions of Article 15 here below.

ARTICLE 15 : NATURAL GAS

Non-Associated Natural Gas

15.1 In the case where a discovery referred to in Article 9.1 here above concerns a deposit of Non-Associated Natural Gas which the Contractor has undertaken to appraise pursuant to Article 9.2

here above, the Minister and the Contractor shall jointly carry out, in parallel with the appraisal works of the discovery in question, a market study intended to evaluate the possible market outlets for such Natural Gas, both on the local and the export markets, as well as the means necessary for its marketing, and shall consider the possibility of a joint marketing of their shares of production. The study shall in particular determine the quantities for which sale on the local market can be assured as a fuel or as a raw material, the facilities and arrangements necessary for the sale of such Natural Gas to the utilizing enterprises or to the entity of the State in charge of its distribution, as well as the discounted price which shall be determined pursuant to the principles set forth in Article 15.8 here below.

For purposes of evaluating the commercial value of the discovery of the Non-Associated Natural Gas, the Contractor shall have the right pursuant to Article 3.4 here above to an extension of his Exploration Authorization.

If following the appraisal of a discovery of Non-Associated Natural Gas, it is shown that the development requires specific economic terms in order to make it economically viable in the opinion of each of the two Parties, the Parties may agree, on an exceptional basis, on said terms. .

15.2 At the end of appraisal works, in the case where the Parties should decide to jointly exploit such Natural Gas in order to supply the local market, or in the case where the Contractor should decide to exploit it for export, the latter shall submit, prior to the end of the Exploration Authorization, an application for an Exploitation Authorization which the Minister shall grant within the terms set forth in Article 9.6 here above.

The Contractor shall then proceed with the development and the production of such Natural Gas pursuant to the development and production program submitted to the Minister and approved by the latter within the terms provided for in Article 9.5. The provisions of this Contract applicable to Crude Petroleum shall apply *mutatis mutandis* to the Natural Gas, subject to the special provisions provided for in Articles 15.7 to 15.9 here below.

In the case where the production is intended in whole or in part for the local market, a supply contract shall be entered into, under the supervision of the Minister, between the Contractor and the enterprise of the State responsible for the distribution of the gas. The Contract shall define the obligations of the parties in the matter of delivery and lifting of the commercial gas and may contain a clause obligating the purchaser to pay a portion of the price in the event of a default in the lifting of the contractual quantities.

15.3 If an appraisal program or application for an Exploitation Authorization has not been submitted within the time periods allowed for in Articles 9.2 and 9.5 here above, the surface comprising the extent of the deposit of Non-Associated Natural Gas shall be, upon the request of the Minister, relinquished to the State, which shall be able to undertake for its own account all works of placement into exploitation of the deposit in question.

Associated Natural Gas

15.4 In the event of a discovery of a commercially exploitable deposit of Crude Petroleum containing Associated Natural Gas, the Contractor shall indicate in the report provided for in Article 9.3 here above whether he considers that the production of such Associated Natural Gas is likely to exceed the quantities necessary for the purposes of Petroleum Operations relative to the production of Crude Petroleum, including therein the operations of reinjection, and whether it considers that such excess is likely to be produced in marketable quantities. In the case where the Contractor will have advised the Minister of such an excess amount, the Parties shall jointly evaluate the possible markets for such excess amount, both on the local and the export markets, including therein the possibility of a joint marketing of their shares of production of such excess amount as well as the means necessary for its marketing.

In the case where the Parties should agree to exploit the excess amount of the Associated Natural Gas, or in the case where the Contractor should decide to exploit such amount for export, the Contractor shall indicate in the development and production program referred to in Article 9.5 here above the additional facilities necessary for the development and exploitation of such excess amount and his estimate of the costs pertaining thereto.

The Contractor must then proceed with the development and the exploitation of such excess amount pursuant to the development and production program submitted and approved by the Minister within the terms set forth in Article 9.5 here above, and the provisions of this Contract applicable to the Crude Petroleum shall apply *mutatis mutandis* to the excess quantity of Natural Gas, subject to the special provisions set forth in Articles 15.7 to 15.9 here below.

A similar procedure to that described in the paragraph here above shall be followed if the marketing of the Associated Natural Gas is decided upon during the course of the exploitation of a deposit.

15.5 In the case where the Contractor should decide not to exploit the excess amount of Associated Natural Gas and if the State should at any time desire to utilize it, the Minister shall so advise the Contractor, in which case:

a) The Contractor shall freely place at the disposal of the State all or a portion of the excess amount which the State desires to lift, at the exit point of the separation facilities;

b) The State shall be responsible for the collection, the processing, compression and transport of such excess amount from the above-mentioned separation facilities, and shall bear all additional costs pertaining thereto;

c) The construction of the facilities necessary for the operations referred to in paragraph b) here above, as well as the lifting of the excess amount by the State, shall be accomplished pursuant to good oilfield practices in the international petroleum industry and in such a manner so as not to impede production, lifting and transport of the Crude Petroleum by the Contractor.

15.6 Any excess amount of Associated Natural Gas which is not utilized within the framework of Articles 15.4 and 15.5 here above must be reinjected by the Contractor, unless Contractor technically demonstrates that such reinjection would result in a reduction of maximum oil recovery, in which case Contactor shall be authorized to flare said excess and shall be subject to the penalty provided for in Article 6.4.

Common Provisions

15.7 The Contractor shall have the right to dispose of his share of production of Natural Gas, pursuant to the provisions of this Contract. He shall also have the right to proceed with the separation of liquids of all Natural Gas produced, and to transport, store, as well as to sell on the local or export market his share of the liquid Hydrocarbons thus separated, which Hydrocarbons shall be considered as Crude Petroleum for purposes of their sharing between the Parties according to Article 10 here above.

15.8 For purposes of this Contract, the Market Price of the Natural Gas, expressed in Dollars per million of BTU, shall be equal:

a) To the price obtained from buyers with regard to export sales of Natural Gas to Third Parties;

b) With regard to sales on the local market of the Natural Gas as a fuel, to a price to be mutually agreed upon between the Minister or the national entity in charge of the distribution of gas on the local market, and the Contractor, on the basis in particular of the market rate of a fuel substitute for Natural Gas.

15.9 For purposes of the application of Articles 10.2, 10.3 and 13.2 here above, the quantities of Natural Gas available after deduction of quantities reinjected, flared and those utilized for purposes of the Petroleum Operations shall be expressed in number of Barrels of Crude Petroleum such that one hundred sixty-five (165) cubic meters of Natural Gas measured at a temperature of 15.6°C and at an atmospheric pressure of 1.01325 bars are deemed to be equal to one (1) Barrel of Crude Petroleum, except as otherwise agreed between the Parties.

ARTICLE 16 : TRANSPORT OF HYDROCARBONS BY PIPELINES

16.1 The Contractor shall have the right, for the validity term of the Contract and within the terms defined in Title V of the Crude Hydrocarbons Code, to process and transport within its own facilities inside of the territory of Mauritania and to cause to be processed and transported, while retaining ownership, the products resulting from its exploitation activities or its share of such products, to points of storage, processing, lifting, or gross consumption.

16.2 In the case where agreements having as their purpose to permit or to facilitate transport by pipelines of Hydrocarbons through other states should come to be agreed upon between such states and the Mauritanian State, the latter shall grant to the Contractor without discrimination all the benefits which could result from the execution of such agreements..

16.3 Within the framework of its transport operations, the Contractor shall benefit from the rights and shall be subject to the obligations provided for in Title V of the Crude Hydrocarbons Code.

ARTICLE 17 : OBLIGATION FOR SUPPLYING THE DOMESTIC MARKET

17.1 The Contractor has the obligation of participating in meeting the needs of domestic consumption of Hydrocarbons, except for exports of petroleum products, pursuant to the provisions of Article 41 of the Crude Hydrocarbons Code.

17.2 The Minister shall notify the Contractor in writing, not later than the 1st of October of each Calendar Year, the quantities of Hydrocarbons which the State chooses to purchase pursuant to this Article, during the course of the following Calendar Year. The deliveries shall be made, to the State or to the person designated by the Minister, by quantities and at regular time intervals during the course of said Year, according to terms set by agreement of the parties.

17.3 The price of the Hydrocarbons so sold by the Contractor to the State shall be the Market Price established according to the provisions of Articles 14 and 15.8 here above; it shall be payable to the Contractor in Dollars within sixty (60) days from the date of delivery. A sales contract shall be entered into between the State and the Contractor which shall establish payment procedures and pertaining guarantees.

ARTICLE 18 : IMPORTATION AND EXPORTATION

18.1 The Contractor shall have the right to import into Mauritania, for its account or for that of its subcontractors, all merchandise, materials, machines, equipment, spare parts and consumable materials necessary for the proper execution of Petroleum Operations and specified in a customs list established by the Ministry, upon the proposal of the Contractor, pursuant to Article 92 of the Crude Hydrocarbons Code.

It is understood that the Contractor and his subcontractors undertake to proceed with the importing defined here above only to the extent that said materials and equipment are not available in Mauritania upon equivalent conditions in terms of price, quantity, quality, terms of payment and time period for delivery.

18.2 The imports and re-exports of the Contractor and of his subcontractors are subject to the customs regime set forth in Articles 90 to 96 of the Crude Hydrocarbons Code.

18.3 The Contractor, his clients and their transporters shall have, for the duration of the Contract, the right to freely export at the point of exportation chosen for such purpose, free of all customs duties and taxes and at any time whatsoeverand pursuant to the provisions of the Crude Hydrocarbons Code, the portion of Hydrocarbons to which the Contractor is entitled according to the provisions of the Contract, after deduction of all deliveries made to the State pursuant to Article 17. However, the Contractor undertakes, at the request of the State, not to sell the Hydrocarbons produced in Mauritania to countries declared hostile to the State.

ARTICLE 19 : FOREIGN EXCHANGE

19.1 The Contractor shall benefit from the rights and is subject to the obligations provided for in Title VII of the Crude Hydrocarbons Code in matters of control of foreign exchange and of protection of investments.

ARTICLE 20 : BOOK-KEEPING, MONETARY UNIT, ACCOUNTING

20.1 The records and books of account of the Contractor shall be kept according to the accounting rules generally utilized in the international petroleum industry, pursuant to the regulations in force and with the Accounting Procedure defined in Appendix 2 of this Contract.

20.2 The records and books of account shall be kept in the English language and denominated in Dollars. They shall be fully supported by detailed documentation proving the expenses and receipts of the Contractor with respect to this Contract.

Such records and books of account shall be utilized in particular to determine Petroleum Costs, and the net profits of the Contractor subject to the Industrial and Commercial Income Tax pursuant to Articles 66 *et seq* of the Crude Hydrocarbons Code. They must contain the accounts of the Contractor highlighting the sales of Hydrocarbons under the terms of this Contract.

For informational purposes, the accounting of profits and balance sheets shall be kept in Ouguiyas.

20.3 The originals of the records and accounting books referred to in Article 20.1 here above can be kept at the central headquarters of the Contractor, up until the Contractor is granted the first Exploitation Authorization, with at least one copy in Mauritania. Starting from the month during the course of which such Exploitation Authorization is granted to the Contractor, the originals of said records and accounting books as well as the supporting documents pertaining thereto shall be kept in Mauritania.

20.4 The Minister, after having informed the Contractor in writing, may cause to have the records and books of account relative to the Petroleum Operations examined and verified by auditors of his choice or by his own agents, according to the terms specified in the Accounting Procedure. He shall have a period of three (3) years following the end of a given Calendar Year to carry out the examinations or verifications concerning said Calendar Year and present to the Contractor his objections for any contradictions or errors noted at the time of such examinations or verifications. The Parties may agree to extend this time period by one additional year if special circumstances so justify it.

For Petroleum Costs incurred before the first year of production of Hydrocarbons, the time period of verification and of rectification is extended to the end of the second Calendar Year following the Calendar Year during which the first lifting of Hydrocarbons takes place.

The Contractor is required to furnish all necessary assistance to persons appointed by the Minister for this purpose and to facilitate the services they are rendering. The reasonable expenses for examination and of verification shall be reimbursed to the State by the Contractor

and shall be considered to be recoverable Petroleum Costs according to the provisions of Article 10.2 here above.

20.5 The sums due to the State or to the Contractor shall be payable in Dollars or in a convertible currency chosen by common agreement between the Parties.

In the event of a delay in payment, the sums due shall bear interest at the LIBOR rate +5% starting from the day that they should have been paid up until their payment, with monthly compounding of interest if the payment is more than thirty (30) days late.

ARTICLE 21 : PARTICIPATION OF THE STATE

21.1 The State shall acquire on the Effective Date, through the National Enterprise (Société Mauritanienne des Hydrocarbures) referred to in Article 6 of the Crude Hydrocarbons Code, a carried interest of ten percent (10%) in the rights and obligations of the Contractor in the Exploration Perimeter. The entities of the Contractor, other than the National Enterprise, shall finance the share of the latter in all Petroleum Costs corresponding to the exploration Petroleum Operations including therein the evaluation/appraisal of discoveries made in the Exploration Perimeter, during the entire duration of the Exploration Authorization which is the subject of Article 3 here above.

The National Enterprise, as an entity of the Contractor, shall benefit on account of and pro rata to its participation from the same rights and benefits and is subject to the same obligations as the other members of the Contractor, subject to the provisions of this Article 21.

21.2 The State shall have the option to acquire, through the National Enterprise, a participation in the Petroleum Operations in any Exploitation Perimeter resulting from the Exploration Perimeter within the limits indicated in Article 21.3 here below.

In such case, the National Enterprise shall be the beneficiary, on account of and pro rata to its participation, of the same rights and subject to the same obligations as those of the Contractor defined in this Contract, subject to the provisions of this Article 21.

In order to avoid any ambiguity, the participation of the State in the Exploration Perimeter shall continue to be carried by the entities of the Contractor pursuant to the provisions of Article 21.1 here above.

21.3 In the case of the exercise by the State of the option of participation in an Exploitation Perimeter mentioned in Article 21.2 here above, such participation may not be less than ten percent (10%) and may not exceed fourteen percent (14%).

21.4 Not later than six (6) months starting from the date of the grant of an Exploitation Authorization, the Minister must notify the Contractor in writing of the decision of the State to exercise its option of participation in specifying the percentage chosen within the limit set forth in Article 21.3 here above.

Said participation shall take effect starting from the date of receipt of notification of the exercise of the option of the State.

In order to avoid any ambiguity, the State shall have no participation in Petroleum Operations in any Exploitation Perimeter from the Exploration Perimeter if he does not exercise the option mentioned in Article 21.2 here above.

21.5 Starting from the effective date of its participation, which is the subject of Articles 21.2 to 21.4 here above, the State shall finance the Petroleum Costs in the relevant Exploitation Perimeter pro rata to its participation.

The State shall reimburse to the entities of the Contractor, other than the National Enterprise, pursuant to Article 21.6 here below, pro rata to its participation, the Petroleum Costs not yet recovered relative to said Exploitation Perimeter and incurred since the Effective Date (with the exclusion of exploitation Petroleum Costs (OPEX) and financing costs), up until the date of receipt of notification referred to in Article 21.4 here above.

The Contractor shall not be subject to any tax of any type whatsoever, by reason of such reimbursements or possible added value pertaining thereto.

21.6 The State shall assign and shall continue to assign to the Contractor thirty percent (30%) of the share of production to which it is entitled from its participation and as recovery of Petroleum Costs pursuant to Article 10.2 here above and the Accounting Procedure constituting Appendix 2, until the cumulative value of such transfers or reimbursements, appraised according to the provisions of Articles 14 and 15 here above, is equal to one hundred fifteen percent (115%) of the Petroleum Costs prior to the Effective Date of the participation and referred to in the second paragraph of Article 21.5 here above.

21.7 In order to remove any ambiguity, the reimbursement of the exploration Petroleum Costs stipulated in Articles 21.5 and 21 .6 here above, does not in any way include the sums paid by the Contractor with respect to Article 13 of this Contract.

21.8 The reimbursements which will be made by the State with respect to the provisions of Articles 21.5 and 21.6 here above, shall be paid in kind by the State which shall transfer to the entities of the Contractor, other than the National Enterprise, each Quarter at the Delivery Point the percentage of its quarterly share of production of Hydrocarbons stipulated in said Articles.

However, the State reserves the option to make said reimbursements in Dollars for which the payment in full must take place within a time period of ninety (90) days starting from the effective date of the participation referred to in Article 21.4 here above.

In the event that the payment of all said reimbursements within the time periods provided here above does not take place, the reimbursement in kind such as referred to in Articles 21.5 and 21.6 here above shall apply.

21.9 The practical methods of participation of the State stipulated in Article 21.1 here above as well as the rules and obligations of the entities of the Contractor, including therein the National Enterprise, shall be determined in an association contract (JOA), substantially conforming to the AIPN model JOA, which shall be entered into between these entities and shall enter into force not later than ninety (90) days starting from the Effective Date. Said association contract (JOA) shall be amended as necessary and in particular to take into account, if applicable, the exercise by the State of its participation, which is the subject of Article 21.2 here above.

21.10 The National Enterprise, on the one hand, and the other entities making up the Contractor on the other hand, shall not be jointly and severally liable for the obligations resulting from this Contract vis-a-vis the State. The National Enterprise shall be individually responsible vis-à-vis the State for its obligations such as provided in this Contract. Any default of the National Enterprise to execute any of its obligations shall not be considered as a default of the other entities making up the Contractor and shall in no event be invoked by the State in order to cancel this Contract. The association of the National Enterprise to the Contractor, shall not under any circumstance cause void nor affect the rights of the other entities constituting the Contractor to have recourse to the arbitration clause provided in Article 28 here below.

ARTICLE 22 : ASSIGNMENT

22.1 The rights and obligations resulting from this Contract may not be assigned to a Third Party, wholly or in part, by any of the entities making up the Contractor, without the prior approval of the Minister .

If within the three (3) months following notification to the Minister of a proposed assignment accompanied by the necessary information to prove the technical and financial means of the assignee as well as the terms and conditions of assignment, the Minister has not given notice of his opposition with reasonable justification, such assignment shall be deemed to have been approved by the Minister.

Starting from the date of approval, the assignee shall acquire the status of a member of the Contractor and must satisfy the obligations imposed upon the Contractor by this Contract.

Each of the entities making up the Contractor may freely and at any time assign all or a portion of its interests under the Contract to an Affiliated Company or to another entity of the Contractor provided that the Minister is notified beforehand.

22.2 Likewise, the Contractor, or any entity of the Contractor, shall be required to submit for prior approval of the Minister:

a) Any plan which would be likely to lead, in particular through a new allocation of capital stock, to a change of the direct control of the Contractor or of an entity comprising the Contractor. In particular the following shall be considered as elements of control of the Contractor, or of an entity comprising the Contractor : a change in the allocation of capital stock, the nationality of the majority shareholders, as well as the statutory provisions relative to the registered office and the rights and obligations attached to the company shares with respect to the majority required at the shareholder meetings. However, the transfers of company shares to Affiliated Companies may be freely made subject to prior declaration to the Minister for information and application of the provisions of Article 24.4 here below, if applicable. As for transfer of company shares to Third Parties, transfers shall not be subject to the approval of the Minister unless they result in the transfer of greater than thirty percent (30%) of the capital of the enterprise.

b) Any plan to pledge as security property and facilities earmarked for Petroleum Operations.

The plans referred to in paragraphs a) and b) shall be notified to the Minister. If within a time period of three (3) months, the Minister has not notified the Contractor or one of the entities in question of his opposition with reasonable justification to said plans, the plans shall be deemed approved.

22.3 When the Contractor is made up of several entities, it shall furnish to the Minister, within the month following its signature, a copy of the association agreement (JOA) binding the entities and of all modifications which could be made to said agreement, in specifying the name of the enterprise appointed as Operator for the Petroleum Operations. Any change of Operator shall be submitted to the approval of the Minister, pursuant to the provisions of Article 6.2 here above.

22.4 The transfers made in violation of the provisions of this Article 22 shall be null and void.

ARTICLE 23 : OWNERSHIP, USAGE AND ABANDONMENT OF PROPERTY

23.1 The Contractor shall be the owner of property, moveable and immoveable, which he will have acquired for purposes of the Petroleum Operations, and shall retain the full usage thereof, as well as the right to export them or to transfer them to Third Parties during the entire term of the Contract, provided that the State may acquire for free, at the request of the Minister, all or a portion of the property belonging to the Contractor which will have been utilized for the Petroleum Operations and for which the acquisition costs will have been fully recovered pursuant to Article 10 here above in the following cases:

a) Upon expiration, surrender or termination of this Contract ;

b) In the event of surrender or of expiration of an Exploitation Authorization, with regard to the works and facilities situated in the Exploitation Perimeter and the equipment earmarked exclusively for Petroleum Operations in the Exploitation Perimeter in question, unless the Contractor wishes to utilize such property for the Petroleum Operations in other Exploitation Perimeters resulting from the Exploration Perimeter.

23.2 Upon the expiration, surrender or termination of any Exploitation Authorization, the Contractor must proceed with all operations necessary to rehabilitate its original condition in conformity with a Remediation Plan drawn up and financed within the following terms:

a) At the end of the Quarter during the course of which sixty percent (60%) of the recoverable reserves of Hydrocarbons identified in the development program of a deposit referred to in Article 9.5 will have been recovered, the Contractor shall prepare and submit to the Minister for approval a Remediation Plan of the site, in conformity with good oilfield practices of the international petroleum industry, which he proposes to carry out at the end of production operations, as well as the corresponding budget. Each Calendar Year the Contractor shall incorporate into the Remediation Plan the necessary revisions to

take into account the changes of technical and financial parameters. The revised Remediation Plan shall become the new Remediation Plan which shall be taken into account for the calculation of the payments on the sequestered account ;

b) The Remediation Plan shall include a detailed description of the works of removal and/or of securing of infrastructure such as the platforms, the storage facilities, the wells, pipes, gathering lines, etc., necessary for the protection of the environment and of persons;

c) The Minister may, in consultation with the Minister in charge of the Environment, propose revisions or modifications to the Remediation Plan, notifying the Contractor thereof in writing with all appropriate justifying supporting information, within the ninety (90) days following receipt of said Plan. The provisions of Article 5.2 here above shall apply to said Plan with regard to its adoption. When the results acquired during the course of exploitation justify changes to the Remediation Plan, said Plan and the corresponding budget may be modified in conformity with the adoption procedure described here before;

d) For purposes of financing the operations set forth in the Remediation Plan, the Contractor shall open a sequestered account with a top tier international banking establishment acceptable to the Minister, which he will fund starting from the Quarter following the adoption of the Remediation Plan via annual payments of amounts and according to a schedule determined in agreement with the Minister ;

e) The funds paid into the sequestered account shall be treated as recoverable Petroleum Costs according to the terms set forth in Article 10.2 here above, and shall be considered to be deductible charges for the determination of the tax on industrial and commercial profits. Such funds, as well as the interest received on the sequestered account, shall be earmarked exclusively for the payment of expenses linked to the operations of the Remediation Plan ;

f) The Contractor shall notify the Minister, with an advance notice of one hundred eighty (180) days, of his intention to start up the operations set forth in the Remediation Plan, unless the Minister notifies Contractor within thirty (30) days following the above-cited opinion that:

(i) the exploitation of the deposit of the Exploitation Perimeter in question shall be pursued by the State or by a Third Party, or

(ii) the State wishes to retain the facilities for justifiable reasons.

In the two cases cited in i) and ii) here above, the sequestered account shall be transferred to the successor responsible party and Contractor is relieved of all liability with regard to the Remediation Plan and the sequestered account pertaining to the deposit in question;

g) In the case where the expenses necessary for the execution of the Rehabilitation Plan are greater than the amount available in the sequestered account, the excess amount shall be entirely at the expense of the Contractor;

h) The Contractor shall pay to the State upon completion of Rehabilitation Plan any residual amount of the sequestered account not utilized for the carrying out of the Rehabilitation Plan and which will have been recovered under this Article 10.2 here above.

ARTICLE 24 : LIABILITY AND INSURANCE

24.1 The Contractor shall indemnify and hold harmless any person, including the State, for any damage or loss that the Contractor, his employees or his subcontractors and their employees may cause to the person, property or rights of other persons, by reason of or during Petroleum Operations.

In the event the liability of the State is implicated by reason of or during the course of Petroleum Operations, the Minister must so advise the Contractor, who shall conduct the defense in this regard and shall indemnfiy the State for any sum which the latter is required to pay or any expense pertaining thereto which he has borne or which is incurred subseqent of a claim.

24.2 The Contractor shall obtain and maintain in force, and shall cause his subcontractors to obtain and to maintain in force, all insurance coverages relative to Petroleum Operations of the type and amounts in use in the international petroleum industry, in particular (a) general third party liability coverage, (b) coverage for environmental risks pertaining to the Petroleum Operations, (c) coverage for employee work-related accidents (d) any other insurance coverage required by the regulations in force.

The insurance coverages in question shall be obtained from top tier insurance companies pursuant to the applicable regulations.

The Contractor shall provide the Minister with certifications proving the obtaining of insurance coverage and the maintenance in force of the above-cited insurance coverages.

24.3 When the Contractor is made up of several entities, the obligations and responsibilities of the latter under this Contract shall be, without prejudice to the provisions of Article 21 here above,

joint and several with the exception of their obligations pertaining to the Industrial and Commercial Income Tax.

24.4 If one of the entities of the Contractor assigns all or a portion of his rights and obligations in connection with this Contract to an Affiliated Company, whenever the latter displays a lower level of financial and technical qualification, the parent company shall submit for the approval of the Minister a commitment guaranteeing the proper execution of the obligations arising from this Contract.

ARTICLE 25 : TERMINATION OF THE CONTRACT

25.1 This Contract may be terminated, without compensation, in any of the following cases:

a) Serious and/or continued violation by the Contractor of the provisions of this Contract, of the Crude Hydrocarbons Code, or of the regulations in force applicable to the Contractor;

b) Failure to remit a bank guarantee pursuant to Article 4.6 here above;

c) Delay of more than three (3) months of a payment due to the State;

d) Cessation of development works of a deposit for six (6) consecutive months without the consent of the Minister;

e) After the startup of production on a deposit, cessation of his exploitation for a period of greater than six (6) months, decided upon by the Contractor without the consent of the Minister;

f) Non-execution by the Contractor within the time period prescribed by an arbitral award rendered pursuant to the provisions of Article 28 here below;

g) Bankruptcy, receivership or liquidation of the property of the Contractor.

25.2 Except for the case set forth in subparagraph g) here above, the Minister may only pronounce the forfeiture provided for in Article 25.1 here above after having placed the Contractor on notice, by registered letter with return receipt, to remedy the violation in question within the allowed time period specified in the notice from the time of receipt of such.

25.3 If there is a failure by the Contractor to remedy the violation which was the subject of the termination notice within the time period allowed, the termination of this Contract may be pronounced.

Any dispute as to the justification of the termination of the Contract pronounced by the Minister is open to recourse to arbitration pursuant to the provisions of Article 28 here below. In such a case, the Contract shall remain in force until an arbitral award confirms the justifiability of such termination, in which case the Contract will definitively terminate. .

The termination of this Contract shall automatically entail the withdrawal of the Exploration Authorization and of the currently valid Exploitation Authorizations.

ARTICLE 26 : APPLICABLE LAW AND STABILIZATION OF TERMS

26.1 This Contract is governed by the laws and regulations of the Islamic Republic of Mauritania, supplemented by general principles of the laws of international commerce.

26.2 The Contractor shall be subject at all times to the laws and regulations in force in the Islamic Republic of Mauritania.

26.3 No legislative or regulatory provision occurring after the Effective Date of the Contract may be applied to the Contractor which would have as a direct or an indirect effect to diminish the rights of the Contractor or to increase his obligations under this Contract and the legislation and regulations in force upon the Effective Date of this Contract, without the prior agreement of the Parties.

However, it is agreed that the Contractor cannot, with reference to the preceding paragraph, oppose the application of the legislative and regulatory provisions which are generally applicable, adopted after the Effective Date of the Contract, in the matter of safety of persons and of protection of the environment or employment law

ARTICLE 27 : FORCE MAJEURE

27.1 Any obligation resulting from this Contract which would be totally or partially impossible for a Party to carry out, other than payments for which it is responsible to pay, shall not be considered to be a violation of this Contract if said non-execution results from a case of Force Majeure, provided however that there is a direct link of cause and effect between impediment and the case of Force Majeure invoked.

27.2 For purposes of this Contract the following should be understood to be a case of Force Majeure : any event which is unforeseeable, irresistible or outside of the will of the Party invoking it, such as earthquake, accidents, strike, guerilla actions, acts of terrorism, blockade, riot, insurrection, civil unrest, sabotage, acts of war, the Contractor being subject to any law, regulation, or any other cause outside of his control and which has as a result of delaying or rendering momentarily impossible the execution of all or a portion of his obligations. The intention of the Parties is that the term Force Majeure be given the interpretation the most in conformity with the principles and customs of international law and with the practices of the international petroleum industry.

27.3 When a Party considers itself prevented from carrying out any of its obligations by reason of a case of Force Majeure, it must immediately so notify the other Party in writing specifying the elements of the type to establish the case of Force Majeure and to take, in agreement with the other Party, all appropriate and necessary provisions in order to allow a return to the normal execution of obligations affected by the Force Majeure after the case of Force Majeure ceases.

The obligations, other than those affected by the Force Majeure, must continue to be fulfilled pursuant to the provisions of this Contract.

27.4 If, following a case of Force Majeure, the execution of any of the obligations of this Contract was delayed, the duration of the delay resulting therefrom, increased by the delay which may be necessary for the repair of all damage caused by the case of Force Majeure, shall be added to the time period stipulated in this Contract for the execution of said obligation as well as to the duration of the currently valid Exploration Authorization and of any Exploitation Authorizations.

ARTICLE 28 : ARBITRATION AND EXPERTISE

28.1 In the event of a dispute between the State and the Contractor concerning the interpretation or the application of the provisions of this Contract, the Parties shall make good faith effort to resolve such dispute amicably.

With regard to the Market Price, the provisions of Article 14.5 here above shall apply.

The Parties may also agree to submit any other dispute of a technical nature to an expert appointed by common agreement or by the International Centre for Expertise of the International Chamber of Commerce ("ICC").

If, within a time period of ninety (90) days starting from the date of notification of a dispute, the Parties are not able to reach an amicable solution or following the proposal of an expert, said dispute shall be submitted at the request of the most diligent Party to the ICC for arbitration

following the rules set by the Rules of Arbitration of the ICC.

28.2 The location of the arbitration shall be Paris (France). The languages utilized during the proceedings shall be the French and English languages and the applicable law shall be the Mauritanian law, as well as the rules and customs of applicable international law in the matter.

The arbitrational court shall be made up of three (3) arbitrators. No arbitrator shall be a national of the countries of which the Parties are nationals.

The award of the court is rendered on a definitive and irrevocable basis. It is binding upon the Parties and is immediately executory.

The expenses of arbitration shall be borne in equal part by the Parties, subject to the decision of the court concerning their allocation.

The Parties formally and without reservation waive any right to attack such award, to impede its recognition and its execution by any means whatsoever.

28.3 The Parties shall conform to any protective measures ordered by the arbitrational court. Without prejudice to the power of the arbitrational court to recommend protective measures, each Party may solicit provisional or protective measures in application of the pre-arbitration emergency procedure rules of the ICC.

28.4 The introduction of an arbitrational procedure shall entail the suspension of the contractual provisions with respect to the subject of the dispute, but shall leave in place all other rights and obligations of the Parties with respect to this Contract.

28.5 Without prejudice to the provisions of Article 21 here above, the costs and expert fees referred to in Article 28.1 here above shall be borne by the Contractor up until the grant of the first Exploitation Authorization and thereafter half by each of the Parties. Such costs shall be considered as recoverable Petroleum Costs with regard to Article 10 of this Contract.

ARTICLE 29 : TERMS FOR APPLICATION OF THE CONTRACT

29.1 The Parties agree to cooperate in all ways possible in order to achieve the objectives of this Contract.

The State shall facilitate the Contractor in the exercise of his activities in granting to him all permits, authorizations, licenses and access rights necessary for the carrying out of the Petroleum Operations, and in placing at his disposal all appropriate services to said Operations of the Contractor , of his employees and agents on national territory.

Any application for the above-cited permits, authorizations, licenses and rights shall be

submitted to the Minister who shall transmit it, if applicable to the relevant Ministries and entities, and shall ensure its follow-up. Such applications may not be refused without a legitimate reason and shall be diligently handled in a manner so as to not unduly delay the Petroleum Operations.

29.2 All notices or other communications related to this Contract must be sent in writing and shall be considered to have been validly made from the time they are, hand delivered against receipt, to the qualified representative of the concerned Party at the place of its principal establishment in Mauritania, or delivered in a stamped envelope, by registered mail with return receipt, or sent by telecopy confirmed by letter, and after confirmation of receipt by the recipient, at the address chosen by them and deemed authentic indicated here below :

For the Ministry :

Department of Crude Hydrocarbons

BP : 4921

Nouakchott- Mauritania

TEL/FAX : +222 524 43 07

For the Contractor :

Kosmos Energy Mauritania
c/o Wilmington Trust
4th Floor, Century Yard
Cricket Square, Hutchins Dr.
Elgin Avenue, George Town
Grand Cayman KY1-1209
Cayman Islands
Telephone : +1-345-814-6703
FAX : +1-345-527-2105
Attention : Andrew Johnson
Email: mauritanianotifications@kosmosenergy.com

With Copy to:
Kosmos Energy Mauritania
c/o Kosmos Energy, LLC.
Attention: General Counsel
8176 Park Lane, Suite 500
Dallas, TX 75231

Fax: 214-445-9705
Email: KosmosGeneralCounsel@kosmosenergy.com

The notices shall be considered as having been made upon the date of confirmation of the receipt.

29.3 The State and the Contractor may at any time change their authorized representatives or choice of domicile mentioned in Article 29.2 here above, subject to having so notified with an advance notice of at least ten (10) days.

29.4 This Contract may not be modified except by common agreement of the Parties and by the execution of an approved amendment entering into force within the terms provided in Article 30 here below.

29.5 Any waiver by the State of the execution of an obligation of the Contractor must be done in writing and signed by the Minister, and no possible waiver can be considered as a precedent if the State declines to act upon any of its rights which are recognized by this Contract.

29.6 Titles appearing in this Contract are inserted for purposes of convenience and of reference and in no way shall define, nor limit, nor describe the scope or the purpose of the provisions of the Contract.

29.7 Appendices 1, 2 and 3 attached hereto are an integral part of this Contract. However, in the event of conflict, the provisions of this Contract shall prevail over those of the Appendices.

ARTICLE 30 : ENTRY INTO FORCE

Once signed by the Parties, this Contract shall be approved by decree made in the Council of Ministers and shall enter into force upon the date of publication of the said decree in the Official Journal, said date being designated under the name Effective Date and rendering said Contract binding upon the Parties.

In witness whereof, the Parties have signed this Contract in two (2) original copies.

Nouakchott, on April 5, 2012

FOR	FOR
THE ISLAMIC REPUBLIC	THE CONTRACTOR
OF MAURITANIA	
THE MINISTER	**/s/ John R. KEMP III**
/s/ **Taleb ABDIVALL**	

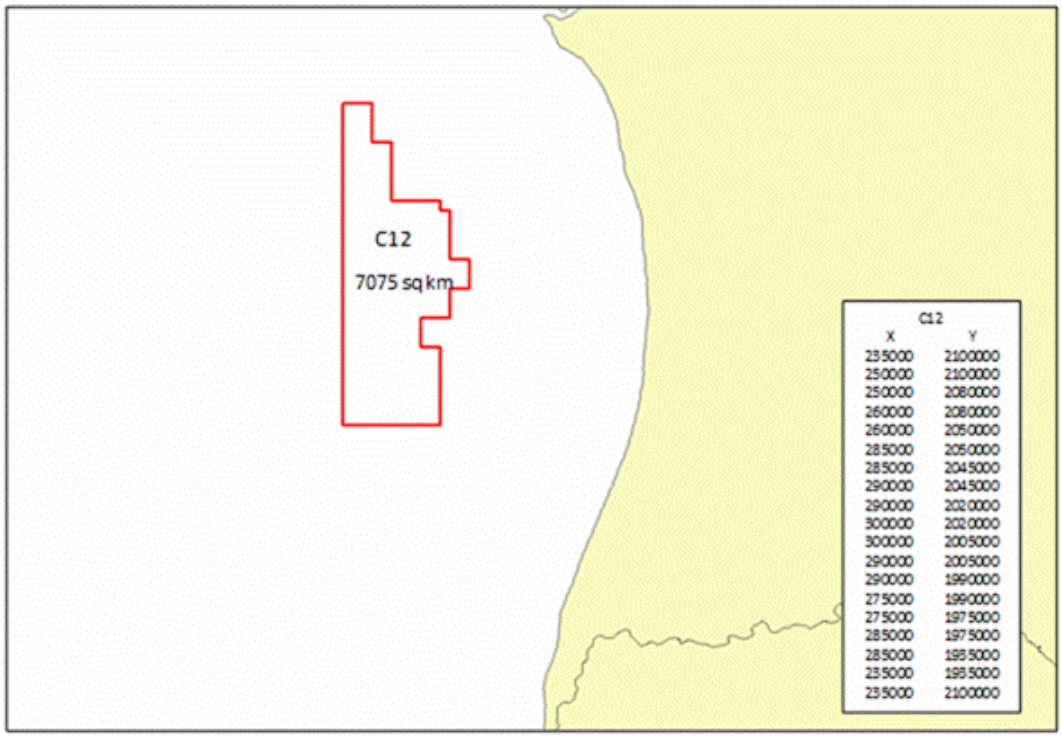
APPENDIX 1 : EXPLORATION PERIMETER

Attached and being an integral part of the Contract between the Islamic Republic of Mauritania and the Contractor.

On the Effective Date, the initial Exploration Perimeter includes a surface area deemed to be equal to seven thousand seventy-five (7,075) km^2,

Such Exploration Perimeter is represented on the attached map with the indicated coordinates.

MAP OF THE EXPLORATION PERIMETER


C12
7075 sq km
C12
X Y
235000 2100000
250000 2100000
250000 2080000
260000 2080000
260000 2050000
285000 2050000
285000 2045000
290000 2045000
290000 2020000
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290000 2005000
290000 1990000
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275000 1975000
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APPENDIX 2 : ACCOUNTING PROCEDURE

Attached to and an integral part of the Contract between the Islamic Republic of Mauritania and Contractor.

ARTICLE 1: GENERAL PROVISIONS

1.1 Purpose

The purpose of this Accounting Procedure is to set the rules and methods of accounting for the verification of Petroleum Costs to provide for their recovery and for the purpose of sharing production in accordance with Article 10 of the Contract, as well as the rules to determine net profits of the Contractor for purposes of calculating the tax on industrial and commercial profits.

1.2 Statements

The accounts, books and registers of the Contractor shall be maintained consistent with the rules of the applicable accounting plan in Mauritania and the practices and methods in use in the international petroleum industry.

Pursuant to the provisions of Article 20.2 of the Contract, the accounts, books and registers of the Contractor shall be kept in the English language using the Dollar as the unit of account.

Anytime, whenever it is necessary to convert into Dollars expenses and revenue paid or received in any other currency, these currencies shall be valued on the basis of the rate of exchange quoted on the foreign-exchange market of Paris, in accordance with terms determined by mutual agreement.

1.3 Interpretation

The definitions of words which appear in this Appendix 2 are the same as those of the corresponding words as they appear in the Contract.

The word « Contractor », has the meaning given to it by the Contract, and may sometimes refer to the Operator when the Contractor is made up of several entities and when Petroleum Operations are conducted by the Operator on behalf of all these entities, or sometimes the reference is to each of these entities whenever the obligation of each individual entity is being addressed.

ARTICLE 2: ACCOUNTING FOR PETROLEUM COSTS

2.1 General rules and principles. Classes and groupings

2.1.1 The Contractor shall at all times keep books of account specially reserved and organized for the booking of Petroleum Costs ; they shall detail the expenses actually incurred by it and giving rise to recovery consistent with the provisions of the Contract and of this Appendix, the recovered Petroleum Costs, progressively as the production intended for such purpose becomes available, as well as the amounts which must be properly deducted or which have the effect of reducing the Petroleum Costs.

2.1.2 The accounting of Petroleum Costs must highlight at all times and for each Exploration Perimeter and for each Exploitation Perimeter derived therefrom :

- The full amount of the Petroleum Costs paid by Contractor from Effective Date;
- The full amount of the Petroleum Costs recovered;
- The amounts which diminish or otherwise are a deduction from Petroleum Costs and the type of operations related to these amounts;
- The balance of Petroleum Costs not yet recovered.

2.1.3 The accounting for Petroleum Costs shall comprise as debit entries all expenses actually incurred and directly related to Petroleum Operations in accordance with the Contract and the provisions of this Appendix, and considered chargeable to Petroleum Costs.

These expenses which have been actually incurred must:

- Be actually incurred by Contractor ;
- Be necessary to the proper carrying out of Petroleum Operations ;
- Be properly incurred and supported by items and documents which allow an effective audit by the Ministry.

2.1.4 The accounting for Petroleum Costs shall include as credit entries the amount of recovered Petroleum Costs as and when this recovery takes place, and as and when the amounts are collected, the revenue and miscellaneous products which are to be deducted from or operate to diminish the Petroleum Costs.

2.1.5 The original text of contracts, invoices and other documents which support the Petroleum Costs must be available for examination by the Ministry and produced whenever it requests it.

2.1.6 Petroleum Costs are recovered in accordance with the following:

a) The priority order arranged by the type of costs:

- Exploitation Petroleum Costs ;
- Development Petroleum Costs ;
- Exploration Petroleum Costs;

As these categories of Petroleum Costs are defined in Articles 3.2, 3.3 and 3.4 of this Appendix.

b) Priority based on geographic considerations:

- Petroleum Costs incurred in an Exploitation Perimeter shall be the first to be recovered from the production extracted from that perimeter consistent with the order of priorities stipulated in paragraph a) here above ;
- Petroleum Costs incurred outside of an Exploitation Perimeter shall be recovered in second priority from the production extracted from that perimeter consistent with the priority order specified in paragraph a) here above.

  Petroleum Costs incurred in the Exploitation Perimeters, other than that in question shall be recovered before the Petroleum Costs incurred in the Exploration Perimeter and in accordance with the order of priority stipulated in subparagraph a) here above.

Each entity which makes up the Contractor is entitled to its cost recovery upon commencement of production.

2.1.7 Accounting for Petroleum Costs must be true and accurate ; it must be organized and the books must be kept and submitted in such manner that they can be easily grouped together and make the relevant Petroleum Costs clearly apparent, in particular as they relate to the following expenses:

- exploration
- appraisal
- development
- production of Crude Petroleum,
- production of Natural Gas,

- transportation of Hydrocarbons and storage thereof,
- ancillary activities, auxiliary or subordinate, and separate from them,
- as well as the amounts paid in the sequestered account in accordance with Article 23.2 of the Contract.

2.1.8 For each of the activities here above listed, the accounting of Petroleum Costs must clearly show the following expenses:

a) Related to tangible assets, in particular those which refer to the purchase, creation, construction or carrying out of:

- land parcels,
- buildings (workshops, offices, storage areas, dwellings, laboratories, etc....),
- facilities for loading and storage,
- access roads and general infrastructure works,
- facilities to transport Hydrocarbons (pipelines, tankers, etc.),
- general equipment,
- specific equipment and facilities,
- vehicles for use of transport and civil engineering machinery,
- materiel and tools (the normal useful life of which exceeds one year),
- successful drilling,
- other tangible assets.

b) Related to intangible assets, particularly those which relate to:

- Surface investigation of geological or geophysical nature and related to laboratory work (studies, reprocessing, etc.),
- Nonproductive exploration wells which are not utilized in furtherance of the development plan,
- Other intangible assets.

c) Related to raw materials consumables;

d) Operational for functioning expenses :

Involved here are expenses of whatever nature, excepting the overhead referred to below, and which are not accounted for in subparagraphs a) to c) above of this Article 2.1.8, and which are directly connected to the study, progress and the implementation of Petroleum Operations ;

e) Non operating expenses or overhead :

Involved here are expenses borne by the Contractor related to Petroleum Operations and connected to management or to administration of the said operations.

2.1.9 Moreover, the accounting of Petroleum Costs must show, for each category of expenses listed or defined in subparagraphs a) to d) of Article 2-1-8 above, all payments made to the following:

- The Operator, for goods and services which it has itself furnished;
- For the entities which make up the Contractor, the goods and services which they have supplied themselves;
- Affiliated Companies;
- Third Parties.

2.2 Analysis of expenses and methodology for attribution

2.2.1 The principles for attribution and the usual analytical methods of the Contractor in the matter of itemizing and of reintegrating must be applied in a homogeneous manner, which is fair and does not discriminate against its activities taken as a whole. They must be submitted to the Ministry on its request.

The Contractor must inform Ministry of any change made by it in its principles and methodology.

2.2.2 Tangible assets constructed, manufactured, created or brought about by the Contractor in the furtherance of Petroleum Operations and dedicated to these operations as well as their normal maintenance shall be accounted for at the acquisition cost of construction, manufacturing, creation, or realization.

2.2.3 Equipment, materials and consumables required for Petroleum Operations and not including those referred to above shall be:

a) Either acquired for immediate use, subject to the time spent in transport, and if necessary, the temporary storage by Contractor (provided they shall not have been

commingled with his own inventory). This equipment, materials and consumables acquired by the Contractor shall be valued, for their charging Petroleum Costs, at their landed price in Mauritania.

"The Landed price in Mauritania " includes the following items, which shall be accounted for in accordance with the analytic methodology of Contractor:

- Purchase price less discounts and rebates,
- Transport costs, insurance, transit costs, handling and customs (and other possible taxes and fees) from the storage site of the vendor to that of the Contractor or to the place they are utilized, as may be applicable,

b) Or supplied by the Contractor from its own inventory

- New equipment and materials other than consumables, supplied by the Contractor from its own inventory, shall be valued for accounting purposes at the weighted purchase price calculated pursuant to the provisions of subparagraph a) of this Article 2.2.3, hereafter « net cost ».
- Materials and equipment which are depreciable and already used supplied by the Contractor from his own inventory or which originate from other activities he may have had, including those of Affiliated Companies, shall be valued for purposes of booking Petroleum Costs, in accordance with the following schedule:

- New Material (Condition « A »): New Material, never used : 100% (one hundred percent) of the net cost.
- Material in good condition (Condition « B »): Material in good condition and still utilizable for its original purpose without repair: 75% (seventy-five percent) of the net cost of the new material as defined here above.
- Other used material (Condition « C »): Material which is still utilizable for its original purpose, but only after repair and upgrading: 50% (fifty percent) of the net cost of the new material as defined here above.
- Material in poor condition (Condition « D »): Material not utilizable for its original purpose but still usable for another purpose: 25% (twenty-five percent) of net cost of the new material as defined here above.

- Junk and scrap (Condition « E »): Materials unusable and not repairable: applicable price for junk.

2.2.3.1 The Operator does not guarantee the quality of the new material referred to above beyond the warranty furnished by the manufacturer or seller of the subject material. In the event of defective new material, Contractor will do its best to seek reimbursement or compensation from the manufacturer or the reseller; however, the corresponding credit shall only be booked after receipt of reimbursement for indemnification;

2.2.3.2 In the event used material referred to above is defective, the Contractor shall credit the account of the Petroleum Costs with the amount which it will have actually received as compensation.

2.2.3.3 Utilization of materials, equipment and facilities which are Contractor's own property

Materials, equipment and facilities which are Contractor's own property and which are temporarily put into use to carry out Petroleum Operations, shall be charged to Petroleum Costs at a rental amount covering the following:

a) Maintenance and repairs,

b) A share of depreciation pro rata to the time period utilized for Petroleum Operations, calculated by applying to the original costs (initial cost before revaluation), a rate which shall not exceed the one provided by Article 4.2 here below.

c) The expenses of transport and operations and all other expenses have not been otherwise charged.

The invoiced price shall exclude any excess cost, arising in particular from breakdown or abnormal or inappropriate use of the same equipment and facilities in furtherance of the Contractor's activities which are not Petroleum Operations.

In all events, costs charged as Petroleum Costs for use of this equipment and facilities shall not exceed those in common usage in Mauritania by Third Parties, nor shall they result in a cascading charge of expenses and profit margins.

The Contractor shall maintain detailed statement of materials, equipment and facilities which are owned by it and used in Petroleum Operations, it shall indicate the description and serial number of each unit, the maintenance expenses, the relevant repairs, and the dates on which each item has been dedicated to and then withdrawn from Petroleum Operations. This statement must delivered to the Ministry not later than March 1 st of every year.

2.3 Operational expenses

2.3.1 Expenses of this type shall be charged to Petroleum Costs at the Contractor's actual cost for the charges for services involved, such as this price appears in the Contractor's accounts consistent with the applicable provisions of this Appendix. These expenses include in particular:

2.3.2 The taxes, fees and imposts due and payable in Mauritania under applicable regulations and the provisions of the Contract and directly related to Petroleum Operations.

Surface rentals, the BIC tax and the bonuses provided for respectively in Articles 11 and 13 of the Contract, as well as any other charge the recovery of which is disallowed by the provisions of this Contract or of this Appendix, shall not be charged to Petroleum Costs..

2.3.3 Personnel expenses and environment of the personnel

2.3.3.1 Principles

To the extent that they correspond to actual work and services and that they are not excessive with regard to the importance of the responsibilities exercised, to the work carried out, and to the customary practices, such expenses cover all payments made to employ and and provide benefits to personnel working in Mauritania and hired for the conduct and execution of the Petroleum Operations or for their supervision. Such personnel includes persons recruited locally by the by the Contractor and those placed at the Contractor's disposal by the Affiliated Companies, the other Parties or Third Parties.

Such expenses are also deductible when they are connected to fixed premises of the Contractor abroad, when the activity of such premises is carried out exclusively for the benefit of the Petroleum Operations of the Contractor in Mauritania.

2.3.3.2 Expense Items

The expenses of personnel and personnel benefits shall include, on the one hand, all sums paid or reimbursed on account of such personnel referred to here above, under legal and regulatory texts, collective agreements, employment contracts and the internal policies of the Contractor and, on the other hand, expenses paid for the benefit of such personnel:

a) Salaries and pay for active employment or holidays, overtime, bonuses and other compensation;

b) Employer contributions pertaining thereto resulting from legal and regulatory texts, collective agreements and terms of employment;

c) Expenses paid for the benefit of the personnel; these represent, in particular:

- Expenses for medical and hospital assistance, social security and all other social expenses particular to the Contractor ;
- Expenses for transportation of employees, their families and their personal effects, when the assumption of such expenses is provided for in the employment contract;
- Expenses for lodging of personnel, including therein provision of services related thereto, when the assumption of such expenses by the employer is provided for in the employment contract (water, gas, electricity, telephone) ;
- Compensation paid upon the time of moving in and of departure of the salaried personnel;
- Expenses paid to administrative personnel rendering the following services: management and recruitment of local personnel, management of expatriate personnel, personnel training, maintenance and operation of offices and lodging, when such expenses are not included in overhead or under other expense categories;
- Expenses for office rental or their expense for occupancy, the expense of collective administrative services (secretarial services, furniture, office supplies, telephone, etc.).

2.3.3.3 Terms for booking charges

Personnel costs correspond:

- Either to direct expenses charged to the corresponding Petroleum Costs account,
- Or to indirect or common expenses charged to the Petroleum Costs account based upon data fromanalytical accounting and determined pro rata to the time dedicated to the Petroleum Operations.

2.3.4 Expenses paid by reason of the provision of services supplied by Third Parties, the entities comprising the Contractor and the Affiliated Companies shall include in particular:

2.3.4.1 Services rendered by Third Parties and by the Parties are booked at the Contractor's actual book costs, which means the price invoiced by the vendors, including all taxes, fees, and ancillary costs, if applicable; the actual costs shall be reduced by any rebates, discounts, kickbacks, or promotions the Contractor may have secured either directly or indirectly.

2.3.4.2 The technical assistance rendered to the Contractor by its Affiliated Companies: consisting of services and actions for the benefit of the Petroleum Operations and emanate from the departments and services of these Affiliated Companies who are engaged in the following activities:

- Geology,
- Geophysics,
- Engineering,
- Drilling and production,
- Deposits and reservoir studies,
- Economic studies,
- Technical contracts,
- Laboratories,
- Purchases and transport in transit (except for charges comprised of those referred to in 2.2.3 here above),
- Designs,
- Some administrative and legal services related to studies or to well-defined or occasional projects and which are not part of ordinary and regular business, nor of the legal proceedings referred to in 2.3.8 below.

Technical assistance is generally the subject of service contracts entered into between the Contractor and its Affiliated Companies.

The costs of technical assistance rendered by the Affiliated Companies are booked at actual cost for the Affiliated Company which renders the service. This actual cost includes, in particular, personnel expenses, the cost of raw materials, materials and consumables utilized, the cost of maintenance and repair, the cost of insurance, taxes, a portion of the amortization of general investments calculated on the original acquisition cost or of the construction of related tangible items and of any other expenses which are related to these services and have not been otherwise booked elsewhere.

However, the price excludes any surcharges arising from, in particular, fixed assets or a non-regular or cyclical use of materials, facilities and equipment at an Affiliated Company.

In all cases, expenses related to these services must not exceed those which are normally incurred for similar services by technical service companies and independent laboratories. They must not result in cascading charges from profit margins.

Moreover, all of these services, including analytical studies, must be supported by reports to be submitted at the request of the Ministry. They must be the subject of written orders issued by the Contractor, and also of itemized invoices.

2.3.4.3 Whenever the Contractor utilizes in Petroleum Operations, materiel, equipment or facilities which are the sole property of an entity which makes up the Contractor, the Contractor must charge the Petroleum Costs pro rata the usage time, and the corresponding entry must be determined in accordance with the customary methods and the principles defined in 2.3.4.2 above. This entry includes, in particular:

- A portion of the annual depreciation calculated on the original "landed Mauritanian price" defined in 2.2.3 here above;
- A portion of the start-up cost, of insurance coverage, of ordinary maintenance, of financing, and of periodic checkups.
- Warehousing costs
- Warehousing costs and handling costs (expenses incurred for personnel and for management of the services) are charged to Petroleum Costs pro rata the value of the items taken out of inventory.
- Transportation expense: expenses of transport of personnel, of materiel or of equipment intended and dedicated to Petroleum Operations shall be booked as Petroleum Costs if they are not already included in the preceding paragraphs and if they have not been accounted in actual costs.

2.3.5 Damages and waste which impact jointly-owned properties

All expenses necessary to repair and restore to working condition equipment which has suffered damages or losses arising from fires, floods, storms, theft, accidents or any other cause, shall be booked in accordance with the principles defined in this Appendix.

Amounts recovered from insurance companies for these damages and losses shall be booked as a credit to Petroleum Costs.

2.3.6 Maintenance expenses

Maintenance expenses (routine maintenance and exceptional maintenance) of the materiel,

equipment and facilities dedicated to Petroleum Operations shall be booked to Petroleum Costs at actual cost.

2.3.7 Insurance premiums and expenses related to the settlement of casualty losses shall be charged to Petroleum Costs:

a) Premiums and expenses related to mandatory insurance and to those arising under policies to cover the Hydrocarbons produced, the persons and the properties dedicated to Petroleum Operations or the third-party liability insurance of the Contractor within the purview of the said operations;

b) Expenses incurred by the Contractor as the result of a casualty which arose from Petroleum Operations, and those incurred in the settlement of all losses, claims, damages and other related costs which are not covered by the insurance policies;

c) Expenses disbursed in settlement of losses, claims, damages or legal proceedings which are not compensated by insurance and which do not relate to risk which the Contractor was required to insure against. The amounts recovered from insurance policies and guarantees are accounted for as provided for in Article 2.6.2 g) here below;

2.3.8 Legal costs

Petroleum Costs can be charged with expenses related to adversary legal proceedings, investigation, and settlement of disputes and claims (requests for reimbursement or compensation), which arise from Petroleum Operations or which become necessary in order to protect or recover properties, including, in particular, the fees of lawyers and experts, legal costs, investigation costs, cost of gathering evidence, as well as amounts disbursed in settlement of the disputes or the final settlement of any proceedings or claim.

Whenever these services are rendered by personnel of the Contractor, a compensatory payment shall be included in the Petroleum Costs which corresponds to time expended and costs actually incurred. The price charged in such manner shall not exceed that which would have been paid to Third Parties for identical or analogous services.

2.3.9 Interest, fees, and financial charges

The following are chargeable to Petroleum Costs : interest penalties for late payment incurred by the Contractor and related to borrowings from Third Parties as well as advances and loans from Affiliated Companies, to the extent that these borrowings and advances are used to finance the Petroleum Costs and related exclusively to petroleum development operations of a commercial deposit (excluded here are Petroleum Operations related to exploration and appraisal), and provided they do not exceed seventy percent (70%) of the total amount of these

petroleum development costs. These borrowings and advances must be submitted for the approval of the Ministry.

In the case where such financing is secured by Affiliated Companies, the acceptable interest rates must not exceed the rate normally charged on the international financial markets for similar loans.

2.3.10 Foreign-exchange losses

Foreign-exchange losses related to borrowings and debts incurred by the Contractor under this Contract are chargeable to Petroleum Costs.

2.3.11 Disbursements related to expenses, verifications and audits of the Ministry, pursuant to the provisions of the Contract, are chargeable to Petroleum Costs.

2.3.12 Payments related to other expenses, including payments to Third Parties for the transport of Hydrocarbons to the Delivery Point shall be included in the Petroleum Costs. Involved here are all payments made or losses incurred related to or caused by the proper execution of the Petroleum Operations, provided the charge to Petroleum Costs is not disallowed under provisions of this Contract or of this Appendix, and provided they are not similar to expenses which the Ministry has disallowed and provided these expenses have received the approval of the Ministry. Moreover, except for contrary provisions in the law, the Contractor is at liberty, if it wishes, to make contributions of an economic, social, cultural or sport-related nature, with the mandatory exclusion of financing political activities. These contributions shall be debited to the Petroleum Costs account.

2.4 Overhead

These expenses pertain to those Petroleum Costs which have not been otherwise accounted for. They pertain to:

2.4.1 Expenses incurred outside of Mauritania

The Contractor shall add a reasonable sum on account of foreign overhead necessary to carry out the Petroleum Operations and borne by the Contractor and its Affiliated Companies, in such amount as they reflect the cost of the services rendered to the Petroleum Operations.

The amounts must be supported by accounting entries and copies of reports related to the services and works carried out; if an arbitrary sharing is utilized, there must be proof by means of supportive explanations and presentation of the rules utilized to arrive at such.

The amounts charged are considered provisional amounts arrived at on the basis of the Contractor's experience, and they shall be adjusted annually in relation to the Contractor's real costs, but they must not exceed the following caps:

- Before grant of the first Exploitation Authorization : three percent (3%) of the Petroleum Costs excluding overhead;
- On the grant of the first Exploitation Authorization : one and one-half percent (1.5%) of Petroleum Costs not including financial costs and overhead.

These percentages are applied to expenses, not including overhead, which are chargeable to Petroleum Costs for the Calendar Year under consideration.

2.4.2 Expenses disbursed inside of Mauritania

These expenses cover payment related to the following activities and services:

- General management and general secretarial services;
- Information and communication ;
- General administration (law department, insurance, taxes, computer services) ;
- Accounting and budget ;
- Internal audit.

They must include services which have actually been required to advance the Petroleum Operations and which correspond to actual services rendered in Mauritania by the Contractor or the Affiliated Companies. They must not result in cascading of of costs margins.

The amount must be actual amounts, whenever direct expenses are involved, and they must be amounts arrived at by sharing whenever indirect expenses are involved. In the latter case, the rules for sharing must be clearly defined and the amounts must be supported by analytical accounting.

2.5 Expenses not chargeable to Petroleum Costs

Payments paid in settlement of expenses, charges or costs not directly chargeable to Petroleum Operations, and those for which the deduction or charging for is disallowed by the provisions of the Contract or of this Appendix, or those which are not necessary for the conduct of Petroleum Operations, shall not be taken into account and shall not give rise to recovery.

Involved here are these types of payments:

a) Costs of a capital increase;

b) Expenses related to activities downstream of the Delivery Point, particularly marketing costs;

c) The expenses which relate to the period prior to the Effective Date;

d) Auditing expenses disbursed by the Contractor further to special relationships between the entities which make up the Contractor;

e) Expenses borne for meetings, studies and work carried out in furtherance of the association which ties together the entities which make up the Contractor and the purpose of which is not the proper conduct of the Petroleum Operations;

f) Interest, late payment fees, and financial charges other than those the chargeability of which is authorized pursuant to Article 2.3.9 of this Appendix.

g) Foreign-exchange losses incurred other than those which are chargeable under the provisions of this Contract.

h) Foreign-exchange losses which constitute a loss of earnings tied to risks related to the Contractor's own capital and self-financing by it.

2.6 Items to be booked as a credit to Petroleum Costs

The following must be credited to the Petroleum Costs account, in particular:

2.6.1 The proceeds from the quantities of Hydrocarbons which the Contractor takes in furtherance of the provisions of Article 10.2 of the Contract, multiplied by the related Market Price as defined in Article 14 of the Contract.

2.6.2 All other receipts, revenues, proceeds, connected profits, whether ancillary or accessory, directly or indirectly tied to Petroleum Operations, including in particular those derived from:

(A) The sale of associated substances;

(B) The transport and storage of products owned by Third Parties in the facilities dedicated to the Petroleum Operations;

(C) Reimbursements originating from insurance companies;

(D) Settlements arising out transactions or liquidations;

(E) Transfers or rentals already declared under Petroleum Costs

(F) Discounts, rebates, allowances and promotions received which have not been charged as a deduction from the actual costs of the properties to which they relate.

(G) Any other income or receipts similar to those listed above that are usually deducted from Petroleum Costs.

2.7 Materiel, equipment and facilities sold by the Contractor

2.7.1 The materials, equipment, facilities, and consumables which are not used or are not usable shall be withdrawn from Petroleum Operations ; they must be either downgraded or considered as « junk and waste », or bought back by the Contractor for his own needs, or sold to Third Parties or to Affiliated Companies.

2.7.2 In the event of adisposal to the entities which make up the Contractor or to their Affiliated Companies, the prices shall be arrived at pursuant to the provisions of 2-2-3.b of this Appendix, or, should they exceed those which would be applicable under the provisions of that article, their price must be agreed by the Parties. Whenever the use of an item of property related to Petroleum Operations has been temporary and it does not fall under the price reduction referred to in the above article, the said item shall be valued so that the Petroleum Costs are debited of a net amount which is equivalent to the value of the service rendered.

2.7.3 The sales to Third Parties of materials, equipment, facilities and consumables shall be effected by Contractor at the best possible price. All reimbursements or compensation granted to a buyer for a defective piece of equipment shall be debited to the Petroleum Costs account to the extent and at the time such are actually paid by the Contractor.

2.7.4 Whenever an asset is used for the benefit of a Third Party or the Contractor for activities which are not within the scope of this Contract, the amounts due in exchange therefor must be calculated at a rate which is not less than actual costs, unless the Ministry agrees otherwise.

ARTICLE 3: DETERMINATION OF THE RATIO « R »

3.1 For the purpose of arriving at the value of the "R" ratio in application of Article 10.3 of the Contract, the Petroleum Costs which impact the calculation of Net Cumulative Revenues and of Cumulative Investments shall be categorized and recorded separately according to the following categories.

3.2 Exploration Petroleum Costs

They are the Petroleum Costs incurred in the exploration Petroleum Operations inside an Exploration Perimeter, included in an Annual Work Program approved pursuant to the provisions of the Contract, and they shall include, without limitation:

3.2.1 Geochemical, geophysical, paleontological, geological, topographical studies and the seismic campaigning as well as studies and interpretations related thereto.

3.2.2 Coring, exploration wells, appraisal wells and wells drilled to supply water.

3.2.3 Labor costs, materiel, supplies and services used to service exploration wells or appraisal wells of a discovery and which are not completed as producers.

3.2.4 Equipment utilized exclusively to enhance and justify the objectives listed in Articles 3.2.1, 3.2.2 and 3.2.3 here above, including access roads and acquired geological and geophysical information.

3.2.5 That portion of the Petroleum Costs incurred in construction of facilities and equipment, the overhead chargeable to exploration Petroleum Costs as such is derived from a fair allocation of the Petroleum Costs taken as a whole (including overhead) between exploration Petroleum Costs and the Petroleum Costs taken as a whole, with exception of overhead.

3.2.6 All the other Petroleum Costs incurred for the purpose of exploration between the Effective Date and the startup of the commercial production of Hydrocarbons that are not included in Article 3.3 here below.

3.3 Petroleum Costs of Development

They are the Petroleum Costs incurred in development Petroleum Operations related to an Exploitation Authorization, and they include, without limitation:

3.3.1 Development and production wells, including water-injection wells and gas-injection wells drilled for the purpose of enhancing recovery of Hydrocarbons as well as those intended to sequester and conserve natural gas.

3.3.2 The wells which have been completed by setting casing or equipment after a well has been drilled with intent to complete it as a producer well or a water-injection well or a gas-injection well drilled for the purpose of increasing the recovery rate of Hydrocarbons as well as those wells the purpose of which is sequestration and conservation of natural gas.

3.3.3 The costs of equipment related to production, transport and storage to the Delivery Point, such as pipelines, flow-lines, processing and production units, equipment on the well-head, underwater equipment, systems to increase recovery of Hydrocarbons, offshore platforms, production floating unit and/or production and storage floating units (FPO and FPSO), storage facilities, export terminals, port installations and auxiliary equipment, as well as access roads in relation to production activities.

3.3.4 Engineering studies and design studies related to the equipment referred to in Article 3.3.3.

3.3.5 The cost of construction, the overhead chargeable to Development Costs, as these are calculated according to the ratio of Development Costs over total Petroleum Costs, excluding overhead.

3.3.6 Financial charges pertaining to the financing of Development Costs are excluded.

3.4 Exploitation Petroleum Costs

These are the Petroleum Costs incurred in an Exploitation Perimeter consequent to the startup of commercial Hydrocarbons production and which are neither exploration costs nor development costs nor overhead.

Exploitation costs include more particularly the reserves built up for the purpose of meeting losses or charges, including the reserve to fund the Rehabilitation Plan, which reserve has been paid in full to the sequestered account opened for the purpose of financing rehabilitation of the site works in accordance with Article 23.2 of the Contract.

The portion of overhead which has not been allocated to either exploration or development costs shall be included in exploitation costs.

3.5 It is understood that depreciation of assets as calculated for the determination of taxable profits pursuant to the provisions of Article 4 here below are not Petroleum Costs and consequently, they do not enter into the determination of the Ratio "R".

ARTICLE 4: CHARGES WHICH ARE DEDUCTIBLE FOR DETERMINATION OF THE INDUSTRIAL AND COMMERCIAL INCOME TAX

4.1 Deductible charges

In accordance with Article 70 of the Crude Hydrocarbons Code, the charges which are deductible for the determination of the Industrial and Commercial Income Tax are made up of the following items, within the limits prescribed by this Accounting Procedure, and excluding those charges which are non-deductible as specified in Title 6 of the Crude Hydrocarbons Code and of costs non-chargeable to Petroleum as specified in Article 2.5 here above of this Appendix:

- The exploitation Petroleum Costs, as defined in the provisions of this Accounting Procedure ;
- The overhead in accordance with the provisions of Article 2-4 here above of this Appendix;
- Depreciation of assets which make up the development Petroleum Costs in according with the provisions of Article 4.2 below;
- Interest, interest for late payments, and financial charges, in accordance with the Article 2.3.9 here above ;

- Loss or wastage of materials and property arising out of destruction or casualty, uncollectible debts, and compensation paid to Third Parties on account of legal liability (unless these damages were caused by the Gross Negligence of the Contractor) ;

- Reserves which are reasonable and justified created for the purpose of meeting losses or clearly defined charges which the prevailing circumstances make probable;

- The non-recovered portion of deficits related to previous years within a limit of five (5) years following the fiscal year that shows a deficit.

4.2 Depreciation of fixed assets

Fixed assets of the Contractor that are required for Petroleum Operations are depreciated according to a straight-line dereciation method.

The minimum span of the depreciation period shall be:

- ten (10) Calendar Years for assets related to the transport of Hydrocarbons production by pipeline;

- five (5) Calendar Years for the other fixed assets.

The period of depreciation shall begin with the Calendar Year during which the said fixed assets have been acquired, or from the Calendar Year during which the fixed assets were placed into normal service if such latter year is after, pro rata temporis, the first Calendar Year in question.

4.3 Exploration Petroleum Costs

The petroleum Exploration Costs incurred by the Contractor for the Exploration Perimeter, including particularly the expenses of geological and geophysical exploration studies and the expenses of exploration drilling and appraisal of a discovery (excluding productive wells, which shall be considered assets which fall under the provisions of Article 4.2 here above of this Appendix), are considered charges deductible in full from the year they are entered on the books or they may be depreciated at the rate chosen by the Contractor.

ARTICLE 5: INVENTORIES

5.1 Frequency

The Contractor shall keep a permanent inventory in both quantity and value of all property used in Petroleum Operations and he shall, with reasonable frequency, and not less than once a year, proceed to take a physical inventory as required by the Parties.

5.2 Notification

Written notification of the intention to take a physical inventory must be sent by the Contractor not less than ninety days (90) days prior to the commencement of the taking of such inventory, so that the Ministry and the entities which make up the Contractor may if they wish be represented at their own expense during the taking of said inventory.

5.3 Information

Should the Ministry or an entity which makes up the Contractor not be represented when an inventory is taken, such Party will remain bound by the result of the inventory taken by the Contractor, who must furnish to said Party a copy of the said inventory.

ARTICLE 6: STATEMENTS OF OPERATIONS AND WORK, STATUS REPORTS

6.1 Principles

Other than the statements and supply of information provided for elsewhere, the Contractor must submit to the Ministry under terms, conditions and timelines indicated below, the details of its operations and works carried out as they have been booked in its accounts, documents, reports and statements which it must keep in relation to the Petroleum Operations.

6.2 Statement of variations in fixed assets accounting and in inventory of materiel and consumables.

This statement must be received by the Ministry not later than the fifteenth day (15 th) day of the first month of each calendar Quarter. In particular, it shall state, for the preceding quarter what was acquired and created by way of fixed assets, of materiel and of consumables required for Petroleum Operations, for each deposit, and by major categories, as well as disposal of these items (assignments, wastage and losses, destruction, discarding and junk).

6.3 Statement of the quantities of Crude Petroleum and of Natural Gas which have been transported during each month

Such statement must reach the Ministry not later than the fifteenth (15 th) day of each month. For each deposit, it shall indicate the quantities of Crude Petroleum and of Natural Gas which have been transported in the course of the preceding month, between the field and the point of export or delivery, as well as the identification of the pipeline utilized and the cost of transport paid, whenever transport was carried out by Third Parties. The statement must also show how the products transported in such manner are shared between the Parties.

6.4 Statement of the recovery of Petroleum Costs

This statement must reach the Ministry not later than the fifteenth (15 th) day of each month. It shall show, for the preceding month, the breakdown of the Petroleum Costs account and must reflect, in particular, the following:

- The Petroleum Costs which remain to be recovered as of the end of the preceding month;
- The Petroleum Costs related to activities during the month in question;
- The Petroleum Costs recovered in the course of the month indicating in particular quantities and value of production involved for this purpose;
- The amounts which are booked to reduce or diminish Petroleum Costs in the course of the month in question;
- The unrecovered Petroleum Costs as of the end of that month.

6.5 Statement of the determination of the ratio « R »

This statement must reach the Ministry not later than the fifteenth (15 th) day of the first month of each Quarter. It shall highlight each of the factors which enter into the determination of the "R" ratio as defined in Article 3 of this Accounting Procedure, as well as the resulting value of the ratio, which ratio is applicable during the subject Quarter.

6.6 Inventories of Crude Petroleum and of Natural Gas

This statement must reach the Ministry not later than the fifteenth (15 th) day of each month. It shall specify for the preceding month and for each storage location:

- Inventory at the commencement of the month;
- Addition to inventory in the course of the month;
- Withdrawals from inventories during the course of the month;
- Theoretical level of the inventory at the end of the month;
- Inventory at the end of the month taken by measurement;
- An explanation for discrepancies, if any.

6.7 Tax returns

The Contractor shall supply the Ministry with a copy of all returns which the entities which make up the Contractor are required to file with the Tax Administrations responsible for determining tax

basis; and in particular, those which pertain to the BIC tax on together with all annexes, documents, and supporting information attached thereto.

6.8 Statement of payments of taxes and fees

Not later than the fifteenth (15th) day of the first month of each Quarter, the Contractor shall prepare and submit to the Ministry a statement showing taxes, fees, and dues of any kind paid by it in the course of the preceding calendar Quarter; it shall detail precisely the nature of the tax, fee and dues involved (surface rentals, customs duties, etc.), the kind of payment involved (on account, balances, corrections, etc.), the date and the amount of each payment, the designation of the tax collector responsible for the collection, and other further useful information.

6.9 Special provisions

The statements, lists, and information referred to in Articles 6.2 to 6.8 shall be produced and submitted in accordance with printed forms issued by the Ministry, after consultation with the Contractor.

The Ministry may, as needed, request that the Contractor furnish it with all other statements, reports and information that the Ministry deems useful.

APPENDIX 3: MODEL BANK GUARANTEE

Attached and being an integral part of the Contract between the Islamic Republic of Mauritania and the Contractor (On letterhead of the Bank)

To the Honorable Minister in Charge of Crude Hydrocarbons,
Nouakchott
Mauritania
Amount :
In letters :

We have been informed that, upon the date of , the Mauritanian State entered into an exploration-production contract with the Contractor constituted by the following entities:

Kosmos Energy Mauritania

Grand Cayman

Kosmos Energy Mauritania , address is the Principal and has been so designated here below.

Pursuant to Article 4.6 of this Contract, a bank guarantee of proper discharge of the minimum work obligations, for work committed to for each phase of the Exploration Period of the contract, must be remitted to the State.

That said, we (name of bank , address) referred to hereafter as «the Bank», upon instructions from the Principal, commit ourselves through this Guarantee, in an irrevocable fashion, to pay to the Mauritanian State, independently of the validity and legal merits under the Contract in question and without raising any exception, nor objection arising from the said Contract, upon your first demand, any amount up to the maximum amount cited above in this letter of of guarantee, upon receipt by ourselves of a demand for payment duly signed and a written confirmation on your part certifying that the Contractor has not fulfilled the minimum work obligations above-mentioned and specifying the nature as well of the estimated cost of the work not executed.

For reasons of identification, your written demand for payment will only be considered valid if it reaches us through the intermediary of our corresponding bank located in Mauritania (name , address), accompanied by a declaration of the latter certifying that it proceeded with the verification of your signature.

Your call is also acceptable to the extent that it is fully transmitted to us by the bank in question by means of a telex/SWIFT confirming that it has sent us the original by registered mail or by another courier service and that the signature appearing there was verified by the latter.

The amount of the Guarantee shall be reduced by the amount of the expenditures made by , upon receipt by the Bank of a copy of a work completion statement signed by the Mauritanian State and attesting to said expenditures and to the resulting new Guarantee amount, in accordance with the model in Annex A.

Our guarantee is valid up until the (provide for 6 months after the end of the phase in question of the Exploration Period) and shall terminate automatically and entirely if your demand for payment or the telex/SWIFT does not reach us at the address here above by such date at the latest, whether it is a business day or not.

All the bank fees in connection with this guarantee are at the expense of the Principal.

This guarantee is subject to the « Uniform Rules for Demand Guarantees of the ICC » of the International Chamber of Commerce (ICC Publication in force No. 758).

- Signature of the authorized representative and seal of the Bank

Annex A

Model notification of expenditure and reduction of guarantee to be used

Notification of expenditure and reduction of guarantee

To the Minister in Charge of Crude Hydrocarbons

Mauritanian State

Nouakchott

Mauritania

Purpose: Notification of expenditure and reduction of guarantee amount ref. XXXX

Honorable Minister,

We refer to the Exploration and Production Contract signed on , as well as the bank guarantee of proper discharge in the initial amount of USD given by on under reference no. .

On the amounts expended were USD . Accordingly the amount of said guarantee is reduced to (numbers plus letters).

Polite closure statement

Date:

Signature of Contracting Entity
Confirmation of Principal (KOSMOS ENERGY)

"**Stamp of the Minister in charge of Hydrocarbons**, authorized signature
Preceded by the statement "Agreed for the reduction of the guarantee in question in the amount of XXXX"
NAME + FUNCTION + STAMP of the Minister"

Exhibit 10.19

ISLAMIC

REPUBLIC

OF

MAURITANIA

HONOR — BROTHERHOOD -
JUSTICE

EXPLORATION AND PRODUCTION CONTRACT

BETWEEN

THE ISLAMIC REPUBLIC OF MAURITANIA

AND

KOSMOS ENERGY MAURITANIA

Bloc C13

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BETWEEN

The Islamic Republic of Mauritania (hereafter referred to as « the State »), represented for purposes of these presents by the Minister in Charge of Crude Hydrocarbons

ON THE ONE HAND,

AND

Kosmos Energy Mauritania, a company under the Cayman Islands laws, having its registered headquarters at 4th Floor Century Yard, Cricket Square, PO Box 32322, George Town, Grand Cayman KY1, 1209 (hereafter referred to as « the Contractor »), represented herein by John R. KEMP III, having all powers and being endowed with full authority for these purposes.

ON THE OTHER HAND,

The State and the Contractor being hereafter collectively referred to as « Parties » or individually « Party ».

WHEREAS:

The State, owner of the deposits and natural accumulations of hydrocarbons contained in the soil and the subsoil of the national territory, wishes to promote the discovery and the production of hydrocarbons in order to promote economic expansion within the framework instituted by Law No. 2010-033 of 20 July 2010 containing the Crude Hydrocarbons Code;

The Contractor wishes to explore and to exploit, within the framework of this exploration-production contract and pursuant to the Crude Hydrocarbons Code, the hydrocarbons which may be contained in the perimeter described in Appendix 1 of this Contract, and has shown it possesses the technical and financial means necessary for this purpose.

IT HAS BEEN AGREED AS FOLLOWS:

ARTICLE 1 : DEFINITIONS

The terms utilized in this text have the following meaning:

1.1 « Calendar Year » means a period of twelve (12) consecutive months commencing on the first (1st) of January and terminating on the thirty-first (31st) of the following December.

1.2 « Contract Year » means a period of twelve (12) consecutive months beginning on the Effective Date or the anniversary date of said Effective Date.

1.3 « Appendices » (also called Annexes) means the appendices to this Contract consisting of :

- The Exploration Perimeter constituting Appendix 1
- The Accounting Procedure constituting Appendix 2
- The model bank guarantee constituting Appendix 3

1.4 « Exploration Authorization » means the authorization referred to in Article 3 of this Contract by which the State authorizes the Contractor to carry out, on an exclusive basis, all works of prospection and exploration of Hydrocarbons within the Exploration Perimeter.

1.5 « Exploitation Authorization » means the authorization granted to the Contractor to carry out, on an exclusive basis, all works of development and of exploitation of the deposits of Hydrocarbons within the Exploitation Perimeter.

1.6 « Barrel» means « U.S. barrel », or 42 American gallons (159 liters) measured at the temperature of 60°F (15.6 °C) and at atmospheric pressure.

1.7 « BTU » means the British unit of energy « British Thermal Unit » in such manner that a million BTU (MMBTU) is equal to approximately 1055 joules.

1.8 « Annual Budget » means the detailed estimate of the cost of Petroleum Operations defined in an Annual Work Program.

1.9 « Crude Hydrocarbons Code » means Law No. 2010-033 of 20 July 2010 containing the Crude Hydrocarbons Code, its amendments and its application texts.

1.10 « Environmental Code » means Law No. 2000-045 of 26 July 2000 containing the Environmental Code, its amendments and its application texts.

1.11 « Contractor » means collectively or individually the company(ies) signing this Contract as well as any entity or company to which an interest would be assigned in application of Articles 21 and 22 of this Contract.

1.12 « Contract » means this text as well as its appendices and amendments.

In the case of contradiction between the provisions of this text and those of its appendices, the

provisions of this text shall prevail.

1.13 « Petroleum Costs » means all the costs and expenses incurred by the Contractor in execution of Petroleum Operations provided for in this Contract and determined according to the Accounting Procedure, the subject of Appendix 2 to this Contract.

1.14 « Effective Date » means the date of entry into force of this Contract such as it is defined in Article 30.

1.15 « Dollar » means the dollar of the United States of America ($).

1.16 « State » means the Islamic Republic of Mauritania.

1.17 « Gross Negligence » means imprudence or negligence of such gravity that it raises a presumption of malicious intent on the part of the person responsible for such action.

1.18 « Wet Gas » means Natural Gas containing a fraction of elements becoming liquid at ambient pressure and temperature, justifying the creation of a facility to recover such liquids.

1.19 « Natural Gas » means all gaseous hydrocarbons produced from a well, including Wet Gas and Dry Gas which may be associated or non-associated with liquid hydrocarbons and the residual gas which is obtained after extraction of the liquids from Natural Gas.

1.20 « Associated Natural Gas » means the Natural Gas existing in a reservoir in a solution with Crude Petroleum or in the form of "Gas Cap" in contact with Crude Petroleum, and which is produced or may be produced in association with the Crude Petroleum.

1.21 « Non-Associated Natural Gas » means Natural Gas excluding Associated Natural Gas.

1.22 « Dry Gas » : means Natural Gas containing essentially methane, ethane and inert gases.

1.23 « Hydrocarbons » means liquid and gaseous or solid hydrocarbons, in particular oil sands and oil shale.

1.24 « LIBOR » means the annual interbank rate applicable for the Dollar as published by the Financial Times, The Wall Street Journal or any other comparable publication of reference.

1.25 « Ministry » means the Ministry in Charge of Crude Hydrocarbons.

1.26 « Minister » means the Minister in Charge of Crude Hydrocarbons.

1.27 « Operator » means the company designated in Article 6.2 here below in charge of the conduct and the execution of Petroleum Operations or any company which would later be substituted for it according to applicable terms.

1.28 « Petroleum Operations » means all operations of exploration, exploitation, storage, transport and marketing of Hydrocarbons, including therein operations of evaluation/appraisal, development, production, separation, processing up until the Delivery Point, as well as the

remediation of the sites to their prior condition, and, more generally, all other operations directly or indirectly linked to the foregoing, carried out by the Contractor within the framework of this Contract, with the exclusion of refining and distribution of petroleum products.

1.29 « Ouguiya » means the currency of the Islamic Republic of Mauritania.

1.30 « Exploitation Perimeter » means all or part of the Exploratation Perimeter for which the State, within the context of this Contract, grants to the Contractor an Exploitation Authorization pursuant to the provisions of Article 9 here below.

1.31 « Exploration Perimeter » means the surface defined in Appendix 1, reduced, as the case may be, by relinquishments provided for in Article 3 and/or by Exploitation Perimeters, for which the State, in the context of this Contract, grants to the Contractor an Exploration Authorization pursuant to the provisions of Article 2.1 here below.

1.32 « Crude Petroleum » means all liquid Hydrocarbons in the natural state or obtained from Natural Gas by condensation or separation as well as asphalt.

1.33 « Delivery Point means:

- For Crude Petroleum, the loading point F.O.B. of the Crude Petroleum as may be further defined more precisely in the possible lifting agreement(s) the Parties may enter into.

- For Natural Gas, the Delivery Point set by common agreement between the Parties pursuant to Article 15 of this Contract.

1.34 « Remediation Plan » means the document detailing the program of work to be carried out by the Contractor at the expiration, the surrender or the canceling of an Exploitation Authorization, pursuant to Article 23.2 here below.

1.35 « Annual Work Program » means the descriptive document, item by item, of the Petroleum Operations to be carried out during the course of a Calendar Year within the framework of this Contract prepared pursuant to the provisions of Articles 4, 5 and 9 here below.

1.36 « Affiliated company » means:

a) Any company or any other entity which controls or is controlled, directly or indirectly, by a company or entity, party to this contract, or

b) Any company or any other entity which controls or is controlled, directly or indirectly, by a company or entity which itself controls directly or indirectly any company or entity, party to this contract.

For purposes of this definition, the term « control » means the direct or indirect ownership by a

company or any other entity of a percentage of capital stock or shares greater than fifty percent (50%) of the voting rights at the shareholders' meeting of another company or entity.

1.37 « Third Party » means any natural person or legal entity other than the State, the Contractor and the Affiliated Companies of the Contractor.

1.38 « Quarter » means a period of three (3) consecutive months beginning on the first day of January, April, July or October of each Calendar Year.

ARTICLE 2 : SCOPE OF APPLICATION OF THE CONTRACT

Pursuant to the Crude Hydrocarbons Code, the State hereby authorizes the Contractor to carry out on an exclusive basis in the Exploration Perimeter defined in Appendix 1 the appropriate and necessary Petroleum Operations within the framework of this Contract.

2.1 This Contract is entered into for the duration of the Exploration Authorization such as provided for in Article 3 of this Contract, including therein its renewal periods and possible extensions, and, in the case of a commercial discovery, for the duration of the Exploitation Authorizations which will have been granted, such as defined in Article 9.11 here below.

2.2 This Contract shall terminate if, at the expiration of all of the exploration phases provided for in Article 3, the Contractor has not notified the State of its decision to develop a commercial Hydrocarbons deposit and applied for an Exploitation Authorization relative to such deposit, pursuant to the provisions of Article 9.5 here below.

In the event of the grant of more than one Exploitation Authorization and unless there is an early termination, this Contract will expire upon the expiration of the last current valid Exploitation Authorization.

2.3 The expiration, surrender or termination of this Contract for whatever reason it may be, shall not free the Contractor from his obligations under this Contract, which came into being prior to the time of such expiration, surrender or termination, which obligations must be carried out by the Contractor.

2.4 The Contractor shall have the responsibility to carry out the Petroleum Operations provided for in this Contract. For their execution he undertakes to comply with good oilfield practice of the international petroleum industry and to comply with norms and standards decreed by Mauritanian regulations in matters of industrial safety, protection of the environment, and operational techniques.

2.5 The Contractor shall supply all the financial and technical means necessary for the proper functioning of the Petroleum Operations and shall bear in full all the risks linked to the execution of said Operations, and without prejudice to the provisions of Article 21 of this Contract. The Petroleum Costs borne by the Contractor shall be recoverable by the Contractor pursuant to the provisions of Article 10 here below.

2.6 During the period of validity of the Contract, the production resulting from the Petroleum Operations shall be shared between the State and the Contractor pursuant to the provisions of Article 10 here below.

ARTICLE 3 : EXPLORATION AUTHORIZATION

3.1 The Exploration Authorization in the Exploration Perimeter defined in Appendix 1 shall be granted to the Contractor for a first phase of Four (4) Contract Years.

3.2 The Contractor shall have right to renewal of the Exploration Authorization two times, for a period of Three (3) Contract Years each time, if he has fulfilled for the preceding exploration phase the work obligations stipulated in Article 4 here below and provided that he furnishes the bank guarantee for the renewal period pursuant to Article 4.6 here below.

3.3 In accordance with Article 21of the Crude Hydrocarbon Code, if at the expiration of any phase of the exploration period defined in Article 3.1 or 3.2 here above, works are actually still in progress, the Contractor shall have the right, if he submits an application duly providing supporting information, to a special extension of such phase for a period of time not to exceed twelve (12) months.

3.4 If the Contractor discovers one or more deposits of Hydrocarbons for which he cannot present the declaration of commerciality prior to the end of the third phase of the exploration period pursuant to Article 9.5 here below, by reason of the distance of the deposit in relation to possible delivery points on the Mauritanian territory and of the lack of infrastructure of transportation by pipeline, or the lack of a market for the production of the Natural Gas, he may apply for an extension of the Exploration Authorization for a maximum period of three (3) years for deposits of Petroleum or of Wet Gas and five (5) years for deposits of Dry Gas, the Exploration Perimeter being thus reduced to the presumed limits of the deposit(s) in question.

3.5 In the case where such an extension is granted, the Contractor must furnish to the Minister within sixty (60) days following the end of each Calendar Year of the period of extension a report showing whether or not the relevant deposit(s) is/are commercial, and, in the case of a deposit of Natural Gas, the results of the works and studies carried out pursuant to Article 15 here below.

3.6 For each renewal or extension, other than the extension contemplated by Article 3.3, the Contractor must submit an application to the Minister not later than two (2) months prior to the expiration of the current exploration phase.

The renewals shall be granted by decree of the Minister while the extensions shall be granted by decree of the Council of Ministers; such decrees shall take effect starting from the date following the expiration of the preceding period.

3.7 The Contractor undertakes to relinquish to the State at least twenty-five percent (25%) of the initial surface area of the Exploration Perimeter at the time of each renewal of same, in such fashion as to not retain during the second phase of the exploration period more than seventy-five percent (75%) of the initial surface area of the Exploration Perimeter and during the third phase of the exploration period, not more than fifty percent (50%) of the initial surface area of the Exploration Perimeter.

3.8 For the application of Article 3.7 here above :

a) The surfaces having previously been the subject of a voluntary relinquishment per Article 3.9 here below and the surfaces already covered by Exploitation Authorizations shall be deducted from the area subject to mandatory relinquishment.

b) The Contractor shall have the right to determine the extent, the form and the location of the portion of the Exploration Perimeter which he intends to keep. However, the portion relinquished must consist of a perimeter of simple geometric form, delimited by North-South, East-West lines or by natural limits or frontiers. The surface relinquishment shall be made according to the land registry grid from one of the borders of the initial or residual Exploration Perimeter and in a contiguous fashion.

c) The application for renewal must be accompanied by a plan containing an indication of the Exploration Perimeter that was kept as well as a report specifying the works carried out since the Effective Date on the relinquished surfaces and the results obtained.

3.9 The Contractor may at any time, upon three (3) months' notice, notify the Minister that he is surrendering all or a portion of the Exploration Perimeter. In the event of a full surrender, the Exploration Authorization shall terminate automatically on the date of said notification. In the case of a partial surrender, the provisions of Article 3.8 here above shall be applicable.

In all cases, no voluntary surrender during the course of an exploration phase shall reduce the exploration work commitments stipulated in Article 4 here below for said phase, nor does it terminate the corresponding bank guarantee.

3.10 Except in the case of extension pursuant to Articles 3.3 and 3.4 here above, upon the expiration of the third phase of the exploration period, the Contractor must relinquish the remaining surface of the Exploration Perimeter, except for areas already comprised within Exploitation Perimeters.

Notwithstanding the preceding paragraph and pursuant to the provisions of Article 26.2 of the Crude Hydrocarbons Code, the Exploration Authorization shall remain in effect until Contractor submits a request for an Exploitation Authorization in accordance with the time frames stipulated in Article 9.

ARTICLE 4 : EXPLORATION WORKS OBLIGATION

4.1 During the first phase of the exploration period of four (4) Contract Years defined in Article 3.1 here above, the Contractor undertakes to carry out the following work:

- Acquire two thousand (2000) km 2D seismic

Said works must commence within the twelve (12) months following the Effective Date.

4.2 During the second phase of the exploration period of three (3) Contract Years defined in Article 3.2 here above, the Contractor undertakes to carry out the following work:

- Acquire one thousand (1000) sq. km 3D seismic;
- Drill one (1) Exploration well to a depth of two thousand (2000) meters below the mud line.

Said works must commence within the six (6) months following the start of the phase in question.

4.3 During the third phase of the exploration period of Three (3) Contract Years defined in Article 3.2 here above, the Contractor undertakes to carry out the following work:

- Drill one (1) Exploration well to a depth of two thousand (2000) meters below mud line.

Said works must commence within the three (3) months following the start of the phase in question.

4.4 Each of the above-cited wells shall be carried out up to the minimum depth set forth here above, or to a lesser depth, upon authorization of the Minister, if the pursuit of the well, carried out according to good oilfield practices in the international petroleum industry, is impractical for one or another of the following reasons:

a) The basement is encountered at a depth that is less than the minimum depth referred to above;

b) The pursuit of the well presents a manifest danger by reason of the existence of an abnormal stratum pressure ;

c) Rock formations are encountered, the hardness of which does not allow the practical advancement of the well carried out with the appropriate means of equipment;

d) Petroliferous formations are encountered which in order to cross through requires for their protection the laying of casings, preventing the attainment of the above-cited minimum depth.

In each of the cases cited here above, the Contractor shall inform the Minister and shall be authorized to suspend the well and said well shall be deemed to have been drilled to the minimum depth referred to above.

4.5 If the Contractor, either during the course of the first phase of the exploration period, or during the course of the second phase of the exploration period, defined respectively in Articles 3.1 and 3.2 here above, carries out a number of exploration wells greater than the minimum commitments stipulated respectively in Articles 4.1 and 4.2 here above for said phase, the excess wells may be carried over to the following phase(s) of the exploration period and shall be deducted from the minimum work commitments stipulated for said phase(s).

For purposes of the application of Articles 4.1 to 4.5 here above, the wells carried out in the context of a program for evaluation of a discovery shall not be considered to be exploration wells, and, in the case of a discovery of Hydrocarbons, only one well per discovery shall be deemed to be an exploration well.

4.6 Within the thirty (30) days following the Effective Date, the Contractor must remit to the Minister a bank guarantee issued by an international bank of first order, pursuant to Appendix 3 of nine million Dollars ($9,000,000), covering his minimum work commitments for the first phase of the exploration period defined in Article 4.1 here above.

In the case of renewal of the Exploration Authorization, the Contractor also must remit to the Minister, within the thirty (30) days following receipt of the decree from the Minister granting the renewal, a bank guarantee issued by an international bank of first order, pursuant to Appendix 3 of twenty-seven million Dollars ($27,000,000) for the second Phase of the exploration period and of twenty-two million Dollars ($22,000,000) covering his minimum work commitments for the relevant phase.

If on expiration of any phase of the exploration period or in the case of total or partial surrender or termination of the Contract, the exploration works have not reached the minimum commitments of this Article 4, the Minister shall have the right to call the guarantee for an

amount equal to the amount of the guarantee after deduction of the estimated cost of the minimum work actually carried out.

Such cost shall be calculated on a lump-sum basis in utilizing the following unit costs:

a) four thousand five hundred Dollars ($4,500) per kilometer of seismic;

b) five thousand Dollars ($5,000) per square kilometer of seismic;

c) twenty-two million Dollars ($22,000,000) per exploration well.

Once the payment is made, the Contractor shall be deemed to have fulfilled his minimum exploration work obligations per Article 4 of this Contract; the Contractor may, except in the event of cancellation of the Exploration Authorization for a major failure in performance of this Contract, continue to benefit from the provisions of said Contract and, in the case of an acceptable application, obtain the renewal of the Exploration Authorization.

ARTICLE 5 : PRESENTATION AND APPROVAL OF ANNUAL WORK PROGRAMS

5.1 Not later than (2) months after the Effective Date, the Contractor shall prepare and submit to the Ministry for approval an Annual Work Program, detailed item by item, including therein the corresponding Annual Budget for all of the Exploration Perimeter, specifying the Petroleum Operations relating to the period running from the Effective Date to the following 31 December.

Thereafter, not later than (3) months prior to the start of each Calendar Year, the Contractor shall prepare and submit to the Ministry for approval an Annual Work Program, detailed item by item, including therein the corresponding Annual Budget for all of the Exploration Perimeter, then, if applicable, for the Exploitation Perimeter(s), in specifying the Petroleum Operations which he proposes to carry out over the course of the following Calendar Year.

Each Annual Work Program and corresponding Annual Budget shall be itemized between the different activities of exploration, and if applicable, of appraisal for each discovery, of development and of production for each commercial deposit.

5.2 If the Ministry deems that revisions or modifications to the Annual Work Program and to the corresponding Annual Budget are necessary and appropriate, it must so notify the Contractor in writing with all supporting documentation deemed appropriate within a time period of sixty (60) days following their receipt. In such case, the Ministry and the Contractor shall meet as soon as possible in order to study the revisions or modifications requested and establish by common agreement the Annual Work Program and the corresponding Annual Budget in their

definitive form, according to good oilfield practice in the international petroleum industry . The date of adoption of the Annual Work Program and of the corresponding Annual Budget shall be the above-cited mutually agreed date.

In the absence of notification by the Ministry to the Contractor of his wish for revision or modification within the time period of the above-referenced sixty (60) days, said Annual Work Program and corresponding Annual Budget shall be deemed accepted by the Ministry upon the date of expiration of said time period.

In all cases, each operation of the Annual Work Program, for which the Ministry has not requested revision or modification, must be carried out by the Contractor within the time periods set forth.

5.3 The Parties accept that the results obtained during the course of the works taking place, or that special circumstances may justify changes to an Annual Work Program and to the corresponding Budget. In such case, after notification to the Ministry, the Contractor may make such changes provided that the fundamental objectives of said Annual Work Program are not modified.

ARTICLE 6 : OBLIGATIONS OF THE CONTRACTOR IN THE CONDUCT OF PETROLEUM OPERATIONS

6.1 Without prejudice to the provisions of Article 21 here below, the Contractor must furnish all necessary funds and purchase or rent all tools, equipment and construction supplies that are indispensable for the execution of Petroleum Operations. The Contractor is responsible for the preparation and the execution of the Annual Work Programs which are to be carried out in the most appropriate manner in compliance with good oilfield practice in the international petroleum industry.

6.2 Upon the Effective Date of this Contract, Kosmos Energy Mauritania is designated as Operator and shall be responsible for the conduct and the execution of the Petroleum Operations. The Operator, in the name of and on the behalf of the Contractor, shall communicate to the Minister all reports and information referred to in this Contract. Any change of Operator contemplated by the entities of the Contractor must receive the prior approval of the Minister, which approval shall not be withheld without reasonable justification provided therefor.

6.3 The Operator must maintain during the term of the Contract in Mauritania, a branch which shall in particular be staffed with a responsible person having authority for the conduct of the Petroleum Operations and to whom any notification with regard to this Contract can be sent.

6.4 The Contractor must during the course of the Petroleum Operations take all necessary

measures for the protection of the environment.

He must in particular, for any Petroleum Operation subject to prior authorization according to the Environmental Code, submit to the Minister, depending on the case, the studies or notices of environmental impact required for this type of operation, carry out the measures and comply with restrictions set forth in the environmental management plan, furnish the declarations and submit himself to the oversight provided for in the Environmental Code

The Contractor must moreover take all reasonable measures according to good oilfield practice in the international petroleum industry in order to:

a) Ensure that all of the facilities and equipment utilized for purposes of the Petroleum Operations be at all times in good repair and in conformity with the applicable norms, including therein those which result from international conventions ratified by the Islamic Republic of Mauritania and relative to the prevention of pollution;

b) avoid losses and dumping:

- of Hydrocarbons, including the flaring of Natural Gas, (with the exception of the cases provided for in Article 40 of the law instituting the Crude Hydrocarbons Code, under penalty of a fine which shall be later be determined by a decree taken by the Council of Ministers and which shall not under any circumstances exceed twenty (20) per cent of the then current market price of Natural Gas in Mauritania),

The above-cited fine shall not be considered a recoverable Petroleum Cost nor a deductible charge.

c) DOES NOT APPLY.

d) Store the Hydrocarbons produced in the facilities and receptacles constructed for this purpose ;

e) Without prejudice to the provisions of Article 23.2 here below, dismantle facilities which are no longer necessary to the Petroleum Operations and return the sites to their original condition;

f) and, generally, prevent pollution of the soil and of the subsoil, of the water and of the atmosphere, as well as prevent harm to fauna and flora.

6.5 The Contractor must, during the course of the Petroleum Operations, take all necessary measures to ensure the safety and protect the health of persons according to good oilfield practices in the international petroleum industry and the Mauritanian regulations in force, and

in particular to put into place:

a) Appropriate means for prevention, rapid response and handling of risks, including the risks of blow-out;

b) Measures for information, training and means adapted to the risks encountered, including therein individual protective equipment, fire-fighting materials as well as means of first-aid and prompt evacuation of victims.

6.6 All works and facilities set up by the Contractor under this Contract must, according to the nature and circumstances, be constructed, shown with markers and sign posts and equipped in such fashion as to allow at any time and in complete safety free passage within the Exploration Perimeter and the Exploitation Perimeter(s).

6.7 While carrying out his right of construction, to execute works, and to maintain all facilities necessary for the purposes of this Contract, the Contractor should not occupy lands situated less than five hundred (500) meters away from any religious buildings, whether cultural or not, burial grounds, walled enclosures, courts and gardens, dwelling places, groups of dwelling places, villages, built-up areas, wells, springs , reservoirs, roads, routes, railways, water conduits, pipelines, works of public utility, civil engineering works, without the prior consent of the Minister. The Contractor shall be required to repair any damages which his works may have caused to occur.

6.8 The Contractor commits to granting preference to Mauritanian enterprises and products, on equivalent conditions in terms of price, quantity, quality, terms for payment and timeframe of delivery, and to require his subcontractors to make a similar commitment

All contracts of supply, construction or service of a value greater than seven hundred fifty thousand (750,000) Dollars where works of exploration/appraisal are concerned and one million five hundred thousand ($1,500,000) Dollars where works of development/exploitation are concerned, must be the subject of a call for bids from Mauritanian and foreign bidders, unless there is a prior consent from the Minister.

Copies of such contracts entered into during the course of each Quarter shall be sent to the Minister within the thirty (30) days following the end of the relevant Quarter.

6.9 The Contractor undertakes to grant preference, on equivalent economic terms, in the purchase of goods necessary for the Petroleum Operations, taking into account rental terms and any other lease arrangements and to require from his subcontractors a similar commitment .

To this end, every Annual Budget referred to in Article 5 must specify all the draft rental contracts of an annual value greater than seven hundred fifty thousand (750,000) Dollars.

ARTICLE 7 : RIGHTS OF THE CONTRACTOR IN THE CONDUCT OF PETROLEUM OPERATIONS

7.1 The Contractor has the exclusive right to carry out Petroleum Operations inside of the Exploration Perimeter or any Exploitation Perimeter resulting therefrom, as long as the Petroleum Operations are in conformity with the terms and conditions of this Contract, of the Crude Hydrocarbons Code as well as with the provisions of the laws and regulations in force in Mauritania, and that they are executed according to good oilfield practice in the international petroleum industry.

7.2 For purposes of the execution of the Petroleum Operations, the Contractor shall benefit from the rights set forth in Article 54 of the Crude Hydrocarbons Code.

7.3 The costs, compensation payments, and in general all charges resulting from occupation of lands referred to in Articles 55 to 57 of the Crude Hydrocarbons Code shall be at the expense of the Contractor and shall be recoverable as Petroleum Costs pursuant to the provisions of Article 10.2 here below.

7.4 The expiration of an Exploration Authorization or of an Exploitation Authorization, or the obligatory or voluntary relinquishment, partial or total of an Exploration Perimeter or of an Exploitation Perimeter has no effect with regard to the rights resulting from Article 7.2 here above for the Contractor, on works and facilities executed in application of the provisions of this Article 7, provided that said works and facilities continue to be utilized in the framework of the Contractor's activity on the portion kept or on other exploration or exploitation perimeters in Mauritania.

7.5 Subject to the provisions of Articles 6.8 and 6.9 here above, the Contractor has freedom of choice concerning suppliers and subcontractors and shall benefit from the customs regime set forth in Article 18 of this Contract.

7.6 Unless there are provisions to the contrary in the Contract, no restriction shall be set upon the entry, the stay, freedom of movement, employment and repatriation of persons and their families as well as their goods, for the employees of the Contractor and those of his subcontractors, subject to compliance with employment legislation and regulations as well as social laws in force in Mauritania.

The Ministry shall facilitate the delivery to the Contractor, as well as to his agents, to his subcontractors and to their families, all administrative authorizations which may possibly be

required in relation with the Petroleum Operations carried out in the framework of this Contract, including entry and exit visas.

ARTICLE 8 : MONITORING OF PETROLEUM OPERATIONS AND ACTIVITY REPORTS — CONFIDENTIALITY

8.1 The Petroleum Operations shall be subject to monitoring by the Ministry pursuant to the provisions of Title VIII of the Crude Hydrocarbons Code. The duly mandated representatives of the Ministry shall in particular have the right to monitor the Petroleum Operations, to inspect facilities, equipment, materials, and to audit said procedures, norms, records and books pertaining to the Petroleum Operations. Said such representatives shall make every effort not to disrupt the normal conduct of Contractor's operations.

In order to allow the exercise of the rights referred to here above, the Contractor shall furnish to the representatives of the Ministry and to the other agents of the State in charge of the supervision of Petroleum Operations reasonable assistance in the matter of means of transport and of lodging. The reasonable expenses for transport and lodging directly linked to monitoring and inspection shall be at the expense of the Contractor. Such expenses shall be considered as recoverable Petroleum Costs according to the provisions of Article 10.2 of this Contract and as deductible charges for purposes of the calculation of Industrial and Commercial Income Tax.

8.2 The Contractor shall keep the Ministry regularly informed of the status of the Petroleum Operations. He must in particular supply the Ministry with the following programs and information:

a) A work program for any geological or geophysical campaign, at least thirty (30) days before the beginning of the campaign in question and specifying in particular its location, its objectives, the techniques and equipment utilized, the name and address of the enterprise which will carry out the work, the starting date and the projected duration, the number of kilometers of seismic lines, the estimated costs and the safety measures put into place if the usage of explosives is contemplated.

b) A work program for any well, at least thirty (30) days before the spudding of the well in question and specifying in particular its precise location, a detailed description of the works contemplated, including the well techniques and the associated operations, its depth, its geological objective, the start date and the projected duration, the estimated costs of the program, a summary of the geological and geophysical data which prompted the Contractor's decision, the name and address of the drilling contractor as well as the

designation of the well site, the name and address of all other subcontractors recruited for such operation, and the safety measures envisioned.

c) An advance notice of thirty (30) days concerning any abandonment of a producing well and forty-eight (48) hours when it concerns a non-producing well.

d) An advance notice of forty-eight (48) hours concerning any suspension of drilling or resumption of drilling after a suspension of greater than thirty (30) days.

Any accident involving a stoppage of work or material damage or death occurring in the framework of the Petroleum Operations must be immediately notified to the Minister and not later than within twenty-four (24) hours.

8.3 The Ministry may require from Contractor the execution, at the expense of the latter, of all work necessary to ensure safety and hygiene within the framework of the Petroleum Operations, pursuant to Article 6.5 here above.

8.4 The Ministry shall have access to all original data resulting from Petroleum Operations undertaken by the Contractor within the Exploration Perimeter and Exploitation Perimeter(s) such as geological, geophysical, petrophysical, drilling, reports concerning commencement of exploitation and all other reports generally required for the Petroleum Operations.

8.5 The Contractor commits to furnishing to the Ministry the following periodic reports:

a) Daily reports on drilling activities;

b) Weekly reports on geophysical works;

c) Starting from the date of granting of an Exploitation Authorization, within fifteen (15) days following the end of each Quarter, a detailed report on development activities;

d) Starting from the start-up of production, within fifteen (15) days following the end of each month, an exploitation report specifying in particular each of the quantities of Hydrocarbons produced, utilized in Petroleum Operations, stored, lost or flared, and sold, during the course of the preceding month as well as an estimate of each of the quantities in question for the current month. With regard to Hydrocarbons sold, the report shall specify for each sale the identity of the buyer, the quantity sold and the price obtained;

e) Within the fifteen (15) days following the end of each Quarter, a report relative to Petroleum Operations carried out during the Quarter elapsed, containing in particular a description of the Petroleum Operations carried out and a detailed statement of the

Petroleum Costs incurred, categorized in particular by Exploration Perimeter / Exploitation Perimeter and by type;

f) Within the three (3) months following the end of each Calendar Year, a report relative to the Petroleum Operations carried out during the Calendar Year elapsed, as well as a detailed statement of Petroleum Costs incurred, categorized in particular by Exploration Perimeter / Exploitation Perimeter and by type and a statement of the personnel employed by the Contractor, indicating the number of employees, their nationality, their duties, the total amount of the salaries as well as a report on medical care and instruction given to them.

g) Any other report generally required within the framework of Petroleum Operations.

8.6 Moreover, the following reports, data and documents shall be furnished to the Ministry during the month following their drafting or their being obtained:

a) Two (2) copies of the geological reports made in the framework of exploration ;

b) Two (2) copies of geophysical reports made in the framework of exploration. The Ministry shall have access to the originals of all recordings made (magnetic tapes or other format) and may, upon request, obtain copies;

c) Two (2) copies of reports of commencement and termination of drilling for each of the wells drilled;

d) Two (2) copies of all measures, tests, and well loggings recorded during the course of drilling (drilling termination reports);

e) Two (2) copies of each report of analyses (petrography, biostratigraphy, geochemistry or other) carried out on the core samples, the cuttings or fluids sampled in each one of the wells drilled, including therein raw data and supporting items with media for copying photos pertaining thereto;

f) A representative portion of the core samples taken, well cuttings taken from each well as well as fluid samples collected during the production tests shall also be supplied within reasonable periods of time.

g) Moreover, the Contractor may freely export core samples taken, drill cuttings taken and fluids produced;

h) And in a general fashion, two (2) copies of all other reports generally required for Petroleum Operations.

Reports, studies and other results referred to in this Article 8.6, as well as those referred to in Article 8.5 here above, shall be supplied in a suitable medium in digital and/or hard copy.

8.7 The Parties undertake to consider as confidential and to not communicate to Third Parties or to publish, except with the prior consent of the Minister, data and information of a technical nature related to the Petroleum Operations and which would not already be in the public domain, for the entire duration of the Contract.

In the case of relinquishment of a surface area or surrender of a perimeter , the Contractor undertakes to consider as confidential and to not communicate to Third Parties or to publish, except with the prior consent of the Minister, the data and information relating to the perimeter in question and which would not already be in the public domain.

After the surrender, termination or expiration of the Contract, the Contractor undertakes to consider as confidential and to not communicate to Third Parties or to publish, except with the prior consent of the Minister, the data and information relating to Petroleum Operations and which would not already be in the public domain.

8.8 Notwithstanding the provisions of Article 8.7, the State may communicate the data and information:

a) To all suppliers of services and professional consultants providing services in the framework of the monitoring of Petroleum Operations, after obtaining a similar commitment of confidentiality;

b) To any bank, institution or financial establishment with which an entity of the State solicits or obtains financing, after obtaining a similar commitment of confidentiality;

c) In the framework of any contentious proceeding in a legal, administrative or arbitrational matter.

8.9 Notwithstanding the provisions of Article 8.7, the Contractor may communicate the data and information:

a) To any Affiliated Company bound by a similar commitment of confidentiality;

b) To any suppliers of services and professional consultants providing services in the framework of Petroleum Operations, after obtaining a similar commitment of confidentiality;

c) To any company with a bona fide interest in the carrying out of a possible assignment, after obtaining from such company a commitment to keep confidential such information and to utilize it only for the purposes of such assignment;

d) To any bank or financial establishment with which an entity of the Contractor solicits or obtains financing, after obtaining a similar commitment of confidentiality;

e) When and to the extent that the regulations of a recognized stock exchange require the information;

f) Within the framework of any contentious proceeding in a legal, administrative or arbitrational matter.

8.10 The Contractor must report to the Minister the soonest possible any information relative to mineral substances encountered during the Petroleum Operations.

8.11 The Contractor must participate in the implementation of the Extractive Industries Transparency Initiative (EITI) pursuant to Article 98 of the Crude Hydrocarbons Code.

ARTICLE 9 : APPRAISAL OF A DISCOVERY AND GRANTING OF AN EXPLOITATION AUTHORIZATION

9.1 If the Contractor discovers Hydrocarbons in the Exploration Perimeter, he must so notify the Minister in writing the soonest possible and carry out, pursuant to good oilfield practice in the international petroleum industry, the necessary tests. Within the thirty (30) days following the provisional closure or abandonment of the discovery well, the Contractor must submit to the Minister a report giving all information pertaining to such discovery and formulating recommendations of the Contractor as to whether or not to pursue his appraisal.

9.2 If the Contractor wishes to undertake the appraisal works of the above-cited discovery, he must diligently submit to the Minister for approval the appraisal work program, the timetable for execution and the estimate of the corresponding budget, not later than six (6) months following the date of the notification of the discovery referred to in Article 9.1 here above.

The Contractor must then commence with maximum diligence the appraisal work pursuant to the program drawn up, it being understood that the provisions of Articles 5.2 and 5.3 here above shall apply to said program.

9.3 Within the three (3) months following the completion of the appraisal works, and not later than thirty (30) days prior to the expiration of the third phase of the exploration period defined in Article 3.2, as may be extended pursuant to the provisions of Articles 3.3 and 3.4 here above,

the Contractor shall submit to the Minister a detailed report giving all the technical and economic information relative to the deposit so discovered and appraised, and establishing the commercial character or not of the said discovery. Such report shall in particular include the following information: the geological and petrophysical, characteristics, and the estimated delimitation of the deposit; the results of the production tests carried out, the nature, properties and volume of Hydrocarbons which it contains, a preliminary technical and economic study on the placement of the deposit into production.

9.4 Any quantity of Hydrocarbons produced from a discovery before the discovery has been declared commercial, if it is not utilized for the carrying-out of the Petroleum Operations, or lost, shall be subject to the provisions of Article 10 of this Contract.

9.5 A deposit considered by the Contractor to be commercially exploitable gives him the right to an Exploitation Authorization. In such case, the Contractor shall submit to the Minister, within the three (3) months following the submission of the report referred to in Article 9.3 here above, and not later than thirty (30) days prior to the expiration of the third phase of the exploration period defined in Article 3.2, possibly extended pursuant to the provisions of Articles 3.3 and 3.4 here above, an application for an Exploitation Authorization. Said application shall specify the lateral and stratigraphic delimitation of the Exploitation Perimeter, which shall cover only the presumed limits of the deposit discovered and appraised in the Exploration Perimeter then currently valid and shall be accompanied by technical justifications necessary for said delimitation. The above-cited application for an Exploitation Authorization shall be accompanied by a detailed development and production program, including in particular for the deposit in question :

a) An estimate of the recoverable reserves, proven and probable and of the corresponding production profile, as well as a study of the methods of recovery of hydrocarbons and development of natural gas;

b) A description of the works and facilities required to put the field into production, such as number of wells, facilities required for production, separation, processing, storage and transport of Hydrocarbons;

c) A program and a schedule for carrying out the said works and facilities, including startup date for production ;

d) An estimate of development investments and exploitation costs itemized for each year as well as an economic study confirming the commercial character of the deposit ;

e) The methods for financing such investments by each one of the entities making up the Contractor ;

f) An environmental impact study of the development project, carried out by the Contractor pursuant to the provisions of the Environmental Code.

g) An outline of a Rehabilitation Plan to return the sites to their original condition at the end of exploitation.

The Minister may propose revisions or modifications to the development and production program referred to above, as well as to the Exploitation Perimeter applied for, in notifying the Contractor thereof with all justifying supporting data deemed appropriate, within the ninety (90) days following receipt of the said program. The provisions of Article 5.2 here above shall apply to said program with regard to its adoption.

When the results acquired during the course of development justify changes to the development and production program, said program may be modified in utilizing the same procedure as that referred to here above for its initial adoption.

9.6 The Exploitation Authorization shall be granted by the Minister within forty-five (45) days following the date of adoption by the Parties of the development and production program. The granting of an Exploitation Authorization entails *ipso facto* the cancellation of the Exploration Authorization inside of the Exploitation Perimeter; however, the Exploration Authorization continues to be valid outside that perimeter until its expiration date, without the minimum exploration work obligation referred to in Article 4 above for the subject phase of the exploration period being modified.

9.7 If the Contractor makes several commercial discoveries within the Exploration Perimeter, each of such will give rise, in accordance with Articles 9.5 and 9.6 here above, to a separate Exploitation Authorization corresponding to an Exploitation Perimeter.

9.8 If in the course of work subsequent to the grant of an Exploitation Authorization, it appears that the deposit has an extension greater than that initially provided for in Article 9.5 here above, the Minister shall grant to the Contractor, within the framework of the Exploitation Authorization already granted, the additional portion, provided that the extension is an integral part of the currently valid Exploration Perimeter and that the Contractor supplies the technical justifications for the extension applied for.

If it appears that the deposit has an extension less than that initially provided for, the Minister may require the Contractor to relinquish the exterior portion(s) of the boundaries of the deposit.

9.9 In the event that a deposit extends beyond the boundaries of the currently valid Exploration Perimeter, the Minister may require the Contractor to exploit such deposit together with the holder of the adjacent perimeter following the provisions of Article 53 of the Crude Hydrocarbons Code. Within the twelve (12) months following the written request of the Minister, the Contractor must submit to him, for approval, a draft development and production program of the relevant deposit drawn up in agreement with the holder of the adjacent perimeter.

In the case where the deposit extends over one or more other perimeters which are not under contract, the process of extension of the contractual perimeter may be undertaken, pursuant to the provisions of the Crude Hydrocarbons Code.

9.10 The Contractor must start up the development operations including the necessary studies, not later than six (6) months following the date of granting of the Exploitation Authorization referred to in Article 9.6 here above and must pursue them with the maximum diligence. The Contractor undertakes to carry out the development and production operations according to good oilfield practice in the international petroleum industry, making it possible to ensure the optimum recovery of Hydrocarbons contained in the deposit. The Contractor undertakes to proceed as soon as possible with studies of assisted recovery in consultation with the Ministry and to utilize such processes if, in the estimation of Contractor, such processes will lead under the economic conditions to an improvement of the rate of recovery.

9.11 The duration of the exploitation period during which the Contractor is authorized to ensure the production of a deposit declared to be commercial is set at twenty-five (25) years if the exploitation is for deposits of Crude Petroleum and thirty (30) years if the exploitation is for deposits of Dry Gas, starting from the date of granting of the corresponding Exploitation Authorization.

Upon the expiration of the initial period of exploitation defined here above, the Exploitation Authorization may be renewed for an additional maximum period of ten (10) years upon an application by Contractor providing supporting information submitted to the Minister at least one (1) year prior to said expiration, provided that the Contractor has fulfilled all his contractual obligations during the initial exploitation period and that he proves that additional commercial production from the Exploitation Perimeter remains possible during the additional period applied for.

9.12 For any deposit having given rise to the granting of an Exploitation Authorization, the Contractor must, without prejudice to the provisions of Article 21 here below, carry out at his own expense all appropriate and necessary Petroleum Operations to place the deposit into

exploitation, in conformity with the adopted development and production program.

However if the Contractor believes, on the basis of technical knowledge acquired on such deposit, and can make the accounting proof during the course of the development and production program or during the course of exploitation that producing from such deposit cannot be, or can no longer be, commercially profitable, even though the discovery well and the appraisal works have led to the granting of an Exploitation Authorization pursuant to this Contract, the Minister undertakes to not obligate the Contractor to pursue the works and to explore with the Contractor, to the extent possible, technical and economic improvements which would permit the Contractor to consider the profitable exploitation of said deposit. In the case where the Contractor decides not to pursue the exploitation works and if the Minister asks him to, the Contractor shall surrender the relevant Exploitation Authorization and the rights which are attached thereto.

9.13 The Contractor may at any time, subject to so notifying the Minister in writing with an advance notice of at least six (6) months, surrender totally or in part an Exploitation Authorization, provided that he has satisfied all obligations provided for in this Contract.

9.14 The Contractor undertakes for the duration of the Exploitation Authorizations to produce annually quantities of Hydrocarbons from each deposit according to generally accepted norms in the international petroleum industry in taking principally into consideration the rules for the proper conservation of deposits and the optimal recovery of the reserves of Hydrocarbons under economic conditions for the duration of the relevant Exploitation Authorizations.

9.15 The ceasing of production of a deposit for a duration greater than six (6) consecutive months, decided upon by the Contractor without the consent of the Minister, may lead to the cancellation of this Contract within the terms set forth in Article 25 here below.

9.16 The Minister may place the Contractor on notice by registered letter with return receipt to remedy the following shortcomings within a time period of three (3) months, if the latter, without duly justified reasons:

a) Has not submitted an appraisal work program for said discovery within the time period referred in Article 9.2 here above ;

b) Has not carried out the appraisal works of said discovery in conformity with the appraisal program referred to in Article 9.2 here above ;

c) Or has not submitted an application for an Exploitation Authorization within the time period referred to in Article 9.5 here above.

If the Contractor has not remedied the above shortcomings within the mentioned time period, the Minister may then demand that he relinquish immediately and without compensation all his rights within the presumed boundaries of said discovery, including the Hydrocarbons which could be produced from it.

The State may then carry out all works of appraisal, development and production of such discovery upon condition however that it does not cause damage to the performance of the Petroleum Operations of the Contractor in the Exploration Perimeter or any Exploitation Perimeter governed by the Contract.

ARTICLE 10 : RECOVERY OF PETROLEUM COSTS AND PRODUCTION SHARING

10.1 From the commencement of regular Hydrocarbons production carried out pursuant to an Exploitation Authorization or an early production authorization, that production shall be shared and sold in accordance with the provisions hereafter.

10.2 For the recovery of Petroleum Costs, the Contractor shall freely retain each Quarter, and for each Exploitation Authorization, a share of total production equal to fifty-five percent (55%) for Crude Petroleum and sixty-two percent (62%) for Dry Gas, calculated on total production which is not utilized for Petroleum Operations, nor wasted, or, if applicable, a lower percentage of production, or only a lower percentage which would be necessary and would suffice.

The value of the share of total production allocated for the petroleum cost recovery of the Contractor as defined in the preceding subparagraph, shall be calculated in accordance with the provisions of Articles 14 and 15 here below.

In the course of a Calendar Year, should the Petroleum Costs not yet recovered by the Contractor pursuant to the provisions of this Article 10.2 exceed the equivalent in value of fifty-five percent (55%) with respect to Crude Petroleum and sixty-two percent (62%) with respect to Dry Gas, of the total production calculated as indicated here above, the excess which cannot be recovered for the Calendar Year under consideration shall be carried forward to the following Calendar Year(s) until full recovery of Petroleum Costs or the termination of this Contract. The recovery of Petroleum Costs for any Quarter shall be scheduled in the order stipulated in the Accounting Procedure.

10.3 The volume of Hydrocarbons, related to each Exploitation Authorization, which remains for each Quarter after the Contractor has taken from total production the share necessary to the recovery of Petroleum Costs under the provisions of Article 10.2 here above, shall be shared between the State and the Contractor in the following manner, in the ratio of the applicable figure for the ratio "R" defined as follows::

Value of « R »	Share of the State	Share of the Contractor
Less than 1	31%	69%
Greater than or equal to 1 and less than 1.5	33%	67%
Greater than or equal to 1.5 and less than 2	35%	65%
Greater than or equal to 2 and less than 2.5	37%	63%
Greater than or equal to 2.5 and less than 3	39%	61%
Greater than or equal to 3	42%	58%

For the application of this Article, the ratio « R » means to the ratio of « Cumulative Net Revenue » of Contractor over « Cumulative Investments » in the relevant Exploitation Perimeter, where:

« Cumulative Net Revenue » means the sum, calculated from the Effective Date until the end of the preceding Quarter, of the value of Hydrocarbons obtained by Contractor pursuant to the provisions of Articles 10.2 and 10.3 here above ; less the Exploitation Petroleum Costs incurred by the Contractor, as such are defined and determined under the provisions of the Accounting Procedure.

« Cumulative Investments » means the sum, from the Effective Date up until the end of the preceding Quarter, of the Exploration Petroleum Costs and the Development Petroleum Costs incurred by the Contractor as defined and determined under the provisions of the Accounting Procedure.

10.4 The State may receive its share of production defined in Article 10.3 here above, either in kind, or in cash.

10.5 If the State wishes to receive in kind all of part of its share of production defined in Article 10.3 here above, the Minister shall advise the Contractor in writing not less than ninety (90) days prior to the commencement of the relevant Quarter and specify the exact quantity it wishes to receive in kind during said Quarter and the modalities of delivery, which must be specified in the lifting contract.

For this purpose, it is agreed that the Contractor shall not commit to the sale of a part of the State production, for a term which exceeds one hundred and eighty (180) days, unless he shall have obtained the written consent of the Minister.

10.6 If the State wishes to receive in cash all or part of its share of production specified in Article 10.3 here above, or if the Minister has failed to notify the Contractor of its decision to take a portion of the State's production in kind in accordance with Article 10.5 here above, the Contractor is obligated to sell the State share of production which the State wishes to take in cash during the relevant Quarter, and to proceed with the liftings of such share in the course of such Quarter, and to pay the State within thirty (30) days following each lifting, an amount equal to the quantity corresponding to the portion of the State production share, multiplied by the sale price F.O.B., after deduction of the costs attributable to such sales.

The Minister shall be entitled to request the settling of the sales of the State share of production effected by the Contractor either in Dollars or in any other convertible currency in which the transaction took place.

ARTICLE 11 : TAX REGIME

11.1 Each of the entities which make up the Contractor shall be subject to the Industrial and Commercial Income Tax levied on the net profits earned in relation to the Petroleum Operations in accordance with Articles 66 to 74 of the Crude Hydrocarbons Code and the provisions of the Accounting Procedure found in Appendix 2 of this Contract.

The rate of this tax is set at twenty-seven percent (27%) for the entire duration of the Contract such as defined in Article 2.2 here above.

For the purposes of setting the amount of the Industrial and Commercial Income Tax, the value of Hydrocarbons sold by the Contractor under Articles 10.2 and 10.3 here above to be included in net taxable profit shall be established in accordance with the provisions of Article 14 here below.

11.2 Without prejudice to the provisions of Article 21 here below, the Contractor shall pay to the State the following surface rentals:

a) two Dollars ($2) per square kilometer and per year during the first phase of the exploration period ;

b) three Dollars ($3) per square kilometer and per year during the second phase of the exploration period ;

c) four Dollars ($4) per square kilometer and per year during the third phase of the exploration period and during any extension provided for in Articles 3.3 and 3.4 here above;

d) one hundred seventy Dollars ($170) per square kilometer and per year during the validity of the Exploitation Authorization.

The surface rentals referred to in paragraphs a), b) and c) here above shall be paid in advance and per year, not later than the first day of each Contract Year, for the entire Contract Year, according to the extent of the Exploration Perimeter held by the Contractor upon the due date of said rentals.

The surface rental relative to an Exploitation Authorization shall be paid in advance and per year, at the beginning of each Calendar Year following the granting of the Exploitation Authorization or for the Calendar Year of said grant, within thirty (30) days of the date of the grant, prorated over time for the remaining duration of the current Calendar Year, according to the extent of the Exploitation Perimeter upon such date.

In the case of relinquishment of the surface during the course of a Calendar Year or during the course of an event of Force Majeure, the Contractor shall have no right to any reimbursement of surface rentals already paid.

The amounts referred to in this Article 11.2 are not considered recoverable Petroleum Costs under the provisions of Article 10.2 here above, nor are they considered as deductible costs for setting the basis of the Industrial and Commercial Income Tax in accordance with Article 76 of the Crude Hydrocarbons Code.

11.3 The Contractor shall be subject to taxes and fees as well as to withholdings at source and other tax obligations applicable to contractors pursuant to Title VI of the Crude Hydrocarbons Code.

11.4 The subcontractors of the Contractor as well as the personnel of the Contractor and of his subcontractors shall be subject to the generally applicable tax provisions, subject to the provisions of Title VI of the Crude Hydrocarbons Code which are applicable to them.

11.5 The shareholders of the entities making up the Contractor and their Affiliated Companies shall benefit from the exemptions provided for in Article 86 of Title VI of the Crude Hydrocarbons Code.

11.6 Except for taxes, fees and dues provided in Title VI of the Crude Hydrocarbons Code, for special taxes related to the utilization of drinking water or of irrigation water provided for in Article 6 .4 here above, for the surface rentals provided for in Article 11.2 here above, for the bonuses provided for in Article 13 here below andfor the payment referred to in Article 12.2 here below, the Contractor shall not be subject to any tax, fees, royalties, payments and contributions of any nature whatsoever, be they national, regional or municipal, either in effect now or in the future, which may burden the Petroleum Operations, and of any revenue derived therefrom or more generally, the property, the activities or action of the Contractor, including its facility, its money transfers, and its operation in implementation of this contract, provided, however, that these exemptions are only applicable to Petroleum Operations.

Pursuant to Article 83-2º of the Crude Hydrocarbons Code, the rendering of services directly related to Petroleum Operations shall, in particular, be subject to VAT at the rate of zero, when the service rendered, the right transferred or the item rented are reused or exploited in Mauritania, pursuant to Article 177 B of the General Tax Code.

The foregoing exemptions in this Article do not cover services actually rendered to Contractor by public Mauritanian administrations and local governmental departments or units. However, the tariffs levied in such cases on the Contractor, its subcontractors, transporters, customers and agents must be reasonable in relation to the services rendered and must not exceed the tariffs generally applicable for these same services by the same public Mauritanian administrations and local governmental departments or units. The cost of these services shall be considered recoverable Petroleum Costs in accordance with Article 10.2 of this Contract.

ARTICLE 12 : PERSONNEL

12.1 From the beginning of the Petroleum Operations, the Contractor undertakes to ensure the employment on a priority basis, with equal qualification, of Mauritanian personnel and to contribute to the training of such personnel, in order to allow their accession to all employment as qualified workers, supervisors, management, engineers and directors.

To this end, the Contractor shall establish in agreement with the Ministry at the end of each Calendar Year, a recruitment plan of Mauritanian personnel and a plan for training and skills improvement in order to attain a greater and greater participation of Mauritanian personnel in the Petroleum Operations.

12.2 The Contractor must also contribute to the training and skills improvement of the agents of the Ministry and to the other purposes referred to in Article 80 of the Crude Hydrocarbons Code, according to a plan established by the Ministry at the end of each Calendar Year.

To this end, the Contractor shall pay to the State, for said training and job skills improvement plan, an amount of three hundred thousand Dollars ($300,000) per Calendar Year during the validity of the Exploration Authorization, and, starting from the granting of an Exploitation Authorization, an amount of six hundred thousand Dollars ($600,000) per Calendar Year. The above-cited payments shall be considered to be nonrecoverable Petroleum Costs with respect to the provisions of Article 10.2 here above but as deductible charges on the Industrial and Commercial Income Tax in conformity with Article 82 of the Crude Hydrocarbons Code.

ARTICLE 13 : BONUSES

13.1 The Contractor shall pay to the State a signature bonus in the amount of one million Dollars ($1,000,000) within the thirty (30) days following the Effective Date.

13.2 Moreover, the Contractor shall pay to the State the following production bonuses:

a) six million Dollars ($6,000,000) when the regular commercial production of Hydrocarbons extracted from the Exploitation Perimeter(s) reaches for the first time an average rate equal to twenty-five thousand (25,000) Barrels of Crude Petroleum per day during a period of thirty (30) consecutive days;

b) eight million Dollars ($8,000,000) when the regular commercial production of Hydrocarbons extracted from the Exploitation Perimeter(s) reaches for the first time an average rate equal to fifty thousand (50,000) Barrels of Crude Petroleum per day for a period of thirty (30) consecutive days;

c) tweleve million Dollars ($12,000,000) when the regular commercial production of Hydrocarbons extracted from the Exploitation Perimeter(s) reaches for the first time an average rate equal to one hundred thousand (100,000) Barrels of Crude Petroleum per day for a period of thirty (30) consecutive days ;

d) twenty million Dollars ($20,000,000) when the regular commercial production of Hydrocarbons extracted from the Exploitation Perimeter(s) reaches for the first time an average rate equal to one hundred fifty thousand (150,000) Barrels of Crude Petroleum per day for a period of thirty (30) consecutive days.

Each of the sums referred to in paragraphs a), b), c) and d) here above shall be paid within the thirty (30) days following the above-cited period of reference.

13.3 The sums referred to in Articles 13.1 and 13.2 here above shall not be considered as recoverable Petroleum Costs with respect to the provisions of Article 10.2 here above, nor considered to be deductible charges for the determination of the Industrial and Commercial Income Tax pursuant to Article 79 of the Crude Hydrocarbons Code.

ARTICLE 14 : PRICE AND MEASUREMENT OF HYDROCARBONS

14.1 The unitary market price of the Crude Petroleum used in consideration for purposes of Articles 10 and 11 here above shall be the "Market Price" F.O.B. the Delivery Point, expressed in Dollars per Barrel, as determined here below for each Quarter.

A Market Price shall be established for each type of Crude Petroleum or blend of Crude Petroleums.

14.2 The Market Price applicable to Crude Petroleum lifted in the course of a Quarter shall be calculated at the end of each Quarter under consideration, and shall be equal to the weighted average of prevailing prices obtained by the Contractor and the State in the course of their sale of Crude Petroleum to Third Parties in the course of the Quarter under consideration, adjusted as appropriate to reflect differentials in quality and density, and on the terms of F.O.B. delivery and payment terms provided the quantity sold in such manner to Third Parties in the course of the Quarter under consideration corresponds to no less than thirty percent (30%) of the total of the volumes of Crude Petroleum extracted from the Exploitation Perimeters existing under this Contract, taken as a whole, and sold in the course of the said Quarter.

14.3 If such Third Party sales do not take place during the Quarter under consideration, or if they constitute less than thirty percent of the total of the quantities of Crude Petroleum of the Exploitation Perimeter granted under the present Contract taken as a whole and sold in the course of the said Quarter, the Market Price shall be arrived at by comparison with the « Current International Market Price » for the Quarter under consideration of the qualities of Crude Petroleum produced in Mauritania and in neighboring producing countries, taking into account differentials of quality, density, transport and terms of payment.

« Current International Market Price » shall be a reference price based on Dated Brent prices, as such are published in "Platt's Crude Oil Marketwire" or similar internationally recognized publication, averaged for the month(s) during which sales were made and adjusted for differences in quality, API gravity, terms of FOB delivery and payment terms. If Dated Brent is replaced by another internationally recognized reference crude, the published quotes of the replacement crude shall be used instead.

14.4 In particular the following transactions are not taken into account in calculating the Market Price of the Crude Petroleum:

a) Sales in which the buyer is an Affiliated Company of the seller as well as sales between entities making up the Contractor;

b) Sales which include some consideration other than payment in freely-convertible currency or sales attributable in whole or in part to motivations other than the usual economic incentives attached to sales of Crude Petroleum on the international market (such as barter contracts, sales from government to government or to governmental units).

14.5 A committee presided over by the Minister or his delegate and including other representatives of the State and those of the Contractor shall meet at the request of its president, at the end of each Quarter, to establish, according to the stipulations of this Article 14, the Market Price of the Crude Petroleum produced, applicable to the Quarter elapsed. The decisions of the committee shall be by unanimous vote.

If no agreement can be reached by the committee on a decision within a time period of thirty (30) days after the end of the relevant Quarter, the Market Price of the Crude Petroleum produced shall be definitively determined by an expert of international reputation, appointed by agreement of the Parties, or, if such agreement is not reached, by the International Centre for Expertise of the International Chamber of Commerce. The expert shall establish the price according to the stipulations of this Article 14 within a time period of twenty (20) days after his appointment. The costs of expertise shall be shared equally between the Parties.

14.6 While awaiting the determination of the price, the Market Price provisionally applicable to a Quarter shall be the Market Price of the preceding Quarter. Any necessary adjustment shall be made not later than thirty (30) days after the determination of the Market Price for the Quarter under consideration.

14.7 The Contractor shall measure all the Hydrocarbons produced after extraction of water and connected substances, in utilizing, with the consent of the Ministry, the instruments and procedures in conformity with the methods in force in the international petroleum industry. The Ministry shall have the right to examine such measures and to check the instruments and procedures utilized.

If during the course of exploitation the Contractor wishes to modify such instruments and procedures, he must obtain the prior consent of the Ministry.

If, during the course of an inspection carried out by the Ministry, it is verified that the measuring instruments are inaccurate and exceed the acceptable tolerances, and that this condition of fact is confirmed by an independent expert, the inaccuracy in question shall be considered as having existed for half of the period since the preceding inspection, unless a different period is demonstrated. The accounting of the Petroleum Costs and the shares of production and liftings of the Parties shall be the subject of appropriate adjustments within thirty (30) days following receipt of the expert's report.

14.8 For Dry Gas, the provisions of this Article 14 shall apply *mutatis mutandis,* subject to the provisions of Article 15 here below.

ARTICLE 15 : NATURAL GAS

Non-Associated Natural Gas

15.1 In the case where a discovery referred to in Article 9.1 here above concerns a deposit of Non-Associated Natural Gas which the Contractor has undertaken to appraise pursuant to Article 9.2 here above, the Minister and the Contractor shall jointly carry out, in parallel with the appraisal works of the discovery in question, a market study intended to evaluate the possible market outlets for such Natural Gas, both on the local and the export markets, as well as the means necessary for its marketing, and shall consider the possibility of a joint marketing of their shares of production. The study shall in particular determine the quantities for which sale on the local market can be assured as a fuel or as a raw material, the facilities and arrangements necessary for the sale of such Natural Gas to the utilizing enterprises or to the entity of the State in charge of its distribution, as well as the discounted price which shall be determined pursuant to the

principles set forth in Article 15.8 here below.

For purposes of evaluating the commercial value of the discovery of the Non-Associated Natural Gas, the Contractor shall have the right pursuant to Article 3.4 here above to an extension of his Exploration Authorization.

If following the appraisal of a discovery of Non-Associated Natural Gas, it is shown that the development requires specific economic terms in order to make it economically viable in the opinion of each of the two Parties, the Parties may agree, on an exceptional basis, on said terms. .

15.2 At the end of appraisal works, in the case where the Parties should decide to jointly exploit such Natural Gas in order to supply the local market, or in the case where the Contractor should decide to exploit it for export, the latter shall submit, prior to the end of the Exploration Authorization, an application for an Exploitation Authorization which the Minister shall grant within the terms set forth in Article 9.6 here above.

The Contractor shall then proceed with the development and the production of such Natural Gas pursuant to the development and production program submitted to the Minister and approved by the latter within the terms provided for in Article 9.5. The provisions of this Contract applicable to Crude Petroleum shall apply *mutatis mutandis* to the Natural Gas, subject to the special provisions provided for in Articles 15.7 to 15.9 here below.

In the case where the production is intended in whole or in part for the local market, a supply contract shall be entered into, under the supervision of the Minister, between the Contractor and the enterprise of the State responsible for the distribution of the gas. The Contract shall define the obligations of the parties in the matter of delivery and lifting of the commercial gas and may contain a clause obligating the purchaser to pay a portion of the price in the event of a default in the lifting of the contractual quantities.

15.3 If an appraisal program or application for an Exploitation Authorization has not been submitted within the time periods allowed for in Articles 9.2 and 9.5 here above, the surface comprising the extent of the deposit of Non-Associated Natural Gas shall be, upon the request of the Minister, relinquished to the State, which shall be able to undertake for its own account all works of placement into exploitation of the deposit in question.

Associated Natural Gas

15.4 In the event of a discovery of a commercially exploitable deposit of Crude Petroleum containing Associated Natural Gas, the Contractor shall indicate in the report provided for in

Article 9.3 here above whether he considers that the production of such Associated Natural Gas is likely to exceed the quantities necessary for the purposes of Petroleum Operations relative to the production of Crude Petroleum, including therein the operations of reinjection, and whether it considers that such excess is likely to be produced in marketable quantities. In the case where the Contractor will have advised the Minister of such an excess amount, the Parties shall jointly evaluate the possible markets for such excess amount, both on the local and the export markets, including therein the possibility of a joint marketing of their shares of production of such excess amount as well as the means necessary for its marketing.

In the case where the Parties should agree to exploit the excess amount of the Associated Natural Gas, or in the case where the Contractor should decide to exploit such amount for export, the Contractor shall indicate in the development and production program referred to in Article 9.5 here above the additional facilities necessary for the development and exploitation of such excess amount and his estimate of the costs pertaining thereto.

The Contractor must then proceed with the development and the exploitation of such excess amount pursuant to the development and production program submitted and approved by the Minister within the terms set forth in Article 9.5 here above, and the provisions of this Contract applicable to the Crude Petroleum shall apply *mutatis mutandis* to the excess quantity of Natural Gas, subject to the special provisions set forth in Articles 15.7 to 15.9 here below.

A similar procedure to that described in the paragraph here above shall be followed if the marketing of the Associated Natural Gas is decided upon during the course of the exploitation of a deposit.

15.5 In the case where the Contractor should decide not to exploit the excess amount of Associated Natural Gas and if the State should at any time desire to utilize it, the Minister shall so advise the Contractor, in which case:

a) The Contractor shall freely place at the disposal of the State all or a portion of the excess amount which the State desires to lift, at the exit point of the separation facilities;

b) The State shall be responsible for the collection, the processing, compression and transport of such excess amount from the above-mentioned separation facilities, and shall bear all additional costs pertaining thereto;

c) The construction of the facilities necessary for the operations referred to in paragraph b) here above, as well as the lifting of the excess amount by the State, shall be accomplished pursuant to good oilfield practices in the international petroleum industry and in such a

manner so as not to impede production, lifting and transport of the Crude Petroleum by the Contractor.

15.6 Any excess amount of Associated Natural Gas which is not utilized within the framework of Articles 15.4 and 15.5 here above must be reinjected by the Contractor, unless Contractor technically demonstrates that such reinjection would result in a reduction of maximum oil recovery, in which case Contactor shall be authorized to flare said excess and shall be subject to the penalty provided for in Article 6.4.

Common Provisions

15.7 The Contractor shall have the right to dispose of his share of production of Natural Gas, pursuant to the provisions of this Contract. He shall also have the right to proceed with the separation of liquids of all Natural Gas produced, and to transport, store, as well as to sell on the local or export market his share of the liquid Hydrocarbons thus separated, which Hydrocarbons shall be considered as Crude Petroleum for purposes of their sharing between the Parties according to Article 10 here above.

15.8 For purposes of this Contract, the Market Price of the Natural Gas, expressed in Dollars per million of BTU, shall be equal:

a) To the price obtained from buyers with regard to export sales of Natural Gas to Third Parties;

b) With regard to sales on the local market of the Natural Gas as a fuel, to a price to be mutually agreed upon between the Minister or the national entity in charge of the distribution of gas on the local market, and the Contractor, on the basis in particular of the market rate of a fuel substitute for Natural Gas.

15.9 For purposes of the application of Articles 10.2, 10.3 and 13.2 here above, the quantities of Natural Gas available after deduction of quantities reinjected, flared and those utilized for purposes of the Petroleum Operations shall be expressed in number of Barrels of Crude Petroleum such that one hundred sixty-five (165) cubic meters of Natural Gas measured at a temperature of 15.6°C and at an atmospheric pressure of 1.01325 bars are deemed to be equal to one (1) Barrel of Crude Petroleum, except as otherwise agreed between the Parties.

ARTICLE 16 : TRANSPORT OF HYDROCARBONS BY PIPELINES

16.1 The Contractor shall have the right, for the validity term of the Contract and within the terms defined in Title V of the Crude Hydrocarbons Code, to process and transport within its own facilities inside of the territory of Mauritania and to cause to be processed and transported, while retaining ownership, the products resulting from its exploitation activities or its share of such products, to points of storage, processing, lifting, or gross consumption.

16.2 In the case where agreements having as their purpose to permit or to facilitate transport by pipelines of Hydrocarbons through other states should come to be agreed upon between such states and the Mauritanian State, the latter shall grant to the Contractor without discrimination all the benefits which could result from the execution of such agreements..

16.3 Within the framework of its transport operations, the Contractor shall benefit from the rights and shall be subject to the obligations provided for in Title V of the Crude Hydrocarbons Code.

ARTICLE 17 : OBLIGATION FOR SUPPLYING THE DOMESTIC MARKET

17.1 The Contractor has the obligation of participating in meeting the needs of domestic consumption of Hydrocarbons, except for exports of petroleum products, pursuant to the provisions of Article 41 of the Crude Hydrocarbons Code.

17.2 The Minister shall notify the Contractor in writing, not later than the 1st of October of each Calendar Year, the quantities of Hydrocarbons which the State chooses to purchase pursuant to this Article, during the course of the following Calendar Year. The deliveries shall be made, to the State or to the person designated by the Minister, by quantities and at regular time intervals during the course of said Year, according to terms set by agreement of the parties.

17.3 The price of the Hydrocarbons so sold by the Contractor to the State shall be the Market Price established according to the provisions of Articles 14 and 15.8 here above; it shall be payable to the Contractor in Dollars within sixty (60) days from the date of delivery. A sales contract shall be entered into between the State and the Contractor which shall establish payment procedures and pertaining guarantees.

ARTICLE 18 : IMPORTATION AND EXPORTATION

18.1 The Contractor shall have the right to import into Mauritania, for its account or for that of its subcontractors, all merchandise, materials, machines, equipment, spare parts and consumable materials necessary for the proper execution of Petroleum Operations and specified in a customs list established by the Ministry, upon the proposal of the Contractor, pursuant to

Article 92 of the Crude Hydrocarbons Code.

It is understood that the Contractor and his subcontractors undertake to proceed with the importing defined here above only to the extent that said materials and equipment are not available in Mauritania upon equivalent conditions in terms of price, quantity, quality, terms of payment and time period for delivery.

18.2 The imports and re-exports of the Contractor and of his subcontractors are subject to the customs regime set forth in Articles 90 to 96 of the Crude Hydrocarbons Code.

18.3 The Contractor, his clients and their transporters shall have, for the duration of the Contract, the right to freely export at the point of exportation chosen for such purpose, free of all customs duties and taxes and at any time whatsoeverand pursuant to the provisions of the Crude Hydrocarbons Code, the portion of Hydrocarbons to which the Contractor is entitled according to the provisions of the Contract, after deduction of all deliveries made to the State pursuant to Article 17. However, the Contractor undertakes, at the request of the State, not to sell the Hydrocarbons produced in Mauritania to countries declared hostile to the State.

ARTICLE 19 : FOREIGN EXCHANGE

19.1 The Contractor shall benefit from the rights and is subject to the obligations provided for in Title VII of the Crude Hydrocarbons Code in matters of control of foreign exchange and of protection of investments.

ARTICLE 20 : BOOK-KEEPING, MONETARY UNIT, ACCOUNTING

20.1 The records and books of account of the Contractor shall be kept according to the accounting rules generally utilized in the international petroleum industry, pursuant to the regulations in force and with the Accounting Procedure defined in Appendix 2 of this Contract.

20.2 The records and books of account shall be kept in the English language and denominated in Dollars. They shall be fully supported by detailed documentation proving the expenses and receipts of the Contractor with respect to this Contract.

Such records and books of account shall be utilized in particular to determine Petroleum Costs, and the net profits of the Contractor subject to the Industrial and Commercial Income Tax pursuant to Articles 66 *et seq* of the Crude Hydrocarbons Code. They must contain the accounts of the Contractor highlighting the sales of Hydrocarbons under the terms of this Contract.

For informational purposes, the accounting of profits and balance sheets shall be kept in Ouguiyas.

20.3 The originals of the records and accounting books referred to in Article 20.1 here above can be kept at the central headquarters of the Contractor, up until the Contractor is granted the first Exploitation Authorization, with at least one copy in Mauritania. Starting from the month during the course of which such Exploitation Authorization is granted to the Contractor, the originals of said records and accounting books as well as the supporting documents pertaining thereto shall be kept in Mauritania.

20.4 The Minister, after having informed the Contractor in writing, may cause to have the records and books of account relative to the Petroleum Operations examined and verified by auditors of his choice or by his own agents, according to the terms specified in the Accounting Procedure. He shall have a period of three (3) years following the end of a given Calendar Year to carry out the examinations or verifications concerning said Calendar Year and present to the Contractor his objections for any contradictions or errors noted at the time of such examinations or verifications. The Parties may agree to extend this time period by one additional year if special circumstances so justify it.

For Petroleum Costs incurred before the first year of production of Hydrocarbons, the time period of verification and of rectification is extended to the end of the second Calendar Year following the Calendar Year during which the first lifting of Hydrocarbons takes place.

The Contractor is required to furnish all necessary assistance to persons appointed by the Minister for this purpose and to facilitate the services they are rendering. The reasonable expenses for examination and of verification shall be reimbursed to the State by the Contractor and shall be considered to be recoverable Petroleum Costs according to the provisions of Article 10.2 here above.

20.5 The sums due to the State or to the Contractor shall be payable in Dollars or in a convertible currency chosen by common agreement between the Parties.

In the event of a delay in payment, the sums due shall bear interest at the LIBOR rate +5% starting from the day that they should have been paid up until their payment, with monthly compounding of interest if the payment is more than thirty (30) days late.

ARTICLE 21 : PARTICIPATION OF THE STATE

21.1 The State shall acquire on the Effective Date, through the National Enterprise (Société Mauritanienne des Hydrocarbures) referred to in Article 6 of the Crude Hydrocarbons Code, a carried interest of ten percent (10%) in the rights and obligations of the Contractor in the Exploration Perimeter. The entities of the Contractor, other than the National Enterprise, shall finance the share of the latter in all Petroleum Costs corresponding to the exploration Petroleum Operations including therein the evaluation/appraisal of discoveries made in the Exploration Perimeter, during the entire duration of the Exploration Authorization which is the subject of Article 3 here above.

The National Enterprise, as an entity of the Contractor, shall benefit on account of and pro rata to its participation from the same rights and benefits and is subject to the same obligations as the other members of the Contractor, subject to the provisions of this Article 21.

21.2 The State shall have the option to acquire, through the National Enterprise, a participation in the Petroleum Operations in any Exploitation Perimeter resulting from the Exploration Perimeter within the limits indicated in Article 21.3 here below.

In such case, the National Enterprise shall be the beneficiary, on account of and pro rata to its participation, of the same rights and subject to the same obligations as those of the Contractor defined in this Contract, subject to the provisions of this Article 21.

In order to avoid any ambiguity, the participation of the State in the Exploration Perimeter shall continue to be carried by the entities of the Contractor pursuant to the provisions of Article 21.1 here above.

21.3 In the case of the exercise by the State of the option of participation in an Exploitation Perimeter mentioned in Article 21.2 here above, such participation may not be less than ten percent (10%) and may not exceed fourteen percent (14%).

21.4 Not later than six (6) months starting from the date of the grant of an Exploitation Authorization, the Minister must notify the Contractor in writing of the decision of the State to

exercise its option of participation in specifying the percentage chosen within the limit set forth in Article 21.3 here above.

Said participation shall take effect starting from the date of receipt of notification of the exercise of the option of the State.

In order to avoid any ambiguity, the State shall have no participation in Petroleum Operations in any Exploitation Perimeter from the Exploration Perimeter if he does not exercise the option mentioned in Article 21.2 here above.

21.5 Starting from the effective date of its participation, which is the subject of Articles 21.2 to 21.4 here above, the State shall finance the Petroleum Costs in the relevant Exploitation Perimeter pro rata to its participation.

The State shall reimburse to the entities of the Contractor, other than the National Enterprise, pursuant to Article 21.6 here below, pro rata to its participation, the Petroleum Costs not yet recovered relative to said Exploitation Perimeter and incurred since the Effective Date (with the exclusion of exploitation Petroleum Costs (OPEX) and financing costs), up until the date of receipt of notification referred to in Article 21.4 here above.

The Contractor shall not be subject to any tax of any type whatsoever, by reason of such reimbursements or possible added value pertaining thereto.

21.6 The State shall assign and shall continue to assign to the Contractor thirty percent (30%) of the share of production to which it is entitled from its participation and as recovery of Petroleum Costs pursuant to Article 10.2 here above and the Accounting Procedure constituting Appendix 2, until the cumulative value of such transfers or reimbursements, appraised according to the provisions of Articles 14 and 15 here above, is equal to one hundred fifteen percent (115%) of the Petroleum Costs prior to the Effective Date of the participation and referred to in the second paragraph of Article 21.5 here above.

21.7 In order to remove any ambiguity, the reimbursement of the exploration Petroleum Costs stipulated in Articles 21.5 and 21 .6 here above, does not in any way include the sums paid by the Contractor with respect to Article 13 of this Contract.

21.8 The reimbursements which will be made by the State with respect to the provisions of Articles

21.5 and 21.6 here above, shall be paid in kind by the State which shall transfer to the entities of the Contractor, other than the National Enterprise, each Quarter at the Delivery Point the percentage of its quarterly share of production of Hydrocarbons stipulated in said Articles.

However, the State reserves the option to make said reimbursements in Dollars for which the payment in full must take place within a time period of ninety (90) days starting from the effective date of the participation referred to in Article 21.4 here above.

In the event that the payment of all said reimbursements within the time periods provided here above does not take place, the reimbursement in kind such as referred to in Articles 21.5 and 21.6 here above shall apply.

21.9 The practical methods of participation of the State stipulated in Article 21.1 here above as well as the rules and obligations of the entities of the Contractor, including therein the National Enterprise, shall be determined in an association contract (JOA), substantially conforming to the AIPN model JOA, which shall be entered into between these entities and shall enter into force not later than ninety (90) days starting from the Effective Date. Said association contract (JOA) shall be amended as necessary and in particular to take into account, if applicable, the exercise by the State of its participation, which is the subject of Article 21.2 here above.

21.10 The National Enterprise, on the one hand, and the other entities making up the Contractor on the other hand, shall not be jointly and severally liable for the obligations resulting from this Contract vis-a-vis the State. The National Enterprise shall be individually responsible vis-à-vis the State for its obligations such as provided in this Contract. Any default of the National Enterprise to execute any of its obligations shall not be considered as a default of the other entities making up the Contractor and shall in no event be invoked by the State in order to cancel this Contract. The association of the National Enterprise to the Contractor, shall not under any circumstance cause void nor affect the rights of the other entities constituting the Contractor to have recourse to the arbitration clause provided in Article 28 here below.

ARTICLE 22 : ASSIGNMENT

22.1 The rights and obligations resulting from this Contract may not be assigned to a Third Party, wholly or in part, by any of the entities making up the Contractor, without the prior approval of the Minister .

If within the three (3) months following notification to the Minister of a proposed assignment accompanied by the necessary information to prove the technical and financial means of the assignee as well as the terms and conditions of assignment, the Minister has not given notice of his opposition with reasonable justification, such assignment shall be deemed to have been approved by the Minister.

Starting from the date of approval, the assignee shall acquire the status of a member of the Contractor and must satisfy the obligations imposed upon the Contractor by this Contract.

Each of the entities making up the Contractor may freely and at any time assign all or a portion of its interests under the Contract to an Affiliated Company or to another entity of the Contractor provided that the Minister is notified beforehand.

22.2 Likewise, the Contractor, or any entity of the Contractor, shall be required to submit for prior approval of the Minister:

a) Any plan which would be likely to lead, in particular through a new allocation of capital stock, to a change of the direct control of the Contractor or of an entity comprising the Contractor. In particular the following shall be considered as elements of control of the Contractor, or of an entity comprising the Contractor : a change in the allocation of capital stock, the nationality of the majority shareholders, as well as the statutory provisions relative to the registered office and the rights and obligations attached to the company shares with respect to the majority required at the shareholder meetings. However, the transfers of company shares to Affiliated Companies may be freely made subject to prior declaration to the Minister for information and application of the provisions of Article 24.4 here below, if applicable. As for transfer of company shares to Third Parties, transfers shall not be subject to the approval of the Minister unless they result in the transfer of greater than thirty percent (30%) of the capital of the enterprise.

b) Any plan to pledge as security property and facilities earmarked for Petroleum Operations.

The plans referred to in paragraphs a) and b) shall be notified to the Minister. If within a time period of three (3) months, the Minister has not notified the Contractor or one of the entities in question of his opposition with reasonable justification to said plans, the plans shall be deemed approved.

22.3 When the Contractor is made up of several entities, it shall furnish to the Minister, within the month following its signature, a copy of the association agreement (JOA) binding the entities and of all modifications which could be made to said agreement, in specifying the name of the enterprise appointed as Operator for the Petroleum Operations. Any change of Operator shall be submitted to the approval of the Minister, pursuant to the provisions of Article 6.2 here above.

22.4 The transfers made in violation of the provisions of this Article 22 shall be null and void.

ARTICLE 23 : OWNERSHIP, USAGE AND ABANDONMENT OF PROPERTY

23.1 The Contractor shall be the owner of property, moveable and immoveable, which he will have acquired for purposes of the Petroleum Operations, and shall retain the full usage thereof, as well as the right to export them or to transfer them to Third Parties during the entire term of the Contract, provided that the State may acquire for free, at the request of the Minister, all or a portion of the property belonging to the Contractor which will have been utilized for the Petroleum Operations and for which the acquisition costs will have been fully recovered pursuant to Article 10 here above in the following cases:

a) Upon expiration, surrender or termination of this Contract ;

b) In the event of surrender or of expiration of an Exploitation Authorization, with regard to the works and facilities situated in the Exploitation Perimeter and the equipment earmarked exclusively for Petroleum Operations in the Exploitation Perimeter in question, unless the Contractor wishes to utilize such property for the Petroleum Operations in other Exploitation Perimeters resulting from the Exploration Perimeter.

23.2 Upon the expiration, surrender or termination of any Exploitation Authorization, the Contractor must proceed with all operations necessary to rehabilitate its original condition in conformity with a Remediation Plan drawn up and financed within the following terms:

a) At the end of the Quarter during the course of which sixty percent (60%) of the recoverable reserves of Hydrocarbons identified in the development program of a deposit referred to in Article 9.5 will have been recovered, the Contractor shall prepare and submit to the Minister for approval a Remediation Plan of the site, in conformity with good oilfield practices of the international petroleum industry, which he proposes to carry out at the end of production operations, as well as the corresponding budget. Each Calendar Year the Contractor shall incorporate into the Remediation Plan the necessary revisions to

take into account the changes of technical and financial parameters. The revised Remediation Plan shall become the new Remediation Plan which shall be taken into account for the calculation of the payments on the sequestered account ;

b) The Remediation Plan shall include a detailed description of the works of removal and/or of securing of infrastructure such as the platforms, the storage facilities, the wells, pipes, gathering lines, etc., necessary for the protection of the environment and of persons;

c) The Minister may, in consultation with the Minister in charge of the Environment, propose revisions or modifications to the Remediation Plan, notifying the Contractor thereof in writing with all appropriate justifying supporting information, within the ninety (90) days following receipt of said Plan. The provisions of Article 5.2 here above shall apply to said Plan with regard to its adoption. When the results acquired during the course of exploitation justify changes to the Remediation Plan, said Plan and the corresponding budget may be modified in conformity with the adoption procedure described here before;

d) For purposes of financing the operations set forth in the Remediation Plan, the Contractor shall open a sequestered account with a top tier international banking establishment acceptable to the Minister, which he will fund starting from the Quarter following the adoption of the Remediation Plan via annual payments of amounts and according to a schedule determined in agreement with the Minister ;

e) The funds paid into the sequestered account shall be treated as recoverable Petroleum Costs according to the terms set forth in Article 10.2 here above, and shall be considered to be deductible charges for the determination of the tax on industrial and commercial profits. Such funds, as well as the interest received on the sequestered account, shall be earmarked exclusively for the payment of expenses linked to the operations of the Remediation Plan ;

f) The Contractor shall notify the Minister, with an advance notice of one hundred eighty (180) days, of his intention to start up the operations set forth in the Remediation Plan, unless the Minister notifies Contractor within thirty (30) days following the above-cited opinion that:

(i) the exploitation of the deposit of the Exploitation Perimeter in question shall be pursued by the State or by a Third Party, or

(ii) the State wishes to retain the facilities for justifiable reasons.

In the two cases cited in i) and ii) here above, the sequestered account shall be transferred to the successor responsible party and Contractor is relieved of all liability with regard to the Remediation Plan and the sequestered account pertaining to the deposit in question;

g) In the case where the expenses necessary for the execution of the Rehabilitation Plan are greater than the amount available in the sequestered account, the excess amount shall be entirely at the expense of the Contractor;

h) The Contractor shall pay to the State upon completion of Rehabilitation Plan any residual amount of the sequestered account not utilized for the carrying out of the Rehabilitation Plan and which will have been recovered under this Article 10.2 here above.

ARTICLE 24 : LIABILITY AND INSURANCE

24.1 The Contractor shall indemnify and hold harmless any person, including the State, for any damage or loss that the Contractor, his employees or his subcontractors and their employees may cause to the person, property or rights of other persons, by reason of or during Petroleum Operations.

In the event the liability of the State is implicated by reason of or during the course of Petroleum Operations, the Minister must so advise the Contractor, who shall conduct the defense in this regard and shall indemnfiy the State for any sum which the latter is required to pay or any expense pertaining thereto which he has borne or which is incurred subseqent of a claim.

24.2 The Contractor shall obtain and maintain in force, and shall cause his subcontractors to obtain and to maintain in force, all insurance coverages relative to Petroleum Operations of the type and amounts in use in the international petroleum industry, in particular (a) general third party liability coverage, (b) coverage for environmental risks pertaining to the Petroleum Operations, (c) coverage for employee work-related accidents (d) any other insurance coverage required by the regulations in force.

The insurance coverages in question shall be obtained from top tier insurance companies pursuant to the applicable regulations.

The Contractor shall provide the Minister with certifications proving the obtaining of insurance coverage and the maintenance in force of the above-cited insurance coverages.

24.3 When the Contractor is made up of several entities, the obligations and responsibilities of the latter under this Contract shall be, without prejudice to the provisions of Article 21 here above, joint and several with the exception of their obligations pertaining to the Industrial and Commercial Income Tax.

24.4 If one of the entities of the Contractor assigns all or a portion of his rights and obligations in connection with this Contract to an Affiliated Company, whenever the latter displays a lower level of financial and technical qualification, the parent company shall submit for the approval of the Minister a commitment guaranteeing the proper execution of the obligations arising from this Contract.

ARTICLE 25 : TERMINATION OF THE CONTRACT

25.1 This Contract may be terminated, without compensation, in any of the following cases:

a) Serious and/or continued violation by the Contractor of the provisions of this Contract, of the Crude Hydrocarbons Code, or of the regulations in force applicable to the Contractor;

b) Failure to remit a bank guarantee pursuant to Article 4.6 here above;

c) Delay of more than three (3) months of a payment due to the State;

d) Cessation of development works of a deposit for six (6) consecutive months without the consent of the Minister;

e) After the startup of production on a deposit, cessation of his exploitation for a period of greater than six (6) months, decided upon by the Contractor without the consent of the Minister;

f) Non-execution by the Contractor within the time period prescribed by an arbitral award rendered pursuant to the provisions of Article 28 here below;

g) Bankruptcy, receivership or liquidation of the property of the Contractor.

25.2 Except for the case set forth in subparagraph g) here above, the Minister may only pronounce the forfeiture provided for in Article 25.1 here above after having placed the Contractor on notice, by registered letter with return receipt, to remedy the violation in question within the

allowed time period specified in the notice from the time of receipt of such.

25.3 If there is a failure by the Contractor to remedy the violation which was the subject of the termination notice within the time period allowed, the termination of this Contract may be pronounced.

Any dispute as to the justification of the termination of the Contract pronounced by the Minister is open to recourse to arbitration pursuant to the provisions of Article 28 here below. In such a case, the Contract shall remain in force until an arbitral award confirms the justifiability of such termination, in which case the Contract will definitively terminate. .

The termination of this Contract shall automatically entail the withdrawal of the Exploration Authorization and of the currently valid Exploitation Authorizations.

ARTICLE 26 : APPLICABLE LAW AND STABILIZATION OF TERMS

26.1 This Contract is governed by the laws and regulations of the Islamic Republic of Mauritania, supplemented by general principles of the laws of international commerce.

26.2 The Contractor shall be subject at all times to the laws and regulations in force in the Islamic Republic of Mauritania.

26.3 No legislative or regulatory provision occurring after the Effective Date of the Contract may be applied to the Contractor which would have as a direct or an indirect effect to diminish the rights of the Contractor or to increase his obligations under this Contract and the legislation and regulations in force upon the Effective Date of this Contract, without the prior agreement of the Parties.

However, it is agreed that the Contractor cannot, with reference to the preceding paragraph, oppose the application of the legislative and regulatory provisions which are generally applicable, adopted after the Effective Date of the Contract, in the matter of safety of persons and of protection of the environment or employment law

ARTICLE 27 : FORCE MAJEURE

27.1 Any obligation resulting from this Contract which would be totally or partially impossible for a Party to carry out, other than payments for which it is responsible to pay, shall not be considered to be a violation of this Contract if said non-execution results from a case of Force Majeure, provided however that there is a direct link of cause and effect between impediment and the case of Force Majeure invoked.

27.2 For purposes of this Contract the following should be understood to be a case of Force Majeure : any event which is unforeseeable, irresistible or outside of the will of the Party invoking it, such as earthquake, accidents, strike, guerilla actions, acts of terrorism, blockade, riot, insurrection, civil unrest, sabotage, acts of war, the Contractor being subject to any law, regulation, or any other cause outside of his control and which has as a result of delaying or rendering momentarily impossible the execution of all or a portion of his obligations. The intention of the Parties is that the term Force Majeure be given the interpretation the most in conformity with the principles and customs of international law and with the practices of the international petroleum industry.

27.3 When a Party considers itself prevented from carrying out any of its obligations by reason of a case of Force Majeure, it must immediately so notify the other Party in writing specifying the elements of the type to establish the case of Force Majeure and to take, in agreement with the other Party, all appropriate and necessary provisions in order to allow a return to the normal execution of obligations affected by the Force Majeure after the case of Force Majeure ceases.

The obligations, other than those affected by the Force Majeure, must continue to be fulfilled pursuant to the provisions of this Contract.

27.4 If, following a case of Force Majeure, the execution of any of the obligations of this Contract was delayed, the duration of the delay resulting therefrom, increased by the delay which may be necessary for the repair of all damage caused by the case of Force Majeure, shall be added to the time period stipulated in this Contract for the execution of said obligation as well as to the duration of the currently valid Exploration Authorization and of any Exploitation Authorizations.

ARTICLE 28 : ARBITRATION AND EXPERTISE

28.1 In the event of a dispute between the State and the Contractor concerning the interpretation or the application of the provisions of this Contract, the Parties shall make good faith effort to resolve such dispute amicably.

With regard to the Market Price, the provisions of Article 14.5 here above shall apply.

The Parties may also agree to submit any other dispute of a technical nature to an expert appointed by common agreement or by the International Centre for Expertise of the International Chamber of Commerce ("ICC").

If, within a time period of ninety (90) days starting from the date of notification of a dispute, the Parties are not able to reach an amicable solution or following the proposal of an expert, said dispute shall be submitted at the request of the most diligent Party to the ICC for arbitration following the rules set by the Rules of Arbitration of the ICC.

28.2 The location of the arbitration shall be Paris (France). The languages utilized during the proceedings shall be the French and English languages and the applicable law shall be the Mauritanian law, as well as the rules and customs of applicable international law in the matter.

The arbitrational court shall be made up of three (3) arbitrators. No arbitrator shall be a national of the countries of which the Parties are nationals.

The award of the court is rendered on a definitive and irrevocable basis. It is binding upon the Parties and is immediately executory.

The expenses of arbitration shall be borne in equal part by the Parties, subject to the decision of the court concerning their allocation.

The Parties formally and without reservation waive any right to attack such award, to impede its recognition and its execution by any means whatsoever.

28.3 The Parties shall conform to any protective measures ordered by the arbitrational court. Without prejudice to the power of the arbitrational court to recommend protective measures, each Party may solicit provisional or protective measures in application of the pre-arbitration emergency procedure rules of the ICC.

28.4 The introduction of an arbitrational procedure shall entail the suspension of the contractual provisions with respect to the subject of the dispute, but shall leave in place all other rights and obligations of the Parties with respect to this Contract.

28.5 Without prejudice to the provisions of Article 21 here above, the costs and expert fees referred to in Article 28.1 here above shall be borne by the Contractor up until the grant of the first Exploitation Authorization and thereafter half by each of the Parties. Such costs shall be considered as recoverable Petroleum Costs with regard to Article 10 of this Contract.

ARTICLE 29 : TERMS FOR APPLICATION OF THE CONTRACT

29.1 The Parties agree to cooperate in all ways possible in order to achieve the objectives of this Contract.

The State shall facilitate the Contractor in the exercise of his activities in granting to him all permits, authorizations, licenses and access rights necessary for the carrying out of the Petroleum Operations, and in placing at his disposal all appropriate services to said Operations of the Contractor , of his employees and agents on national territory.

Any application for the above-cited permits, authorizations, licenses and rights shall be submitted to the Minister who shall transmit it, if applicable to the relevant Ministries and entities, and shall ensure its follow-up. Such applications may not be refused without a legitimate reason and shall be diligently handled in a manner so as to not unduly delay the Petroleum Operations.

29.2 All notices or other communications related to this Contract must be sent in writing and shall be considered to have been validly made from the time they are, hand delivered against receipt, to the qualified representative of the concerned Party at the place of its principal establishment in Mauritania, or delivered in a stamped envelope, by registered mail with return receipt, or sent by telecopy confirmed by letter, and after confirmation of receipt by the recipient, at the address chosen by them and deemed authentic indicated here below :

For the Ministry :

Department of Crude Hydrocarbons

BP : 4921

Nouakchott- Mauritania

TEL/FAX : +222 524 43 07

For the Contractor :

Kosmos Energy Mauritania
c/o Wilmington Trust
4th Floor, Century Yard
Cricket Square, Hutchins Dr.
Elgin Avenue, George Town
Grand Cayman KY1-1209
Cayman Islands
Telephone : +1-345-814-6703
FAX : +1-345-527-2105
Attention : Andrew Johnson
Email: mauritanianotifications@kosmosenergy.com

With Copy to:
Kosmos Energy Mauritania
c/o Kosmos Energy, LLC.
Attention: General Counsel
8176 Park Lane, Suite 500
Dallas, TX 75231
Fax: 214-445-9705
Email: KosmosGeneralCounsel@kosmosenergy.com

The notices shall be considered as having been made upon the date of confirmation of the receipt.

29.3 The State and the Contractor may at any time change their authorized representatives or choice of domicile mentioned in Article 29.2 here above, subject to having so notified with an advance notice of at least ten (10) days.

29.4 This Contract may not be modified except by common agreement of the Parties and by the execution of an approved amendment entering into force within the terms provided in Article 30 here below.

29.5 Any waiver by the State of the execution of an obligation of the Contractor must be done in writing and signed by the Minister, and no possible waiver can be considered as a precedent if the State declines to act upon any of its rights which are recognized by this Contract.

29.6 Titles appearing in this Contract are inserted for purposes of convenience and of reference and

in no way shall define, nor limit, nor describe the scope or the purpose of the provisions of the Contract.

29.7 Appendices 1, 2 and 3 attached hereto are an integral part of this Contract. However, in the event of conflict, the provisions of this Contract shall prevail over those of the Appendices.

ARTICLE 30 : ENTRY INTO FORCE

Once signed by the Parties, this Contract shall be approved by decree made in the Council of Ministers and shall enter into force upon the date of publication of the said decree in the Official Journal, said date being designated under the name Effective Date and rendering said Contract binding upon the Parties.

In witness whereof, the Parties have signed this Contract in two (2) original copies.

Nouakchott, on April 5, 2012

FOR THE ISLAMIC REPUBLIC OF MAURITANIA THE MINISTER /s/ **Taleb ABDIVALL**	FOR THE CONTRACTOR **/s/ John R. KEMP III**

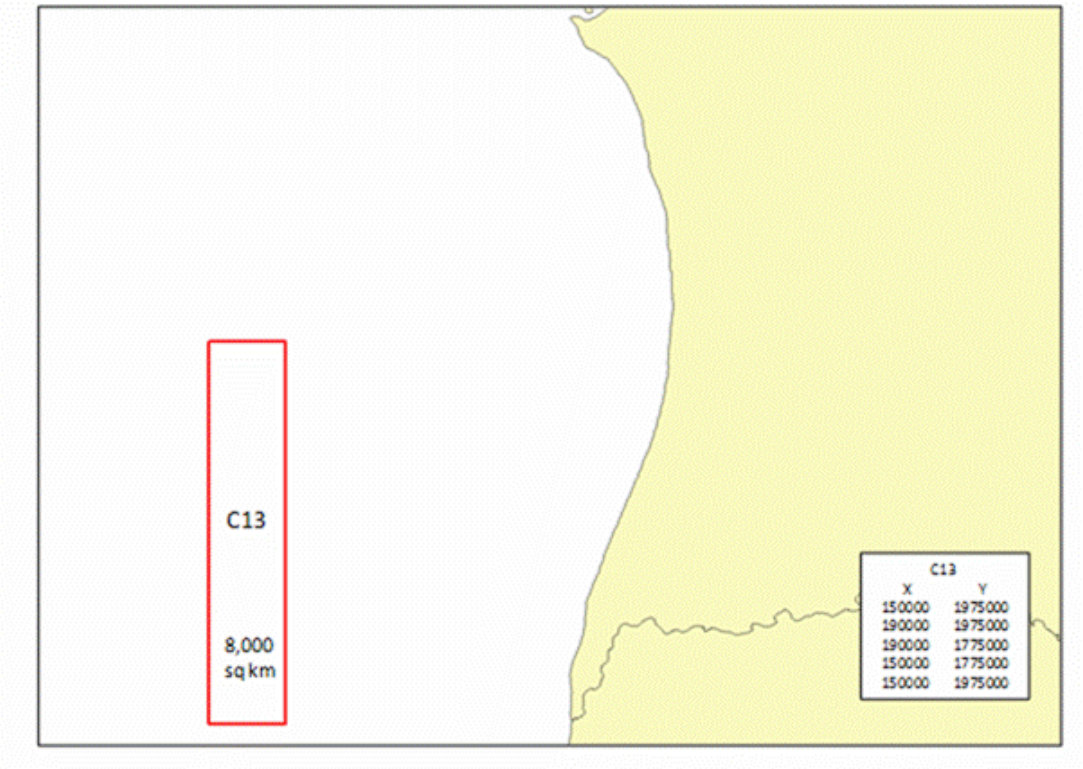
APPENDIX 1 : EXPLORATION PERIMETER

Attached and being an integral part of the Contract between the Islamic Republic of Mauritania and the Contractor.

On the Effective Date, the initial Exploration Perimeter includes a surface area deemed to be equal to eight thousand (8,000) km^2,

Such Exploration Perimeter is represented on the attached map with the indicated coordinates.

MAP OF THE EXPLORATION PERIMETER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190000 1975000
190000 1775000
150000 1775000
150000 1975000

APPENDIX 2 : ACCOUNTING PROCEDURE

Attached to and an integral part of the Contract between the Islamic Republic of Mauritania and Contractor.

ARTICLE 1: GENERAL PROVISIONS

1.1 Purpose

The purpose of this Accounting Procedure is to set the rules and methods of accounting for the verification of Petroleum Costs to provide for their recovery and for the purpose of sharing production in accordance with Article 10 of the Contract, as well as the rules to determine net profits of the Contractor for purposes of calculating the tax on industrial and commercial profits.

1.2 Statements

The accounts, books and registers of the Contractor shall be maintained consistent with the rules of the applicable accounting plan in Mauritania and the practices and methods in use in the international petroleum industry.

Pursuant to the provisions of Article 20.2 of the Contract, the accounts, books and registers of the Contractor shall be kept in the English language using the Dollar as the unit of account.

Anytime, whenever it is necessary to convert into Dollars expenses and revenue paid or received in any other currency, these currencies shall be valued on the basis of the rate of exchange quoted on the foreign-exchange market of Paris, in accordance with terms determined by mutual agreement.

1.3 Interpretation

The definitions of words which appear in this Appendix 2 are the same as those of the corresponding words as they appear in the Contract.

The word « Contractor », has the meaning given to it by the Contract, and may sometimes refer to the Operator when the Contractor is made up of several entities and when Petroleum Operations are conducted by the Operator on behalf of all these entities, or sometimes the reference is to each of these entities whenever the obligation of each individual entity is being addressed.

ARTICLE 2: ACCOUNTING FOR PETROLEUM COSTS

2.1 General rules and principles. Classes and groupings

2.1.1 The Contractor shall at all times keep books of account specially reserved and organized for the booking of Petroleum Costs ; they shall detail the expenses actually incurred by it and giving rise to recovery consistent with the provisions of the Contract and of this Appendix, the recovered Petroleum Costs, progressively as the production intended for such purpose becomes available, as well as the amounts which must be properly deducted or which have the effect of reducing the Petroleum Costs.

2.1.2 The accounting of Petroleum Costs must highlight at all times and for each Exploration Perimeter and for each Exploitation Perimeter derived therefrom :

- The full amount of the Petroleum Costs paid by Contractor from Effective Date;
- The full amount of the Petroleum Costs recovered;
- The amounts which diminish or otherwise are a deduction from Petroleum Costs and the type of operations related to these amounts;
- The balance of Petroleum Costs not yet recovered.

2.1.3 The accounting for Petroleum Costs shall comprise as debit entries all expenses actually incurred and directly related to Petroleum Operations in accordance with the Contract and the provisions of this Appendix, and considered chargeable to Petroleum Costs.

These expenses which have been actually incurred must:

- Be actually incurred by Contractor ;
- Be necessary to the proper carrying out of Petroleum Operations ;
- Be properly incurred and supported by items and documents which allow an effective audit by the Ministry.

2.1.4 The accounting for Petroleum Costs shall include as credit entries the amount of recovered Petroleum Costs as and when this recovery takes place, and as and when the amounts are collected, the revenue and miscellaneous products which are to be deducted from or operate to diminish the Petroleum Costs.

2.1.5 The original text of contracts, invoices and other documents which support the Petroleum Costs must be available for examination by the Ministry and produced whenever it requests it.

2.1.6 Petroleum Costs are recovered in accordance with the following:

a) The priority order arranged by the type of costs:

- Exploitation Petroleum Costs ;
- Development Petroleum Costs ;
- Exploration Petroleum Costs;

As these categories of Petroleum Costs are defined in Articles 3.2, 3.3 and 3.4 of this Appendix.

b) Priority based on geographic considerations:

- Petroleum Costs incurred in an Exploitation Perimeter shall be the first to be recovered from the production extracted from that perimeter consistent with the order of priorities stipulated in paragraph a) here above ;
- Petroleum Costs incurred outside of an Exploitation Perimeter shall be recovered in second priority from the production extracted from that perimeter consistent with the priority order specified in paragraph a) here above.

  Petroleum Costs incurred in the Exploitation Perimeters, other than that in question shall be recovered before the Petroleum Costs incurred in the Exploration Perimeter and in accordance with the order of priority stipulated in subparagraph a) here above.

Each entity which makes up the Contractor is entitled to its cost recovery upon commencement of production.

2.1.7 Accounting for Petroleum Costs must be true and accurate ; it must be organized and the books must be kept and submitted in such manner that they can be easily grouped together and make the relevant Petroleum Costs clearly apparent, in particular as they relate to the following expenses:

- exploration
- appraisal

- development
- production of Crude Petroleum,
- production of Natural Gas,
- transportation of Hydrocarbons and storage thereof,
- ancillary activities, auxiliary or subordinate, and separate from them,
- as well as the amounts paid in the sequestered account in accordance with Article 23.2 of the Contract.

2.1.8 For each of the activities here above listed, the accounting of Petroleum Costs must clearly show the following expenses:

a) Related to tangible assets, in particular those which refer to the purchase, creation, construction or carrying out of:

- land parcels,
- buildings (workshops, offices, storage areas, dwellings, laboratories, etc....),
- facilities for loading and storage,
- access roads and general infrastructure works,
- facilities to transport Hydrocarbons (pipelines, tankers, etc.),
- general equipment,
- specific equipment and facilities,
- vehicles for use of transport and civil engineering machinery,
- materiel and tools (the normal useful life of which exceeds one year),
- successful drilling,
- other tangible assets.

b) Related to intangible assets, particularly those which relate to:

- Surface investigation of geological or geophysical nature and related to laboratory work (studies, reprocessing, etc.),
- Nonproductive exploration wells which are not utilized in furtherance of the development plan,
- Other intangible assets.

c) Related to raw materials consumables;

d) Operational for functioning expenses :

Involved here are expenses of whatever nature, excepting the overhead referred to below, and which are not accounted for in subparagraphs a) to c) above of this Article 2.1.8, and which are directly connected to the study, progress and the implementation of Petroleum Operations ;

e) Non operating expenses or overhead :

Involved here are expenses borne by the Contractor related to Petroleum Operations and connected to management or to administration of the said operations.

2.1.9 Moreover, the accounting of Petroleum Costs must show, for each category of expenses listed or defined in subparagraphs a) to d) of Article 2-1-8 above, all payments made to the following:

- The Operator, for goods and services which it has itself furnished;
- For the entities which make up the Contractor, the goods and services which they have supplied themselves;
- Affiliated Companies;
- Third Parties.

2.2 Analysis of expenses and methodology for attribution

2.2.1 The principles for attribution and the usual analytical methods of the Contractor in the matter of itemizing and of reintegrating must be applied in a homogeneous manner, which is fair and does not discriminate against its activities taken as a whole. They must be submitted to the Ministry on its request.

The Contractor must inform Ministry of any change made by it in its principles and methodology.

2.2.2 Tangible assets constructed, manufactured, created or brought about by the Contractor in the furtherance of Petroleum Operations and dedicated to these operations as well as their normal maintenance shall be accounted for at the acquisition cost of construction, manufacturing, creation, or realization.

2.2.3 Equipment, materials and consumables required for Petroleum Operations and not including those referred to above shall be:

a) Either acquired for immediate use, subject to the time spent in transport, and if necessary, the temporary storage by Contractor (provided they shall not have been commingled with his own inventory). This equipment, materials and consumables acquired by the Contractor shall be valued, for their charging Petroleum Costs, at their landed price in Mauritania.

"The Landed price in Mauritania " includes the following items, which shall be accounted for in accordance with the analytic methodology of Contractor:

- Purchase price less discounts and rebates,
- Transport costs, insurance, transit costs, handling and customs (and other possible taxes and fees) from the storage site of the vendor to that of the Contractor or to the place they are utilized, as may be applicable,

b) Or supplied by the Contractor from its own inventory

- New equipment and materials other than consumables, supplied by the Contractor from its own inventory, shall be valued for accounting purposes at the weighted purchase price calculated pursuant to the provisions of subparagraph a) of this Article 2.2.3, hereafter « net cost ».
- Materials and equipment which are depreciable and already used supplied by the Contractor from his own inventory or which originate from other activities he may have had, including those of Affiliated Companies, shall be valued for purposes of booking Petroleum Costs, in accordance with the following schedule:

- New Material (Condition « A »): New Material, never used : 100% (one hundred percent) of the net cost.

- Material in good condition (Condition « B »): Material in good condition and still utilizable for its original purpose without repair: 75% (seventy-five percent) of the net cost of the new material as defined here above.

- Other used material (Condition « C »): Material which is still utilizable for its original purpose, but only after repair and upgrading: 50% (fifty percent) of the net cost of the new material as defined here above.

- Material in poor condition (Condition « D »): Material not utilizable for its original purpose but still usable for another purpose: 25% (twenty-five percent) of net cost of the new material as defined here above.

- Junk and scrap (Condition « E »): Materials unusable and not repairable: applicable price for junk.

2.2.3.1 The Operator does not guarantee the quality of the new material referred to above beyond the warranty furnished by the manufacturer or seller of the subject material. In the event of defective new material, Contractor will do its best to seek reimbursement or compensation from the manufacturer or the reseller; however, the corresponding credit shall only be booked after receipt of reimbursement for indemnification;

2.2.3.2 In the event used material referred to above is defective, the Contractor shall credit the account of the Petroleum Costs with the amount which it will have actually received as compensation.

2.2.3.3 Utilization of materials, equipment and facilities which are Contractor's own property

Materials, equipment and facilities which are Contractor's own property and which are temporarily put into use to carry out Petroleum Operations, shall be charged to Petroleum Costs at a rental amount covering the following:

a) Maintenance and repairs,

b) A share of depreciation pro rata to the time period utilized for Petroleum Operations, calculated by applying to the original costs (initial cost before revaluation), a rate which shall not exceed the one provided by Article 4.2 here below.

c) The expenses of transport and operations and all other expenses have not been otherwise charged.

The invoiced price shall exclude any excess cost, arising in particular from breakdown or abnormal or inappropriate use of the same equipment and facilities in furtherance of the Contractor's activities which are not Petroleum Operations.

In all events, costs charged as Petroleum Costs for use of this equipment and facilities shall not exceed those in common usage in Mauritania by Third Parties, nor shall they result in a cascading charge of expenses and profit margins.

The Contractor shall maintain detailed statement of materials, equipment and facilities which are owned by it and used in Petroleum Operations, it shall indicate the description and serial number of each unit, the maintenance expenses, the relevant repairs, and the dates on which each item has been dedicated to and then withdrawn from Petroleum Operations. This statement must delivered to the Ministry not later than March 1 st of every year.

2.3 Operational expenses

2.3.1 Expenses of this type shall be charged to Petroleum Costs at the Contractor's actual cost for the charges for services involved, such as this price appears in the Contractor's accounts consistent with the applicable provisions of this Appendix. These expenses include in particular:

2.3.2 The taxes, fees and imposts due and payable in Mauritania under applicable regulations and the provisions of the Contract and directly related to Petroleum Operations.

Surface rentals, the BIC tax and the bonuses provided for respectively in Articles 11 and 13 of the Contract, as well as any other charge the recovery of which is disallowed by the provisions of this Contract or of this Appendix, shall not be charged to Petroleum Costs..

2.3.3 Personnel expenses and environment of the personnel

2.3.3.1 Principles

To the extent that they correspond to actual work and services and that they are not excessive with regard to the importance of the responsibilities exercised, to the work carried out, and to the customary practices, such expenses cover all payments made to employ and and provide benefits to personnel working in Mauritania and hired for the conduct and execution of the Petroleum Operations or for their supervision. Such personnel includes persons recruited locally by the by the Contractor and those placed at the Contractor's disposal by the Affiliated Companies, the other Parties or Third Parties.

Such expenses are also deductible when they are connected to fixed premises of the Contractor abroad, when the activity of such premises is carried out exclusively for the benefit of the Petroleum Operations of the Contractor in Mauritania.

2.3.3.2 Expense Items

The expenses of personnel and personnel benefits shall include, on the one hand, all sums paid or reimbursed on account of such personnel referred to here above, under legal and regulatory texts, collective agreements, employment contracts and the internal policies of the Contractor and, on the other hand, expenses paid for the benefit of such personnel:

a) Salaries and pay for active employment or holidays, overtime, bonuses and other compensation;

b) Employer contributions pertaining thereto resulting from legal and regulatory texts, collective agreements and terms of employment;

c) Expenses paid for the benefit of the personnel; these represent, in particular:

- Expenses for medical and hospital assistance, social security and all other social expenses particular to the Contractor ;
- Expenses for transportation of employees, their families and their personal effects, when the assumption of such expenses is provided for in the employment contract;
- Expenses for lodging of personnel, including therein provision of services related thereto, when the assumption of such expenses by the employer is provided for in the employment contract (water, gas, electricity, telephone) ;

- Compensation paid upon the time of moving in and of departure of the salaried personnel;

- Expenses paid to administrative personnel rendering the following services: management and recruitment of local personnel, management of expatriate personnel, personnel training, maintenance and operation of offices and lodging, when such expenses are not included in overhead or under other expense categories;

- Expenses for office rental or their expense for occupancy, the expense of collective administrative services (secretarial services, furniture, office supplies, telephone, etc.).

2.3.3.3 Terms for booking charges

Personnel costs correspond:

- Either to direct expenses charged to the corresponding Petroleum Costs account,

- Or to indirect or common expenses charged to the Petroleum Costs account based upon data fromanalytical accounting and determined pro rata to the time dedicated to the Petroleum Operations.

2.3.4 Expenses paid by reason of the provision of services supplied by Third Parties, the entities comprising the Contractor and the Affiliated Companies shall include in particular:

2.3.4.1 Services rendered by Third Parties and by the Parties are booked at the Contractor's actual book costs, which means the price invoiced by the vendors, including all taxes, fees, and ancillary costs, if applicable; the actual costs shall be reduced by any rebates, discounts, kickbacks, or promotions the Contractor may have secured either directly or indirectly.

2.3.4.2 The technical assistance rendered to the Contractor by its Affiliated Companies: consisting of services and actions for the benefit of the Petroleum Operations and emanate from the departments and services of these Affiliated Companies who are engaged in the following activities:

- Geology,

- Geophysics,
- Engineering,
- Drilling and production,
- Deposits and reservoir studies,
- Economic studies,
- Technical contracts,
- Laboratories,
- Purchases and transport in transit (except for charges comprised of those referred to in 2.2.3 here above),
- Designs,
- Some administrative and legal services related to studies or to well-defined or occasional projects and which are not part of ordinary and regular business, nor of the legal proceedings referred to in 2.3.8 below.

Technical assistance is generally the subject of service contracts entered into between the Contractor and its Affiliated Companies.

The costs of technical assistance rendered by the Affiliated Companies are booked at actual cost for the Affiliated Company which renders the service. This actual cost includes, in particular, personnel expenses, the cost of raw materials, materials and consumables utilized, the cost of maintenance and repair, the cost of insurance, taxes, a portion of the amortization of general investments calculated on the original acquisition cost or of the construction of related tangible items and of any other expenses which are related to these services and have not been otherwise booked elsewhere.

However, the price excludes any surcharges arising from, in particular, fixed assets or a non-regular or cyclical use of materials, facilities and equipment at an Affiliated Company.

In all cases, expenses related to these services must not exceed those which are normally incurred for similar services by technical service companies and independent laboratories. They must not result in cascading charges from profit margins.

Moreover, all of these services, including analytical studies, must be supported by reports to be submitted at the request of the Ministry. They must be the subject of written orders issued by the Contractor, and also of itemized invoices.

2.3.4.3 Whenever the Contractor utilizes in Petroleum Operations, materiel, equipment or facilities which are the sole property of an entity which makes up the Contractor, the Contractor must charge the Petroleum Costs pro rata the usage time, and the corresponding entry must be determined in accordance with the customary methods and the principles defined in 2.3.4.2 above. This entry includes, in particular:

- A portion of the annual depreciation calculated on the original "landed Mauritanian price" defined in 2.2.3 here above;
- A portion of the start-up cost, of insurance coverage, of ordinary maintenance, of financing, and of periodic checkups.
- Warehousing costs
- Warehousing costs and handling costs (expenses incurred for personnel and for management of the services) are charged to Petroleum Costs pro rata the value of the items taken out of inventory.
- Transportation expense: expenses of transport of personnel, of materiel or of equipment intended and dedicated to Petroleum Operations shall be booked as Petroleum Costs if they are not already included in the preceding paragraphs and if they have not been accounted in actual costs.

2.3.5 Damages and waste which impact jointly-owned properties

All expenses necessary to repair and restore to working condition equipment which has suffered damages or losses arising from fires, floods, storms, theft, accidents or any other cause, shall be booked in accordance with the principles defined in this Appendix.

Amounts recovered from insurance companies for these damages and losses shall be booked as a credit to Petroleum Costs.

2.3.6 Maintenance expenses

Maintenance expenses (routine maintenance and exceptional maintenance) of the materiel, equipment and facilities dedicated to Petroleum Operations shall be booked to Petroleum Costs at actual cost.

2.3.7 Insurance premiums and expenses related to the settlement of casualty losses shall be charged to Petroleum Costs:

a) Premiums and expenses related to mandatory insurance and to those arising under policies to cover the Hydrocarbons produced, the persons and the properties dedicated to Petroleum Operations or the third-party liability insurance of the Contractor within the purview of the said operations;

b) Expenses incurred by the Contractor as the result of a casualty which arose from Petroleum Operations, and those incurred in the settlement of all losses, claims, damages and other related costs which are not covered by the insurance policies;

c) Expenses disbursed in settlement of losses, claims, damages or legal proceedings which are not compensated by insurance and which do not relate to risk which the Contractor was required to insure against. The amounts recovered from insurance policies and guarantees are accounted for as provided for in Article 2.6.2 g) here below;

2.3.8 Legal costs

Petroleum Costs can be charged with expenses related to adversary legal proceedings, investigation, and settlement of disputes and claims (requests for reimbursement or compensation), which arise from Petroleum Operations or which become necessary in order to protect or recover properties, including, in particular, the fees of lawyers and experts, legal costs, investigation costs, cost of gathering evidence, as well as amounts disbursed in settlement of the disputes or the final settlement of any proceedings or claim.

Whenever these services are rendered by personnel of the Contractor, a compensatory payment shall be included in the Petroleum Costs which corresponds to time expended and costs actually incurred. The price charged in such manner shall not exceed that which would have been paid to Third Parties for identical or analogous services.

2.3.9 Interest, fees, and financial charges

The following are chargeable to Petroleum Costs : interest penalties for late payment incurred by the Contractor and related to borrowings from Third Parties as well as advances and loans

from Affiliated Companies, to the extent that these borrowings and advances are used to finance the Petroleum Costs and related exclusively to petroleum development operations of a commercial deposit (excluded here are Petroleum Operations related to exploration and appraisal), and provided they do not exceed seventy percent (70%) of the total amount of these petroleum development costs. These borrowings and advances must be submitted for the approval of the Ministry.

In the case where such financing is secured by Affiliated Companies, the acceptable interest rates must not exceed the rate normally charged on the international financial markets for similar loans.

2.3.10 Foreign-exchange losses

Foreign-exchange losses related to borrowings and debts incurred by the Contractor under this Contract are chargeable to Petroleum Costs.

2.3.11 Disbursements related to expenses, verifications and audits of the Ministry, pursuant to the provisions of the Contract, are chargeable to Petroleum Costs.

2.3.12 Payments related to other expenses, including payments to Third Parties for the transport of Hydrocarbons to the Delivery Point shall be included in the Petroleum Costs. Involved here are all payments made or losses incurred related to or caused by the proper execution of the Petroleum Operations, provided the charge to Petroleum Costs is not disallowed under provisions of this Contract or of this Appendix, and provided they are not similar to expenses which the Ministry has disallowed and provided these expenses have received the approval of the Ministry. Moreover, except for contrary provisions in the law, the Contractor is at liberty, if it wishes, to make contributions of an economic, social, cultural or sport-related nature, with the mandatory exclusion of financing political activities. These contributions shall be debited to the Petroleum Costs account.

2.4 Overhead

These expenses pertain to those Petroleum Costs which have not been otherwise accounted for. They pertain to:

2.4.1 Expenses incurred outside of Mauritania

The Contractor shall add a reasonable sum on account of foreign overhead necessary to carry out the Petroleum Operations and borne by the Contractor and its Affiliated Companies, in such amount as they reflect the cost of the services rendered to the Petroleum Operations.

The amounts must be supported by accounting entries and copies of reports related to the services and works carried out; if an arbitrary sharing is utilized, there must be proof by means of supportive explanations and presentation of the rules utilized to arrive at such.

The amounts charged are considered provisional amounts arrived at on the basis of the Contractor's experience, and they shall be adjusted annually in relation to the Contractor's real costs, but they must not exceed the following caps:

- Before grant of the first Exploitation Authorization : three percent (3%) of the Petroleum Costs excluding overhead;
- On the grant of the first Exploitation Authorization : one and one-half percent (1.5%) of Petroleum Costs not including financial costs and overhead.

These percentages are applied to expenses, not including overhead, which are chargeable to Petroleum Costs for the Calendar Year under consideration.

2.4.2 Expenses disbursed inside of Mauritania

These expenses cover payment related to the following activities and services:

- General management and general secretarial services;
- Information and communication ;
- General administration (law department, insurance, taxes, computer services) ;
- Accounting and budget ;
- Internal audit.

They must include services which have actually been required to advance the Petroleum Operations and which correspond to actual services rendered in Mauritania by the Contractor or the Affiliated Companies. They must not result in cascading of of costs margins.

The amount must be actual amounts, whenever direct expenses are involved, and they must be amounts arrived at by sharing whenever indirect expenses are involved. In the latter case, the rules for sharing must be clearly defined and the amounts must be supported by analytical accounting.

2.5 Expenses not chargeable to Petroleum Costs

Payments paid in settlement of expenses, charges or costs not directly chargeable to Petroleum Operations, and those for which the deduction or charging for is disallowed by the provisions of the Contract or of this Appendix, or those which are not necessary for the conduct of Petroleum Operations, shall not be taken into account and shall not give rise to recovery.

Involved here are these types of payments:

a) Costs of a capital increase;

b) Expenses related to activities downstream of the Delivery Point, particularly marketing costs;

c) The expenses which relate to the period prior to the Effective Date;

d) Auditing expenses disbursed by the Contractor further to special relationships between the entities which make up the Contractor;

e) Expenses borne for meetings, studies and work carried out in furtherance of the association which ties together the entities which make up the Contractor and the purpose of which is not the proper conduct of the Petroleum Operations;

f) Interest, late payment fees, and financial charges other than those the chargeability of which is authorized pursuant to Article 2.3.9 of this Appendix.

g) Foreign-exchange losses incurred other than those which are chargeable under the provisions of this Contract.

h) Foreign-exchange losses which constitute a loss of earnings tied to risks related to the Contractor's own capital and self-financing by it.

2.6 Items to be booked as a credit to Petroleum Costs

The following must be credited to the Petroleum Costs account, in particular:

2.6.1 The proceeds from the quantities of Hydrocarbons which the Contractor takes in furtherance of the provisions of Article 10.2 of the Contract, multiplied by the related Market Price as defined in Article 14 of the Contract.

2.6.2 All other receipts, revenues, proceeds, connected profits, whether ancillary or accessory, directly or indirectly tied to Petroleum Operations, including in particular those derived from:

(A) The sale of associated substances;

(B) The transport and storage of products owned by Third Parties in the facilities dedicated to the Petroleum Operations;

(C) Reimbursements originating from insurance companies;

(D) Settlements arising out transactions or liquidations;

(E) Transfers or rentals already declared under Petroleum Costs

(F) Discounts, rebates, allowances and promotions received which have not been charged as a deduction from the actual costs of the properties to which they relate.

(G) Any other income or receipts similar to those listed above that are usually deducted from Petroleum Costs.

2.7 Materiel, equipment and facilities sold by the Contractor

2.7.1 The materials, equipment, facilities, and consumables which are not used or are not usable shall be withdrawn from Petroleum Operations ; they must be either downgraded or considered as « junk and waste », or bought back by the Contractor for his own needs, or sold to Third Parties or to Affiliated Companies.

2.7.2 In the event of adisposal to the entities which make up the Contractor or to their Affiliated Companies, the prices shall be arrived at pursuant to the provisions of 2-2-3.b of this Appendix, or, should they exceed those which would be applicable under the provisions of that article, their price must be agreed by the Parties. Whenever the use of an item of property related to Petroleum Operations has been temporary and it does not fall under the price reduction referred to in the above article, the said item shall be valued so that the Petroleum Costs are debited of a net amount which is equivalent to the value of the service rendered.

2.7.3 The sales to Third Parties of materials, equipment, facilities and consumables shall be effected by Contractor at the best possible price. All reimbursements or compensation granted to a buyer for a defective piece of equipment shall be debited to the Petroleum Costs account to the extent and at the time such are actually paid by the Contractor.

2.7.4 Whenever an asset is used for the benefit of a Third Party or the Contractor for activities which are not within the scope of this Contract, the amounts due in exchange therefor must be calculated at a rate which is not less than actual costs, unless the Ministry agrees otherwise.

ARTICLE 3: DETERMINATION OF THE RATIO « R »

3.1 For the purpose of arriving at the value of the "R" ratio in application of Article 10.3 of the Contract, the Petroleum Costs which impact the calculation of Net Cumulative Revenues and of Cumulative Investments shall be categorized and recorded separately according to the following categories.

3.2 Exploration Petroleum Costs

They are the Petroleum Costs incurred in the exploration Petroleum Operations inside an Exploration Perimeter, included in an Annual Work Program approved pursuant to the provisions of the Contract, and they shall include, without limitation:

3.2.1 Geochemical, geophysical, paleontological, geological, topographical studies and the seismic campaigning as well as studies and interpretations related thereto.

3.2.2 Coring, exploration wells, appraisal wells and wells drilled to supply water.

3.2.3 Labor costs, materiel, supplies and services used to service exploration wells or appraisal wells of a discovery and which are not completed as producers.

3.2.4 Equipment utilized exclusively to enhance and justify the objectives listed in Articles 3.2.1, 3.2.2 and 3.2.3 here above, including access roads and acquired geological and geophysical information.

3.2.5 That portion of the Petroleum Costs incurred in construction of facilities and equipment, the overhead chargeable to exploration Petroleum Costs as such is derived from a fair allocation of the Petroleum Costs taken as a whole (including overhead) between exploration Petroleum Costs and the Petroleum Costs taken as a whole, with exception of overhead.

3.2.6 All the other Petroleum Costs incurred for the purpose of exploration between the Effective Date and the startup of the commercial production of Hydrocarbons that are not included in Article 3.3 here below.

3.3 Petroleum Costs of Development

They are the Petroleum Costs incurred in development Petroleum Operations related to an Exploitation Authorization, and they include, without limitation:

3.3.1 Development and production wells, including water-injection wells and gas-injection wells drilled for the purpose of enhancing recovery of Hydrocarbons as well as those intended to sequester and conserve natural gas.

3.3.2 The wells which have been completed by setting casing or equipment after a well has been drilled with intent to complete it as a producer well or a water-injection well or a gas-injection well drilled for the purpose of increasing the recovery rate of Hydrocarbons as well as those wells the purpose of which is sequestration and conservation of natural gas.

3.3.3 The costs of equipment related to production, transport and storage to the Delivery Point, such as pipelines, flow-lines, processing and production units, equipment on the well-head, underwater equipment, systems to increase recovery of Hydrocarbons, offshore platforms, production floating unit and/or production and storage floating units (FPO and FPSO), storage facilities, export terminals, port installations and auxiliary equipment, as well as access roads in relation to production activities.

3.3.4 Engineering studies and design studies related to the equipment referred to in Article 3.3.3.

3.3.5 The cost of construction, the overhead chargeable to Development Costs, as these are calculated according to the ratio of Development Costs over total Petroleum Costs, excluding overhead.

3.3.6 Financial charges pertaining to the financing of Development Costs are excluded.

3.4 Exploitation Petroleum Costs

These are the Petroleum Costs incurred in an Exploitation Perimeter consequent to the startup of commercial Hydrocarbons production and which are neither exploration costs nor development costs nor overhead.

Exploitation costs include more particularly the reserves built up for the purpose of meeting losses or charges, including the reserve to fund the Rehabilitation Plan, which reserve has been paid in full to the sequestered account opened for the purpose of financing rehabilitation of the site works in accordance with Article 23.2 of the Contract.

The portion of overhead which has not been allocated to either exploration or development costs shall be included in exploitation costs.

3.5 It is understood that depreciation of assets as calculated for the determination of taxable profits pursuant to the provisions of Article 4 here below are not Petroleum Costs and consequently, they do not enter into the determination of the Ratio "R".

ARTICLE 4: CHARGES WHICH ARE DEDUCTIBLE FOR DETERMINATION OF THE INDUSTRIAL AND COMMERCIAL INCOME TAX

4.1 Deductible charges

In accordance with Article 70 of the Crude Hydrocarbons Code, the charges which are deductible for the determination of the Industrial and Commercial Income Tax are made up of the following items, within the limits prescribed by this Accounting Procedure, and excluding those charges which are non-deductible as specified in Title 6 of the Crude Hydrocarbons Code and of costs non-chargeable to Petroleum as specified in Article 2.5 here above of this Appendix:

- The exploitation Petroleum Costs, as defined in the provisions of this Accounting Procedure ;
- The overhead in accordance with the provisions of Article 2-4 here above of this Appendix;
- Depreciation of assets which make up the development Petroleum Costs in according with the provisions of Article 4.2 below;
- Interest, interest for late payments, and financial charges, in accordance with the Article 2.3.9 here above ;

- Loss or wastage of materials and property arising out of destruction or casualty, uncollectible debts, and compensation paid to Third Parties on account of legal liability (unless these damages were caused by the Gross Negligence of the Contractor) ;

- Reserves which are reasonable and justified created for the purpose of meeting losses or clearly defined charges which the prevailing circumstances make probable;

- The non-recovered portion of deficits related to previous years within a limit of five (5) years following the fiscal year that shows a deficit.

4.2 Depreciation of fixed assets

Fixed assets of the Contractor that are required for Petroleum Operations are depreciated according to a straight-line dereciation method.

The minimum span of the depreciation period shall be:

- ten (10) Calendar Years for assets related to the transport of Hydrocarbons production by pipeline;

- five (5) Calendar Years for the other fixed assets.

The period of depreciation shall begin with the Calendar Year during which the said fixed assets have been acquired, or from the Calendar Year during which the fixed assets were placed into normal service if such latter year is after, pro rata temporis, the first Calendar Year in question.

4.3 Exploration Petroleum Costs

The petroleum Exploration Costs incurred by the Contractor for the Exploration Perimeter, including particularly the expenses of geological and geophysical exploration studies and the expenses of exploration drilling and appraisal of a discovery (excluding productive wells, which shall be considered assets which fall under the provisions of Article 4.2 here above of this Appendix), are considered charges deductible in full from the year they are entered on the books or they may be depreciated at the rate chosen by the Contractor.

ARTICLE 5: INVENTORIES

5.1 Frequency

The Contractor shall keep a permanent inventory in both quantity and value of all property used in Petroleum Operations and he shall, with reasonable frequency, and not less than once a year, proceed to take a physical inventory as required by the Parties.

5.2 Notification

Written notification of the intention to take a physical inventory must be sent by the Contractor not less than ninety days (90) days prior to the commencement of the taking of such inventory, so that the Ministry and the entities which make up the Contractor may if they wish be represented at their own expense during the taking of said inventory.

5.3 Information

Should the Ministry or an entity which makes up the Contractor not be represented when an inventory is taken, such Party will remain bound by the result of the inventory taken by the Contractor, who must furnish to said Party a copy of the said inventory.

ARTICLE 6: STATEMENTS OF OPERATIONS AND WORK, STATUS REPORTS

6.1 Principles

Other than the statements and supply of information provided for elsewhere, the Contractor must submit to the Ministry under terms, conditions and timelines indicated below, the details of its operations and works carried out as they have been booked in its accounts, documents, reports and statements which it must keep in relation to the Petroleum Operations.

6.2 Statement of variations in fixed assets accounting and in inventory of materiel and consumables.

This statement must be received by the Ministry not later than the fifteenth day (15 th) day of the first month of each calendar Quarter. In particular, it shall state, for the preceding quarter what was acquired and created by way of fixed assets, of materiel and of consumables required for Petroleum Operations, for each deposit, and by major categories, as well as disposal of these items (assignments, wastage and losses, destruction, discarding and junk).

6.3 Statement of the quantities of Crude Petroleum and of Natural Gas which have been transported during each month

Such statement must reach the Ministry not later than the fifteenth (15 th) day of each month. For each deposit, it shall indicate the quantities of Crude Petroleum and of Natural Gas which have been transported in the course of the preceding month, between the field and the point of export or delivery, as well as the identification of the pipeline utilized and the cost of transport paid, whenever transport was carried out by Third Parties. The statement must also show how the products transported in such manner are shared between the Parties.

6.4 Statement of the recovery of Petroleum Costs

This statement must reach the Ministry not later than the fifteenth (15 th) day of each month. It shall show, for the preceding month, the breakdown of the Petroleum Costs account and must reflect, in particular, the following:

- The Petroleum Costs which remain to be recovered as of the end of the preceding month;
- The Petroleum Costs related to activities during the month in question;
- The Petroleum Costs recovered in the course of the month indicating in particular quantities and value of production involved for this purpose;
- The amounts which are booked to reduce or diminish Petroleum Costs in the course of the month in question;
- The unrecovered Petroleum Costs as of the end of that month.

6.5 Statement of the determination of the ratio « R »

This statement must reach the Ministry not later than the fifteenth (15 th) day of the first month of each Quarter. It shall highlight each of the factors which enter into the determination of the "R" ratio as defined in Article 3 of this Accounting Procedure, as well as the resulting value of the ratio, which ratio is applicable during the subject Quarter.

6.6 Inventories of Crude Petroleum and of Natural Gas

This statement must reach the Ministry not later than the fifteenth (15 th) day of each month. It shall specify for the preceding month and for each storage location:

- Inventory at the commencement of the month;
- Addition to inventory in the course of the month;
- Withdrawals from inventories during the course of the month;
- Theoretical level of the inventory at the end of the month;
- Inventory at the end of the month taken by measurement;
- An explanation for discrepancies, if any.

6.7 Tax returns

The Contractor shall supply the Ministry with a copy of all returns which the entities which make up the Contractor are required to file with the Tax Administrations responsible for determining tax basis; and in particular, those which pertain to the BIC tax on together with all annexes, documents, and supporting information attached thereto.

6.8 Statement of payments of taxes and fees

Not later than the fifteenth (15th) day of the first month of each Quarter, the Contractor shall prepare and submit to the Ministry a statement showing taxes, fees, and dues of any kind paid by it in the course of the preceding calendar Quarter; it shall detail precisely the nature of the tax, fee and dues involved (surface rentals, customs duties, etc.), the kind of payment involved (on account, balances, corrections, etc.), the date and the amount of each payment, the designation of the tax collector responsible for the collection, and other further useful information.

6.9 Special provisions

The statements, lists, and information referred to in Articles 6.2 to 6.8 shall be produced and submitted in accordance with printed forms issued by the Ministry, after consultation with the Contractor.

The Ministry may, as needed, request that the Contractor furnish it with all other statements, reports and information that the Ministry deems useful.

APPENDIX 3: MODEL BANK GUARANTEE

Attached and being an integral part of the Contract between the Islamic Republic of Mauritania and the Contractor (On letterhead of the Bank)

To the Honorable Minister in Charge of Crude Hydrocarbons,
Nouakchott
Mauritania
Amount :
In letters :

We have been informed that, upon the date of , the Mauritanian State entered into an exploration-production contract with the Contractor constituted by the following entities:

Kosmos Energy Mauritania

Grand Cayman

Kosmos Energy Mauritania , address is the Principal and has been so designated here below.

Pursuant to Article 4.6 of this Contract, a bank guarantee of proper discharge of the minimum work obligations, for work committed to for each phase of the Exploration Period of the contract, must be remitted to the State.

That said, we (name of bank , address) referred to hereafter as «the Bank», upon instructions from the Principal, commit ourselves through this Guarantee, in an irrevocable fashion, to pay to the Mauritanian State, independently of the validity and legal merits under the Contract in question and without raising any exception, nor objection arising from the said Contract, upon your first demand, any amount up to the maximum amount cited above in this letter of of guarantee, upon receipt by ourselves of a demand for payment duly signed and a written confirmation on your part certifying that the Contractor has not fulfilled the minimum work obligations above-mentioned and specifying the nature as well of the estimated cost of the work not executed.

For reasons of identification, your written demand for payment will only be considered valid if it reaches us through the intermediary of our corresponding bank located in Mauritania (name , address), accompanied by a declaration of the latter certifying that it proceeded with the verification of your signature.

Your call is also acceptable to the extent that it is fully transmitted to us by the bank in question by means of a telex/SWIFT confirming that it has sent us the original by registered mail or by another courier service and that the signature appearing there was verified by the latter.

The amount of the Guarantee shall be reduced by the amount of the expenditures made by , upon receipt by the Bank of a copy of a work completion statement signed by the Mauritanian State and attesting to said expenditures and to the resulting new Guarantee amount, in accordance with the model in Annex A.

Our guarantee is valid up until the (provide for 6 months after the end of the phase in question of the Exploration Period) and shall terminate automatically and entirely if your demand for payment or the telex/SWIFT does not reach us at the address here above by such date at the latest, whether it is a business day or not.

All the bank fees in connection with this guarantee are at the expense of the Principal.

This guarantee is subject to the « Uniform Rules for Demand Guarantees of the ICC » of the International Chamber of Commerce (ICC Publication in force No. 758).

- Signature of the authorized representative and seal of the Bank

Annex A

Model notification of expenditure and reduction of guarantee to be used

Notification of expenditure and reduction of guarantee

To the Minister in Charge of Crude Hydrocarbons

Mauritanian State

Nouakchott

Mauritania

Purpose: Notification of expenditure and reduction of guarantee amount ref. XXXX

Honorable Minister,

We refer to the Exploration and Production Contract signed on , as well as the bank guarantee of proper discharge in the initial amount of USD given by on under reference no. .

On the amounts expended were USD . Accordingly the amount of said guarantee is reduced to (numbers plus letters).

Polite closure statement

Date:

Signature of Contracting Entity
Confirmation of Principal (KOSMOS ENERGY)

"**Stamp of the Minister in charge of Hydrocarbons**, authorized signature
Preceded by the statement "Agreed for the reduction of the guarantee in question in the amount of XXXX"
NAME + FUNCTION + STAMP of the Minister"

Exhibit 10.20

PRODUCTION SHARING CONTRACT

For

PETROLEUM EXPLORATION, DEVELOPMENT AND PRODUCTION

relating to

Block 42 OFFSHORE SURINAME

BETWEEN

STAATSOLIE MAATSCHAPPIJ SURINAME N.V.

and

KOSMOS ENERGY SURINAME

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This Contract is entered into this 13 day of December 2011, by and between:

STAATSOLIE MAATSCHAPPIJ SURINAME N.V. (hereinafter referred to as “Staatsolie”) a corporation organized and acting under the laws of the Republic of Suriname;

and

Kosmos Energy Suriname (hereinafter referred to as “Kosmos”), a corporation organized and acting under the laws of the Cayman Islands.

WITNESSETH:

WHEREAS, all Petroleum existing in the territory of the Republic of Suriname, including Petroleum existing offshore, is the property of the Republic of Suriname, and the Republic of Suriname holds exclusive sovereign rights with regard to the exploration and exploitation for all Petroleum existing in this area; and

WHEREAS, the Republic of Suriname wishes to ensure the sustainable exploitation of these ‘non-renewable resources’ in a prudent and environmentally sound manner in accordance with accepted international standards; and

WHEREAS, Staatsolie, in accordance with the Mining Decree, Official Gazette 1986 No. 28, has been granted mining rights including in Block 42 as described in Annex 1 and Annex 2; and

WHEREAS, Staatsolie acts as agent of the Republic of Suriname with respect to the petroleum industry; and

WHEREAS, in accordance with Decree No. E-8B, dated May 11, 1981, Official Gazette 1981; No. 59, and Resolution No. 3051/93 of 11 July 1993, as extended by Resolution No. 478/03 of 26 July 2003, Staatsolie has been granted the exclusive rights to explore for, develop and produce Petroleum including in Block 42; and

WHEREAS, Kosmos has demonstrated that it possesses the financial ability, technical competence and professional skills necessary to perform operations for the Exploration, Development, Production, transportation and marketing of petroleum and is prepared to utilize such technical competence and financial ability as is necessary to fulfill its obligations under this Contract; and

WHEREAS, the parties hereto have agreed that Kosmos shall have the exclusive right to carry out all Petroleum Operations in Block 42 pursuant to the provisions of this Contract; and

WHEREAS, Kosmos will not be required to develop or produce or continue to produce any Petroleum hereunder which, in Kosmos' opinion, based on a technical and financial analysis, would not provide Kosmos with an acceptable rate of return; and

WHEREAS, in accordance with the Petroleum Law of 1990, Official Gazette 1991, No. 7, Staatsolie has the right, power and authority to enter into this Contract; and

WHEREAS the Minister of Natural Resources after referral to and approval to do so by the Cabinet of Ministers has given Staatsolie permission to sign this Contract.

NOW, THEREFORE, and in consideration of the mutual covenants herein contained, the Parties agree as follows:

ARTICLE 1 DEFINITIONS

In this Contract the following terms shall have the following meanings:

1.01 "Abandonment Fund" is an escrow account set up to finance abandonment activities, in US Dollars at a bank of good international repute to be agreed between Staatsolie and Contractor.

1.02 "Accounting Procedure" means the procedures and reporting requirements defined in Annex 3.

1.03 "Addendum" shall have the meaning set forth in Sub-article 20.4.

1.04 "Affiliate" means any entity directly or indirectly effectively controlling, or effectively controlled by, or under direct or indirect effective common control with a Party. For the purposes of this definition "control", when used with respect to any specified entity, means the power to direct, administer and dictate policies of such entity (it being understood and agreed that it is not necessary to own directly or indirectly fifty percent (50%) or more of such entity's voting securities to have effective control over such entity, but ownership, direct or indirect, of fifty percent (50%) or more of such entity's voting securities shall automatically indicate effective control), and the terms "controlling" and "controlled" have meanings corresponding with the foregoing.

1.05 "Applicable Law" means the laws, decrees, regulations and other legal provisions having the force of law in the Republic of Suriname, as these may be amended from time to time.

1.06 "Appraise" or "Appraisal" means work (being part of Exploration) carried out following a Discovery for the purpose of delineating a Petroleum Field and determining whether or not such Petroleum Field merits Development.

1.07 "Appraisal Well" means any well whose purpose at the time of commencement of drilling such well is the determination of the extent, volume or recoverability of a Discovery.

1.08 “Arm’s Length Transaction” means a “transaction (purchase, sale, exchange or swap) in conformity with the market (or “determined by market forces”), between a seller and a willing buyer not being Affiliates, in the international market, valued in US Dollars.

1.09 “Associated Gas” means Natural Gas produced from any well in the Contract Area, the predominant production of which is Crude Oil and which is separated from Crude Oil in accordance with normal oilfield practice including Natural Gas produced from a free gas cap, but shall exclude any liquid hydrocarbon extracted from such gas either by normal field separation, dehydration or in a gas plant.

1.10 “Authorized Representative” is the representative authorized to cast a vote on behalf of Staatsolie or Contractor, as the case may be, in the Operations Committee

1.11 “Barrel” means a quantity or unit of Crude Oil equal to forty-two (42) United States gallons at a temperature of sixty (60) degrees Fahrenheit and at an atmospheric pressure of fourteen point seven (14.7) p.s.i.

1.12 “Basket” is a collection of at least three (3) but no more than four (4) representative crude oils, quoted for pricing purposes that are comparable to the Crude Oil and that are freely traded in international markets.

1.13 “Budget” means the annual income and expenditure plan for each Work Program or Calendar Year, prepared in a form acceptable to the Operations Committee pursuant to Article 8.

1.14 “Calendar Months” means a month of a Calendar Year.

1.15 “Calendar Quarter” means a period of three (3) consecutive Calendar Months commencing on the 1st of January, the 1st of April, the 1st of July, or the 1st of October, respectively in a Calendar Year.

1.16 “Calendar Year” means a period of twelve (12) Calendar Months commencing on the 1st of January and ending on the following December 31st according to the Gregorian calendar.

1.17 “Commercial Field” means an area delineated on the surface as described in

the approved Development Plan for such Petroleum Field.

1.18 "Contract" means this instrument and its annexes attached.

1.19 "Contract Area" means on the Effective Date, the area described in Annexes 1 and 2 and, thereafter, the whole or any part of such area in respect of which, at the relevant time, the Contractor continues to have rights and obligations under this Contract.

1.20 "Contract Year" means a period of twelve (12) consecutive Calendar Months according to the Gregorian calendar, commencing on the Effective Date or on each anniversary thereof.

1.21 "Contractor" means Kosmos or, in the event of assignment of Contractor participating interest or participation by Staatsolie pursuant to Article 11, all Contractor Parties collectively at the time of reference.

1.22 "Contractor Party(ies)" means any party with a participating interest in Contractor's rights and obligations under this Contract.

1.23 "Cost Oil" means the amount of produced Crude Oil allocated to Contractor for recovery of expenditures pursuant to Sub-articles 13.2, 13.3, 13.4 and 13.5.

1.24 "Cost Recovery" means the process by which Contractor is allocated produced Crude Oil for the recovery of its Petroleum Expenditures pursuant to Article 13.

1.25 "Crude Oil" means all hydrocarbons, which are solid or liquid under normal atmospheric conditions of temperature and pressure, and includes any liquid hydrocarbon extracted from Natural Gas either by normal field separation, dehydration or in a gas plant.

1.26 "Date of Declaration of a Commercial Field" means the date on which Contractor has submitted to the Operations Committee the declaration of a Commercial Field pursuant to Sub-Article 9.3.

1.27 "Date of Establishment of a Commercial Field" means the date on which Contractor has received written approval from the Operations Committee for the Development Plan of a Commercial Field.

1.28 "Date of Initial Commercial Production" means the date on which the regular production of Crude Oil, excluding production from the testing of wells, starts from the first Commercial Field.

1.29 "Day" means a period of one (1) twenty-four (24) hour calendar day commencing at 00:00 hours.

1.30 "Delivery Point" for Petroleum means the custody transfer point where Petroleum is measured and delivered to Parties, and where ownership and risk of loss of the Petroleum is transferred to the lifting Party, the location of which is specified in the approved Development Plan.

1.31 "Development and Production Area" means that part of the Contract Area containing a Commercial Field, as defined in the Development Plan pursuant to Sub-article 9.5.

1.32 "Development and Production Period" in respect of each Commercial Field, commences on the Date of Establishment of a Commercial Field and shall terminate at the expiration of this Contract.

1.33 "Development" or "Development Operations" means all work, whether inside or outside Suriname, associated with:

- planning, procurement, design, and execution related to the drilling and completion of Development Wells; and

- planning, design, construction, installation and commissioning of facilities for the Production of Petroleum including purchase or leasing of all materials and equipment,

which are required for Production, treatment, waste disposal, transport, storage and lifting of Petroleum and for reservoir pressure maintenance, injection, recycling and secondary and tertiary recovery projects for the execution of this Contract.

1.34 "Development Expenditures" means all capital costs and expenses made for Development Operations during the Development and Production Period excluding interest, as determined in accordance with the Accounting Procedure.

1.35 "Development Plan" means the plan for Development of a Commercial Field pursuant to Sub-article 9.5.

1.36 "Development Well" means any Production, injection or observation well drilled as part of the Development Plan or subsequent expansion, infill drilling or enhanced recovery program in an existing Commercial Field. This also includes reentering of suspended Exploration and/or Appraisal Wells.

1.37 "Discovery" means the penetration by a well of a Petroleum Reservoir within the Contract Area which was previously unknown, and which could indicate the existence of a Commercial Field.

1.38 "Discovery Area" means, that portion of the Contract Area, reasonably determined by Contractor and to be approved by Staatsolie, on the basis of the available seismic and well data to cover the real extent of the geological structure in which the Discovery is made. A Discovery Area may be modified, subject to Staatsolie's approval, at any time by Contractor, if justified on the basis of new information, but may not be modified after the date of completion of the Appraisal program. In the event Staatsolie disapproves a Discovery Area, either Party has the right to refer the matter to an independent expert in accordance with Sub-Article 41.5.

1.39 "Dispute" means any dispute, controversy or claim between the Parties arising out of, relating to or in connection with this Contract or the scope, breach, termination or validity thereof.

1.40 "Domestic Supply Requirement" means Crude Oil consumed in Suriname and shall include only Crude Oil which is subsequently refined into petroleum products, or burned for development of electricity, within the national borders of Suriname. For the avoidance of doubt Crude Oil provided under this Contract to meet the Domestic Supply Requirement shall not be exported and the calculation of the Domestic Supply Requirement shall not include petroleum products.

1.41 "Effective Date" means the date on which this Contract comes into force

pursuant to Sub-article 37.2.

1.42 "Environmental Damage" means any damage, disturbance or hindrance of the environment such as significant soil erosion, removal of vegetation, destruction of wildlife, marine organisms, pollution of groundwater, pollution of surface water, land or sea contamination, air pollution, noise pollution, bush fire, disruption of water supplies, disruption of natural drainage, damage to archaeological, paleontological and cultural sites.

1.43 "Expatriate Employee" means a person, who at the start of his/her employment contract did not reside in the Republic of Suriname and who is employed by Contractor or a Sub-Contractor for purposes of this Contract.

1.44 "Exploration Expenditures" means all costs and expenses paid for Exploration Operations during the Exploration Period or afterward pursuant to Sub-article 3.5 as determined in accordance with the Accounting Procedure.

1.45 "Exploration" or "Exploration Operations" means all activities carried out in the search for Petroleum, Appraisal of Discoveries and subsequent activities leading to the decision of whether or not to submit a Development Plan and any subsequent preparation of a Development Plan. This includes planning, preparation and conduct of geological and geophysical studies, drilling and well testing activities and technical and economic evaluations. Exploration Operations shall include all plugging, abandonment, and rehabilitation activities associated with Exploration Wells.

1.46 "Exploration Period" means the period specified in Sub-article 3.2 hereof including any extension of such period in accordance with Sub-article 3.3, during which Contractor is to carry out Exploration Operations.

1.47 "Exploration Well" means any well, which upon commencement is intended to explore for any accumulation of Petroleum previously unconfirmed.

1.48 "Force Majeure" means an event, other than the obligation to pay money (unless payment is prohibited by government instruction or order as noted below), which could not reasonably be expected to have been prevented or controlled and is beyond the ability of the affected Party to control using reasonable efforts, including but not limited to:

earthquake, storm, flood, lightning, or other adverse weather conditions, war or other military activity, fire, embargo, blockade, riot, civil disorder, labor disputes, strikes and other labor stoppages. "Force Majeure" also encompasses orders given by a government having jurisdiction over a Party, or laws and other regulations enacted by such government or inaction by such government to perform those acts that can reasonably be expected to be performed.

1.49 "Government" means the government of the Republic of Suriname.

1.50 "Government Authority" means the Government and any subdivision thereof, including any local government or other representative authority or agency, which has the authority to govern, legislate, regulate and collect taxes or duties, grant licenses and permits, approve or otherwise impact (whether financially or otherwise) directly or indirectly, any of Staatsolie's rights and or Contractor's rights, obligations or activities under this Contract.

1.51 "Gross Negligence or Willful Misconduct" means an intentional and conscious or reckless disregard of a duty regarding good and prudent international oil industry practices, but shall not include (i) any act or inaction required, in the opinion of the Party acting or failing to act based upon the circumstances known to such Party at the time, to meet emergency conditions including, but not limited to, the safeguarding of life, property and Petroleum Operations, or (ii) any error of judgment or mistake made in the exercise of good faith of any function, authority, or discretion conferred upon the Party.

1.52 "Gross Production" means all Crude Oil produced and saved from the Contract Area during the Development and Production Period of each Commercial Field, and delivered to the Delivery Point, excluding water, sediments and any Petroleum used in Petroleum Operations.

1.53 "LIBOR" means interest at the rate per annum equal to the one (1) month term, London Interbank Offered Rate (LIBOR rate) for US Dollar deposits, as published in London by the Financial Times or if not published, then by the Wall Street Journal, applicable on the first business day of the month in which such interest commences to accrue and thereafter on the first Business Day of each succeeding Calendar month. For the purpose of this definition "Business day" means a day on which the Financial Times or the Wall Street Journal (as the case may be) published the LIBOR rate for US Dollar deposits.

1.54 “Minimum Work Obligations” means those work obligations set forth in Sub-articles 5.2.1, 5.2.2 and 5.2.3 for each respective phase of the Exploration Period.

1.55 “Mining Decree” means Decree E-58 of May 8, 1986, Official Gazette 1986 No. 28 of the Republic of Suriname.

1.56 “Natural Gas” means all hydrocarbons produced from the Contract Area, which at a temperature of sixty (60) degrees Fahrenheit and pressure of fourteen point seven (14.7) p.s.i., are in a gaseous phase, including wet mineral gas, dry mineral gas, wet gas and residue gas remaining after the extraction, processing or separation of both liquid hydrocarbons and non-hydrocarbon gas or gasses produced in association with liquid or gaseous Petroleum.

1.57 “Operating Expenditures” means all costs and expenses, excluding interest expenditures incurred for Production Operations, as determined in accordance with the Accounting Procedure.

1.58 “Operations Committee” means the committee established pursuant to Sub-article 7.1.

1.59 “Operator” means the Contractor Party responsible for the conduct of Petroleum Operations as determined in Article 6.

1.60 “Parent Company Performance Guarantee” means a written assurance by a parent company of Contractor, or in the case of multiple Contractor Parties, a parent company of each Contractor Party, for the satisfactory performance and discharge of Contractor’s obligations during the term of this Contract and, in the event of withdrawal by Contractor, to make payment as specified in Sub-article 5.8.

1.61 “Party” or “Parties” means Staatsolie and/or Contractor, as the case may be.

1.62 “Petroleum” means as the context requires, Crude Oil and/or Natural Gas.

1.63 “Petroleum Expenditures” means Exploration Expenditures, Operating Expenditures and Development Expenditures.

1.64 "Petroleum Expenditures Account" shall mean the account showing the charges and credits accrued as Petroleum Expenditures.

1.65 "Petroleum Field" means one (1) or more Petroleum Reservoirs, which have been identified by one (1) or more Exploration Wells or Appraisal Wells.

1.66 "Petroleum Law of 1990" means the law of March 6, 1991, Official Gazette 1991 No. 7 of the Republic of Suriname as amended in 2001.

1.67 "Petroleum Operations" means all activities (both in and outside the Republic of Suriname), relating to Exploration, Development and Production.

1.68 "Petroleum Reservoir" means a single continuous deposit of Petroleum in the pores of a formation, which has a single pressure system and does not communicate with other zones.

1.69 "Production" or "Production Operations" means all activities, up to the Delivery Point, other than Development Operations, performed in or outside Suriname during the Development and Production Period for the ongoing and continuous production, treatment, gathering, transport, storage and lifting of Petroleum and includes all works and activities connected therewith, including enhanced recovery operations such as recycling, recompression, pressure maintenance, treatment of discharged water, water flooding and abandonment.

1.70 "Profit Oil" means the Crude Oil remaining after deduction of Royalty and Cost Oil from Crude Oil produced and saved from the Contract Area and delivered to the Delivery Point, calculated in accordance with the provisions of Sub-article 13.7.

1.71 "Proven Reserves" are those quantities of Crude Oil which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known Petroleum Reservoirs and under current economic conditions, operating methods, and government regulations, as described in the "2007 Petroleum Resources Management System" adopted by the Society of Petroleum Engineers and the World Petroleum Congress, or as updated from time to time, and mutually agreed upon between Parties.

1.72 "Realized Price" shall mean the price of Crude Oil FOB, actually realized in freely convertible currency, at the Delivery Point.

1.73 "Royalty" means the fee or delivery in kind to the Republic of Suriname as described in Article 12.

1.74 "Signing Date" means the date on which the Parties sign this Contract.

1.75 "Site Restoration" means all activities required to return a site to its natural state or to render a site compatible with its intended future use by the Republic of Suriname, after cessation of and in relation to Petroleum Operations, and to repair any Environmental Damage to the extent reasonably feasible. These activities shall include, where appropriate, removal of equipment, structures and debris, pipelines, establishment of compatible contours and drainage, replacement of top soil, re-vegetation, slope stabilization, filling of excavations, or any other appropriate actions, consistent with good international petroleum industry practices.

1.76 "Sub-Contractor" means a natural person or legal entity, providing services to Contractor directly connected with and typically related to Petroleum Operations.

1.77 "Tax" or "Taxes" means all existing or future levies, duties, payments, fees, taxes or contributions payable to or imposed by any Government Authority.

1.78 "Work Program" means the annual plan for the conduct of Petroleum Operations, prepared in accordance with Article 8.

ARTICLE 2 SCOPE OF THE CONTRACT

2.1 Scope

This Contract is a production-sharing contract in accordance with the provisions contained herein. Its objective is the Exploration, Development and Production of Petroleum in the Contract Area by Contractor, carried out in consultation with and under supervision of the Operations Committee for the mutual benefit and profit of the Parties.

2.2 Grant of Exclusive Right

Staatsolie grants to Contractor the sole and exclusive right to conduct Petroleum Operations within the Contract Area. Except for the rights expressly provided for herein, this Contract shall not include rights for any activity other than Petroleum Operations.

Notwithstanding the above, upon thirty (30) Days prior notice to Contractor, Staatsolie shall have the right to obtain regional gravity, magnetic, geological and 2D seismic data for its own purpose during the term of the Contract, ensuring that this will not unduly interfere or unreasonably interrupt Contractors operations.

2.3 Petroleum Operations and Expenditures

Contractor is hereby exclusively designated to carry out Petroleum Operations in the Contract Area and shall be responsible for rendering the technical and operational services required for the management and performance of Petroleum Operations. In particular, but not by way of limitation, Contractor shall:

2.3.1 carry out all Exploration, Development, Production and Abandonment in the Contract Area;

2.3.2 bear all costs necessary for Exploration Operations;

2.3.3 if one or more Commercial Fields are established in the Contract Area, bear all costs for the Development and Production of such Commercial Fields, except if Staatsolie, at its sole option, decides to participate in such Development and Production pursuant to Article 11

2.3.4 be entitled to recover its Petroleum Expenditures from its share of any Petroleum produced from the Contract Area in accordance with Article 13; and

2.3.5 be entitled to Profit Oil from any Petroleum produced from the Contract Area in accordance with Article 13.

2.4 Sole risk

2.4.1 Exploration, Development and Production shall be carried out at the sole cost and risk of Contractor.

2.4.2 If no Commercial Field is established in the Contract Area, or if the Cost Oil is insufficient to fully reimburse Contractor in accordance with the terms of this Contract, Contractor shall bear its own loss and Staatsolie shall have no obligation to reimburse Contractor for such loss.

2.4.3 Notwithstanding anything to the contrary contained herein, and subject to the provisions of Article 39, nothing contained in this Contract shall be construed or interpreted to require Contractor to develop or produce or continue to produce Petroleum from a Commercial Field, which, in Contractor's opinion, does not provide it with an acceptable rate of return.

2.5 Approval for Cost Recovery

Staatsolie shall approve Petroleum Expenditures for Cost Recovery in accordance with the Accounting Procedure.

2.6 Other Rights

This Contract does not, and is not to be construed by either Party to create a partnership, joint venture or any other legal entity or structure between the Parties. Each Party shall be solely responsible for its own acts and omissions (and the acts and omissions of its employees, consultants, and agents). Neither Party shall have any authority to act for the other Party and no act of one Party shall bind the other Party to any third party.

ARTICLE 3 TERM OF THE CONTRACT

3.1 Term

This Contract shall remain in force for a term of thirty (30) Contract Years from the Effective Date or twenty five (25) years starting from the date on which the Operator has received written approval of the Development Plan of the first Commercial Field, whichever is the greater. The Contract may be extended upon mutual agreement of the Parties.

The term of this Contract shall be divided in one (1) Exploration Period and one (1) or more Development and Production Period(s), which shall not exceed the term of this Contract as set out in this Article.

3.2 Exploration Period

3.2.1 The Exploration Period shall be nine (9) years divided into three (3) phases as follows:

(i) Phase 1 of the Exploration Period shall have a duration of four (4) years commencing on the Effective Date of this Contract

(ii) Phase 2 of the Exploration Period shall have a duration of three (3) years immediately following phase 1.

(iii) Phase 3 of the Exploration Period shall have a duration of two (2) years immediately following phase 2.

3.2.2 Contractor shall have the right to withdraw from this Contract at the end of each phase of the Exploration Period, provided that, subject to Sub-article 5.6, the Minimum Work Obligations for such phase have been fulfilled, by notifying Staatsolie of its election, given pursuant to Sub-articles 5.2.1, 5.2.2 or 5.2.3, as applicable.

For the avoidance of doubt, there will be no mandatory relinquishment during the Exploration Period, provided however during any extension of the Exploration Period, relinquishments will be required in accordance with Article 9.

3.3 Extension of Exploration Period

In case of unforeseen delays which are not an event of Force Majeure, Contractor may, at least sixty (60) Days prior to the expiration of any phase of the Exploration Period, request Staatsolie to extend the duration of such phase for a maximum of one (1) Calendar Year in order to complete ongoing drilling operations, including logging and drill stem testing of wells. Approval of any such application shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, in the case of delays associated with drilling operations which are not part of the Minimum Work Obligations such application shall be granted.

For any Discovery made at any point during the Exploration Period, Contractor shall have the right to retain such Discovery and its resulting Discovery Area in order to Appraise and submit a Development Plan, all in accordance with Article 9. The Exploration Period of the resulting Discovery Area will be extended in order to complete such work.

3.4 Commercial Field during Exploration Period

If during the Exploration Period a Commercial Field has been determined pursuant to Article 9, the Exploration Period for that Commercial Field shall be terminated. Exploration Operations shall continue in the remaining portion of the Contract Area until the end of the Exploration Period, subject to ring fencing per Commercial Field.

3.5 Exploration in Development and Production Areas

During the entire term of this Contract, Contractor may conduct exploratory activities in all Development and Production Areas, at all depths and strata, until Contractor relinquishes these areas or this Contract is terminated. These exploration expenditures, which are the result of the above mentioned exploration activities, after expiration of the Exploration Period, shall not be cost recovered through existing Commercial Fields, but shall only be recoverable from production from the newly discovered reservoirs established as the result of such exploratory activities.

3.6 Development and Production Period

3.6.1 The Development and Production Period of a Commercial Field shall commence on the Date of Establishment of a Commercial Field and shall terminate at the expiration of this Contract.

3.6.2 If Production Operations in a Commercial Field are stopped during the Exploration Period, the Commercial Field shall continue to be part of the Contract Area to the end of the Exploration Period.

3.6.3 Contractor may, upon at least three hundred and sixty-five (365) Days prior notice to Staatsolie, elect to abandon a Commercial Field. Within one hundred eighty (180) Days of receipt of Contractor's notice, Staatsolie may, upon notice to Contractor, elect to assume responsibility for such field. In such case, Contractor shall, acting as a prudent Operator, transfer and deliver the Commercial Field and all associated facilities to Staatsolie in working order and as a going concern ("as is, where is") whereupon Contractor shall be released from all liability and responsibility accruing after such assignment.

3.6.4 When such transfer and delivery of a Commercial Field has taken place, a) the custody of the Abandonment Fund allocated to such Commercial Field and facilities in accordance with Article 29 shall transferred to Staatsolie and b) unrecovered costs associated with such field at the moment of transfer, will no longer be recoverable.

3.6.5 If Staatsolie fails to make an election within the one hundred and eighty (180) Day period or provides notice to Contractor that it does not wish to assume responsibility for the Commercial Field, Contractor may abandon the Commercial Field. In this case the Development and Production Area belonging to such Commercial Field will be relinquished, and abandoned in accordance with Article 29.

3.7 Further Agreement

On expiration of this Contract, the Parties shall negotiate the terms and conditions of a revised agreement with respect to the Contract Area or part of it, if they wish to continue Petroleum Operations. Failure to reach an agreement shall not give rise to a dispute and shall not be subjected to arbitration in accordance with Article 41 and marks the end of the Contract.

ARTICLE 4 LOCATION AND SIZE OF THE CONTRACT AREA

4.1 Location and Size

The Contract Area comprises 6176 square kilometers, as delineated in Annex 1 and by the coordinates set out in Annex 2.

4.2 Rights Granted

The Contract Area has been delimited for the purpose of determining the surface area for the conduct of Petroleum Operations; no rights to the soil or sub-soil or to any natural resources existing therein are granted to Contractor, except the rights expressly granted by this Contract and Applicable Law.

ARTICLE 5 MINIMUM EXPLORATION PROGRAM

5.1 Exploration Operations

Contractor shall commence Exploration Operations within ninety (90) Days of the Effective Date.

5.2 Work Obligations during the Exploration Period.

The Minimum Work Obligations of Contractor shall be as follows:

5.2.1 Exploration Period - Phase 1

The Minimum Work Obligations for phase 1 of the Exploration Period shall be as follows:

(i) reprocess all available 2D seismic data across Block 42;

(ii) Acquire, process and interpret at least one thousand and four hundred (1400) kilometer of 2D seismic data.

(iii) Acquire, process and interpret at least five hundred (500) square kilometer of 3D seismic data.

(iv) Conduct geological analysis and evaluation of the data in the Contract Area supplied to the Contractor pursuant to Sub-article 21.2.

At the end of phase 1 Contractor will have the option to enter into phase 2 or withdraw from the Contract and relinquish the Contract Area with no further obligations for either Party and will, at least sixty (60) Days prior to the end of phase 1, report its election to Staatsolie in writing.

5.2.2 Exploration Period - Phase 2

The Minimum Work Obligations for phase 2 of the Exploration Period shall be as follows:

(i) Drill at least one (1) Exploration Well in the Contract Area

(ii) Conduct geological analysis and evaluation of the data acquired by the Contractor in the Contract Area.

At the end of phase 2 Contractor will have the option to enter into phase 3 or withdraw from the Contract and relinquish the Contract Area with no further obligations for either Party and the Contractor shall, at least sixty (60) Days prior to the end of phase 2, report its election to Staatsolie in writing.

5.2.3 Exploration Period - Phase 3

The Minimum Work Obligations for phase 3 of the Exploration Period shall be as follows:

(i) Drill at least one (1) Exploration Well in the Contract Area

(ii) Conduct geological analysis and evaluation of the data acquired by the Contractor in the Contract Area.

Subject to Section 3.3, at the end of phase 3 Contractor shall either relinquish all of the Contract Area except Development and Production Areas and areas for which a declaration of a Commercial Field is pending before the Operations Committee or withdraw from the Contract and relinquish all of the Contract Area with no further obligations for either Party.

5.3 Minimum Work Obligation - Deemed Fulfilled

If Contractor has fulfilled the Minimum Work Obligations during a phase of the Exploration Period, the commitments for such phase of the Exploration Period shall be deemed completely fulfilled.

5.4 Minimum Work Obligations - Carried Forward

Work performed in excess of the Minimum Work Obligations during any phase of the Exploration Period shall be carried forward into subsequent phases of the Exploration Period. This work shall be credited against the Minimum Work Obligations of subsequent phases.

5.5 Exploration Operations

Staatsolie and Contractor agree that the Exploration Operations shall be determined by Contractor, at its sole discretion. Contractor shall inform Staatsolie in advance of its Exploration drilling schedule or program, or of any modifications thereof.

5.6 Drilling Problems - Well Obligation Deemed Fulfilled

If, during drilling of an Exploration Well and prior to reaching the targeted depth, drilling problems are encountered which, after all reasonable efforts (in accordance with good practices generally observed in the international petroleum industry) have been made to drill deeper, render further drilling of the said Exploration Well impossible, impractical or unsafe, Contractor may plug and abandon or complete the well and the work obligation for such well shall be deemed fulfilled.

5.7 Parent Company Performance Guarantee

On or before entering into any phase of the Exploration Period, Contractor shall provide Staatsolie with a Parent Company Performance Guarantee guaranteeing the execution of the Minimum Work Obligation, for the relevant phase as described in Annex 7.

5.8 Contractor's Obligation to Make Payment

5.8.1 Subject to Sub-article 3.3, if at the end of the relevant Exploration phase the Minimum Work Obligations for such phase of the Exploration Period have not been fulfilled, as set out in Article 5.2, Contractor or the Company that issued the Parent Company Performance Guarantee shall pay Staatsolie the difference between (i) and (ii) below:

(i) The estimated cost of the Minimum Work Obligation for each Exploration phase, are as follows:

For phase 1, US$ five (5) million;

for phase 2, US$ eight-five (85) million; and

for phase 3 US$ one hundred (100) million;

and

(ii) the Exploration Expenditures attributable to such phase of the Exploration Period, incurred by Contractor up to the date of the decision to withdraw was received by Staatsolie.

5.8.2 Subject to Sub-article 3.3, if the Minimum Work Obligations of any phase of the Exploration Period has not been fulfilled prior to the end of such phase, as determined in accordance with Article 5, Contractor shall be deemed to have withdrawn from the Contract at the end of such phase, and shall pay Staatsolie the amount calculated based on Sub-article 5.8.1

5.9 Withdrawal during Exploration Period

If Contractor elects to withdraw and has made the payment required by Sub-article 5.8, all its obligations under this Contract shall end and be deemed completely fulfilled, except for Site Restoration obligations of Contractor.

5.10 Completion of Minimum Work Obligations — Contractor Notice

5.10.1 Within sixty (60) Days following completion of the Minimum Work Obligations for each phase of the Exploration Period, Contractor shall notify Staatsolie that it has fulfilled the Minimum Work Obligations under Sub-article 5.2 regarding the respective phase of the Exploration Period.

5.10.2 Staatsolie will within thirty (30) Days of receiving such notice, confirm in writing that Contractor has fulfilled such Minimum Work Obligations of the relevant phase of the Exploration Period.

5.11 Completion of Minimum Work Obligations - Staatsolie Verification

5.11.1 If Staatsolie does not dispute in writing, within thirty (30) Days of Contractor's notice pursuant to Sub-article 5.10, that Contractor has fulfilled its Minimum Work Obligations with respect to such phase, Contractor shall be deemed to have completed its Minimum Work Obligations with respect to the relevant phase.

5.11.2 If Staatsolie does dispute in writing that Contractor has fulfilled its Minimum Work Obligations, such objections shall set forth the full details of Staatsolie's objections. Parties shall discuss disputes, which may arise as to whether or not the Minimum Work Obligations have been satisfied, in an effort to reach an amicable solution. Either of the Parties may refer the matter to dispute resolution, pursuant to Article 41, should they remain unable to agree.

ARTICLE 6 OPERATOR

6.1 General Standards of Conduct

6.1.1 The Operator shall carry out the Petroleum Operations diligently and in accordance with good international petroleum industry practice.

6.1.2 In particular, the Operator shall, in accordance with good international petroleum industry practice:

(i) ensure that all machinery, plants, equipment and installations used by the Contractor in connection with the Petroleum Operations are of proper and accepted construction and are well maintained;

(ii) use the resources of the Contract Area as productively as possible and prevent spills of Petroleum, mud or any other substances;

(iii) prevent damage to all (including adjacent) strata which bear petroleum or water;

(iv) adhere to all HSE practices as described in this Contract.

6.2 Operator

6.2.1 Kosmos is hereby designated to be the Operator and is responsible for the management, coordination, implementation and conduct of the day-to-day Petroleum Operations on behalf of the Parties under this Contract. There shall only be one (1) Operator at any given time. Only Contractor or one of the Contractor Parties shall be Operator. Staatsolie must consent to any changes in Operator, and such consent shall not be unreasonably withheld in the event of a competent replacement.

6.2.2 If Operator resigns or the Contractor Parties agree upon a replacement for Operator, it shall continue to serve as Operator in a temporary capacity until another Operator, agreed upon by the Contractor Parties, assumes its responsibilities. Parties agree to deal in good faith with one another in selecting a replacement Operator. In no event shall Operator be required to serve in a temporary capacity for more than twelve (12) consecutive months.

6.3 Responsibilities and Authority of Operator

The responsibilities of Operator shall be the management, and conduct of the day-to-day Petroleum Operations on behalf of Contractor Parties pursuant to Article 6, and all other functions as may be delegated to Operator by Contractor Parties. Operator may sub-contract specialist work as necessary for the conduct of Petroleum Operations.

6.4 Procedures

Operator shall adopt and implement all policies, procedures and operational practices required by Applicable Law and according to good international petroleum industry practices and which the Parties otherwise deem necessary for the conduct of Petroleum Operations in accordance with this Contract.

6.5 Status of Operator

Operator shall not receive any payments acting as Operator according to this Contract, except as otherwise provided in the Accounting procedure and any joint operating agreement which may be executed by Contractor Parties.

6.6 Operator

The books and accounts of Operator will record all financial flows or other transactions passing through Operator to the Contractor Parties in accordance with this Contract as though Operator did not exist as a commercial entity separately from its status as Contractor (or as a Contractor Party).

ARTICLE 7 OPERATIONS COMMITTEE

7.1 Operations Committee

7.1.1 In order to enable Staatsolie and Contractor to carry out Petroleum Operations in mutual cooperation at all times, Parties shall, within sixty (60) Days after the Effective Date, form an Operations Committee, consisting of three (3) representatives from each of Staatsolie and Contractor. Parties shall notify each other of the names of its representatives and alternates within the time prescribed above. The senior representative of Staatsolie shall be the chairperson of the Operations Committee. The duties of the chairperson shall include, without limitation, drafting of the agenda, presiding at meetings of the Operations Committee, establishment and maintenance of the minute books and coordinating communications between the Parties.

7.1.2 The size of the Operations Committee may be changed by mutual consent but shall not exceed a total membership of six (6). The Parties may replace their representatives or alternates. The names of the replaced representatives and alternates shall be communicated to the other Party at least three (3) days prior to a meeting of the Operations Committee. Consultants and/or advisors may accompany the representatives to the meetings of the Operations Committee. Such representatives, consultants and advisors shall have no voting rights and shall be subject to the confidentiality restrictions of Article 22.

7.1.3 Reasonable and documented, direct costs associated with the Operations Committee meetings shall be borne by the Contractor and eligible for Cost Recovery. The chairperson of the Operations Committee may, on behalf of Staatsolie, submit to Operator documented invoices for such direct costs and Operator shall make appropriate payment within 30 days.

7.2 Voting

7.2.1 Staatsolie and Contractor shall each have one (1) undivided vote to cast on any matter submitted to the Operations Committee for approval. For this purpose, both Staatsolie and Contractor shall give notice to each other, specifying the identity of the Authorized Representative, which may be changed by written notice to the other Party.

7.2.2 Subject to Sub-article 7.8, all decisions required by this Contract to be made by the Operations Committee shall require the unanimous vote of both Staatsolie and

Contractor. Any approval by the Operations Committee shall be deemed to be an approval by Staatsolie to the extent such approval is required by this Contract or Applicable Law.

7.2.3 Regarding matters on which agreement cannot be reached, on the basis of sound and reasonable arguments brought by each Party, the Operations Committee shall attempt to resolve the matter in good faith. However, if the Operations Committee fails to reach a decision on disputed matters, then either Party may agree to refer such matter to determination by independent experts, according to Sub-Article 41.5 or may refer such matter to arbitration according to Sub-Articles 41.1 and 41.2.

7.2.4 A quorum of the Operations Committee shall, for regular meetings, consist of at least two (2) representatives from each of Staatsolie and Contractor, including the respective Authorized Representatives.

7.2.5 Proposal(s) other than those of Work Program(s) and Budget(s) shall be considered rejected if no action is taken by the Operations Committee within thirty (30) Days of receipt of Contractor's proposal(s). To the degree possible, and if acceptable to the Parties, all undisputed portions of the proposal shall be approved and promptly take effect.

7.3 Meetings

7.3.1 Unless otherwise agreed by the Parties, the Operations Committee shall meet two (2) times per Calendar Year beginning in 2012 in Paramaribo, Suriname or another mutually accepted venue.

7.3.2 Additional meetings of the Operations Committee may be called by either Party as deemed necessary, with at least twenty (20) Days prior notice to the other Party, which period may be waived by mutual agreement of the Parties, specifying the proposed agenda, time and venue of the meeting.

7.3.3 If urgent action is required, additional meetings shall be convened whenever necessary and on such notice as deemed reasonable under the circumstances. If time is of the essence, a matter may be decided by the Operations Committee through a telecommunication meeting confirmed by facsimile, or emailed PDF.

7.4 Attendance at Meetings

All regular meetings shall be attended in person by at least two (2) representatives from each Party. Additional meetings shall be attended by at least one (1) representative from each Party. A maximum of one (1) representative of a Party unable to attend a regular meeting and any representative of a Party unable to attend an additional meeting in person, may attend by

teleconference or phone, so long as he or she can be heard by all attendees and can hear all discussion during the meeting. If the Authorized Representative attends a meeting by teleconference or phone, his or her voice vote shall be confirmed in writing, and immediately sent to the chairperson either by courier, emailed PDF or by facsimile.

7.5 Written Response in Lieu of Meeting

Subject to a Party's right to call an additional meeting, when one Party is of the opinion that an action of the Operations Committee can be taken without holding a meeting, the Authorized Representative of that Party shall give written notice to that of the other Party providing sufficient information to permit the other Party to determine whether to agree to such action. All such notices shall clearly state the proposed action and contain a place for the Authorized Representative of each Party to sign the notice approving the action. Failure of the other Party to respond in writing within twenty (20) Days of receiving such notice shall be deemed a rejection of the proposed action by the receiving Party. The signed original(s) of all such notices approved by the Parties under this Sub-article shall be placed in the minute books of the Operations Committee.

7.6 Agenda and Minutes

Operator and Staatsolie, through the chairperson, shall be responsible for preparation of the draft agenda and supporting documents for each meeting of the Operations Committee. Responsibility for taking and distribution of minutes will be assigned by the chairperson at the start of the meeting. A copy of all minutes shall be distributed to each representative within ten (10) Days following the meeting. Within thirty (30) days of receipt, all minutes shall be reviewed and either initially approved or corrected and the chairperson advised thereof. The minutes shall then be considered for formal approval at the next Operations Committee meeting after their distribution.

7.7 Responsibilities during entire Contract Period

Subject to Sub-articles 7.8 and 7.9, the Operations Committee shall provide policy and general guidance regarding operations under the Contract. Such policy and guidance shall include:

7.7.1 supervision of Petroleum Operations carried out by Contractor in accordance with the Work Programs and Budgets;

7.7.2 Approve if Petroleum Operations are adequately insured at a reputable international insurance company and in case of world-wide insurance to approve the premium if is pro rata shared;

7.7.3 approval for disposal of Material and Equipment from Contractor as described in the Accounting Procedure;

7.7.4 review of audited accounts of Petroleum Operations;

7.7.5 approval of training programs and projects aimed at the community at large in accordance with Article 32 and amounts budgeted for such programs;

7.7.6 establishing subcommittees for matters within the jurisdiction of the Operations Committee;

7.7.7 approval of the boundaries of each Development and Production Area;

7.7.8 approval of Development Plans;

7.7.9 approval of plans and budgets for operations relating to secondary recovery and the enhancement of Production;

7.7.10 approval of expenditures in excess of the amount provided in the Budget, concerning Development Operations and Production Operations, subject to the provisions of Article 8;

7.7.11 all other functions which may be expressly delegated to the Operations Committee by agreement of the Parties.

7.8 Responsibilities during Exploration Period

Except where it is specifically stated that Staatsolie shall approve a proposal, the function and responsibility of the Operations Committee during the Exploration Period shall be to review and advise on the Exploration Operations of Contractor. Such review and advice shall include:

7.8.1 review and advice on Contractors budget and work program and operations

7.8.2 review of Contractor's Appraisal report on the commerciality of a Petroleum Field.

7.9 Responsibilities during Development and Production Period

During the Development and Production Period(s), the function and responsibility of the Operations Committee shall be to review, comment on and approve, Petroleum Operations of

Contractor. Such review, advice and approval shall not be will be unreasonably withheld shall include:

7.9.1 approval of work programs and budgets in accordance with Article 8.4;

7.9.2 approval of the adjustment and modifications of approved Development Plans;

7.9.3 review of operational activities.

7.10 Communication to Operations Committee

All documents and communication intended for the Operations Committee should be addressed to the chairperson of this committee.

ARTICLE 8 CONDUCT OF OPERATIONS, WORK PROGRAM AND BUDGET

8.1 General Obligations Contractor

Contractor shall be responsible for the conduct of the Petroleum Operations. Contractor shall carry out the Petroleum Operations in the Contract Area diligently, expeditiously, efficiently, and with the objective to economically maximize the ultimate recovery of Crude Oil and Natural Gas from the Commercial Field(s) in accordance with good international petroleum industry practice, and in consultation with or after approval of, as applicable, the Operations Committee, pursuant to Sub-articles 7.7, 7.8 and 7.9.

8.2 Initial Work Program and Budget

Contractor shall, within ninety (90) Days after the Effective Date, submit to the Operations Committee for its review and comment, in accordance with Sub-articles 7.7 and 7.8, a Work Program and Budget for the Exploration Operations for the remainder of the first Calendar Year of the Exploration Period. If the Effective Date is less than one hundred thirty-five (135) Days before the end of the first Calendar Year, Contractor shall submit a Work Program and Budget for the Exploration Operations for the remainder of the first Calendar Year and the subsequent Calendar Year of the Exploration Period.

8.3 Annual Work Program and Budget

8.3.1 Exploration

Contractor shall submit to the Operations Committee for its review and advisement in accordance with Sub-articles 7.7 and 7.8, a Work Program and a Budget for the subsequent Calendar Year at least ninety (90) Days before the commencement of each Calendar Year. Submission of the Work Program(s) and Budget(s) shall not be considered a decision by Contractor to enter the subsequent phases of the Exploration Period in accordance with Sub-article 5.2.

During the Exploration Period, the Work Program(s) submitted by Contractor for each Calendar Year shall be accompanied by an indicative schedule for operations for the remainder of the then current phase of the Minimum Work Obligations accordance with Article 5.

8.3.2 Development and Production

Contractor shall submit for review and approval a Work Program and Budget for each Commercial Field for each Calendar Year to the Operations Committee at least ninety (90) Days prior to the commencement of such Calendar Year. Notwithstanding the foregoing, for activities related to Exploration Operations conducted during a Development and Production Period shall be submitted in accordance with Sub-article 8.3.1.

8.4 Review and Approval of Work Program and Budget

8.4.1 After the submission of each Work Program and Budget in accordance with Sub-article 8.3, the Operations Committee will meet within thirty (30) Days and Operator will explain the proposed Work Program and Budget. The Parties shall review and either i) advise (for Exploration Operations) or ii) approve, propose modifications to, or reject the proposed Work Program and Budget (for Development Operations or Production Operations) in accordance with Sub-article 7.8 and 7.9 as appropriate.

8.4.2 Following review and consideration of any modifications of the Work Program and Budget proposed by Staatsolie, the Contractor shall, within fifteen (15) Days of the proposed changes, re-submit the final Work Program and Budget for the subject Calendar Year.

8.4.3 For Work Programs and Budgets related to Exploration Operations, the Work Program and Budget re-submitted as described in Sub-article 8.4.2 shall be deemed final.

8.4.4 For Work Programs and Budgets related to Development Operations or Production Operations, within fifteen (15) Days following the receipt of the re-submitted Work Program and Budget as described in Sub-article 8.4.2, Staatsolie shall notify the Contractor of its Operations Committee vote of approval or rejection of the re-submitted Work Program and Budget and, if a vote of rejection, propose modifications with detailed reasons for such modifications. In the case that Staatsolie fails to respond to the re-submitted Work Program and Budget within fifteen (15) Days from its receipt thereof, the resubmitted Work Program and Budget shall be deemed approved by the Operations Committee.

8.4.5 In the event that Staatsolie rejects such re-submitted Work Program and Budget as described in Sub-article 8.4.2, the Contractor may either accept the modifications to the Work Program and Budget proposed by Staatsolie or refer its re-submitted Work Program and Budget to Expert Determination in accordance with Sub-article 41.5. The decision of the expert shall be limited to approval or rejection of the Work Program and Budget submitted by the Contractor. Pending receipt of the final decision of the independent expert, the

Contractor shall have the right (but not an obligation) to continue operations in any manner that is not inconsistent with Staatsolie's proposed modifications to the Work Program and Budget.

8.5 Modifications to Work Program and Budget

8.5.1 During the Exploration Period and for any subsequent Exploration, Contractor shall implement the Work Program and Budget that was reviewed by the Operations Committee. Modification to or revision of the details of such a Work Program and Budget may be conducted at the discretion of Contractor. Contractor shall inform the Operations Committee in advance of these modifications or revisions.

8.5.2 For Development Operations and Production, Contractor shall implement the Work Program and Budget approved by the Operations Committee. Modification or revision of the details of the Work Program or Budget is permitted subject to the following:

8.5.2.1 For approved Development Operations and Production Operations, Operator may incur expenditures in excess of those in the Budget, but not exceeding the greater of ten percent (10%) of the total expenditure approved for a line item under an applicable annual Budget or five million US Dollars (US$5,000,000) in a total annual Budget. In such cases, Operator shall report in writing any such overexpenditure to the Operations Committee within fourteen (14) Days after the overexpenditures are known to Operator.

8.5.2.2 In case of emergency, Operator may incur expenditures necessary for prudent Operations. Operator shall report such expenditures to the Operations Committee in accordance with Sub-Article 8.5.2.1. Unless such emergency is due to Gross Negligence or Willful Misconduct on the part of Operator, such expenditures shall be approved by the Operations Committee, and shall automatically be included in the approved Budget.

8.5.3 The aggregate of excess expenditures made under Sub-articles 8.5.2 shall not exceed ten percentages (10%) of the expenditures authorized in the approved Budget. If Operator is of the opinion that a necessary expenditure would result in exceeding the limits set forth above, Operator shall justify this expenditure to the Operations Committee and shall obtain its approval therefore. The provisions of Sub-article 8.4.2 shall apply mutatis mutandis. In case of operational imperatives requiring such approval in a shorter timeframe, Parties shall endeavor to complete the approval process within such shorter time frame. Excess expenditures shall become part of the approved Budget after approval by the Operations Committee.

ARTICLE 9 COMMERCIALITY

9.1 Discovery and Appraisal Notifications

9.1.1 If Petroleum Operations carried out by Contractor result in a Discovery, Contractor shall inform Staatsolie within twenty four (24) hours of such Discovery, followed by a notification within thirty (30) Days of the Discovery (the "Discovery Notice"), including all technical information data and interpretations available and the delineation of the Discovery Area.

9.1.2 As soon as possible after the analysis of the data and information from such Discovery but no later than one hundred (100) Days from the date of the Discovery Notice, Contractor shall by further notice inform Staatsolie whether or not in the opinion of Contractor the Discovery merits appraisal and if Contractor indicates that the Discovery does merit Appraisal shall simultaneously submit its Appraisal program.

9.1.3 Where Contractor indicates, within one hundred (100) Days from the Date of the Discovery Notice, that the Discovery does not merit Appraisal, Contractor shall, unless otherwise agreed between Contractor and Staatsolie and subject to Sub-Article 3.2, surrender the Discovery Area corresponding to such Discovery, and forfeit any rights relating to Development and Production there from.

9.1.4 The Operations Committee shall review and provide advice on the Appraisal work program to be carried out by Contractor in respect of such Discovery. The Operations Committee shall provide any proposed modifications within thirty (30) Days of receipt of Contractor's proposal. Contractor will consider such modifications and re-submit the final Appraisal work program within thirty (30) Days of receipt such proposed modifications.

9.2 Assessment of Commerciality

9.2.1 Contractor shall commence the Appraisal work program, which may include conducting studies, within thirty (30) Days from the date of its final submission to the Operations Committee or otherwise the Discovery Area shall be relinquished, except as set out in Sub-Article 3.2.

9.2.2 Contractor shall assess the commerciality based on the production rates designed to maximize the ultimate recovery of Crude Oil (maximum efficient rate) from the Commercial Field in accordance with good and prudent petroleum industry practices and field conservation principles, and in accordance with the Appraisal work program which may be submitted to the Operations Committee for modification, from time to time in accordance with Sub Article 9.1.4 to incorporate new information, interpretations, data and technology.

9.2.3 Contractor shall have a period of two (2) years from the date of final submission of the Appraisal work program to complete the Appraisal work program. If all agreed Appraisal activities under the Appraisal work program have been completed within this time and the results of those activities indicate that further Appraisal is necessary to optimize Development, then Contractor may request that Staatsolie approve a six (6) month extension on the basis of an agreed work program. Approval of such request shall not be unreasonably withheld.

9.3 Date of Declaration of a Commercial Field

Within ninety (90) Days upon completion of the Appraisal work program Contractor shall submit to the Operations Committee a declaration of a Commercial Field. Failure to submit said declaration and subject to Sub-Article 3.2, results in surrender of the Discovery Area. The date on which Contractor has submitted to the Operations Committee the declaration of a Commercial Field shall be "Date of Declaration of a Commercial Field".

9.4 Appraisal Report

9.4.1 Contractor shall submit to the Operations Committee a detailed Appraisal report for such the Discovery Area, no later than ninety (90) Days following the completion of the Appraisal work program. Such report shall include all available technical and economic data relevant to a determination of potential commerciality. To the extent such data is available, this report shall include, but not be limited to:

a. geological and geophysical conditions;

b. areal extent, thickness and depth of pay zones; pressure, volume and temperature of the reservoir fluid;

c. Crude Oil and Natural Gas reserve estimates;

d. fluid characteristics, including, gravity, sulfur percentage, sediment and water percentage of the fluid;

e. anticipated production performance

f. an assessment of the commerciality of the field

9.5 Development Plan

9.5.1 No later than two hundred and ten (210) Days after the Date of Declaration of a Commercial Field, Contractor shall, with respect to each Commercial Field, submit a Development Plan to the Operations Committee for approval. The Development Plan shall include, but not be limited to:

a. all relevant maps;

b. a general description of the techniques and equipment for development;

c. a description of proposed cooperation with Staatsolie;

d. a description of the goods, labor and services to be acquired from the Republic of Suriname in compliance with Article 32;

e. an Environmental Impact Assessment, conform Annex 5B, describing the possible environmental effects of the Petroleum Operations of the Development Plan;

f. a description of the technical and economic feasibility of optional methods of Development, including the impact of EOR techniques;

g. where any Petroleum Field(s) extend beyond the Contract Area, a suggested unitization or joint development plan;

h. a project work program and project budget including an estimate of the abandonment costs.;

i. an outline of financing the Development of the Commercial Field;

j. a calculation of proven, probable and possible Petroleum reserves;

k. a time line for Development Work leading to production and

l. a production profile for the Commercial Field, based upon production rates that ensures optimal ultimate recovery in accordance with best petroleum industry practice;

m. the Delivery Point

n. the Work Program and Budget for the first year of Development Operations and Production Operations.

o. the surface outline of the area in which Development Operations and Production Operations will be conducted ("Development and Production Area")

9.5.2 Copies of all studies regarding the proposed Development Plan shall be submitted both in paper and in digital format to the Operations Committee.

9.6 Rejection of Development Plan

The Operations Committee has one hundred (100) Days of its receipt decide whether it approve or reject the Development Plan. . In the event that the Operations Committee fails to approve the proposed Development Plan, the objecting Party shall provide arguments for its rejection. Contractor may submit a revised Development Plan for the same Commercial Field no later than sixty (60) Days after the date of notice of such rejection of the previously proposed Development Plan. If Contractor does not submit the revised Development Plan within sixty (60) Days of receipt of such notice, it will lose all rights related to that Commercial Field and shall relinquish that part of the Contract Area containing such Commercial Field, except as provided in Sub-Article 3.2.

9.7 Failure of Approval of Development Plan

9.7.1 In the event the Operations Committee fails to approve the re-submitted Development Plan within thirty (30) Days of its receipt, Parties will meet within the following thirty (30) Days to seek a mutually acceptable solution, which may include amendments to the Development Plan.

9.7.2 If Parties have not reached a mutually acceptable solution within such thirty (30) Days, Contractor may withdraw the Development Plan. If not withdrawn, either Party shall have the right to refer such proposed Development Plan to an independent expert in accordance with Sub-article 41.8. The period pending resolution by the independent experts shall be considered Force Majeure, pursuant to Article 33.

9.8 Petroleum Discovered after Declaration of a Commercial Field

The discovery of Petroleum after the Date of Declaration of a Commercial Field, outside but nearby the delineated area of such Commercial Field and not included in a submitted Development Plan, shall either be considered an expansion of an existing Petroleum Field or a new Petroleum Field, to be decided with regard to each Commercial Field by Contractor using good international petroleum industry standards. Any dispute between the Parties

regarding the above may be submitted by either Party for resolution by expert determination in accordance with Sub-Article 41.7.

9.9 Unitization

9.9.1 If the recoverable reserves of a Commercial Field extend into adjacent Contract Area(s), Staatsolie may require the respective contractors to co-operate in producing Petroleum from such Commercial Field.

9.9.2 If Staatsolie so requires, the Contractor shall, in co-operation with the contractor of the adjacent area, submit within six (6) months of receiving Staatsolie's request, unless otherwise agreed, a proposal for the joint exploitation of the deposits, for the approval of Staatsolie, such approval not to be unreasonably withheld.

9.9.3 If the proposal is not submitted or approved, Staatsolie may prepare its own proposal, in accordance with good international petroleum industry practice, for the joint exploitation of the recoverable reserves. Staatsolie's proposal, unless another proposal is mutually agreed, shall be adopted by the Contractor, subject to Sub-Article 9.9.4, and subject to the adjacent contractor's acceptance of the same proposal. The reasonable costs of preparing the proposal shall be divided between the Contractor and the adjacent contractor proportional to their respective reserves in such Commercial Field.

9.10 Joint Operations

Where otherwise non-commercial volumes of Petroleum in the Contract Area would, if exploited together with deposits in an area adjacent to the Contract Area, be commercial, Staatsolie may require Contractor and the contractor of that adjacent area to share facilities.

9.11 Sole risk operations by Staatsolie

Where the Contractor does not consider that a Petroleum Field warrants declaration of a Commercial Field in accordance with Sub-Article 9.4, Staatsolie may, subject to Sub-Article 9.5, at its sole risk, cost and expense, develop the Discovery. Once the area is relinquished by Contractor, Staatsolie may then establish a Development and Production Area and perform its own Petroleum Operations at its sole risk.

ARTICLE 10 PETROLEUM EXPENDITURES

Petroleum Expenditures shall be paid in accordance with Work Program(s), Budget(s) and the provisions of the Accounting Procedure, as follows:

10.1 Exploration Expenditures

All Exploration Expenditures shall be paid by Contractor.

10.2 Development Expenditures

All Development Expenditures with respect to each individual Commercial Field shall be paid by Contractor.

10.3 Operating Expenditures

All Operating Expenditures with respect to each individual Commercial Field shall be paid by Contractor.

10.4 Cost Recovery

Development Expenditures, Operating Expenditures and Exploration Expenditures shall be cost recoverable pursuant to Article 13, subject to Sub-article 3.5.

ARTICLE 11 PARTICIPATION OF STAATSOLIE

11.1 Right of Participation

Staatsolie has the right to participate in the Development Operations and Production Operations of each Commercial Field on a Commercial Field by Commercial Field basis, such right to be exercised by notice to Contractor no later than three hundred and sixty (360) Days after the Date of Establishment of such Commercial Field and failure to exercise such right shall be deemed an election not to participate in the Development Operations and Production Operations.

11.2 Percentage of Participation

11.2.1 Staatsolie's participation may be in any percentage it wishes, but not more than ten percent (10%);

11.2.2 Staatsolie shall, automatically upon its election to participate in accordance with Sub-article 11.1, become a Contractor Party. Staatsolie, as a Contractor Party, shall bear its share of all Operating Expenditures and Development Expenditures related to the Commercial Field in which it elects to participate as from the Date of Establishment of such Commercial Field. Within ninety (90) Days of its election date, Staatsolie shall pay to Operator its share of all Operating and Development Expenditures incurred by Contractor since the Date of Establishment of a Commercial Field. If Staatsolie is in default of the above payment obligation the provisions in 11.2.3 will apply.

11.2.3 If Staatsolie elects to participate, Staatsolie and Contractor shall promptly attempt to conclude a mutually acceptable joint operating agreement based on the then current AIPN model form, or, in case of an existing joint operating agreement among the Contractor Parties, will promptly attempt to conclude a mutually acceptable amendment, whereby Staatsolie would become a party to such agreement. Included in the joint operating agreement will be terms which allow Contractor to take and sell up to one hundred percent (100%) of Staatsolie's Cost Oil and seventy-five percent (75%) of Staatsolie's participating interest share of Profit Oil, in order to pay the amount then due from Staatsolie in the event that Staatsolie does not pay its participating interest share of costs within thirty (30) days of the date of receipt of any joint billing statement. Any excess funds received by Contractor for Staatsolie's entitlement in excess of the amounts due from Staatsolie will be refunded to Staatsolie within 30 days of receipt of such funds by Contractor.

11.3 Assistance in Obtaining Financing

Contractor shall provide reasonable assistance in the form of introductions and the like, as may be requested in writing by Staatsolie, to Staatsolie's efforts to procure financing for its participation, provided that Contractor shall not be required to contribute financially to or be responsible for Staatsolie obtaining such financing.

ARTICLE 12 ROYALTY

12.1 Pursuant to the lifting procedure of Sub-article 13.9, Contractor shall, on Staatsolie's instructions, deliver to Staatsolie at the Delivery Point six and one quarter percent (6.25%) of the Gross Production as Royalty.

12.2 If taken in cash, the amount of the Royalty payment obligation shall be based upon the Market Price calculated in accordance with Article 14 and be paid per Calendar Month.

12.3 Contractor shall be released from and indemnified by Staatsolie for any obligation for payment to any Government Authority of any Royalty referenced in Article 65 of the Mining Decree or in any other law, decree, regulation or order in existence as of the Effective Date or any time thereafter during the term of this Contract.

ARTICLE 13 COST REIMBURSEMENT AND PAYMENT TO CONTRACTOR

Reporting on costs, revenues and production shall be on a monthly basis. Settlement of obligations of Contractor and Staatsolie under this Article will be on a quarterly basis.

13.1 Ownership of Petroleum

13.1.1 In accordance with the Mining Decree, the Petroleum Law of 1990 and Article 5 of Decree E-8B, Petroleum produced and saved and not used in Petroleum Operations or re-injected shall belong to Staatsolie.

13.1.2 Crude Oil shall be distributed from the Contract Area in the sequence and quantities determined in this Article. Contractor Parties and Staatsolie each have the right and obligation to separately take, dispose of, market and freely sell their share of Crude Oil according to this Article 13.

13.2 Operating Expenditures

After delivery of Royalty in accordance with Article 12, Contractor will be entitled to an amount of Crude Oil from the Commercial Field which, when valued at the Market Price, equals the Operating Expenditures of such field in such Calendar Quarter and carried forward pursuant to Sub-article 13.6.

13.3 Development Expenditures

After delivery of Royalty in accordance with Article 12 and reimbursement of Operating Expenditures in accordance with Sub-article 13.2, Contractor shall be entitled to an amount of Crude Oil from the Commercial Field which, when valued at the Market Price, equals the Development Expenditures for such field carried forward pursuant to Sub-articles 13.5 and 13.6.

13.4 Exploration Expenditures

After delivery of the Royalty in accordance with Article 12, and reimbursement of Operating Expenditures in accordance with Sub-article 13.2 and Development Expenditures in accordance with Sub-article 13.3, Contractor (excluding Staatsolie) shall be entitled to an amount of Crude Oil from the Contract Area, which, when valued at the Market Price, equals the Exploration Expenditures and those carried forward pursuant to Sub-articles 13.5 and

13.6. Exploration Expenditures which are attributable to a Commercial Field shall be reimbursed by that Commercial Field.

13.5 Cost Recovery Oil - Percentage of Production

In any Calendar Quarter the amount of Crude Oil distributed in accordance with Sub-articles 13.2, 13.3 and 13.4 shall not exceed eighty percent (80%) of Gross Production after all Royalties have been paid, denoted as the Cost Oil ceiling.

13.6 Carry Forward

The amounts of unrecovered Operating Expenditures, Development Expenditures and Exploration Expenditures that cannot be reimbursed from Cost Oil pursuant to Sub-article 13.5, shall be carried forward for recovery in the succeeding Calendar Quarter(s) until fully recovered or this Contract terminates.

13.7 Profit Oil

After distribution of the amounts of Crude Oil as required pursuant to Article 12 and Sub-articles 13.2, 13.3 and 13.4, any remaining Crude Oil (i.e. Profit Oil) produced from the Commercial Field shall be distributed between Contractor and Staatsolie as a function of the value of the "R" factor defined herein. The R-factor shall be calculated for each Commercial Field on a Calendar Quarterly basis. Because the precise value for the R-Factor for a Calendar Quarter cannot be determined with certainty until after the end of that Calendar Quarter, allocation of Profit Oil with respect to such Calendar Quarter shall be made on a prospective basis during such Calendar Quarter based upon the Contractor's good faith estimates of the information required in the calculation of the R-Factor pursuant hereto. Any adjustments to such provisional R-Factor following the end of such Calendar Quarter shall be settled pursuant to the procedures agreed by the Parties in the Lifting Procedures, and such final R-Factor will be applied retrospectively to the Profit Oil allocations of the Parties. The R-Factor shall be equal to the cumulative gross revenue minus the cumulative Royalty minus cumulative income tax, divided by cumulative Petroleum Expenditures on a Commercial Field basis. Subject to the above, the R-factor shall be applied to Profit Oil produced during the relevant Calendar Quarter in calculating the Crude Oil to which each Party is entitled.

$$R = \frac{\text{(cumulative gross revenue – cumulative royalty-cumulative income tax)}}{\text{(cumulative petroleum expenditures)}}$$

For purposes of this calculation:

"cumulative gross revenue" means the total value of all Gross Production from the Effective Date to end of the respective Calendar Quarter, with Gross Production being valued at the Market Price.

"cumulative royalty" means 6.25% of the cumulative gross revenue;

"cumulative income tax" means the total of all income taxes calculated as the tax rate multiplied by total Profit Oil from both Contractor and Staatsolie's share related to this Commercial Field, from the Effective Date to the end of the respective Calendar Quarter; and

"cumulative petroleum expenditures" means the sum of all recoverable Petroleum Expenditures related to the Commercial Field from the Effective Date to the end of the respective Calendar Quarter.

R-Factor slice	Staatsolie Share	Contractor Share
0-1.00	15%	85%
>1.00-1.25	20%	80%
>1.25-1.50	25%	75%
>1.50-1.75	30%	70%
>1.75-2.00	45%	55%
>2.00-3.00	60%	40%
>3	75%	25%

13.8 Transfer of Title

Title to the Crude Oil and Natural Gas, which Contractor is entitled to in accordance with this Contract, shall be transferred to Contractor at the Delivery Point.

13.9 Lifting Procedures

Not later than one-hundred and twenty (120) Days prior to the anticipated Date of Initial Commercial Production, the Parties shall enter into supplementary contracts concerning Crude Oil transfer of title, lifting procedures and delivery, lifting and tanker schedules, loading conditions, Crude Oil metering, statistics and classification of the lifting responsibility. If such contracts are not agreed by all within the time period specified, the

Parties agree to use the AIPN Model Crude Oil Lifting Agreement to govern such activities until such a time as an alternative lifting agreement may be agreed

ARTICLE 14 MEASUREMENT AND VALUATION OF PETROLEUM

14.1 Measurement

14.1.1 The Contractor shall recommend sampling, measuring and testing equipment, and procedures for controlling measurement of Crude Oil produced to the Operations Committee for approval. Such recommendations shall include Measurement Procedures and an appropriate cycle of testing and calibration of equipment.

14.1.2 Operator shall give written notice to Staatsolie fourteen (14) Days prior to any testing and calibration by Operator of the appliances used in the measurement and determination of the quality and quantity of Petroleum. Staatsolie, at its cost and risk, shall be entitled to have witnesses present at such testing and calibration.

14.1.3 Where the appliances used in connection with Petroleum measurement have caused an overstatement or understatement of production, the error shall be presumed to have existed since the date of the last calibration of such appliance, unless proven otherwise. Operator shall appropriately correct the error by:

a) amending the volume of the Petroleum delivered in the relevant period; and

b) adjusting the entitlements of each Party to take into account the correction.

14.1.4 Petroleum produced from each Commercial Field shall be measured at the Delivery Point.

14.2 Production Forecast

No later than sixty (60) Days prior to the Date of Initial Commercial Production and thereafter before the beginning of each Calendar Quarter, Contractor shall present a production forecast to Staatsolie. The forecast will estimate Gross Production for the next four (4) Calendar Quarters on a Commercial Field by Commercial Field basis, based on the production rates designed to maximize the ultimate recovery of Crude Oil (maximum efficient rate) from the Commercial Field in accordance with good and prudent petroleum industry practices and field conservation principles. Contractor shall give due consideration to any comments or recommendations made by Staatsolie in respect of such forecast. Contractor shall use reasonable efforts to produce the forecasted quantity each Calendar Quarter.

14.3 Market price

The Market Price of Crude Oil shall be equal to the Realized Price or the Crude Oil Basket Price as determined in accordance with Sub-article 14.4 at the time of sale, whichever is highest. If the Crude Oil Basket price is higher than the Realized Price and the difference is equal to or greater than US$ fifty-cents (US$ 0.50), then the Market Price shall be determined by the Operations Committee. In the event the Operations Committee cannot resolve the issue within seven (7) Days, the Market Price to be used pending final resolution of the issue shall be the Realized Price plus US$ fifty-cents (US$ 0.50). Additionally, any adjustment made pursuant to this Sub-Article 14.3 shall not be counted as an adjustment under Sub-Article 14.4.4.

14.4 Crude Oil Basket

14.4.1 Staatsolie and Contractor shall, at least six months before the projected start-up date of a Commercial Field, agree upon the Basket. In the event Staatsolie and Contractor have been unable to determine the Basket within such period, the Basket will be determined through expert opinion in accordance with Sub-Article 41.5, at least two months prior to the projected startup date of such Commercial Field. The Crude Oil Basket price shall be the average price of the Basket as determined from the prices of the representative crude oils in the Basket as published by a mutually acceptable independent oil publication. If said publication or any adequate succeeding publication ceases to be published, Staatsolie and Contractor must agree in writing on a substitute publication. It is understood that the following principles shall apply with respect to calculation of the value of the Basket:

(a) The representative crude oils to be included in the Basket shall differ less than four (4) degrees API and the sulfur content thereof shall be less than one percent (1%) different to that of the Crude Oil of the relevant Commercial Field

(b) The price of each representative crude oil in the Basket shall be adjusted for difference in API gravity, sulfur content and other pertinent characteristics.

14.4.2 If Staatsolie and Contractor cannot agree to the above corrections, as set out in Sub-Article 14.4.1(b), six (6) Months before the projected start-up date of a Commercial Field, Staatsolie and Contractor shall revert to expert determination in accordance with Sub-article 41.5 for determination of the corrections. Such determination will be reached at least two (2) Months prior to the projected start-up date of a Commercial Field.

14.4.3 In the absence of a quotation of one (1) or more of the agreed representative crude oils in the Basket, or to reflect changes in the Crude Oil produced, Staatsolie and Contractor shall meet to agree on a replacement representative crude oil for the Basket.

14.4.4 The Basket may be revised periodically but no more than once each Calendar Quarter within the three (3) years following the start-up date of a Commercial Field and no more than once during a Calendar Year thereafter, if required, by written agreement between Staatsolie and Contractor to reflect any change in the quality of the Crude Oil produced from the Contract Area or if one of the oils in the Basket is no longer representative in accordance with Sub-article 1.12.

14.4.5 Each Party shall notify the Operator of the volumes, prices, sales dates, points of sale for all its transactions, whether Arm's Length Transactions or transactions not in conformity with the market (or "not determined by market forces"), as well as the Market Price of Crude Oil (as specified in Sub-article 14.3), within fifteen (15) Days before the end of such Calendar Month. Operator shall promptly give Staatsolie and any other Contractor Parties notice of the volumes and Market Price for each transaction. If any Party objects to Market Price of such transaction, within thirty (30) Days of such notice to Staatsolie, such Market Price shall be determined by expert determination in accordance with Sub-Article 41.5.

14.5 Notwithstanding the foregoing, the Parties may, if mutually agreed in writing, review and, if necessary, adjust or renegotiate this Article 14, one (1) Calendar Year after the commencement of Production Operations, provided however, that this Article 14 shall remain in full force and effect until otherwise agreed in writing.

ARTICLE 15 FOREIGN CURRENCY AND BANKING

15.1 Bank Accounts in Suriname

Contractor shall be authorized to open and hold bank accounts in Suriname denominated in foreign currencies for the conduct of Petroleum Operations

15.2 Bank Accounts General

Contractor shall be responsible for reporting any deposits and withdrawals in respect of the foreign currency accounts to the Central Bank of Suriname in accordance with the Law of Suriname.

15.3 Foreign Currencies

No restriction will be imposed on importation by the Contractor of the funds intended for the performance of the Petroleum Operations. The flow of incoming and outgoing funds (investment and dividends) shall comply with the laws of Suriname, including with the country's monetary authorities.

15.4 Purchase or Exchange of Suriname Dollars

Suriname Dollars shall be purchased by Contractor from The Central Bank of Suriname or a local commercial bank. The applicable conversion rate for these transactions shall be the rate published by the Central Bank of Suriname for conversion of the US Dollar into Suriname Dollars at the time of purchase.

15.5 Export Profit Oil and Cost Oil

In accordance with the Petroleum Law of 1990, and subject to the provisions of Article 19, Contractor shall be entitled to freely export all of its share of Cost Oil and Profit Oil from Suriname and sell, assign or otherwise transfer such Crude Oil in or outside Suriname, and record and retain in Foreign Currency Accounts, all sales proceeds as income without restriction. With the exception of the statistics and consent duties, no further export duty, stamp duty, or other provision fee or tax will be levied against Contractor or due in connection with the export of Crude Oil.

15.6 Information for Foreign Exchange Commission

Contractor shall be subject to the Foreign Exchange Act of 1947 as amended from time to time and, in accordance with the provisions thereof, shall submit to the Foreign Exchange Commission at the commission's request, all information the commission deems necessary. Notwithstanding the foregoing, in case of any conflict between the provisions of the Petroleum Law of 1990 and the provisions of the Foreign Exchange Act of 1947, the provisions of the Petroleum Law of 1990 shall prevail.

ARTICLE 16. PAYMENTS

16.1 Currency of Payments to Staatsolie and the Republic of Suriname

All cash payments of Contractor to Staatsolie or the Republic of Suriname shall be in US Dollars or, if agreed by the Parties, any other currency, all in accordance with Article 2.3, to a bank account to be designated in writing by Staatsolie or the Republic of Suriname, as appropriate.

16.2 Currency of Payments to Contractor

All cash payments of Staatsolie to Contractor shall be made in US Dollars or, if agreed by the Parties, any other currency, all in accordance with Article 2.3, to a bank account to be designated in writing by Contractor.

16.3 Due Date of Invoices

Unless otherwise provided elsewhere in this Contract or in the Accounting Procedure, all payments shall be made within thirty (30) Days after receipt of the invoice for such payments.

16.4 Interest on Overdue Payments

Any overdue payment shall bear an interest equal to LIBOR, plus five percentage points (5%), per annum.

16.5 Payment of Disputed Payment Obligations

If the Owing Party disputes an amount due, including payments in kind, under an invoice or other documented obligation to pay under this Contract, it shall, within the payment period of the invoice or other documented obligation to pay, inform the Invoicing Party in writing of its objection, setting forth with specificity the amount disputed and the reasons therefore. If Parties fail to amicably resolve the dispute, either Party may seek arbitration in accordance with Sub-Article 41.2. Notwithstanding the above, in the event the Parties execute a joint operating agreement ("JOA") in accordance with Sub-Article 11.2.3, the payment terms agreed under the JOA will govern payments of cash calls and joint interest billings issued by Operator to the Parties."

ARTICLE 17. IMPORTS

17.1 Import and Export Duties

Contractor, and its Sub-Contractors, shall be exempted from import and export duties in accordance with the Petroleum Law of 1990. The waiver described herein shall not apply to items listed in Annex 6.

17.2 List of Sub-Contractor(s)

Contractor shall, twice every Calendar Year, submit to Staatsolie a list of Sub-Contractors who are engaged in its Petroleum Operations.

17.3 Withdrawal of Import and Export Duties Exemption

If Contractor or its Sub-Contractors sell or transfer ownership of imported goods to a party other than the Government, Staatsolie or another exempt third party, then Contractor or its Sub-Contractors shall be liable to pay all duties, taxes and levies on such goods imported under the exemption provided by this Contract. The duties, taxes and levies payable shall be calculated on the CIF value of the goods at the day of import, as determined by the Surinamese customs authority.

17.4 Re-Export of Imported Goods

Industrial means, materials, goods and equipment imported by Contractor or its Sub-Contractors pursuant to this Article may be re-exported by Contractor or its Sub-Contractors, provided that the terms and conditions of this Article have been complied with.

17.5 Household Objects for Expatriate Employees

Household objects for personnel and domestic use imported by the Contractor's, Operator's and their Sub-Contractors' Expatriate Employees relevant to activities concerning Petroleum Operations on the occasion of their change of residence will be admitted duty-free, provided however that such property is imported for the sole use of the Expatriate Employee and his family and have been imported within six (6) months after the arrival of the Expatriate Employee. Items imported under this Article and exempt from custom duties may be exported without the payment of custom duties.

ARTICLE 18 TAXATION

18.1 General

Each Contractor Party shall pay its own income tax in accordance with Sub-article 18.2. In addition, except as otherwise provided for in the Petroleum Law of 1990 and the Mining Decree, each Contractor Party shall be subject to all fees, imposts, charges or Taxes imposed by a Government Authority to the extent they are generally applicable in Suriname and not discriminatory to Contractor. For the purposes of this Article 18, "generally applicable" shall mean of general application to the citizenry or business community of Suriname as a whole and shall not include Taxes which are focused on Petroleum Operations and not generally applicable in this industry.

18.2 Income Tax

Each Contractor Party will be subject to the Income Tax Act of 1922 (Government Bulletin of 1921 no. 112, as last amended by State Decree of 1995 no. 52) and the Petroleum Law of 1990. Subject to the preceding, the income tax calculation will take into account the follow revenues and expenses:

Revenues:

(a) the value of each Contractor Party's share of Cost Oil and Profit Oil according to Article 13; and

(b) all other income of Contractor Party derived from Petroleum Operations properly included in gross income under Applicable Law, related to or as a consequence of this Contract and referenced in the applicable rulings issued by the Tax authorities, drafts of which are attached as Annex 9.

Expenses:

(a) each Contractor Party's share of Cost Oil, and

(b) expenditures, related to or as a consequence of this Contract, by Contractor which are not subject to Cost Recovery. These will be treated in accordance with the Income Tax Act of 1922 and as referenced in the applicable rulings issued by the Tax authorities, drafts of which are attached as Annex 9.

18.3 Payment

All Taxes payable by Contractor or a Contractor Party shall be paid and all Tax returns shall be calculated and filed in US Dollars or currency as agreed in Article 2.3. Losses or credits for income tax purposes may be carried forward in accordance with Applicable Law.

18.4 Stabilization

18.4.1 A Contractor, pursuant to the Income Tax Law of 1922 (Government Gazette 1921 no. 112, as lastly amended by Official Gazette 2000 no. 123), shall be subject to Income Tax pursuant to the rates applicable on the date that the petroleum agreement enters into force. In case the tax rates are adjusted, such adjustment shall not be applicable to the Contractor and shall have no influence on his liability to pay taxes pursuant to the Income Tax Law of 1922.

18.4.2 If any additional impositions of, or changes in the existing Tax, Royalty, Applicable Law, or any other legislation, policies, rules or regulations in Suriname, from and after the Signing Date, which are not of a general nature and not applicable to the general public, have the effect of adversely impacting the rights and exemptions of Contractor or adversely impacting Contractor's economic benefit in the Contract, the economic terms of the Contract shall be modified in order to maintain the economic equilibrium of this Contract so that Contractor shall receive the same economic benefit as before such imposition or change.

ARTICLE 19 DOMESTIC SUPPLY REQUIREMENT

19.1 Supply by Government and Staatsolie

Domestic Supply Requirement shall, to the extent possible, be supplied from the entitlements of the Government and Staatsolie under this Contract, and from other entitlements of the Government and any entity owned or controlled by the Government.

19.2 Supply by Contractor

If Crude Oil available to the Government and Staatsolie pursuant to Sub-article 19.1 is insufficient for fulfilling the Domestic Supply Requirement, at any time, at least twelve (12) Calendar Months after the Date of Initial Commercial Production, Staatsolie may request in writing that Contractor make available a quantity of Crude Oil to which Contractor is entitled hereunder. Beginning with its first such request, and every thirty (30) Calendar Days thereafter, Staatsolie shall include data indicating the total production from each contract area then producing within Suriname. In response to such request, Contractor shall supply at the Delivery Point from the Contractor's entitlement, that portion of the Domestic Supply Requirement, in excess of the entitlements of the Government and Staatsolie described in Article 19.1, on a pro rata basis with other crude oil producers except Staatsolie, in Suriname, but not exceeding twenty-five percent (25%) of Contractor's entitlement, which portion shall be offered for sale at the Market Price. Contractor's obligations to fulfill this obligation shall take effect ninety (90) Days from the date of the request from Staatsolie. If the request from Staatsolie is the result of Force Majeure conditions, which do not permit Staatsolie to wait until such quantities become available following expiry of Contractor's long-term commitments, Staatsolie shall reimburse Contractor its actual costs incurred in covering such commitments.

19.3 Payment for Purchased Crude Oil

If the request for deliveries from Contractor is the result of a Force Majeure event under Sub-article 19.2, Staatsolie shall settle the payment in cash within sixty (60) Days from the date of delivery, otherwise payment to Contractor shall be made in accordance with Article 16. In all events that Staatsolie fails to pay any amount owed to Contractor for received Crude Oil when due, Contractor shall have the right to take and sell such quantity of Staatsolie's Profit Oil in satisfaction of any unpaid balance.

ARTICLE 20 NATURAL GAS

20.1 Use of Associated Gas

Associated Gas produced in the Contract Area shall in first instance be utilized for conducting Petroleum Operations, including but not limited to secondary recovery operations, re-pressuring and recycling, and power generation.

20.2 Excess Associated Gas

20.2.1 Associated Gas in excess of amounts used pursuant to Sub-article 20.1 shall be designated as excess Associated Gas. If Contractor considers the excess Associated Gas not to be economic, Staatsolie shall have the right to collect, transport and utilize this excess Associated Gas at its sole cost and risk. In that case, the Parties shall mutually agree on the operational aspects of Staatsolie's utilization of such Gas. Production of such excess Associated Gas shall not hinder Contractor's operations in any way.

20.2.2 Contractor is not allowed to flare excess Associated Gas, except in the event it cannot be sold or re-injected in accordance with Sub-articles 20.2.3 or 20.2.4.

20.2.3 If Contractor considers the Development of excess Associated Gas to be economic, then Contractor shall include the Development of such excess Associated Gas in the Development Plan submitted for the Development of Crude Oil.

20.2.4 Contractor shall re-inject into the subsurface any excess Associated Gas, which is not developed under this Sub-article 20.2, subject to international petroleum standards and Staatsolie's explicit permission; provided that Contractor is not required to re-inject any excess Associated Gas if such re-injection would, in Contractor's opinion, cause damage to the reservoir or negatively effect the efficiency of production of Crude Oil or the ultimate recovery of Crude Oil.

20.3 Discovery of Significant Non-Associated Gas

20.3.1 In the event of the Discovery of significant amounts of non-Associated Gas Staatsolie and Contractor shall meet as soon as practicable to consider how such Discovery may be appraised, developed and produced. They shall consider whether a market exists for the non-Associated Gas and how such market may be supplied.

20.3.2 If no market exists at the time of Discovery of non-Associated Gas, the Parties shall consider how a market may best be created and the Contractor shall have the right to

retain the Discovery Area for a period not exceeding five (5) Calendar Years beyond the expiry of the Exploration Period while a market is being created.

20.4 Non-Associated Gas Addendum

Within ninety (90) Days of the Discovery of a significant amount of non-Associated Gas, which in the written opinion of Contractor may be commercial, the Parties shall initiate negotiations for an addendum to this Contract for non-Associated Gas ("Addendum"), which shall establish the procedures and conditions by which Contractor may Appraise, develop and produce such Discovery. The principles for the Addendum shall be the same as those for Crude Oil, but the terms may be negotiated in order to make such Discovery not less profitable to Parties than would be realized in a Discovery of Crude Oil of a similar magnitude. The Addendum shall include, among others, provisions to:

a) govern the orderly Appraisal, Development and Production of such Discovery;

b) determine the expected market price for natural gas in relation to its location, volume and potential customers;

c) address Staatsolie's direct participation; and

d) address cost reimbursement and payment to Contractor

The provisions of the Addendum shall result in a similar profit split to that for Crude Oil under this Contract.

20.5 Disagreement on Non-Associated Gas

If, following the process set out in this Article 20, Contractor does not agree that the resulting terms of the Addendum support the commercialization of the Discovery, then subject to Sub-Article 3.2, Staatsolie shall have the right to develop and produce the non-Associated Gas. In such event, Contractor shall relinquish its rights to that part of the Contract Area that contains the non-Associated Gas Discovery, and such relinquishment shall be limited both geographically and stratigraphically in order for Contractor to explore either deeper or shallower zones. Contractor shall in this event be reimbursed for all expenditures connected with the Discovery of the non-Associated Gas, in accordance with Article 13, as if such costs were Exploration Expenditures described in Sub-Article 13.4.

20.6 Failure to agree on the terms of Addendum

If the terms of the Addendum have not been agreed to within one (1) Calendar Year from the start of negotiation referenced in Sub-article 20.4, the Parties shall refer the matter to a

mediator. The mediator shall be a person with an internationally recognized reputation as mediator and have knowledge of the international petroleum industry. If the Parties fail to appoint the mediator within thirty (30) Days after the expiry of such period, either Party may have such mediator appointed by the Secretary General of the Permanent Court of Arbitration at The Hague. The Parties shall use their best endeavors to reach an amicable solution with respect to the negotiation of the Addendum through mediation.

20.7 Extension of the Term of the Exploration Period during Addendum Negotiation

In the event of a non-Associated Gas Discovery, the Exploration Period for the Discovery Area shall automatically be extended, at the end of the Exploration Period, by such period of time as it may take for the Parties to mutually agree to the Addendum and for Contractor to Appraise the Discovery, and for the Government to provide its final approval for such addendum. During any such extension, Exploration Operations shall be limited to such area delineated by the Discovery of non-Associated Gas. The remaining Contract Area shall be relinquished as required by this Contract.

20.8 Crude Oil Priority

Notwithstanding the foregoing provisions of this Article 20, the Production of Crude Oil shall not be unduly delayed or hindered by any evaluation or indecision with regard to the possible Development of a Discovery of Associated Gas or Non-associated Gas.

ARTICLE 21 INFORMATION

21.1 Reports, Data and Information from Contractor

In accordance with good international petroleum industry practice, Contractor shall keep Staatsolie promptly and fully informed of Petroleum Operations being carried out by it and it's sub-contractors and shall promptly, and if feasible in real time, provide Staatsolie with all data, samples, information, interpretations and reports, including progress and completion reports, which are related to this Contract, and which shall include, but not be limited to:

21.1.1 raw and processed seismic data and interpretations thereof including digital horizon files, velocity models used for depth conversion in formats specified by Staatsolie;

21.1.2 well data, including, but not limited to, daily drilling reports, electric logs and other wire line surveys, mud logging reports and logs, samples of cuttings and cores and analyses made thereof;

21.1.3 all reports prepared from drilling data, geological or geophysical data, including all maps or illustrations derived there from in formats specified by Staatsolie;

21.1.4 all original well completion and well testing reports;

21.1.5 reports dealing with location surveys and all other reports regarding wells, treating plants or pipeline locations;

21.1.6 reports dealing with reservoir investigations and reserve estimates s, field outlines and economic evaluations relating to current and future Petroleum Operations;

21.1.7 quarterly reports on Petroleum Operations as determined by the Operations Committee or requested by the Government;

21.1.8 final reports upon completion of each specific project or operation; contingency programs and reports dealing with health, safety, and the environment

21.1.9 design drawings, criteria, specifications and construction records;

21.1.10 reports of technical audits and studies relating to Petroleum Operations;

21.1.11 reports of all other technical data relevant to the performance of Petroleum Operations in the Contract Area; and

21.1.12 all reports which may be required by the Accounting Procedure or which may be requested by Staatsolie and are otherwise required by the terms of this Contract.

21.1.13 All audit reports issued in accordance with the Accounting Procedure regarding the Petroleum Operations and its accounting.

Upon approval by Staatsolie, Contractor may cease submitting any or all of the above items and maintain them for the review by Staatsolie in its files in Paramaribo, Suriname.

Files may be maintained in electronic form, provided that the files can timely be printed, and originals of scanned documents can be presented, upon request of Staatsolie.

21.2 Reports, Data and Information from Staatsolie

Staatsolie shall make available to Contractor all technical data and information in its possession or under its control, relating to the Contract Area and relevant to the performance of Petroleum Operations by Contractor. This information shall include but not be limited to, seismic data and all logs and records of wells, well cuttings, samples, cores, sidewall cores, and oil samples regarding the Contract Area. However, Staatsolie shall not be obliged to disclose data and information which it is unable to release due to confidentiality restrictions in force and in effect at the time of Contractor's request for this technical data and information.

21.3 Ownership of Data

21.3.1 All original and copied data and samples collected by Contractor during Petroleum Operations shall be the property of Staatsolie. Contractor may export, use and retain the collected data and the samples outside Suriname and shall, on behalf of Staatsolie and in furtherance of Petroleum Operations, manage the use of such data, subject to the provisions of this Article. Contractor shall initially be responsible to store all samples and data and shall inform Staatsolie of their location. Notwithstanding the foregoing, Staatsolie shall have the option to relocate and store a copy of all data and, if practicable, part of the samples at its own cost.

21.3.2 Prior to the destruction of any data or samples, Contractor shall notify Staatsolie and Staatsolie may elect to further store or relocate the data and samples, at its cost. During the Term of this Contract, Parties shall have access to all data and samples.

21.3.3 On termination of this Contract, Contractor shall turn over all original and copied data, samples and information obtained during or in relation to its Petroleum Operations in Suriname still in its possession to Staatsolie, provided that Contractor may retain its evaluation materials which shall remain the property of Contractor.

21.3.4 Contractor shall maintain accounting records, returns, books and accounts as required under the Accounting Procedure and shall be entitled to retain and use at least one (1) copy of all data for any purpose during the term of this Contract and after this Contract's termination, so long as Contractor complies with its confidentiality obligations set forth in Article 22.

21.4 Annual Reports

No later than ninety (90) Days following the end of each Calendar Year, Contractor shall submit to Staatsolie a report covering Petroleum Operations performed in the Contract Area during such Calendar Year. Such report shall include but not be limited to:

21.4.1 a statement of all wells drilled, the summary of each such well, and a map on which drilling locations are indicated;

21.4.2 a statement on any Petroleum encountered during Petroleum Operations, as well as a statement of any fresh water layers encountered;

21.4.3 a statement of quantities of Petroleum, water and any significant quantities of other minerals produced therewith from the same reservoir or deposit;

21.4.4 a summary of the nature and extent of all Exploration Operations in the Contract Area;

21.4.5 a general summary of all Petroleum Operations in the Contract Area;

21.4.6 a statement of the number of employees engaged in Petroleum Operations in Suriname, identified by nationality to the extent providing such information does not cause Contractor to violate any laws to which it is subject;

21.4.7 a statement on the estimated Petroleum reserves remaining to be recovered and the underlying analysis related to this statement; and

21.4.8 a summary of the disposals or sales pursuant to Sub-article 27.5.

ARTICLE 22 CONFIDENTIALITY

22.1 Confidentiality of Information and Data

22 .1.1 Each Party agrees that all information and data of a technical, geological or commercial nature, acquired or obtained from and/or related to Petroleum Operations on or after the Effective Date and not (i) in the public domain; (ii) already known to each Party or its respective Affiliates as of the Effective Date; (iii) acquired independently from a third party who has the right to disseminate such information at the time it is acquired by either Party or an Affiliate of such Party; (iv) developed by a Party or is respective Affiliates wholly independently of the information and data received from a disclosing party; or (v) otherwise legally in the possession of such Party without restriction on disclosure, shall be considered and kept confidential (subject to Contractor's right to use and to trade such data and information in accordance with this Article 22), and shall not be disclosed, sold, offered to any third party or published, except:

(a) to employees, officers and directors of each Party, and to an Affiliate of each Party and its respective employees, officers and directors, provided such Affiliate maintains confidentiality as provided in this Contract;

(b) to any Government Authority when required by this Contract;

(c) to the extent such data and information are required to be furnished in compliance with Applicable Laws, or pursuant to any legal proceedings or because of any order of any court binding upon a Party or its Affiliates;

(d) subject to Sub-article 22.1.3, to potential Sub-Contractors, consultants and attorneys contracted by any Party where disclosure of such data or information is essential to such Sub-Contractor's, consultant's or attorney's work;

(e) subject to Sub-article 23.1.3, to a bona fide prospective transferee of all or a portion of a Party's participating interest (including an entity with whom a Party is conducting bona fide negotiations directed toward a merger, consolidation or the sale of a majority of its or an Affiliate's shares);

(f) subject to Sub-article 22.1.3, to a bank or other financial institution or entity to the extent appropriate to a Party's arranging for funding or proposing to fund for its obligations under this Contract, including any consultant retained by such bank, financing institution or entity;

(g) to the extent such data and information must be disclosed pursuant to any laws, rules, orders, decrees or requirements of any government or stock exchange having jurisdiction over such Party or its Affiliates;

(h) where any data or information which, through no fault of a Party, becomes a part of the public domain;

(i) to the arbitrators, in accordance with Article 41; or

(j) to the extent such data and information are required to be furnished in connection with any unitization of all or part of the Contract Area.

22.1.2 Each Party shall take customary precautions to ensure that such data and information on Petroleum Operations are kept confidential by its respective employees, officers, directors, consultants, agents or other parties to whom each Party is responsible.

22.1.3 Prior to any disclosure not otherwise permitted in this Article, the disclosing Party must obtain a written undertaking from the recipient third party to keep the data and information strictly confidential from other third parties, with exceptions similar to those set out in Sub-article 22.1.1 and with the conditions that the data and information not to use or disclose the data and information except for the express purpose for which disclosure is to be made.

22.1.4 Subject to Sub-article 22.1.6, the confidentiality obligations of the Parties shall terminate:

(a) on the termination of this Contract

(b) as to data from areas relinquished, on the date of such relinquishment: or

(c) as to data associated with portions of the Contract Area retained beyond the termination of the Exploration Period, on the termination date of this Contract; or

(d) as to data associated with areas not relinquished, five (5) Years from the date of collection of such data or the termination of the Exploration Period, whichever is soonest.

22.1.5 Any Contractor Party ceasing to own a participating interest in this Contract, during the term of this Contract, shall nonetheless remain bound by the obligations of confidentiality set forth above and any disputes shall be resolved in accordance with Article 41.

22.1.6 Notwithstanding the provisions of Sub-article 22.1.4 of this Contract, the confidentiality obligations of Contractor with respect to geological, geophysical data and information acquired or obtained from and related to Petroleum Operations shall remain in force and effect throughout the life of the Contract and a period of ten (10) Calendar years thereafter.

22.2 Disclosure in Annual Reports etc.

Notwithstanding any other provisions in this Article 22, each Contractor Party may make disclosures in annual reports, all regulatory filings related to corporate securities (including, but not limited to, annual and quarterly reports) press releases, employee and stockholder newsletters, magazines and the like, of summarizations of a general nature relating to Petroleum Operations, which are customarily or routinely described or reported in such publications.

22.3 Right to Use

22.3.1 No Party shall make available to any third parties any technology, including patent information or proprietary know-how, acquired from any other Party without the written consent of such other Party.

22.3.2 Subject to Sub-Article 22.1, any Party has the right to freely use all geological, geophysical, reservoir, engineering, drilling engineering, facilities engineering, and project data and information regarding the Contract Area for other petroleum activities in and outside Suriname.

ARTICLE 23 INSPECTIONS

23.1 Inspections

Staatsolie shall, during business hours, and with reasonable notice to Contractor, have the right of access, at Staatsolie's sole risk, to all sites and offices of Contractor in Suriname and the right to inspect all buildings, facilities and installations used by Contractor and to inspect and audit the books and accounts of Contractor relating to Petroleum Operations. In this regard, Contractor shall provide facilities to a reasonable number of duly authorized representatives of Staatsolie to perform their duties and obligations in relation to this Contract. All costs for providing such facilities incurred by Contractor during the Exploration Period and Development and Production Period, shall be subject to Cost Recovery in accordance with Article 13. All representatives of Staatsolie shall abide by the posted or published safety rules of Contractor during such inspections and audits. To the extent possible, such inspections and audits shall take place at such times and in a manner as not to unduly interfere with the normal operations of Contractor. The Parties shall attempt to limit the inspections and audits provided for herein to a reasonable number.

ARTICLE24 SAFETY AND ENVIRONMENTAL PROTECTION

24.1 General HSE requirements

24.1.1 It shall be Contractor's continuing responsibility to ensure that personnel of Contractor and their Sub-contractors are fit for employment.

24.1.2 The Contractor is responsible for providing and obtaining appropriate medical and emergency assistance and shall have a sufficient number of certified first aiders on the worksite.

24.1.3 All relevant Contractor's personnel shall be trained in survival and fire fighting in accordance with good oilfield practice.

24.1.4 Contractor shall work together with Staatsolie in the execution of a Staatsolie contingency plan should the need arise to put it into effect

24.2 Conduct of Operations

24.2.1 Contractor shall conduct Petroleum Operations in an expedient, diligent, safe and efficient manner in accordance good international petroleum industry practice and standards adopted by the Surinamese authorities currently International Finance Corporation's Environmental, Health, and Safety Guidelines for Offshore Oil and Gas Development and International Finance Corporation's Policy on Social & Environmental Sustainability and shall take all reasonable actions in accordance with said standards to protect people, environment and property.

24.2.2 Contractor shall comply and be accountable for Sub-Contractor compliance at all times with all Applicable Law requirements, as well as any HSE standards and rules agreed between the Parties.

24.2.3 Contractor shall keep Staatsolie and relevant Government Authorities informed, without delay, of any circumstances which may indicate a dangerous situation and execute the appropriate measures consistent with safety rules and good international petroleum industry practices to correct this situation. Contractor shall keep Staatsolie informed, without delay, of any serious bodily injury occurring with respect to or in the conduct of Petroleum Operations.

24.2.4 Contractor's HSE standards will contain but not be limited to:

a) Environmental Baseline Studies

b) Environmental Impact and Social Assessments

c) Ongoing Environmental Monitoring

d) Environmental Management Plans

e) Contingency Plans

24.2.5 In the event of an emergency or major accident, Staatsolie shall, at its sole discretion and at Contractor's request, make available to Contractor such equipment and personnel as it has reasonably available to assist Contractor in any emergency situation. Contractor shall reimburse Staatsolie all of its reasonable costs associated with such assistance.

24.3 Disposal of Waste and Completion of Wells

Contractor shall provide an effective and safe system for disposal of water, waste oil and other waste, consistent with good international petroleum industry practice and shall provide for the safe completion of all bore holes and wells before they are abandoned in accordance with Article 29.

24.4 Prevention of Damage to Environment and Health

Contractor shall, in carrying out its responsibilities under this Contract, use all prudent efforts to:

24.4.1 avoid any actions, which could endanger the health and safety of persons;

24.4.2 minimize Environmental Damage;

24.4.3 control the flow and prevent the avoidable waste of Crude Oil and Natural Gas discovered in or produced from the Contract Area;

24.4.4 prevent damage to Crude Oil, Natural Gas and fresh water bearing strata; and

24.4.5 prevent the entrance of extraneous water through boreholes and wells to Crude Oil, Natural Gas and fresh water-bearing strata, except for the purpose of secondary recovery.

24.5 Clean-up of Pollution

If in spite of Contractor's prudent conduct of Petroleum Operations, damage to environment or health occurs, Contractor shall promptly take all prudent measures to control and clean up the pollution, or to remediate, to the extent reasonably feasible, or to compensate and mitigate any material damage resulting from such circumstances. The cost of such control, clean-up, remediation and/or compensation and mitigation activities shall be borne by Contractor, and shall be subject to Cost Recovery unless due to the Gross Negligence or Willful Misconduct on part of Contractor or failure to adhere to the standards of Sub-article 6.1.

24.6 Decommissioning and Abandonment

Contractor shall be liable and shall bear the cost and expenses for all claims, damages or losses arising out of or related to Environmental Damages resulting from suspended and abandoned wells and other facilities for a period of five (5) Calendar Years following the relinquishment of a portion of the Contract Area or the relinquishment of a Development and Production Area that includes such wells or facilities unless Contractor can demonstrate that the pollution and damages are caused by acts of nature or by actions or omissions of others.

24.7 Clean-up by Staatsolie

If Contractor does not act promptly to control, clean up, remediate or compensate and mitigate any Environmental Damage referenced in Sub-article 24.5, Staatsolie may, after reasonable notice to Contractor take any actions and execute any works necessary thereto. All reasonable direct costs and expenses incurred by Staatsolie, including all penalties and claims, shall be borne by Contractor and shall be subject to Cost Recovery, unless due to Gross Negligence or Willful Misconduct on the part of Contractor.

24.8 Conditions Prior to Effective Date

Contractor shall not be responsible and shall bear no cost, expense or liability for claims, damages or losses arising out of or related to any environmental pollution and other damage to the environment, health and safety condition or problems which it did not cause, including but not limited to those in existence prior to the Effective Date of this Contract.

24.9 Water Source Usage

Contractor shall have the right to use available water sources in the Contract Area for Petroleum Operations, which usage shall not interfere with the rights of other water users in the Contract Area, and provided that Contractor conducts such Petroleum Operations consistent with the international petroleum industry standards, norms and practices concerning water.

ARTICLE 25 INSURANCE, LIABILITIES AND INDEMNITIES

25.1 Insurance

Contractor shall provide all insurance and cause its Sub-Contractors to provide all insurance with respect to Petroleum Operations, of the types and for such amounts customarily used in the international petroleum industry for similar operations. Such insurance cover shall include but not be limited to:

25.1.1 Loss or damage to all installations, equipment and other assets for so long as they are used in the Petroleum Operations.

25.1.2 Sudden and unintentional pollution caused in the course of the Petroleum Operations for which Contractor would be liable;

25.1.3 Property loss, damage or bodily injury suffered by any employee or third party or death of any employee or third party in the course of the Petroleum Operations, for which Contractor would be liable;

25.1.4 If Contractor elects not to maintain, or cause its Sub-Contractors not to maintain, insurance for any particular activity in connection with the Petroleum Operations, then Contractor or the Sub-Contractor, as applicable, shall be deemed to have elected to self-insure.

25.2 Insurance Coverage

Contractor has the freedom to select its insurance provider. Contractor shall submit for approval to the Operations Committee copies of certificates of insurance confirming any insurance providing coverage with respect to Petroleum Operations or procured pursuant to Sub-article 25.1, including but not limited to the identity of the insurers, types and amounts of coverage limits. Contractor shall also provide to the Operations Committee information regarding applicable deductibles, premiums paid and changes to coverage.

25.3 Liability for Damages

25.3.1 Where a Contractor consists of more than one Contractor Party their liability shall be joint and several.

25.3.2 Contractor is liable for any loss or damage resulting from the Gross Negligence or Willful Misconduct of Contractor, of Contractor's Sub-Contractors or their employees, acting

in the scope of their employment in the performance of Petroleum Operations, or any other persons for whom Contractor is responsible with regard to Petroleum Operations.

25.4 Indemnity for Personnel

Notwithstanding the other provisions of this Contract:

25.4.1 Contractor shall release, indemnify and hold harmless: Staatsolie and its Affiliates and their respective consultants, agents, employees and directors against all losses, damages, liabilities, costs and expenses arising under any claim, demand, action or proceeding against Staatsolie or its Affiliates or their respective consultants, agents, employees or directors for the personal injury, industrial illness or death or the loss/damage of personal property of any of Contractor's employees or for the loss or damage to any personal property of any of Contractor's employees when such loss, damage or liability arises out of or in connection with Contractor's performance or nonperformance of this Contract, regardless of the fault or negligence, in whole or in part, of any legal entity, individual or party.

25.4.2 Staatsolie shall release, indemnify and hold harmless Contractor and its Affiliates and their respective consultants, agents, employees and directors against all losses, damages, liabilities, costs and expenses arising under any claim, demand, action or proceeding against Contractor or its Affiliates or their respective consultants, agents, employees or directors for the personal injury, industrial illness or death or the loss/damage of personal property of any of Staatsolie's employees or for the loss or damage to any personal property of any of Staatsolie's employees when such loss, damage or liability arises out of or in connection with the performance or nonperformance of this Contract, regardless of the fault or negligence, in whole or in part, of any legal entity, individual or party.

25.5 Indemnity during Petroleum Operations

Subject to and expressly limited by Sub-articles 25.3, 25.4 and 25.6, Contractor shall release and indemnify Staatsolie and its Affiliates and their respective consultants, agents, employees and directors from, and hold harmless Staatsolie and its Affiliates against all losses, damages, liabilities, costs and expenses arising under any claim, demand, action or proceeding instituted against Staatsolie or its Affiliates or their respective consultants, agents, employees or directors for any death, expense, injury, liability, loss or damage of any kind incurred or sustained in connection with or arising out of the activities of Contractor or its Sub-Contractors in respect of Petroleum Operations under this Contract.

25.6 Indemnity for Surrendered Areas and Staatsolie Operations

Staatsolie shall release and indemnify Contractor and its Affiliates and their respective consultants, agents, employees and directors from, and hold harmless Contractor and its Affiliates against all losses, damages, liabilities, costs and expenses arising under any claim, demand, action or proceeding instituted against Contractor or its Affiliates or their respective consultants, agents, employees or directors arising out of or in any way connected with any injury, death or damage of any kind sustained in connection with or arising from:

25.6.1 any audit or inspection undertaken by Staatsolie; and

25.6.2 activities related to any portion of the Contract Area surrendered by Contractor and any use of any equipment or assets, and/or the abandonment of any facilities for which Staatsolie has assumed control and responsibility from Contractor pursuant to Articles 27 or 29 when such loss, damage or liability has accrued after the date of such surrender and/or Staatsolie's assumption of the use of any such equipment or assets and abandonment of any such facilities.

ARTICLE 26 ACCOUNTING AND AUDITING

26.1 Records at Local Office

Operator and/or Contractor shall maintain, at its Paramaribo office in Suriname, complete books of accounts, original invoices, sales records and supporting documents, tax returns and other financial documents in accordance with this Contract.

26.2 Accounting Standards

Accounts shall be kept in accordance with the requirements of the Accounting Procedure and, where not covered by such requirements, in accordance with good generally accepted international petroleum industry practice and Applicable Law.

26.3 Annual Report and Audit

26.3.1 Contractor shall prepare, for each Calendar Year, financial statements including a balance sheet and profit and loss statement reflecting its operations under the Contract. Accounting methods, rules and practices applied for determining revenue and expense shall be consistent with good generally accepted international petroleum industry practice and the Laws of Suriname. Each financial statement shall be certified by an independent, internationally recognized firm of chartered accountants acceptable to Staatsolie, and shall be submitted, along with the auditors report, to Staatsolie within ninety (90) Days after the end of the Calendar Year to which it pertains. Audits should be conducted in accordance with the general accepted standards of the industry (Council of Petroleum Accountants Societies "COPAS").

26.3.2 It is expressly understood and agreed that the audits described in Sub-article 26.3.1 shall have no effect on the process for approval or disapproval of costs incurred by Contractor for Cost Recovery, such process being provided for in Sub-Articles 26.5, 26.6 and 26.7 hereof.

26.4 Currency of Accounts

The accounts and underlying documentation required by Sub-article 26.2 shall be kept in the English language and in US Dollars, subject to Sub-Article 2.3.

26.5 Approval of Cost and Revenue Statements

Contractor shall submit costs and revenue statements as required in the Accounting Procedure. Staatsolie shall signify its approval or disapproval of items regarding Cost

Recovery and revenue contained in monthly and quarterly statements within thirty (30) Days of receipt of such statements and necessary supporting documentation requested by Staatsolie. If Staatsolie indicates its disapproval of any such item, Parties shall meet within thirty (30) Days of Contractor's receipt of Staatsolie's notice of disapproval to review the matter. Failure of Staatsolie to disapprove of any item submitted for Cost Recovery within the allotted time shall be deemed an approval subject to Sub-article 26.8, and its cost shall be reimbursed to Contractor in accordance with Article 13.

26.6 Substantiation Disapproval

Should Staatsolie disapprove any item(s) in cost and revenue statements submitted by Contractor, it shall notify Contractor within the period allotted for approval or disapproval in Sub-article 26.5, with supporting reason(s), such as but not limited to:

(i) the costs and/or revenues recorded in the statements are not correct; and/or

(ii) the costs of goods or services in the statements are not in line with international market prices for goods and services of similar quality supplied on similar terms prevailing at the time such goods or services were supplied; and/or

(iii) the condition of the materials furnished by Contractor does not tally with their prices; and/or

(iv) the costs incurred were not reasonably required for Petroleum Operations.

Any disapproval by Staatsolie shall be itemised and shall not apply to an entire cost statement, If Staatsolie and Contractor have not resolved the disputed items within sixty (60) Days of Contractor's receipt of Staatsolie's notification of disapproval, either Party may refer the matter to Dispute Resolution pursuant to Article 41.

26.7 Staatsolie's Right to Audit for Cost Recovery

Staatsolie shall have the right to audit with sixty (60) Days advance notice to Contractor, in order to approve or disapprove of costs incurred by Contractor for Cost Recovery, (a "Staatsolie Audit") the books and accounts of Contractor relating to Petroleum Operations within two (2) years from receipt by Staatsolie of cost recovery documentation. In carrying out such audit, Staatsolie shall not unreasonably interfere with the conduct of Petroleum Operations. Contractor shall provide all necessary facilities for auditors appointed by Staatsolie, including working space and access to all relevant personnel and information requested by Staatsolie. The costs of any such audits commissioned by Staatsolie shall be

borne by Staatsolie. Such audits shall be undertaken by an independent, internationally recognized auditing firm or Staatsolie, and copies of such audit reports shall be provided to Contractor free of cost. Subject to any adjustments resulting from such audits, Contractor's accounts and cost and revenue statements shall be considered to be correct as of two (2) years from the date of their submission including all documentation requested by Staatsolie or after issuance of final Audit report.

26.8 Adjustment as Result of Audit

All adjustments resulting from an audit will be recorded in the Petroleum Expenditures Account as soon as possible after agreement is reached between Contractor Parties and Staatsolie. Any unresolved dispute arising in connection with an audit shall first be referred to the Operations Committee for resolution. If agreement is not reached by the Operations Committee, the item(s) in dispute shall be submitted to dispute resolution in accordance with Article 41 of this Contract.

26.9 Financial Year Period

The financial year is equal to the Calendar Year.

ARTICLE 27 OWNERSHIP TO AND CONTROL OF GOODS AND EQUIPMENT

27.1 Ownership of Petroleum, Assets and Information

Staatsolie shall be the owner of:

27.1.1 Petroleum produced and recovered as a result of Petroleum Operations, subject to Article 13 and Sub-article 20.1;

27.1.2 all data; well logs, all maps, drill samples and other geological and geophysical information obtained by Contractor as a result of Petroleum Operations, and all geological, technical, financial, and economic reports, studies and analyses prepared by or for Contractor relating to Petroleum Operations; and

27.1.3 all assets, other than those to which Sub-article 27.3 applies, which are purchased, installed, constructed and/or used by Contractor in Petroleum Operations, provided that Staatsolie's ownership of such assets shall only become effective upon the earlier of full Cost Recovery of such assets pursuant to Article 13 or the termination of this Contract.

27.2 Use of Assets

Contractor shall have the free and exclusive use and control of the assets referred to in Sub-article 27.1.3 for purposes of its operations under this Contract, subject to the provisions in Sub Article 27.5.

27.3 Rented or Leased Assets

Equipment or any other assets rented or leased by Contractor or owned or leased by Sub-Contractors, in connection with Petroleum Operations shall not be deemed to be owned by Staatsolie.

27.4 Transfer of Ownership on Contract Termination

On termination of this Contract, Contractor shall (subject to and in accordance with Article 29), leave all assets (such as wells, equipment, plants and machinery purchased, installed or constructed), which are owned and used in Petroleum Operations in good working order, except for wear and tear normal to oil industry use for that type of equipment under the particular conditions in which it was used. Contractor shall at no cost, transfer ownership, if applicable, and control of such assets to Staatsolie.

27.5 Selling of Assets

Contractor shall have the right to sell or dispose of assets utilized in the conduct of Petroleum Operations in the Contract Area. Contractor shall notify Staatsolie three (3) Months prior to any disposals or sales. Subject to the Accounting Procedure, in all sales, Staatsolie will have first right of refusal, which right must be exercised within thirty (30) Days of such notification. The value of assets will be based on a Arm's Lengths Transaction and be at least in accordance with depreciation schedules agreed by the Parties. The proceeds of such sales shall be distributed as follows:

27.5.1 The costs of removing, reconditioning and selling the equipment will be cost recoverable.

27.5.2 The net proceeds of the sale shall be credited to the Petroleum Expenditures Account, according to the accounting procedure.

ARTICLE 28 USE OF LAND AND SEA BEDS

28.1 Surface rental

Contractor is released, from payment to Staatsolie or any Government Authority of any surface rentals or charges referenced in Article 63 of the Mining Decree.

28.2 Land and Sea Beds

Within the limits of its authority, Staatsolie shall use its best lawful endeavors to make available to Contractor the use of land and sea beds necessary to carry out Petroleum Operations. Contractor shall pre-pay Staatsolie for any expenditure payable by Staatsolie to third parties for the right to use such land or seabed.

28.3 Right to Construct Facilities

Contractor shall have the right to construct and the duty to maintain, above and below any such lands and sea beds, the facilities necessary to carry out Petroleum Operations, including but not restricted to, roads, pipelines, production and treatment facilities, landing fields, bridges and telecommunication facilities. Location of facilities constructed by Contractor on such land shall be in accordance with Surinamese legislation regarding land use.

28.4 Use of excess capacity by other producers

28.4.1 Where Staatsolie and Contractor agree that a mutual economic benefit can be achieved by constructing and operating common facilities, the Contractor shall use its utmost efforts to reach agreement with other producers on the construction and operation of such common facilities.

28.4.2 Where there exists excess capacity, third parties may only use the facilities of the Contractor on payment of a reasonable compensation, based on an arms length transaction, guaranteeing reasonable return on investment to the Contractor and provided the use does not unreasonably interfere with the Contractor's Petroleum Operations.

28.4.3 The laying of pipelines, cables and similar lines in the Contract Area by other persons is allowed, but those lines and related work shall not unreasonably interfere with the Petroleum Operations of Contractor.

ARTICLE 29 ABANDONMENT

29.1 Scope of Abandonment Obligation

Contractor shall, in accordance with the abandonment plan as referenced in Sub-article 29.9, on termination of the Contract or relinquishment of part of the Contract Area, except for those facilities and assets, which Staatsolie has notified Contractor should not be removed pursuant to the provisions of this Article 29:

29.1.1 remove from the Contract Area or part of the Contract Area or abandon in place, in accordance with good international petroleum industry practice, all wells, facilities and assets used in the conduct of Petroleum Operations, including, without limitation, pipelines, equipment, production and treatment facilities, electrical facilities, landing fields, and telecommunication facilities;

29.1.2 perform all necessary Site Restoration and remediation.

29.2 Abandonment Fund

To finance the activities under Sub-article 29.1, Parties shall open an escrow account (the "Abandonment Fund"), at a bank of good international repute to be agreed between Staatsolie and Contractor. The structure of the Abandonment Fund and the terms for the administration of the Abandonment Fund shall be mutually agreed between Staatsolie and Contractor. All funds allocated to the Abandonment Fund shall be recoverable as Operating Expenditures.

29.3 Contributions to Abandonment Fund

29.3.1 The Parties shall exercise their good faith judgment to set the amounts of contribution(s) for the Abandonment Fund so that it shall be of sufficient size to cover the expenses to be incurred under Sub-article 29.1.

29.3.2 Contractor shall commence making contributions to the Abandonment Fund, based on the formula as established in Sub-article 29.4, from the date of first Production, based on a contribution per Barrel produced and the production level of each Calendar Year.

29.4 Formula

On a Calendar Quarter basis, Contractor shall transfer funds to the Abandonment Fund according to the following formula:

FTA = ECA x (CPP/PR) - AFB

where:

FTA is the amount of funds to be transferred to the escrow account.

ECA is the total current estimated cost of abandonment operations to be revised and adapted yearly and in accordance with the abandonment plan pursuant to Sub-article 29.9, when available.

CPP is the cumulative production of Crude Oil from the beginning of the Calendar Quarter in which the Abandonment Fund was opened.

PR is the Proven Reserves at the beginning of the Calendar Quarter in which the Abandonment Fund was opened and adjusted according to material changes in these reserves.

AFB the Abandonment Fund balance at the end of the previous Calendar Quarter.

29.5 Abandonment Prior to Termination of Contract

If Contractor recommends abandonment of facilities, assets and wells prior to the termination of this Contract, Staatsolie may elect to continue using such facilities, assets and wells by giving Contractor notice of such decision within four (4) Calendar Months of Staatsolie's receipt of Contractor's recommendation to abandon. Upon such notification, Staatsolie shall be responsible for abandoning such facilities, assets and wells and shall be entitled to such funds in the Abandonment Fund accrued at the time of Staatsolie's election necessary to abandon such facilities, assets or wells, pursuant to Sub-article 29.10.

29.6 Abandonment upon Termination of Contract

Concurrent with the notice of termination in accordance with Article 39 of this Contract, Contractor shall notify Staatsolie of all facilities, assets and wells used in Petroleum Operations that Contractor intends to abandon. Staatsolie may elect to continue to use any such facilities, assets or wells by giving Contractor notice of such election within ninety (90) Days of receipt of Contractor's notice. Any facilities, assets or wells noted in Contractor's notice, which Staatsolie has not elected to continue to use, shall be abandoned by Contractor pursuant to Sub-article 29.1 and Contractor shall use the Abandonment Fund for such purpose pursuant to Sub-article 29.10. Staatsolie shall be responsible for abandoning the remaining facilities, assets or wells without further cost to Contractor and shall be entitled to the funds in the Abandonment Fund equal to the estimated abandonment cost for such facilities accrued at the time of termination of the contract.

29.7 Abandonment Operations

Any abandonment under Sub-article 29.1 shall be carried out in accordance with good international petroleum industry practice and Applicable Law and shall be subject to the provisions of Sub-article 44.6. If funds in the Abandonment Fund are insufficient for activities under Sub-article 29.1, additional funds for these abandonment activities shall be provided through Cost Oil or by Contractor.

29.8 Facilities, Assets and Wells that Staatsolie Continues to Use

With respect to any facilities, assets or wells which Staatsolie elects to continue to use pursuant to Sub-articles 29.5 and 29.6:

29.8.1 Staatsolie shall conduct such continued use in accordance with good international petroleum industry practice and in such a manner that does not interfere with Contractor's Petroleum Operations;

29.8.2 Staatsolie will abandon such facilities, assets and wells as and when Staatsolie decides and in such a manner that does not interfere with Contractor's Petroleum Operations;

29.8.3 Contractor shall be released from all responsibility and liability whatsoever pertaining to such facilities, assets and wells and abandonment thereof; and

29.8.4 Staatsolie shall indemnify Contractor from and against any loss, damage and liability whatsoever, as well as any claim, action or proceeding instituted against Contractor, or any Contractor Parties, by any person or entity, arising from, or in any way connected with:

(a) the continued use of such facilities, assets and wells and their ultimate abandonment; or

(b) any failure by Staatsolie to properly abandon or use any such facilities, assets and wells.

29.9 Abandonment Plan

No later than one (1) year prior to first production Contractor shall prepare detailed abandonment plan for each Commercial Field, including the estimated time of abandonment, and an estimate of the cost of abandonment for approval by the Operations Committee. Annually thereafter, Contractor shall examine the estimated costs of abandonment operations and, if appropriate, revise the estimate.

29.10 Disbursements from Abandonment Fund

Subject to Sub-article 29.11, the portion of the Abandonment Fund attributable to the abandonment of a specific facility, asset or well or a part of a facility shall be transferred:

a) to Contractor at the time Contractor commences abandonment of such facility, asset or well; or

b) to Staatsolie at the moment of the transfer of such facility, asset or well, if Staatsolie elects to continue to use the facility, asset or well, as provided for in Sub-articles 29.5.1 and 29.6. The funds transferred to Staatsolie shall be placed in an escrow account and shall only be used for abandonment.

29.11 Excess Amounts in Abandonment Fund

If excess funds remain in the Abandonment Fund following completion of all abandonment and such funds have not been subject to full Cost Recovery, such excess funds shall be distributed to Contractor If excess funds remain in the Abandonment Fund following completion of all abandonment and such funds have been subject to full Cost Recovery, then such excess funds shall be transferred to Staatsolie.

29.12 No Taxes on Abandonment Fund

No Taxes, levies, duties or fees shall be imposed on the amounts paid into, received or earned by or held in the Abandonment Fund. Any excess amounts distributed in accordance with Sub-article 29.11 will be included in Parties' gross revenues.

ARTICLE 30 IMMIGRATION AND EXPATRIATE EMPLOYEES

30.1 Permits and Income Tax Liability for Expatriate Employees

Staatsolie shall assist Contractor with all necessary permissions, permits, approvals and licenses related to immigration of personnel for the purposes of Petroleum Operations. All Expatriate Employees shall be liable to pay Suriname personal income tax pursuant to the Income Tax Act of 1922 (Government Bulletin of 1921 no. 112, as last amended by State Decree of 1995 no. 52), provided such Taxes are of a non-discriminatory nature; otherwise such taxes shall either not be payable or, if payable, shall be reimbursed by Staatsolie.

30.2 Employment of Expatriates

Subject to the requirements to hire Surinamese nationals, in accordance with Article 31, Contractor and its Sub-Contractors may employ persons who are not nationals of Suriname, to work in Petroleum Operations, for such periods as Contractor and its Sub-Contractors shall determine.

30.3 Immigration

Contractor and its Sub-Contractors shall comply with Applicable Law with respect to the employment and the immigration of Expatriate Employees.

30.4 Applicable Law and Respect of National Heritage and Customs

Contractor and its Sub-Contractors are responsible for and shall ensure that their Expatriate Employees comply with Applicable Law and respect the Suriname national heritage and customs.

ARTICLE 31 LOCAL CONTENT

31.1 Preference for Materials Produced in Suriname

In the acquisition of plant, equipment, supplies and services for Petroleum Operations, Contractor shall give preference for materials, services and products produced in Suriname if these materials, services and products can be supplied at prices, grades, qualities, delivery dates and other commercial terms equivalent to or more favorable than those at which similar materials, services and products can be supplied from elsewhere. A list of local purchases must be submitted quarterly.

31.2 Purchase of Materials and Services

All purchases shall be made in accordance with the relevant provisions of the Accounting Procedures.

31.3 Personnel during Contract Period

31.3.1 Where qualified Surinamese nationals are available for employment in the conduct of Petroleum Operations, Contractor and its Sub-contractors shall ensure that in the engagement of personnel it shall as far as reasonably possible provide opportunities for the employment of such personnel. For this purpose, along with each Work Program & Budget, Contractor and its Sub-Contractors shall submit to Staatsolie a report showing the number of persons and the required professions and technical capabilities Contractor contemplates hiring within the following Calendar Year.

31.3.2 A list of the number of Contractor's local hires and associated titles must be submitted quarterly to Staatsolie.

31.3.3 Contractor and its Sub-contractors may use appropriate staff or consultants as required to timely fulfill its obligations under this Contract and to ensure efficient operations.

31.4 Contractor and each Sub-Contractor are hereby authorized and shall be free, throughout the term of this Contract, to, in accordance with this Article, select and determine the number of employees to be hired by them in connection with the conduct of Petroleum Operations.

ARTICLE 32 SOCIAL RESPONSIBILITY AND TRAINING

32.1 Training Obligation and Corporate Social Responsibility

32.1.1 During each phase of the Exploration Period, Contractor shall allocate one hundred thousand US Dollars (US$100,000) per Calendar Year to train representatives of Staatsolie or to provide programs of corporate social responsibility. During each Calendar Year after the Exploration Period, Contractor shall allocate four hundred thousand US Dollars (US$400,000) of the Budget per Calendar Year to train representatives of Staatsolie or to provide programs of corporate social responsibility. The training programs shall be in any of Staatsolie's operations. The programs of corporate social responsibility shall support community-based development in areas like environment, health, education, culture and sports. Contractor's expenditures pursuant to this Sub-article 32.1.1 shall not be subject to Cost Recovery. The Operations Committee shall determine the allocation of Contractor's expenditures pursuant to this Sub-article 32.1.1.

32.1.2 Contractor shall, if so requested by Staatsolie, provide opportunities for a mutually agreed number of personnel nominated by Staatsolie to be seconded for on-the-job training or attachment in all phases of its Petroleum Operations under a mutually agreed secondment contract. Such secondment contract shall include continuing education and short industry courses mutually identified as beneficial to the secondee. Cost and other expenses connected with such assignment of Staatsolie personnel shall be borne by the Contractor and considered as Recoverable Costs.

32.2 Contractor shall regularly provide to Staatsolie non-confidential information and data relating to worldwide Petroleum science and technology, Petroleum economics and engineering available to Contractor, and as part of the obligations in 32.1.1, shall reasonably assist Staatsolie personnel to acquire knowledge and skills in all aspects of the Petroleum industry.

ARTICLE 33 FORCE MAJEURE

33.1 Excused Non-Performance

Failure of a Party to fulfill any of the terms and conditions of this Contract shall not be considered as a default of this Contract if such inability arises from Force Majeure, provided that such Party has taken appropriate precautions and exercised due care, to carry out the terms and conditions of this Contract. If the Force Majeure restrains the performance of an obligation or the exercise of a right under this Contract only temporarily, but for a period of at least seven (7) Days, then the time given in this Contract for:

a) the performance of such obligation or the exercise of such right and

b) the performance or exercise of any right or obligation dependent thereon, shall be suspended until the restoration of the status quo prior to the occurrence of the event(s) constituting Force Majeure, provided that such event is relevant to the performance of such right or obligation. Provided however, there shall be no seven (7) Days requirement, if the Force Majeure event occurs during the last thirty (30) Days of any Exploration Phase or Development and Production Period.

33.2 Affected Party

A Party affected by Force Majeure shall take reasonable measures to remove such Party's inability to fulfill the terms and conditions of this Contract with a minimum of delay. The settlement of strikes or other labor stoppages shall be entirely at the discretion of the affected Party and the above-mentioned requirement that any Force Majeure shall be remedied with reasonable dispatch.

33.3 Notice of Force Majeure

A Party affected by an event of Force Majeure shall notify the other Parties of such event as soon as possible and shall similarly give notice of the restoration of normal conditions or remedial situations as soon as possible.

33.4 Measures to Minimize Consequences

33.4.1 Parties shall take reasonable measures to minimize the consequences of any event of Force Majeure.

33.4.2 When a Force Majeure situation lasts more than sixty (60) Days, the Parties will meet to examine the situation and implication for Petroleum Operations, in order to establish the course of action appropriate for the fulfillment of the provisions of this Contract.

ARTICLE 34 LOCAL OFFICE AND PRESENCE

34.1 Local Office and Legal Representative

Pursuant to Article 19 of the Petroleum Law of 1990, Contractor and/or Operator shall have a legal representative in Suriname and maintain an office in Paramaribo for the purpose of carrying out Contractor's responsibilities under this Contract. Any such office and/or representative(s) shall be registered as required by Applicable Law.

34.2 Contractor's Right to Establish Local Presence, Conduct Petroleum Operations

Each Contractor Party, its Affiliates and Contractor's Sub-Contractors shall have the right throughout the term of this Contract to establish such branches and permanent establishments, and to conduct any business in Suriname as may be necessary to conduct or participate in Petroleum Operations, including the purchase, lease or acquisition of any property required for Petroleum Operations.

ARTICLE 35 NOTICES

35.1 Delivery of Notice

Any notice, application, request, agreement, approval, consent, instruction, delegation or waiver required to be given hereunder shall be in writing, in English, and delivered to the address set out below for each Party:

35.1.1 in person to an authorized representative of the Party to whom such notice is directed;

35.1.2 by registered mail;

35.1.3 by courier service;

35.1.4 by fax; or

35.1.5 by emailed PDF.

35.2 Notice given under any provision of this Contract shall be deemed delivered when received by the Party to whom such notice is directed, and the time for such Party to respond to such notice shall run from the date the notice is received. Receipt by a Party of any notice shall be confirmed in case of delivery under Sub-articles 35.1.1, 35.1.2 or 35.1.3, by a delivery receipt from the receiving entity or person, or in the case of delivery under Sub-article 35.1.4, a fax receipt which provides confirmation of complete transmission or in the case of delivery under Sub-article 3.5.1.5, and when a read-receipt has been received by the sender. Each Party may change its address at any time and/or designate that copies of all notices be directed to another person at another address, with fourteen (14) Days prior notice to the other Party. Oral communication does not constitute notice for purposes of this Contract, and telephone numbers for the Parties are listed below as a matter of convenience only.

For Staatsolie:	For Contractor:
Staatsolie Maatschappij Suriname N.V.	Kosmos Energy Suriname
Dr.Ir. H.S. Adhinstraat 21	c/o Wilmington Trust
Paramaribo, Suriname	4th Floor, Century Yard
Telephone : 597-499649	Cricket Square, Hutchins Dr.
FAX : 597-491105	Elgin Avenue, George Town
Attention : Managing Director	Grand Cayman KY1-1209

Cayman Islands
Telephone : +1-345-814-6703
FAX : +1-345-527-2105
Attention : Andrew Johnson
Email:
surinamenotifications@kosmosenergy.com

With Copy to:
Kosmos Energy Suriname
c/o Kosmos Energy, Ltd.
Attention: General Counsel
8176 Park Lane, Suite 500
Dallas, TX 75231
Fax: 214-445-9705
Email:
KosmosGeneralCounsel@kosmosenergy.com

ARTICLE 36 GOOD FAITH

The Parties shall act in good faith with respect to each other's rights and shall adopt all reasonable measures to ensure the realization of the objectives of this Contract.

ARTICLE 37 EFFECTIVE DATE

37.1 Binding on Parties

This Contract shall be binding upon the Parties on and after the Effective Date.

37.2 Conditions Precedent

The Effective Date shall be the date when all of the following conditions precedent have been satisfied:

37.2.1 unrestricted approval of this Contract by the Minister of Natural Resources, (in accordance with Article 5 of the Petroleum Law of 1990) and delivery by Staatsolie of such approval to Contractor;

37.2.2 signing of this Contract by Staatsolie and Kosmos Energy Suriname;

37.2.3 receipt by Staatsolie of the Parent Company Performance Guarantee for the fulfillment of the obligations of the Work Program for phase 1 of the Exploration Period, in accordance with Sub-article 5.7.1.

37.3 Pre-Effective Date Petroleum Operations

Notwithstanding the provision of Sub-article 37.2, Contractor may, with the prior approval of Staatsolie, conduct Petroleum Operations between the signing date of this Contract and the Effective Date and expenditures related to such Petroleum Operations shall be cost recoverable. Notwithstanding the provisions of Sub-article 37.2, all Petroleum Operations undertaken by Contractor pursuant to this Sub-article shall be governed by the terms and conditions of this Contract.

ARTICLE 38 REPRESENTATIONS, WARRANTIES, COVENANTS AND UNDERTAKINGS

38.1 Contractor's Representations and Warranties

Contractor hereby represents and warrants to Staatsolie:

38.1.1 that it is a corporate body duly organized and validly existing in accordance with the terms of its foundation documents and has the corporate power and authority to own its property and conduct its business as presently conducted;

38.1.2 that it has the capacity to enter into and perform this Contract and all transactions contemplated herein, and that all corporate and other actions necessary to permit it to enter into and perform this Contract have been properly and validly taken, and all necessary approvals for such purposes have been obtained and remain in effect;

38.1.3 that by entering into or performing its obligations under this Contract, it shall breach neither any other contract or arrangement nor any provisions of its foundation documents, by-laws or administrative resolutions;

38.1.4 that no "asserted claims", rights or encumbrances of any nature exist, which in any material way may affect Contractor's ability to perform Petroleum Operations and that to the best of its knowledge, no existing unasserted or potential claims, rights or encumbrances of any nature exist which, in any material way may affect the ability to perform Petroleum Operations by Contractor. For the purposes of this Article, "asserted claim" means a claim contained in a notice and filed by appropriate procedures with a competent judge or arbitration panel;

38.1.5 that it is authorized, subject to governmental authorizations, to establish and maintain the branches and representative offices in the Republic of Suriname and elsewhere necessary to conduct Petroleum Operations in accordance with the terms and conditions of this Contract;

38.1.6 that this Contract has been duly signed and delivered by it and is valid, binding and enforceable against it in accordance with its terms; and

38.1.7 that, to the best of its knowledge and belief, no material fact or circumstance relevant to this Contract exists which has not been previously disclosed to the Government or Staatsolie, as the case may be, and which should have been disclosed to prevent materially misleading representations from being made in this Contract.

38.2 Staatsolie's Representations and Warranties

Staatsolie hereby represents and warrants to Contractor:

38.2.1 that it is legally organized and exists in accordance with the laws of the Republic of Suriname and in accordance with the terms of its foundation documents;

38.2.2 that it has the right, power and authority to enter into and perform this Contract, to grant the rights and interests to Contractor as provided under this Contract and to fulfill its obligations under this Contract;

38.2.3 that this Contract has been duly signed and delivered by it and is valid, binding and enforceable against it in accordance with its terms;

38.2.4 that it shall not breach any other contract or arrangement by entering into or performing under this Contract;

38.2.5 that it has exclusively been granted all rights, title and interest to explore, develop and produce Petroleum in and from the Contract Area and that it owns all rights, title and interest in the Contract Area with respect to conducting Petroleum Operations;

38.2.6 that no asserted claims, rights or encumbrances of any nature exist which in any material way may affect Contractor's ability to perform Petroleum Operations and that, to the best of its knowledge, no unasserted or potential claims, rights or encumbrances of any nature exist which in any material way may affect Petroleum Operations by Contractor; and

38.2.7 that all corporate and other action necessary to permit it to enter into and perform this Contract has been properly and validly taken, and all necessary approvals for such purposes have been obtained and remain in effect.

38.3 General Obligations of Staatsolie

38.3.1 In furtherance of Petroleum Operations and upon Contractor's timely request, Staatsolie shall, within the limits of its authority, use its best lawful efforts to assist Contractor to obtain:

a) any necessary approvals from governmental agencies;

b) customs clearances, the matters described in Article 15, visas, work permits, residence permits, access to communication facilities, licenses to enter land or water, licenses with respect to any and all equipment and materials, the opening of bank accounts, the acquisition of office space and employee accommodation, as may be necessary for efficient implementation of Petroleum Operations; and

38.3.2 Upon its timely request Staatsolie shall provide Contractor with all non confidential geological, geophysical, geochemical and technical data and information,

including well data, in the possession or control of Staatsolie or its Affiliates of relevance to the Contract Area. Staatsolie does not warrant the accuracy or completeness of such data or information.

38.3.3 Staatsolie shall use all means at its disposal to prevent activities performed by its sub-contractors within the Contract Area which would unduly or unreasonably interfere with, hinder or delay the conduct of Petroleum Operations.

38.3.4 Staatsolie shall, within the limits of its authority, use its best endeavors to assist Contractor to have access to pipeline and other transportation, export and infrastructure facilities owned or controlled by any Government Authority.

38.3.5 Staatsolie shall, within the limits of its authority, also use its best lawful efforts to assist Contractor in all other relevant matters as may be necessary for the efficient implementation of Petroleum Operations.

38.4 Foreign Investment Incentives under Current Suriname Law

Contractor, its Affiliates or its Sub-Contractors shall under no circumstances be entitled to any investment incentives, tax holidays or accelerated depreciation allowances available under Applicable Law, including but not limited to the Investment Act (Official Gazette 2002 no. 42), or under any amendments thereto as of the Effective Date, other than the provisions expressly awarded in this Contract, except as provided in the tax rulings issued by the Tax authorities.

38.5 Cure of a Breach of Representation, Warranty, Covenant or Undertakings

The representations, warranties, covenants and undertakings of the Parties set forth in this article shall remain in effect throughout the duration of this Contract and shall be in addition to, and not in substitution for, any other representations, warranties, covenants and undertakings set forth in this Contract. Each Party shall immediately, upon receipt of notice from the other Party undertake to cure a breach of any representation warranty, covenant or undertaking, and shall indemnify and hold harmless the other Party, its respective employees, agents, representatives, and shareholders, from and against all suits for injury or claims for damages to persons or property resulting from or arising out of such breach.

ARTICLE 39 BREACH, TERMINATION, AND REMEDIES

39.1 Default

Any Party may inform the other Party of a breach of this Contract and, specifying the in notice nature of the breach, request the breaching Party to take action to correct the breach. If the action to correct the default is not substantially completed within ninety (90) Days of such notice, unless a longer period is reasonably necessary and the defaulting Party is diligently and without delay pursuing such correction, the complaining Party may institute proceedings.

39.2 Termination Events

This Contract shall, subject to Sub-article 39.4, terminate:

39.2.1 on relinquishment of the entire Contract Area;

39.2.2 if Contractor does not submit a declaration of a Commercial Field pursuant to Sub-article 9.3, at the end of the Exploration Period, unless otherwise agreed to by Staatsolie;

39.2.3 if, at the end of the Exploration Period, Contractor does not submit a Development Plan pursuant to Sub-article 9.5 after the Date of Declaration of the first Commercial Field, unless agreed to by Staatsolie;

39.2.4 if, at the end of the Exploration Period, Contractor does not commence Development Operations related to the first Commercial Field within ninety (90) Days following the Date of Establishment of such first Commercial Field, unless agreed to by Staatsolie;

39.2.5 if, at the end of the Exploration Period, construction and installation activities related to the first Development Operations are suspended for a continuous period in excess of one hundred and eighty (180) Days, except where such interruption is caused by Force Majeure or agreed to by Staatsolie;

39.2.6 sixty (60) Days from receipt by Staatsolie of a notice from Contractor that it has elected to withdraw or from the date of Contractor's deemed withdrawal from this Contract during any phase of the Exploration Period, and ninety (90) Days as to all other periods, or

39.2.7 on expiration of the term of this Contract pursuant to Article 3.

39.3 Termination by Staatsolie

Staatsolie may, subject to Article 33 and Sub-articles 39.4, 39.5 and 39.6, terminate this Contract:

39.3.1 immediately if Contractor becomes insolvent or bankrupt or enters into any agreements or compositions with its creditors or takes advantage of any law for the benefit of debtors or goes into liquidation or receivership, whether compulsory or voluntary;

39.3.2 upon intentional extraction by Contractor of any minerals other than as authorized by this Contract, except for such extractions as may be unavoidable as a result of Petroleum Operations conducted in accordance with generally accepted international petroleum industry practice and which are approved by Staatsolie as soon as possible;

39.3.3 upon failure of Contractor to pay any undisputed sum due to Staatsolie under this Contract within sixty (60) Days after receiving a notice of arrears from Staatsolie;

39.3.4 upon failure of Contractor to comply with any final decisions from any arbitration proceeding conducted pursuant to Article 41; or

39.3.5 immediately for intentionally incorrect, false or misleading statements by Contractor of the expenditures subject to Cost Recovery in the accounts maintained in accordance with Article 26.

39.4 Right to Cure

In the event conditions as described in Sub-articles 39.2.2, 39.2.3, 39.2.4, or 39.3 exist, Staatsolie must, prior to termination of this Contract by Staatsolie based upon such conditions, provide Contractor notice setting forth in detail the existence of such conditions. Upon the receipt of such notice, Contractor shall have a period of sixty (60) Days, or such longer period as the Parties may agree, to undertake action designed to cure such conditions.

39.5 Failure to Cure

If Contractor fails to remedy an event specified in Sub-articles 39.2 or 39.3 as described above within the period provided for in Sub-article 39.4 or within such longer period, as Staatsolie may consider reasonable under the circumstances, Staatsolie may terminate this Contract by notice to Contractor.

39.6 Dispute

If Contractor disputes whether an event or condition as specified in Sub-articles 39.2 or 39.3 has occurred or exists, or claims that an event or condition has been remedied in accordance with Sub-article 39.4, Contractor may, within thirty (30) Days following receipt of notice of termination from Staatsolie, institute proceedings pursuant to Article 41, and Staatsolie shall not terminate this Contract except in accordance with the terms of any arbitration decision.

Petroleum Operations and the activities which are the subject of the arbitration proceeding shall continue during such proceedings.

39.7 Damages for Breach

39.7.1 For the purposes of this Contract, a Party shall be deemed to institute or to have instituted proceedings or contested proceedings under this Sub-article 39.7, upon serving notice to the other Party under the provisions of Article 41, and by continuing to avail itself to such provisions.

39.7.2 A Party hereto shall be entitled to damages if the other Party is found to be in breach of this Contract under the procedures of the provisions of Article 41.

39.8 Staatsolie's Right to Terminate

Staatsolie may terminate this Contract only under the circumstances and in the manner described in this Article.

39.9 Contractor's Termination

Contractor may terminate this Contract only as provided in Sub-articles 39.2.1 or 39.2.6. Upon termination of this Contract under any circumstance or in any manner described in this Article, Contractor shall:

39.9.1 pay any fees due hereunder up to the time the termination becomes effective; and

39.9.2 submit all reports and evaluations, maps, assays, samples, drilling, well tests and other files in accordance with Article 21.

39.10 Rights and Obligations of the Parties on Termination

All rights and obligations of Parties shall, subject to Sub-article 44.6, cease upon termination of this Contract, except for any obligation or liability imposed or incurred under this Contract prior to the date of termination.

39.11 Other Remedies

If either Contractor or Staatsolie terminates this Contract pursuant to this Article, the rights of Parties to pursue damages or other actions one against the other shall, in addition to other limitations which may be contained here, be limited to the dispute resolution provisions of Article 41.

ARTICLE 40 APPLICABLE LAW AND OFFICIAL LANGUAGE

40.1 Applicable Law

This Contract shall be governed by and construed in accordance with the laws of the Republic of Suriname and where the laws of the Republic of Suriname are silent or no principles of law exist in relation to any matter, in accordance with Dutch law (without regard to conflict of laws provisions) or as otherwise agreed by the Parties. This Contract shall be subject to the international legal principle of pacta sunt servanda (agreements must be observed).

40.2 Official Language

This Contract will be executed in the English and Dutch languages, and both will have equal force and effect. In case of a dispute and arbitration between the Parties, except for a manifest error or misprint, the Dutch version shall prevail.

ARTICLE 41 DISPUTE RESOLUTION

41.1 Consultation

41.1.1 Agreement to Consult

Parties shall use their best efforts to amicably resolve any Dispute by consultation in accordance with this Article.

41.1.2 Notice of Consultation

To initiate consultation, a Party shall deliver to the other Party a notice ("notice of consultation") which:

(a) describes the Dispute; and

(b) designates a person with authority to represent such Party in negotiations relating to the Dispute.

41.1.3 Within fifteen (15) Days of receipt of the notice of consultation, the other Party shall give notice to the sender of the notice of consultation informing who will represent such other Party in these negotiations.

41.1.4 Consultation Process

The designated representatives shall immediately attempt to resolve the Dispute by consultation. During thirty (30) Days after receipt of the notice referenced in Sub-article 41.1.2, Parties may not resort to any other means of dispute resolution.

41.2 Arbitration

41.2.1 Agreement to Arbitrate

Any Dispute which cannot be resolved by mediation under Sub-article 20.6 or consultation pursuant to Sub-article 41.1 shall be resolved fully and finally and exclusively by arbitration. Arbitration conducted pursuant to this Sub-article 41.2 may not be consolidated with any other arbitration proceeding involving any third party.

41.2.2 Taking the Initiative to Arbitrate

A Party seeking arbitration shall deliver to the other Party a notice of its arbitral claim ("Arbitration Notice").

41.2.3 Place of Arbitration

The venue of any arbitration under this Contract shall be The Hague, the Netherlands.

41.2.4 Applicable Rules

41.2.4.1 The Parties consent to submit any Dispute to the Permanent Court of Arbitration in The Hague, Netherlands for arbitration conducted pursuant to the Rules of Arbitration of the United Nations Commission on International Trade Law (the "UNCITRAL Rules") in effect on the date of the Arbitration Notice; provided that, if the UNCITRAL Rules conflict with the provisions of this Contract, this Contract shall govern.

41.2.4.2 **Alternative Arbitration Rules** Only in the event that (i) Suriname is not on the list of parties to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 as published by the United Nations at the time a Party delivers an Arbitration Notice and (ii) the Republic of Suriname and the state of which Contractor is a national are Contracting Parties to the Convention at the time when any proceeding hereunder is instituted, the following shall apply to any Dispute:

The Parties consent to submit any Dispute to the International Centre for Settlement of Investment Disputes (ICSID) for arbitration conducted pursuant to the Arbitration Rules of the Convention of the Settlement of Investment Disputes between States and Nationals of Other States (the "Convention"). The Parties agree that, for purposes of ICSID arbitration, all activities contemplated by this Contract will constitute an investment, any Dispute among the Parties will be considered a legal dispute arising directly out of an investment, and Kosmos is nation of another Contracting State.

41.2.4.3 In the event neither Sub-Article 41.2.4.1 or 41.2.4.2 apply, the Parties consent to submit any Dispute to the International Centre for Settlement of Investment Disputes (ICSID) for arbitration conducted pursuant to its Arbitration (Additional Facility) Rules.

41.2.4.4 The arbitrators shall apply the IBA Rules on the Taking of Evidence in International Commercial Arbitration (1999) together with the applicable arbitration rules. Where there is inconsistence, the IBA Rules shall prevail.

41.2.5 Appointment of Arbitrators

41.2.5.1 The number of arbitrators shall be three (3). All arbitrators shall be impartial and have at least then (10) years of experience in international oil and gas transactions of similar nature to this Contract. Within thirty (30) Days of delivery of the Arbitration Notice,

each Party shall appoint one (1) arbitrator and shall notify each other of such appointment. If a Party does not appoint its arbitrator within this period, the appointing Party must request the appointment of such arbitrator by the Secretary General of the Permanent Court of Arbitration in The Hague for an arbitration under Sub-Article 41.2.4.1, or the Chairman of the Administrative Council for an arbitration under Sub-Article 41.2.4.2 or Sub-Article 41.2.4.3.

41.2.5.2. Within thirty (30) Days of the appointment of the two (2) arbitrators pursuant to Sub-Article 41.2.5.1, such arbitrators shall appoint the third arbitrator, who shall be the presiding arbitrator of the panel. If the arbitrators do not appoint the third arbitrator within this period of time, then either arbitrator or either Party to the Dispute may request the appointment of such arbitrator by the Secretary General of the Permanent Court of Arbitration in The Hague for an arbitration under Sub-Article 41.2.4.1, or the Chairman of the Administrative Council for an arbitration under Sub-Article 41.2.4.2 or Sub-Article 41.2.4.3. Such appointing authority shall use its best efforts to appoint the presiding arbitrator within thirty (30) Days of a request for such appointment.

41.2.5.3. If an arbitrator is unable to perform his duties due to death, resignation, refusal or unavailability, the vacancy shall be filled by the procedure as described in Sub-Article 41.2.5.

41.2.6 Language of Arbitration

The language used in the arbitration, including the proceedings and the award, shall be English. Supporting documents must be transmitted and/or submitted to the arbitration panel in English.

41.2.7 Award Final

The award of the panel:

(a) shall be final and binding upon the Parties;

(b) may be entered and enforced by any court of competent jurisdiction

(c) shall be the sole and exclusive remedy between the Parties to the Dispute regarding any and all claims or counterclaims; and

(d) shall be rendered within the time period mutually agreed between the Parties.

41.2.8 Scope of Award

Any monies awarded shall be stated and paid in US Dollars, without any tax or other deductions being withheld from the award. The award may include money damages, interest thereon (compounded quarterly from the date of the breach for which such damages were awarded). All costs and expenses of the arbitrators and the arbitral institution shall be borne

by the parties equally, each party shall bear the costs and expenses, including attorneys' fees, of its own counsel, experts, witnesses for the preparation and presentation of its case. The panel shall set the rate of interest to be the maximum rate permitted by Applicable Law. Parties hereby waive any damages in excess of compensatory damages, including punitive, exemplary or consequential damages.

41.3 Obligation to Perform

Unless the Contract expires or is terminated, each Party shall continue to perform its obligations under this Contract pending final resolution of any Dispute.

41.4 Survival

The Parties' obligation to resolve Disputes under this Article 41 shall survive the expiration or termination of this Contract.

41.5 Expert Determination

41.5.1 For a Dispute on any decision referred to an expert the Parties hereby agree that such decision shall be conducted expeditiously by an expert selected unanimously by the Parties to the Dispute. The expert is not an arbitrator and shall not be deemed to be acting in an arbitral capacity. The independent expert shall have an established reputation in the international petroleum industry as an expert on the matter in dispute and shall not at the time of the Dispute be engaged by any Party for work other than as the expert. The Party desiring an expert determination shall give the other Party written notice of the request for such determination. If the Parties to the Dispute are unable to agree upon an expert within twenty (20) Days after receipt of the notice of request for an expert determination, then, upon the request of any of the parties to the Dispute, the International Centre for Expertise of the International Chamber of Commerce (ICC) shall appoint such expert and shall administer such expert determination through the ICC's Rules for Expertise. The expert, once appointed, shall have no ex parte communications with any of the parties to the Dispute concerning the expert determination or the underlying Dispute. Any hearing with an expert determination shall take place in The Hague, the Netherlands, unless the parties agree otherwise. All Parties agree to cooperate fully in the expeditious conduct of such expert determination and to provide the expert with access to all facilities, books, records, documents, information and personnel necessary to make a fully informed decision in an expeditious manner. Each Party shall prepare and exchange a written position paper setting

out its positions with respect to the Dispute. Each Party shall also prepare and exchange a written response to the other Party's position paper. The position papers and responses may be accompanied by data and information in the submitting Party's discretion. Before issuing his final decision, the expert shall issue a draft report and allow the Parties to the Dispute ten (10) Days to comment on it. The expert shall endeavor to resolve the Dispute within sixty (60) Days (but no later than ninety (90) Days) after receipt of each Party's written response to the other Parties' position paper taking into account the circumstances requiring an expeditious resolution of the matter in dispute. The expert's decision shall be final and binding on the Parties to the Dispute unless challenged in an arbitration pursuant to Sub-Article 41.2 within sixty (60) Days of the date the expert's final decision is received by the Parties to the Dispute and until replaced by such subsequent arbitral award. In such arbitration (i) the expert determination on the specific matter shall be entitled to a rebuttable presumption of correctness; and (ii) the expert shall not (without the written consent of the parties to the Dispute) be appointed to act as an arbitrator or as adviser to the Parties to the Dispute.

ARTICLE 42 WAIVER OF IMMUNITY

42.1 Waiver of Immunity

The Parties agree that the activities contemplated in this Contract are commercial in nature. Each Party irrevocably waives to the fullest extent permitted by the laws of any applicable jurisdiction any right of immunity as to it or its property in respect of the enforcement and execution of any arbitration award rendered under this Contract and expressly consents to any legal action or proceeding (including pre-judgment attachment) in relation to the enforcement and execution of such arbitration award.

ARTICLE 43 ASSIGNMENT

43.1 Assignment of Participating Interest

43.1.1 Contractor shall not directly or indirectly sell, assign, transfer, convey or otherwise dispose of its rights or interests related to this Contract to third parties prior to the Effective Date.

43.1.2 A Contractor Party shall not sell, assign, transfer, convey or otherwise dispose of its rights or interests or obligations under this Contract to any third party, directly or indirectly, without the prior written consent of Staatsolie, which consent shall not be unreasonably withheld.

43.1.3 Notwithstanding the foregoing, a Contractor Party may assign all or a portion of its rights under this Contract to an Affiliate or to another Contractor Party without the prior consent of Staatsolie. The Contractor Party shall promptly notify Staatsolie of any assignment to an Affiliate or another Contractor Party.

43.1.4 When assigning to any third party, such third party shall:

(a) be financially and technically competent; and

(b) have adequate expertise and experience, or access to same, in petroleum operations similar to the Petroleum Operations.

43.1.5 Sub-articles 43.1.1 and 43.1.2 shall not apply in the event of any direct or indirect change in control of a Party (whether through merger, sale of shares or other equity interests, or otherwise) through a single transaction or series of related transactions, from one or more transferors to one or more transferees.

43.1.6 Notwithstanding the foregoing, no Contractor Party shall make an assignment which creates a Participating Interest which is less than 10%, whether such interest is in the assignee or in the assignor. This limitation does not apply to transfers to Staatsolie pursuant to its right of participation under Article 11.1.

43.2 Binding Effect

Any assignment of this Contract shall bind the assignee to all the terms and conditions hereof. Such requirement shall be included in any contract of assignment.

43.3 Legal Successor to Staatsolie

If Staatsolie Maatschappij Suriname N.V., as the Government's representative, is replaced in the future by another entity with respect to this Contract and such entity is granted by the

Government the exclusive rights currently held by Staatsolie to Explore for, Develop and Produce Petroleum in Block, any and all references to “Staatsolie” in this Contract shall refer to such legal successor.

ARTICLE 44 MISCELLANEOUS

44.1 Headings and Language

Headings in this Contract are for convenience of reading only and shall not affect the construction or interpretation of this Contract.

44.2 Entire Contract

This Contract constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all previous contracts and understandings, oral or written, relating thereto.

44.3 Severability

If any part of this Contract is held to be invalid, the remainder of this Contract shall remain in effect and the Parties agree that the part so held to be invalid shall be deemed to have been stricken here from and the remainder shall have the same force and effect as if such part had never been included herein.

44.4 Amendment

This Contract may not be altered, amended, or modified except by a written instrument signed by the duly authorized representatives of each of the Parties.

44.5 Waiver

A Party shall not be deemed to have waived any provision hereof unless, and then only to the extent that, such waiver is in writing. A Party's waiver of any breach of any provision of this Contract shall not be construed as a waiver of any subsequent breach, nor will a Party's delay or non-success to exercise any right such Party has hereunder operate as a waiver of such right.

44.6 Survival

All rights and obligations hereunder that expressly or by their nature extend beyond the term of this Contract shall survive and continue to bind the Parties, their legal representatives, legal successors and legal assigns after any termination or expiration of this Contract until such rights and obligations are satisfied in full or expire.

44.7 Remedies Cumulative

The rights and remedies of Parties to this Contract are limited and exclusive to the rights granted herein. In the event of a Dispute between Parties, its resolution shall be limited to the provision of the dispute resolution provisions of Article 41.

44.8 Conflict of Interest

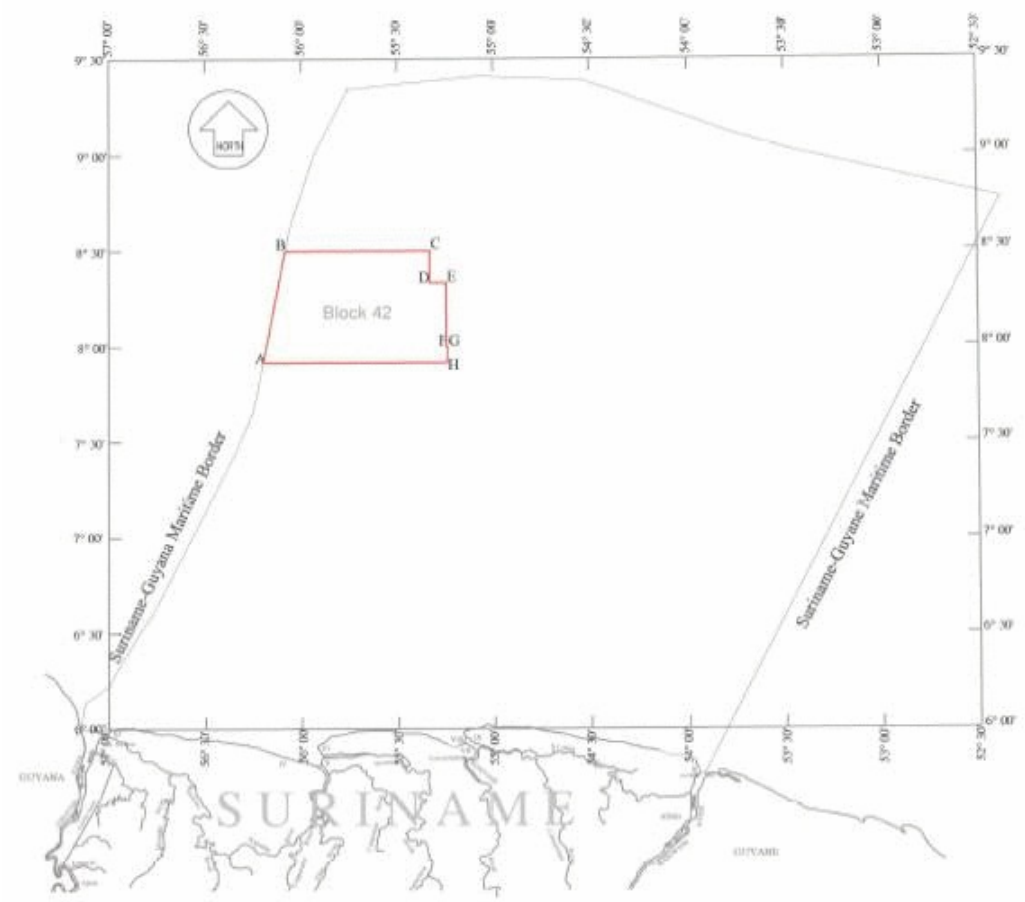
44.8.1 Each Party agrees that no director, employee or agent of such Party shall give or receive any commission, fee, rebate, gift or entertainment of significant cost or value in connection with this Contract or enter into any business arrangement with any director, employee or agent of either of the Parties or any Affiliate.

44.8.2 Neither Party nor their employees, agents or subcontractors shall make any payment or give anything of significant value to an official of any government (including any officer or employee of any government department, agency or instrumentality or the employee, officer, director or agent of a government owned entity) to influence his, her or its decision, or to gain any other advantage for the Parties in connection with the performance of this Contract, which would be in violation of the Foreign Corrupt Practices Act of the United States of America or the OECD Anti-Bribery Convention of 1997, or the substance thereof, or any similar applicable Suriname anti-corruption statute or regulation.

IN WITNESS WHEREOF, the Parties have signed this Contract on the day and year written above by their duly authorized representatives.

For and on behalf of:	For and on behalf of:
Staatsolie Maatschappij Suriname N.V.	Kosmos Energy Suriname
By: /s/ M.C.H. Waaldijk	By: /s/ Brian F. Maxted
Name: M.C.H. Waaldijk Title: Managing Director	Name: Brian F. Maxted Title: President

ANNEX 1 MAP OFFSHORE BLOCK 42



Kaart van een deel van het Off-shore gebied van de Republiek Suriname, Blok 42, aangeduid met de letters ABCDEFGH en de daarbij in de lijst vermelde WGS-84 coördinaten, vermoedelijk groot 6176 km².

Block 42		
ID	Latitude	Longitude
A	7°55'00" N	56°12' 00" W
B	8°30'00" N	56°05.05'00" W
C	8°30'00" N	55°20'00" W
D	8°20'00" N	55°20'00" W
E	8°20'00" N	55°15'00" W
F	8°00'00" N	55°15'00" W
G	8°00'00" N	55°14'35" W
H	7°55'00" N	55°14'35" W
Datum: WGS 1984		

Ten verzoeke van STAATSOLIE MAATSSCHAPPIJ SURINAME N.V. heb ik, deze kaart vervaardigd.

Paramaribo, 26 september 2011
De Landmeter in Suriname

PLAKZEGEL
SURINAME

N. Kalpoe, BSc.

ANNEX 2 COORDINATES OFFSHORE BLOCK 42

The boundary of Block 42 offshore Suriname is defined by the following geographical co-ordinates in terms of the WGS 84 geodetic datum, WGS 84 spheroid.

The boundary follows lines of equal latitude or longitude.

The Contract Area, to an accuracy of 1km², is 6176 km² calculated on the WGS 84 spheroid.

Block 42		
A	7°55’00’’N	56°12'00" W
B	8°30’00’’N	56°0.5.05'00" W
C	8°30’00’’N	55°20'00" W
D	8°20’00’’N	55°20'00" W
E	8°20’00’’N	55°15'00" W
F	8°00’00’’N	55°15'00" W
G	8°00’00’’N	55°14'35" W
H	7°55’00’’N	55°14'35" W
Datum WGS -84		

ANNEX 3 ACCOUNTING PROCEDURE

1. Definitions

The terms defined in this Accounting Procedure may be used both in singular and plural, according to the context, applying in all cases the definitions established herein. Words and phrases used in this Annex but not defined below shall have the same meaning in this Annex as is given to them in the Contract. The following terms shall have the following meanings:

i. "Accounting Procedure" means the accounting principles, practices and procedures set forth in this Annex.

ii. "Accrual Basis" means the basis of accounting, under which costs and benefits are regarded as applicable to the period in which the liability for the cost is incurred, or the right to benefits arises regardless of when invoiced, paid or received.

iii. "Controllable Material" means Material and Equipment which Contractor subjects to record control and inventory as so classified in the material classification manual as most recently recommended by the Council of Petroleum Accountants Societies (COPAS).

iv. "Material and Equipment" means goods, including, without limitation, all Exploration, Appraisal, Development and Production facilities together with supplies and equipment, acquired and held for use in Petroleum Operations.

v. "Petroleum Expenditures Account" shall mean the account showing the charges and credits accrued as Petroleum Expenditures.

vi. "Joint Property, Material and Equipment" means all tangible assets that are acquired and held by the group of Contractor Parties for use in Petroleum Operations.

2. General Provisions

The purpose of this Accounting Procedure is to establish a fair and equitable method for determining charges and credits with respect to the Petroleum Operations under the Contract and to provide a method for controlling expenditure within the budgets approved by the Operations Committee. The Parties shall, in good faith, endeavor to agree on such changes as are necessary to correct any unfairness or inequity if such method proves to be unfair or inequitable to any of the Parties. In the event of any inconsistency or conflict between the provisions of this Accounting Procedure and the provisions of the Contract, then the provisions of the Contract shall prevail.

Where the term Contractor is used in this Accounting Procedure, if there is more than one Contractor Party, then the term shall, where appropriate to the context, mean the Operator who will be acting on behalf of the Contractor Parties.

3 Accounting Manual, Procedures and Reports

Contractor shall, within one hundred and twenty (120) Days after the Effective Date of this Contract, present to Staatsolie a chart of accounts, procedures, and outline of reports. Staatsolie will have the opportunity to give a documented reaction within ninety (90) Days after receipt of these documents. The Parties must agree on mutually acceptable documents within one hundred and fifty (150) Days after receipt of the documentation by Staatsolie. The documentation, including reports, may be revised by mutual agreement of the Parties.

4. Petroleum Expenditures per Commercial Field

If there is more than one Commercial Field, Contractor shall separately identify and charge Petroleum Expenditures to the specific Commercial Field. Contractor shall specify the method of allocation of shared Petroleum Expenditures in accordance with the Contract.

4.1 Petroleum Expenditures Account and Currency Exchange

Operator shall provide the Parties with the accounting data and information necessary for such Party to fulfill any statutory obligation in regard to Petroleum Operations, to which it may be subjected, to the extent that such data and information could reasonably be expected to be available from the accounting records maintained by the Operator. The cost thereof shall be for the Petroleum Expenditures Account.

4.2 Operator shall at all times maintain and keep true and correct records of the production and disposition of Petroleum, and all revenues, costs and expenditures under the Contract, as well as other data necessary or proper of the settlement of accounts between the Parties hereto in connection with their rights and obligations under the Contract and to enable Parties to comply with their respective income tax and other laws.

4.3 Operator shall open and maintain separately identifiable accounting records to record all expenditures incurred and all receipts obtained by the Operator in connection with the Petroleum Operations.

4.4 Operator shall maintain accounting records on an Accrual Basis in accordance with the accounting requirements of the Contract and any applicable statutory obligation of the Government, and in accordance with generally accepted accounting practices used in the

United States, provided however that Petroleum Expenditures due for Cost Recovery will be based on invoices paid.

The Petroleum Expenditures Account records shall be maintained in US Dollars. Costs incurred in currencies other than US Dollars shall be converted into US Dollars in accordance with the applicable buying rates of the prior business day published by the Central Bank of Suriname.

5 Audit

5.1 A Contractor Party or Staatsolie, with at least sixty (60) Days advance notice to Operator and all other Contractor Parties, shall have the right at its sole cost to audit the Petroleum Expenditures Account and records of Operator relating to any Calendar Year within a twenty-four (24) month period from the date of the submission of such Petroleum Expenditures Account.

5.2 The right of audit includes the right of access, during normal business hours at Operator's Paramaribo office in Suriname, to all accounts and records pertaining to the Petroleum Expenditures and revenues Account maintained by the Operator.

5.3 Operator shall produce information from Contractor's Affiliates reasonably necessary to support charges from those Affiliates to the Petroleum Expenditures Account.

5.4 If an Affiliate considers such information confidential or proprietary or if such Affiliate will not allow the Contractor Party to audit its accounts, the auditor prescribed by the statutes of the Affiliate shall be used to confirm the details and facts as required, provided such auditor prescribed by the statutes is an internationally recognized firm of public accountants. Should the auditor prescribed by the statutes of the Affiliate decline to act in such capacity, or not be an internationally recognized independent firm of public accountants, the auditing Party shall select an internationally recognized independent firm of public accountants to carry out such confirmation. The cost of such audit by the register auditor or the independent firm of public accountants, as the case may be, shall be borne by the Party who requested such audit; and

5.5 At the conclusion of each audit, the Parties shall endeavor to settle all outstanding matters. If Staatsolie or the Contractor Party conducting said audit, as applicable, desires to object to any of the Petroleum Expenditures Accounts or any other files audited, it shall submit, within ninety (90) Days following the completion of the audit, a written report to the Operator that identifies all objections arising from such audit. If Operator has not received an audit report within said period, it will be deemed that the auditing Party(ies) have not identified any items to which to make objection.

5.6 The Operator shall reply in writing to the report as soon as possible and not later than ninety (90) Days following the receipt of the report. Thereafter, subsequent communications between the Parties shall be on a thirty (30) days from receipt basis. However, any Party involved in the Audit, may at any time refer any remaining unresolved dispute arising in connection with an audit to the Operations Committee for resolution. If a Party does not refer an unresolved item to the Operations Committee within sixty (60) days after receiving the most recent communication on the unresolved item from the other Party, then the item shall be deemed to have been accepted by said Party in accord with such last or most recent communication. If unanimous agreement is not reached at the Operations Committee within thirty (30) Days of the receipt of such matter by the chairman of that committee, the item or items in dispute shall be submitted to arbitration in accordance with Article 41 of the Contract.

5.7 All adjustments resulting from an audit will be recorded in the Petroleum Expenditures Account as soon as possible after agreement is reached between Operator and Parties, the matter is decided by the Operations Committee or the dispute is resolved by arbitration, as applicable.

5.8 All accounting records, tax returns, books and accounts relating to Petroleum Operations shall be maintained by Contractor for a minimum of ten (10) years following the end of the Calendar Year to which they relate.

5.9 Without limiting any other obligations of confidentiality arising under the Contract, any information obtained by a Contractor Party under the provisions of this Section 5 which does not relate directly to the Petroleum Operations shall be kept confidential and shall not be disclosed to any third party other than as permitted by Article 22.

5.10 In the event that the Operator is required by law or by the provisions of the Contract to employ a public accounting firm to audit the Petroleum Expenditures Account and records of the Operator relating to the accounting hereunder, the cost thereof shall be charged against the Petroleum Expenditures Account, and a copy of the audit report shall be furnished to each Party.

6 Allocations

If it becomes necessary to allocate any costs or expenditures to or between Petroleum Operations and any other operations, such allocation shall be made on an equitable basis. Operator shall furnish to the other Contractor Parties hereto a description of the allocation procedures and allocation methods pertaining to these costs and expenditures.

7. Charges and Expenditures

Contractor shall charge the Petroleum Expenditures Account for all costs incurred after the Effective Date in compliance with the terms of this Contract and expenses accrued between the Signing Date and the Effective Date in accordance with Sub-article 37.3 of this Contract. Petroleum Expenditures eligible for cost recovery are limited to the following:

7.1 Labor and Related Costs

(a) Gross salaries and wages, including amounts imposed by engaged government, in respect of all employees of Contractor who are directly engaged in the conduct of Petroleum Operations, whether temporarily or permanently assigned within Suriname or located in Contractor's offices elsewhere; as well as personal expenses incurred in connection therewith. For Contractor's personnel located outside of Suriname, time sheets which record the man-hours dedicated to the Petroleum Operations and the a detailed, auditable, internal rate assigned to each of such personnel according to its category shall be used.

(b) Costs of all holiday, vacation, sickness, disability, disability benefits, living and housing allowances, travel time, bonuses, dependent schooling, language courses, company cars, hardship allowances and other customary allowances applicable to the salaries and wages chargeable hereunder, as well as the costs to Operator for employee benefits, including but not limited to employee group life insurance, group medical insurance, hospitalization, retirement, and severance payments required by the laws or regulations of Suriname in accordance with Contractor's usual practice.

(c) Reasonable expenses (including related travel costs) of those employees whose salaries and wages are chargeable under 7.1(a) and for which expenses the employees are reimbursed under the usual practice of Operator.

(d) Expenses or contributions imposed under Applicable Laws to Contractor's cost of salaries and wages chargeable under Section 7.1(a) or other costs chargeable under this Section 7.1.

(e) Costs incurred by Operator for training which are of direct benefit to the Petroleum Operations pursuant to its training policy or as required by Suriname regulations for employees permanently assigned to Petroleum Operations.

(f) If employees are engaged in other activities in addition to the Petroleum Operations, the cost of such employees shall be allocated on an equitable basis.

7.2 Material and Equipment

Material and Equipment purchased or furnished by Contractor, Operator or Sub-Contractor for use in Petroleum Operations as provided under Section 10 of this Accounting Procedure. To the extent reasonable, practical and consistent with efficient economical operation, only such Material and Equipment shall be purchased or transferred for use in Petroleum Operations as may be required for immediate use or prudent contingent stock. The accumulation of surplus stocks shall be avoided.

7.3 Transportation and Employee Relocation Costs

(a) Costs for transportation of Material and Equipment and other related costs such as expediting, crating, dock charges, air and ocean freight.

(b) Costs incurred for transportation of personnel as required in the conduct of Petroleum Operations.

(c) Costs for relocation of employees permanently or temporarily assigned to Petroleum Operations at the beginning of their assignment to Petroleum Operations in accordance with Contractor's usual practice.

7.4 Services

(a) The actual price paid for contract services, professional consultants and other services procured from outside sources other than services covered by Section 7.13.

(b) Costs for use of equipment and facilities furnished by Contractor, Operator, or Sub-Contractors at rates commensurate with the cost of ownership and operation if such use is economically justifiable. Rates shall include costs of maintenance, repairs, other operating expenses, insurance and taxes. Such costs shall be computed in line with Contractor's usual accounting policy such that no gain or loss accrues to Contractor, and provided that such costs are competitive with comparable third party services.

(c) The cost of services provided or performed by the technical and professional staff of the Contractor, Contractor's Affiliates, Operator and/or Operator's Affiliates, Examples of such services include, but are not limited to the following:

Geological Studies and Interpretation;

Seismic Data Processing;

Well Log Analysis, Correlation and Interpretation;

Well Site Geology;

Laboratory Services;

Ecological and Environmental Engineering;

Abandonment Studies;

Project Engineering;

Source Rock Analysis;

Petrophysical Analysis;

Geochemical Analysis;

Drilling Supervision;

Development Evaluation;

and, if provided in-country in Suriname:

Executive and Administrative

Communications and Data Processing;

Human Resources

Professional Services, including accounting and legal services; and

Safety and Security.

Such services pursuant to Section 7.4 (a), (b) and (c), shall be charged at cost plus any income or withholding tax, excluding profit, provided that these services result in accurate and complete reports, presented to Parties and supported by time records and any other relevant information. The records thereof shall be made available for audit by the Parties in accordance with Section 5.

7.5 Damages and Losses to Property

(a) All costs or expenses necessary for repair or replacement of property resulting from damages or losses incurred by fire, flood, storm, theft, accident, or any other cause, provided that these expenses are not due to Gross Negligence or Willful Misconduct on the part of Contractor or recoverable from insurance.

(b) Contractor shall furnish Staatsolie with written notice of such damages or losses in excess of two hundred thousand US Dollars ($200,000) per incident as soon as reasonably practicable.

7.6 Insurance

(a) All premiums paid for insurance carried for the Petroleum Operations.

(b) All expenditures incurred and paid in the settlement of any and all losses, claims, damages, judgments and any other expenses, not recovered from insurance, provided that these expenses are within the provisions of Article 25 of the Contract and not due to Gross Negligence or Willful Misconduct on the part of Contractor.

7.7 Legal Expenses

Costs necessary for handling, investigating and settling litigation or claims arising from Petroleum Operations or necessary to protect or recover property, including, but not limited to, lawyers' fees, court costs, cost of investigation or procuring evidence and amounts paid in settlement or satisfaction of any such litigation or claims, except if such legal expenses are due to Gross Negligence or Willful Misconduct on the part of Contractor.

7.8 Duties and Taxes

Taxes, except for income taxes as described in Sub-article 18.2 of the Contract, charges, levies, duties, fines, payments and penalties imposed by the Government or any other governmental entity against Contractor in connection with Petroleum Operations, except if the imposition of such tax, levy, duty, fine, payment or penalty is due to Gross Negligence or Willful Misconduct on the part of Contractor.

7.9 Offices, Camps, and Miscellaneous Facilities

The cost of maintaining and operating any offices, sub-offices, camps, warehouses, housing and other facilities directly serving the Petroleum Operations.

7.10 Energy Expenses and water

Costs of fuel, electricity or other energy and water used for the Petroleum Operations.

7.11 Communication Charges

Costs of acquiring, leasing, installing, using, repairing and maintaining communication systems, used for the Petroleum Operations

7.12 Environmental Charges

Costs of environmental programs undertaken with respect to Petroleum Operations, including, but not limited to Environmental and Social Impact Assessment Environmental

Impact Assessments, Environmental Baseline Study, Environmental Management Plan, ongoing monitoring programs, remediation, and mitigating activities.

7.13 Administrative Overhead Costs

7.13.1 Contractor's administrative overhead outside Suriname applicable to Petroleum Operations under the Contract prior to the Date of the Declaration of Commercial Field in the Contract Area shall be charged in accordance with the following rates with respect to all expenditures allowable for Cost Recovery other than administrative overhead, Royalties and other taxes imposed by the government:

i) Three percent (3%) of the first five million (5,000,000) US Dollars of such expenditures paid during the Calendar Year; and

ii) Two percent (2%) of the next three million (3,000,000) US Dollars of such expenditures paid during the Calendar Year; and

iii) One percent (1%) of the amounts exceeding eight million (8,000,000) US Dollars of such expenditures paid during the Calendar Year.

7.13.2 Contractor's administrative overhead outside Suriname applicable to Petroleum Operations under the Contract after the Date of the Declaration of Commercial Field in the Contract Area shall be charged in accordance with the following rates with respect to all expenditures allowable for Cost Recovery other than administrative overhead:

i) Five-tenths of one percent (0.5%) of the first twenty million (20,000,000) US Dollars of such expenditures paid during the Calendar Year; and

ii) Four-tenths of one percent (0.4%) of amounts of the next thirty million (30,000,000) US Dollars of such expenditures paid during the Calendar Year; and

iii) One-tenths of one percent (0.1%) of the amounts exceeding fifty million (50,000,000) US Dollars of such expenditures paid during the Calendar Year.

7.13.3 Contractor shall make provisional quarterly charges to the accounts based on the above rates.

7.13.4 Such overhead charges shall be considered full compensation to Contractor for work carried out by Contractor and Affiliates wherever located for the following types of assistance provided:

(A) Executive - Time of executive officers from the rank of regional exploration manager upward.

(B) Exploration, Production and Engineering - Direction, Managing, advising and controlling the entire project.

(C) Services - provided by other departments such as legal, employee relations, personnel recruiting, purchasing and procuring administrative, accounting and audit, treasury, financial and exchange advice and payment of invoices, which contribute time, knowledge and experience to the operation.

7.14 Abandonment Fund

All contributions made by Contractor to the Abandonment Fund.

7.15 Licenses, Permits, etc.

All costs attributable to the acquisition, maintenance, renewal or relinquishment of licenses and permits acquired for Petroleum Operations and bonuses paid in accordance with the Contract when paid by Contractor in accordance with the provisions of the Contract.

7.16 Other Expenditures

Any other expenditures not covered or dealt with in the foregoing provisions which are incurred by Contractor for the necessary and proper conduct of the Petroleum Operations.

8. Cost and expenses not qualifying for Cost Recovery

The following costs and expenses do not qualify for Cost Recovery:

(a) any payments made to Staatsolie for failure to fulfill the Minimum Work Obligations in accordance with Sub-article 5.8.1 of the Contract;

(b) costs incurred before the Signing Date;

(c) costs of marketing or transportation of Crude Oil beyond the Delivery Point;

(d) attorney's fees and other costs of proceedings in connection with dispute resolution under Article 41 of the Contract or expert determination as provided in the Contract or this Accounting Procedure;

(e) fines and penalties imposed under Applicable Law of Suriname or under this Contract to the extent that the imposition of such fines or penalty is due to Gross Negligence or Willful Misconduct on the part of Contractor; and

expenditures made in accordance with Sub-article 32.1.1 of the Contract concerning training to Staatsolie personnel and financing of community based programs.

Any costs and expenses attributable to the financing of Petroleum Expenditures incurred under the Contract

(h) any other expenditures not covered or dealt with in the foregoing provisions which are incurred by Contractor, which are not necessary for the proper conduct of the Petroleum Operations.

9. Credits

Credits in favor of the Contractor as a result of the Petroleum Operations shall be credited to the respective accounts and be included in the statement of expenditures. Such credits shall include, but not be limited to, the following transactions:

(a) The net proceeds of any successful damage claim and any type of discount with an insurance in connection with Petroleum Operations for claims with respect to operations or assets that were insured and where the insurance premium with respect thereto has been charged to the Petroleum Expenditures Account.

(b) Any adjustments received by Contractor from suppliers/manufacturers, or their agents, in connection with defective Material and Equipment, or services deemed unsatisfactory, the cost of which was previously charged by Contractor to the Petroleum Expenditures Account.

(c) The net proceeds of sale for disposal of assets used in or acquired for the Petroleum Operations.

The net proceeds received from third parties and/or Staatsolie in relation to the use of Contractor's facilities.

Net proceeds arising from the sale of (part of) the participating interest under this Contract.

10. Material and Equipment

10.1 Acquisitions

Materials purchased for the Joint Account shall be charged at net cost paid by the Operator. The price of Materials purchased shall include, but shall not be limited to export broker's fees, portion of storage fees directly related to the Joint Operations, all taxes, insurance, transportation charges, loading and unloading fees, import duties, license fees and demurrage (retention charges) associated with the procurement of Materials and applicable taxes, less all discounts taken. Operator shall make its best endeavors to timely dispose of idle and/or surplus Joint Property, Material and Equipment, such disposal being made through sale to a third party or by transfer from Petroleum Operations pursuant to section 10.5 below.

10.2 Pricing of acquired Material and Equipment

Pricing of acquired Material and Equipment shall be as follows:

(a) Material and Equipment which is purchased from a third party shall be charged at the net cost incurred by Contractor. Cost shall include, but shall not be limited to, such items as procurement cost, transportation, duties, license fees and applicable taxes.

(b) New, unused, Material and Equipment which is owned by Contractor and transferred to Petroleum Operations under this Contract, shall be classified as Condition "A" and priced at an invoice price determined in accordance with (a) above.

(c) Material and Equipment which is owned by Contractor and transferred to Petroleum Operation under this Contract and is in sound and useful condition and suitable for re-use without reconditioning, shall be classified as Condition "B" and priced at a fair market price not exceeding seventy-five percent (75%) of that of new Material and Equipment as specified in (b).

(d) Material and Equipment which is owned by Contractor and transferred to Petroleum Operation under this Contract and is not in sound and useful condition but which is suitable for re-use after reconditioning, shall be classified as Condition "C" and priced at a fair market price with a maximum of fifty percent (50%) of new Material and Equipment as specified in (b).

(e) The cost of reconditioning shall also be charged to the Petroleum Expenditures Account provided that the Condition C price, plus the cost of reconditioning, does not exceed the Condition B price and provided that Material and Equipment as classified meets the requirements for Condition B Material and Equipment upon being repaired and reconditioned.

(f) Material and Equipment which is owned by Contractor and transferred to Petroleum Operation under this Contract and is no longer suitable for its original use, excluding junk, but usable for some other purpose which cannot be classified as Condition "B" or Condition "C" shall be priced at a fair value commensurate with its use.

(g) Material and Equipment which is owned by Contractor and transferred to Petroleum Operation under this Contract and is junk shall be priced at prevailing prices.

10.3 Premium Prices

Whenever Material is not readily obtainable at published or listed prices because of national emergencies, strikes or other unusual causes over which the Contractor and/or Operator has

no control, the Contractor may charge the Petroleum Expenditures for the required Material and Equipment at the Contractor's actual cost incurred in providing such Material and Equipment, in making it suitable for use, and in moving it to the Joint Property; provided notice in writing is furnished to Contractor Parties of the proposed charge prior to billing Contractor Parties for such Material and Equipment. Provided however, that if the premium exceeds 200.000 (two hundred thousand) US$ Dollar or 20 % of the cost under normal circumstances, Operations Committee approval is required for such acquisition.

10.4 Warranty of Material and Equipment furnished by Operator

The Operator does not give a warranty for the Material and Equipment charged to the Petroleum Expenditures Account beyond the manufacturer's or supplier's guarantee, express or implied. In case such Material and Equipment is defective, a credit shall not pass to the Petroleum Expenditures Account before an adjustment has been received by the Operator from the manufacturer or supplier.

10.5 Disposal of Material and Equipment

10.5.1 To the extent permitted under the terms of the Contract, the Operator shall have the right to dispose of surplus Material and Equipment but shall advise and secure prior approval of the Operations Committee of all proposed dispositions and method of disposal of surplus Material and Equipment having an original unit cost to the Petroleum Expenditures Account either individually or in the aggregate of more than two hundred thousand US Dollars (US$200,000) ("Major Surplus Items").

10.5.2 Each Party shall have fifteen (15) Days from receipt of the notice to notify, in writing, to the Operator whether it wishes to acquire any of the Major Surplus Items under the terms and conditions proposed. Failure by any Party to respond within the fifteen (15) Day notice period shall be deemed a notification of no interest.

10.5.3 If more than one Party has indicated its wish to acquire some Major Surplus Item, subject to Sub-Article 27.5, the Operator shall promptly, in respect of each item, notify each such Party in writing of the name of the other Party who wishes to acquire that item. Such Parties shall be allowed fourteen (14) Days from the date of such notification to agree upon a division or allocation of each such item

10.5.4 If the Parties concerned are unable to agree upon a split or allocation of any Major Surplus Item, the Operator shall request a competitive bid from the Parties concerned

in respect of that item and shall accept the highest bid. Where the Operator bids in competition with other Parties it shall arrange the bidding procedure so that it gains no advantage from acting as the Operator.

10.5.5 If no Party has indicated within said period of fifteen (15) Days its intention to purchase any or all Major Surplus Items, the Operator shall, unless the nature or value of an item makes tendering impracticable or uneconomic, prepare a list of the items for sale and bids shall be requested from the Parties and from third parties. The Operator will ordinarily accept the highest bid but shall reserve the right to accept or refuse any offer. All documentation concerned with such bids and all subsequent sales shall be retained as part of the records available for audit.

10.5.6 Credits for Material and Equipment sold by Operator shall be made to the Petroleum Expenditures Account in the month in which the sale of Material and Equipment is settled or formalized. Any Material and Equipment sold or disposed of under this Section shall be without guarantees or warranties of any kind or nature. Costs and expenditures incurred by Operator in the disposition of Material and Equipment shall be charged to the Petroleum Expenditures Account.

10.6 Inventories

The Operator shall maintain detailed records of Controllable Material, subject to the following:

(a) Periodic inventories shall be taken by Contractor of all Controllable Material: annually with respect to moveable assets and once every three years for immovable assets Contractor shall give thirty (30) Days written notice of intention to Staatsolie and any other Contractor Party prior to taking such inventories to allow them to be represented. If any such party does not succeed in being represented shall bind it to accept the inventory taken by Contractor.

(b) Reconciliation of inventory with the Petroleum Expenditures Account shall be made by Contractor based on the inventory report as required by the Parties.

(c) Adjustments to the Petroleum Expenditures Account resulting from the reconciliation of a physical inventory shall be made within six (6) months following the taking of the inventory. Inventory adjustments shall be made by Operator to the Petroleum Expenditures Account for overages and shortages.

10.7 Special Inventories

Special inventories may be taken whenever there is any sale, change of interest, or change of Operator in the Joint Property. It shall be the duty of the Party selling to notify all other Parties as quickly as possible after the sale of interest takes place. In such cases, both the seller and the purchaser shall be governed by such inventory. In cases involving a change of Operator, all Parties shall be governed by such inventory.

10.8 Expense of Conducting Inventories

The expense of conducting special inventories shall be charged to the Parties requesting such inventories, except inventories required due to change of Operator in which cases shall be charged to the Petroleum Expenditures Account.

11. Statements to be provided by Operator

11.1 Monthly Statements

Within fifteen (15) days from the end of the relevant Calendar Month Contractor shall supply Staatsolie with the following informative statements:

(a) an expenditure statement in accordance with Sections 2, 8 and 10 of this Annex;

(b) a Joint Venture expenditure statement in accordance with Sections 2, 8 and 10 of this Annex;

(c) a statement of receipts in accordance with Section 9 and 10 of this Annex;

(d) a production statement in accordance with Article 14 ;

(e) a statement of Local Content in accordance with Article 31 and 32

11.2 Quarterly Statements

Within thirty (30) days from the end of the relevant Calendar Quarter, Contractor shall supply Staatsolie with the following settlement statements:

a) a cost recovery statement in accordance with Article 13 and 26.

b) a production statement in accordance with Article 14 ;

c) a statement of receipts in accordance with Article 26.4

d) a Profit Oil and control statement

e) an inventory statement

f) details of all equipment disposed and sold

Consolidated annual summaries of each of these statements shall also be provided to Staatsolie within ninety (90) days after the end of the relevant Calendar Year.

11.3 Statement of expenditures

The statement of expenditures shall include the following:

(a) the expenditure (less credits) accrued during the period in question;

(b) the cumulative expenditure (less credits) to date for the relevant budget year;

(c) modifications to the budget;

(d) the expenditure contemplated for the budget year

(e) the latest forecast of cumulative expenditure for year end; and

(f) variations between budget (as amended by sub-paragraph (c) hereof, where applicable) and latest forecast and reasonable explanations thereof.

11.4 Statement of receipts

The statement of receipts shall include the following:

(a) The estimated value and volume of Cost Oil lifted by Parties for the period in question.

(b) The volume and value of Petroleum produced, used in Petroleum Operations, available for lifting and actually lifted by the Parties, as at the end of the preceding period in question;

11.5 Production statement

Contractor's Production Statement shall contain the following information and shall be prepared in accordance with the following principles:

(a) The production sharing shall be determined on the basis of all Petroleum produced and saved from the Commercial Field and measured at the Delivery Point or Points during the respective Month in accordance with Article 14 and Annex 4 of the Contract.

(b) The volumes of grades of Crude Oil and Natural Gas produced and sold will be determined separately at the Delivery Point.

(c) The volumes of Crude Oil shall be corrected for water and sediments, and shall be determined on the basis of standard temperatures and pressures (sixty (60) degrees Fahrenheit and 14.7 p.s.i.a.). The gravity, sulphur content, and other quality indicators of the Crude Oil shall be determined and registered regularly.

(d) The volumes of Natural Gas produced and sold shall be determined on the basis of standard temperatures and pressures (sixty (60) degrees Fahrenheit and 14.7 p.s.i.a.). The energy content, sulphur content and other quality indicators of the Natural Gas shall be determined and registered regularly.

11.6 Quarterly cost recovery statement

The Cost Recovery report shall consist of:

(a) Petroleum Expenditures, based on paid invoices, for the Quarter in question;

(b) Recoverable Petroleum Expenditures up to the end of the preceding Calendar Quarter.

(c) quantity and value of Crude Oil and/or Natural Gas available for cost recovery during the Calendar Quarter.

(d) amount of costs recovered from the Crude Oil and/or Natural Gas available for cost recovery for the Calendar Quarter.

(e) amount of recoverable costs carried into succeeding Calendar Quarter, if any; and

(g) quantities of Crude Oil allocated to Contractor and Staatsolie, respectively, during the Calendar Quarter as cost recovery Crude Oil and Profit Oil.

These expenditures included in such Cost recovery statement will be cost recoverable after approval by Staatsolie in accordance with Article 26.

11.7. Quarterly Profit oil and Control statement

Contractor shall provide each Calendar Quarter a Profit Oil and control statement showing the accumulated accounts of costs and revenues verified by Staatsolie. The statement shall include information in respect of the following:

(a) The cumulative amount of recoverable costs and Petroleum Expenditures

(b) The cumulative amount of cost recovered and yet to be recovered

(c) The cumulative amount Royalties paid

(d) The cumulative quantity and value of Crude Oil allocated to the Contractor for cost recovery; and

(e) The cumulative quantity and value of Profit Oil and/or Natural Gas allocated to Staatsolie and Contractor, respectively, under this contract.

(f) The cumulative amount of income tax

(g) The cumulative gross revenues

11.8 Quarterly Inventory statement

11.8.1 Inventory Statement

Contractor shall maintain detailed records of property acquired for Petroleum Operations.

On a Quarterly basis, Contractor shall provide Staatsolie with an Inventory Statement containing:

(a) description and codes of all assets and Controllable Materials;

(b) amounts charged to the accounts for each asset;

(c) date on which each asset was charged to the account; and

(d) whether the costs of such asset has been recovered pursuant to Article 13 of the Contract.

(d) The book value of all assets, in accordance with Sub-Article 26.2

11.8.2 Identification

To the extent practicable, all assets shall be identified for easy inspection with the respective codes specified in manuals.

ANNEX 4 CRUDE OIL AND NATURAL GAS MEASUREMENT PROCEDURE

1 Crude Oil Measurement

(a) Calibrated Title Transfer Meters.

Operator shall have (a) calibrated title transfer meter(s) permanently installed at the Delivery Point(s). The custody transfer meter(s) shall be capable of accurately measuring the quantity of Crude Oil at the Delivery Point(s). The title transfer meter(s) shall be comprised of all necessary meters, meter testing devices, instruments and other associated equipment necessary to measure, evaluate and record the quantity of the Crude Oil at the Delivery Point(s).

(b) Crude Oil Quality Measurement.

Operator shall also provide the necessary equipment, tools and instruments to measure base sediment and water ("BS&W"), American Petroleum Institute ("API") gravity and any other characteristics the Parties mutually deem appropriate in accordance with industry practices for crude oils similar to the Crude Oil and shall store such tools and instruments in an appropriate laboratory. Equipment provided by Operator shall include, but not be limited to, an automatic sampler to collect representative samples of each cargo loaded at the Delivery Point(s). Operator shall test and calibrate (for accuracy) the equipment being used in accordance with generally accepted international petroleum industry practice whenever necessary and in any event at least once per month. Both Staatsolie and each Contractor Party shall have the right to witness all testing and calibration of the meters and shall receive detailed reports thereof.

2 Frequency of Crude Oil Measurement

For accounting purposes, official meter readings shall be read by Operator not less than weekly for purposes of providing production and shipment data of Crude Oil. Information obtained from these readings shall be reported, promptly, to Staatsolie and each Contractor Party. The actual times of such meter readings shall be determined by Operator with timely notification to Staatsolie and if, applicable, any other Contractor Party. Staatsolie and each Contractor Party shall have the right, but not the obligation, to have two representatives present to witness meter readings and sign meter results.

3 Natural Gas Measurement

In the event of the Development of Natural Gas reserves in the Contract Area, the quantity and quality of Natural Gas delivered under the Contract shall determined from data obtained from orifice or ultrasonic meter runs using API standards and procedures. The type of Natural Gas metering equipment to be installed shall be determined by Operator. The Natural Gas measurement and evaluation system shall be consistent with international petroleum industry practice. The Natural Gas meter shall be calibrated at least once every Calendar Year, witnessed by representatives of both Staatsolie and Operator, with the calibration records signed by such representatives.

4 Petroleum Measurement Procedures

Unless Operator and Staatsolie agree otherwise, API standards and procedures shall be used to measure and evaluate Petroleum flowing through the equipment. The API standards and procedures shall be taken from or provided by the API's standard Method of Sampling and Manual of Petroleum Measurement Standards. A copy of these standards and procedures (and updates and reviews thereof) shall be provided by Operator and shall be available both to Staatsolie and to Operator at all times.

ANNEX 5 ENVIRONMENTAL STANDARDS AND PRACTICES

Conduct of Petroleum Operations

Contractor shall conduct the Petroleum Operations in a careful, expedient, safe and efficient manner in accordance with Sub-Article 24.1 of the Contract.

Environmental Baseline Study

1. General. Contractor shall, in order to determine the state of the environment in the Contract Area at the Effective Date, cause an environmental baseline study to be carried out by an internationally recognized environmental consulting firm selected by Contractor and acceptable to Staatsolie (the "Environmental Baseline Study").

2. Start of Environmental Baseline Study. Contractor shall begin preparation of an Environmental Baseline Study for the Contract Area as soon as practicable after the Effective Date of the Contract. The Operations Committee, taking into consideration the Development Plan, shall agree on the final submission date of the Environmental Baseline Study, which date shall be no later than two (2) Calendar Years after the Date of Establishment of a Commercial Field.

3. Outline of Environmental Baseline Study. Contractor shall carry out the Environmental Baseline Study in accordance with the form of outline attached in Annex 5A of the Contract.

4. Submission. The Environmental Baseline Study shall be submitted to the relevant Government Authorities, with a copy to Staatsolie.

Environmental and Social Impact Assessments

1. General. Contractor shall prepare an Environmental and Social Impact Assessment for any Environmental Impact Activity that is reasonably anticipated to occur in the Contract Area during the Petroleum Operations.

2. Environmental Impact Activity. An "Environmental Impact Activity" means an activity undertaken by Contractor in connection with Petroleum Operations in the Contract Area which will, or is reasonably foreseeable to, have a significant negative effect on the environment.

3. Timing. Contractor shall prepare and submit an Environmental and Social Impact Assessment to the relevant Government Authorities, with a copy to Staatsolie, for any phase of a Work Program before undertaking, directly or indirectly - through a Sub-Contractor, any phase of a Work Program that will include an Environmental Impact

Activity. An Environmental and Social Impact Assessment may be written in such manner to incorporate multiple Environmental Impact Activities that result from that phase of a Work Program.

4. Classification of Environmental and Social Impact Assessment. Contractor shall make each Environmental and Social Impact Assessment in accordance with the form of outline attached hereto as Annex 5B. Each Environmental and Social Impact Assessment shall include an Environmental Impact Assessment. An "Environmental Impact Assessment" means the assessment of the effects of the relevant Environmental Impact Activity on the environment.

5. Environmental Management Plan. Contractor shall, as part of an Environmental and Social Impact Assessment, prepare an environmental management plan based on the results of the Environmental Impact Assessment ("Environmental Management Plan"). The Environmental Management Plan shall provide detailed information about Petroleum Operations that will be utilized to minimize environmental impacts. An Environmental Management Plan shall include, but not be limited to, a detailed description of atmospheric emission, waste management systems, and oil spill and fire prevention and response.

Contingency Plans

1. Objective. The objective of the Contingency Plan is:

(i) to ensure the safety of personnel and the public; and

(ii) to protect both the environment and Contractor's investment.

2. Development of Contingency Plan. The Contingency Plan will be developed as a logical extension of any relevant present plans used by Contractor in other offshore projects. The process for developing the Contingency Plan will include:

(a) risk analysis;

(b) hazard identification and assessment;

(c) environmental sensitivities;

(d) consultation with Government Authorities;

(e) incorporation of petroleum industry codes of practice;

(f) consultation with local and other emergency resources; and

(g) emergency response plans.

3. Coordination. Contractor's Contingency Plan will incorporate the appropriate government agencies and other organizations in planning and coordinating exercises and drills (exercises).

4. Types of Emergency Response Plans. Contractor shall develop emergency response plans ("ERPs") for:

(i) oil spill;

(ii) incidents such as fire, well management, natural disasters; and

(iii) medical emergency.

Existing ERPs will be reviewed and updated on an "as needed" basis.

5. Structure of ERP. Each ERP will provide information on:

(a) levels of alert;

(b) notification structure;

(c) key duties of the response team;

(d) emergency support teams;

(e) emergency telephone lists;

(f) various forms and checklists; and

(g) procedures and accountabilities to update these lists.

ANNEX 5A OUTLINE OF ENVIRONMENTAL BASELINE STUDY

Reference Data

1. Description of the Study Area
2. Objectives of the Study
3. Literature review
4. Identification of relevant regulatory approvals and permits
5. International standards overview
6. Audit of existing operations and practices
7. Environmental data collection

- Atmospheric
- Water Quality
- Flora and Fauna
- Benthic
- Meteorological and Oceanographic
- Sediment
- Background Radiation

Contents of Environmental Baseline Study

1. Methodology
2. Sampling and Analysis Frequency Discussion, provided that it is deemed necessary to conduct environmental monitoring
3. Finding
4. Program Modifications, provided that it is deemed necessary to conduct environmental monitoring
5. Identification of Environmental Impact Activities

ANNEX 5B FORM OF ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT

1. The Project

1.1 Project overview

1.2 Project activities

1.3 Emissions of facilities and waste removal

1.4 Accidental spills

1.5 Accidental loss experiences

2. Approach and Methodology

2.1 Approach

2.2 Methodologies

2.3 Identification of relevant regulatory approvals and permits

3. Environmental Setting and Data Collection

3.1 Marine physical environment

3.2 Marine biological environment

3.3 Protected areas and special places

3.4 Fisheries and aquaculture

3.5 Atmospheric Environment

4. Environmental and Social Impact Assessment

4.1 Introduction

4.2 Approach

4.3 Offshore facilities

4.4 Underwater pipeline

4.5 Cumulative effects

4.6 Environmental evaluation and monitoring plan

5. Mitigation Measures and Residual Impacts

5.1 Introduction

5.2 Offshore facilities

5.3 Underwater pipelines

5.4 Cumulative effects

5.5 Environmental Management Plan

ANNEX 5C. OUTLINE OF HEALTH AND SAFETY PLAN

At least but not limited to

1. Hazard register
2. Evaluation and risk assessment of activities
3. Hazard management including a description of the means of control of identified hazards
4. Emergency response plan, including medical evacuation arrangements

ANNEX 5D. OUTLINE OF CONTRACTOR HSE MANUAL

At least but not limited to

a. HSE Policy

b. HSE System and organization

c. Applicable standards and procedures

d. Employee HSE training

e. HSE communication

f. HSE inspection

g. HSE auditing

h. Reporting of incidents and investigation

i. Waste management

j. Personal hygiene and sanitation

ANNEX 6. DUTIABLE ITEMS

The following items shall not be subject to the exemption described in Article 17 of the Contract:

(a) Foodstuffs and alcoholic and non-alcoholic beverages intended for human consumption.

(b) Fuels and lubricants.

(c) Timber and wood products.

(d) Textiles, textile goods, clothing, shoes, with the exception of those which are used /commonly used during the Petroleum Operations.

(e) Firearms and ammunition therefore.

(f) Office furniture.

(g) Unused air conditioners, other than for use in Contractor's offices.

(h) Gunpowder and explosives, with the exception of those which are used to be/commonly used during Petroleum Operations.

(i) Sports and pleasure boats and engines for these.

(j) Unused furniture and other mechanical or non-mechanical appliances and equipment.

ANNEX 7. FORM OF CONTRACTOR PARENT COMPANY PERFORMANCE GUARANTEE

To: Staatsolie Maatschappij Suriname N.V.

P.O. Box 4069

Half Flora

Paramaribo, Suriname

PERFORMANCE GUARANTEE

We the undersigned company, (the "Parent"), a legal entity organised and existing under the laws of , being the direct or indirect owner of (the "Subsidiary") which on has entered into a Production Sharing Contract for the Petroleum Exploration, Development and Production of Offshore Suriname, Block (the "Contract"), with Staatsolie Maatschappij Suriname N.V. ("Staatsolie") hereby, as primary obligor, unconditionally and irrevocably guarantees to Staatsolie the due and timely performance by the Subsidiary of its obligations under the Contract.

The Parent further guarantees that the Parent will provide the Subsidiary with all technical support and specialist personnel necessary for the Subsidiary to fulfill its Obligations under the Contract.

This Guarantee is a continuing Guarantee for the applicable phase of the Exploration Period and shall enter into force on the Effective Date of the Contract and shall remain in force until the Minimum Work Obligation of the Subsidiary under the Contract have been discharged in full or the obligations of the Subsidiary have been terminated.

This Guarantee shall be governed by the same law as provided under the Applicable Law provision in Article 40 of the Contract. Any dispute under this Guarantee shall be resolved by dispute resolution Article 41 of the Contract.

Dated the day of , 2011, at .

By:

ANNEX 8 EXAMPLE OF R-FACTOR CALCULATION

Annex 8, Example of the Calculation of the R-factor (block 42)

			TOTAL	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Realized Price				95	95	95	95	95	95	95	95	95	95	95	95	95	95	95.00
Production	MMBBL			10	29	58	96	135	173	207	233	253	268	279	288	295	300	300.0
Revenue Stream																		
Gross Revenue	$MM		28,498	912	1,829	2,743	3,658	3,658	3,658	3,208	2,453	1,876	1,435	1,097	839	642	491	0.0
- Royalty	$MM	6.25%	1,781	57	114	171	229	229	229	201	153	117	90	69	52	40	31	0.0
- Cost Oil	$MM		7,699	684	1,372	2,057	951	529	256	257	217	430	170	156	159	328	132	0.0
Profit Oil	$MM		19,018	171	343	514	2,478	2,900	3,173	2,750	2,083	1,329	1,175	873	628	274	328	0.0
Profit Oil Income Tax	$MM	36.0%	6,846	62	123	185	892	1,044	1,142	990	750	478	423	314	226	98	118	0.0
Cumulative Gross Revenue	$MM			912	2,741	5,484	9,141	12,799	16,456	19,664	22,118	23,994	25,429	26,526	27,365	28,007	28,498	28,498
Cumulative Royalty	$MM			57	171	343	571	800	1,029	1,229	1,382	1,500	1,589	1,658	1,710	1,750	1,781	1,781
Cumulative Tax	$MM			57	171	343	571	800	1,029	1,229	1,382	1,500	1,589	1,658	1,710	1,750	1,781	1,781
R-Factor Numerator	$MM			793	2,384	4,771	7,308	9,693	11,980	13,997	15,547	16,828	17,750	18,464	19,025	19,528	19,870	19,870
Cumulative CapEx + OpEx	$MM			2,790	3,514	4,278	5,064	5,594	5,849	6,106	6,323	6,754	6,924	7,080	7,239	7,567	7,699	7,817
Cumulative Tax	$MM			62	185	370	1,262	2,306	3,448	4,438	5,188	5,667	6,090	6,404	6,630	6,728	6,846	6,846
R-Factor Denominator	$MM			2,790	3,514	4,278	5,064	5,594	5,849	6,106	6,323	6,754	6,924	7,080	7,239	7,567	7,699	7,817
R-Factor				0	0.68	1.12	1.44	1.73	2.05	2.29	2.46	2.49	2.56	2.61	2.63	2.58	2.58	2.54
Contractor POS*	%			85%	85%	80%	75%	70%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%
Contractor POS*	$MM	51%	9,781	145	291	411	1,858	2,030	1,269	1,100	833	531	470	349	251	109	131	0.0
Government POS*	$MM	49%	9,237	26	51	103	619	870	1,904	1,650	1,250	797	705	524	377	164	197	0.0
IOC part of Contractor POS*	$MM	90%	8,803	131	262	370	1,672	1,827	1,142	990	750	478	423	314	226	98	118	0.0
NOC part of Contractor POS*	$MM	10%	978	15	29	41	186	203	127	110	83	53	47	35	25	11	13	0.0

***POS = Profit Oil Share**

ANNEX 9 TAX RULINGS

Form of Ruling 1

To:.

Paramaribo,

Re: Ruling on Turnover Tax

Dear ,

On ., a corporation organized and acting under the laws of the Netherlands (hereinafter: “the contractor”), entered into a “Production Sharing Contract” (hereinafter: “the contract”) with Staatsolie Maatschappij Suriname N.V. for the exploration and exploitation of petroleum reserves in Block 42, as described in Annex 1 and Annex 2 of the contract.

For the implementation of the contract it is important, in advance, to be certain with regard to the interpretation of a number of provisions of the Turnover Tax Act 1997, as lastly amended in Official Gazette 2002 no 86. In this regard, we communicate to you the following.

Pursuant to Article 18 of the Turnover Tax Act 1997 the Turnover Tax is zero percent (0%) in case of export of Crude Oil;

Article 12 of the Turnover Tax Act 1997 is applicable, if the contractor, with regard to its Petroleum activities in Suriname, produces taxable goods according to this act;

Article 16 of the Turnover Tax Act 1997 is also applicable to the contractor, if it meets the conditions as set forth therein.

I trust to have provided you with sufficient information.

Sincerely,

The Inspector of Turnover Tax,

Form of Ruling 2

To:.

Paramaribo,

Re: Ruling on Income Tax

On a corporation organized and acting under the laws of the (hereinafter: "the contractor"), entered into a "Production Sharing Contract" (hereinafter: "the contract") with Staatsolie Maatschappij Suriname N.V. for the exploration and exploitation of petroleum reserves in Block 42, as described in Annex 1 and Annex 2 of the contract. For the implementation of the contract it is important to establish certain matters as regards the interpretation and application of some provisions of the 1922 Income Tax Act, as lastly amended by Bulletin of Acts and Decrees 2003, no. 3 and in conjunction with the 1990 Petroleum Law, as amended by Bulletin of Acts and Decrees 2001, no. 58. Within this framework I herewith inform you as follows:

The annual assessable profit of the contractor is computed in pursuance of the attached model;

By virtue of article 29 of the contract, in pursuance of the attached model, allocation to the Abandonment Fund is deductible upon computing the assessable profit;

Conformable to the distribution of the attached model, contractor's share of surplus in the Abandonment Fund is designated as profit in the year in which the fund is terminated;

The other revenues of the contractor connected with the contractor's business operations in Suriname are determined pursuant to the provisions laid down in the 1922 Income Tax Act;

Other revenues are meant to refer to the revenues of the contractor connected with the contractor's business operations in Suriname that are taxable in Suriname in pursuance of the 1922 Income Tax Act and do not occur upon implementing the contract;

All other costs that are considered non-offsettable, including but not limited to the costs as indicated in paragraph 8 of the Accounting Procedure of the contract, shall be deductible in pursuance of the 1922 Income Tax Act;

Contractor is allowed to do its accounting in American currency, more in particular US Dollars;

Contractor is obligated to draw up its annual income tax return in US Dollars and to pay the tax due in US Dollars;

Contractor is obligated with the income tax returns to add a detailed statement to show how its assessable profit has been composed and this in such manner that it is sufficiently clear which revenues ensue from the implementation of the contract and other revenues;

By virtue of Article 9, subsection 8 of the 1990 Petroleum Law, the income tax rate for the revenues obtained from the contract amounts to 36%. In the event the tax rate is amended, such amendment shall not apply to the contractor and it shall not affect its tax liability in pursuance of the 1922 Income Tax Act;

No withholding tax shall be levied on profit distributions by the permanent establishment in Suriname of contractor to a parent company or main office domiciled abroad;

The rights of contractor under the contract belong to the company capital of the company actually domiciled in Suriname or to the assets of the permanent establishment in Suriname. Upon selling the rights under the contract, the gains shall be taxed as capital gain in connection with the sale of such asset by virtue of the 1922 Income Tax Act;

Chapter XIV A, inspection of books and records, of the 1922 Income Tax Act, shall apply unimpaired to contractor;

Article 18 of the contract shall constitute part of this ruling.

I trust to have provided you with sufficient information.

Sincerely,

The Inspector of Direct Taxes

Note R = Row number as indicated in the first column

R	Description	2017	2018	2019	2020	2021
	GROSS INCOME					
1	Contractor profit oil (100% working interest example)	$126,991	$105,499	$89,031	$75,196	$62,971
2	Contractor cost recoverable expenses received (100% working interest example)	$37,324	$33,323	$29,909	$27,041	$24,507
3	Contractor share of surplus in Abandonment Fund (at end of Contract)	0	0	0	0	0
4	All other income of Contractor properly included in gross income under Suriname law (if any, different from R1, R2 or R3)	0	0	0	0	0
5	Contractor gross income (R1+R2+R3+R4)	$164,315	$138,822	$118,940	$102,237	$87,478
	DEDUCTIONS					
6	Contractor cost recoverable expenses received (100% working interest example)	$37,324	$33,323	$29,909	$27,041	$24,507
7	Available for deduction of non cost recoverable expenses (R5-R6)	$126,991	$105,499	$89,031	$75,196	$62,971
	NON COST RECOVERABLE EXPENSES					
8	Contractor non-cost recoverable exploration opex/capex (OCX)	0	0	0	0	0
9	All other Contractor non-cost recoverable expenses (e.g., finance charges not included in cost oil) (OCR)	$100	$100	$100	$100	$100
10	Carry forward for OCX and OCR (previous year R13)	0	0	0	0	0
11	Total (R8 + R9 + R10)	$100	$100	$100	$100	$100
12	Deduction in this year for OCX and OCR (if R7=0, then 0; if R11>R7, then R7; otherwise R11)	$100	$100	$100	$100	$100
13	Carry forward for OCX and OCR (R11 – R12)	0	0	0	0	0
	TAXABLE INCOME & TAX					
14	Contractor taxable income (R7-R12)	$126,891	$105,399	$88,931	$75,096	$62,871
15	Income tax rate 36%	36%	36%	36%	36%	36%
16	Income tax @ 36%	$45,681	$37,944	$32,015	$27,035	$22,634
17	Contractor net income after tax (R14-R16-R13)	$81,210	$67,455	$56,916	$48,061	$40,237

Form of Ruling 3

To:

Paramaribo,

Re: Ruling on the implementation of the provisions of the Petroleum Act 1990

On , ., a corporation organized and acting under the laws of the Netherlands (hereinafter "the contractor"), entered into a "Production Sharing Contract" (hereinafter: "the contract") with Staatsolie Maatschappij Suriname N.V. ("Staatsolie") for the exploration and exploitation of petroleum reserves in the Block 42, as described in Annex 1 and Annex 2 of the contract. For the implementation of the contract it is important, in advance, to be certain with regard to the interpretation of a number of provisions of the Petroleum Act 1990, as lastly amended by Official Gazette 2001 no 58. In this regard, we communicate to you the following.

The contractor will be exempt from import and export duties on imported and exported industrial means, materials, goods or equipment of whatever nature, which are used for petroleum activities. If these goods are imported by contractor, the exemption shall only be applicable if goods that are not the property of Staatsolie, either become the property of Staatsolie or are exported from Suriname, after termination of the petroleum activities.

The household goods belonging to the personnel of a contractor shall be exempt from import duties on their import into Suriname, provided that these articles have been used previously to their import and have been imported within six months after arrival of the person concerned. Items imported under this paragraph 2 and exempt from import duties may be exported without the payment of export duties.

Without prejudice to paragraphs 1 and 2 of this ruling, the contractor shall be bound by the provisions of the Appendix to the State Resolution of 4 August 1993.

The contractor shall be subject to the legal regulations concerning the statistics and consent duties for the import and export of goods on the proviso that the statistics and consent duties due in any calendar year shall not exceed an amount referenced in Article 4 of the State Resolution of 4 May 2005 (SB 2005, No. 52).

With the exception of statistics and consent duties, no further export duties, stamp duty or other provision, fee or tax will be levied or due in relation to the export of petroleum.

Sincerely,

The Director of Taxes,

Exhibit 10.21

PRODUCTION SHARING CONTRACT

For

PETROLEUM EXPLORATION, DEVELOPMENT AND PRODUCTION

relating to

Block 45 OFFSHORE SURINAME

BETWEEN

STAATSOLIE MAATSCHAPPIJ SURINAME N.V.

and

KOSMOS ENERGY SURINAME

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This Contract is entered into this 13 day of December 2011, by and between:

STAATSOLIE MAATSCHAPPIJ SURINAME N.V. (hereinafter referred to as “Staatsolie”) a corporation organized and acting under the laws of the Republic of Suriname;

and

Kosmos Energy Suriname (hereinafter referred to as “Kosmos”), a corporation organized and acting under the laws of the Cayman Islands.

WITNESSETH:

WHEREAS, all Petroleum existing in the territory of the Republic of Suriname, including Petroleum existing offshore, is the property of the Republic of Suriname, and the Republic of Suriname holds exclusive sovereign rights with regard to the exploration and exploitation for all Petroleum existing in this area; and

WHEREAS, the Republic of Suriname wishes to ensure the sustainable exploitation of these ‘non-renewable resources’ in a prudent and environmentally sound manner in accordance with accepted international standards; and

WHEREAS, Staatsolie, in accordance with the Mining Decree, Official Gazette 1986 No. 28, has been granted mining rights including in Block 45 as described in Annex 1 and Annex 2; and

WHEREAS, Staatsolie acts as agent of the Republic of Suriname with respect to the petroleum industry; and

WHEREAS, in accordance with Decree No. E-8B, dated May 11, 1981, Official Gazette 1981; No. 59, and Resolution No. 3051/93 of 11 July 1993, as extended by Resolution No. 478/03 of 26 July 2003, Staatsolie has been granted the exclusive rights to explore for, develop and produce Petroleum including in Block 45; and

WHEREAS, Kosmos has demonstrated that it possesses the financial ability, technical competence and professional skills necessary to perform operations for the Exploration, Development, Production, transportation and marketing of petroleum and is prepared to utilize such technical competence and financial ability as is necessary to fulfill its obligations under this Contract; and

WHEREAS, the parties hereto have agreed that Kosmos shall have the exclusive right to carry out all Petroleum Operations in Block 45 pursuant to the provisions of this Contract; and

WHEREAS, Kosmos will not be required to develop or produce or continue to produce any Petroleum hereunder which, in Kosmos' opinion, based on a technical and financial analysis, would not provide Kosmos with an acceptable rate of return; and

WHEREAS, in accordance with the Petroleum Law of 1990, Official Gazette 1991, No. 7, Staatsolie has the right, power and authority to enter into this Contract; and

WHEREAS the Minister of Natural Resources after referral to and approval to do so by the Cabinet of Ministers has given Staatsolie permission to sign this Contract.

NOW, THEREFORE, and in consideration of the mutual covenants herein contained, the Parties agree as follows:

ARTICLE 1 DEFINITIONS

In this Contract the following terms shall have the following meanings:

1.01 "Abandonment Fund" is an escrow account set up to finance abandonment activities, in US Dollars at a bank of good international repute to be agreed between Staatsolie and Contractor.

1.02 "Accounting Procedure" means the procedures and reporting requirements defined in Annex 3.

1.03 "Addendum" shall have the meaning set forth in Sub-article 20.4.

1.04 "Affiliate" means any entity directly or indirectly effectively controlling, or effectively controlled by, or under direct or indirect effective common control with a Party. For the purposes of this definition "control", when used with respect to any specified entity, means the power to direct, administer and dictate policies of such entity (it being understood and agreed that it is not necessary to own directly or indirectly fifty percent (50%) or more of such entity's voting securities to have effective control over such entity, but ownership, direct or indirect, of fifty percent (50%) or more of such entity's voting securities shall automatically indicate effective control), and the terms "controlling" and "controlled" have meanings corresponding with the foregoing.

1.05 "Applicable Law" means the laws, decrees, regulations and other legal provisions having the force of law in the Republic of Suriname, as these may be amended from time to time.

1.06 "Appraise" or "Appraisal" means work (being part of Exploration) carried out following a Discovery for the purpose of delineating a Petroleum Field and determining whether or not such Petroleum Field merits Development.

1.07 "Appraisal Well" means any well whose purpose at the time of commencement of drilling such well is the determination of the extent, volume or recoverability of a Discovery.

1.08 “Arm’s Length Transaction” means a “transaction (purchase, sale, exchange or swap) in conformity with the market (or “determined by market forces”), between a seller and a willing buyer not being Affiliates, in the international market, valued in US Dollars.

1.09 “Associated Gas” means Natural Gas produced from any well in the Contract Area, the predominant production of which is Crude Oil and which is separated from Crude Oil in accordance with normal oilfield practice including Natural Gas produced from a free gas cap, but shall exclude any liquid hydrocarbon extracted from such gas either by normal field separation, dehydration or in a gas plant.

1.10 “Authorized Representative” is the representative authorized to cast a vote on behalf of Staatsolie or Contractor, as the case may be, in the Operations Committee

1.11 “Barrel” means a quantity or unit of Crude Oil equal to forty-two (42) United States gallons at a temperature of sixty (60) degrees Fahrenheit and at an atmospheric pressure of fourteen point seven (14.7) p.s.i.

1.12 “Basket” is a collection of at least three (3) but no more than four (4) representative crude oils, quoted for pricing purposes that are comparable to the Crude Oil and that are freely traded in international markets.

1.13 “Budget” means the annual income and expenditure plan for each Work Program or Calendar Year, prepared in a form acceptable to the Operations Committee pursuant to Article 8.

1.14 “Calendar Months” means a month of a Calendar Year.

1.15 “Calendar Quarter” means a period of three (3) consecutive Calendar Months commencing on the 1st of January, the 1st of April, the 1st of July, or the 1st of October, respectively in a Calendar Year.

1.16 “Calendar Year” means a period of twelve (12) Calendar Months commencing on the 1st of January and ending on the following December 31st according to the Gregorian calendar.

1.17 “Commercial Field” means an area delineated on the surface as described in

the approved Development Plan for such Petroleum Field.

1.18 "Contract" means this instrument and its annexes attached.

1.19 "Contract Area" means on the Effective Date, the area described in Annexes 1 and 2 and, thereafter, the whole or any part of such area in respect of which, at the relevant time, the Contractor continues to have rights and obligations under this Contract.

1.20 "Contract Year" means a period of twelve (12) consecutive Calendar Months according to the Gregorian calendar, commencing on the Effective Date or on each anniversary thereof.

1.21 "Contractor" means Kosmos or, in the event of assignment of Contractor participating interest or participation by Staatsolie pursuant to Article 11, all Contractor Parties collectively at the time of reference.

1.22 "Contractor Party(ies)" means any party with a participating interest in Contractor's rights and obligations under this Contract.

1.23 "Cost Oil" means the amount of produced Crude Oil allocated to Contractor for recovery of expenditures pursuant to Sub-articles 13.2, 13.3, 13.4 and 13.5.

1.24 "Cost Recovery" means the process by which Contractor is allocated produced Crude Oil for the recovery of its Petroleum Expenditures pursuant to Article 13.

1.25 "Crude Oil" means all hydrocarbons, which are solid or liquid under normal atmospheric conditions of temperature and pressure, and includes any liquid hydrocarbon extracted from Natural Gas either by normal field separation, dehydration or in a gas plant.

1.26 "Date of Declaration of a Commercial Field" means the date on which Contractor has submitted to the Operations Committee the declaration of a Commercial Field pursuant to Sub-Article 9.3.

1.27 "Date of Establishment of a Commercial Field" means the date on which Contractor has received written approval from the Operations Committee for the Development Plan of a Commercial Field.

1.28 “Date of Initial Commercial Production” means the date on which the regular production of Crude Oil, excluding production from the testing of wells, starts from the first Commercial Field.

1.29 “Day” means a period of one (1) twenty-four (24) hour calendar day commencing at 00:00 hours.

1.30 “Delivery Point” for Petroleum means the custody transfer point where Petroleum is measured and delivered to Parties, and where ownership and risk of loss of the Petroleum is transferred to the lifting Party, the location of which is specified in the approved Development Plan.

1.31 “Development and Production Area” means that part of the Contract Area containing a Commercial Field, as defined in the Development Plan pursuant to Sub-article 9.5.

1.32 “Development and Production Period” in respect of each Commercial Field, commences on the Date of Establishment of a Commercial Field and shall terminate at the expiration of this Contract.

1.33 “Development” or “Development Operations” means all work, whether inside or outside Suriname, associated with:

- planning, procurement, design, and execution related to the drilling and completion of Development Wells; and

- planning, design, construction, installation and commissioning of facilities for the Production of Petroleum including purchase or leasing of all materials and equipment,

which are required for Production, treatment, waste disposal, transport, storage and lifting of Petroleum and for reservoir pressure maintenance, injection, recycling and secondary and tertiary recovery projects for the execution of this Contract.

1.34 “Development Expenditures” means all capital costs and expenses made for Development Operations during the Development and Production Period excluding interest, as determined in accordance with the Accounting Procedure.

1.35 “Development Plan” means the plan for Development of a Commercial Field pursuant to Sub-article 9.5.

1.36 “Development Well” means any Production, injection or observation well drilled as part of the Development Plan or subsequent expansion, infill drilling or enhanced recovery program in an existing Commercial Field. This also includes reentering of suspended Exploration and/or Appraisal Wells.

1.37 “Discovery” means the penetration by a well of a Petroleum Reservoir within the Contract Area which was previously unknown, and which could indicate the existence of a Commercial Field.

1.38 “Discovery Area” means, that portion of the Contract Area, reasonably determined by Contractor and to be approved by Staatsolie, on the basis of the available seismic and well data to cover the real extent of the geological structure in which the Discovery is made. A Discovery Area may be modified, subject to Staatsolie’s approval, at any time by Contractor, if justified on the basis of new information, but may not be modified after the date of completion of the Appraisal program. In the event Staatsolie disapproves a Discovery Area, either Party has the right to refer the matter to an independent expert in accordance with Sub-Article 41.5.

1.39 “Dispute” means any dispute, controversy or claim between the Parties arising out of, relating to or in connection with this Contract or the scope, breach, termination or validity thereof.

1.40 “Domestic Supply Requirement” means Crude Oil consumed in Suriname and shall include only Crude Oil which is subsequently refined into petroleum products, or burned for development of electricity, within the national borders of Suriname. For the avoidance of doubt Crude Oil provided under this Contract to meet the Domestic Supply Requirement shall not be exported and the calculation of the Domestic Supply Requirement shall not include petroleum products.

1.41 “Effective Date” means the date on which this Contract comes into force

pursuant to Sub-article 37.2.

1.42 “Environmental Damage” means any damage, disturbance or hindrance of the environment such as significant soil erosion, removal of vegetation, destruction of wildlife, marine organisms, pollution of groundwater, pollution of surface water, land or sea contamination, air pollution, noise pollution, bush fire, disruption of water supplies, disruption of natural drainage, damage to archaeological, paleontological and cultural sites.

1.43 “Expatriate Employee” means a person, who at the start of his/her employment contract did not reside in the Republic of Suriname and who is employed by Contractor or a Sub-Contractor for purposes of this Contract.

1.44 “Exploration Expenditures” means all costs and expenses paid for Exploration Operations during the Exploration Period or afterward pursuant to Sub-article 3.5 as determined in accordance with the Accounting Procedure.

1.45 “Exploration” or “Exploration Operations” means all activities carried out in the search for Petroleum, Appraisal of Discoveries and subsequent activities leading to the decision of whether or not to submit a Development Plan and any subsequent preparation of a Development Plan. This includes planning, preparation and conduct of geological and geophysical studies, drilling and well testing activities and technical and economic evaluations. Exploration Operations shall include all plugging, abandonment, and rehabilitation activities associated with Exploration Wells.

1.46 “Exploration Period” means the period specified in Sub-article 3.2 hereof including any extension of such period in accordance with Sub-article 3.3, during which Contractor is to carry out Exploration Operations.

1.47 “Exploration Well” means any well, which upon commencement is intended to explore for any accumulation of Petroleum previously unconfirmed.

1.48 “Force Majeure” means an event, other than the obligation to pay money (unless payment is prohibited by government instruction or order as noted below), which could not reasonably be expected to have been prevented or controlled and is beyond the ability of the affected Party to control using reasonable efforts, including but not limited to:

earthquake, storm, flood, lightning, or other adverse weather conditions, war or other military activity, fire, embargo, blockade, riot, civil disorder, labor disputes, strikes and other labor stoppages. "Force Majeure" also encompasses orders given by a government having jurisdiction over a Party, or laws and other regulations enacted by such government or inaction by such government to perform those acts that can reasonably be expected to be performed.

1.49 "Government" means the government of the Republic of Suriname.

1.50 "Government Authority" means the Government and any subdivision thereof, including any local government or other representative authority or agency, which has the authority to govern, legislate, regulate and collect taxes or duties, grant licenses and permits, approve or otherwise impact (whether financially or otherwise) directly or indirectly, any of Staatsolie's rights and or Contractor's rights, obligations or activities under this Contract.

1.51 "Gross Negligence or Willful Misconduct" means an intentional and conscious or reckless disregard of a duty regarding good and prudent international oil industry practices, but shall not include (i) any act or inaction required, in the opinion of the Party acting or failing to act based upon the circumstances known to such Party at the time, to meet emergency conditions including, but not limited to, the safeguarding of life, property and Petroleum Operations, or (ii) any error of judgment or mistake made in the exercise of good faith of any function, authority, or discretion conferred upon the Party.

1.52 "Gross Production" means all Crude Oil produced and saved from the Contract Area during the Development and Production Period of each Commercial Field, and delivered to the Delivery Point, excluding water, sediments and any Petroleum used in Petroleum Operations.

1.53 "LIBOR" means interest at the rate per annum equal to the one (1) month term, London Interbank Offered Rate (LIBOR rate) for US Dollar deposits, as published in London by the Financial Times or if not published, then by the Wall Street Journal, applicable on the first business day of the month in which such interest commences to accrue and thereafter on the first Business Day of each succeeding Calendar month. For the purpose of this definition "Business day" means a day on which the Financial Times or the Wall Street Journal (as the case may be) published the LIBOR rate for US Dollar deposits.

1.54 “Minimum Work Obligations” means those work obligations set forth in Sub-articles 5.2.1, 5.2.2 and 5.2.3 for each respective phase of the Exploration Period.

1.55 “Mining Decree” means Decree E-58 of May 8, 1986, Official Gazette 1986 No. 28 of the Republic of Suriname.

1.56 “Natural Gas” means all hydrocarbons produced from the Contract Area, which at a temperature of sixty (60) degrees Fahrenheit and pressure of fourteen point seven (14.7) p.s.i., are in a gaseous phase, including wet mineral gas, dry mineral gas, wet gas and residue gas remaining after the extraction, processing or separation of both liquid hydrocarbons and non-hydrocarbon gas or gasses produced in association with liquid or gaseous Petroleum.

1.57 “Operating Expenditures” means all costs and expenses, excluding interest expenditures incurred for Production Operations, as determined in accordance with the Accounting Procedure.

1.58 “Operations Committee” means the committee established pursuant to Sub-article 7.1.

1.59 “Operator” means the Contractor Party responsible for the conduct of Petroleum Operations as determined in Article 6.

1.60 “Parent Company Performance Guarantee” means a written assurance by a parent company of Contractor, or in the case of multiple Contractor Parties, a parent company of each Contractor Party, for the satisfactory performance and discharge of Contractor’s obligations during the term of this Contract and, in the event of withdrawal by Contractor, to make payment as specified in Sub-article 5.8.

1.61 “Party” or “Parties” means Staatsolie and/or Contractor, as the case may be.

1.62 “Petroleum” means as the context requires, Crude Oil and/or Natural Gas.

1.63 “Petroleum Expenditures” means Exploration Expenditures, Operating Expenditures and Development Expenditures.

1.64 “Petroleum Expenditures Account” shall mean the account showing the charges and credits accrued as Petroleum Expenditures.

1.65 “Petroleum Field” means one (1) or more Petroleum Reservoirs, which have been identified by one (1) or more Exploration Wells or Appraisal Wells.

1.66 “Petroleum Law of 1990” means the law of March 6, 1991, Official Gazette 1991 No. 7 of the Republic of Suriname as amended in 2001.

1.67 “Petroleum Operations” means all activities (both in and outside the Republic of Suriname), relating to Exploration, Development and Production.

1.68 “Petroleum Reservoir” means a single continuous deposit of Petroleum in the pores of a formation, which has a single pressure system and does not communicate with other zones.

1.69 “Production” or “Production Operations” means all activities, up to the Delivery Point, other than Development Operations, performed in or outside Suriname during the Development and Production Period for the ongoing and continuous production, treatment, gathering, transport, storage and lifting of Petroleum and includes all works and activities connected therewith, including enhanced recovery operations such as recycling, recompression, pressure maintenance, treatment of discharged water, water flooding and abandonment.

1.70 “Profit Oil” means the Crude Oil remaining after deduction of Royalty and Cost Oil from Crude Oil produced and saved from the Contract Area and delivered to the Delivery Point, calculated in accordance with the provisions of Sub-article 13.7.

1.71 “Proven Reserves” are those quantities of Crude Oil which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known Petroleum Reservoirs and under current economic conditions, operating methods, and government regulations, as described in the “2007 Petroleum Resources Management System” adopted by the Society of Petroleum Engineers and the World Petroleum Congress, or as updated from time to time, and mutually agreed upon between Parties.

1.72 “Realized Price” shall mean the price of Crude Oil FOB, actually realized in freely convertible currency, at the Delivery Point.

1.73 “Royalty” means the fee or delivery in kind to the Republic of Suriname as described in Article 12.

1.74 “Signing Date” means the date on which the Parties sign this Contract.

1.75 “Site Restoration” means all activities required to return a site to its natural state or to render a site compatible with its intended future use by the Republic of Suriname, after cessation of and in relation to Petroleum Operations, and to repair any Environmental Damage to the extent reasonably feasible. These activities shall include, where appropriate, removal of equipment, structures and debris, pipelines, establishment of compatible contours and drainage, replacement of top soil, re-vegetation, slope stabilization, filling of excavations, or any other appropriate actions, consistent with good international petroleum industry practices.

1.76 “Sub-Contractor” means a natural person or legal entity, providing services to Contractor directly connected with and typically related to Petroleum Operations.

1.77 “Tax” or “Taxes” means all existing or future levies, duties, payments, fees, taxes or contributions payable to or imposed by any Government Authority.

1.78 “Work Program” means the annual plan for the conduct of Petroleum Operations, prepared in accordance with Article 8.

ARTICLE 2 SCOPE OF THE CONTRACT

2.1 Scope

This Contract is a production-sharing contract in accordance with the provisions contained herein. Its objective is the Exploration, Development and Production of Petroleum in the Contract Area by Contractor, carried out in consultation with and under supervision of the Operations Committee for the mutual benefit and profit of the Parties.

2.2 Grant of Exclusive Right

Staatsolie grants to Contractor the sole and exclusive right to conduct Petroleum Operations within the Contract Area. Except for the rights expressly provided for herein, this Contract shall not include rights for any activity other than Petroleum Operations.

Notwithstanding the above, upon thirty (30) Days prior notice to Contractor, Staatsolie shall have the right to obtain regional gravity, magnetic, geological and 2D seismic data for its own purpose during the term of the Contract, ensuring that this will not unduly interfere or unreasonably interrupt Contractors operations.

2.3 Petroleum Operations and Expenditures

Contractor is hereby exclusively designated to carry out Petroleum Operations in the Contract Area and shall be responsible for rendering the technical and operational services required for the management and performance of Petroleum Operations. In particular, but not by way of limitation, Contractor shall:

2.3.1 carry out all Exploration, Development, Production and Abandonment in the Contract Area;

2.3.2 bear all costs necessary for Exploration Operations;

2.3.3 if one or more Commercial Fields are established in the Contract Area, bear all costs for the Development and Production of such Commercial Fields, except if Staatsolie, at its sole option, decides to participate in such Development and Production pursuant to Article 11

2.3.4 be entitled to recover its Petroleum Expenditures from its share of any Petroleum produced from the Contract Area in accordance with Article 13; and

2.3.5 be entitled to Profit Oil from any Petroleum produced from the Contract Area in accordance with Article 13.

2.4 Sole risk

2.4.1 Exploration, Development and Production shall be carried out at the sole cost and risk of Contractor.

2.4.2 If no Commercial Field is established in the Contract Area, or if the Cost Oil is insufficient to fully reimburse Contractor in accordance with the terms of this Contract, Contractor shall bear its own loss and Staatsolie shall have no obligation to reimburse Contractor for such loss.

2.4.3 Notwithstanding anything to the contrary contained herein, and subject to the provisions of Article 39, nothing contained in this Contract shall be construed or interpreted to require Contractor to develop or produce or continue to produce Petroleum from a Commercial Field, which, in Contractor's opinion, does not provide it with an acceptable rate of return.

2.5 Approval for Cost Recovery

Staatsolie shall approve Petroleum Expenditures for Cost Recovery in accordance with the Accounting Procedure.

2.6 Other Rights

This Contract does not, and is not to be construed by either Party to create a partnership, joint venture or any other legal entity or structure between the Parties. Each Party shall be solely responsible for its own acts and omissions (and the acts and omissions of its employees, consultants, and agents). Neither Party shall have any authority to act for the other Party and no act of one Party shall bind the other Party to any third party.

ARTICLE 3 TERM OF THE CONTRACT

3.1 Term

This Contract shall remain in force for a term of thirty (30) Contract Years from the Effective Date or twenty five (25) years starting from the date on which the Operator has received written approval of the Development Plan of the first Commercial Field, whichever is the greater. The Contract may be extended upon mutual agreement of the Parties.

The term of this Contract shall be divided in one (1) Exploration Period and one (1) or more Development and Production Period(s), which shall not exceed the term of this Contract as set out in this Article.

3.2 Exploration Period

3.2.1 The Exploration Period shall be seven (7) years divided into three (3) phases as follows:

(i) Phase 1 of the Exploration Period shall have a duration of three (3) years commencing on the Effective Date of this Contract

(ii) Phase 2 of the Exploration Period shall have a duration of two (2) years immediately following phase 1.

(iii) Phase 3 of the Exploration Period shall have a duration of two (2) years immediately following phase 2.

3.2.2 Contractor shall have the right to withdraw from this Contract at the end of each phase of the Exploration Period, provided that, subject to Sub-article 5.6, the Minimum Work Obligations for such phase have been fulfilled, by notifying Staatsolie of its election, given pursuant to Sub-articles 5.2.1, 5.2.2 or 5.2.3, as applicable.

For the avoidance of doubt, there will be no mandatory relinquishment during the Exploration Period, provided however during any extension of the Exploration Period, relinquishments will be required in accordance with Article 9.

3.3 Extension of Exploration Period

In case of unforeseen delays which are not an event of Force Majeure, Contractor may, at least sixty (60) Days prior to the expiration of any phase of the Exploration Period, request Staatsolie to extend the duration of such phase for a maximum of one (1) Calendar Year in order to complete ongoing drilling operations, including logging and drill stem testing of wells. Approval of any such application shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, in the case of delays associated with drilling operations which are not part of the Minimum Work Obligations such application shall be granted.

For any Discovery made at any point during the Exploration Period, Contractor shall have the right to retain such Discovery and its resulting Discovery Area in order to Appraise and submit a Development Plan, all in accordance with Article 9. The Exploration Period of the resulting Discovery Area will be extended in order to complete such work.

3.4 Commercial Field during Exploration Period

If during the Exploration Period a Commercial Field has been determined pursuant to Article 9, the Exploration Period for that Commercial Field shall be terminated. Exploration Operations shall continue in the remaining portion of the Contract Area until the end of the Exploration Period, subject to ring fencing per Commercial Field.

3.5 Exploration in Development and Production Areas

During the entire term of this Contract, Contractor may conduct exploratory activities in all Development and Production Areas, at all depths and strata, until Contractor relinquishes these areas or this Contract is terminated. These exploration expenditures, which are the result of the above mentioned exploration activities, after expiration of the Exploration Period, shall not be cost recovered through existing Commercial Fields, but shall only be recoverable from production from the newly discovered reservoirs established as the result of such exploratory activities.

3.6 Development and Production Period

3.6.1 The Development and Production Period of a Commercial Field shall commence on the Date of Establishment of a Commercial Field and shall terminate at the expiration of this Contract.

3.6.2 If Production Operations in a Commercial Field are stopped during the Exploration Period, the Commercial Field shall continue to be part of the Contract Area to the end of the Exploration Period.

3.6.3 Contractor may, upon at least three hundred and sixty-five (365) Days prior notice to Staatsolie, elect to abandon a Commercial Field. Within one hundred eighty (180) Days of receipt of Contractor's notice, Staatsolie may, upon notice to Contractor, elect to assume responsibility for such field. In such case, Contractor shall, acting as a prudent Operator, transfer and deliver the Commercial Field and all associated facilities to Staatsolie in working order and as a going concern ("as is, where is") whereupon Contractor shall be released from all liability and responsibility accruing after such assignment.

3.6.4 When such transfer and delivery of a Commercial Field has taken place, a) the custody of the Abandonment Fund allocated to such Commercial Field and facilities in accordance with Article 29 shall transferred to Staatsolie and b) unrecovered costs associated with such field at the moment of transfer, will no longer be recoverable.

3.6.5 If Staatsolie fails to make an election within the one hundred and eighty (180) Day period or provides notice to Contractor that it does not wish to assume responsibility for the Commercial Field, Contractor may abandon the Commercial Field. In this case the Development and Production Area belonging to such Commercial Field will be relinquished, and abandoned in accordance with Article 29.

3.7 Further Agreement

On expiration of this Contract, the Parties shall negotiate the terms and conditions of a revised agreement with respect to the Contract Area or part of it, if they wish to continue Petroleum Operations. Failure to reach an agreement shall not give rise to a dispute and shall not be subjected to arbitration in accordance with Article 41 and marks the end of the Contract.

ARTICLE 4 LOCATION AND SIZE OF THE CONTRACT AREA

4.1 Location and Size

The Contract Area comprises 5126 square kilometers, as delineated in Annex 1 and by the coordinates set out in Annex 2.

4.2 Rights Granted

The Contract Area has been delimited for the purpose of determining the surface area for the conduct of Petroleum Operations; no rights to the soil or sub-soil or to any natural resources existing therein are granted to Contractor, except the rights expressly granted by this Contract and Applicable Law.

ARTICLE 5 MINIMUM EXPLORATION PROGRAM

5.1 Exploration Operations

Contractor shall commence Exploration Operations within ninety (90) Days of the Effective Date.

5.2 Work Obligations during the Exploration Period.

The Minimum Work Obligations of Contractor shall be as follows:

5.2.1 Exploration Period - Phase 1

The Minimum Work Obligations for phase 1 of the Exploration Period shall be as follows:

(i) reprocess all available 2D seismic data across Block 45;

(ii) Acquire, process and interpret one thousand (1000) square km of 3D seismic data.

(iii) Conduct geological analysis and evaluation of the data in the Contract Area supplied to the Contractor pursuant to Sub-article 21.2.

At the end of phase 1 Contractor will have the option to enter into phase 2 or withdraw from the Contract and relinquish the Contract Area with no further obligations for either Party and will, at least sixty (60) Days prior to the end of phase 1, report its election to Staatsolie in writing.

5.2.2 Exploration Period - Phase 2

The Minimum Work Obligations for phase 2 of the Exploration Period shall be as follows:

(i) Drill at least one (1) Exploration Well in the Contract Area

(ii) Conduct geological analysis and evaluation of the data acquired by the Contractor in the Contract Area.

At the end of phase 2 Contractor will have the option to enter into phase 3 or withdraw from the Contract and relinquish the Contract Area with no further obligations for either Party and the Contractor shall, at least sixty (60) Days prior to the end of phase 2, report its election to Staatsolie in writing.

5.2.3 Exploration Period - Phase 3

The Minimum Work Obligations for phase 3 of the Exploration Period shall be as follows:

(i) Drill at least one (1) Exploration Well in the Contract Area

(ii) Conduct geological analysis and evaluation of the data acquired by the Contractor in the Contract Area.

Subject to Section 3.3, at the end of phase 3 Contractor shall either relinquish all of the Contract Area except Development and Production Areas and areas for which a declaration of a Commercial Field is pending before the Operations Committee or withdraw from the Contract and relinquish all of the Contract Area with no further obligations for either Party.

5.3 Minimum Work Obligation - Deemed Fulfilled

If Contractor has fulfilled the Minimum Work Obligations during a phase of the Exploration Period, the commitments for such phase of the Exploration Period shall be deemed completely fulfilled.

5.4 Minimum Work Obligations - Carried Forward

Work performed in excess of the Minimum Work Obligations during any phase of the Exploration Period shall be carried forward into subsequent phases of the Exploration Period. This work shall be credited against the Minimum Work Obligations of subsequent phases.

5.5 Exploration Operations

Staatsolie and Contractor agree that the Exploration Operations shall be determined by Contractor, at its sole discretion. Contractor shall inform Staatsolie in advance of its Exploration drilling schedule or program, or of any modifications thereof.

5.6 Drilling Problems - Well Obligation Deemed Fulfilled

If, during drilling of an Exploration Well and prior to reaching the targeted depth, drilling problems are encountered which, after all reasonable efforts (in accordance with good practices generally observed in the international petroleum industry) have been made to drill deeper, render further drilling of the said Exploration Well impossible, impractical or unsafe, Contractor may plug and abandon or complete the well and the work obligation for such well shall be deemed fulfilled.

5.7 Parent Company Performance Guarantee

On or before entering into any phase of the Exploration Period, Contractor shall provide Staatsolie with a Parent Company Performance Guarantee guaranteeing the execution of the Minimum Work Obligation, for the relevant phase as described in Annex 7.

5.8 Contractor's Obligation to Make Payment

5.8.1 Subject to Sub-article 3.3, if at the end of the relevant Exploration phase the Minimum Work Obligations for such phase of the Exploration Period have not been fulfilled, as set out in Article 5.2, Contractor or the Company that issued the Parent Company Performance Guarantee shall pay Staatsolie the difference between (i) and (ii) below:

(i) The estimated cost of the Minimum Work Obligation for each Exploration phase, are as follows:

For phase 1, US$ eight (8) million;

for phase 2, US$ eight-five (85) million; and

for phase 3 US$ one hundred (100) million;

and

(ii) the Exploration Expenditures attributable to such phase of the Exploration Period, incurred by Contractor up to the date of the decision to withdraw was received by Staatsolie.

5.8.2 Subject to Sub-article 3.3, if the Minimum Work Obligations of any phase of the Exploration Period has not been fulfilled prior to the end of such phase, as determined in accordance with Article 5, Contractor shall be deemed to have withdrawn from the Contract at the end of such phase, and shall pay Staatsolie the amount calculated based on Sub-article 5.8.1

5.9 Withdrawal during Exploration Period

If Contractor elects to withdraw and has made the payment required by Sub-article 5.8, all its obligations under this Contract shall end and be deemed completely fulfilled, except for Site Restoration obligations of Contractor.

5.10 Completion of Minimum Work Obligations — Contractor Notice

5.10.1 Within sixty (60) Days following completion of the Minimum Work Obligations for each phase of the Exploration Period, Contractor shall notify Staatsolie that it has fulfilled the Minimum Work Obligations under Sub-article 5.2 regarding the respective phase of the Exploration Period.

5.10.2 Staatsolie will within thirty (30) Days of receiving such notice, confirm in writing that Contractor has fulfilled such Minimum Work Obligations of the relevant phase of the Exploration Period.

5.11 Completion of Minimum Work Obligations - Staatsolie Verification

5.11.1 If Staatsolie does not dispute in writing, within thirty (30) Days of Contractor's notice pursuant to Sub-article 5.10, that Contractor has fulfilled its Minimum Work Obligations with respect to such phase, Contractor shall be deemed to have completed its Minimum Work Obligations with respect to the relevant phase.

5.11.2 If Staatsolie does dispute in writing that Contractor has fulfilled its Minimum Work Obligations, such objections shall set forth the full details of Staatsolie's objections. Parties shall discuss disputes, which may arise as to whether or not the Minimum Work Obligations have been satisfied, in an effort to reach an amicable solution. Either of the Parties may refer the matter to dispute resolution, pursuant to Article 41, should they remain unable to agree.

ARTICLE 6 OPERATOR

6.1 General Standards of Conduct

6.1.1 The Operator shall carry out the Petroleum Operations diligently and in accordance with good international petroleum industry practice.

6.1.2 In particular, the Operator shall, in accordance with good international petroleum industry practice:

(i) ensure that all machinery, plants, equipment and installations used by the Contractor in connection with the Petroleum Operations are of proper and accepted construction and are well maintained;

(ii) use the resources of the Contract Area as productively as possible and prevent spills of Petroleum, mud or any other substances;

(iii) prevent damage to all (including adjacent) strata which bear petroleum or water;

(iv) adhere to all HSE practices as described in this Contract.

6.2 Operator

6.2.1 Kosmos is hereby designated to be the Operator and is responsible for the management, coordination, implementation and conduct of the day-to-day Petroleum Operations on behalf of the Parties under this Contract. There shall only be one (1) Operator at any given time. Only Contractor or one of the Contractor Parties shall be Operator. Staatsolie must consent to any changes in Operator, and such consent shall not be unreasonably withheld in the event of a competent replacement.

6.2.2 If Operator resigns or the Contractor Parties agree upon a replacement for Operator, it shall continue to serve as Operator in a temporary capacity until another Operator, agreed upon by the Contractor Parties, assumes its responsibilities. Parties agree to deal in good faith with one another in selecting a replacement Operator. In no event shall Operator be required to serve in a temporary capacity for more than twelve (12) consecutive months.

6.3 Responsibilities and Authority of Operator

The responsibilities of Operator shall be the management, and conduct of the day-to-day Petroleum Operations on behalf of Contractor Parties pursuant to Article 6, and all other functions as may be delegated to Operator by Contractor Parties. Operator may sub-contract specialist work as necessary for the conduct of Petroleum Operations.

6.4 Procedures

Operator shall adopt and implement all policies, procedures and operational practices required by Applicable Law and according to good international petroleum industry practices and which the Parties otherwise deem necessary for the conduct of Petroleum Operations in accordance with this Contract.

6.5 Status of Operator

Operator shall not receive any payments acting as Operator according to this Contract, except as otherwise provided in the Accounting procedure and any joint operating agreement which may be executed by Contractor Parties.

6.6 Operator

The books and accounts of Operator will record all financial flows or other transactions passing through Operator to the Contractor Parties in accordance with this Contract as though Operator did not exist as a commercial entity separately from its status as Contractor (or as a Contractor Party).

ARTICLE 7 OPERATIONS COMMITTEE

7.1 Operations Committee

7.1.1 In order to enable Staatsolie and Contractor to carry out Petroleum Operations in mutual cooperation at all times, Parties shall, within sixty (60) Days after the Effective Date, form an Operations Committee, consisting of three (3) representatives from each of Staatsolie and Contractor. Parties shall notify each other of the names of its representatives and alternates within the time prescribed above. The senior representative of Staatsolie shall be the chairperson of the Operations Committee. The duties of the chairperson shall include, without limitation, drafting of the agenda, presiding at meetings of the Operations Committee, establishment and maintenance of the minute books and coordinating communications between the Parties.

7.1.2 The size of the Operations Committee may be changed by mutual consent but shall not exceed a total membership of six (6). The Parties may replace their representatives or alternates. The names of the replaced representatives and alternates shall be communicated to the other Party at least three (3) days prior to a meeting of the Operations Committee. Consultants and/or advisors may accompany the representatives to the meetings of the Operations Committee. Such representatives, consultants and advisors shall have no voting rights and shall be subject to the confidentiality restrictions of Article 22.

7.1.3 Reasonable and documented, direct costs associated with the Operations Committee meetings shall be borne by the Contractor and eligible for Cost Recovery. The chairperson of the Operations Committee may, on behalf of Staatsolie, submit to Operator documented invoices for such direct costs and Operator shall make appropriate payment within 30 days.

7.2 Voting

7.2.1 Staatsolie and Contractor shall each have one (1) undivided vote to cast on any matter submitted to the Operations Committee for approval. For this purpose, both Staatsolie and Contractor shall give notice to each other, specifying the identity of the Authorized Representative, which may be changed by written notice to the other Party.

7.2.2 Subject to Sub-article 7.8, all decisions required by this Contract to be made by the Operations Committee shall require the unanimous vote of both Staatsolie and

Contractor. Any approval by the Operations Committee shall be deemed to be an approval by Staatsolie to the extent such approval is required by this Contract or Applicable Law.

7.2.3 Regarding matters on which agreement cannot be reached, on the basis of sound and reasonable arguments brought by each Party, the Operations Committee shall attempt to resolve the matter in good faith. However, if the Operations Committee fails to reach a decision on disputed matters, then either Party may agree to refer such matter to determination by independent experts, according to Sub-Article 41.5 or may refer such matter to arbitration according to Sub-Articles 41.1 and 41.2.

7.2.4 A quorum of the Operations Committee shall, for regular meetings, consist of at least two (2) representatives from each of Staatsolie and Contractor, including the respective Authorized Representatives.

7.2.5 Proposal(s) other than those of Work Program(s) and Budget(s) shall be considered rejected if no action is taken by the Operations Committee within thirty (30) Days of receipt of Contractor's proposal(s). To the degree possible, and if acceptable to the Parties, all undisputed portions of the proposal shall be approved and promptly take effect.

7.3 Meetings

7.3.1 Unless otherwise agreed by the Parties, the Operations Committee shall meet two (2) times per Calendar Year beginning in 2012 in Paramaribo, Suriname or another mutually accepted venue.

7.3.2 Additional meetings of the Operations Committee may be called by either Party as deemed necessary, with at least twenty (20) Days prior notice to the other Party, which period may be waived by mutual agreement of the Parties, specifying the proposed agenda, time and venue of the meeting.

7.3.3 If urgent action is required, additional meetings shall be convened whenever necessary and on such notice as deemed reasonable under the circumstances. If time is of the essence, a matter may be decided by the Operations Committee through a telecommunication meeting confirmed by facsimile, or emailed PDF.

7.4 Attendance at Meetings

All regular meetings shall be attended in person by at least two (2) representatives from each Party. Additional meetings shall be attended by at least one (1) representative from each Party. A maximum of one (1) representative of a Party unable to attend a regular meeting and any representative of a Party unable to attend an additional meeting in person, may attend by

teleconference or phone, so long as he or she can be heard by all attendees and can hear all discussion during the meeting. If the Authorized Representative attends a meeting by teleconference or phone, his or her voice vote shall be confirmed in writing, and immediately sent to the chairperson either by courier, emailed PDF or by facsimile.

7.5 Written Response in Lieu of Meeting

Subject to a Party's right to call an additional meeting, when one Party is of the opinion that an action of the Operations Committee can be taken without holding a meeting, the Authorized Representative of that Party shall give written notice to that of the other Party providing sufficient information to permit the other Party to determine whether to agree to such action. All such notices shall clearly state the proposed action and contain a place for the Authorized Representative of each Party to sign the notice approving the action. Failure of the other Party to respond in writing within twenty (20) Days of receiving such notice shall be deemed a rejection of the proposed action by the receiving Party. The signed original(s) of all such notices approved by the Parties under this Sub-article shall be placed in the minute books of the Operations Committee.

7.6 Agenda and Minutes

Operator and Staatsolie, through the chairperson, shall be responsible for preparation of the draft agenda and supporting documents for each meeting of the Operations Committee. Responsibility for taking and distribution of minutes will be assigned by the chairperson at the start of the meeting. A copy of all minutes shall be distributed to each representative within ten (10) Days following the meeting. Within thirty (30) days of receipt, all minutes shall be reviewed and either initially approved or corrected and the chairperson advised thereof. The minutes shall then be considered for formal approval at the next Operations Committee meeting after their distribution.

7.7 Responsibilities during entire Contract Period

Subject to Sub-articles 7.8 and 7.9, the Operations Committee shall provide policy and general guidance regarding operations under the Contract. Such policy and guidance shall include:

7.7.1 supervision of Petroleum Operations carried out by Contractor in accordance with the Work Programs and Budgets;

7.7.2 Approve if Petroleum Operations are adequately insured at a reputable international insurance company and in case of world-wide insurance to approve the premium if is pro rata shared;

7.7.3 approval for disposal of Material and Equipment from Contractor as described in the Accounting Procedure;

7.7.4 review of audited accounts of Petroleum Operations;

7.7.5 approval of training programs and projects aimed at the community at large in accordance with Article 32 and amounts budgeted for such programs;

7.7.6 establishing subcommittees for matters within the jurisdiction of the Operations Committee;

7.7.7 approval of the boundaries of each Development and Production Area;

7.7.8 approval of Development Plans;

7.7.9 approval of plans and budgets for operations relating to secondary recovery and the enhancement of Production;

7.7.10 approval of expenditures in excess of the amount provided in the Budget, concerning Development Operations and Production Operations, subject to the provisions of Article 8;

7.7.11 all other functions which may be expressly delegated to the Operations Committee by agreement of the Parties.

7.8 Responsibilities during Exploration Period

Except where it is specifically stated that Staatsolie shall approve a proposal, the function and responsibility of the Operations Committee during the Exploration Period shall be to review and advise on the Exploration Operations of Contractor. Such review and advice shall include:

7.8.1 review and advice on Contractors budget and work program and operations

7.8.2 review of Contractor's Appraisal report on the commerciality of a Petroleum Field.

7.9 Responsibilities during Development and Production Period

During the Development and Production Period(s), the function and responsibility of the Operations Committee shall be to review, comment on and approve, Petroleum Operations of

Contractor. Such review, advice and approval shall not be will be unreasonably withheld shall include:

7.9.1 approval of work programs and budgets in accordance with Article 8.4;

7.9.2 approval of the adjustment and modifications of approved Development Plans;

7.9.3 review of operational activities.

7.10 Communication to Operations Committee

All documents and communication intended for the Operations Committee should be addressed to the chairperson of this committee.

ARTICLE 8 CONDUCT OF OPERATIONS, WORK PROGRAM AND BUDGET

8.1 General Obligations Contractor

Contractor shall be responsible for the conduct of the Petroleum Operations. Contractor shall carry out the Petroleum Operations in the Contract Area diligently, expeditiously, efficiently, and with the objective to economically maximize the ultimate recovery of Crude Oil and Natural Gas from the Commercial Field(s) in accordance with good international petroleum industry practice, and in consultation with or after approval of, as applicable, the Operations Committee, pursuant to Sub-articles 7.7, 7.8 and 7.9.

8.2 Initial Work Program and Budget

Contractor shall, within ninety (90) Days after the Effective Date, submit to the Operations Committee for its review and comment, in accordance with Sub-articles 7.7 and 7.8, a Work Program and Budget for the Exploration Operations for the remainder of the first Calendar Year of the Exploration Period. If the Effective Date is less than one hundred thirty-five (135) Days before the end of the first Calendar Year, Contractor shall submit a Work Program and Budget for the Exploration Operations for the remainder of the first Calendar Year and the subsequent Calendar Year of the Exploration Period.

8.3 Annual Work Program and Budget

8.3.1 Exploration

Contractor shall submit to the Operations Committee for its review and advisement in accordance with Sub-articles 7.7 and 7.8, a Work Program and a Budget for the subsequent Calendar Year at least ninety (90) Days before the commencement of each Calendar Year. Submission of the Work Program(s) and Budget(s) shall not be considered a decision by Contractor to enter the subsequent phases of the Exploration Period in accordance with Sub-article 5.2.

During the Exploration Period, the Work Program(s) submitted by Contractor for each Calendar Year shall be accompanied by an indicative schedule for operations for the remainder of the then current phase of the Minimum Work Obligations accordance with Article 5.

8.3.2 Development and Production

Contractor shall submit for review and approval a Work Program and Budget for each Commercial Field for each Calendar Year to the Operations Committee at least ninety (90) Days prior to the commencement of such Calendar Year. Notwithstanding the foregoing, for activities related to Exploration Operations conducted during a Development and Production Period shall be submitted in accordance with Sub-article 8.3.1.

8.4 Review and Approval of Work Program and Budget

8.4.1 After the submission of each Work Program and Budget in accordance with Sub-article 8.3, the Operations Committee will meet within thirty (30) Days and Operator will explain the proposed Work Program and Budget. The Parties shall review and either i) advise (for Exploration Operations) or ii) approve, propose modifications to, or reject the proposed Work Program and Budget (for Development Operations or Production Operations) in accordance with Sub-article 7.8 and 7.9 as appropriate.

8.4.2 Following review and consideration of any modifications of the Work Program and Budget proposed by Staatsolie, the Contractor shall, within fifteen (15) Days of the proposed changes, re-submit the final Work Program and Budget for the subject Calendar Year.

8.4.3 For Work Programs and Budgets related to Exploration Operations, the Work Program and Budget re-submitted as described in Sub-article 8.4.2 shall be deemed final.

8.4.4 For Work Programs and Budgets related to Development Operations or Production Operations, within fifteen (15) Days following the receipt of the re-submitted Work Program and Budget as described in Sub-article 8.4.2, Staatsolie shall notify the Contractor of its Operations Committee vote of approval or rejection of the re-submitted Work Program and Budget and, if a vote of rejection, propose modifications with detailed reasons for such modifications. In the case that Staatsolie fails to respond to the re-submitted Work Program and Budget within fifteen (15) Days from its receipt thereof, the resubmitted Work Program and Budget shall be deemed approved by the Operations Committee.

8.4.5 In the event that Staatsolie rejects such re-submitted Work Program and Budget as described in Sub-article 8.4.2, the Contractor may either accept the modifications to the Work Program and Budget proposed by Staatsolie or refer its re-submitted Work Program and Budget to Expert Determination in accordance with Sub-article 41.5. The decision of the expert shall be limited to approval or rejection of the Work Program and Budget submitted by the Contractor. Pending receipt of the final decision of the independent expert, the Contractor shall have the right (but not an obligation) to continue operations in any manner

that is not inconsistent with Staatsolie's proposed modifications to the Work Program and Budget.

8.5 Modifications to Work Program and Budget

8.5.1 During the Exploration Period and for any subsequent Exploration, Contractor shall implement the Work Program and Budget that was reviewed by the Operations Committee. Modification to or revision of the details of such a Work Program and Budget may be conducted at the discretion of Contractor. Contractor shall inform the Operations Committee in advance of these modifications or revisions.

8.5.2 For Development Operations and Production, Contractor shall implement the Work Program and Budget approved by the Operations Committee. Modification or revision of the details of the Work Program or Budget is permitted subject to the following:

8.5.2.1 For approved Development Operations and Production Operations, Operator may incur expenditures in excess of those in the Budget, but not exceeding the greater of ten percent (10%) of the total expenditure approved for a line item under an applicable annual Budget or five million US Dollars (US$5,000,000) in a total annual Budget. In such cases, Operator shall report in writing any such overexpenditure to the Operations Committee within fourteen (14) Days after the overexpenditures are known to Operator.

8.5.2.2 In case of emergency, Operator may incur expenditures necessary for prudent Operations. Operator shall report such expenditures to the Operations Committee in accordance with Sub-Article 8.5.2.1. Unless such emergency is due to Gross Negligence or Willful Misconduct on the part of Operator, such expenditures shall be approved by the Operations Committee, and shall automatically be included in the approved Budget.

8.5.3 The aggregate of excess expenditures made under Sub-articles 8.5.2 shall not exceed ten percentages (10%) of the expenditures authorized in the approved Budget. If Operator is of the opinion that a necessary expenditure would result in exceeding the limits set forth above, Operator shall justify this expenditure to the Operations Committee and shall obtain its approval therefore. The provisions of Sub-article 8.4.2 shall apply mutatis mutandis. In case of operational imperatives requiring such approval in a shorter timeframe, Parties shall endeavor to complete the approval process within such shorter time frame. Excess expenditures shall become part of the approved Budget after approval by the Operations Committee.

ARTICLE 9 COMMERCIALITY

9.1 Discovery and Appraisal Notifications

9.1.1 If Petroleum Operations carried out by Contractor result in a Discovery, Contractor shall inform Staatsolie within twenty four (24) hours of such Discovery, followed by a notification within thirty (30) Days of the Discovery (the "Discovery Notice"), including all technical information data and interpretations available and the delineation of the Discovery Area.

9.1.2 As soon as possible after the analysis of the data and information from such Discovery but no later than one hundred (100) Days from the date of the Discovery Notice, Contractor shall by further notice inform Staatsolie whether or not in the opinion of Contractor the Discovery merits appraisal and if Contractor indicates that the Discovery does merit Appraisal shall simultaneously submit its Appraisal program.

9.1.3 Where Contractor indicates, within one hundred (100) Days from the Date of the Discovery Notice, that the Discovery does not merit Appraisal, Contractor shall, unless otherwise agreed between Contractor and Staatsolie and subject to Sub-Article 3.2, surrender the Discovery Area corresponding to such Discovery, and forfeit any rights relating to Development and Production there from.

9.1.4 The Operations Committee shall review and provide advice on the Appraisal work program to be carried out by Contractor in respect of such Discovery. The Operations Committee shall provide any proposed modifications within thirty (30) Days of receipt of Contractor's proposal. Contractor will consider such modifications and re-submit the final Appraisal work program within thirty (30) Days of receipt such proposed modifications.

9.2 Assessment of Commerciality

9.2.1 Contractor shall commence the Appraisal work program, which may include conducting studies, within thirty (30) Days from the date of its final submission to the Operations Committee or otherwise the Discovery Area shall be relinquished, except as set out in Sub-Article 3.2.

9.2.2 Contractor shall assess the commerciality based on the production rates designed to maximize the ultimate recovery of Crude Oil (maximum efficient rate) from the Commercial Field in accordance with good and prudent petroleum industry practices and field conservation principles, and in accordance with the Appraisal work program which may be submitted to the Operations Committee for modification, from time to time in accordance with Sub Article 9.1.4 to incorporate new information, interpretations, data and technology.

9.2.3 Contractor shall have a period of two (2) years from the date of final submission of the Appraisal work program to complete the Appraisal work program. If all agreed Appraisal activities under the Appraisal work program have been completed within this time and the results of those activities indicate that further Appraisal is necessary to optimize Development, then Contractor may request that Staatsolie approve a six (6) month extension on the basis of an agreed work program. Approval of such request shall not be unreasonably withheld.

9.3 Date of Declaration of a Commercial Field

Within ninety (90) Days upon completion of the Appraisal work program Contractor shall submit to the Operations Committee a declaration of a Commercial Field. Failure to submit said declaration and subject to Sub-Article 3.2, results in surrender of the Discovery Area. The date on which Contractor has submitted to the Operations Committee the declaration of a Commercial Field shall be "Date of Declaration of a Commercial Field".

9.4 Appraisal Report

9.4.1 Contractor shall submit to the Operations Committee a detailed Appraisal report for such the Discovery Area, no later than ninety (90) Days following the completion of the Appraisal work program. Such report shall include all available technical and economic data relevant to a determination of potential commerciality. To the extent such data is available, this report shall include, but not be limited to:

a. geological and geophysical conditions;

b. areal extent, thickness and depth of pay zones; pressure, volume and temperature of the reservoir fluid;

c. Crude Oil and Natural Gas reserve estimates;

d. fluid characteristics, including, gravity, sulfur percentage, sediment and water percentage of the fluid;

e. anticipated production performance

f. an assessment of the commerciality of the field

9.5 Development Plan

9.5.1 No later than two hundred and ten (210) Days after the Date of Declaration of a Commercial Field, Contractor shall, with respect to each Commercial Field, submit a Development Plan to the Operations Committee for approval. The Development Plan shall include, but not be limited to:

a. all relevant maps;

b. a general description of the techniques and equipment for development;

c. a description of proposed cooperation with Staatsolie;

d. a description of the goods, labor and services to be acquired from the Republic of Suriname in compliance with Article 32;

e. an Environmental Impact Assessment, conform Annex 5B, describing the possible environmental effects of the Petroleum Operations of the Development Plan;

f. a description of the technical and economic feasibility of optional methods of Development, including the impact of EOR techniques;

g. where any Petroleum Field(s) extend beyond the Contract Area, a suggested unitization or joint development plan;

h. a project work program and project budget including an estimate of the abandonment costs.;

i. an outline of financing the Development of the Commercial Field;

j. a calculation of proven, probable and possible Petroleum reserves;

k. a time line for Development Work leading to production and

l. a production profile for the Commercial Field, based upon production rates that ensures optimal ultimate recovery in accordance with best petroleum industry practice;

m. the Delivery Point

n. the Work Program and Budget for the first year of Development Operations and Production Operations.

o. the surface outline of the area in which Development Operations and Production Operations will be conducted ("Development and Production Area")

9.5.2 Copies of all studies regarding the proposed Development Plan shall be submitted both in paper and in digital format to the Operations Committee.

9.6 Rejection of Development Plan

The Operations Committee has one hundred (100) Days of its receipt decide whether it approve or reject the Development Plan. . In the event that the Operations Committee fails to approve the proposed Development Plan, the objecting Party shall provide arguments for its rejection. Contractor may submit a revised Development Plan for the same Commercial Field no later than sixty (60) Days after the date of notice of such rejection of the previously proposed Development Plan. If Contractor does not submit the revised Development Plan within sixty (60) Days of receipt of such notice, it will lose all rights related to that Commercial Field and shall relinquish that part of the Contract Area containing such Commercial Field, except as provided in Sub-Article 3.2.

9.7 Failure of Approval of Development Plan

9.7.1 In the event the Operations Committee fails to approve the re-submitted Development Plan within thirty (30) Days of its receipt, Parties will meet within the following thirty (30) Days to seek a mutually acceptable solution, which may include amendments to the Development Plan.

9.7.2 If Parties have not reached a mutually acceptable solution within such thirty (30) Days, Contractor may withdraw the Development Plan. If not withdrawn, either Party shall have the right to refer such proposed Development Plan to an independent expert in accordance with Sub-article 41.8. The period pending resolution by the independent experts shall be considered Force Majeure, pursuant to Article 33.

9.8 Petroleum Discovered after Declaration of a Commercial Field

The discovery of Petroleum after the Date of Declaration of a Commercial Field, outside but nearby the delineated area of such Commercial Field and not included in a submitted Development Plan, shall either be considered an expansion of an existing Petroleum Field or a new Petroleum Field, to be decided with regard to each Commercial Field by Contractor using good international petroleum industry standards. Any dispute between the Parties

regarding the above may be submitted by either Party for resolution by expert determination in accordance with Sub-Article 41.7.

9.9 Unitization

9.9.1 If the recoverable reserves of a Commercial Field extend into adjacent Contract Area(s), Staatsolie may require the respective contractors to co-operate in producing Petroleum from such Commercial Field.

9.9.2 If Staatsolie so requires, the Contractor shall, in co-operation with the contractor of the adjacent area, submit within six (6) months of receiving Staatsolie's request, unless otherwise agreed, a proposal for the joint exploitation of the deposits, for the approval of Staatsolie, such approval not to be unreasonably withheld.

9.9.3 If the proposal is not submitted or approved, Staatsolie may prepare its own proposal, in accordance with good international petroleum industry practice, for the joint exploitation of the recoverable reserves. Staatsolie's proposal, unless another proposal is mutually agreed, shall be adopted by the Contractor, subject to Sub-Article 9.9.4, and subject to the adjacent contractor's acceptance of the same proposal. The reasonable costs of preparing the proposal shall be divided between the Contractor and the adjacent contractor proportional to their respective reserves in such Commercial Field.

9.10 Joint Operations

Where otherwise non-commercial volumes of Petroleum in the Contract Area would, if exploited together with deposits in an area adjacent to the Contract Area, be commercial, Staatsolie may require Contractor and the contractor of that adjacent area to share facilities.

9.11 Sole risk operations by Staatsolie

Where the Contractor does not consider that a Petroleum Field warrants declaration of a Commercial Field in accordance with Sub-Article 9.4, Staatsolie may, subject to Sub-Article 9.5, at its sole risk, cost and expense, develop the Discovery. Once the area is relinquished by Contractor, Staatsolie may then establish a Development and Production Area and perform its own Petroleum Operations at its sole risk.

ARTICLE 10 PETROLEUM EXPENDITURES

Petroleum Expenditures shall be paid in accordance with Work Program(s), Budget(s) and the provisions of the Accounting Procedure, as follows:

10.1 Exploration Expenditures

All Exploration Expenditures shall be paid by Contractor.

10.2 Development Expenditures

All Development Expenditures with respect to each individual Commercial Field shall be paid by Contractor.

10.3 Operating Expenditures

All Operating Expenditures with respect to each individual Commercial Field shall be paid by Contractor.

10.4 Cost Recovery

Development Expenditures, Operating Expenditures and Exploration Expenditures shall be cost recoverable pursuant to Article 13, subject to Sub-article 3.5.

ARTICLE 11 PARTICIPATION OF STAATSOLIE

11.1 Right of Participation

Staatsolie has the right to participate in the Development Operations and Production Operations of each Commercial Field on a Commercial Field by Commercial Field basis, such right to be exercised by notice to Contractor no later than three hundred and sixty (360) Days after the Date of Establishment of such Commercial Field and failure to exercise such right shall be deemed an election not to participate in the Development Operations and Production Operations.

11.2 Percentage of Participation

11.2.1 Staatsolie's participation may be in any percentage it wishes, but not more than fifteen percent (15%);

11.2.2 Staatsolie shall, automatically upon its election to participate in accordance with Sub-article 11.1, become a Contractor Party. Staatsolie, as a Contractor Party, shall bear its share of all Operating Expenditures and Development Expenditures related to the Commercial Field in which it elects to participate as from the Date of Establishment of such Commercial Field. Within ninety (90) Days of its election date, Staatsolie shall pay to Operator its share of all Operating and Development Expenditures incurred by Contractor since the Date of Establishment of a Commercial Field. If Staatsolie is in default of the above payment obligation the provisions in 11.2.3 will apply.

11.2.3 If Staatsolie elects to participate, Staatsolie and Contractor shall promptly attempt to conclude a mutually acceptable joint operating agreement based on the then current AIPN model form, or, in case of an existing joint operating agreement among the Contractor Parties, will promptly attempt to conclude a mutually acceptable amendment, whereby Staatsolie would become a party to such agreement. Included in the joint operating agreement will be terms which allow Contractor to take and sell up to one hundred percent (100%) of Staatsolie's Cost Oil and seventy-five percent (75%) of Staatsolie's participating interest share of Profit Oil, in order to pay the amount then due from Staatsolie in the event that Staatsolie does not pay its participating interest share of costs within thirty (30) days of the date of receipt of any joint billing statement. Any excess funds received by Contractor for Staatsolie's entitlement in excess of the amounts due from Staatsolie will be refunded to Staatsolie within 30 days of receipt of such funds by Contractor.

11.3 Assistance in Obtaining Financing

Contractor shall provide reasonable assistance in the form of introductions and the like, as may be requested in writing by Staatsolie, to Staatsolie's efforts to procure financing for its participation, provided that Contractor shall not be required to contribute financially to or be responsible for Staatsolie obtaining such financing.

ARTICLE 12 ROYALTY

12.1 Pursuant to the lifting procedure of Sub-article 13.9, Contractor shall, on Staatsolie's instructions, deliver to Staatsolie at the Delivery Point six and one quarter percent (6.25%) of the Gross Production as Royalty.

12.2 If taken in cash, the amount of the Royalty payment obligation shall be based upon the Market Price calculated in accordance with Article 14 and be paid per Calendar Month.

12.3 Contractor shall be released from and indemnified by Staatsolie for any obligation for payment to any Government Authority of any Royalty referenced in Article 65 of the Mining Decree or in any other law, decree, regulation or order in existence as of the Effective Date or any time thereafter during the term of this Contract.

ARTICLE 13 COST REIMBURSEMENT AND PAYMENT TO CONTRACTOR

Reporting on costs, revenues and production shall be on a monthly basis. Settlement of obligations of Contractor and Staatsolie under this Article will be on a quarterly basis.

13.1 Ownership of Petroleum

13.1.1 In accordance with the Mining Decree, the Petroleum Law of 1990 and Article 5 of Decree E-8B, Petroleum produced and saved and not used in Petroleum Operations or re-injected shall belong to Staatsolie.

13.1.2 Crude Oil shall be distributed from the Contract Area in the sequence and quantities determined in this Article. Contractor Parties and Staatsolie each have the right and obligation to separately take, dispose of, market and freely sell their share of Crude Oil according to this Article 13.

13.2 Operating Expenditures

After delivery of Royalty in accordance with Article 12, Contractor will be entitled to an amount of Crude Oil from the Commercial Field which, when valued at the Market Price, equals the Operating Expenditures of such field in such Calendar Quarter and carried forward pursuant to Sub-article 13.6.

13.3 Development Expenditures

After delivery of Royalty in accordance with Article 12 and reimbursement of Operating Expenditures in accordance with Sub-article 13.2, Contractor shall be entitled to an amount of Crude Oil from the Commercial Field which, when valued at the Market Price, equals the Development Expenditures for such field carried forward pursuant to Sub-articles 13.5 and 13.6.

13.4 Exploration Expenditures

After delivery of the Royalty in accordance with Article 12, and reimbursement of Operating Expenditures in accordance with Sub-article 13.2 and Development Expenditures in accordance with Sub-article 13.3, Contractor (excluding Staatsolie) shall be entitled to an amount of Crude Oil from the Contract Area, which, when valued at the Market Price, equals the Exploration Expenditures and those carried forward pursuant to Sub-articles 13.5 and

13.6. Exploration Expenditures which are attributable to a Commercial Field shall be reimbursed by that Commercial Field.

13.5 Cost Recovery Oil - Percentage of Production

In any Calendar Quarter the amount of Crude Oil distributed in accordance with Sub-articles 13.2, 13.3 and 13.4 shall not exceed eighty percent (80%) of Gross Production after all Royalties have been paid, denoted as the Cost Oil ceiling.

13.6 Carry Forward

The amounts of unrecovered Operating Expenditures, Development Expenditures and Exploration Expenditures that cannot be reimbursed from Cost Oil pursuant to Sub-article 13.5, shall be carried forward for recovery in the succeeding Calendar Quarter(s) until fully recovered or this Contract terminates.

13.7 Profit Oil

After distribution of the amounts of Crude Oil as required pursuant to Article 12 and Sub-articles 13.2, 13.3 and 13.4, any remaining Crude Oil (i.e. Profit Oil) produced from the Commercial Field shall be distributed between Contractor and Staatsolie as a function of the value of the "R" factor defined herein. The R-factor shall be calculated for each Commercial Field on a Calendar Quarterly basis. Because the precise value for the R-Factor for a Calendar Quarter cannot be determined with certainty until after the end of that Calendar Quarter, allocation of Profit Oil with respect to such Calendar Quarter shall be made on a prospective basis during such Calendar Quarter based upon the Contractor's good faith estimates of the information required in the calculation of the R-Factor pursuant hereto. Any adjustments to such provisional R-Factor following the end of such Calendar Quarter shall be settled pursuant to the procedures agreed by the Parties in the Lifting Procedures, and such final R-Factor will be applied retrospectively to the Profit Oil allocations of the Parties. The R-Factor shall be equal to the cumulative gross revenue minus the cumulative Royalty minus cumulative income tax, divided by cumulative Petroleum Expenditures on a Commercial Field basis. Subject to the above, the R-factor shall be applied to Profit Oil produced during the relevant Calendar Quarter in calculating the Crude Oil to which each Party is entitled.

$$R = \frac{\text{(cumulative gross revenue – cumulative royalty-cumulative income tax)}}{\text{(cumulative petroleum expenditures)}}$$

For purposes of this calculation:

"cumulative gross revenue" means the total value of all Gross Production from the Effective Date to end of the respective Calendar Quarter, with Gross Production being valued at the Market Price.

"cumulative royalty" means 6.25% of the cumulative gross revenue;

"cumulative income tax" means the total of all income taxes calculated as the tax rate multiplied by total Profit Oil from both Contractor and Staatsolie's share related to this Commercial Field, from the Effective Date to the end of the respective Calendar Quarter; and

"cumulative petroleum expenditures" means the sum of all recoverable Petroleum Expenditures related to the Commercial Field from the Effective Date to the end of the respective Calendar Quarter.

R-Factor slice	Staatsolie Share	Contractor Share
0-1.00	15%	85%
>1.00-1.25	20%	80%
>1.25-1.50	25%	75%
>1.50-1.75	30%	70%
>1.75-2.00	45%	55%
>2.00-3.00	60%	40%
>3	75%	25%

13.8 Transfer of Title

Title to the Crude Oil and Natural Gas, which Contractor is entitled to in accordance with this Contract, shall be transferred to Contractor at the Delivery Point.

13.9 Lifting Procedures

Not later than one-hundred and twenty (120) Days prior to the anticipated Date of Initial Commercial Production, the Parties shall enter into supplementary contracts concerning Crude Oil transfer of title, lifting procedures and delivery, lifting and tanker schedules, loading conditions, Crude Oil metering, statistics and classification of the lifting responsibility. If such contracts are not agreed by all within the time period specified, the

Parties agree to use the AIPN Model Crude Oil Lifting Agreement to govern such activities until such a time as an alternative lifting agreement may be agreed

ARTICLE 14 MEASUREMENT AND VALUATION OF PETROLEUM

14.1 Measurement

14.1.1 The Contractor shall recommend sampling, measuring and testing equipment, and procedures for controlling measurement of Crude Oil produced to the Operations Committee for approval. Such recommendations shall include Measurement Procedures and an appropriate cycle of testing and calibration of equipment.

14.1.2 Operator shall give written notice to Staatsolie fourteen (14) Days prior to any testing and calibration by Operator of the appliances used in the measurement and determination of the quality and quantity of Petroleum. Staatsolie, at its cost and risk, shall be entitled to have witnesses present at such testing and calibration.

14.1.3 Where the appliances used in connection with Petroleum measurement have caused an overstatement or understatement of production, the error shall be presumed to have existed since the date of the last calibration of such appliance, unless proven otherwise. Operator shall appropriately correct the error by:

a) amending the volume of the Petroleum delivered in the relevant period; and

b) adjusting the entitlements of each Party to take into account the correction.

14.1.4 Petroleum produced from each Commercial Field shall be measured at the Delivery Point.

14.2 Production Forecast

No later than sixty (60) Days prior to the Date of Initial Commercial Production and thereafter before the beginning of each Calendar Quarter, Contractor shall present a production forecast to Staatsolie. The forecast will estimate Gross Production for the next four (4) Calendar Quarters on a Commercial Field by Commercial Field basis, based on the production rates designed to maximize the ultimate recovery of Crude Oil (maximum efficient rate) from the Commercial Field in accordance with good and prudent petroleum industry practices and field conservation principles. Contractor shall give due consideration to any comments or recommendations made by Staatsolie in respect of such forecast. Contractor shall use reasonable efforts to produce the forecasted quantity each Calendar Quarter.

14.3 Market price

The Market Price of Crude Oil shall be equal to the Realized Price or the Crude Oil Basket Price as determined in accordance with Sub-article 14.4 at the time of sale, whichever is highest. If the Crude Oil Basket price is higher than the Realized Price and the difference is equal to or greater than US$ fifty-cents (US$ 0.50), then the Market Price shall be determined by the Operations Committee. In the event the Operations Committee cannot resolve the issue within seven (7) Days, the Market Price to be used pending final resolution of the issue shall be the Realized Price plus US$ fifty-cents (US$ 0.50). Additionally, any adjustment made pursuant to this Sub-Article 14.3 shall not be counted as an adjustment under Sub-Article 14.4.4.

14.4 Crude Oil Basket

14.4.1 Staatsolie and Contractor shall, at least six months before the projected start-up date of a Commercial Field, agree upon the Basket. In the event Staatsolie and Contractor have been unable to determine the Basket within such period, the Basket will be determined through expert opinion in accordance with Sub-Article 41.5, at least two months prior to the projected startup date of such Commercial Field. The Crude Oil Basket price shall be the average price of the Basket as determined from the prices of the representative crude oils in the Basket as published by a mutually acceptable independent oil publication. If said publication or any adequate succeeding publication ceases to be published, Staatsolie and Contractor must agree in writing on a substitute publication. It is understood that the following principles shall apply with respect to calculation of the value of the Basket:

(a) The representative crude oils to be included in the Basket shall differ less than four (4) degrees API and the sulfur content thereof shall be less than one percent (1%) different to that of the Crude Oil of the relevant Commercial Field

(b) The price of each representative crude oil in the Basket shall be adjusted for difference in API gravity, sulfur content and other pertinent characteristics.

14.4.2 If Staatsolie and Contractor cannot agree to the above corrections, as set out in Sub-Article 14.4.1(b), six (6) Months before the projected start-up date of a Commercial Field, Staatsolie and Contractor shall revert to expert determination in accordance with Sub-article 41.5 for determination of the corrections. Such determination will be reached at least two (2) Months prior to the projected start-up date of a Commercial Field.

14.4.3 In the absence of a quotation of one (1) or more of the agreed representative crude oils in the Basket, or to reflect changes in the Crude Oil produced, Staatsolie and Contractor shall meet to agree on a replacement representative crude oil for the Basket.

14.4.4 The Basket may be revised periodically but no more than once each Calendar Quarter within the three (3) years following the start-up date of a Commercial Field and no more than once during a Calendar Year thereafter, if required, by written agreement between Staatsolie and Contractor to reflect any change in the quality of the Crude Oil produced from the Contract Area or if one of the oils in the Basket is no longer representative in accordance with Sub-article 1.12.

14.4.5 Each Party shall notify the Operator of the volumes, prices, sales dates, points of sale for all its transactions, whether Arm's Length Transactions or transactions not in conformity with the market (or "not determined by market forces"), as well as the Market Price of Crude Oil (as specified in Sub-article 14.3), within fifteen (15) Days before the end of such Calendar Month. Operator shall promptly give Staatsolie and any other Contractor Parties notice of the volumes and Market Price for each transaction. If any Party objects to Market Price of such transaction, within thirty (30) Days of such notice to Staatsolie, such Market Price shall be determined by expert determination in accordance with Sub-Article 41.5.

14.5 Notwithstanding the foregoing, the Parties may, if mutually agreed in writing, review and, if necessary, adjust or renegotiate this Article 14, one (1) Calendar Year after the commencement of Production Operations, provided however, that this Article 14 shall remain in full force and effect until otherwise agreed in writing.

ARTICLE 15 FOREIGN CURRENCY AND BANKING

15.1 Bank Accounts in Suriname

Contractor shall be authorized to open and hold bank accounts in Suriname denominated in foreign currencies for the conduct of Petroleum Operations

15.2 Bank Accounts General

Contractor shall be responsible for reporting any deposits and withdrawals in respect of the foreign currency accounts to the Central Bank of Suriname in accordance with the Law of Suriname.

15.3 Foreign Currencies

No restriction will be imposed on importation by the Contractor of the funds intended for the performance of the Petroleum Operations. The flow of incoming and outgoing funds (investment and dividends) shall comply with the laws of Suriname, including with the country's monetary authorities.

15.4 Purchase or Exchange of Suriname Dollars

Suriname Dollars shall be purchased by Contractor from The Central Bank of Suriname or a local commercial bank. The applicable conversion rate for these transactions shall be the rate published by the Central Bank of Suriname for conversion of the US Dollar into Suriname Dollars at the time of purchase.

15.5 Export Profit Oil and Cost Oil

In accordance with the Petroleum Law of 1990, and subject to the provisions of Article 19, Contractor shall be entitled to freely export all of its share of Cost Oil and Profit Oil from Suriname and sell, assign or otherwise transfer such Crude Oil in or outside Suriname, and record and retain in Foreign Currency Accounts, all sales proceeds as income without restriction. With the exception of the statistics and consent duties, no further export duty, stamp duty, or other provision fee or tax will be levied against Contractor or due in connection with the export of Crude Oil.

15.6 Information for Foreign Exchange Commission

Contractor shall be subject to the Foreign Exchange Act of 1947 as amended from time to time and, in accordance with the provisions thereof, shall submit to the Foreign Exchange Commission at the commission's request, all information the commission deems necessary. Notwithstanding the foregoing, in case of any conflict between the provisions of the Petroleum Law of 1990 and the provisions of the Foreign Exchange Act of 1947, the provisions of the Petroleum Law of 1990 shall prevail.

ARTICLE 16. PAYMENTS

16.1 Currency of Payments to Staatsolie and the Republic of Suriname

All cash payments of Contractor to Staatsolie or the Republic of Suriname shall be in US Dollars or, if agreed by the Parties, any other currency, all in accordance with Article 2.3, to a bank account to be designated in writing by Staatsolie or the Republic of Suriname, as appropriate.

16.2 Currency of Payments to Contractor

All cash payments of Staatsolie to Contractor shall be made in US Dollars or, if agreed by the Parties, any other currency, all in accordance with Article 2.3, to a bank account to be designated in writing by Contractor.

16.3 Due Date of Invoices

Unless otherwise provided elsewhere in this Contract or in the Accounting Procedure, all payments shall be made within thirty (30) Days after receipt of the invoice for such payments.

16.4 Interest on Overdue Payments

Any overdue payment shall bear an interest equal to LIBOR, plus five percentage points (5%), per annum.

16.5 Payment of Disputed Payment Obligations

If the Owing Party disputes an amount due, including payments in kind, under an invoice or other documented obligation to pay under this Contract, it shall, within the payment period of the invoice or other documented obligation to pay, inform the Invoicing Party in writing of its objection, setting forth with specificity the amount disputed and the reasons therefore. If Parties fail to amicably resolve the dispute, either Party may seek arbitration in accordance with Sub-Article 41.2. Notwithstanding the above, in the event the Parties execute a joint operating agreement ("JOA") in accordance with Sub-Article 11.2.3, the payment terms agreed under the JOA will govern payments of cash calls and joint interest billings issued by Operator to the Parties."

ARTICLE 17. IMPORTS

17.1 Import and Export Duties

Contractor, and its Sub-Contractors, shall be exempted from import and export duties in accordance with the Petroleum Law of 1990. The waiver described herein shall not apply to items listed in Annex 6.

17.2 List of Sub-Contractor(s)

Contractor shall, twice every Calendar Year, submit to Staatsolie a list of Sub-Contractors who are engaged in its Petroleum Operations.

17.3 Withdrawal of Import and Export Duties Exemption

If Contractor or its Sub-Contractors sell or transfer ownership of imported goods to a party other than the Government, Staatsolie or another exempt third party, then Contractor or its Sub-Contractors shall be liable to pay all duties, taxes and levies on such goods imported under the exemption provided by this Contract. The duties, taxes and levies payable shall be calculated on the CIF value of the goods at the day of import, as determined by the Surinamese customs authority.

17.4 Re-Export of Imported Goods

Industrial means, materials, goods and equipment imported by Contractor or its Sub-Contractors pursuant to this Article may be re-exported by Contractor or its Sub-Contractors, provided that the terms and conditions of this Article have been complied with.

17.5 Household Objects for Expatriate Employees

Household objects for personnel and domestic use imported by the Contractor's, Operator's and their Sub-Contractors' Expatriate Employees relevant to activities concerning Petroleum Operations on the occasion of their change of residence will be admitted duty-free, provided however that such property is imported for the sole use of the Expatriate Employee and his family and have been imported within six (6) months after the arrival of the Expatriate Employee. Items imported under this Article and exempt from custom duties may be exported without the payment of custom duties.

ARTICLE 18 TAXATION

18.1 General

Each Contractor Party shall pay its own income tax in accordance with Sub-article 18.2. In addition, except as otherwise provided for in the Petroleum Law of 1990 and the Mining Decree, each Contractor Party shall be subject to all fees, imposts, charges or Taxes imposed by a Government Authority to the extent they are generally applicable in Suriname and not discriminatory to Contractor. For the purposes of this Article 18, "generally applicable" shall mean of general application to the citizenry or business community of Suriname as a whole and shall not include Taxes which are focused on Petroleum Operations and not generally applicable in this industry.

18.2 Income Tax

Each Contractor Party will be subject to the Income Tax Act of 1922 (Government Bulletin of 1921 no. 112, as last amended by State Decree of 1995 no. 52) and the Petroleum Law of 1990. Subject to the preceding, the income tax calculation will take into account the follow revenues and expenses:

Revenues:

(a) the value of each Contractor Party's share of Cost Oil and Profit Oil according to Article 13; and

(b) all other income of Contractor Party derived from Petroleum Operations properly included in gross income under Applicable Law, related to or as a consequence of this Contract and referenced in the applicable rulings issued by the Tax authorities, drafts of which are attached as Annex 9.

Expenses:

(a) each Contractor Party's share of Cost Oil, and

(b) expenditures, related to or as a consequence of this Contract, by Contractor which are not subject to Cost Recovery. These will be treated in accordance with the Income Tax Act of 1922 and as referenced in the applicable rulings issued by the Tax authorities, drafts of which are attached as Annex 9.

18.3 Payment

All Taxes payable by Contractor or a Contractor Party shall be paid and all Tax returns shall be calculated and filed in US Dollars or currency as agreed in Article 2.3. Losses or credits for income tax purposes may be carried forward in accordance with Applicable Law.

18.4 Stabilization

18.4.1 A Contractor, pursuant to the Income Tax Law of 1922 (Government Gazette 1921 no. 112, as lastly amended by Official Gazette 2000 no. 123), shall be subject to Income Tax pursuant to the rates applicable on the date that the petroleum agreement enters into force. In case the tax rates are adjusted, such adjustment shall not be applicable to the Contractor and shall have no influence on his liability to pay taxes pursuant to the Income Tax Law of 1922.

18.4.2 If any additional impositions of, or changes in the existing Tax, Royalty, Applicable Law, or any other legislation, policies, rules or regulations in Suriname, from and after the Signing Date, which are not of a general nature and not applicable to the general public, have the effect of adversely impacting the rights and exemptions of Contractor or adversely impacting Contractor's economic benefit in the Contract, the economic terms of the Contract shall be modified in order to maintain the economic equilibrium of this Contract so that Contractor shall receive the same economic benefit as before such imposition or change.

ARTICLE 19 DOMESTIC SUPPLY REQUIREMENT

19.1 Supply by Government and Staatsolie

Domestic Supply Requirement shall, to the extent possible, be supplied from the entitlements of the Government and Staatsolie under this Contract, and from other entitlements of the Government and any entity owned or controlled by the Government.

19.2 Supply by Contractor

If Crude Oil available to the Government and Staatsolie pursuant to Sub-article 19.1 is insufficient for fulfilling the Domestic Supply Requirement, at any time, at least twelve (12) Calendar Months after the Date of Initial Commercial Production, Staatsolie may request in writing that Contractor make available a quantity of Crude Oil to which Contractor is entitled hereunder. Beginning with its first such request, and every thirty (30) Calendar Days thereafter, Staatsolie shall include data indicating the total production from each contract area then producing within Suriname. In response to such request, Contractor shall supply at the Delivery Point from the Contractor's entitlement, that portion of the Domestic Supply Requirement, in excess of the entitlements of the Government and Staatsolie described in Article 19.1, on a pro rata basis with other crude oil producers except Staatsolie, in Suriname, but not exceeding twenty-five percent (25%) of Contractor's entitlement, which portion shall be offered for sale at the Market Price. Contractor's obligations to fulfill this obligation shall take effect ninety (90) Days from the date of the request from Staatsolie. If the request from Staatsolie is the result of Force Majeure conditions, which do not permit Staatsolie to wait until such quantities become available following expiry of Contractor's long-term commitments, Staatsolie shall reimburse Contractor its actual costs incurred in covering such commitments.

19.3 Payment for Purchased Crude Oil

If the request for deliveries from Contractor is the result of a Force Majeure event under Sub-article 19.2, Staatsolie shall settle the payment in cash within sixty (60) Days from the date of delivery, otherwise payment to Contractor shall be made in accordance with Article 16. In all events that Staatsolie fails to pay any amount owed to Contractor for received Crude Oil when due, Contractor shall have the right to take and sell such quantity of Staatsolie's Profit Oil in satisfaction of any unpaid balance.

ARTICLE 20 NATURAL GAS

20.1 Use of Associated Gas

Associated Gas produced in the Contract Area shall in first instance be utilized for conducting Petroleum Operations, including but not limited to secondary recovery operations, re-pressuring and recycling, and power generation.

20.2 Excess Associated Gas

20.2.1 Associated Gas in excess of amounts used pursuant to Sub-article 20.1 shall be designated as excess Associated Gas. If Contractor considers the excess Associated Gas not to be economic, Staatsolie shall have the right to collect, transport and utilize this excess Associated Gas at its sole cost and risk. In that case, the Parties shall mutually agree on the operational aspects of Staatsolie's utilization of such Gas. Production of such excess Associated Gas shall not hinder Contractor's operations in any way.

20.2.2 Contractor is not allowed to flare excess Associated Gas, except in the event it cannot be sold or re-injected in accordance with Sub-articles 20.2.3 or 20.2.4.

20.2.3 If Contractor considers the Development of excess Associated Gas to be economic, then Contractor shall include the Development of such excess Associated Gas in the Development Plan submitted for the Development of Crude Oil.

20.2.4 Contractor shall re-inject into the subsurface any excess Associated Gas, which is not developed under this Sub-article 20.2, subject to international petroleum standards and Staatsolie's explicit permission; provided that Contractor is not required to re-inject any excess Associated Gas if such re-injection would, in Contractor's opinion, cause damage to the reservoir or negatively effect the efficiency of production of Crude Oil or the ultimate recovery of Crude Oil.

20.3 Discovery of Significant Non-Associated Gas

20.3.1 In the event of the Discovery of significant amounts of non-Associated Gas Staatsolie and Contractor shall meet as soon as practicable to consider how such Discovery may be appraised, developed and produced. They shall consider whether a market exists for the non-Associated Gas and how such market may be supplied.

20.3.2 If no market exists at the time of Discovery of non-Associated Gas, the Parties shall consider how a market may best be created and the Contractor shall have the right to

retain the Discovery Area for a period not exceeding five (5) Calendar Years beyond the expiry of the Exploration Period while a market is being created.

20.4 Non-Associated Gas Addendum

Within ninety (90) Days of the Discovery of a significant amount of non-Associated Gas, which in the written opinion of Contractor may be commercial, the Parties shall initiate negotiations for an addendum to this Contract for non-Associated Gas ("Addendum"), which shall establish the procedures and conditions by which Contractor may Appraise, develop and produce such Discovery. The principles for the Addendum shall be the same as those for Crude Oil, but the terms may be negotiated in order to make such Discovery not less profitable to Parties than would be realized in a Discovery of Crude Oil of a similar magnitude. The Addendum shall include, among others, provisions to:

a) govern the orderly Appraisal, Development and Production of such Discovery;

b) determine the expected market price for natural gas in relation to its location, volume and potential customers;

c) address Staatsolie's direct participation; and

d) address cost reimbursement and payment to Contractor

The provisions of the Addendum shall result in a similar profit split to that for Crude Oil under this Contract.

20.5 Disagreement on Non-Associated Gas

If, following the process set out in this Article 20, Contractor does not agree that the resulting terms of the Addendum support the commercialization of the Discovery, then subject to Sub-Article 3.2, Staatsolie shall have the right to develop and produce the non-Associated Gas. In such event, Contractor shall relinquish its rights to that part of the Contract Area that contains the non-Associated Gas Discovery, and such relinquishment shall be limited both geographically and stratigraphically in order for Contractor to explore either deeper or shallower zones. Contractor shall in this event be reimbursed for all expenditures connected with the Discovery of the non-Associated Gas, in accordance with Article 13, as if such costs were Exploration Expenditures described in Sub-Article 13.4.

20.6 Failure to agree on the terms of Addendum

If the terms of the Addendum have not been agreed to within one (1) Calendar Year from the start of negotiation referenced in Sub-article 20.4, the Parties shall refer the matter to a

mediator. The mediator shall be a person with an internationally recognized reputation as mediator and have knowledge of the international petroleum industry. If the Parties fail to appoint the mediator within thirty (30) Days after the expiry of such period, either Party may have such mediator appointed by the Secretary General of the Permanent Court of Arbitration at The Hague. The Parties shall use their best endeavors to reach an amicable solution with respect to the negotiation of the Addendum through mediation.

20.7 Extension of the Term of the Exploration Period during Addendum Negotiation

In the event of a non-Associated Gas Discovery, the Exploration Period for the Discovery Area shall automatically be extended, at the end of the Exploration Period, by such period of time as it may take for the Parties to mutually agree to the Addendum and for Contractor to Appraise the Discovery, and for the Government to provide its final approval for such addendum. During any such extension, Exploration Operations shall be limited to such area delineated by the Discovery of non-Associated Gas. The remaining Contract Area shall be relinquished as required by this Contract.

20.8 Crude Oil Priority

Notwithstanding the foregoing provisions of this Article 20, the Production of Crude Oil shall not be unduly delayed or hindered by any evaluation or indecision with regard to the possible Development of a Discovery of Associated Gas or Non-associated Gas.

ARTICLE 21 INFORMATION

21.1 Reports, Data and Information from Contractor

In accordance with good international petroleum industry practice, Contractor shall keep Staatsolie promptly and fully informed of Petroleum Operations being carried out by it and it's sub-contractors and shall promptly, and if feasible in real time, provide Staatsolie with all data, samples, information, interpretations and reports, including progress and completion reports, which are related to this Contract, and which shall include, but not be limited to:

21.1.1 raw and processed seismic data and interpretations thereof including digital horizon files, velocity models used for depth conversion in formats specified by Staatsolie;

21.1.2 well data, including, but not limited to, daily drilling reports, electric logs and other wire line surveys, mud logging reports and logs, samples of cuttings and cores and analyses made thereof;

21.1.3 all reports prepared from drilling data, geological or geophysical data, including all maps or illustrations derived there from in formats specified by Staatsolie;

21.1.4 all original well completion and well testing reports;

21.1.5 reports dealing with location surveys and all other reports regarding wells, treating plants or pipeline locations;

21.1.6 reports dealing with reservoir investigations and reserve estimates s, field outlines and economic evaluations relating to current and future Petroleum Operations;

21.1.7 quarterly reports on Petroleum Operations as determined by the Operations Committee or requested by the Government;

21.1.8 final reports upon completion of each specific project or operation; contingency programs and reports dealing with health, safety, and the environment

21.1.9 design drawings, criteria, specifications and construction records;

21.1.10 reports of technical audits and studies relating to Petroleum Operations;

21.1.11 reports of all other technical data relevant to the performance of Petroleum Operations in the Contract Area; and

21.1.12 all reports which may be required by the Accounting Procedure or which may be requested by Staatsolie and are otherwise required by the terms of this Contract.

21.1.13 All audit reports issued in accordance with the Accounting Procedure regarding the Petroleum Operations and its accounting.

Upon approval by Staatsolie, Contractor may cease submitting any or all of the above items and maintain them for the review by Staatsolie in its files in Paramaribo, Suriname.

Files may be maintained in electronic form, provided that the files can timely be printed, and originals of scanned documents can be presented, upon request of Staatsolie.

21.2 Reports, Data and Information from Staatsolie

Staatsolie shall make available to Contractor all technical data and information in its possession or under its control, relating to the Contract Area and relevant to the performance of Petroleum Operations by Contractor. This information shall include but not be limited to, seismic data and all logs and records of wells, well cuttings, samples, cores, sidewall cores, and oil samples regarding the Contract Area. However, Staatsolie shall not be obliged to disclose data and information which it is unable to release due to confidentiality restrictions in force and in effect at the time of Contractor's request for this technical data and information.

21.3 Ownership of Data

21.3.1 All original and copied data and samples collected by Contractor during Petroleum Operations shall be the property of Staatsolie. Contractor may export, use and retain the collected data and the samples outside Suriname and shall, on behalf of Staatsolie and in furtherance of Petroleum Operations, manage the use of such data, subject to the provisions of this Article. Contractor shall initially be responsible to store all samples and data and shall inform Staatsolie of their location. Notwithstanding the foregoing, Staatsolie shall have the option to relocate and store a copy of all data and, if practicable, part of the samples at its own cost.

21.3.2 Prior to the destruction of any data or samples, Contractor shall notify Staatsolie and Staatsolie may elect to further store or relocate the data and samples, at its cost. During the Term of this Contract, Parties shall have access to all data and samples.

21.3.3 On termination of this Contract, Contractor shall turn over all original and copied data, samples and information obtained during or in relation to its Petroleum Operations in Suriname still in its possession to Staatsolie, provided that Contractor may retain its evaluation materials which shall remain the property of Contractor.

21.3.4 Contractor shall maintain accounting records, returns, books and accounts as required under the Accounting Procedure and shall be entitled to retain and use at least one (1) copy of all data for any purpose during the term of this Contract and after this Contract's termination, so long as Contractor complies with its confidentiality obligations set forth in Article 22.

21.4 Annual Reports

No later than ninety (90) Days following the end of each Calendar Year, Contractor shall submit to Staatsolie a report covering Petroleum Operations performed in the Contract Area during such Calendar Year. Such report shall include but not be limited to:

21.4.1 a statement of all wells drilled, the summary of each such well, and a map on which drilling locations are indicated;

21.4.2 a statement on any Petroleum encountered during Petroleum Operations, as well as a statement of any fresh water layers encountered;

21.4.3 a statement of quantities of Petroleum, water and any significant quantities of other minerals produced therewith from the same reservoir or deposit;

21.4.4 a summary of the nature and extent of all Exploration Operations in the Contract Area;

21.4.5 a general summary of all Petroleum Operations in the Contract Area;

21.4.6 a statement of the number of employees engaged in Petroleum Operations in Suriname, identified by nationality to the extent providing such information does not cause Contractor to violate any laws to which it is subject;

21.4.7 a statement on the estimated Petroleum reserves remaining to be recovered and the underlying analysis related to this statement; and

21.4.8 a summary of the disposals or sales pursuant to Sub-article 27.5.

ARTICLE 22 CONFIDENTIALITY

22.1 Confidentiality of Information and Data

22 .1.1 Each Party agrees that all information and data of a technical, geological or commercial nature, acquired or obtained from and/or related to Petroleum Operations on or after the Effective Date and not (i) in the public domain; (ii) already known to each Party or its respective Affiliates as of the Effective Date; (iii) acquired independently from a third party who has the right to disseminate such information at the time it is acquired by either Party or an Affiliate of such Party; (iv) developed by a Party or is respective Affiliates wholly independently of the information and data received from a disclosing party; or (v) otherwise legally in the possession of such Party without restriction on disclosure, shall be considered and kept confidential (subject to Contractor's right to use and to trade such data and information in accordance with this Article 22), and shall not be disclosed, sold, offered to any third party or published, except:

(a) to employees, officers and directors of each Party, and to an Affiliate of each Party and its respective employees, officers and directors, provided such Affiliate maintains confidentiality as provided in this Contract;

(b) to any Government Authority when required by this Contract;

(c) to the extent such data and information are required to be furnished in compliance with Applicable Laws, or pursuant to any legal proceedings or because of any order of any court binding upon a Party or its Affiliates;

(d) subject to Sub-article 22.1.3, to potential Sub-Contractors, consultants and attorneys contracted by any Party where disclosure of such data or information is essential to such Sub-Contractor's, consultant's or attorney's work;

(e) subject to Sub-article 23.1.3, to a bona fide prospective transferee of all or a portion of a Party's participating interest (including an entity with whom a Party is conducting bona fide negotiations directed toward a merger, consolidation or the sale of a majority of its or an Affiliate's shares);

(f) subject to Sub-article 22.1.3, to a bank or other financial institution or entity to the extent appropriate to a Party's arranging for funding or proposing to fund for its obligations under this Contract, including any consultant retained by such bank, financing institution or entity;

(g) to the extent such data and information must be disclosed pursuant to any laws, rules, orders, decrees or requirements of any government or stock exchange having jurisdiction over such Party or its Affiliates;

(h) where any data or information which, through no fault of a Party, becomes a part of the public domain;

(i) to the arbitrators, in accordance with Article 41; or

(j) to the extent such data and information are required to be furnished in connection with any unitization of all or part of the Contract Area.

22.1.2 Each Party shall take customary precautions to ensure that such data and information on Petroleum Operations are kept confidential by its respective employees, officers, directors, consultants, agents or other parties to whom each Party is responsible.

22.1.3 Prior to any disclosure not otherwise permitted in this Article, the disclosing Party must obtain a written undertaking from the recipient third party to keep the data and information strictly confidential from other third parties, with exceptions similar to those set out in Sub-article 22.1.1 and with the conditions that the data and information not to use or disclose the data and information except for the express purpose for which disclosure is to be made.

22.1.4 Subject to Sub-article 22.1.6, the confidentiality obligations of the Parties shall terminate:

(a) on the termination of this Contract

(b) as to data from areas relinquished, on the date of such relinquishment: or

(c) as to data associated with portions of the Contract Area retained beyond the termination of the Exploration Period, on the termination date of this Contract; or

(d) as to data associated with areas not relinquished, five (5) Years from the date of collection of such data or the termination of the Exploration Period,

whichever is soonest.

22.1.5 Any Contractor Party ceasing to own a participating interest in this Contract, during the term of this Contract, shall nonetheless remain bound by the obligations of confidentiality set forth above and any disputes shall be resolved in accordance with Article 41.

22.1.6 Notwithstanding the provisions of Sub-article 22.1.4 of this Contract, the confidentiality obligations of Contractor with respect to geological, geophysical data and information acquired or obtained from and related to Petroleum Operations shall remain in force and effect throughout the life of the Contract and a period of ten (10) Calendar years thereafter.

22.2 Disclosure in Annual Reports etc.

Notwithstanding any other provisions in this Article 22, each Contractor Party may make disclosures in annual reports, all regulatory filings related to corporate securities (including, but not limited to, annual and quarterly reports) press releases, employee and stockholder newsletters, magazines and the like, of summarizations of a general nature relating to Petroleum Operations, which are customarily or routinely described or reported in such publications.

22.3 Right to Use

22.3.1 No Party shall make available to any third parties any technology, including patent information or proprietary know-how, acquired from any other Party without the written consent of such other Party.

22.3.2 Subject to Sub-Article 22.1, any Party has the right to freely use all geological, geophysical, reservoir, engineering, drilling engineering, facilities engineering, and project data and information regarding the Contract Area for other petroleum activities in and outside Suriname.

ARTICLE 23 INSPECTIONS

23.1 Inspections

Staatsolie shall, during business hours, and with reasonable notice to Contractor, have the right of access, at Staatsolie's sole risk, to all sites and offices of Contractor in Suriname and the right to inspect all buildings, facilities and installations used by Contractor and to inspect and audit the books and accounts of Contractor relating to Petroleum Operations. In this regard, Contractor shall provide facilities to a reasonable number of duly authorized representatives of Staatsolie to perform their duties and obligations in relation to this Contract. All costs for providing such facilities incurred by Contractor during the Exploration Period and Development and Production Period, shall be subject to Cost Recovery in accordance with Article 13. All representatives of Staatsolie shall abide by the posted or published safety rules of Contractor during such inspections and audits. To the extent possible, such inspections and audits shall take place at such times and in a manner as not to unduly interfere with the normal operations of Contractor. The Parties shall attempt to limit the inspections and audits provided for herein to a reasonable number.

ARTICLE24 SAFETY AND ENVIRONMENTAL PROTECTION

24.1 General HSE requirements

24.1.1 It shall be Contractor's continuing responsibility to ensure that personnel of Contractor and their Sub-contractors are fit for employment.

24.1.2 The Contractor is responsible for providing and obtaining appropriate medical and emergency assistance and shall have a sufficient number of certified first aiders on the worksite.

24.1.3 All relevant Contractor's personnel shall be trained in survival and fire fighting in accordance with good oilfield practice.

24.1.4 Contractor shall work together with Staatsolie in the execution of a Staatsolie contingency plan should the need arise to put it into effect

24.2 Conduct of Operations

24.2.1 Contractor shall conduct Petroleum Operations in an expedient, diligent, safe and efficient manner in accordance good international petroleum industry practice and standards adopted by the Surinamese authorities currently International Finance Corporation's Environmental, Health, and Safety Guidelines for Offshore Oil and Gas Development and International Finance Corporation's Policy on Social & Environmental Sustainability and shall take all reasonable actions in accordance with said standards to protect people, environment and property.

24.2.2 Contractor shall comply and be accountable for Sub-Contractor compliance at all times with all Applicable Law requirements, as well as any HSE standards and rules agreed between the Parties.

24.2.3 Contractor shall keep Staatsolie and relevant Government Authorities informed, without delay, of any circumstances which may indicate a dangerous situation and execute the appropriate measures consistent with safety rules and good international petroleum industry practices to correct this situation. Contractor shall keep Staatsolie informed, without delay, of any serious bodily injury occurring with respect to or in the conduct of Petroleum Operations.

24.2.4 Contractor's HSE standards will contain but not be limited to:

a) Environmental Baseline Studies

b) Environmental Impact and Social Assessments

c) Ongoing Environmental Monitoring

d) Environmental Management Plans

e) Contingency Plans

24.2.5 In the event of an emergency or major accident, Staatsolie shall, at its sole discretion and at Contractor's request, make available to Contractor such equipment and personnel as it has reasonably available to assist Contractor in any emergency situation. Contractor shall reimburse Staatsolie all of its reasonable costs associated with such assistance.

24.3 Disposal of Waste and Completion of Wells

Contractor shall provide an effective and safe system for disposal of water, waste oil and other waste, consistent with good international petroleum industry practice and shall provide for the safe completion of all bore holes and wells before they are abandoned in accordance with Article 29.

24.4 Prevention of Damage to Environment and Health

Contractor shall, in carrying out its responsibilities under this Contract, use all prudent efforts to:

24.4.1 avoid any actions, which could endanger the health and safety of persons;

24.4.2 minimize Environmental Damage;

24.4.3 control the flow and prevent the avoidable waste of Crude Oil and Natural Gas discovered in or produced from the Contract Area;

24.4.4 prevent damage to Crude Oil, Natural Gas and fresh water bearing strata; and

24.4.5 prevent the entrance of extraneous water through boreholes and wells to Crude Oil, Natural Gas and fresh water-bearing strata, except for the purpose of secondary recovery.

24.5 Clean-up of Pollution

If in spite of Contractor's prudent conduct of Petroleum Operations, damage to environment or health occurs, Contractor shall promptly take all prudent measures to control and clean up the pollution, or to remediate, to the extent reasonably feasible, or to compensate and mitigate any material damage resulting from such circumstances. The cost of such control, clean-up, remediation and/or compensation and mitigation activities shall be borne by Contractor, and shall be subject to Cost Recovery unless due to the Gross Negligence or Willful Misconduct on part of Contractor or failure to adhere to the standards of Sub-article 6.1.

24.6 Decommissioning and Abandonment

Contractor shall be liable and shall bear the cost and expenses for all claims, damages or losses arising out of or related to Environmental Damages resulting from suspended and abandoned wells and other facilities for a period of five (5) Calendar Years following the relinquishment of a portion of the Contract Area or the relinquishment of a Development and Production Area that includes such wells or facilities unless Contractor can demonstrate that the pollution and damages are caused by acts of nature or by actions or omissions of others.

24.7 Clean-up by Staatsolie

If Contractor does not act promptly to control, clean up, remediate or compensate and mitigate any Environmental Damage referenced in Sub-article 24.5, Staatsolie may, after reasonable notice to Contractor take any actions and execute any works necessary thereto. All reasonable direct costs and expenses incurred by Staatsolie, including all penalties and claims, shall be borne by Contractor and shall be subject to Cost Recovery, unless due to Gross Negligence or Willful Misconduct on the part of Contractor.

24.8 Conditions Prior to Effective Date

Contractor shall not be responsible and shall bear no cost, expense or liability for claims, damages or losses arising out of or related to any environmental pollution and other damage to the environment, health and safety condition or problems which it did not cause, including but not limited to those in existence prior to the Effective Date of this Contract.

24.9 Water Source Usage

Contractor shall have the right to use available water sources in the Contract Area for Petroleum Operations, which usage shall not interfere with the rights of other water users in the Contract Area, and provided that Contractor conducts such Petroleum Operations consistent with the international petroleum industry standards, norms and practices concerning water.

ARTICLE 25 INSURANCE, LIABILITIES AND INDEMNITIES

25.1 Insurance

Contractor shall provide all insurance and cause its Sub-Contractors to provide all insurance with respect to Petroleum Operations, of the types and for such amounts customarily used in the international petroleum industry for similar operations. Such insurance cover shall include but not be limited to:

25.1.1 Loss or damage to all installations, equipment and other assets for so long as they are used in the Petroleum Operations.

25.1.2 Sudden and unintentional pollution caused in the course of the Petroleum Operations for which Contractor would be liable;

25.1.3 Property loss, damage or bodily injury suffered by any employee or third party or death of any employee or third party in the course of the Petroleum Operations, for which Contractor would be liable;

25.1.4 If Contractor elects not to maintain, or cause its Sub-Contractors not to maintain, insurance for any particular activity in connection with the Petroleum Operations, then Contractor or the Sub-Contractor, as applicable, shall be deemed to have elected to self-insure.

25.2 Insurance Coverage

Contractor has the freedom to select its insurance provider. Contractor shall submit for approval to the Operations Committee copies of certificates of insurance confirming any insurance providing coverage with respect to Petroleum Operations or procured pursuant to Sub-article 25.1, including but not limited to the identity of the insurers, types and amounts of coverage limits. Contractor shall also provide to the Operations Committee information regarding applicable deductibles, premiums paid and changes to coverage.

25.3 Liability for Damages

25.3.1 Where a Contractor consists of more than one Contractor Party their liability shall be joint and several.

25.3.2 Contractor is liable for any loss or damage resulting from the Gross Negligence or Willful Misconduct of Contractor, of Contractor's Sub-Contractors or their employees, acting

in the scope of their employment in the performance of Petroleum Operations, or any other persons for whom Contractor is responsible with regard to Petroleum Operations.

25.4 Indemnity for Personnel

Notwithstanding the other provisions of this Contract:

25.4.1 Contractor shall release, indemnify and hold harmless: Staatsolie and its Affiliates and their respective consultants, agents, employees and directors against all losses, damages, liabilities, costs and expenses arising under any claim, demand, action or proceeding against Staatsolie or its Affiliates or their respective consultants, agents, employees or directors for the personal injury, industrial illness or death or the loss/damage of personal property of any of Contractor's employees or for the loss or damage to any personal property of any of Contractor's employees when such loss, damage or liability arises out of or in connection with Contractor's performance or nonperformance of this Contract, regardless of the fault or negligence, in whole or in part, of any legal entity, individual or party.

25.4.2 Staatsolie shall release, indemnify and hold harmless Contractor and its Affiliates and their respective consultants, agents, employees and directors against all losses, damages, liabilities, costs and expenses arising under any claim, demand, action or proceeding against Contractor or its Affiliates or their respective consultants, agents, employees or directors for the personal injury, industrial illness or death or the loss/damage of personal property of any of Staatsolie's employees or for the loss or damage to any personal property of any of Staatsolie's employees when such loss, damage or liability arises out of or in connection with the performance or nonperformance of this Contract, regardless of the fault or negligence, in whole or in part, of any legal entity, individual or party.

25.5 Indemnity during Petroleum Operations

Subject to and expressly limited by Sub-articles 25.3, 25.4 and 25.6, Contractor shall release and indemnify Staatsolie and its Affiliates and their respective consultants, agents, employees and directors from, and hold harmless Staatsolie and its Affiliates against all losses, damages, liabilities, costs and expenses arising under any claim, demand, action or proceeding instituted against Staatsolie or its Affiliates or their respective consultants, agents, employees or directors for any death, expense, injury, liability, loss or damage of any kind incurred or sustained in connection with or arising out of the activities of Contractor or its Sub-Contractors in respect of Petroleum Operations under this Contract.

25.6 Indemnity for Surrendered Areas and Staatsolie Operations

Staatsolie shall release and indemnify Contractor and its Affiliates and their respective consultants, agents, employees and directors from, and hold harmless Contractor and its Affiliates against all losses, damages, liabilities, costs and expenses arising under any claim, demand, action or proceeding instituted against Contractor or its Affiliates or their respective consultants, agents, employees or directors arising out of or in any way connected with any injury, death or damage of any kind sustained in connection with or arising from:

25.6.1 any audit or inspection undertaken by Staatsolie; and

25.6.2 activities related to any portion of the Contract Area surrendered by Contractor and any use of any equipment or assets, and/or the abandonment of any facilities for which Staatsolie has assumed control and responsibility from Contractor pursuant to Articles 27 or 29 when such loss, damage or liability has accrued after the date of such surrender and/or Staatsolie's assumption of the use of any such equipment or assets and abandonment of any such facilities.

ARTICLE 26 ACCOUNTING AND AUDITING

26.1 Records at Local Office

Operator and/or Contractor shall maintain, at its Paramaribo office in Suriname, complete books of accounts, original invoices, sales records and supporting documents, tax returns and other financial documents in accordance with this Contract.

26.2 Accounting Standards

Accounts shall be kept in accordance with the requirements of the Accounting Procedure and, where not covered by such requirements, in accordance with good generally accepted international petroleum industry practice and Applicable Law.

26.3 Annual Report and Audit

26.3.1 Contractor shall prepare, for each Calendar Year, financial statements including a balance sheet and profit and loss statement reflecting its operations under the Contract. Accounting methods, rules and practices applied for determining revenue and expense shall be consistent with good generally accepted international petroleum industry practice and the Laws of Suriname. Each financial statement shall be certified by an independent, internationally recognized firm of chartered accountants acceptable to Staatsolie, and shall be submitted, along with the auditors report, to Staatsolie within ninety (90) Days after the end of the Calendar Year to which it pertains. Audits should be conducted in accordance with the general accepted standards of the industry (Council of Petroleum Accountants Societies "COPAS").

26.3.2 It is expressly understood and agreed that the audits described in Sub-article 26.3.1 shall have no effect on the process for approval or disapproval of costs incurred by Contractor for Cost Recovery, such process being provided for in Sub-Articles 26.5, 26.6 and 26.7 hereof.

26.4 Currency of Accounts

The accounts and underlying documentation required by Sub-article 26.2 shall be kept in the English language and in US Dollars, subject to Sub-Article 2.3.

26.5 Approval of Cost and Revenue Statements

Contractor shall submit costs and revenue statements as required in the Accounting Procedure. Staatsolie shall signify its approval or disapproval of items regarding Cost

Recovery and revenue contained in monthly and quarterly statements within thirty (30) Days of receipt of such statements and necessary supporting documentation requested by Staatsolie. If Staatsolie indicates its disapproval of any such item, Parties shall meet within thirty (30) Days of Contractor's receipt of Staatsolie's notice of disapproval to review the matter. Failure of Staatsolie to disapprove of any item submitted for Cost Recovery within the allotted time shall be deemed an approval subject to Sub-article 26.8, and its cost shall be reimbursed to Contractor in accordance with Article 13.

26.6 Substantiation Disapproval

Should Staatsolie disapprove any item(s) in cost and revenue statements submitted by Contractor, it shall notify Contractor within the period allotted for approval or disapproval in Sub-article 26.5, with supporting reason(s), such as but not limited to:

(i) the costs and/or revenues recorded in the statements are not correct; and/or

(ii) the costs of goods or services in the statements are not in line with international market prices for goods and services of similar quality supplied on similar terms prevailing at the time such goods or services were supplied; and/or

(iii) the condition of the materials furnished by Contractor does not tally with their prices; and/or

(iv) the costs incurred were not reasonably required for Petroleum Operations.

Any disapproval by Staatsolie shall be itemised and shall not apply to an entire cost statement, If Staatsolie and Contractor have not resolved the disputed items within sixty (60) Days of Contractor's receipt of Staatsolie's notification of disapproval, either Party may refer the matter to Dispute Resolution pursuant to Article 41.

26.7 Staatsolie's Right to Audit for Cost Recovery

Staatsolie shall have the right to audit with sixty (60) Days advance notice to Contractor, in order to approve or disapprove of costs incurred by Contractor for Cost Recovery, (a "Staatsolie Audit") the books and accounts of Contractor relating to Petroleum Operations within two (2) years from receipt by Staatsolie of cost recovery documentation. In carrying out such audit, Staatsolie shall not unreasonably interfere with the conduct of Petroleum Operations. Contractor shall provide all necessary facilities for auditors appointed by Staatsolie, including working space and access to all relevant personnel and information requested by Staatsolie. The costs of any such audits commissioned by Staatsolie shall be

borne by Staatsolie. Such audits shall be undertaken by an independent, internationally recognized auditing firm or Staatsolie, and copies of such audit reports shall be provided to Contractor free of cost. Subject to any adjustments resulting from such audits, Contractor's accounts and cost and revenue statements shall be considered to be correct as of two (2) years from the date of their submission including all documentation requested by Staatsolie or after issuance of final Audit report.

26.8 Adjustment as Result of Audit

All adjustments resulting from an audit will be recorded in the Petroleum Expenditures Account as soon as possible after agreement is reached between Contractor Parties and Staatsolie. Any unresolved dispute arising in connection with an audit shall first be referred to the Operations Committee for resolution. If agreement is not reached by the Operations Committee, the item(s) in dispute shall be submitted to dispute resolution in accordance with Article 41 of this Contract.

26.9 Financial Year Period

The financial year is equal to the Calendar Year.

ARTICLE 27 OWNERSHIP TO AND CONTROL OF GOODS AND EQUIPMENT

27.1 Ownership of Petroleum, Assets and Information

Staatsolie shall be the owner of:

27.1.1 Petroleum produced and recovered as a result of Petroleum Operations, subject to Article 13 and Sub-article 20.1;

27.1.2 all data; well logs, all maps, drill samples and other geological and geophysical information obtained by Contractor as a result of Petroleum Operations, and all geological, technical, financial, and economic reports, studies and analyses prepared by or for Contractor relating to Petroleum Operations; and

27.1.3 all assets, other than those to which Sub-article 27.3 applies, which are purchased, installed, constructed and/or used by Contractor in Petroleum Operations, provided that Staatsolie's ownership of such assets shall only become effective upon the earlier of full Cost Recovery of such assets pursuant to Article 13 or the termination of this Contract.

27.2 Use of Assets

Contractor shall have the free and exclusive use and control of the assets referred to in Sub-article 27.1.3 for purposes of its operations under this Contract, subject to the provisions in Sub Article 27.5.

27.3 Rented or Leased Assets

Equipment or any other assets rented or leased by Contractor or owned or leased by Sub-Contractors, in connection with Petroleum Operations shall not be deemed to be owned by Staatsolie.

27.4 Transfer of Ownership on Contract Termination

On termination of this Contract, Contractor shall (subject to and in accordance with Article 29), leave all assets (such as wells, equipment, plants and machinery purchased, installed or constructed), which are owned and used in Petroleum Operations in good working order, except for wear and tear normal to oil industry use for that type of equipment under the particular conditions in which it was used. Contractor shall at no cost, transfer ownership, if applicable, and control of such assets to Staatsolie.

27.5 Selling of Assets

Contractor shall have the right to sell or dispose of assets utilized in the conduct of Petroleum Operations in the Contract Area. Contractor shall notify Staatsolie three (3) Months prior to any disposals or sales. Subject to the Accounting Procedure, in all sales, Staatsolie will have first right of refusal, which right must be exercised within thirty (30) Days of such notification. The value of assets will be based on a Arm's Lengths Transaction and be at least in accordance with depreciation schedules agreed by the Parties. The proceeds of such sales shall be distributed as follows:

27.5.1 The costs of removing, reconditioning and selling the equipment will be cost recoverable.

27.5.2 The net proceeds of the sale shall be credited to the Petroleum Expenditures Account, according to the accounting procedure.

ARTICLE 28 USE OF LAND AND SEA BEDS

28.1 Surface rental

Contractor is released, from payment to Staatsolie or any Government Authority of any surface rentals or charges referenced in Article 63 of the Mining Decree.

28.2 Land and Sea Beds

Within the limits of its authority, Staatsolie shall use its best lawful endeavors to make available to Contractor the use of land and sea beds necessary to carry out Petroleum Operations. Contractor shall pre-pay Staatsolie for any expenditure payable by Staatsolie to third parties for the right to use such land or seabed.

28.3 Right to Construct Facilities

Contractor shall have the right to construct and the duty to maintain, above and below any such lands and sea beds, the facilities necessary to carry out Petroleum Operations, including but not restricted to, roads, pipelines, production and treatment facilities, landing fields, bridges and telecommunication facilities. Location of facilities constructed by Contractor on such land shall be in accordance with Surinamese legislation regarding land use.

28.4 Use of excess capacity by other producers

28.4.1 Where Staatsolie and Contractor agree that a mutual economic benefit can be achieved by constructing and operating common facilities, the Contractor shall use its utmost efforts to reach agreement with other producers on the construction and operation of such common facilities.

28.4.2 Where there exists excess capacity, third parties may only use the facilities of the Contractor on payment of a reasonable compensation, based on an arms length transaction, guaranteeing reasonable return on investment to the Contractor and provided the use does not unreasonably interfere with the Contractor's Petroleum Operations.

28.4.3 The laying of pipelines, cables and similar lines in the Contract Area by other persons is allowed, but those lines and related work shall not unreasonably interfere with the Petroleum Operations of Contractor.

ARTICLE 29 ABANDONMENT

29.1 Scope of Abandonment Obligation

Contractor shall, in accordance with the abandonment plan as referenced in Sub-article 29.9, on termination of the Contract or relinquishment of part of the Contract Area, except for those facilities and assets, which Staatsolie has notified Contractor should not be removed pursuant to the provisions of this Article 29:

29.1.1 remove from the Contract Area or part of the Contract Area or abandon in place, in accordance with good international petroleum industry practice, all wells, facilities and assets used in the conduct of Petroleum Operations, including, without limitation, pipelines, equipment, production and treatment facilities, electrical facilities, landing fields, and telecommunication facilities;

29.1.2 perform all necessary Site Restoration and remediation.

29.2 Abandonment Fund

To finance the activities under Sub-article 29.1, Parties shall open an escrow account (the "Abandonment Fund"), at a bank of good international repute to be agreed between Staatsolie and Contractor. The structure of the Abandonment Fund and the terms for the administration of the Abandonment Fund shall be mutually agreed between Staatsolie and Contractor. All funds allocated to the Abandonment Fund shall be recoverable as Operating Expenditures.

29.3 Contributions to Abandonment Fund

29.3.1 The Parties shall exercise their good faith judgment to set the amounts of contribution(s) for the Abandonment Fund so that it shall be of sufficient size to cover the expenses to be incurred under Sub-article 29.1.

29.3.2 Contractor shall commence making contributions to the Abandonment Fund, based on the formula as established in Sub-article 29.4, from the date of first Production, based on a contribution per Barrel produced and the production level of each Calendar Year.

29.4 Formula

On a Calendar Quarter basis, Contractor shall transfer funds to the Abandonment Fund according to the following formula:

FTA = ECA x (CPP/PR) - AFB

where:

FTA is the amount of funds to be transferred to the escrow account.

ECA is the total current estimated cost of abandonment operations to be revised and adapted yearly and in accordance with the abandonment plan pursuant to Sub-article 29.9, when available.

CPP is the cumulative production of Crude Oil from the beginning of the Calendar Quarter in which the Abandonment Fund was opened.

PR is the Proven Reserves at the beginning of the Calendar Quarter in which the Abandonment Fund was opened and adjusted according to material changes in these reserves.

AFB the Abandonment Fund balance at the end of the previous Calendar Quarter.

29.5 Abandonment Prior to Termination of Contract

If Contractor recommends abandonment of facilities, assets and wells prior to the termination of this Contract, Staatsolie may elect to continue using such facilities, assets and wells by giving Contractor notice of such decision within four (4) Calendar Months of Staatsolie's receipt of Contractor's recommendation to abandon. Upon such notification, Staatsolie shall be responsible for abandoning such facilities, assets and wells and shall be entitled to such funds in the Abandonment Fund accrued at the time of Staatsolie's election necessary to abandon such facilities, assets or wells, pursuant to Sub-article 29.10.

29.6 Abandonment upon Termination of Contract

Concurrent with the notice of termination in accordance with Article 39 of this Contract, Contractor shall notify Staatsolie of all facilities, assets and wells used in Petroleum Operations that Contractor intends to abandon. Staatsolie may elect to continue to use any such facilities, assets or wells by giving Contractor notice of such election within ninety (90) Days of receipt of Contractor's notice. Any facilities, assets or wells noted in Contractor's notice, which Staatsolie has not elected to continue to use, shall be abandoned by Contractor pursuant to Sub-article 29.1 and Contractor shall use the Abandonment Fund for such purpose pursuant to Sub-article 29.10. Staatsolie shall be responsible for abandoning the remaining facilities, assets or wells without further cost to Contractor and shall be entitled to the funds in the Abandonment Fund equal to the estimated abandonment cost for such facilities accrued at the time of termination of the contract.

29.7 Abandonment Operations

Any abandonment under Sub-article 29.1 shall be carried out in accordance with good international petroleum industry practice and Applicable Law and shall be subject to the provisions of Sub-article 44.6. If funds in the Abandonment Fund are insufficient for activities under Sub-article 29.1, additional funds for these abandonment activities shall be provided through Cost Oil or by Contractor.

29.8 Facilities, Assets and Wells that Staatsolie Continues to Use

With respect to any facilities, assets or wells which Staatsolie elects to continue to use pursuant to Sub-articles 29.5 and 29.6:

29.8.1 Staatsolie shall conduct such continued use in accordance with good international petroleum industry practice and in such a manner that does not interfere with Contractor's Petroleum Operations;

29.8.2 Staatsolie will abandon such facilities, assets and wells as and when Staatsolie decides and in such a manner that does not interfere with Contractor's Petroleum Operations;

29.8.3 Contractor shall be released from all responsibility and liability whatsoever pertaining to such facilities, assets and wells and abandonment thereof; and

29.8.4 Staatsolie shall indemnify Contractor from and against any loss, damage and liability whatsoever, as well as any claim, action or proceeding instituted against Contractor, or any Contractor Parties, by any person or entity, arising from, or in any way connected with:

(a) the continued use of such facilities, assets and wells and their ultimate abandonment; or

(b) any failure by Staatsolie to properly abandon or use any such facilities, assets and wells.

29.9 Abandonment Plan

No later than one (1) year prior to first production Contractor shall prepare detailed abandonment plan for each Commercial Field, including the estimated time of abandonment, and an estimate of the cost of abandonment for approval by the Operations Committee. Annually thereafter, Contractor shall examine the estimated costs of abandonment operations and, if appropriate, revise the estimate.

29.10 Disbursements from Abandonment Fund

Subject to Sub-article 29.11, the portion of the Abandonment Fund attributable to the abandonment of a specific facility, asset or well or a part of a facility shall be transferred:

a) to Contractor at the time Contractor commences abandonment of such facility, asset or well; or

b) to Staatsolie at the moment of the transfer of such facility, asset or well, if Staatsolie elects to continue to use the facility, asset or well, as provided for in Sub-articles 29.5.1 and 29.6. The funds transferred to Staatsolie shall be placed in an escrow account and shall only be used for abandonment.

29.11 Excess Amounts in Abandonment Fund

If excess funds remain in the Abandonment Fund following completion of all abandonment and such funds have not been subject to full Cost Recovery, such excess funds shall be distributed to Contractor If excess funds remain in the Abandonment Fund following completion of all abandonment and such funds have been subject to full Cost Recovery, then such excess funds shall be transferred to Staatsolie.

29.12 No Taxes on Abandonment Fund

No Taxes, levies, duties or fees shall be imposed on the amounts paid into, received or earned by or held in the Abandonment Fund. Any excess amounts distributed in accordance with Sub-article 29.11 will be included in Parties' gross revenues.

ARTICLE 30 IMMIGRATION AND EXPATRIATE EMPLOYEES

30.1 Permits and Income Tax Liability for Expatriate Employees

Staatsolie shall assist Contractor with all necessary permissions, permits, approvals and licenses related to immigration of personnel for the purposes of Petroleum Operations. All Expatriate Employees shall be liable to pay Suriname personal income tax pursuant to the Income Tax Act of 1922 (Government Bulletin of 1921 no. 112, as last amended by State Decree of 1995 no. 52), provided such Taxes are of a non-discriminatory nature; otherwise such taxes shall either not be payable or, if payable, shall be reimbursed by Staatsolie.

30.2 Employment of Expatriates

Subject to the requirements to hire Surinamese nationals, in accordance with Article 31, Contractor and its Sub-Contractors may employ persons who are not nationals of Suriname, to work in Petroleum Operations, for such periods as Contractor and its Sub-Contractors shall determine.

30.3 Immigration

Contractor and its Sub-Contractors shall comply with Applicable Law with respect to the employment and the immigration of Expatriate Employees.

30.4 Applicable Law and Respect of National Heritage and Customs

Contractor and its Sub-Contractors are responsible for and shall ensure that their Expatriate Employees comply with Applicable Law and respect the Suriname national heritage and customs.

ARTICLE 31 LOCAL CONTENT

31.1 Preference for Materials Produced in Suriname

In the acquisition of plant, equipment, supplies and services for Petroleum Operations, Contractor shall give preference for materials, services and products produced in Suriname if these materials, services and products can be supplied at prices, grades, qualities, delivery dates and other commercial terms equivalent to or more favorable than those at which similar materials, services and products can be supplied from elsewhere. A list of local purchases must be submitted quarterly.

31.2 Purchase of Materials and Services

All purchases shall be made in accordance with the relevant provisions of the Accounting Procedures.

31.3 Personnel during Contract Period

31.3.1 Where qualified Surinamese nationals are available for employment in the conduct of Petroleum Operations, Contractor and its Sub-contractors shall ensure that in the engagement of personnel it shall as far as reasonably possible provide opportunities for the employment of such personnel. For this purpose, along with each Work Program & Budget, Contractor and its Sub-Contractors shall submit to Staatsolie a report showing the number of persons and the required professions and technical capabilities Contractor contemplates hiring within the following Calendar Year.

31.3.2 A list of the number of Contractor's local hires and associated titles must be submitted quarterly to Staatsolie.

31.3.3 Contractor and its Sub-contractors may use appropriate staff or consultants as required to timely fulfill its obligations under this Contract and to ensure efficient operations.

31.4 Contractor and each Sub-Contractor are hereby authorized and shall be free, throughout the term of this Contract, to, in accordance with this Article, select and determine the number of employees to be hired by them in connection with the conduct of Petroleum Operations.

ARTICLE 32 SOCIAL RESPONSIBILITY AND TRAINING

32.1 Training Obligation and Corporate Social Responsibility

32.1.1 During each phase of the Exploration Period, Contractor shall allocate one hundred thousand US Dollars (US$100,000) per Calendar Year to train representatives of Staatsolie or to provide programs of corporate social responsibility. During each Calendar Year after the Exploration Period, Contractor shall allocate four hundred thousand US Dollars (US$400,000) of the Budget per Calendar Year to train representatives of Staatsolie or to provide programs of corporate social responsibility. The training programs shall be in any of Staatsolie's operations. The programs of corporate social responsibility shall support community-based development in areas like environment, health, education, culture and sports. Contractor's expenditures pursuant to this Sub-article 32.1.1 shall not be subject to Cost Recovery. The Operations Committee shall determine the allocation of Contractor's expenditures pursuant to this Sub-article 32.1.1.

32.1.2 Contractor shall, if so requested by Staatsolie, provide opportunities for a mutually agreed number of personnel nominated by Staatsolie to be seconded for on-the-job training or attachment in all phases of its Petroleum Operations under a mutually agreed secondment contract. Such secondment contract shall include continuing education and short industry courses mutually identified as beneficial to the secondee. Cost and other expenses connected with such assignment of Staatsolie personnel shall be borne by the Contractor and considered as Recoverable Costs.

32.2 Contractor shall regularly provide to Staatsolie non-confidential information and data relating to worldwide Petroleum science and technology, Petroleum economics and engineering available to Contractor, and as part of the obligations in 32.1.1, shall reasonably assist Staatsolie personnel to acquire knowledge and skills in all aspects of the Petroleum industry.

ARTICLE 33 FORCE MAJEURE

33.1 Excused Non-Performance

Failure of a Party to fulfill any of the terms and conditions of this Contract shall not be considered as a default of this Contract if such inability arises from Force Majeure, provided that such Party has taken appropriate precautions and exercised due care, to carry out the terms and conditions of this Contract. If the Force Majeure restrains the performance of an obligation or the exercise of a right under this Contract only temporarily, but for a period of at least seven (7) Days, then the time given in this Contract for:

a) the performance of such obligation or the exercise of such right and

b) the performance or exercise of any right or obligation dependent thereon,

shall be suspended until the restoration of the status quo prior to the occurrence of the event(s) constituting Force Majeure, provided that such event is relevant to the performance of such right or obligation. Provided however, there shall be no seven (7) Days requirement, if the Force Majeure event occurs during the last thirty (30) Days of any Exploration Phase or Development and Production Period.

33.2 Affected Party

A Party affected by Force Majeure shall take reasonable measures to remove such Party's inability to fulfill the terms and conditions of this Contract with a minimum of delay. The settlement of strikes or other labor stoppages shall be entirely at the discretion of the affected Party and the above-mentioned requirement that any Force Majeure shall be remedied with reasonable dispatch.

33.3 Notice of Force Majeure

A Party affected by an event of Force Majeure shall notify the other Parties of such event as soon as possible and shall similarly give notice of the restoration of normal conditions or remedial situations as soon as possible.

33.4 Measures to Minimize Consequences

33.4.1 Parties shall take reasonable measures to minimize the consequences of any event of Force Majeure.

33.4.2 When a Force Majeure situation lasts more than sixty (60) Days, the Parties will meet to examine the situation and implication for Petroleum Operations, in order to establish the course of action appropriate for the fulfillment of the provisions of this Contract.

ARTICLE 34 LOCAL OFFICE AND PRESENCE

34.1 Local Office and Legal Representative

Pursuant to Article 19 of the Petroleum Law of 1990, Contractor and/or Operator shall have a legal representative in Suriname and maintain an office in Paramaribo for the purpose of carrying out Contractor's responsibilities under this Contract. Any such office and/or representative(s) shall be registered as required by Applicable Law.

34.2 Contractor's Right to Establish Local Presence, Conduct Petroleum Operations

Each Contractor Party, its Affiliates and Contractor's Sub-Contractors shall have the right throughout the term of this Contract to establish such branches and permanent establishments, and to conduct any business in Suriname as may be necessary to conduct or participate in Petroleum Operations, including the purchase, lease or acquisition of any property required for Petroleum Operations.

ARTICLE 35 NOTICES

35.1 Delivery of Notice

Any notice, application, request, agreement, approval, consent, instruction, delegation or waiver required to be given hereunder shall be in writing, in English, and delivered to the address set out below for each Party:

35.1.1 in person to an authorized representative of the Party to whom such notice is directed;

35.1.2 by registered mail;

35.1.3 by courier service;

35.1.4 by fax; or

35.1.5 by emailed PDF.

35.2 Notice given under any provision of this Contract shall be deemed delivered when received by the Party to whom such notice is directed, and the time for such Party to respond to such notice shall run from the date the notice is received. Receipt by a Party of any notice shall be confirmed in case of delivery under Sub-articles 35.1.1, 35.1.2 or 35.1.3, by a delivery receipt from the receiving entity or person, or in the case of delivery under Sub-article 35.1.4, a fax receipt which provides confirmation of complete transmission or in the case of delivery under Sub-article 3.5.1.5, and when a read-receipt has been received by the sender. Each Party may change its address at any time and/or designate that copies of all notices be directed to another person at another address, with fourteen (14) Days prior notice to the other Party. Oral communication does not constitute notice for purposes of this Contract, and telephone numbers for the Parties are listed below as a matter of convenience only.

For Staatsolie:	For Contractor:
Staatsolie Maatschappij Suriname N.V.	Kosmos Energy Suriname
Dr.Ir. H.S. Adhinstraat 21	c/o Wilmington Trust
Paramaribo, Suriname	4th Floor, Century Yard
Telephone : 597-499649	Cricket Square, Hutchins Dr.
FAX : 597-491105	Elgin Avenue, George Town
Attention : Managing Director	Grand Cayman KY1-1209

Cayman Islands

Telephone : +1-345-814-6703

FAX : +1-345-527-2105

Attention : Andrew Johnson

Email: surinamenotifications@kosmosenergy.com

With Copy to:

Kosmos Energy Suriname

c/o Kosmos Energy, Ltd.

Attention: General Counsel

8176 Park Lane, Suite 500

Dallas, TX 75231

Fax: 214-445-9705

Email: KosmosGeneralCounsel@kosmosenergy.com

ARTICLE 36 GOOD FAITH

The Parties shall act in good faith with respect to each other's rights and shall adopt all reasonable measures to ensure the realization of the objectives of this Contract.

ARTICLE 37 EFFECTIVE DATE

37.1 Binding on Parties

This Contract shall be binding upon the Parties on and after the Effective Date.

37.2 Conditions Precedent

The Effective Date shall be the date when all of the following conditions precedent have been satisfied:

37.2.1 unrestricted approval of this Contract by the Minister of Natural Resources, (in accordance with Article 5 of the Petroleum Law of 1990) and delivery by Staatsolie of such approval to Contractor;

37.2.2 signing of this Contract by Staatsolie and Kosmos Energy Suriname;

37.2.3 receipt by Staatsolie of the Parent Company Performance Guarantee for the fulfillment of the obligations of the Work Program for phase 1 of the Exploration Period, in accordance with Sub-article 5.7.1.

37.3 Pre-Effective Date Petroleum Operations

Notwithstanding the provision of Sub-article 37.2, Contractor may, with the prior approval of Staatsolie, conduct Petroleum Operations between the signing date of this Contract and the Effective Date and expenditures related to such Petroleum Operations shall be cost recoverable. Notwithstanding the provisions of Sub-article 37.2, all Petroleum Operations undertaken by Contractor pursuant to this Sub-article shall be governed by the terms and conditions of this Contract.

ARTICLE 38 REPRESENTATIONS, WARRANTIES, COVENANTS AND UNDERTAKINGS

38.1 Contractor's Representations and Warranties

Contractor hereby represents and warrants to Staatsolie:

38.1.1 that it is a corporate body duly organized and validly existing in accordance with the terms of its foundation documents and has the corporate power and authority to own its property and conduct its business as presently conducted;

38.1.2 that it has the capacity to enter into and perform this Contract and all transactions contemplated herein, and that all corporate and other actions necessary to permit it to enter into and perform this Contract have been properly and validly taken, and all necessary approvals for such purposes have been obtained and remain in effect;

38.1.3 that by entering into or performing its obligations under this Contract, it shall breach neither any other contract or arrangement nor any provisions of its foundation documents, by-laws or administrative resolutions;

38.1.4 that no "asserted claims", rights or encumbrances of any nature exist, which in any material way may affect Contractor's ability to perform Petroleum Operations and that to the best of its knowledge, no existing unasserted or potential claims, rights or encumbrances of any nature exist which, in any material way may affect the ability to perform Petroleum Operations by Contractor. For the purposes of this Article, "asserted claim" means a claim contained in a notice and filed by appropriate procedures with a competent judge or arbitration panel;

38.1.5 that it is authorized, subject to governmental authorizations, to establish and maintain the branches and representative offices in the Republic of Suriname and elsewhere necessary to conduct Petroleum Operations in accordance with the terms and conditions of this Contract;

38.1.6 that this Contract has been duly signed and delivered by it and is valid, binding and enforceable against it in accordance with its terms; and

38.1.7 that, to the best of its knowledge and belief, no material fact or circumstance relevant to this Contract exists which has not been previously disclosed to the Government or Staatsolie, as the case may be, and which should have been disclosed to prevent materially misleading representations from being made in this Contract.

38.2 Staatsolie's Representations and Warranties

Staatsolie hereby represents and warrants to Contractor:

38.2.1 that it is legally organized and exists in accordance with the laws of the Republic of Suriname and in accordance with the terms of its foundation documents;

38.2.2 that it has the right, power and authority to enter into and perform this Contract, to grant the rights and interests to Contractor as provided under this Contract and to fulfill its obligations under this Contract;

38.2.3 that this Contract has been duly signed and delivered by it and is valid, binding and enforceable against it in accordance with its terms;

38.2.4 that it shall not breach any other contract or arrangement by entering into or performing under this Contract;

38.2.5 that it has exclusively been granted all rights, title and interest to explore, develop and produce Petroleum in and from the Contract Area and that it owns all rights, title and interest in the Contract Area with respect to conducting Petroleum Operations;

38.2.6 that no asserted claims, rights or encumbrances of any nature exist which in any material way may affect Contractor's ability to perform Petroleum Operations and that, to the best of its knowledge, no unasserted or potential claims, rights or encumbrances of any nature exist which in any material way may affect Petroleum Operations by Contractor; and

38.2.7 that all corporate and other action necessary to permit it to enter into and perform this Contract has been properly and validly taken, and all necessary approvals for such purposes have been obtained and remain in effect.

38.3 General Obligations of Staatsolie

38.3.1 In furtherance of Petroleum Operations and upon Contractor's timely request, Staatsolie shall, within the limits of its authority, use its best lawful efforts to assist Contractor to obtain:

a) any necessary approvals from governmental agencies;

b) customs clearances, the matters described in Article 15, visas, work permits, residence permits, access to communication facilities, licenses to enter land or water, licenses with respect to any and all equipment and materials, the opening of bank accounts, the acquisition of office space and employee accommodation, as may be necessary for efficient implementation of Petroleum Operations; and

38.3.2 Upon its timely request Staatsolie shall provide Contractor with all non confidential geological, geophysical, geochemical and technical data and information,

including well data, in the possession or control of Staatsolie or its Affiliates of relevance to the Contract Area. Staatsolie does not warrant the accuracy or completeness of such data or information.

38.3.3 Staatsolie shall use all means at its disposal to prevent activities performed by its sub-contractors within the Contract Area which would unduly or unreasonably interfere with, hinder or delay the conduct of Petroleum Operations.

38.3.4 Staatsolie shall, within the limits of its authority, use its best endeavors to assist Contractor to have access to pipeline and other transportation, export and infrastructure facilities owned or controlled by any Government Authority.

38.3.5 Staatsolie shall, within the limits of its authority, also use its best lawful efforts to assist Contractor in all other relevant matters as may be necessary for the efficient implementation of Petroleum Operations.

38.4 Foreign Investment Incentives under Current Suriname Law

Contractor, its Affiliates or its Sub-Contractors shall under no circumstances be entitled to any investment incentives, tax holidays or accelerated depreciation allowances available under Applicable Law, including but not limited to the Investment Act (Official Gazette 2002 no. 42), or under any amendments thereto as of the Effective Date, other than the provisions expressly awarded in this Contract, except as provided in the tax rulings issued by the Tax authorities.

38.5 Cure of a Breach of Representation, Warranty, Covenant or Undertakings

The representations, warranties, covenants and undertakings of the Parties set forth in this article shall remain in effect throughout the duration of this Contract and shall be in addition to, and not in substitution for, any other representations, warranties, covenants and undertakings set forth in this Contract. Each Party shall immediately, upon receipt of notice from the other Party undertake to cure a breach of any representation warranty, covenant or undertaking, and shall indemnify and hold harmless the other Party, its respective employees, agents, representatives, and shareholders, from and against all suits for injury or claims for damages to persons or property resulting from or arising out of such breach.

ARTICLE 39 BREACH, TERMINATION, AND REMEDIES

39.1 Default

Any Party may inform the other Party of a breach of this Contract and, specifying the in notice nature of the breach, request the breaching Party to take action to correct the breach. If the action to correct the default is not substantially completed within ninety (90) Days of such notice, unless a longer period is reasonably necessary and the defaulting Party is diligently and without delay pursuing such correction, the complaining Party may institute proceedings.

39.2 Termination Events

This Contract shall, subject to Sub-article 39.4, terminate:

39.2.1 on relinquishment of the entire Contract Area;

39.2.2 if Contractor does not submit a declaration of a Commercial Field pursuant to Sub-article 9.3, at the end of the Exploration Period, unless otherwise agreed to by Staatsolie;

39.2.3 if, at the end of the Exploration Period, Contractor does not submit a Development Plan pursuant to Sub-article 9.5 after the Date of Declaration of the first Commercial Field, unless agreed to by Staatsolie;

39.2.4 if, at the end of the Exploration Period, Contractor does not commence Development Operations related to the first Commercial Field within ninety (90) Days following the Date of Establishment of such first Commercial Field, unless agreed to by Staatsolie;

39.2.5 if, at the end of the Exploration Period, construction and installation activities related to the first Development Operations are suspended for a continuous period in excess of one hundred and eighty (180) Days, except where such interruption is caused by Force Majeure or agreed to by Staatsolie;

39.2.6 sixty (60) Days from receipt by Staatsolie of a notice from Contractor that it has elected to withdraw or from the date of Contractor's deemed withdrawal from this Contract during any phase of the Exploration Period, and ninety (90) Days as to all other periods, or

39.2.7 on expiration of the term of this Contract pursuant to Article 3.

39.3 Termination by Staatsolie

Staatsolie may, subject to Article 33 and Sub-articles 39.4, 39.5 and 39.6, terminate this Contract:

39.3.1 immediately if Contractor becomes insolvent or bankrupt or enters into any agreements or compositions with its creditors or takes advantage of any law for the benefit of debtors or goes into liquidation or receivership, whether compulsory or voluntary;

39.3.2 upon intentional extraction by Contractor of any minerals other than as authorized by this Contract, except for such extractions as may be unavoidable as a result of Petroleum Operations conducted in accordance with generally accepted international petroleum industry practice and which are approved by Staatsolie as soon as possible;

39.3.3 upon failure of Contractor to pay any undisputed sum due to Staatsolie under this Contract within sixty (60) Days after receiving a notice of arrears from Staatsolie;

39.3.4 upon failure of Contractor to comply with any final decisions from any arbitration proceeding conducted pursuant to Article 41; or

39.3.5 immediately for intentionally incorrect, false or misleading statements by Contractor of the expenditures subject to Cost Recovery in the accounts maintained in accordance with Article 26.

39.4 Right to Cure

In the event conditions as described in Sub-articles 39.2.2, 39.2.3, 39.2.4, or 39.3 exist, Staatsolie must, prior to termination of this Contract by Staatsolie based upon such conditions, provide Contractor notice setting forth in detail the existence of such conditions. Upon the receipt of such notice, Contractor shall have a period of sixty (60) Days, or such longer period as the Parties may agree, to undertake action designed to cure such conditions.

39.5 Failure to Cure

If Contractor fails to remedy an event specified in Sub-articles 39.2 or 39.3 as described above within the period provided for in Sub-article 39.4 or within such longer period, as Staatsolie may consider reasonable under the circumstances, Staatsolie may terminate this Contract by notice to Contractor.

39.6 Dispute

If Contractor disputes whether an event or condition as specified in Sub-articles 39.2 or 39.3 has occurred or exists, or claims that an event or condition has been remedied in accordance with Sub-article 39.4, Contractor may, within thirty (30) Days following receipt of notice of termination from Staatsolie, institute proceedings pursuant to Article 41, and Staatsolie shall not terminate this Contract except in accordance with the terms of any arbitration decision.

Petroleum Operations and the activities which are the subject of the arbitration proceeding shall continue during such proceedings.

39.7 Damages for Breach

39.7.1 For the purposes of this Contract, a Party shall be deemed to institute or to have instituted proceedings or contested proceedings under this Sub-article 39.7, upon serving notice to the other Party under the provisions of Article 41, and by continuing to avail itself to such provisions.

39.7.2 A Party hereto shall be entitled to damages if the other Party is found to be in breach of this Contract under the procedures of the provisions of Article 41.

39.8 Staatsolie's Right to Terminate

Staatsolie may terminate this Contract only under the circumstances and in the manner described in this Article.

39.9 Contractor's Termination

Contractor may terminate this Contract only as provided in Sub-articles 39.2.1 or 39.2.6. Upon termination of this Contract under any circumstance or in any manner described in this Article, Contractor shall:

39.9.1 pay any fees due hereunder up to the time the termination becomes effective; and

39.9.2 submit all reports and evaluations, maps, assays, samples, drilling, well tests and other files in accordance with Article 21.

39.10 Rights and Obligations of the Parties on Termination

All rights and obligations of Parties shall, subject to Sub-article 44.6, cease upon termination of this Contract, except for any obligation or liability imposed or incurred under this Contract prior to the date of termination.

39.11 Other Remedies

If either Contractor or Staatsolie terminates this Contract pursuant to this Article, the rights of Parties to pursue damages or other actions one against the other shall, in addition to other limitations which may be contained here, be limited to the dispute resolution provisions of Article 41.

ARTICLE 40 APPLICABLE LAW AND OFFICIAL LANGUAGE

40.1 Applicable Law

This Contract shall be governed by and construed in accordance with the laws of the Republic of Suriname and where the laws of the Republic of Suriname are silent or no principles of law exist in relation to any matter, in accordance with Dutch law (without regard to conflict of laws provisions) or as otherwise agreed by the Parties. This Contract shall be subject to the international legal principle of pacta sunt servanda (agreements must be observed).

40.2 Official Language

This Contract will be executed in the English and Dutch languages, and both will have equal force and effect. In case of a dispute and arbitration between the Parties, except for a manifest error or misprint, the Dutch version shall prevail.

ARTICLE 41 DISPUTE RESOLUTION

41.1 Consultation

41.1.1 Agreement to Consult

Parties shall use their best efforts to amicably resolve any Dispute by consultation in accordance with this Article.

41.1.2 Notice of Consultation

To initiate consultation, a Party shall deliver to the other Party a notice ("notice of consultation") which:

(a) describes the Dispute; and

(b) designates a person with authority to represent such Party in negotiations relating to the Dispute.

41.1.3 Within fifteen (15) Days of receipt of the notice of consultation, the other Party shall give notice to the sender of the notice of consultation informing who will represent such other Party in these negotiations.

41.1.4 Consultation Process

The designated representatives shall immediately attempt to resolve the Dispute by consultation. During thirty (30) Days after receipt of the notice referenced in Sub-article 41.1.2, Parties may not resort to any other means of dispute resolution.

41.2 Arbitration

41.2.1 Agreement to Arbitrate

Any Dispute which cannot be resolved by mediation under Sub-article 20.6 or consultation pursuant to Sub-article 41.1 shall be resolved fully and finally and exclusively by arbitration. Arbitration conducted pursuant to this Sub-article 41.2 may not be consolidated with any other arbitration proceeding involving any third party.

41.2.2 Taking the Initiative to Arbitrate

A Party seeking arbitration shall deliver to the other Party a notice of its arbitral claim ("Arbitration Notice").

41.2.3 Place of Arbitration

The venue of any arbitration under this Contract shall be The Hague, the Netherlands.

41.2.4 Applicable Rules

41.2.4.1 The Parties consent to submit any Dispute to the Permanent Court of Arbitration in The Hague, Netherlands for arbitration conducted pursuant to the Rules of Arbitration of the United Nations Commission on International Trade Law (the "UNCITRAL Rules") in effect on the date of the Arbitration Notice; provided that, if the UNCITRAL Rules conflict with the provisions of this Contract, this Contract shall govern.

41.2.4.2 **Alternative Arbitration Rules** Only in the event that (i) Suriname is not on the list of parties to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 as published by the United Nations at the time a Party delivers an Arbitration Notice and (ii) the Republic of Suriname and the state of which Contractor is a national are Contracting Parties to the Convention at the time when any proceeding hereunder is instituted, the following shall apply to any Dispute:

The Parties consent to submit any Dispute to the International Centre for Settlement of Investment Disputes (ICSID) for arbitration conducted pursuant to the Arbitration Rules of the Convention of the Settlement of Investment Disputes between States and Nationals of Other States (the "Convention"). The Parties agree that, for purposes of ICSID arbitration, all activities contemplated by this Contract will constitute an investment, any Dispute among the Parties will be considered a legal dispute arising directly out of an investment, and Kosmos is nation of another Contracting State.

41.2.4.3 In the event neither Sub-Article 41.2.4.1 or 41.2.4.2 apply, the Parties consent to submit any Dispute to the International Centre for Settlement of Investment Disputes (ICSID) for arbitration conducted pursuant to its Arbitration (Additional Facility) Rules.

41.2.4.4 The arbitrators shall apply the IBA Rules on the Taking of Evidence in International Commercial Arbitration (1999) together with the applicable arbitration rules. Where there is inconsistence, the IBA Rules shall prevail.

41.2.5 Appointment of Arbitrators

41.2.5.1 The number of arbitrators shall be three (3). All arbitrators shall be impartial and have at least then (10) years of experience in international oil and gas transactions of similar nature to this Contract. Within thirty (30) Days of delivery of the Arbitration Notice,

each Party shall appoint one (1) arbitrator and shall notify each other of such appointment. If a Party does not appoint its arbitrator within this period, the appointing Party must request the appointment of such arbitrator by the Secretary General of the Permanent Court of Arbitration in The Hague for an arbitration under Sub-Article 41.2.4.1, or the Chairman of the Administrative Council for an arbitration under Sub-Article 41.2.4.2 or Sub-Article 41.2.4.3.

41.2.5.2. Within thirty (30) Days of the appointment of the two (2) arbitrators pursuant to Sub-Article 41.2.5.1, such arbitrators shall appoint the third arbitrator, who shall be the presiding arbitrator of the panel. If the arbitrators do not appoint the third arbitrator within this period of time, then either arbitrator or either Party to the Dispute may request the appointment of such arbitrator by the Secretary General of the Permanent Court of Arbitration in The Hague for an arbitration under Sub-Article 41.2.4.1, or the Chairman of the Administrative Council for an arbitration under Sub-Article 41.2.4.2 or Sub-Article 41.2.4.3. Such appointing authority shall use its best efforts to appoint the presiding arbitrator within thirty (30) Days of a request for such appointment.

41.2.5.3. If an arbitrator is unable to perform his duties due to death, resignation, refusal or unavailability, the vacancy shall be filled by the procedure as described in Sub-Article 41.2.5.

41.2.6 Language of Arbitration

The language used in the arbitration, including the proceedings and the award, shall be English. Supporting documents must be transmitted and/or submitted to the arbitration panel in English.

41.2.7 Award Final

The award of the panel:

(a) shall be final and binding upon the Parties;

(b) may be entered and enforced by any court of competent jurisdiction

(c) shall be the sole and exclusive remedy between the Parties to the Dispute regarding any and all claims or counterclaims; and

(d) shall be rendered within the time period mutually agreed between the Parties.

41.2.8 Scope of Award

Any monies awarded shall be stated and paid in US Dollars, without any tax or other deductions being withheld from the award. The award may include money damages, interest thereon (compounded quarterly from the date of the breach for which such damages were awarded). All costs and expenses of the arbitrators and the arbitral institution shall be borne

by the parties equally, each party shall bear the costs and expenses, including attorneys' fees, of its own counsel, experts, witnesses for the preparation and presentation of its case. The panel shall set the rate of interest to be the maximum rate permitted by Applicable Law. Parties hereby waive any damages in excess of compensatory damages, including punitive, exemplary or consequential damages.

41.3 Obligation to Perform

Unless the Contract expires or is terminated, each Party shall continue to perform its obligations under this Contract pending final resolution of any Dispute.

41.4 Survival

The Parties' obligation to resolve Disputes under this Article 41 shall survive the expiration or termination of this Contract.

41.5 Expert Determination

41.5.1 For a Dispute on any decision referred to an expert the Parties hereby agree that such decision shall be conducted expeditiously by an expert selected unanimously by the Parties to the Dispute. The expert is not an arbitrator and shall not be deemed to be acting in an arbitral capacity. The independent expert shall have an established reputation in the international petroleum industry as an expert on the matter in dispute and shall not at the time of the Dispute be engaged by any Party for work other than as the expert. The Party desiring an expert determination shall give the other Party written notice of the request for such determination. If the Parties to the Dispute are unable to agree upon an expert within twenty (20) Days after receipt of the notice of request for an expert determination, then, upon the request of any of the parties to the Dispute, the International Centre for Expertise of the International Chamber of Commerce (ICC) shall appoint such expert and shall administer such expert determination through the ICC's Rules for Expertise. The expert, once appointed, shall have no ex parte communications with any of the parties to the Dispute concerning the expert determination or the underlying Dispute. Any hearing with an expert determination shall take place in The Hague, the Netherlands, unless the parties agree otherwise. All Parties agree to cooperate fully in the expeditious conduct of such expert determination and to provide the expert with access to all facilities, books, records, documents, information and personnel necessary to make a fully informed decision in an expeditious manner. Each Party shall prepare and exchange a written position paper setting

out its positions with respect to the Dispute. Each Party shall also prepare and exchange a written response to the other Party's position paper. The position papers and responses may be accompanied by data and information in the submitting Party's discretion. Before issuing his final decision, the expert shall issue a draft report and allow the Parties to the Dispute ten (10) Days to comment on it. The expert shall endeavor to resolve the Dispute within sixty (60) Days (but no later than ninety (90) Days) after receipt of each Party's written response to the other Parties' position paper taking into account the circumstances requiring an expeditious resolution of the matter in dispute. The expert's decision shall be final and binding on the Parties to the Dispute unless challenged in an arbitration pursuant to Sub-Article 41.2 within sixty (60) Days of the date the expert's final decision is received by the Parties to the Dispute and until replaced by such subsequent arbitral award. In such arbitration (i) the expert determination on the specific matter shall be entitled to a rebuttable presumption of correctness; and (ii) the expert shall not (without the written consent of the parties to the Dispute) be appointed to act as an arbitrator or as adviser to the Parties to the Dispute.

ARTICLE 42 WAIVER OF IMMUNITY

42.1 Waiver of Immunity

The Parties agree that the activities contemplated in this Contract are commercial in nature. Each Party irrevocably waives to the fullest extent permitted by the laws of any applicable jurisdiction any right of immunity as to it or its property in respect of the enforcement and execution of any arbitration award rendered under this Contract and expressly consents to any legal action or proceeding (including pre-judgment attachment) in relation to the enforcement and execution of such arbitration award.

ARTICLE 43 ASSIGNMENT

43.1 Assignment of Participating Interest

43.1.1 Contractor shall not directly or indirectly sell, assign, transfer, convey or otherwise dispose of its rights or interests related to this Contract to third parties prior to the Effective Date.

43.1.2 A Contractor Party shall not sell, assign, transfer, convey or otherwise dispose of its rights or interests or obligations under this Contract to any third party, directly or indirectly, without the prior written consent of Staatsolie, which consent shall not be unreasonably withheld.

43.1.3 Notwithstanding the foregoing, a Contractor Party may assign all or a portion of its rights under this Contract to an Affiliate or to another Contractor Party without the prior consent of Staatsolie. The Contractor Party shall promptly notify Staatsolie of any assignment to an Affiliate or another Contractor Party.

43.1.4 When assigning to any third party, such third party shall:

(a) be financially and technically competent; and

(b) have adequate expertise and experience, or access to same, in petroleum operations similar to the Petroleum Operations.

43.1.5 Sub-articles 43.1.1 and 43.1.2 shall not apply in the event of any direct or indirect change in control of a Party (whether through merger, sale of shares or other equity interests, or otherwise) through a single transaction or series of related transactions, from one or more transferors to one or more transferees.

43.1.6 Notwithstanding the foregoing, no Contractor Party shall make an assignment which creates a Participating Interest which is less than 10%, whether such interest is in the assignee or in the assignor. This limitation does not apply to transfers to Staatsolie pursuant to its right of participation under Article 11.1.

43.2 Binding Effect

Any assignment of this Contract shall bind the assignee to all the terms and conditions hereof. Such requirement shall be included in any contract of assignment.

43.3 Legal Successor to Staatsolie

If Staatsolie Maatschappij Suriname N.V., as the Government's representative, is replaced in the future by another entity with respect to this Contract and such entity is granted by the

Government the exclusive rights currently held by Staatsolie to Explore for, Develop and Produce Petroleum in Block, any and all references to “Staatsolie” in this Contract shall refer to such legal successor.

ARTICLE 44 MISCELLANEOUS

44.1 Headings and Language

Headings in this Contract are for convenience of reading only and shall not affect the construction or interpretation of this Contract.

44.2 Entire Contract

This Contract constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all previous contracts and understandings, oral or written, relating thereto.

44.3 Severability

If any part of this Contract is held to be invalid, the remainder of this Contract shall remain in effect and the Parties agree that the part so held to be invalid shall be deemed to have been stricken here from and the remainder shall have the same force and effect as if such part had never been included herein.

44.4 Amendment

This Contract may not be altered, amended, or modified except by a written instrument signed by the duly authorized representatives of each of the Parties.

44.5 Waiver

A Party shall not be deemed to have waived any provision hereof unless, and then only to the extent that, such waiver is in writing. A Party's waiver of any breach of any provision of this Contract shall not be construed as a waiver of any subsequent breach, nor will a Party's delay or non-success to exercise any right such Party has hereunder operate as a waiver of such right.

44.6 Survival

All rights and obligations hereunder that expressly or by their nature extend beyond the term of this Contract shall survive and continue to bind the Parties, their legal representatives, legal successors and legal assigns after any termination or expiration of this Contract until such rights and obligations are satisfied in full or expire.

44.7 Remedies Cumulative

The rights and remedies of Parties to this Contract are limited and exclusive to the rights granted herein. In the event of a Dispute between Parties, its resolution shall be limited to the provision of the dispute resolution provisions of Article 41.

44.8 Conflict of Interest

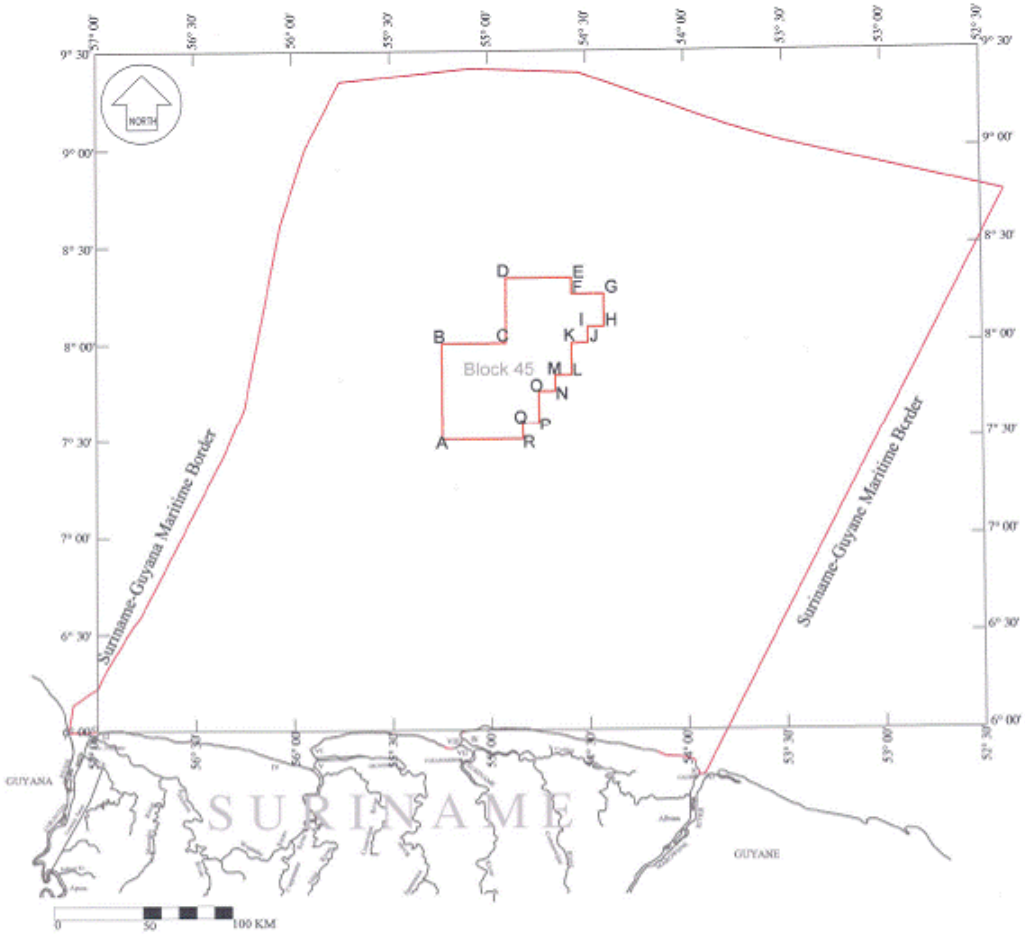
44.8.1 Each Party agrees that no director, employee or agent of such Party shall give or receive any commission, fee, rebate, gift or entertainment of significant cost or value in connection with this Contract or enter into any business arrangement with any director, employee or agent of either of the Parties or any Affiliate.

44.8.2 Neither Party nor their employees, agents or subcontractors shall make any payment or give anything of significant value to an official of any government (including any officer or employee of any government department, agency or instrumentality or the employee, officer, director or agent of a government owned entity) to influence his, her or its decision, or to gain any other advantage for the Parties in connection with the performance of this Contract, which would be in violation of the Foreign Corrupt Practices Act of the United States of America or the OECD Anti-Bribery Convention of 1997, or the substance thereof, or any similar applicable Suriname anti-corruption statute or regulation.

IN WITNESS WHEREOF, the Parties have signed this Contract on the day and year written above by their duly authorized representatives.

For and on behalf of:	For and on behalf of:
Staatsolie Maatschappij Suriname N.V.	Kosmos Energy Suriname
By: /s/ M.C.H. Waaldijk	By: /s/ Brian F. Maxted
Name: M.C.H. Waaldijk	Name: Brian F. Maxted
Title: Managing Director	Title: President

ANNEX 1 MAP OFFSHORE BLOCK 45



Block 45		
ID	Latitude	Longitude
A	7°30'00" N	55°14'35" W
B	8°00'00" N	55°14'35" W
C	8°00'00" N	54°55'00" W
D	8°20'00" N	54°55'00" W
E	8°20'00" N	54°35'00" W
F	8°15'00" N	54°35'00" W
G	8°15'00" N	54°25'00" W
H	8°05'00" N	54°25'00" W
I	8°05'00" N	54°30'00" W
J	8°00'00" N	54°30'00" W
K	8°00'00" N	54°35'00" W
L	7°50'00" N	54°35'00" W
M	7°50'00" N	54°40'00" W
N	7°45'00" N	54°40'00" W
O	7°45'00" N	54°45'00" W
P	7°35'00" N	54°45'00" W
Q	7°35'00" N	54°50'00" W
R	7°30'00" N	54°50'00" W
Datum: WGS 1984		

Kaart van een deel van het Off-shore gebied van de Republiek Suriname, Blok 45, aangeduid met de letters ABCDEFGHIJKLMNOPQR en de daarbij in de lijst vermelde WGS-84 coördinaten, vermoedelijk groot 5126 km².

Ten verzoeke van STAATSOLIE MAATSSCHAPPIJ SURINAME N.V. heb ik, deze kaart vervaardigd.

Paramaribo, 26 september 2011
De Landmeter in Suriname

N. Kalpoe, BSc.

ANNEX 2 COORDINATES OFFSHORE BLOCK 45

The boundary of Block 45 offshore Suriname is defined by the following geographical co-ordinates in terms of the WGS 84 geodetic datum, WGS 84 spheroid.

The boundary follows lines of equal latitude or longitude.

The Contract Area, to an accuracy of 1km², is 5126 km² calculated on the WGS 84 spheroid.

Block 45		
A	7°30’00’’N	55°14′35″ W
B	8°00’00’’N	55°14′35″ W
C	8°00’00’’N	54°55′00″ W
D	8°20’00’’N	54°55′00″ W
E	8°20’00’’N	54°35′00″ W
F	8°15’00’’N	54°35′00″ W
G	8°15’00’’N	54°25′00″ W
H	8°05’00’’N	54°25′00″ W
I	8°05’00’’N	54°30′00″ W
J	8°00’00’’N	54°30′00″ W
K	8°00’00’’N	54°35′00″ W
L	7°0’00’’N	54°35′00″ W
M	7°50’00’’N	54°40′00″ W
N	7°45’00’’N	54°40′00″ W
O	7°45’00’’N	54°45′00″ W
P	7°35’00’’N	54°45′00″ W
Q	7°35’00’’N	54°50′00″ W
R	7°30’00’’N	54°50′00″ W
Datum WGS -84		

ANNEX 3 ACCOUNTING PROCEDURE

1. Definitions

The terms defined in this Accounting Procedure may be used both in singular and plural, according to the context, applying in all cases the definitions established herein. Words and phrases used in this Annex but not defined below shall have the same meaning in this Annex as is given to them in the Contract. The following terms shall have the following meanings:

i. "Accounting Procedure" means the accounting principles, practices and procedures set forth in this Annex.

ii. "Accrual Basis" means the basis of accounting, under which costs and benefits are regarded as applicable to the period in which the liability for the cost is incurred, or the right to benefits arises regardless of when invoiced, paid or received.

iii. "Controllable Material" means Material and Equipment which Contractor subjects to record control and inventory as so classified in the material classification manual as most recently recommended by the Council of Petroleum Accountants Societies (COPAS).

iv. "Material and Equipment" means goods, including, without limitation, all Exploration, Appraisal, Development and Production facilities together with supplies and equipment, acquired and held for use in Petroleum Operations.

v. "Petroleum Expenditures Account" shall mean the account showing the charges and credits accrued as Petroleum Expenditures.

vi. "Joint Property, Material and Equipment" means all tangible assets that are acquired and held by the group of Contractor Parties for use in Petroleum Operations.

2. General Provisions

The purpose of this Accounting Procedure is to establish a fair and equitable method for determining charges and credits with respect to the Petroleum Operations under the Contract and to provide a method for controlling expenditure within the budgets approved by the Operations Committee. The Parties shall, in good faith, endeavor to agree on such changes as are necessary to correct any unfairness or inequity if such method proves to be unfair or inequitable to any of the Parties. In the event of any inconsistency or conflict between the provisions of this Accounting Procedure and the provisions of the Contract, then the provisions of the Contract shall prevail.

Where the term Contractor is used in this Accounting Procedure, if there is more than one Contractor Party, then the term shall, where appropriate to the context, mean the Operator who will be acting on behalf of the Contractor Parties.

3 Accounting Manual, Procedures and Reports

Contractor shall, within one hundred and twenty (120) Days after the Effective Date of this Contract, present to Staatsolie a chart of accounts, procedures, and outline of reports. Staatsolie will have the opportunity to give a documented reaction within ninety (90) Days after receipt of these documents. The Parties must agree on mutually acceptable documents within one hundred and fifty (150) Days after receipt of the documentation by Staatsolie. The documentation, including reports, may be revised by mutual agreement of the Parties.

4. Petroleum Expenditures per Commercial Field

If there is more than one Commercial Field, Contractor shall separately identify and charge Petroleum Expenditures to the specific Commercial Field. Contractor shall specify the method of allocation of shared Petroleum Expenditures in accordance with the Contract.

4.1 Petroleum Expenditures Account and Currency Exchange Operator shall provide the Parties with the accounting data and information necessary for such Party to fulfill any statutory obligation in regard to Petroleum Operations, to which it may be subjected, to the extent that such data and information could reasonably be expected to be available from the accounting records maintained by the Operator. The cost thereof shall be for the Petroleum Expenditures Account.

4.2 Operator shall at all times maintain and keep true and correct records of the production and disposition of Petroleum, and all revenues, costs and expenditures under the Contract, as well as other data necessary or proper of the settlement of accounts between the Parties hereto in connection with their rights and obligations under the Contract and to enable Parties to comply with their respective income tax and other laws.

4.3 Operator shall open and maintain separately identifiable accounting records to record all expenditures incurred and all receipts obtained by the Operator in connection with the Petroleum Operations.

4.4 Operator shall maintain accounting records on an Accrual Basis in accordance with the accounting requirements of the Contract and any applicable statutory obligation of the Government, and in accordance with generally accepted accounting practices used in the

United States, provided however that Petroleum Expenditures due for Cost Recovery will be based on invoices paid.

The Petroleum Expenditures Account records shall be maintained in US Dollars. Costs incurred in currencies other than US Dollars shall be converted into US Dollars in accordance with the applicable buying rates of the prior business day published by the Central Bank of Suriname.

5 Audit

5.1 A Contractor Party or Staatsolie, with at least sixty (60) Days advance notice to Operator and all other Contractor Parties, shall have the right at its sole cost to audit the Petroleum Expenditures Account and records of Operator relating to any Calendar Year within a twenty-four (24) month period from the date of the submission of such Petroleum Expenditures Account.

5.2 The right of audit includes the right of access, during normal business hours at Operator's Paramaribo office in Suriname, to all accounts and records pertaining to the Petroleum Expenditures and revenues Account maintained by the Operator.

5.3 Operator shall produce information from Contractor's Affiliates reasonably necessary to support charges from those Affiliates to the Petroleum Expenditures Account.

5.4 If an Affiliate considers such information confidential or proprietary or if such Affiliate will not allow the Contractor Party to audit its accounts, the auditor prescribed by the statutes of the Affiliate shall be used to confirm the details and facts as required, provided such auditor prescribed by the statutes is an internationally recognized firm of public accountants. Should the auditor prescribed by the statutes of the Affiliate decline to act in such capacity, or not be an internationally recognized independent firm of public accountants, the auditing Party shall select an internationally recognized independent firm of public accountants to carry out such confirmation. The cost of such audit by the register auditor or the independent firm of public accountants, as the case may be, shall be borne by the Party who requested such audit; and

5.5 At the conclusion of each audit, the Parties shall endeavor to settle all outstanding matters. If Staatsolie or the Contractor Party conducting said audit, as applicable, desires to object to any of the Petroleum Expenditures Accounts or any other files audited, it shall submit, within ninety (90) Days following the completion of the audit, a written report to the Operator that identifies all objections arising from such audit. If Operator has not received an audit report within said period, it will be deemed that the auditing Party(ies) have not identified any items to which to make objection.

5.6 The Operator shall reply in writing to the report as soon as possible and not later than ninety (90) Days following the receipt of the report. Thereafter, subsequent communications between the Parties shall be on a thirty (30) days from receipt basis. However, any Party involved in the Audit, may at any time refer any remaining unresolved dispute arising in connection with an audit to the Operations Committee for resolution. If a Party does not refer an unresolved item to the Operations Committee within sixty (60) days after receiving the most recent communication on the unresolved item from the other Party, then the item shall be deemed to have been accepted by said Party in accord with such last or most recent communication. If unanimous agreement is not reached at the Operations Committee within thirty (30) Days of the receipt of such matter by the chairman of that committee, the item or items in dispute shall be submitted to arbitration in accordance with Article 41 of the Contract.

5.7 All adjustments resulting from an audit will be recorded in the Petroleum Expenditures Account as soon as possible after agreement is reached between Operator and Parties, the matter is decided by the Operations Committee or the dispute is resolved by arbitration, as applicable.

5.8 All accounting records, tax returns, books and accounts relating to Petroleum Operations shall be maintained by Contractor for a minimum of ten (10) years following the end of the Calendar Year to which they relate.

5.9 Without limiting any other obligations of confidentiality arising under the Contract, any information obtained by a Contractor Party under the provisions of this Section 5 which does not relate directly to the Petroleum Operations shall be kept confidential and shall not be disclosed to any third party other than as permitted by Article 22.

5.10 In the event that the Operator is required by law or by the provisions of the Contract to employ a public accounting firm to audit the Petroleum Expenditures Account and records of the Operator relating to the accounting hereunder, the cost thereof shall be charged against the Petroleum Expenditures Account, and a copy of the audit report shall be furnished to each Party.

6 Allocations

If it becomes necessary to allocate any costs or expenditures to or between Petroleum Operations and any other operations, such allocation shall be made on an equitable basis. Operator shall furnish to the other Contractor Parties hereto a description of the allocation procedures and allocation methods pertaining to these costs and expenditures.

7. Charges and Expenditures

Contractor shall charge the Petroleum Expenditures Account for all costs incurred after the Effective Date in compliance with the terms of this Contract and expenses accrued between the Signing Date and the Effective Date in accordance with Sub-article 37.3 of this Contract. Petroleum Expenditures eligible for cost recovery are limited to the following:

7.1 Labor and Related Costs

(a) Gross salaries and wages, including amounts imposed by engaged government, in respect of all employees of Contractor who are directly engaged in the conduct of Petroleum Operations, whether temporarily or permanently assigned within Suriname or located in Contractor's offices elsewhere; as well as personal expenses incurred in connection therewith. For Contractor's personnel located outside of Suriname, time sheets which record the man-hours dedicated to the Petroleum Operations and the a detailed, auditable, internal rate assigned to each of such personnel according to its category shall be used.

(b) Costs of all holiday, vacation, sickness, disability, disability benefits, living and housing allowances, travel time, bonuses, dependent schooling, language courses, company cars, hardship allowances and other customary allowances applicable to the salaries and wages chargeable hereunder, as well as the costs to Operator for employee benefits, including but not limited to employee group life insurance, group medical insurance, hospitalization, retirement, and severance payments required by the laws or regulations of Suriname in accordance with Contractor's usual practice.

(c) Reasonable expenses (including related travel costs) of those employees whose salaries and wages are chargeable under 7.1(a) and for which expenses the employees are reimbursed under the usual practice of Operator.

(d) Expenses or contributions imposed under Applicable Laws to Contractor's cost of salaries and wages chargeable under Section 7.1(a) or other costs chargeable under this Section 7.1.

(e) Costs incurred by Operator for training which are of direct benefit to the Petroleum Operations pursuant to its training policy or as required by Suriname regulations for employees permanently assigned to Petroleum Operations.

(f) If employees are engaged in other activities in addition to the Petroleum Operations, the cost of such employees shall be allocated on an equitable basis.

7.2 Material and Equipment

Material and Equipment purchased or furnished by Contractor, Operator or Sub-Contractor for use in Petroleum Operations as provided under Section 10 of this Accounting Procedure. To the extent reasonable, practical and consistent with efficient economical operation, only such Material and Equipment shall be purchased or transferred for use in Petroleum Operations as may be required for immediate use or prudent contingent stock. The accumulation of surplus stocks shall be avoided.

7.3 Transportation and Employee Relocation Costs

(a) Costs for transportation of Material and Equipment and other related costs such as expediting, crating, dock charges, air and ocean freight.

(b) Costs incurred for transportation of personnel as required in the conduct of Petroleum Operations.

(c) Costs for relocation of employees permanently or temporarily assigned to Petroleum Operations at the beginning of their assignment to Petroleum Operations in accordance with Contractor's usual practice.

7.4 Services

(a) The actual price paid for contract services, professional consultants and other services procured from outside sources other than services covered by Section 7.13.

(b) Costs for use of equipment and facilities furnished by Contractor, Operator, or Sub-Contractors at rates commensurate with the cost of ownership and operation if such use is economically justifiable. Rates shall include costs of maintenance, repairs, other operating expenses, insurance and taxes. Such costs shall be computed in line with Contractor's usual accounting policy such that no gain or loss accrues to Contractor, and provided that such costs are competitive with comparable third party services.

(c) The cost of services provided or performed by the technical and professional staff of the Contractor, Contractor's Affiliates, Operator and/or Operator's Affiliates, Examples of such services include, but are not limited to the following:

Geological Studies and Interpretation;
Seismic Data Processing;
Well Log Analysis, Correlation and Interpretation;
Well Site Geology;

Laboratory Services;
Ecological and Environmental Engineering;
Abandonment Studies;
Project Engineering;
Source Rock Analysis;
Petrophysical Analysis;
Geochemical Analysis;
Drilling Supervision;
Development Evaluation;
and, if provided in-country in Suriname:
Executive and Administrative
Communications and Data Processing;
Human Resources
Professional Services, including accounting and legal services; and
Safety and Security.

Such services pursuant to Section 7.4 (a), (b) and (c), shall be charged at cost plus any income or withholding tax, excluding profit, provided that these services result in accurate and complete reports, presented to Parties and supported by time records and any other relevant information. The records thereof shall be made available for audit by the Parties in accordance with Section 5.

7.5 Damages and Losses to Property

(a) All costs or expenses necessary for repair or replacement of property resulting from damages or losses incurred by fire, flood, storm, theft, accident, or any other cause, provided that these expenses are not due to Gross Negligence or Willful Misconduct on the part of Contractor or recoverable from insurance.

(b) Contractor shall furnish Staatsolie with written notice of such damages or losses in excess of two hundred thousand US Dollars ($200,000) per incident as soon as reasonably practicable.

7.6 Insurance

(a) All premiums paid for insurance carried for the Petroleum Operations.

(b) All expenditures incurred and paid in the settlement of any and all losses, claims, damages, judgments and any other expenses, not recovered from insurance, provided that these expenses are within the provisions of Article 25 of the Contract and not due to Gross Negligence or Willful Misconduct on the part of Contractor.

7.7 Legal Expenses

Costs necessary for handling, investigating and settling litigation or claims arising from Petroleum Operations or necessary to protect or recover property, including, but not limited to, lawyers' fees, court costs, cost of investigation or procuring evidence and amounts paid in settlement or satisfaction of any such litigation or claims, except if such legal expenses are due to Gross Negligence or Willful Misconduct on the part of Contractor.

7.8 Duties and Taxes

Taxes, except for income taxes as described in Sub-article 18.2 of the Contract, charges, levies, duties, fines, payments and penalties imposed by the Government or any other governmental entity against Contractor in connection with Petroleum Operations, except if the imposition of such tax, levy, duty, fine, payment or penalty is due to Gross Negligence or Willful Misconduct on the part of Contractor.

7.9 Offices, Camps, and Miscellaneous Facilities

The cost of maintaining and operating any offices, sub-offices, camps, warehouses, housing and other facilities directly serving the Petroleum Operations.

7.10 Energy Expenses and water

Costs of fuel, electricity or other energy and water used for the Petroleum Operations.

7.11 Communication Charges

Costs of acquiring, leasing, installing, using, repairing and maintaining communication systems, used for the Petroleum Operations

7.12 Environmental Charges

Costs of environmental programs undertaken with respect to Petroleum Operations, including, but not limited to Environmental and Social Impact Assessment Environmental

Impact Assessments, Environmental Baseline Study, Environmental Management Plan, ongoing monitoring programs, remediation, and mitigating activities.

7.13 Administrative Overhead Costs

7.13.1 Contractor's administrative overhead outside Suriname applicable to Petroleum Operations under the Contract prior to the Date of the Declaration of Commercial Field in the Contract Area shall be charged in accordance with the following rates with respect to all expenditures allowable for Cost Recovery other than administrative overhead, Royalties and other taxes imposed by the government:

i) Three percent (3%) of the first five million (5,000,000) US Dollars of such expenditures paid during the Calendar Year; and

ii) Two percent (2%) of the next three million (3,000,000) US Dollars of such expenditures paid during the Calendar Year; and

iii) One percent (1%) of the amounts exceeding eight million (8,000,000) US Dollars of such expenditures paid during the Calendar Year.

7.13.2 Contractor's administrative overhead outside Suriname applicable to Petroleum Operations under the Contract after the Date of the Declaration of Commercial Field in the Contract Area shall be charged in accordance with the following rates with respect to all expenditures allowable for Cost Recovery other than administrative overhead:

i) Five-tenths of one percent (0.5%) of the first twenty million (20,000,000) US Dollars of such expenditures paid during the Calendar Year; and

ii) Four-tenths of one percent (0.4%) of amounts of the next thirty million (30,000,000) US Dollars of such expenditures paid during the Calendar Year; and

iii) One-tenths of one percent (0.1%) of the amounts exceeding fifty million (50,000,000) US Dollars of such expenditures paid during the Calendar Year.

7.13.3 Contractor shall make provisional quarterly charges to the accounts based on the above rates.

7.13.4 Such overhead charges shall be considered full compensation to Contractor for work carried out by Contractor and Affiliates wherever located for the following types of assistance provided:

(A) Executive - Time of executive officers from the rank of regional exploration manager upward.

(B) Exploration, Production and Engineering - Direction, Managing, advising and controlling the entire project.

(C) Services - provided by other departments such as legal, employee relations, personnel recruiting, purchasing and procuring administrative, accounting and audit, treasury, financial and exchange advice and payment of invoices, which contribute time, knowledge and experience to the operation.

7.14 Abandonment Fund

All contributions made by Contractor to the Abandonment Fund.

7.15 Licenses, Permits, etc.

All costs attributable to the acquisition, maintenance, renewal or relinquishment of licenses and permits acquired for Petroleum Operations and bonuses paid in accordance with the Contract when paid by Contractor in accordance with the provisions of the Contract.

7.16 Other Expenditures

Any other expenditures not covered or dealt with in the foregoing provisions which are incurred by Contractor for the necessary and proper conduct of the Petroleum Operations.

8. Cost and expenses not qualifying for Cost Recovery

The following costs and expenses do not qualify for Cost Recovery:

(a) any payments made to Staatsolie for failure to fulfill the Minimum Work Obligations in accordance with Sub-article 5.8.1 of the Contract;

(b) costs incurred before the Signing Date;

(c) costs of marketing or transportation of Crude Oil beyond the Delivery Point;

(d) attorney's fees and other costs of proceedings in connection with dispute resolution under Article 41 of the Contract or expert determination as provided in the Contract or this Accounting Procedure;

(e) fines and penalties imposed under Applicable Law of Suriname or under this Contract to the extent that the imposition of such fines or penalty is due to Gross Negligence or Willful Misconduct on the part of Contractor; and expenditures made in accordance with Sub-article 32.1.1 of the Contract concerning training to Staatsolie personnel and financing of community based programs.

Any costs and expenses attributable to the financing of Petroleum Expenditures incurred under the Contract

(h) any other expenditures not covered or dealt with in the foregoing provisions which are incurred by Contractor, which are not necessary for the proper conduct of the Petroleum Operations.

9. Credits

Credits in favor of the Contractor as a result of the Petroleum Operations shall be credited to the respective accounts and be included in the statement of expenditures. Such credits shall include, but not be limited to, the following transactions:

(a) The net proceeds of any successful damage claim and any type of discount with an insurance in connection with Petroleum Operations for claims with respect to operations or assets that were insured and where the insurance premium with respect thereto has been charged to the Petroleum Expenditures Account.

(b) Any adjustments received by Contractor from suppliers/manufacturers, or their agents, in connection with defective Material and Equipment, or services deemed unsatisfactory, the cost of which was previously charged by Contractor to the Petroleum Expenditures Account.

(c) The net proceeds of sale for disposal of assets used in or acquired for the Petroleum Operations.

The net proceeds received from third parties and/or Staatsolie in relation to the use of Contractor's facilities.

Net proceeds arising from the sale of (part of) the participating interest under this Contract.

10. Material and Equipment

10.1 Acquisitions

Materials purchased for the Joint Account shall be charged at net cost paid by the Operator. The price of Materials purchased shall include, but shall not be limited to export broker's fees, portion of storage fees directly related to the Joint Operations, all taxes, insurance, transportation charges, loading and unloading fees, import duties, license fees and demurrage (retention charges) associated with the procurement of Materials and applicable taxes, less all discounts taken. Operator shall make its best endeavors to timely dispose of idle and/or surplus Joint Property, Material and Equipment, such disposal being made through sale to a third party or by transfer from Petroleum Operations pursuant to section 10.5 below.

10.2 Pricing of acquired Material and Equipment

Pricing of acquired Material and Equipment shall be as follows:

(a) Material and Equipment which is purchased from a third party shall be charged at the net cost incurred by Contractor. Cost shall include, but shall not be limited to, such items as procurement cost, transportation, duties, license fees and applicable taxes.

(b) New, unused, Material and Equipment which is owned by Contractor and transferred to Petroleum Operations under this Contract, shall be classified as Condition "A" and priced at an invoice price determined in accordance with (a) above.

(c) Material and Equipment which is owned by Contractor and transferred to Petroleum Operation under this Contract and is in sound and useful condition and suitable for re-use without reconditioning, shall be classified as Condition "B" and priced at a fair market price not exceeding seventy-five percent (75%) of that of new Material and Equipment as specified in (b).

(d) Material and Equipment which is owned by Contractor and transferred to Petroleum Operation under this Contract and is not in sound and useful condition but which is suitable for re-use after reconditioning, shall be classified as Condition "C" and priced at a fair market price with a maximum of fifty percent (50%) of new Material and Equipment as specified in (b).

(e) The cost of reconditioning shall also be charged to the Petroleum Expenditures Account provided that the Condition C price, plus the cost of reconditioning, does not exceed the Condition B price and provided that Material and Equipment as classified meets the requirements for Condition B Material and Equipment upon being repaired and reconditioned.

(f) Material and Equipment which is owned by Contractor and transferred to Petroleum Operation under this Contract and is no longer suitable for its original use, excluding junk, but usable for some other purpose which cannot be classified as Condition "B" or Condition "C" shall be priced at a fair value commensurate with its use.

(g) Material and Equipment which is owned by Contractor and transferred to Petroleum Operation under this Contract and is junk shall be priced at prevailing prices.

10.3 Premium Prices

Whenever Material is not readily obtainable at published or listed prices because of national emergencies, strikes or other unusual causes over which the Contractor and/or Operator has

no control, the Contractor may charge the Petroleum Expenditures for the required Material and Equipment at the Contractor's actual cost incurred in providing such Material and Equipment, in making it suitable for use, and in moving it to the Joint Property; provided notice in writing is furnished to Contractor Parties of the proposed charge prior to billing Contractor Parties for such Material and Equipment. Provided however, that if the premium exceeds 200.000 (two hundred thousand) US$ Dollar or 20 % of the cost under normal circumstances, Operations Committee approval is required for such acquisition.

10.4 Warranty of Material and Equipment furnished by Operator

The Operator does not give a warranty for the Material and Equipment charged to the Petroleum Expenditures Account beyond the manufacturer's or supplier's guarantee, express or implied. In case such Material and Equipment is defective, a credit shall not pass to the Petroleum Expenditures Account before an adjustment has been received by the Operator from the manufacturer or supplier.

10.5 Disposal of Material and Equipment

10.5.1 To the extent permitted under the terms of the Contract, the Operator shall have the right to dispose of surplus Material and Equipment but shall advise and secure prior approval of the Operations Committee of all proposed dispositions and method of disposal of surplus Material and Equipment having an original unit cost to the Petroleum Expenditures Account either individually or in the aggregate of more than two hundred thousand US Dollars (US$200,000) ("Major Surplus Items").

10.5.2 Each Party shall have fifteen (15) Days from receipt of the notice to notify, in writing, to the Operator whether it wishes to acquire any of the Major Surplus Items under the terms and conditions proposed. Failure by any Party to respond within the fifteen (15) Day notice period shall be deemed a notification of no interest.

10.5.3 If more than one Party has indicated its wish to acquire some Major Surplus Item, subject to Sub-Article 27.5, the Operator shall promptly, in respect of each item, notify each such Party in writing of the name of the other Party who wishes to acquire that item. Such Parties shall be allowed fourteen (14) Days from the date of such notification to agree upon a division or allocation of each such item

10.5.4 If the Parties concerned are unable to agree upon a split or allocation of any Major Surplus Item, the Operator shall request a competitive bid from the Parties concerned

in respect of that item and shall accept the highest bid. Where the Operator bids in competition with other Parties it shall arrange the bidding procedure so that it gains no advantage from acting as the Operator.

10.5.5 If no Party has indicated within said period of fifteen (15) Days its intention to purchase any or all Major Surplus Items, the Operator shall, unless the nature or value of an item makes tendering impracticable or uneconomic, prepare a list of the items for sale and bids shall be requested from the Parties and from third parties. The Operator will ordinarily accept the highest bid but shall reserve the right to accept or refuse any offer. All documentation concerned with such bids and all subsequent sales shall be retained as part of the records available for audit.

10.5.6 Credits for Material and Equipment sold by Operator shall be made to the Petroleum Expenditures Account in the month in which the sale of Material and Equipment is settled or formalized. Any Material and Equipment sold or disposed of under this Section shall be without guarantees or warranties of any kind or nature. Costs and expenditures incurred by Operator in the disposition of Material and Equipment shall be charged to the Petroleum Expenditures Account.

10.6 Inventories

The Operator shall maintain detailed records of Controllable Material, subject to the following:

(a) Periodic inventories shall be taken by Contractor of all Controllable Material: annually with respect to moveable assets and once every three years for immovable assets Contractor shall give thirty (30) Days written notice of intention to Staatsolie and any other Contractor Party prior to taking such inventories to allow them to be represented. If any such party does not succeed in being represented shall bind it to accept the inventory taken by Contractor.

(b) Reconciliation of inventory with the Petroleum Expenditures Account shall be made by Contractor based on the inventory report as required by the Parties.

(c) Adjustments to the Petroleum Expenditures Account resulting from the reconciliation of a physical inventory shall be made within six (6) months following the taking of the inventory. Inventory adjustments shall be made by Operator to the Petroleum Expenditures Account for overages and shortages.

10.7 Special Inventories

Special inventories may be taken whenever there is any sale, change of interest, or change of Operator in the Joint Property. It shall be the duty of the Party selling to notify all other Parties as quickly as possible after the sale of interest takes place. In such cases, both the seller and the purchaser shall be governed by such inventory. In cases involving a change of Operator, all Parties shall be governed by such inventory.

10.8 Expense of Conducting Inventories

The expense of conducting special inventories shall be charged to the Parties requesting such inventories, except inventories required due to change of Operator in which cases shall be charged to the Petroleum Expenditures Account.

11. Statements to be provided by Operator

11.1 Monthly Statements

Within fifteen (15) days from the end of the relevant Calendar Month Contractor shall supply Staatsolie with the following informative statements:

(a) an expenditure statement in accordance with Sections 2, 8 and 10 of this Annex;

(b) a Joint Venture expenditure statement in accordance with Sections 2, 8 and 10 of this Annex;

(c) a statement of receipts in accordance with Section 9 and 10 of this Annex;

(d) a production statement in accordance with Article 14 ;

(e) a statement of Local Content in accordance with Article 31 and 32

11.2 Quarterly Statements

Within thirty (30) days from the end of the relevant Calendar Quarter, Contractor shall supply Staatsolie with the following settlement statements:

a) a cost recovery statement in accordance with Article 13 and 26.

b) a production statement in accordance with Article 14 ;

c) a statement of receipts in accordance with Article 26.4

d) a Profit Oil and control statement

e) an inventory statement

f) details of all equipment disposed and sold

Consolidated annual summaries of each of these statements shall also be provided to Staatsolie within ninety (90) days after the end of the relevant Calendar Year.

11.3 Statement of expenditures

The statement of expenditures shall include the following:

(a) the expenditure (less credits) accrued during the period in question;

(b) the cumulative expenditure (less credits) to date for the relevant budget year;

(c) modifications to the budget;

(d) the expenditure contemplated for the budget year

(e) the latest forecast of cumulative expenditure for year end; and

(f) variations between budget (as amended by sub-paragraph (c) hereof, where applicable) and latest forecast and reasonable explanations thereof.

11.4 Statement of receipts

The statement of receipts shall include the following:

(a) The estimated value and volume of Cost Oil lifted by Parties for the period in question.

(b) The volume and value of Petroleum produced, used in Petroleum Operations, available for lifting and actually lifted by the Parties, as at the end of the preceding period in question;

11.5 Production statement

Contractor's Production Statement shall contain the following information and shall be prepared in accordance with the following principles:

(a) The production sharing shall be determined on the basis of all Petroleum produced and saved from the Commercial Field and measured at the Delivery Point or Points during the respective Month in accordance with Article 14 and Annex 4 of the Contract.

(b) The volumes of grades of Crude Oil and Natural Gas produced and sold will be determined separately at the Delivery Point.

(c) The volumes of Crude Oil shall be corrected for water and sediments, and shall be determined on the basis of standard temperatures and pressures (sixty (60) degrees Fahrenheit and 14.7 p.s.i.a.). The gravity, sulphur content, and other quality indicators of the Crude Oil shall be determined and registered regularly.

(d) The volumes of Natural Gas produced and sold shall be determined on the basis of standard temperatures and pressures (sixty (60) degrees Fahrenheit and 14.7 p.s.i.a.). The energy content, sulphur content and other quality indicators of the Natural Gas shall be determined and registered regularly.

11.6 Quarterly cost recovery statement

The Cost Recovery report shall consist of:

(a) Petroleum Expenditures, based on paid invoices, for the Quarter in question;

(b) Recoverable Petroleum Expenditures up to the end of the preceding Calendar Quarter.

(c) quantity and value of Crude Oil and/or Natural Gas available for cost recovery during the Calendar Quarter.

(d) amount of costs recovered from the Crude Oil and/or Natural Gas available for cost recovery for the Calendar Quarter.

(e) amount of recoverable costs carried into succeeding Calendar Quarter, if any; and

(g) quantities of Crude Oil allocated to Contractor and Staatsolie, respectively, during the Calendar Quarter as cost recovery Crude Oil and Profit Oil.

These expenditures included in such Cost recovery statement will be cost recoverable after approval by Staatsolie in accordance with Article 26.

11.7. Quarterly Profit oil and Control statement

Contractor shall provide each Calendar Quarter a Profit Oil and control statement showing the accumulated accounts of costs and revenues verified by Staatsolie. The statement shall include information in respect of the following:

(a) The cumulative amount of recoverable costs and Petroleum Expenditures

(b) The cumulative amount of cost recovered and yet to be recovered

(c) The cumulative amount Royalties paid

(d) The cumulative quantity and value of Crude Oil allocated to the Contractor for cost recovery; and

(e) The cumulative quantity and value of Profit Oil and/or Natural Gas allocated to Staatsolie and Contractor, respectively, under this contract.

(f) The cumulative amount of income tax

(g) The cumulative gross revenues

11.8 Quarterly Inventory statement

11.8.1 Inventory Statement

Contractor shall maintain detailed records of property acquired for Petroleum Operations.

On a Quarterly basis, Contractor shall provide Staatsolie with an Inventory Statement containing:

(a) description and codes of all assets and Controllable Materials;

(b) amounts charged to the accounts for each asset;

(c) date on which each asset was charged to the account; and

(d) whether the costs of such asset has been recovered pursuant to Article 13 of the Contract.

(d) The book value of all assets, in accordance with Sub-Article 26.2

11.8.2 Identification

To the extent practicable, all assets shall be identified for easy inspection with the respective codes specified in manuals.

ANNEX 4 CRUDE OIL AND NATURAL GAS MEASUREMENT PROCEDURE

1 Crude Oil Measurement

(a) Calibrated Title Transfer Meters.

Operator shall have (a) calibrated title transfer meter(s) permanently installed at the Delivery Point(s). The custody transfer meter(s) shall be capable of accurately measuring the quantity of Crude Oil at the Delivery Point(s). The title transfer meter(s) shall be comprised of all necessary meters, meter testing devices, instruments and other associated equipment necessary to measure, evaluate and record the quantity of the Crude Oil at the Delivery Point(s).

(b) Crude Oil Quality Measurement.

Operator shall also provide the necessary equipment, tools and instruments to measure base sediment and water ("BS&W"), American Petroleum Institute ("API") gravity and any other characteristics the Parties mutually deem appropriate in accordance with industry practices for crude oils similar to the Crude Oil and shall store such tools and instruments in an appropriate laboratory. Equipment provided by Operator shall include, but not be limited to, an automatic sampler to collect representative samples of each cargo loaded at the Delivery Point(s). Operator shall test and calibrate (for accuracy) the equipment being used in accordance with generally accepted international petroleum industry practice whenever necessary and in any event at least once per month. Both Staatsolie and each Contractor Party shall have the right to witness all testing and calibration of the meters and shall receive detailed reports thereof.

2 Frequency of Crude Oil Measurement

For accounting purposes, official meter readings shall be read by Operator not less than weekly for purposes of providing production and shipment data of Crude Oil. Information obtained from these readings shall be reported, promptly, to Staatsolie and each Contractor Party. The actual times of such meter readings shall be determined by Operator with timely notification to Staatsolie and if, applicable, any other Contractor Party. Staatsolie and each Contractor Party shall have the right, but not the obligation, to have two representatives present to witness meter readings and sign meter results.

3 Natural Gas Measurement

In the event of the Development of Natural Gas reserves in the Contract Area, the quantity and quality of Natural Gas delivered under the Contract shall determined from data obtained from orifice or ultrasonic meter runs using API standards and procedures. The type of Natural Gas metering equipment to be installed shall be determined by Operator. The Natural Gas measurement and evaluation system shall be consistent with international petroleum industry practice. The Natural Gas meter shall be calibrated at least once every Calendar Year, witnessed by representatives of both Staatsolie and Operator, with the calibration records signed by such representatives.

4 Petroleum Measurement Procedures

Unless Operator and Staatsolie agree otherwise, API standards and procedures shall be used to measure and evaluate Petroleum flowing through the equipment. The API standards and procedures shall be taken from or provided by the API's standard Method of Sampling and Manual of Petroleum Measurement Standards. A copy of these standards and procedures (and updates and reviews thereof) shall be provided by Operator and shall be available both to Staatsolie and to Operator at all times.

ANNEX 5 ENVIRONMENTAL STANDARDS AND PRACTICES

Conduct of Petroleum Operations

Contractor shall conduct the Petroleum Operations in a careful, expedient, safe and efficient manner in accordance with Sub-Article 24.1 of the Contract.

Environmental Baseline Study

1. General. Contractor shall, in order to determine the state of the environment in the Contract Area at the Effective Date, cause an environmental baseline study to be carried out by an internationally recognized environmental consulting firm selected by Contractor and acceptable to Staatsolie (the "Environmental Baseline Study").

2. Start of Environmental Baseline Study. Contractor shall begin preparation of an Environmental Baseline Study for the Contract Area as soon as practicable after the Effective Date of the Contract. The Operations Committee, taking into consideration the Development Plan, shall agree on the final submission date of the Environmental Baseline Study, which date shall be no later than two (2) Calendar Years after the Date of Establishment of a Commercial Field.

3. Outline of Environmental Baseline Study. Contractor shall carry out the Environmental Baseline Study in accordance with the form of outline attached in Annex 5A of the Contract.

4. Submission. The Environmental Baseline Study shall be submitted to the relevant Government Authorities, with a copy to Staatsolie.

Environmental and Social Impact Assessments

1. General. Contractor shall prepare an Environmental and Social Impact Assessment for any Environmental Impact Activity that is reasonably anticipated to occur in the Contract Area during the Petroleum Operations.

2. Environmental Impact Activity. An "Environmental Impact Activity" means an activity undertaken by Contractor in connection with Petroleum Operations in the Contract Area which will, or is reasonably foreseeable to, have a significant negative effect on the environment.

3. Timing. Contractor shall prepare and submit an Environmental and Social Impact Assessment to the relevant Government Authorities, with a copy to Staatsolie, for any phase of a Work Program before undertaking, directly or indirectly - through a Sub-Contractor, any phase of a Work Program that will include an Environmental Impact

Activity. An Environmental and Social Impact Assessment may be written in such manner to incorporate multiple Environmental Impact Activities that result from that phase of a Work Program.

4. Classification of Environmental and Social Impact Assessment. Contractor shall make each Environmental and Social Impact Assessment in accordance with the form of outline attached hereto as Annex 5B. Each Environmental and Social Impact Assessment shall include an Environmental Impact Assessment. An "Environmental Impact Assessment" means the assessment of the effects of the relevant Environmental Impact Activity on the environment.

5. Environmental Management Plan. Contractor shall, as part of an Environmental and Social Impact Assessment, prepare an environmental management plan based on the results of the Environmental Impact Assessment ("Environmental Management Plan"). The Environmental Management Plan shall provide detailed information about Petroleum Operations that will be utilized to minimize environmental impacts. An Environmental Management Plan shall include, but not be limited to, a detailed description of atmospheric emission, waste management systems, and oil spill and fire prevention and response.

Contingency Plans

1. Objective. The objective of the Contingency Plan is:

(i) to ensure the safety of personnel and the public; and

(ii) to protect both the environment and Contractor's investment.

2. Development of Contingency Plan. The Contingency Plan will be developed as a logical extension of any relevant present plans used by Contractor in other offshore projects. The process for developing the Contingency Plan will include:

(a) risk analysis;

(b) hazard identification and assessment;

(c) environmental sensitivities;

(d) consultation with Government Authorities;

(e) incorporation of petroleum industry codes of practice;

(f) consultation with local and other emergency resources; and

(g) emergency response plans.

3. Coordination. Contractor's Contingency Plan will incorporate the appropriate government agencies and other organizations in planning and coordinating exercises and drills (exercises).

4. Types of Emergency Response Plans. Contractor shall develop emergency response plans ("ERPs") for:

(i) oil spill;

(ii) incidents such as fire, well management, natural disasters; and

(iii) medical emergency.

Existing ERPs will be reviewed and updated on an "as needed" basis.

5. Structure of ERP. Each ERP will provide information on:

(a) levels of alert;

(b) notification structure;

(c) key duties of the response team;

(d) emergency support teams;

(e) emergency telephone lists;

(f) various forms and checklists; and

(g) procedures and accountabilities to update these lists.

ANNEX 5A OUTLINE OF ENVIRONMENTAL BASELINE STUDY

Reference Data

1. Description of the Study Area
2. Objectives of the Study
3. Literature review
4. Identification of relevant regulatory approvals and permits
5. International standards overview
6. Audit of existing operations and practices
7. Environmental data collection

- Atmospheric
- Water Quality
- Flora and Fauna
- Benthic
- Meteorological and Oceanographic
- Sediment
- Background Radiation

Contents of Environmental Baseline Study

1. Methodology
2. Sampling and Analysis Frequency Discussion, provided that it is deemed necessary to conduct environmental monitoring
3. Finding
4. Program Modifications, provided that it is deemed necessary to conduct environmental monitoring
5. Identification of Environmental Impact Activities

ANNEX 5B FORM OF ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT

1. The Project

1.1 Project overview

1.2 Project activities

1.3 Emissions of facilities and waste removal

1.4 Accidental spills

1.5 Accidental loss experiences

2. Approach and Methodology

2.1 Approach

2.2 Methodologies

2.3 Identification of relevant regulatory approvals and permits

3. Environmental Setting and Data Collection

3.1 Marine physical environment

3.2 Marine biological environment

3.3 Protected areas and special places

3.4 Fisheries and aquaculture

3.5 Atmospheric Environment

4. Environmental and Social Impact Assessment

4.1 Introduction

4.2 Approach

4.3 Offshore facilities

4.4 Underwater pipeline

4.5 Cumulative effects

4.6 Environmental evaluation and monitoring plan

5. Mitigation Measures and Residual Impacts

5.1 Introduction

5.2 Offshore facilities

5.3 Underwater pipelines

5.4 Cumulative effects

5.5 Environmental Management Plan

ANNEX 5C. OUTLINE OF HEALTH AND SAFETY PLAN

At least but not limited to

1. Hazard register
2. Evaluation and risk assessment of activities
3. Hazard management including a description of the means of control of identified hazards
4. Emergency response plan, including medical evacuation arrangements

ANNEX 5D. OUTLINE OF CONTRACTOR HSE MANUAL

At least but not limited to

a. HSE Policy

b. HSE System and organization

c. Applicable standards and procedures

d. Employee HSE training

e. HSE communication

f. HSE inspection

g. HSE auditing

h. Reporting of incidents and investigation

i. Waste management

j. Personal hygiene and sanitation

ANNEX 6. DUTIABLE ITEMS

The following items shall not be subject to the exemption described in Article 17 of the Contract:

(a) Foodstuffs and alcoholic and non-alcoholic beverages intended for human consumption.

(b) Fuels and lubricants.

(c) Timber and wood products.

(d) Textiles, textile goods, clothing, shoes, with the exception of those which are used /commonly used during the Petroleum Operations.

(e) Firearms and ammunition therefore.

(f) Office furniture.

(g) Unused air conditioners, other than for use in Contractor's offices.

(h) Gunpowder and explosives, with the exception of those which are used to be/commonly used during Petroleum Operations.

(i) Sports and pleasure boats and engines for these.

(j) Unused furniture and other mechanical or non-mechanical appliances and equipment.

ANNEX 7. FORM OF CONTRACTOR PARENT COMPANY PERFORMANCE GUARANTEE

To: Staatsolie Maatschappij Suriname N.V.
P.O. Box 4069
Half Flora
Paramaribo, Suriname

PERFORMANCE GUARANTEE

We the undersigned company, (the "Parent"), a legal entity organised and existing under the laws of , being the direct or indirect owner of (the "Subsidiary") which on has entered into a Production Sharing Contract for the Petroleum Exploration, Development and Production of Offshore Suriname, Block (the "Contract"), with Staatsolie Maatschappij Suriname N.V. ("Staatsolie") hereby, as primary obligor, unconditionally and irrevocably guarantees to Staatsolie the due and timely performance by the Subsidiary of its obligations under the Contract.

The Parent further guarantees that the Parent will provide the Subsidiary with all technical support and specialist personnel necessary for the Subsidiary to fulfill its Obligations under the Contract.

This Guarantee is a continuing Guarantee for the applicable phase of the Exploration Period and shall enter into force on the Effective Date of the Contract and shall remain in force until the Minimum Work Obligation of the Subsidiary under the Contract have been discharged in full or the obligations of the Subsidiary have been terminated.

This Guarantee shall be governed by the same law as provided under the Applicable Law provision in Article 40 of the Contract. Any dispute under this Guarantee shall be resolved by dispute resolution Article 41 of the Contract.

Dated the day of , 2011, at .

By:

ANNEX 8 EXAMPLE OF R-FACTOR CALCULATION

Annex 8, Example of the Calculation of the R-factor

			TOTAL	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Realized Price				95	95	95	95	95	95	95	95	95	95	95	95	95	95	95.00
Production	MMBBL			10	29	58	96	135	173	207	233	253	268	279	288	295	300	300.0
Revenue Stream																		
Gross Revenue	$MM		28,498	912	1,829	2,743	3,658	3,658	3,658	3,208	2,453	1,876	1,435	1,097	839	642	491	0.0
- Royalty	$MM	6.25%	1,781	57	114	171	229	229	229	201	153	117	90	69	52	40	31	0.0
- Cost Oil	$MM		7,699	684	1,372	2,057	951	529	256	257	217	430	170	156	159	328	132	0.0
Profit Oil	$MM		19,018	171	343	514	2,478	2,900	3,173	2,750	2,083	1,329	1,175	873	628	274	328	0.0
Profit Oil Income Tax	$MM	36.0%	6,846	62	123	185	892	1,044	1,142	990	750	478	423	314	226	98	118	0.0
Cumulative Gross Revenue	$MM			912	2,741	5,484	9,141	12,799	16,456	19,664	22,118	23,994	25,429	26,526	27,365	28,007	28,498	28,498
Cumulative Royalty	$MM			57	171	343	571	800	1,029	1,229	1,382	1,500	1,589	1,658	1,710	1,750	1,781	1,781
Cumulative Tax	$MM			57	171	343	571	800	1,029	1,229	1,382	1,500	1,589	1,658	1,710	1,750	1,781	1,781
R-Factor Numerator	$MM			793	2,384	4,771	7,308	9,693	11,980	13,997	15,547	16,828	17,750	18,464	19,025	19,528	19,870	19,870
Cumulative CapEx + OpEx	$MM			2,790	3,514	4,278	5,064	5,594	5,849	6,106	6,323	6,754	6,924	7,080	7,239	7,567	7,699	7,817
Cumulative Tax	$MM			62	185	370	1,262	2,306	3,448	4,438	5,188	5,667	6,090	6,404	6,630	6,728	6,846	6,846
R-Factor Denominator	$MM			2,790	3,514	4,278	5,064	5,594	5,849	6,106	6,323	6,754	6,924	7,080	7,239	7,567	7,699	7,817
R-Factor				0	0.68	1.12	1.44	1.73	2.05	2.29	2.46	2.49	2.56	2.61	2.63	2.58	2.58	2.54
Contractor POS*	%			85%	85%	80%	75%	70%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%
Contractor POS*	$MM	51%	9,781	145	291	411	1,858	2,030	1,269	1,100	833	531	470	349	251	109	131	0.0
Government POS*	$MM	49%	9,237	26	51	103	619	870	1,904	1,650	1,250	797	705	524	377	164	197	0.0
IOC part of Contractor POS*	$MM	85%	8,314	124	248	350	1,579	1,725	1,079	935	708	452	399	297	214	93	112	0.0
NOC part of Contractor POS*	$MM	15%	1,467	22	44	62	279	304	190	165	125	80	70	52	38	16	20	0.0

***POS = Profit Oil Share**

ANNEX 9 TAX RULINGS

Form of Ruling 1

To:.

Paramaribo,

Re: Ruling on Turnover Tax

Dear ……,

On ., a corporation organized and acting under the laws of the Netherlands (hereinafter: "the contractor"), entered into a "Production Sharing Contract" (hereinafter: "the contract") with Staatsolie Maatschappij Suriname N.V. for the exploration and exploitation of petroleum reserves in Block 45 as described in Annex 1 and Annex 2 of the contract.

For the implementation of the contract it is important, in advance, to be certain with regard to the interpretation of a number of provisions of the Turnover Tax Act 1997, as lastly amended in Official Gazette 2002 no 86. In this regard, we communicate to you the following.

Pursuant to Article 18 of the Turnover Tax Act 1997 the Turnover Tax is zero percent (0%) in case of export of Crude Oil;

Article 12 of the Turnover Tax Act 1997 is applicable, if the contractor, with regard to its Petroleum activities in Suriname, produces taxable goods according to this act;

Article 16 of the Turnover Tax Act 1997 is also applicable to the contractor, if it meets the conditions as set forth therein.

I trust to have provided you with sufficient information.

Sincerely,

The Inspector of Turnover Tax,

Form of Ruling 2

To:.

Paramaribo,

Re: Ruling on Income Tax

On a corporation organized and acting under the laws of the (hereinafter: "the contractor"), entered into a "Production Sharing Contract" (hereinafter: "the contract") with Staatsolie Maatschappij Suriname N.V. for the exploration and exploitation of petroleum reserves in Block 45, as described in Annex 1 and Annex 2 of the contract. For the implementation of the contract it is important to establish certain matters as regards the interpretation and application of some provisions of the 1922 Income Tax Act, as lastly amended by Bulletin of Acts and Decrees 2003, no. 3 and in conjunction with the 1990 Petroleum Law, as amended by Bulletin of Acts and Decrees 2001, no. 58. Within this framework I herewith inform you as follows:

The annual assessable profit of the contractor is computed in pursuance of the attached model;

By virtue of article 29 of the contract, in pursuance of the attached model, allocation to the Abandonment Fund is deductible upon computing the assessable profit;

Conformable to the distribution of the attached model, contractor's share of surplus in the Abandonment Fund is designated as profit in the year in which the fund is terminated;

The other revenues of the contractor connected with the contractor's business operations in Suriname are determined pursuant to the provisions laid down in the 1922 Income Tax Act;

Other revenues are meant to refer to the revenues of the contractor connected with the contractor's business operations in Suriname that are taxable in Suriname in pursuance of the 1922 Income Tax Act and do not occur upon implementing the contract;

All other costs that are considered non-offsettable, including but not limited to the costs as indicated in paragraph 8 of the Accounting Procedure of the contract, shall be deductible in pursuance of the 1922 Income Tax Act;

Contractor is allowed to do its accounting in American currency, more in particular US Dollars;

Contractor is obligated to draw up its annual income tax return in US Dollars and to pay the tax due in US Dollars;

Contractor is obligated with the income tax returns to add a detailed statement to show how its assessable profit has been composed and this in such manner that it is sufficiently clear which revenues ensue from the implementation of the contract and other revenues;

By virtue of Article 9, subsection 8 of the 1990 Petroleum Law, the income tax rate for the revenues obtained from the contract amounts to 36%. In the event the tax rate is amended, such amendment shall not apply to the contractor and it shall not affect its tax liability in pursuance of the 1922 Income Tax Act;

No withholding tax shall be levied on profit distributions by the permanent establishment in Suriname of contractor to a parent company or main office domiciled abroad;

The rights of contractor under the contract belong to the company capital of the company actually domiciled in Suriname or to the assets of the permanent establishment in Suriname. Upon selling the rights under the contract, the gains shall be taxed as capital gain in connection with the sale of such asset by virtue of the 1922 Income Tax Act;

Chapter XIV A, inspection of books and records, of the 1922 Income Tax Act, shall apply unimpaired to contractor;

Article 18 of the contract shall constitute part of this ruling.

I trust to have provided you with sufficient information.

Sincerely,

The Inspector of Direct Taxes

Note R = Row number as indicated in the first column

R	Description	2017	2018	2019	2020	2021
	GROSS INCOME					
1	Contractor profit oil (100% working interest example)	$126,991	$105,499	$89,031	$75,196	$62,971
2	Contractor cost recoverable expenses received (100% working interest example)	$37,324	$33,323	$29,909	$27,041	$24,507
3	Contractor share of surplus in Abandonment Fund (at end of Contract)	0	0	0	0	0
4	All other income of Contractor properly included in gross income under Suriname law (if any, different from R1, R2 or R3)	0	0	0	0	0
5	Contractor gross income (R1+R2+R3+R4)	$164,315	$138,822	$118,940	$102,237	$87,478
	DEDUCTIONS					
6	Contractor cost recoverable expenses received (100% working interest example)	$37,324	$33,323	$29,909	$27,041	$24,507
7	Available for deduction of non cost recoverable expenses (R5-R6)	$126,991	$105,499	$89,031	$75,196	$62,971
	NON COST RECOVERABLE EXPENSES					
8	Contractor non-cost recoverable exploration opex/capex (OCX)	0	0	0	0	0
9	All other Contractor non-cost recoverable expenses (e.g., finance charges not included in cost oil) (OCR)	$100	$100	$100	$100	$100
10	Carry forward for OCX and OCR (previous year R13)	0	0	0	0	0
11	Total (R8 + R9 + R10)	$100	$100	$100	$100	$100
12	Deduction in this year for OCX and OCR (if R7=0, then 0; if R11>R7, then R7; otherwise R11)	$100	$100	$100	$100	$100
13	Carry forward for OCX and OCR (R11 – R12)	0	0	0	0	0
	TAXABLE INCOME & TAX					
14	Contractor taxable income (R7-R12)	$126,891	$105,399	$88,931	$75,096	$62,871
15	Income tax rate 36%	36%	36%	36%	36%	36%
16	Income tax @ 36%	$45,681	$37,944	$32,015	$27,035	$22,634
17	Contractor net income after tax (R14-R16-R13)	$81,210	$67,455	$56,916	$48,061	$40,237

Form of Ruling 3

To:

Paramaribo,

Re: Ruling on the implementation of the provisions of the Petroleum Act 1990

On , ., a corporation organized and acting under the laws of the Netherlands (hereinafter "the contractor"), entered into a "Production Sharing Contract" (hereinafter: "the contract") with Staatsolie Maatschappij Suriname N.V. ("Staatsolie") for the exploration and exploitation of petroleum reserves in the Block 45, as described in Annex 1 and Annex 2 of the contract. For the implementation of the contract it is important, in advance, to be certain with regard to the interpretation of a number of provisions of the Petroleum Act 1990, as lastly amended by Official Gazette 2001 no 58. In this regard, we communicate to you the following.

The contractor will be exempt from import and export duties on imported and exported industrial means, materials, goods or equipment of whatever nature, which are used for petroleum activities. If these goods are imported by contractor, the exemption shall only be applicable if goods that are not the property of Staatsolie, either become the property of Staatsolie or are exported from Suriname, after termination of the petroleum activities.

The household goods belonging to the personnel of a contractor shall be exempt from import duties on their import into Suriname, provided that these articles have been used previously to their import and have been imported within six months after arrival of the person concerned. Items imported under this paragraph 2 and exempt from import duties may be exported without the payment of export duties.

Without prejudice to paragraphs 1 and 2 of this ruling, the contractor shall be bound by the provisions of the Appendix to the State Resolution of 4 August 1993.

The contractor shall be subject to the legal regulations concerning the statistics and consent duties for the import and export of goods on the proviso that the statistics and consent duties due in any calendar year shall not exceed an amount referenced in Article 4 of the State Resolution of 4 May 2005 (SB 2005, No. 52).

With the exception of statistics and consent duties, no further export duties, stamp duty or other provision, fee or tax will be levied or due in relation to the export of petroleum.

Sincerely,

The Director of Taxes,

Exhibit 10.22

DEED OF ASSIGNMENT AND TRANSFER

DATED 31 May 2012

KOSMOS ENERGY SURINAME
AND
CHEVRON SURINAME EXPLORATION LIMITED

THIS DEED is made on the 29th day of November, 2012

BETWEEN

KOSMOS ENERGY SURINAME, a Cayman Islands company with its registered offices at 4 th Floor Century Yard, Cricket Square, P.O. Box 32322, Georgetown, Grand Cayman KY1, 1209 (the "Assignor");

And

CHEVRON SURINAME EXPLORATION LIMITED, a Bermuda company with its primary offices at Chevron House, 11 Church Street, Hamilton, HM11 Bermuda (the **"Assignee");**

WHEREAS

1. The Assignor holds a one hundred percent (100%) Participating Interest in the Production Sharing Contracts pursuant to which Staatsolie Maatschappij Suriname N.V., on behalf of the Republic of Suriname granted the Assignor the sole and exclusive right to conduct Petroleum Operations in the Contract Area.

2. The Assignor has agreed to assign and transfer the Assigned Interests to the Assignee, being an undivided fifty percent (50%) Participating Interest in the Production Sharing Contracts.

3. Pursuant to the Production Sharing Contracts, Staatsolie must give its prior approval to the assignment and transfer under this Deed.

4. In order to effect the assignment and transfer of the Assigned Interests, and to obtain the required consent of Staatsolie, the Assignor and Assignee have agreed to enter into this Deed.

THIS DEED PROVIDES as follows:

1. DEFINITIONS

1.1. "Assets" means Kosmos' undivided 100% percent interest in all of the following:

(a) Asset Documents.

(b) All permits, authorizations, licenses or other rights related to the Assets; and

(c) All Data.

(d) The term "Assets" does not include agreements, documents, rights or data to the extent any of the following apply:

(1) The agreements, documents, rights or data that constitute Kosmos' proprietary technology or interpretations.

(2) The agreements, documents, rights or data that are owned or licensed by third parties or otherwise have contractual or legal restrictions on their deliverability or disclosure by Kosmos to any assignee that is not an affiliate of Kosmos.

1.2. “Asset Documents” means the agreements and documents through which the rights to conduct Petroleum Operations and all other rights related to the development and exploitation of the Contract Area are derived, including, but not limited to, the Production Sharing Contracts.

1.3. “Assigned Interests” means a fifty-percent (50%) Participating Interest in the Assets.

1.4. “Contract Area” means the offshore territory known as Blocks 42 and 45 located in the Republic of Suriname as defined in the Production Sharing Contracts.

1.5. “Data” means all files, records, documentation and data in the possession of Kosmos or its Affiliates that specifically relates to Kosmos’ ownership or rights in the Assets, including any correspondence, information and repo rts (including petroleum engineering, reservoir engineering, geological, geophysical and all other kinds of technical data and samples, well-logs, and analyses), any environmental assessments, safety records, governmental filings, and maps as such data is assembled in the normal course of business. The term “Data” does not include any of the fol lowing:

(a) Any files, records, documentation or data that Kosmos may not sell, transfer or otherwise dispose of as a result of confidentiality obligations by which it is bound or which cannot be provided to Chevron because such transfer is prohibited by the agreement under which it was acquired or by other legal restrictions or the rules of any securities exchange.

(b) Any corporate, financial, and tax records of Kosmos.

(c) Engineering forecasts, evaluations and reserve estimates.

(d) Interpretations of seismic data.

(e) Any files, records, documentation or data that have been archived or managed pursuant to Kosmos’ record management policies, provided that Kosmos shall use reasonable e fforts to make available to Chevron upon request any records in Kosmos’ possession that relate to the Assets and are reasonably required by Chevron for the purpose of responding to or defending any litigation or Claim relating to the Assets.

(f) Any files, records, documentation or data for which Kosmos claims legal privilege.

1.6. “Effective Date” means 31 May 2012 at 5:00 p.m. Central Daylight Savings Time

1.7. “Participating Interest” means an undivided percentage interest in Kosmos’ rights, privileges, duties and obligations of under the Production Sharing Contracts together with a corresponding interest in and under any other related agreement.

1.8. “Petroleum Operations” has the meaning given it in the Production Sharing Contracts.

1.9. “Production Sharing Contracts” means those agreements entered into on 13 December 2012 between Staatsolie and Kosmos through which Staatsolie granted Kosmos the sole and exclusive right to conduct petroleum operations within the Contract Area.

1.10 Staatsolie” means Staatsolie Maatschappij Suriname N.V. which is the state-oil company of the Republic of Suriname and a party to the Production Sharing Contracts.

2. INTERPRETATION

2.1 In this Deed:

(A) any reference to a **"Party"** or **"Parties"** means a party or both parties to this Deed, as appropriate;

(B) references to clauses, sub-clauses and schedules are to clauses, sub-clauses and schedules of this Deed;

2.2 All headings and titles are inserted for convenience only. They are to be ignored in the interpretation of this Deed.

Now, therefore, in consideration of the mutual covenants herein:

3. ASSIGNMENT

3.1 On and with effect from the Effective Date, the Assignor assigns and transfers all its rights, title, interest and benefit in and to the Assigned Interests to the Assignee.

3.2 On and with effect from the Effective Date, the Assignee accepts the assignment and transfer of the Assigned Interests from the Assignor.

3.3 On and with effect from the Effective Date, each of the Assignor and the Assignee assume the rights and obligations under the Production Sharing Contracts and agree to perform **all of the** terms and conditions contained in the Production Sharing Contracts on the basis that the Assignee, for its Participating Interest, has assumed and/or acquired the Assigned Interests in place of the Assignor.

3.4 Nothing in this Deed amends restricts or prejudices the rights, title, interests or benefits of the Assignor under the Production Sharing Contracts which have not been assigned and transferred to the Assignee hereunder.

4. **WARRANTIES**

4.1 Each of the Parties represents to the best of its knowledge and belief that the following statements attributable to it are accurate in all material respects as of the Effective Date:

4.1.1 The Assignor warrants to the Assignee that the Assignor has the lawful authority to execute this Deed of Assignment and Transfer.

4.1.2 The Assignor warrants to the Assignee that the Production Sharing Contracts remain in full force and effect.

4.1.3 The Assignor warrants to the Assignee that it has title to the Assets.

4.1.4 The Assignee warrants to the Assignor that the Assignee has the lawful authority to execute this Deed of Assignment and Transfer.

5. PARTIAL INVALIDITY

The illegality, invalidity or unenforceability of any provision of the Deed of Assignment and Transfer under any applicable law shall not affect its legality, validity or enforceability under any other law or the legality or enforceability of any other provision of this Deed of Assignment and Transfer.

6. FURTHER ASSURANCE

Each Party shall at its own cost, from time to time on request, do or procure the doing of all acts and things and execute or procure the execution of all documents in a form satisfactory to the other Parties (acting reasonably) which may be necessary or desirable for giving full effect to this Deed and securing to each Party the full benefit of the rights, powers and remedies conferred in this Deed.

7. GOVERNING LAW AND JURISDICTION

7.1 This Deed is to be governed by and construed in accordance with the law of the State of Texas, without regard to without regard to its choice of law rules. The United Nations Convention on Contracts for the International Sale of Goods, 1980 (known as "the Vienna Sales Convention") does not apply to this Agreement. Any matter, claim or dispute arising out of or in connection with this Deed, whether contractual or non-contractual, is to be governed by and determined in accordance with law.

7.2 The Parties irrevocably submit to and agree that the courts of Harris County, Texas shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this Deed or its subject matter or formation (including non-contractual disputes or claims).

8. COUNTERPARTS

This Deed may be executed in any number of counterparts, each of which will be deemed an original of this Deed, and which together will constitute one and the same instrument; provided that neither Party shall be bound to this Deed unless and until both Parties have executed a counterpart.

The Remainder of this page is **intentionally left blank**

This document has been executed as a Deed and is delivered on the date stated at the beginning of this Deed.

The Parties have executed this Deed in duplicate as evidenced by the following signatures of authorized representatives of the Pa rties:

KOSMOS ENERGY SURINAME:

Signature:

/s/ Thomas Fauria

Name: Thomas Fauria
Title: Vice President

ADDRESS FOR NOTICES:

Kosmos Energy Suriname
4[6] Floor Century Yard
Cricket Square,
P.O. Box 32322, Georgetown,
Grand Cayman KYI, 1209

cc: **Kosmos Energy, LLC**
8176 Park Lane
Suite 500
Dallas, TX 75231
Fax: 214-445-9705

Attention:
Jason Doughty
General Counsel
Email: jdoughty(@,kosmosenergy.com

Facsimile: 345-945-3241

CHEVRON SURINAME EXPLORATION LIMITED

Signature:

/s/Carlos Aguilera

Name: Carlos Aguilera
Title: Attorney-in-Fact

ADDRESS FOR NOTICES:

Chevron Suriname Exploration Limited
Chevron House, 11 Church Street,
Hamilton, HM 11 Bermuda

cc: **Chevron Africa and Latin America Exploration and Production Company (a division of Chevron U.S.A. Inc.)**
1400 Smith Street, 48`[h] Floor
Houston, TX 77002

Attention:
Carlos Aguilera
General Manager-Business Development
Email: agui@chevron.com

Mark Jones
General Counsel
Email: markjones@chevron.com
Facsimile: 713-372-6433

Exhibit 10.23

IRISH CONTINENTAL SHELF

PETROLEUM EXPLORATION LICENCE NO. 1/13 (FRONTIER)

GRANTED BY THE MINISTER OF STATE AT THE DEPARTMENT OF
COMMUNICATIONS, ENERGY AND NATURAL RESOURCES

IRISH CONTINENTAL SHELF

PETROLEUM EXPLORATION LICENCE 1/13 (FRONTIER)

1. The Minister of State at the Department of Communications, Energy and Natural Resources (hereinafter referred to as "the Minister") hereby grants to:

   - **Kosmos Energy Ireland** having its registered office at c/o Wilmington Trust (Cayman Islands), 4th Floor, Century Yard, Cricket Square, Hutchins Drive, Elgin Avenue, George Town, KY1-1209, Cayman Islands.

   - **Antrim Exploration (Ireland) Ltd** having its registered office at 6, Northbrook Road, Dublin 6, Ireland

   (hereinafter referred to as "the licensees") and the licensees hereby accept an exploration licence under Section 8 of the Petroleum and Other Minerals Development Act, 1960, as applied by Section 4(2) of the Continental Shelf Act, 1968, in respect of the area described herein and subject to the provisions hereof.

2. The licensees have agreed to engage in searching for petroleum in the area described in paragraph 3 (hereinafter referred to as "the licensed area") and in carrying out the obligations which are to be observed and performed by the licensees under this licence, in consideration whereof this licence vests in the licensees with effect from **5 July 2013** the exclusive right of searching for petroleum in the licensed area so long as the licence is valid.

3. The licensed area comprises Blocks Nos. 44/4(p). 44/5(p), 44/9(p), 44/10, 44/14(p) and 44/15(p) (numbered according to the Williams Grid) in the offshore area designated under the Continental Shelf (Designated Areas) Order, 1993 (S.l. No. 92 of 1993), the Continental Shelf (Designated Areas) Order, 2001(S.I. No.657 of 2001) and the Continental Shelf (Designated Areas) Order, 2009 (S.l. No. 163 of 2009) respectively within the co-ordinates set out in **Appendix 1** comprising a total area of **1051.75** square kilometres or thereabouts and shown coloured mauve on the map annexed hereto.

4. This licence is subject to the provisions set out herein and to the Licensing Terms for Offshore Oil and Gas Exploration, Development & Production 2007 (hereinafter referred to as "the Licensing Terms") with particular reference to Frontier Exploration Licence authorisations and the General Provisions respectively. A copy of the said Licensing Terms, authenticated under the official seal of the Minister, has been delivered to the licensees. The said Licensing Terms are incorporated in and form part of this licence.

5. Pursuant to the Licensing Terms, the licence, being a Frontier Exploration Licence, shall be valid for the period fifteen years from 5 July 2013 to 4 July 2028 unless surrendered or revoked, and shall be divided into four phases as follows:-

First phase -	5 July. 2013 to 4 July, 2016
Second phase -	5 July, 2016 to 4 July, 2020
Third phase	5 July. 2020 to 4 July, 2024
Fourth phase -	5 July. 2024 to 4 July, 2028

6. The licensees shall, during the first phase of the licence, carry out the programme of exploration operations provided for. by or under the Licensing Terms and described in Appendix 2 hereto in respect of the area covered by the licence.

7. In accordance with paragraph 19 (4 f of the Licensing Terms, the licensees shall pay annual contributions to petroleum research programmes as directed by the Minister to support the funding of research and applied research projects that have the aim of developing knowledge of the Irish offshore with a view to assisting in promoting exploration and development activity.

Until otherwise directed by the Minister this condition will be fulfilled by:

1) participating in the Petroleum Exploration and Production Promotion and Support programme (PEPPS) through its Irish Shelf Petroleum Study Group (ISPSG) by contributing €87,361 per licence per annum;

2) participating in Petroleum Exploration and Production Promotion and Support (PEPPS) through its Expanded Offshore Suppo rt Group (EOSG) or its successor by making a single contribution of €17,472 per company per annum.

Contributions to ISPSG and EOSG, which will be payable on award of this licence and thereafter on the anniversary date of award, will be subject to an annual adjustment in line with movements in the Consumer Price Index (CPI).

8. The Minister, on application by the licensees, shall, in accordance with the Licensing Terms, grant a petroleum lease to the licensees in respect of a petroleum field discovered in the licensed area or enter into an undertaking with the licensees to grant a petroleum lease in respect of a petroleum field discovered in the licensed area.

APPENDIX 1

Co-ordinates of area reserved for Kosmos Energy Ireland and **Antrim Exploration (Ireland) Ltd in respect of Frontier Exploration Licence** 1/13 **over Blocks 44/4(p), 44/5(p), 44/9(p), 44/10, 44/14(p) and 44/15(p) in the Porcupine Basin.**

1. 52°00’00” N, 12°06’00” W
2. 52°00’00” N, 12°10’47” W
3. 51°58’47” N, 12°10’47” W
4. 51°5847” N, 12°20’58” W
5. 51°52’41” N, 12°20’58” W
6. 51(0)5241” N, 12°19’41” W
7. 51°47’52” N, 12°19’41” W
8. 51°47’52” N, 12°21’55” W
9. 51°37’14” N, 12°21’55” W
10. 51°37’14” N, 12°20’07” W
11. 51°36’44” N, 12°20’07” W
12. 51°36’44” N, 12(0)18’33[1] W
13. 51°35’27” N, 12°18’33” W
14. 51°35’27” N, 12°10’21” W
15. 51°33’16” N, 12°10’21” W
16. 51°33’16” N, 12°08’23” W
17. 51°30’00” N, 12°08’23” W
18. 51°30’00” N, 12°00’00” W
19. 51°50’00” N, 12°00’00” W
20. 51°50’00” N. 12°06’00” W

1. 52°00’00” N, 12°06’00” W

The area covers **1051.75** square kilometres.

APPENDIX 2

Work Programme Conditions of Frontier Exploration Licence FEL 1/13
(being a follow-on licence to Licensing Option 11/5)

The licensees will, during the first phase of the licence:-

I. Acquire a minimum of 1050km(2) full-fold 3D seismic data together with marine gravity and magnetic data.

2. Process the new 3D seismic data, to include Pre Stack Time Migration (PSTM) processing.

3. Should geological uncertainties require depth risk reduction, perform Pre Stack Depth Migration (PSDM) reprocessing of the new 3D seismic data.

4. Perform AVO and attribute analysis of new 3D seismic data as well as seismic inversion and frequency and spectral decomposition of the data.

5. Integrate and interpret the new 3D seismic data with existing data.

6. Carry out geological mapping; seismic and depositional facies analysis; and prospect fairway analysis.

7. Perform source rock maturity and hydrocarbon charge modelling.

8. Map and prioritise leads and prospects and perform prospect resource analysis.

9. Perform other G&G studies as required.

10. Complete nominal well design and field development economics.

11. Integrate the work from 1 to 10 above into a play and prospect assessment for the full prospective section of the entire licence area and make it available to Petroleum Affairs Division of the Department of Communications, Energy and Natural Resources, 29 — 31 Adelaide Road, Dublin 2 in the form of a written report and presentation at least three months before the end of the first phase of the licence.

Map of area licensed area under FEL 1/13

IN WITNESS whereof the Official Seal of the **Minister for Communications, Energy and Natural Resources** and the seals of the licensees have been affixed hereto on the dates respectively indicated.

PRESENT when the Official Seal of the **Minister for Communications, Energy and Natural Resources** was affixed hereto and authenticated by the signature of Ciaràn Ō. Hōbàin

on the 28 day of August, 2013
a person authorised in that behalf.

/s/ Ciaràn Ō. Hōbàin

A person authorised under Section 15(1) of the Ministers and Secretaries Act, 1924 to authenticate the seal of the said Minister

WITNESS: Bill Morrissey
ADDRESS: DLENR
29-31 Adelaide Rd
OCCUPATION: Civil Servant

PRESENT when the seal of

Kosmos Energy Ireland was affixed hereto

Director: /s/ W. Greg Dunleavy

Director: /s/ Brian Maxted

on the 7th day of August 2013

PRESENT when the seal of **Antrim Exploration (Ireland) Ltd** was affixed hereto

Director: /s/ Director of Antrim Exploration (Ireland) Ltd

Director: /s/ Director of Antrim Exploration (Ireland) Ltd

on the 16 day of August 2013

Exhibit 10.24

IRISH CONTINENTAL SHELF

PETROLEUM EXPLORATION LICENCE NO. 2/13 (FRONTIER)

GRANTED BY THE MINISTER OF STATE AT THE DEPARTMENT OF
COMMUNICATIONS, ENERGY AND NATURAL RESOURCES

IRISH CONTINENTAL SHELF

PETROLEUM EXPLORATION LICENCE 2/13 (FRONTIER)

1. The Minister of State at the Department of Communications, Energy and Natural Resources (hereinafter referred to as "the Minister") hereby grants to:

- **Kosmos Energy Ireland** having its registered office at c/o Wilmington Trust (Cayman Islands), 4th Floor, Century Yard, Cricket Square, Hutchins Drive, Elgin Avenue, George Town, KY1-1209, Cayman Islands.

- **Europa Oil and Gas (Holdings) Pk.** having its registered office at 6 Porter Street, London, W1U 6DD, United Kingdom

(hereinafter referred to as "the licensees") and the licensees hereby accept an exploration licence under Section 8 of the Petroleum and Other Minerals Development Act, 1960, as applied by Section 4(2) of the Continental Shelf Act, 1968, in respect of the area described herein and subject to the provisions hereof.

2. The licensees have agreed to engage in searching for petroleum in the area described in paragraph 3 (hereinafter referred to as "the licensed area") and in carrying out the obligations which are to be observed and performed by the licensees under this licence, in consideration whereof this licence vests in the licensees with effect from 5 July 2013 the exclusive right of searching for petroleum in the licensed area so long as the licence is valid.

2. The licensed area comprises Blocks Nos. 43/9, 43/10(p), 43/14 and 43/15(p) (numbered according to the Williams Grid) in the offshore area designated under the Continental Shelf (Designated Areas) Order, 1993 (Si. No. 92 of 1993), the Continental Shelf (Designated Areas) Order, 2001(S.í. No.657 of 2001) and the Continental Shelf (Designated Areas) Order, 2009 (S.l. No. 163 of 2009) respectively within the co-ordinates set out in **Appendix 1** comprising a total area of **768.02** square kilometres or thereabouts and shown coloured mauve on the map annexed hereto.

3. This licence is subject to the provisions set out herein and to the Licensing Terms for Offshore Oil and Gas Exploration, Development & Production 2007 (hereinafter referred to as "the Licensing Terms") with particular reference to Frontier Exploration Licence authorisations and the General Provisions respectively. A copy of the said Licensing Terms, authenticated under the official seal of the Minister, has been delivered to the licensees. The said Licensing Terms are incorporated in and form part of this licence.

5. Pursuant to the Licensing Terms, the licence, being a Frontier Exploration Licence, shall be valid for the period fifteen years from **5 July 2013 to 4 July 2028** unless surrendered or revoked, and shall be divided into four phases as follows:-

First phase -	5 July, 2013 to 4 July, 2016
Second phase	5 July, 2016 to 4 July, 2020
Third phase -	5 Jul), 2020 to 4 July, 2024
Fourth phase -	5 July, 2024 to 4 July, 2028

6. The licensees shall, during the first phase of the licence, carry out the programme of exploration operations provided for, by or under the Licensing Terms and described in **Appendix 2** hereto in respect of the area covered by the licence.

7. In accordance with paragraph 19 (4} of the Licensing Terms, the licensees shall pay annual cont ributions to petroleum research programmes as directed by the Minister to suppo rt the funding of research and applied research projects that have the aim of developing knowledge of the I rish offshore with a view to assisting in promoting exploration and development activity.

Until otherwise directed by the Minister this condition will be fulfilled by:

1) participating in the Petroleum Exploration and Production Promotion and Support programme (PEPPS) through its Irish Shelf Petroleum Study Group (ISPSG) by contributing €87,361 per licence per annum;

2) participating in Petroleum Exploration and Production Promotion and Support (PEPPS) through its Expanded Offshore Support Group (EOSG) or its successor by making a single contribution of €17,472 per company per annum.

Contributions to ISPSG and EOSG, which will be payable on award of this licence and thereafter on the anniversary date of award, will be subject to an annual adjustment in line with movements in the Consumer Price Index (CPI).

S. The Minister, on application by the licensees, shall, in accordance with the Licensing Terms, grant a petroleum lease to the licensees in respect of a petroleum field discovered in the licensed area or enter into an undertaking with the licensees to grant a petroleum lease in respect of a petroleum field discovered in the licensed area.

APPENDIX. 1

Co-ordinates of area reserved for Kosmos Energy Ireland and Europa Oil and Gas (Holdings) Plc. in respect of Frontier Exploration Licence 2/13 within Blocks 43/9, 43/10(p), 43/14 and 43/15(p) in the Porcupine Basin.

1. 51°50’00” N, 13°07’37” W
2. 51°50’00” N, 13°24’00[1]’W
3. 51°30’00” N, 13°24’00” W
4. 51°30’00” N, 13°10’29” W
5. 51’32’40” N, 13°10’29” W
6. 51°32’40” N, 13°04’28” W
7. 51°45’05” N, 13°04’28” W
8. 51°45’05” N, 13°07’37” W
1. 51°50’00” N, 13°07’37” W

Area: **768.0209** km2

APPENDIX 2

Work Programme Conditions of Frontier Exploration Licence FEL 2/13
(being a follow-on licence to Licensing Option 11/7)

The licensees will, during the first phase of the licence:-

1. Acquire a minimum of 740km^2 full-fold 3D seismic data together with marine gravity and magnetic data.

2. Process the new 3D seismic data, to include Pre Stack Time Migration (PSTM) processing.

3. Should geological uncertainties require depth risk reduction, perform Pre Stack Depth Migration (PSDM) reprocessing of the new 3D seismic data.

4. Perform AVO and attribute analysis of new 3D seismic data as well as seismic inversion and frequency and spectral decomposition of the data.

5. Integrate and interpret the new 3D seismic data with existing data.

6. Carry out geological mapping; seismic and depositional facies analysis; and prospect fairway analysis.

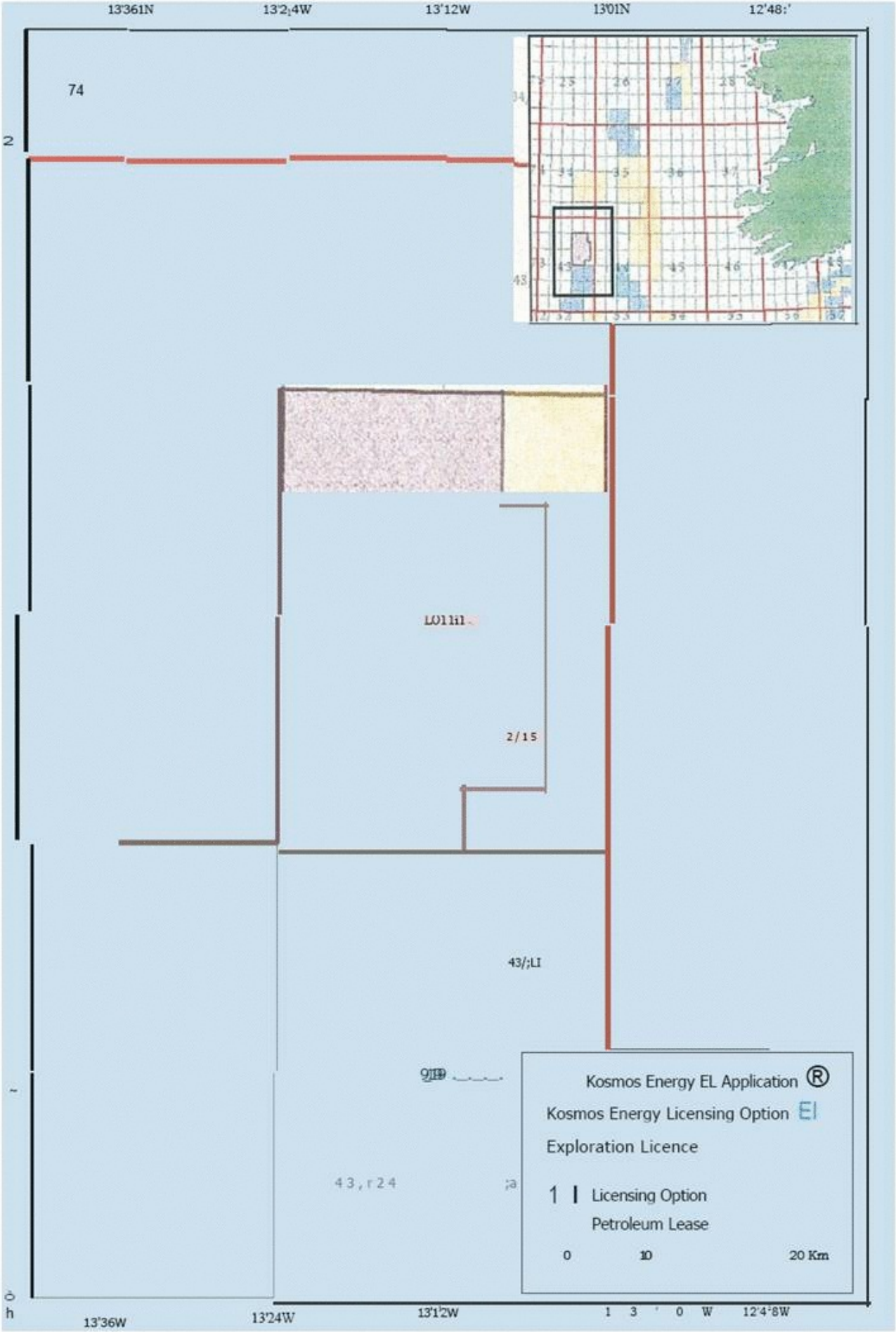
7. Perform source rock maturity and hydrocarbon charge modelling.

S. Map and prioritise leads and prospects and perform prospect resource analysis.

9. Perform other G&G studies as required.

10. Integrate the work at 1 to 9 above into a play and prospect assessment for the full prospective section of the entire licence area and make it available to Petroleum Affairs Division, Department of Communications, Energy and Natural Resources, 29 — 31 Adelaide Road, Dublin 2 in the form of a written report and presentation at least three months before the end of the first phase of the licence.

Man of area licensed area under FEL 2/13


13'361N
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13'12W
13'01N
12'48:'
74
2/15
43/;LI
43,r24
Kosmos Energy EL Application ®
Kosmos Energy Licensing Option EI
Exploration Licence
1 | Licensing Option
Petroleum Lease
0
10
20 Km
13'36W
13'24W
13'1'2W
1 3 ' 0 W
12'4'8W

Figure 1: Map of FEL application area

IN WITNESS whereof the Official Seal of the **Minister for Communications, Energy and Natural Resources** and the seals of the licensees have been affixed hereto on the dates respectively indicated

PRESENT when the Official Seal of the **Minister for Communications, Energy and Natural Resources** was affixed hereto and authenticated by the signature of

Ciaràn Ō. Hōbàin

on the 23 day of August, 2013)
a person authorised in that behalf.)
) /s/ Ciaràn Ō. Hōbàin
)
) A person authorised under Section 15(1) of the Ministers and Secretaries
WITNESS: Phillip McMahon)
ADDRESS: Dept. Communications Energy and Natural Resources
OCCUPATION: Civil Servant

PRESENT when the seal of
Kosmos Energy Ireland was affixed hereto

on the 7th day of August 2013

Director: /s/ W. Greg Dunlevy
Director: /s/ Brian Maxted

PRESENT when the seal of
Europa Oil and Gas (Holdings) Plc. was affixed hereto

on the 21 day of August 2013

Director: /s/ Director of Europa Oil and Gas (Holdings) Plc.
Director: /s/ Director of Europa Oil and Gas (Holdings) Plc.

Exhibit 10.25

IRISH CONTINENTAL SHELF

PETROLEUM EXPLORATION LICENCE NO. 3/13 (FRONTIER)

GRANTED BY THE MINISTER OF STATE AT THE DEPARTMENT OF
COMMUNICATIONS, ENERGY AND NATURAL RESOURCES

IRISH CONTINENTAL SHELF

PETROLEUM EXPLORATION LICENCE 3/13 (FRONTIER)

1. The Minister of State at the Department of Communications, Energy and Natural Resources (hereinafter referred to as "the Minister") hereby grants to:

- **Kosmos Energy Ireland** having its registered office at c/o Wilmington Trust (Cayman IsIands), 4th Floor, Century Yard, Cricket Square, Hutchins Drive, Elgin Avenue, George Town, KY1-1209, Cayman Islands.

- **Europa Oil and Gas (Holdings) Plc.** having its registered office at 6 Porter Street, London, W1U 6DD, United Kingdom

(hereinafter referred to as "the licensees") and the licensees hereby accept an exploration licence under Section 8 of the Petroleum and Other Minerals Development Act, 1960, as applied by Section 4(2) of the Continental Shelf Act, 1968, in respect of the area described herein and subject to the provisions hereof.

2. The licensees have agreed to engage in searching for petroleum in the area described in paragraph 3 (hereinafter referred to as "the licensed area") and in carrying out the obligations which are to be observed and performed by the licensees under this licence, in consideration whereof this licence vests in the licensees with effect from 5 July 2013 the exclusive right of searching for petroleum in the licensed area so long as the licence is valid.

2. The licensed area comprises Blocks Nos. 54/1(p), 54/2, 5416(p) and 54/7 (numbered according to the Williams Grid) in the offshore area designated under the Continental Shelf (Designated Areas) Order, 1993 (S.I. No. 92 of 1993), the Continental Shelf (Designated Areas) Order, 2001(S.I. No.657 of 2001) and the Continental Shelf (Designated Areas) Order, 2009 (S.I. No. 163 of 2009) respectively within the coordinates set out in **Appendix 1** comprising a total area of **781.97** square kilometres or thereabouts and shown coloured mauve on the map annexed hereto.

3. This licence is subject to the provisions set out herein and to the Licensing Terms for Offshore Oil and Gas Exploration, Development & Production 2007 (hereinafter referred to as the Licensing Terms") with particular reference to Frontier Exploration Licence authorisations and the General Provisions respectively. A copy of the said Licensing Terms, authenticated under the official seal of the Minister, has been delivered to the licensees. The said Licensing Terms are incorporated in and form part of this licence.

5. Pursuant to the Licensing Terms, the licence, being a Frontier Exploration Licence, shall be valid for the period fifteen years from. **5** July **2013** to **4 July 2028** unless surrendered or revoked, and shall be divided into four phases as follows:-

First phase -	5 July, 2013 to 4 July, 2016
Second phase -	5 July, 2016 to 4 July, 2020
Third phase -	5 July, 2020 to 4 July, 2024
Fourth phase -	5 July, 2024 to 4 July, 2028

6. The licensees shall, during the first phase of the licence, carry out the programme of exploration operations provided for, by or under the Licensing Terms and described in **Appendix 2** hereto in respect of the area covered by the licence.

7. In accordance with paragraph 19 (4'1 of the Licensing Terms, the licensees shall pay annual cont ributions to petroleum research programmes as directed by the Minister to suppo rt the funding of research and applied research projects that have the aim of developing knowledge of the I rish offshore with a view to assisting in promoting exploration and development activity.

Until otherwise directed by the Minister this condition will be fulfilled by:

1) participating in the Petroleum Exploration and Production Promotion and Suppo rt programme (PEPPS) through its Irish Shelf Petroleum Study Group (ISPSG) by contributing €87,361 per licence per annum;

2) participating in Petroleum Exploration and Production Promotion and Support (PEPPS) through its Expanded Offshore Support Group (EOSG) or its successor by making a single contribution of €17,472 per company per annum Contributions to ISPSG and EOSG. which will be payable on award of this licence and thereafter on the anniversary date of award, will be subject to an annual adjustment in line with movements in the Consumer Price Index (CPI).

8. The Minister, on application by the licensees, shall, in accordance with the Licensing Terms, grant a petroleum lease to the licensees in respect of a petroleum field discovered in the licensed area or enter into an undertaking with the licensees to grant a petroleum lease in respect of a petroleum field discovered in the licensed area.

APPENDIX 1

Co-ordinates of the area granted to Kosmos Energy Ireland and Europa Oil and Gas (Holdings) Plc. in respect of Frontier Exploration Licence 3/13 within Blocks 54/1(p), 54/2, 54/6(p) and 5417 in the Porcupine Basin.

1. 51°00’00” N, 11°36’00” W
2. 51°00’00” N, 11°51’14” W
3. 50°59’12” N, 11°51’14” W
4. 50°59’12” N, 11°56’44” W
5. 50°54’00” N, 11°56’44” W
6. 50°54’00” N, 11°55’03” W
7. 50°50’57” N, 11°55’03” W
8. 50°50’57” N, 11°53’49” W
9. 50°49’37” N, 11°53’49” W
10. 50°49’37” N, 11°53’12” W
11. 50°47’22” N, 11°53’12” W
12. 50°47’22” N. 11°52’29” W
13. 50°41’49” N, 11°52’29’’ W
14. 50°41’49” N, 11°50’58” W
15. 50°40’00” N, 11°50’58” W
16. 50°40’00” N, 11°36’00” W
1. 51°00’00” N, 11°36’00” W

Area: 781.968 km2

APPENDIX 2

Work Programme Conditions of Frontier Exploration Licence FEL 3/13
(being a follow-on licence to Licensing Option 11/8)

The licensees will, during the first phase of the licence:-

1. Acquire a minimum of 740km^2 full-fold 3D seismic data together with marine gravity and magnetic data.

2. Process the new 3D seismic data, to include Pre Stack Time Migration (PSTM) processing.

3. Should geological uncertainties require depth risk reduction, perform Pre Stack Depth Migration (PSDM) reprocessing of the new 3D seismic data.

4. Perform AVO and attribute analysis of new 3D seismic data as well as seismic inversion and frequency and spectral decomposition of the data.

5. Integrate and interpret the new 3D seismic data with existing data.

6. Carry out geological mapping; seismic and depositional facies analysis; and prospect fairway analysis.

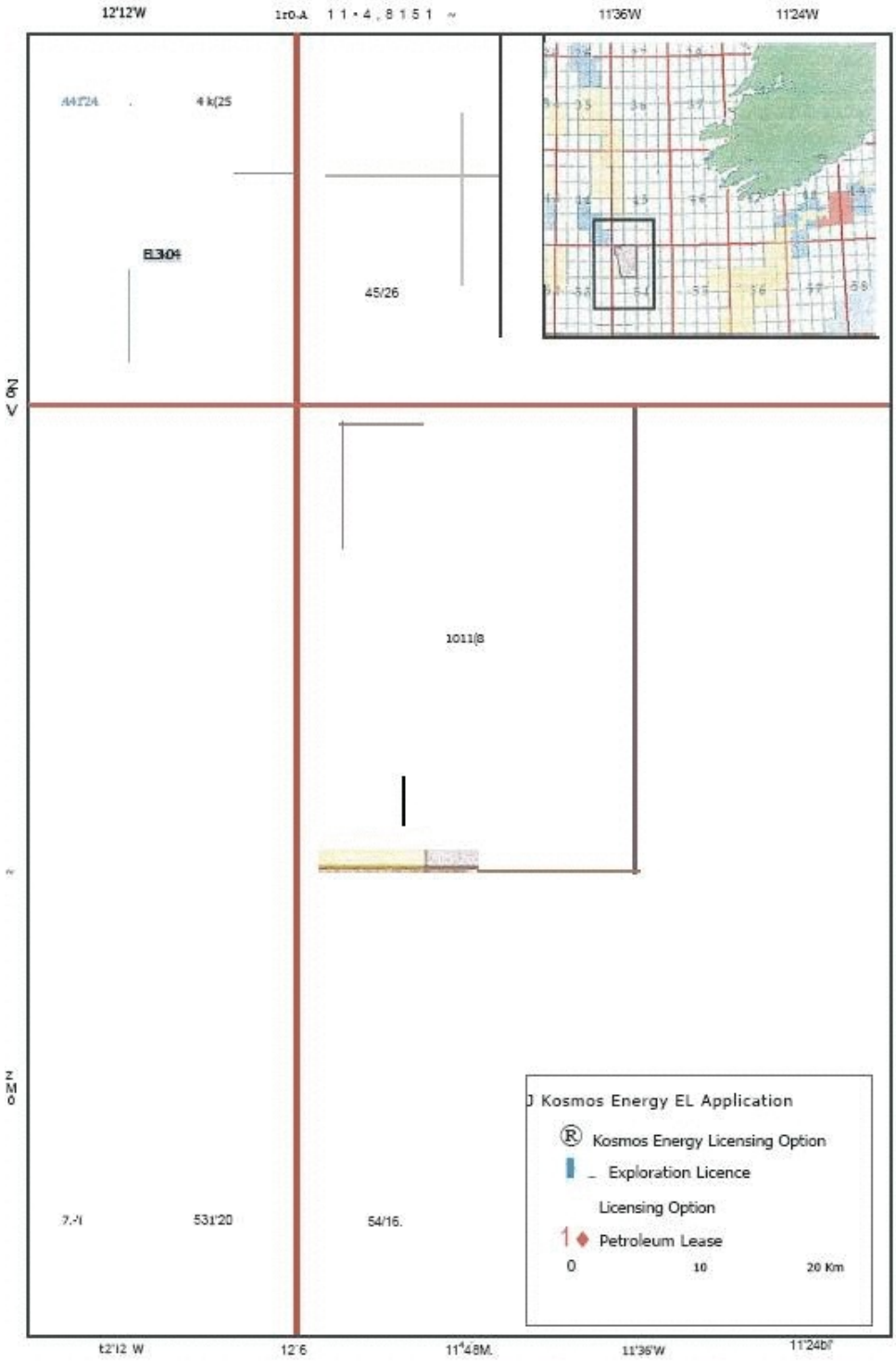
7. Perform source rock maturity and hydrocarbon charge modelling.

8. Map and prioritise leads and prospects and perform prospect resource analysis.

9. Perform other G&G studies as required.

10. Integrate the work at 1 to 9 above into a play and prospect assessment for the full prospective section of the entire licence area and make it available to Petroleum Affairs Division, Department of Communications, Energy and Natural Resources, 29 — 31 Adelaide Road, Dublin 2 in the form of a written report and presentation at least three months before the end of the first phase of the licence.

Map of area licensed area under FEL 3/13



IN WITNESS whereof the Official Seal of the **Minister for Communications, Energy and Natural Resources** and the seals of the licensees have been affixed hereto on the dates respectively indicated.

PRESENT when the Official Seal of the
Minister for Communications,
Energy and Natural Resources was
affixed hereto and authenticated by the
signature of

Ciaràn Ō. Hōbàin

on the 23 day of August, 2013
a person authorised in that behalf

)
)
)
)

/s/ Ciaràn Ō. Hōbàin

A person authorised under Section 15(1) of the Ministers and Secretaries Act, 1924 to authenticate the seal of the said Minister

WITNESS: Phillip McMahon
ADDRESS: Dept. Communications Energy and Natural Resources
OCCUPATION: Civil Servant

PRESENT when the seal of
Kosmos Energy Ireland was affixed
hereto

on the 7th day of August 2013

Director: /s/ W. Greg Dunlevy

Director: /s/ Brian Maxted

PRESENT when the seal of
Europa Oil and Gas (Holdings) Plc. was
affixed hereto

on the 21 day of August 2013

Director: /s/ Director of Europa Oil and Gas (Holdings) Plc.

Director: /s/ Director of Europa Oil and Gas (Holdings) Plc.

Exhibit 10.26

LICENSING TERMS

for

OFFSHORE OIL and GAS

EXPLORATION, DEVELOPMENT

& PRODUCTION

2007

**DEPARTMENT OF COMMUNICATIONS, ENERGY
AND NATURAL RESOURCES**

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Part I

Application procedures

1. Authorisations

(1) In accordance with the statutory powers and functions of the Minister for Communications, Energy and Natural Resources, "the Minister" may grant the authorisations listed in paragraph (2) below. The principal relevant statute is the Petroleum and Other Minerals Development Act, 1960. All authorisations granted by the Minister shall be subject to the conditions contained hereinafter.

(2) The authorisations are:-

(a) Petroleum Prospecting Licence issued under Section 9(1) of the Act;
(b) Undertaking to grant an Exploration Licence ("Licensing Option") issued under Section 7(1) of the Act;
(c) Exploration Licence issued under Section 8(1) of the Act;
(d) Undertaking to grant a Petroleum Lease ("Lease Undertaking") issued under Section 10(1) of the Act;
(e) Petroleum Lease issued under Section 13(1) of the Act; and
(f) Reserved Area Licence issued under Section 19(1) of the Act.

(3) Applications for any authorisation shall be accepted from companies incorporated under the laws of a Member State of the European Union or from foreign companies.

(4) The holder of an authorisation other than a Petroleum Prospecting Licence must have a permanent representation in Ireland which is authorised to act on behalf of the holder of the authorisation and to enter into binding commitments in its name.

(5) The receipt of an application will not create any obligation on the part of the Minister to grant any authorisation.

2. Areas to which terms apply

(1) These terms apply to the Irish offshore comprising the territorial waters of the State and offshore areas designated by Order from time to time under the Continental Shelf Act, 1968.

(2) The Irish offshore is divided into numbered quadrants of the Williams Grid, measuring 1o of latitude by 1o of longitude, each quadrant being divided into 30 numbered blocks.

(3) A map of this area may be viewed at the following link http://www.dcmnr.gov.ie/NR/rdonlyres/B64D3369-AE80-499D8B2D-FA333A9C1210/0/A0 Concession Map May2007.pdf, or by request from The Secretary General, Department of Communications, Energy and Natural Resources.

(4) The Minister may from time to time determine that certain areas of the Irish offshore shall be classified as "Open Areas" while other areas will be classified as "Closed Areas". In the case of Open Areas, applications for exploration licences and licensing options may be made at any time. In the case of Closed Areas, applications for these authorisations may only be made pursuant to an announcement by the Minister that the area in question is being opened for licensing.

3. Criteria for consideration of applications

In considering an application the Minister will take the following into account having regard to the authorisation applied for:

(a) the work programme proposed by the applicant;
(b) the technical competence and offshore experience of the applicant;
(c) the financial resources available to the applicant;
(d) the applicant's policy to health, safety and the environment; and
(e) where relevant, previous performance by the applicant under any authorisations to which the applicant has been a party.

4. Information on applicant to be supplied with application

(1) An application shall provide (in the case of an application made by a group of companies, in respect of each participant):

(a) the name, address and contact details of the applicant including details of the person who will serve as liaison with the Irish authorities;
(b) a copy of the charter or constitution of the applicant;
(c) information concerning the applicant's place of registration, its principal place of business, its board of directors, its share capital and shareholdings;
(d) information as to the form of the organisation, including, details of parent, subsidiary and group companies;
(e) annual reports for the previous two years together with copies of annual accounts including balance sheets and the profit and loss accounts for the same period;
(f) information as to the manner in which exploration and development activities are to be financed and performance guaranteed;
(g) in the case of an application for an Exploration Licence, Reserved Area Licence or Petroleum Lease, confirmation that the applicant is chargeable, in accordance with the laws of Ireland, to tax in respect of profits and gains arising from, or connected with, exploration or exploitation activities carried out in a designated area or from exploration or exploitation rights;
(h) information concerning the applicant's previous experience in

exploration for and exploitation of petroleum;

(i) information concerning any authorisation previously issued by the Minister to the applicant or to which the applicant was a party;

(j) a statement detailing the applicant's policy towards health and safety; and

(k) a statement detailing the applicant's policy towards the environment.

(2) Additional information may be sought by the Minister following the receipt of applications.

5. Information on work programme to accompany application

(1) Each application shall be accompanied, where appropriate, by:

(a) a statement describing the area(s) to which the application applies;

(b) information as to the geological, geophysical and other data upon which the application is based, accompanied by a comprehensive technical assessment of this data;

(c) a detailed description of the work programme which the applicant proposes to carry out. In the case of an application for an Exploration Licence or Reserved Area Licence, the information to be provided will be consistent with the phased nature of the Licence and shall in any event include a detailed description of the programme proposed for the first phase of the Licence together with the timelines for the works proposed and the associated budget; and

(d) a statement as to the applicant's organisational and operational structures for effecting the proposed work programme.

(2) Additional information may be sought by the Minister following receipt of the above information.

6. Duration

In the case of an application for a Licensing Option, Lease Undertaking or a Petroleum Prospecting Licence, the application must specify the duration of the authorisation that is being applied for.

7. Fees

Details of application fees and rental fees are provided at Appendix 1.

Part II

Provisions relating to specific authorisations

PETROLEUM PROSPECTING LICENCE

8. Rights of licensee

A Petroleum Prospecting Licence will be expressed and operate to confer on the licensee the right to search for petroleum in any part of the Irish offshore which is not subject of an Exploration Licence, Reserved Area Licence or Petroleum Lease granted to another party.

9. Duration of Petroleum Prospecting Licence

(1) A Petroleum Prospecting Licence may be granted for a period of up to three years. Where a licence has been granted for a period of less than three years the Minister may grant a continuation of that licence beyond the period for which it was issued. The overall duration of the licence, including any such extension, may not exceed the maximum period of three years.

(2) An application for an extension must be made in writing to the Minister not later than three months before the expiry of a Petroleum Prospecting Licence.

10. Right to surrender a Petroleum Prospecting Licence

The licensee shall have the right at any time to surrender a Petroleum Prospecting Licence by giving the Minister one month's notice in writing.

LICENSING OPTION

11. Rights of Licensing Option holder

Each Licensing Option will confer upon the Option holder the first right, exercisable at any time during the period of the Option, to an Exploration Licence or Licences over all or part of the area covered by the Option.

12. Area of Licensing Option

Each Licensing Option shall be in respect of a specified area to be agreed with the Minister, with particular reference to the work programme proposed by the applicant and which is not then subject to an existing authorisation other than a Petroleum Prospecting Licence. The area of a Licensing Option shall be expressed in terms of blocks and/or part blocks of the Williams Grid.

13. Terms and conditions of Licensing Option

Each Licensing Option shall be subject to:-

(a) the performance of a work programme agreed with the Minister; and

(b) the holder of the Licensing Option being the holder of a Petroleum Prospecting Licence during the full period of the Licensing Option.

14. Duration of Licensing Option

(1) The duration of a Licensing Option shall be determined by the work programme agreed with the Minister. A Licensing Option may be awarded for a period of up to three years. Where an Option has been awarded for a period of less than three years the Minister may grant a continuation of that option beyond the period for which it was issued where the Minister is satisfied that this would be in the public interest. The overall duration of an option, including any such extension, may not exceed a maximum period of three years.

(2) An application for an extension of a Licensing Option should be made in writing to the Minister not later than three months before the expiry of the Licensing Option.

EXPLORATION LICENCE

15. Rights of licensee

(1) Each Exploration Licence shall be expressed and operate to vest in the licensee the exclusive right of searching for petroleum in the area to which the Exploration Licence applies.

(2) Under special circumstances the Minister may authorise the holder of an authorisation applicable to adjacent areas to engage in such limited exploration in the licensed area as may be deemed necessary to obtain sufficient knowledge about the geological conditions in said adjacent areas. After the licensee has had an opportunity to present its views, the Minister may determine what operations may be carried out in which areas and during what period of time the exploration shall be permitted.

16. Categories of Exploration Licence

(1) There are three categories of Exploration Licence that may be granted by the Minister:

(a) a Standard Exploration Licence may be granted in respect of an area with water depths up to 200 metres;
(b) a Deepwater Exploration Licence may be granted in respect of an area where the water depth in any part of the area exceeds 200 metres; and
(c) a Frontier Exploration Licence may be granted in respect of an area with special difficulties relating to physical environment, geology or technology and which is specified and announced from time to time by the Minister as a "Frontier Area".

(2) Each Exploration Licence shall cover an area, to be agreed with the Minister, with particular reference to the work programme proposed by the applicant. The area of an Exploration Licence shall be expressed in terms of blocks and/or part blocks of the Williams Grid.

(3) The overall acreage of an Exploration Licence may be extended where the Minister is of the opinion that it would be in the public interest to do so in order to encourage effective exploration.

17. Standard Exploration Licence

(1) **Duration of Licence**

The Licence shall be valid for a period of six years divided into two phases of three years each.

(2) **Exploration obligations**

(a) During the first phase of a Licence the licensee shall undertake, in respect of the area covered by the Licence, an exploration programme which shall be agreed with the Minister before the issue of the Licence. That work programme shall include the drilling of an exploration well.

(b) At least three months before the end of the first phase of a licence, a work programme for the second phase shall be proposed by the licensee for the approval of the Minister.

(3) **Surrender of acreage**

At the end of the first phase of the licence the licensee shall surrender 50% of the licensed area.

18. Deepwater Exploration Licence

(1) **Duration of Licence**

The Licence shall be valid for a period of nine years divided into three phases of three years per phase.

(2) **Exploration obligations**

(a) During the first phase of a Licence the licensee shall undertake, in respect of the area covered by the Licence, an exploration programme which shall be agreed with the Minister before the issue of the Licence. That work programme shall include the drilling of an exploration well.

(b) At least three months before the end of the first phase of a licence, a work programme for the second phase of the licence shall be proposed by the licensee for the approval of the Minister. That work programme shall include the commencement of a second exploration well before the end of the second phase of a licence.

(c) At least three months before the end of the second phase of a licence a further work programme for the remaining period of the licence shall be proposed by the licensee for the approval of the Minister.

(3) **Surrender of acreage**

(a) At the end of the first phase of a licence, the licensee shall surrender 50% of the licensed area.

(b) At the end of the second phase of a licence, the licensee shall surrender 50% of the then licensed area.

(c) At the end of the second phase of a licence, the licence shall be surrendered if a second exploration well has not been commenced by that date.

19. Frontier Exploration Licence

(1) **Duration of Licence**

The duration of Frontier Exploration Licences will be determined by the Minister and shall be for a period of not less than twelve years comprising a maximum of four phases.

(2) **Exploration obligations**

(a) During the first phase of a licence, the licensee shall undertake, in respect of the area covered by the Licence, a work programme which shall be agreed with the Minister before the issue of the licence.
(b) At least three months before the end of the first phase of a licence, a work programme for the second phase of the licence shall be proposed by the licensee for the approval of the Minister. That work programme shall include the drilling of an exploration well.
(c) Before the end of any subsequent phase of the Licence, a work programme for the succeeding phase of the Licence shall be proposed by the licensee for the approval of the Minister.
(d) For a Licence with four phases, the licence shall be surrendered if a second exploration well has not been commenced by the end of the third phase of the licence.

(3) **Surrender of acreage**

(a) At the end of the first phase of a Licence, the licensee shall surrender 25% of the acreage then held.
(b) At the end of the second phase of a Licence, the licensee shall surrender 50% of the then licensed area.

(4) **Contributions to Research Funds**

The holders of Frontier Exploration Licences shall pay annual contributions to petroleum research programmes as directed by the Minister to support the funding of research and applied research projects that have the aim of developing knowledge of the Irish offshore with a view to assisting in promoting exploration and development activity. These contributions shall include both an annual contribution per licence and a single annual contribution per company. Details of contributions are provided at Appendix 1. Contributions will be subject to annual increase in line with CPI.

GENERAL PROVISIONS RELATING TO ALL EXPLORATION LICENCES

20. Well Commitments

Where the Minister is satisfied that it would be in the public interest to do so, the Minister may accept the drilling of an appraisal well as meeting an obligation under these terms to drill an exploration well.

21. Voluntary termination of Exploration Licence and surrender of acreage

Provided that the licensee has observed all obligations and discharged all liabilities imposed by or incurred under the terms and conditions of an Exploration Licence the licensee may, at any time during the Licence period, by giving to the Minister not less than three months notice in writing to that effect, surrender the licence or surrender its interest in any specified part of the licensed area. Where only part of a licensed area is being surrendered the area to be surrendered will be at the discretion of the licensee, but the remaining area must be of reasonably regular shape in a continuous area.

22. Variation of overall duration and individual phases of a licence

In exceptional circumstances and on receipt of an application from the licensee, the Minister may vary the duration of individual phases of an Exploration Licence, the overall term of an Exploration Licence, or both, where he is satisfied that it would be in the public interest to do so.

23. Credit for work carried out ahead of schedule

When agreeing a work programme for the second phase or any subsequent phase of an Exploration Licence, the Minister may give credit for work already performed by the licensee that went beyond the agreed work programme for the Licence, including giving credit for an exploration well drilled earlier than required by these licensing terms.

LEASE UNDERTAKING

24. Grant of Lease Undertaking

If the licensee discovers petroleum and if it appears to the licensee that such discovery may be commercial, the licensee shall so notify the Minister within a period ending no later than six months after completion of drilling operations on the exploration well which made the discovery. In the event that the licensee is unable to subsequently confirm as commercial the discovery so notified but is of the opinion that it may become commercial and the Minister concurs with the opinion of the licensee, the Minister, on application by the licensee, which application shall be made no later than three months before the expiry of the Exploration Licence or Licensing Option, shall enter into an undertaking with the licensee to grant a Petroleum Lease in relation to that part of the licensed area which contains the discovery.

25. Effective Date of Petroleum Lease

Where the Minister undertakes to grant a Petroleum Lease in accordance with Section 24, the Effective Date of the Petroleum Lease shall be:-

(a) in the case of a gas discovery
- six years from the date of relinquishment or the date of expiry of the Exploration Licence, or
- an earlier date proposed by the applicant and agreed with the Minister,

(b) in the case of an oil discovery
- four years from the date of relinquishment or the date of expiry of the Exploration Licence, or
- an earlier date proposed by the applicant and agreed with the Minister.

26. Terms and conditions of Lease Undertaking

Each Lease Undertaking shall be subject to terms and conditions which shall include:-

(a) the requirement that, no later than a specified date before the Effective Date, the holder of a Lease Undertaking will have established the discovery as being commercial and will have so notified the Minister;

(b) the requirement that, having established the discovery to be commercial, the holder of a Lease Undertaking shall, no later than a specified date before the Effective Date, formally apply to the Minister for a Petroleum Lease;

(c) that the holder of the Lease Undertaking uses best endeavours to establish commerciality;

(d) that an annual report, in a format to be agreed with the Minister, shall be presented to the Minister of the results of efforts to establish commerciality; and

(e) that the holder of a Lease Undertaking shall be the holder of a Petroleum Prospecting Licence during the full period of the Undertaking.

27. Voluntary termination of Lease Undertaking

A Lease Undertaking may be terminated by agreement between the Minister and the holder of the Undertaking.

PETROLEUM LEASE

28. Commercial discovery

A commercial discovery means a discovery of oil or gas of such quantity that the proceeds from the sale or disposal could be expected to be sufficient to cover all costs and expenses of every character covering the drilling, producing, treating, transporting, delivery and sale of such production, plus a reasonable profit, having regard to such other reserves and facilities as may be available. Reserves may be commercial where such reserves in themselves do not conform to the foregoing criteria but which, in conjunction with other reserves (which themselves may or may not conform to the criteria), may so conform.

29. Grant of Petroleum Lease

(1) When a commercial discovery has been established it will be the duty of the authorisation holder to so notify the Minister and to apply forthwith for a Petroleum Lease with a view to its development. Such application shall include the outline development, financial and marketing plans for the exploitation of the discovery based on the applicant's considered likely production profile. An outline statement of the likely effects of the proposed development on the environment shall also be required.

(2) When a Petroleum Lease is applied for under paragraph (1) and the Minister is satisfied by reference to the likely production profile and the applicant's outline development, financial and marketing plans that a commercial discovery has been made, it shall be the duty of the Minister to grant that application.

(3) The Petroleum Lease will be in respect of an area determined by the Minister as covering the area of the petroleum field coming within the authorisation area still remaining to the applicant.

30. Plan of development

(1) Within one year of the date of issue of a Petroleum Lease the lessee will be required to submit a detailed plan of development, in a format specified by the Minister but including a detailed production profile for the life of the field, for the approval of the Minister. An Environmental Impact Statement of the likely effects of the development on the environment shall also be required.

(2) Operations within a leased area shall not be permissible unless the Minister has granted prior written approval.

(3) The lessee shall be required to commence production within such period as may be specified by the Minister in the approval of the plan of development.

(4) During the period of a Petroleum Lease, no material deviation from the approved plan of development shall take place without the Minister's prior approval to a revised plan of development.

(5) A detailed plan of development, and any subsequent revised plan of development, shall include information on the design, siting, construction, establishment, operation, abandonment and removal of any facilities for the production, processing, storage or shipment (by tanker or pipeline or otherwise) of petroleum produced under the Petroleum Lease.

(6) An application under this Section shall also include all such technical, economic and financial information, as will enable the Minister to evaluate the proposals fully and to assess their economic, social, safety and environmental implications.

(7) The Minister may impose conditions in the approval of a plan of development.

31. Period of Petroleum Lease

(1) A Petroleum Lease will be valid for such period as the Minister shall decide and specify in the Lease, having regard to the likely production profile.

(2) The period of a Petroleum Lease may be extended on terms and conditions as may be agreed by the Minister and the lessee. An application for extension shall be submitted at least one year prior to the expiry date.

32. Joint development

(1) Every agreement for joint exploitation of a petroleum field shall require the prior approval of the Minister.

(2) Where a petroleum field extends across the boundaries of two or more areas held under an Exploration Licence or a Petroleum Lease and the licensees and/or lessees concerned are unable to reach agreement as to its exploitation, the Minister may decide that they shall exploit the field jointly, if the Minister deems it desirable to do so in order to achieve rational and optimum exploitation.

(3) In such a case the Minister may specify the conditions under which joint exploitation will take place and the cost of any scheme which the Minister commissions shall be charged to the licensees and/or lessees.

33. Joint development with field extending outside designated area

(1) Where the Minister is satisfied that any strata in an area held under an Exploration Licence or a Petroleum Lease form part of a petroleum field, other parts whereof are in an area to which the Minister's powers to grant authorisations do not apply, and the Minister is satisfied that it is expedient that the field should be worked and developed as a unit in co-operation by the licensee or lessee and all other persons having an interest in any part of the field, the Minister may from time to time by notice in writing give to the licensee or lessee such directions as the Minister may think fit, as to the manner in which the rights conferred by the Licence or Lease shall be exercised.

(2) The licensee or lessee shall observe and perform all such requirements in relation to the licensed or leased area as may be specified in any such direction.

(3) Any such direction may add to, vary or revoke the provisions of a joint exploitation scheme.

34. Right to Surrender Petroleum Lease

Without prejudice to any obligation or liability imposed by or incurred under the terms and conditions of a Petroleum Lease the lessee, may at any time after the date of issue of the Lease, by giving to the Minister not less than twelve months previous notice in writing to that effect, surrender the Lease.

RESERVED AREA LICENCE

35. Provisions relating to Reserved Area Licence

(1) A lessee may at any time apply for a Reserved Area Licence in respect of a specified area adjacent to or surrounding the leased area and which is not the subject of an authorisation, other than a Petroleum Prospecting Licence, granted to a person other than the lessee.

(2) Provided the applicant has observed and performed the obligations required under the Petroleum Lease, the Minister may grant a Reserved Area Licence on terms and conditions identical to those applicable in respect of an Exploration Licence.

(3) The area that is the subject of an application for a Reserved Area Licence must be contiguous with the existing lease area held by the applicant(s).

(4) A Reserved Area Licence shall be expressed and operate to vest in the licensee the same rights in respect of the area as if it were an Exploration Licence.

(5) Each Reserved Area Licence shall be granted subject to the payment of an annual rental fee identical to that for the appropriate Exploration Licence.

Part III

General Provisions

36. Taxation

An authorisation, listed in Section 1(2)(b) to (f) inclusive, will only be granted to an applicant who would, as an authorisation holder, be chargeable, in accordance with the laws of Ireland, to tax in respect of profits and gains arising from, or connected with, exploration or exploitation activities carried on in a designated area or from exploration or exploitation rights to which the authorisation applies, and who would continue to be so chargeable for the full period of which the authorisation is held. Accordingly, but without prejudice to the generality of the foregoing provisions of this Section, an authorisation will not be granted to an applicant who would not, whether by virtue of the Convention set forth in Schedule 24 to the Taxes Consolidation Act, 1997, or by virtue of any arrangements having force of law by virtue of Section 826 of that Act, or by virtue of Schedule 1 to that Act, as an authorisation holder, be chargeable, in accordance with the laws of Ireland, to tax in respect of profits and gains arising from, or connected with, exploration or exploitation activities carried on in a designated area or from exploration or exploitation rights to which the authorisation would apply. The Minister may at any time before or after granting an authorisation impose such requirements on the applicant or the authorisation holder as the Minister considers necessary to ensure that the applicant will be, or that the authorisation holder is, as the case may be, chargeable, in accordance with the laws of Ireland, to tax in respect of profits and gains arising from, or connected with, exploration or exploitation activities carried on in a designated area or from exploration or exploitation rights to which the authorisation applies.

37. Application of other requirements

The terms and conditions contained in this notice are in addition to any statutory requirements of the Minister or other competent authority.

38. Minister's right to grant authorisations and to impose conditions

By accepting an authorisation listed in Section 1(2), the authorisation holder agrees that the Minister has full authority in law to grant the authorisation, to impose each of the conditions specified therein, and to do any act and give any direction provided for by the terms and conditions thereof.

39. Exclusive jurisdiction of Irish Courts

All claims and all disagreements and disputes whatsoever and howsoever arising in regard to any contract or authorisation entered into by the Minister in pursuance of the Petroleum and Other Minerals Development Act, 1960 or in anywise related thereto shall be subject to Irish Law and all disputes requiring arbitration shall be subject to the Arbitration Act, 1954 as amended. All such disputes, claims or arbitrations shall be justiciable in Irish Courts.

40. Changes to authorisation holder

(1) An authorisation shall be granted to an applicant on the basis of its charter or constitution at the time of issue. Any subsequent alteration in the charter or constitution of the authorisation holder shall, within 21 days of such alteration, be notified in writing to the Minister.

(2) For the purpose of satisfying the Minister that the ability of the authorisation holder to discharge the responsibilities under the authorisation is maintained, the Minister shall be notified, as soon as is practicable, of any transaction which in effect results in either of the following:
(a) any major change in the shareholdings of the authorisation holder or of its parent company; or
(b) any major change in the control of the authorisation holder or its parent company.

41. Assignments or transfers of interest

(1) Assignment or transfer of interest, directly or indirectly, in whole or in part, of any rights under the authorisation will not be permissible except with the prior written consent of the Minister.

(2) In giving consent under paragraph (1) above the Minister may impose any such conditions as the Minister considers desirable including conditions which are for the purpose of ensuring that in respect of profits and gains arising from, or connected with, operations conducted in the offshore area to which the authorisation applies, the assignee would be chargeable, in accordance with the laws of Ireland, to tax.

(3) Where an assignment involves participant(s) not previously involved, information on that participant should be submitted with the application. Please refer to Section 4. for type of information required.

42. Performance bond

The Minister may, upon granting an authorisation or at a later date, direct the authorisation holder to post a performance bond or guarantee to ensure fulfilment of the obligations to be undertaken as well as to cover any liability which may be incurred relating to the activity of the authorisation holder.

43. Joint obligations

Any obligations which are to be observed and performed under the authorisation when the authorisation is held by more than one company shall be joint and several obligations.

44. Insurance, indemnity, payment of claims

(1) The authorisation holder will be required to take out a policy of insurance on terms, and with a company, approved by the Minister, indemnifying the authorisation holder against all claims by employees of the authorisation holder for workmen's compensation, damages at common law or otherwise and will maintain and keep up this policy so long as the operations of the authorisation continue and will pay all premiums there under and will on demand produce the policy and receipts for the premium to the Minister or any person authorised by him.

(2) The authorisation holder shall at all times keep the Minister effectually indemnified against any claim, demand or damage whatsoever in respect of its operations under the authorisation or for injury or damage to any person or property (including the person or property of any other person in receipt of an authorisation from the Minister) or for nuisance or in any way arising out of or attributed to the exercise or purported exercise of any of the rights and privileges conferred by the authorisation or attributed to any act or omission of the authorisation holder or its officers, servants, employees, or workmen or contractors or persons in privity with the authorisation holder whether such claims shall be made against the Minister or the authorisation holder and the Minister jointly or with others.

(3) (a) The authorisation holder shall pay and discharge all legal claims for compensation successfully made in respect of damage caused by the authorisation holder or its officers, servants, employees or workmen or contractors or persons in privity with the authorisation holder or in respect of nuisance or in respect of injury to the person or property attributed to the act or omission of the authorisation holder or its officers, servants, employees or workmen or contractors or persons in privity with the authorisation holder, including such claims by other authorisation holders.

(b) The provisions of this paragraph shall not be construed to derogate from or modify the indemnity afforded the Minister by the authorisation holder as provided in paragraph (2).

(4) The Minister may upon granting an authorisation or at a later date require the authorisation holder to arrange insurance in a manner approved by the Minister in respect of liability for any damage, including pollution damage or in respect of any liability which may arise as a result of its operations under the authorisation.

(5) The authorisation holder shall forthwith inform the Minister in writing of the making of any claim or the commencement of any action, suit, proceedings or arbitration arising out of the exercise or purported exercise of the rights and privileges granted by the authorisation, or arising from or attributed to any act or omission of the authorisation

holder or its officers, servants, employees or workmen or contractors or persons in privity with the authorisation holder and shall furnish to the Minister all the information which the Minister may from time to time require as to any such claim, action, suit, proceedings or arbitration.

45. Increase of money terms

The Minister shall have the right, from time to time, to increase all money amounts mentioned herein having regard to relevant economic factors and shall notify the authorisation holder accordingly. The increases shall have effect from the date of such notice.

46. Records

The authorisation holder shall keep and furnish to the Minister, free of charge and within time limits which may be specified by the Minister, such records, returns, plans, maps, samples, accounts, interpretations and other information as the Minister may specify.

47. Confidentiality

(1) All records, returns, plans, maps, samples, accounts, interpretations and other information (hereinafter collectively referred to as "data") which are furnished under the provisions of an authorisation shall be supplied at the expense of the authorisation holder; and, except with the consent in writing of the authorisation holder which will not be unreasonably withheld, such data will not be disclosed to any person not in the service or employment of the State until:

(a)
- in the case of well data, 4 years have elapsed from the rig-release date;
- in the case of geophysical data relating to "Open Areas", 4 years have elapsed from the completion of processing or 4% years from the completion of acquisition, whichever is the earlier;
- in the case of geophysical data relating to "Open Areas" and where that data is 3D seismic data that covers an area exceeding 1,000 square kilometres, 7 years have elapsed from the completion of processing (or 7% years from the completion of acquisition whichever is the earlier) ;
- in the case of geophysical data relating to "Closed Areas", 7 years have elapsed from the completion of processing or 7% years from the completion of acquisition, whichever is the earlier;

in the case of all other data, 4 years have elapsed after being furnished, or,

(b) 3 years after expiry of the authorisation, or

(c) 2 years after surrender, or

(d) immediately after revocation, whichever is the earliest.

(2) Notwithstanding the above and, except where the provisions of paragraph (3) apply, the provisions of (b) and (c) of paragraph (1) shall not apply in the case of a Petroleum Prospecting Licence.

(3) If an Exploration Licence is not granted following a Licensing Option or if a Petroleum Lease is not granted following a Lease Undertaking, the Minister shall be immediately free to release or otherwise disseminate such data provided under the provisions of the Licensing Option or the Lease Undertaking.

(4) The Minister will be entitled at any time to make use of any information received from the authorisation holder for the purpose of preparing and publishing general or periodic returns and reports and to release at any time general topographical data, the results of surveys carried out on the Minister's behalf, and general information about discoveries and prospects, the progress of exploration work and the location, current depth and current status of wells.

(5) All proprietary information provided in conjunction with an unsuccessful application for an authorisation shall remain confidential and shall not be released.

48. Public statements

(1) No statement shall be made either in any notice, advertisement, prospectus or other document issued to the public or to any section of the public by or to the knowledge of the authorisation holder or in any other manner claiming or suggesting, whether expressly or by implication, that the Government or the Minister or any person or body acting on behalf of them has or have formed or expressed any opinion that the area of the authorisation is, from its geological formation or otherwise, one in which petroleum is likely to be obtainable.

(2) The authorisation holder shall, before issuing a public statement in connection with such authorisation, first furnish such information in advance of publication to the Minister.

(3) The Minister may, following consultation with the authorisation holder, issue a public statement on the results of any drilling operation which may contain information on any or all of the following matters; operator, Licence group, well name, drilling unit, drilling period, drilling location, water depth, total well depth, final well status (e.g.

plugged and abandoned, suspended, completed as producer, junked), main well results (e.g. shows, tested, oil/gas/condensate discovery, oil/gas/condensate flows, flow rates, hydrocarbon quality).

49. Appointment of authorised officer

The Minister may appoint any person to be an authorised officer to oversee exploration for and exploitation of petroleum, and to ensure these operations are carried out in conformity with good oilfield practice, with the provisions of the appropriate Rules and Procedures Manual, with any statute or statutory instrument, with any authorisation issued by the Minister, or with any requirements which the Minister is entitled to impose.

50. Rights of authorised officer

(1) An authorised officer shall at all reasonable times have access to premises, exploration vessels, drilling units, production facilities, other installations and shipment and pipeline facilities as well as to all data and materials pertaining to exploration and exploitation operations.

(2) An authorised officer shall be entitled to stay on board vessels or other installations as long as such officer deems necessary.

(3) An authorised officer may at all reasonable times inspect and make abstracts or copies of any records, returns, plans, maps, books or accounts which the authorisation holder is required to keep or make and may also take such samples as such officer deems necessary. The authorisation holder shall ensure that the authorised officer is given access to all relevant material which is in the possession of a person other than the authorisation holder.

(4) An authorised officer shall be entitled at all reasonable times to execute any works or provide and install any equipment which the Minister may be entitled to execute or provide and install.

(5) The authorisation holder shall be obliged to arrange for the transport of authorised officers to and from vessels, drilling units and production and other facilities and also to arrange for their lodging on board. The cost of transport and lodging shall be borne by the authorisation holder.

(6) An authorised officer may call attention to violations and issue necessary instructions. The authorisation holder shall comply with an instruction issued under this paragraph.

(7) In the case of serious or repeated violations an authorised officer may temporarily bring operations to a halt.

(8) The Minister may decide and direct that moveable facilities shall be taken to an Irish or other port for inspection purposes.

51. Arbitration

(1) Any dispute between the parties hereto arising out of or in connection with the authorisation unless otherwise resolved shall be settled by arbitration proceedings between the Minister as one party and the authorisation holder as the other party and such proceedings shall determine the measures to be taken by the parties including, if appropriate, payment of compensation, to put an end to or remedy the damage caused by any breach of the provisions of the authorisation.

(2) In order to institute proceedings for arbitration the party desiring to do so must give notice to the other party specifying the matter in dispute and giving notice that unless an agreement is reached within 30 days arbitration will be instituted. If the matter is not settled within such 30 days then within 10 days thereafter each party shall appoint an arbitrator and such arbitrators shall within 21 days of their appointment appoint an umpire. If the arbitrators fail duly to appoint the umpire then either party may apply to the High Court of Justice to appoint the umpire. The umpire and the arbitrators shall sit together and the award of any two of them shall be binding on all parties.

(3) In no event shall any arbitrator be an employee of the authorisation holder or an employee or agent of the Government of Ireland or any Department or agency thereof or of any county or political sub-division thereof. No umpire shall ever be selected who is in any way connected with either party or who for any reason might be obliged to or expect favours from either party.

52. Revocation

(1) Any of the following shall be grounds for revocation of an authorisation:

(a) failure to pay monies due as a condition of the authorisation within thirty days of the date same shall become payable;
(b) any substantial breach or non-observance of any requirement imposed by law or of a direction given by the Minister or other appropriate Minister or of a condition set out in the terms of the authorisation;
(c) where, in respect of the application for the relevant authorisation, significant information shall have been withheld from the Minister or significant information furnished to the Minister shall have been false;
(d) an alteration to the charter or constitution of the authorisation holder or a material change in the technical competence of the authorisation holder or the making by the authorisation holder

of any arrangement or composition with its creditors which, in the Minister's view, is such as is likely to impair the capability of the authorisation holder to fully discharge the obligations arising under the authorisation;

(e) where the authorisation holder ceases to be chargeable, in accordance with the laws of Ireland, to tax in respect of profits, and gains arising from, or connected with, operations conducted in the offshore area to which the authorisation applies;

(f) in the case of a Petroleum Lease, failure by the lessee to submit a plan of development acceptable to the Minister within time limits specified in the Lease; or

(g) the appointment of a receiver or any liquidator whether compulsory or voluntary (other than a voluntary liquidation merely for reconstruction of which the Minister shall have had notice and shall have approved).

(2) The Minister may revoke an authorisation in the circumstances stated in paragraph (1) provided, however, that thirty days notice of the Minister's intention to act on the grounds referred to in (a), (b), (c), (d), (e) or (f) of paragraph (1) shall be given and that the reasons for the Minister's intention to revoke the authorisation shall be specified. The revocation shall be effective at the end of the period of notice unless the situation which has given rise to the Minister's intention to revoke the authorisation has been resolved to the Minister's satisfaction.

(3) On revocation:

(a) all rights and powers exercisable by the holder of the relevant authorisation shall cease and determine but without prejudice to any obligation or liability arising under Irish law or by the provisions of the relevant authorisation;

(b) any monies paid to the Minister under the terms of the relevant authorisation shall not be repaid.

(4) If by reason of force majeure the performance and observance of any condition on the part of the authorisation holder (other than an obligation to make payments of money) shall be delayed, the period of such delay shall be added to the period provided by the relevant authorisation for the performance and observance of that condition and meantime the holder shall not be treated as in breach of such condition. The expression "force majeure" means act of God, strikes, lock-outs, acts of public enemy, wars, blockades, arrest and restraints of government and people, civil disturbance and like causes which are not within the control of the authorisation holder, provided always that the authorisation holder shall take all proper and necessary steps to perform and observe the condition at the first opportunity of the cessation of the circumstances which brought about the delay.

53. Good industry practice

The authorisation holder shall at all times conduct its activities in accordance with good industry practice and in conformity with the procedures set out in the appropriate Rules and Procedures Manual issued by the Minister.

54. Work programmes

It shall be the responsibility of the authorisation holder to propose the details of work programmes which shall in all cases be submitted for the approval of the Minister prior to the commencement of such programmes. In granting approval the Minister may attach conditions including conditions relating to the nature, depth and location of wells.

55. Extended Well Test

An extended production test may only be carried out following the prior written consent of the Minister. The Minister may attach conditions to any such consent.

56. Notices

(1) The authorisation holder shall, before commencing any operations, furnish to the Minister the name and address of the local resident manager under whose supervision such operations are to be carried on. Any notice which the Minister or an authorised officer is, in accordance with the terms of the authorisation, required or entitled to serve upon the authorisation holder shall be sufficiently served if the same shall be delivered, sent by post or communicated by facsimile transmission or telex to such manager at such address.

(2) The Minister shall be supplied with prior notice of the commencement of any activities in the area of an authorisation in accordance with the relevant provisions of the appropriate Rules and Procedures Manual.

57. Joint operating agreements

In any case where the authorisation is held by more than one company, a copy of any operating agreement between the partners and any amendment thereto shall be submitted to the Minister for information and any proposed change of operator shall be subject to the Minister's prior approval.

58. Approval of drilling, plugging and abandonment

(1) The authorisation holder shall apply to the Minister for consent to the commencement or re-commencement of the drilling, plugging or abandonment of any well. Every such application shall be in the form described in the appropriate Rules and Procedures Manual. The Minister may attach conditions to any such consent.

(2) Any temporary plugging and abandonment of a well shall be carried out in accordance with the Minister's requirements so as to leave the well in good order and fit for further working.

(3) Casings and fixtures left in position with the consent of the Minister at the expiry or determination of the authorisation holder's rights in respect of any area shall, if the Minister so specifies, become the property of the Minister.

59. Safety, health and welfare of employees

(1) The authorisation holder shall take all necessary steps for securing the safety, health and welfare of persons employed or undergoing training in or about the area of the authorisation.

(2) The authorisation holder shall comply with all statutory requirements in this regard and all directions given by the relevant competent authorities.

60. Protection of environment, property and strata

(1) All operations shall be conducted with due regard for the protection of the environment, protection of property and protection of petroleum (or water) bearing strata and shall be conducted in accordance with all relevant regulations and requirements.

(2) In the event of pollution or the threat of pollution caused by operations conducted by or on behalf of the authorisation holder, the authorisation holder, in accordance with law and established procedures, shall at its expense immediately control and remove the pollutant and deal effectively with any threat of pollution.

61. Flaring, venting and reinjection

The flaring, venting or reinjection of petroleum and the reinjection of water or any other material shall in all cases be subject to the prior approval of the Minister, except in emergencies.

62. Reporting of shipwrecks

On discovery of a shipwreck or object of possible archaeological interest the matter shall be reported in accordance with the provisions of the Rules and Procedures Manual.

63. Use of facilities by others

(1) Where the Minister decides, with a view to the optimum exploitation of petroleum in the national interest, that the facilities referred to in Section 29 shall be available for utilisation by persons in addition to the owner, the Minister may require the owner of the facilities to enter into discussions with such persons with a view to reaching agreement on the utilisation of such facilities on terms and conditions, which shall include compensation, to be agreed between the parties, provided that this does not constitute an unreasonable infringement of the rights of the owner or existing users or an abuse by the owner or existing users of a dominant position.

(2) In the event that the parties are unable to agree on such terms and conditions the matter may be referred by any of them to arbitration in accordance with the procedure set out in Section 51(2).

64. Non-interference with fishing and navigation

An authorisation holder shall not carry out any operations in such manner as to interfere unreasonably with navigation or fishing.

65. Minister's power to execute work

If an authorisation holder fails at any time to perform the obligations arising under the terms and conditions of the authorisation, the Minister shall be entitled, after giving reasonable notice in writing, to execute any works, to provide and install any equipment which in the opinion of the Minister may be necessary to secure the performance of the said obligations and to recover the costs and expenses of so doing from the authorisation holder.

66. Suspension or interruption of activities

(1) The Minister may, for such period as the Minister deems necessary, require that specified exploration, exploitation, production or processing activities should cease or be continued subject to conditions which the Minister may specify, in any case where the Minister is satisfied that it is desirable to do so in order to reduce the risk of injury to the person, waste of petroleum or damage to property or the

environment. No claim for compensation may be made against the Minister on foot of any such requirement.

(2) If an incident occurs which causes injury to the person, waste of petroleum or damage to property or the environment, whether or not the interruption of any activity is involved, the Minister shall be informed immediately in accordance with the provisions of the appropriate Rules and Procedures Manual. The Minister may conduct whatever investigations into such incident as the Minister deems fit.

67. Sale of production

(1) All petroleum produced, other than petroleum flared, vented or reinjected or consumed by the authorisation holder in connection with production operations, shall be sold by, and payment made to, a person resident in Ireland.

(2) The sale of any petroleum produced shall be on an arms length commercial basis. In the case of a sale to an affiliated or connected company the arrangements shall be such as if the sale is to an independent company. For the purpose of confirming that this is the case, the Minister may make such enquiries as he considers necessary and the authorisation holder shall co-operate with such enquiries.

68. Measurement of petroleum

(1) All petroleum produced must be measured, analysed, tested and weighed by methods customarily used in good industry practice and as approved by the Minister. No alteration in these methods shall be made without the Minister's prior consent.

(2) Such measurement, analysis, testing and weighing may from time to time be subject to inspection on behalf of the Minister and the costs of such shall be borne by the authorisation holder. If any falsification or error is located it shall be deemed to have existed since the last inspection unless it is proved otherwise.

69. Abandonment

(1) It shall be the responsibility of the authorisation holder to make provision for and to carry out abandonment of fixed facilities as approved by the Minister.

(2) Not later than a date specified by the Minister, the authorisation holder shall submit to the Minister for approval a written plan setting out proposals for the abandonment, following permanent cessation of operations in the area, of all fixed facilities relating to such operations.

The Minister may attach conditions to the approval of abandonment proposals.

(3) In this Section abandonment means the removal, part removal or leaving in place of any installation or facility following completion of operations involving such installation or facility.

(4) When an authorisation expires or is determined or revoked or when an area is surrendered, all fixed installations and facilities left in the area pursuant to the abandonment plan approved by the Minister shall become the property of the Minister without payment of compensation.

(5) If the authorisation holder fails to implement an abandonment plan approved by the Minister or fails to submit an abandonment plan, the Minister may carry out an abandonment programme and the authorisation holder shall be liable for all costs incurred by the Minister.

(6) In the case of surrendered areas, the provisions of paragraph (4) may not apply where the Minister is satisfied that the property in question is necessary for the continued operations by the authorisation holder under any authorisation issued by the Minister. The authorisation holder shall not, however, be entitled to retain property in a surrendered area unless the Minister is satisfied that this would not interfere with any other legitimate activities in that area.

(7) The Minister may demand that the authorisation holder take such steps as may be necessary to ensure that exploration for and exploitation of petroleum may safely continue.

(8) The provisions of this Section are additional to the requirements of Section 56 in regard to wells.

Appendix 1

Fees— January 2011

1. Fees to be paid on submission of an application
(Page 8 of the licensing terms)

Petroleum Prospecting Licence	€1,520
Licensing Option	€1,520
Exploration Licence	€9,122
Reserved Area Licence	€9,122
Lease Undertaking	€3,040
Petroleum Lease	€9,122

2. Annual Rental Fees to be paid on issue of an authorisation and thereafter on the anniversary date of the issue of the authorisation

Petroleum Prospecting Licence (Page 13 of the licensing terms) €7,601

Licensing Option (Page 14 of the licensing terms)
Calculated on the basis of €29 per sq km.

Standard Exploration Licence (Page 16 of the licensing terms)
For the first three years of the licence fee is calculated on the basis of €182 per sq km, increasing to €365 per sq km thereafter.

Deepwater Exploration Licence (Page 16 of the licensing terms)
a) For the first three years of the licence, fee is calculated on the basis of €91 per sq km.
b) In years 4, 5 and 6 of the licence, fee is calculated on the basis of €182 per sq km.
c) Fee is calculated on the basis of €365 per sq km for the remainder of the licence.

Frontier Exploration Licence (Page 17 of the licensing terms)
a) For the first phase of the licence, fee is calculated on the basis of €29 per sq km.
b) In the second phase of the licence, fee is calculated on the basis of €60 per sq km
c) Fee is calculated on the basis of €121 per sq km for the remainder of the licence.

Lease Undertaking (Page 19 of the licensing terms)
For the first year, fee is calculated on the basis of € 1,216 per sq km increasing by €152 per sq. km. in each subsequent year.

Petroleum Lease (Page 21 of the licensing terms)
Calculated on the basis of €2,643 per sq km until the date of first production. From the date of first production fee is calculated on the basis of €4,133 per sq km.

3. Fees payable for an assignment or transfer of interest
(Page 41 of the licensing terms)
An application fee of €1,520 plus an administration fee of €3,040 are payable on application.

4. Contributions to Research Funds

(Page 17 of the licensing terms)

Contributions to the Petroleum Exploration and Production Promotion and Support (PEPPS) Programme are as follows:

a) Irish Shelf Petroleum Study Group (ISPSG) €87,361 per licence per annum (plus VAT)

b) Expanded Offshore Support Group (EOSG) €17,472 per company per annum.

Exhibit 10.27

PETROLEUM AGREEMENT

REGARDING

THE EXPLORATION FOR AND EXPLOITATION OF HYDROCARBONS

BETWEEN

OFFICE NATIONAL DES HYDROCARBURES ET DES MINES
"ONHYM"
ACTING ON BEHALF OF THE STATE

AND

KOSMOS ENERGY OFFSHORE MOROCCO HC
"KOSMOS"

IN THE AREA OF INTEREST NAMED

"CAP BOUJDOUR OFFSHORE"

THIS PETROLEUM AGREEMENT IS CONCLUDED

BETWEEN

The OFFICE NATIONAL DES HYDROCARURES ET DES MINES, hereinafter referred to as "ONHYM", a public Moroccan entity instituted by law n°33-01, promulgated by dahir n° 1-03-203 on the date of 16 Ramadan 1424 (11 November 2003) and implemented by decree n°2-04-372 on the date of the 16 Kaada 1425 (29th December 2004), whose headquarters are at 5, Avenue Moulay Hassan — BP 99, Rabat, Morocco, hereinafter referred to as "**ONHYM**", acting on behalf of the Kingdom of Morocco, hereinafter called "the **STATE**", herein represented by its General Director, **Mme. Amina BENKHADRA**;

AND

KOSMOS ENERGY OFFSHORE MOROCCO HC, a company incorporated under the laws of the Cayman Islands, whose registered office is at Wilmington Trust Company, 4th Floor Century Yard, Cricket Square, P.O. Box 32322, George Town, Grand Cayman, KY1 1209 Cayman Islands, hereinafter referred to as **"KOSMOS**", herein represented by its President, **Mr. Brian MAXTED**;

KOSMOS and ONHYM are hereinafter collectively referred to as the "Parties" or individually as a "Party".

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- PREAMBLE -

Whereas, the law n° 21-90 enacted by the dahir n° 1-91-118 of 27 Ramadan 1412 (1 April, 1992) as modified and supplemented by law n ° 27-99 enacted by the dahir n° 1-99-340 of 9 Kaada 1420 (15 February 2000), hereinafter referred to as the "Hydrocarbon Law" regulates the exploration for and the exploitation of hydrocarbon deposits in Morocco, implemented by the decree n ° 2-93-786 of 18 Joumada I 1414 (3 November, 1993) as modified and supplemented by decree n° 2-99-210 of 9 Hija 1420 (16 March, 2000) hereinafter referred to as the "Decree", the Hydrocarbon Law and the Decree are hereinafter referred to as the "Hydrocarbon Code";

Whereas, section 5 of the decree n°2-04-372 of 16 Kaada 1425 (29 December 2004) implementing the law n° 33-01 instituting the OFFICE NATIONAL DES HYDROCARBURES ET DES MINES **"ONHYM",** which empowers **ONHYM** to carry out on behalf of the State the functions listed in section 71 of the Hydrocarbon Law;

Taking into account the shared desire of the Parties to carry out and perform the exploration for and the exploitation of hydrocarbon deposits in the Exploration Permits referred to as "Cap Boujdour Offshore I", "Cap Boujdour Offshore II", "Cap Boujdour Offshore III", "Cap Boujdour Offshore IV", "Cap Boujdour Offshore V", "Cap Boujdour Offshore VI" "Cap Boujdour Offshore VII", "Cap Boujdour Offshore VIII", "Cap Boujdour Offshore IX", "Cap Boujdour Offshore X", "Cap Boujdour Offshore XI", "Cap Boujdour Offshore XII", "Cap Boujdour Offshore XIII", "Cap Boujdour Offshore XIV" and "Cap Boujdour Offshore XV", constituting the Area of Interest as specified in Article 3 and in Appendix II of this Agreement.

NOW THE FOLLOWING HAS BEEN AGREED:

PART I - PURPOSE AND TERM OF THE PETROLEUM AGREEMENT

ARTICLE 1 - PURPOSE OF THE PETROLEUM AGREEMENT

1.1 The purpose of this Agreement in which the Appendices are incorporated is to set out the rights and obligations of the Parties within the Area of Interest comprised of the Exploration Permits and any Exploitation Concession(s).

1.2 Definitions of the words, terms and phrases used in this Agreement are set forth in Appendix I attached hereto.

ARTICLE 2 - TERM AND EXPIRY OF THE PETROLEUM AGREEMENT

2.1 This Agreement shall enter into effect in accordance with the provisions detailed in Article 25 of this Agreement and shall terminate in the following circumstances:

2.1.1 if there is no discovery of Hydrocarbons during the period of validity of the Exploration Permits to which this Agreement relates;

2.1.2 upon expiry of the period of validity of the last producing Exploitation Concession obtained pursuant to Article 5 of this Agreement or upon the total depletion of the Hydrocarbon deposit if this occurs prior to the expiry of such Exploitation Concession period;

2.1.3 if **KOSMOS** elects to abandon its total Participating Interest in the Exploration Permits and in the Exploitation Concession(s) in accordance with the provisions of Article 3.6 of this Agreement;

2.1.4 upon the termination of all of the Exploration Permits and/or all the Exploitation Concession(s) in accordance with the Hydrocarbon Code.

PART II — EXPLORATION PERMITS AND WORKS

ARTICLE 3 - EXPLORATION PERMITS

3.1

3.1.1 in accordance with the Hydrocarbon Code, **ONHYM** and **KOSMOS** have jointly filed with the appropriate department of the Ministry in charge of Energy the applications for the following Exploration Permits referred to as "Cap Boujdour Offshore I", "Cap Boujdour Offshore II", "Cap Boujdour Offshore III", "Cap Boujdour Offshore IV", "Cap Boujdour Offshore V", "Cap Boujdour Offshore VI" "Cap Boujdour Offshore VII", "Cap Boujdour Offshore VIII", "Cap Boujdour Offshore IX", "Cap Boujdour Offshore X", "Cap Boujdour Offshore XI", "Cap Boujdour Offshore XII", "Cap Boujdour Offshore XIII", "Cap Boujdour Offshore XIV" and "Cap Boujdour Offshore XV", which together comprise the Area of Interest.

3.1.2 In accordance with the second paragraph of section 4 of the Hydrocarbon Law, the Participating Interests of the Parties in the Exploration Permits which will be granted to them by the Minister in charge of Energy are:

ONHYM	25.00 %
KOSMOS	75.00%

3.2 The Exploration Permits concern an initial approximate area of 29,740.7 km^2 as delineated by their geographic co-ordinates as detailed in Appendix II attached hereto.

3.3 The Exploration Permits shall have an overall duration of eight (8) years comprising an Initial Period of eighteen (18) months followed by a First Extension Period of twenty four (24) months, a Second Extension Period of fifty-four (54) months divided into two Phases, with the First Phase being of thirty (30) months duration and the Second Phase being of twenty four (24) months duration , except if the Parties apply for the exceptional extension pursuant to section 24 paragraph 2 of the Hydrocarbon Law.

3.4 If during the last six (6) months of the First Extension Period or the First Phase of the Second Extension Period of the Exploration Permits **, KOSMOS** justifies the necessity to extend the duration of the above mentioned period or phase, in order to complete the Minimum Exploration Work Program which has already been commenced, then no later than two (2) months prior to the expiry of the First Extension Period or First Phase of the Second Extension Period, **KOSMOS** shall notify **ONHYM** of its request for an extension, which shall not be for a period of more than twelve (12) months and provided that the total duration of the Exploration Permits shall not exceed eight (8) years.

3.5 Applications for extensions of the Exploration Permits as well as for the reduction in surface area shall be made in accordance with sections 22 and 24 of the Hydrocarbon Law and sections 10, 14, 15 and 16 of the Decree.

3.6 The partial or total abandonment of the Exploration Permits as well as the partial or total transfer of **KOSMOS'** Participating Interest shall be effected in accordance with the Hydrocarbon Code and Article 22 of this Agreement.

3.7 The Parties agree that in the case where a Natural Gas Discovery is made during the validity period, but the commerciality of such discovery cannot be declared due to the non-conclusion of one or more sales contract(s) of this Natural Gas, the Parties shall file at the end of the validity period with the appropriate department of the Ministry in charge of Energy applications for one or more exploration permits covering the area(s) where the discovery(ies) is(are) located. The exploration permit application(s) shall set out the minimum exploration work program which shall consist of evaluation and feasibility study(ies) of the said Natural Gas discovery(ies). The Parties, in accordance with section 4 of the Hydrocarbon Law, shall sign a petroleum agreement in respect of the said exploration permit or exploration permits the provisions of which, with the exception of the minimum exploration work program, shall be in accordance with this Petroleum Agreement.

ARTICLE 4 - EXPLORATION WORKS

4.1 DEFINITION OF THE EXPLORATION WORKS

4.1.1 Exploration Works shall mean all exploration and appraisal operations which seek to establish the existence of Hydrocarbons in commercially exploitable quantities, conducted in, or related to the Area of Interest in the context of both the Exploration Permits and the Exploitation Concession(s), whether these operations are carried out inside or outside of Morocco.

4.1.2 Exploration Works include but are not limited to the following:

i) hydrographic, geodesic, meteorological and topographic studies and surveys, (if these operations are necessary for the Exploration Works) and, in the case of appraisal works, operations to determine the limits and the productive capacity of a Hydrocarbon deposit in order to assist in making a decision whether or not to develop such Hydrocarbon deposit;

ii) geological and geophysical studies and surveys;

iii) studies and surveys aimed at determining the locations of exploration and appraisal wells. However, a well drilled to determine the extent of a deposit in order to give a more accurate definition of the aforesaid deposit's boundary, in the context of a deposit development program, or any seismic carried out in order to determine a development well location, performed following the grant of an Exploitation Concession resulting from the Area of Interest, shall not be classified as part of the Exploration Works;

iv) drilling operations regarding exploration and appraisal wells;

v) tests and studies for the appraisal of reservoirs.

4.2 During the term of validity of the Exploration Permits, **KOSMOS** undertakes to perform at the least the following Minimum Exploration Work Program and, subject to the conditions and the schedule detailed below, to devote sufficient funding thereto in accordance with the conditions and the schedule set out below:

4.2.1 **KOSMOS** undertakes during the Initial Period of eighteen (18) months from the Effective Date to perform reprocessing of existing 3D seismic data (2,048km^2) and integrated interpretation thereof. The corresponding Minimum Expenditure Obligation is one million US. Dollars ($US 1,000,000).

4.2.2 If **KOSMOS** elects pursuant to section 15 of the Decree, to enter into the First Extension Period of twenty four (24) months duration, **KOSMOS** shall during such period drill one (1) Exploration Well to test the target strata of the Lower Cretaceous within the Area of Interest as

the Minimum Exploration Work Program. The corresponding Minimum Expenditure Obligation is forty million U.S. Dollars ($U.S.40,000,000).

4.2.3 If **KOSMOS** elects, pursuant to section 15 of the Decree, to enter into the Second Extension Period of a total of fifty-four (54) months duration divided into two phases of thirty (30) months and twenty four (24) months duration, respectively,

(a) **KOSMOS** shall during the First Phase of thirty (30) months duration drill two (2) Exploration or Appraisal Wells to test or appraise the target Cretaceous strata within the Area of Interest as the Minimum Exploration Work Program. The corresponding Minimum Expenditure Obligation is eighty million U.S. Dollars ($ U.S. 80,000,000).

(b) If **KOSMOS** elects to enter into the Second Phase of twenty-four months duration, **KOSMOS** undertakes during such phase to drill two (2) Exploration or Appraisal Wells to test or appraise the target Cretaceous strata within the Area of interest, as the Minimum Exploration Work Program. The corresponding Minimum Expenditure Obligation is eighty million U.S. Dollars ($ U.S. 80,000,000).

4.2.4 The Parties agree that all expenses incurred in the performance of Exploration Works shall be borne entirely by **KOSMOS** with no reimbursement by **ONHYM**. All such expenses shall be considered as costs of exploration incurred by **KOSMOS.**

4.2.5 All Exploration Works performed and expenses incurred by **KOSMOS** in respect thereto after the Effective Date of this Agreement shall be taken into account, in their entirety, in the evaluation of the fulfillment of the Minimum Exploration Work Program and the Minimum Expenditure Obligation. Performance of the Minimum Exploration Work Program shall be deemed to constitute the fulfilment of the Minimum Expenditure Obligation.

Furthermore, if and insofar as any Exploration Work in the Minimum Exploration Work Program detailed in Articles 4.2.2 and 4.2.3 above has already been carried out by **KOSMOS** prior to the commencement of any of the Extension Periods, such Exploration Work may be credited for the purposes of Articles 4.2.2 and 4.2.3 above.

Nevertheless, if and insofar as **KOSMOS** has already carried out the Exploration Work as set out in Articles 4.2.2 and 4.2.3 above prior to the commencement of any of the Extension Periods and if **KOSMOS** decides to enter into the following Extension Period, **KOSMOS** and **ONHYM** will file an application to enter into the First Extension Period, and / or the Second Extension Period together with the Minimum Exploration Work Program which will be conducted within the Area of Interest during such Extension Period.

For the avoidance of doubt, the Parties recognize that the Minimum Exploration Work Program to be filed by **ONHYM** and **KOSMOS** in order to enter into the Second Extension Period shall be divided into the First and Second Phase of the Second Extension Period as defined in Article 4.2.3 (a) and (b) of this Agreement. In this respect, the Parties hereby agree that in the absence of an election by **KOSMOS** to enter into the Second Phase of the Second Extension Period, the Minimum Exploration Work Program and Minimum Expenditure Obligation corresponding to the Second Extension Period will be deemed completed if and when **KOSMOS** will have completed the Minimum Exploration Work Program and Minimum Expenditure Obligation relating to the First Phase of the Second Extension Period.

Moreover, agreed Exploration Works carried out prior to the Effective Date of the Exploration Permits will be credited towards the Minimum Exploration Work Program and the Minimum Expenditure Obligation.

4.2.6 No later than the date of signature of this Agreement, **KOSMOS** shall provide to **ONHYM** a bank guarantee acceptable to **ONHYM** and issued by a Moroccan bank or a foreign bank that has an agency in Morocco (the "Guarantee"). This Guarantee will be irrevocable after the date of its entry into force. The value of the Guarantee will be equal to fifty percent (50%) of the Minimum Expenditure Obligation of the Initial Period.

Furthermore, as soon as **KOSMOS** informs **ONHYM** of its decision to carry out the Exploration Works for the First Extension Period and for the First Phase and the Second Phase of the Second Extension Period, as set out in Articles 4.2.2 and 4.2.3 above, **KOSMOS** will provide **ONHYM** with a Guarantee for each given period or phase in the same terms as set out in Article 4.2.6 above, and in accordance with the provisions of the Association Contract except that the amount of each given Guarantee shall be equal to twenty percent (20%) of the Minimum Expenditure Obligation applicable to the First Extension Period and to the First Phase and the Second Phase of the Second Extension Period, respectively.

The Parties agree that the amount of each Guarantee put in place will be reduced upon fulfilment of the Minimum Exploration Work Program for the current period or phase, to a residual value of five hundred thousand US dollars (US$500,000).

Notification of the release of Guarantee in respect of the residual amount shall be provided by **ONHYM** to the bank, once **KOSMOS** has

provided to **ONHYM** all data and documentation relating to the Exploration Works carried out within the Area of Interest.

4.2.7 If **KOSMOS** has not completed the Minimum Exploration Work Program within the period for which it had undertaken to perform such works except in the case of delays due to a Force Majeure event, it will pay an amount equal to the Minimum Expenditure Obligation, for the relevant period, less the actual amount of the Exploration Works expenses already incurred or committed to by **KOSMOS**, in respect of that part of the Minimum Exploration Work Program which it has performed and, upon payment thereof, **KOSMOS** shall be deemed to have satisfied its obligations in respect of the Minimum Exploration Work Program.

Subject to the above, it is understood and expressly agreed that it is the performance of the Minimum Exploration Work Program and not the expenditures associated with the Minimum Expenditure Obligation which shall determine **KOSMOS** compliance with this Agreement.

4.2.8 **ONHYM** shall have the right to audit the expenditures pertaining to the Exploration Work undertaken during the course of the Initial Period and of all Extension Periods, pursuant to the procedures set forth in the Association Contract.

4.3 The income from the Hydrocarbons produced by **KOSMOS** during Testing, as defined in the Association Contract, performed prior to the application for the relevant Exploitation Concession being filed by the Parties, shall, following recovery by **KOSMOS** of the costs incurred in the performance of the Operations relating to such Testing, be shared by the Parties pro rata to their respective Participating Interests as defined in Article 5.2 below.

ARTICLE 5 - HYDROCARBON EXPLOITATION

5.1 In accordance with the provisions of section 27 of the Hydrocarbon Law, the discovery of a commercially exploitable Hydrocarbon deposit shall give **ONHYM** and **KOSMOS** the right to obtain, at their request, an Exploitation Concession covering all of the area of said deposit. The maximum term of the Exploitation Concession shall be for twenty-five (25) years. However, one single exceptional extension, not to exceed ten (10) years, may be granted upon application by **ONHYM** and/or **KOSMOS**, as the case may be if a reasonable and cost-effective exploitation of the deposit is so justified in the opinion of the Parties requesting an extension.

5.2 At the Effective Date, the undivided Participating Interests of the Parties in any Exploitation Concession shall be as follows:

ONHYM	**25.00%**
KOSMOS	**75.00 %**

5.3 In the event that a Party elects not to apply for an Exploitation Concession, the sole risk procedures provided under clause 7 of the Association Contract shall apply.

5.4 Expenses incurred after the effective date of the Exploitation Concession for the Development and Exploitation Works shall be funded by the Parties in proportion to their respective Participating Interests as fixed in Article 5.2 above.

5.5 In the event that a discovery is declared a commercial discovery, as defined in section 28 of the Hydrocarbon Law, all costs relating to the preparation of the Development Plan shall be considered as forming part of the Development and Exploitation Works and shall be funded by the Parties in proportion to their respective Participating Interests as fixed in Article 5.2 above.

5.6 **ONHYM** and/or **KOSMOS** each being the sole owner at the Crude Oil Delivery Point of their respective Participating Interest share in the Crude Oil produced from each Exploitation Concession, shall each have the right to lift, use, freely market and export their share of the Available Crude Oil, subject to the terms of Articles 5.6 and 5.7 below.

5.6.1 Not later than 90 days before commencement of production from the Exploitation Concession, the Parties shall sign an agreement (the "Lifting Agreement") the terms of which shall govern and facilitate the separate lifting of Crude Oil by the Parties. The Lifting Agreement shall detail, inter alia, terms relating to each Party's share in the Crude Oil, the timetable for lifting nominations by the Parties, under/overlift provisions, cargo procedures, vessel capacity acceptance procedures and failure to lift provisions.

5.6.2 Pursuant to section 41 of the Hydrocarbon Law, **KOSMOS** shall contribute to the needs of the domestic market under the conditions set out in Article 5.6.3 below.

If the State so decides, then **ONHYM** shall have the right to purchase, at the Crude Oil Delivery Point, a proportion of the quantity of Crude Oil to which **KOSMOS** is entitled. Subject to Article 5.6.3, **ONHYM** shall give **KOSMOS** not less than six (6) calendar months written notice, stating the quantity of Crude Oil it intends to lift.

5.6.3 The amount of Crude Oil that **KOSMOS** shall be required to offer to the domestic market shall be either twenty percent (20%) of the Crude Oil to which **KOSMOS** is entitled or the portion of the domestic market deficit that **KOSMOS**' share of the Crude Oil production under this Agreement bears to the aggregate production of Crude Oil from all the Petroleum Agreements in Morocco, whichever is the smaller. The domestic market deficit will take into account **ONHYM**'s share of production.

5.6.4 The price to be paid to **KOSMOS** for such sales of Crude Oil under Articles 5.6.2 and 5.6.3 shall be the Market Price, which shall be paid in accordance with the provisions of an agreement to be executed relating to the sale of Crude Oil. The provisions of this agreement will be in accordance with those normally found in Crude Oil sales agreements for FOB transactions on normal international trade terms.

5.6.5 Failure by **ONHYM** to make payment in accordance with the terms of the Crude Oil sales agreement shall, in addition to the default provisions of the Crude Oil sales agreement, result in the suspension of deliveries by **KOSMOS** to **ONHYM**, under Article 5.6.2, until such time as all outstanding payments for Crude Oil sales have been settled in accordance with the terms of the Crude Oil sales agreement.

5.7 If Natural Gas (either associated or non-associated) is discovered in potentially commercial quantities, then **KOSMOS** and **ONHYM** shall study the domestic and foreign markets for such gas.

ARTICLE 6 - MARKET PRICE

6.1 The Parties accept that the Market Price used to calculate the in cash royalty that is payable under Article 11 and the corporate tax will be calculated under section 46 of the Hydrocarbon Law.

6.2 The Market Price for Crude Oil provided in Article 6.1 above shall be a fair market price which would be achieved by **KOSMOS** at the Crude Oil Delivery Point for FOB sales on normal international market terms, in a freely convertible currency, not involving barter or other payments, for a cargo of Crude Oil from the Exploitation Concession for the relevant loading date range in question, taking into account sales of Crude Oil from the Exploitation Concession and sales of similar grades of crude oil, due allowance being made for quality, location and date range and taking into account all relevant factors.

6.3 If the **STATE** and **KOSMOS** fail to agree on Market Price for any Crude Oil for any calendar month by at least fifteen (15) days after the end of that calendar month, either the **STATE** or **KOSMOS** may, providing notice has been provided to the other Party, promptly submit the matter to a single arbitrator designated by the International Chamber of Commerce (I.C.C.) to determine the price per Barrel which, in the arbitrator's opinion, best represents for the pertinent calendar month the Market Price of that Crude Oil. The arbitrator's decision shall be issued within thirty (30) days from the date of his appointment and shall be final and binding on the Parties.

6.4 The Market Price for Natural Gas shall be the actual price obtained by the Parties pursuant to a long term Natural Gas sale agreement.

PART IV — THE PARTIES' OBLIGATIONS

ARTICLE 7 - APPLICABLE LAW

7.1 Exploration Works and Development and Exploitation Works in the Area of Interest shall be performed in accordance with the provisions of this Agreement until its expiry and in accordance with the Hydrocarbon Code, and the laws and regulations of Morocco which are in effect at the date of its signing.

7.2 This Agreement shall be governed and interpreted in accordance with Moroccan laws. Without prejudice to the foregoing, the principles and customs of the international petroleum industry may be applied in the interpretation of this Agreement.

ARTICLE 8 — SUPERVISION AND ASSISTANCE

8.1 The Parties are subject to the provisions concerning the supervision by the administrative authorities of their activities relating to Exploration Works and to Development and Exploitation Works, as set out in the Hydrocarbon Code.

8.2 **ONHYM** shall provide the appropriate assistance to the Operator to enable it to obtain any necessary authorisations and approvals required for the performance of Exploration Works under the Exploration Permits.

8.3 **ONHYM** shall give all necessary assistance to the Parties applying for an Exploitation Concession, to obtain any authorisations or approvals required for the construction of facilities and pipelines to exploit the Hydrocarbon discovery within the Exploitation Concession, as well as those required for the construction of such facilities necessary for Development Works located outside the boundaries of the Exploitation Concession but within the jurisdiction of Morocco.

ARTICLE 9 — PROFESSIONAL TRAINING

9.1 As of the Effective Date of this Agreement, **KOSMOS** shall contribute to the training of **ONHYM**'s staff and technicians an amount of one hundred fifty thousand US dollars (US $150,000) for each twelve (12) month period during the term of the Exploration Permits and of the term of the first Exploitation Concession deriving from the Exploration Permits. **KOSMOS shall** contribute a further thirty thousand US dollars (US $30,000) for each twelve (12) month period for each additional Exploitation Concession up to a maximum aggregate amount of Two Hundred and Fifty Thousand dollars (US $250,000).

Additionally, **KOSMOS** will contribute to the training of **ONHYM**'s staff and **t**echnicians an amount equal to three hundred forty thousand and one hundred ninety three point nineteen US$ (US$ 340 193,19) which is the outstanding training amount corresponding to the petroleum agreement between the Parties terminating 26 February 2011 and covering exploration permits Boujdour Offshore I through XXIII.

9.2 The training programs and any associated costs shall be established by agreement between **ONHYM** and **KOSMOS**.

9.3 All training expenses incurred by **KOSMOS** during the term of the Exploration Permits and the Exploitation Concession(s) held jointly with **ONHYM** in the context of this Agreement shall be considered as exploration or exploitation costs, as the case may be, in the Area of Interest, for the purposes of section 47 of the Hydrocarbon Law.

ARTICLE 10 —SAFETY AND ENVIRONMENT

10.1 The Parties shall conduct all of the Exploration Works and the Development and Exploitation Works according to the rules of safety and the protection of the environment, in accordance with section 38 of the Hydrocarbon Law and sections 32 and 33 of the Decree.

10.2 Except for any possible damage which may have been caused by operations exclusively conducted by **KOSMOS** during the validity period of the area of interest covered by the exploration permits Boujdour Offshore I through XXIII which expired on February 26, 2011, **ONHYM** shall guarantee and hold harmless **KOSMOS** from and against all claims for loss or damage arising as a consequence of the operations conducted within the Area of Interest prior to the Effective Date of this Agreement.

PART V — FISCAL PROVISONS

ARTICLE 11 — ANNUAL ROYALTY

11.1 Annual royalty rate

Each of the Parties shall pay to the State an annual royalty on the value of its Participating Interest in the Net Share of Hydrocarbons Production according to the following basis:

CRUDE OIL

- For Crude Oil from an Exploitation Concession with a water depth less than or equal to 200 metres:

  the production of the first 300,000 tons originating from each Exploitation Concession is exempted from the annual royalty payment;

  all production exceeding 300,000 tons originating from each Exploitation Concession is subject to an annual royalty charge of 10%.

- For Crude Oil from an Exploitation Concession with a water depth greater than 200 meters:

  the production of the first 500,000 tons originating from each Exploitation Concession is exempted from the royalty payment;

  all production exceeding 500,000 tons originating from each Exploitation Concession is subject to an annual royalty charge of 7%.

NATURAL GAS

- For Natural Gas from an Exploitation Concession with a water depth less than or equal to 200 metres:

  the production of the first 300 million m^3 originating from each Exploitation Concession is exempted from the annual royalty payment;

  all production exceeding 300 millions m^3 originating from each Exploitation Concession is subject to an annual royalty charge of 5%.

- For Natural Gas from an Exploitation Concession with a water depth greater than 200 metres:

the production of the first 500 million m^3 originating from each Exploitation Concession is exempted from the royalty payment;

all production exceeding 500 million m^3 originating from each Exploitation Concession is subject to an annual royalty charge of 3.5%.

11.2 Methods of payment of the annual royalty

The **STATE** reserves the right to be paid in kind or in cash. Any decision by the **STATE** to modify its choice of payment method must be communicated to each of the Parties in writing at least six (6) calendar months prior to the effective date of such a change.

11.2.1 The Crude Oil and/or Natural Gas prices which shall be used to determine the amount of the advances of the annual royalty as specified in Article 11.2.2 below, if payable in cash, shall be based on the Market Price applicable during the calendar month to which such advances relate as defined in Article 6 herein.

11.2.2 If the **STATE** elects to be paid in cash, then on or before 31 July and 31 January of each calendar year, each of the Parties shall pay the **STATE** advances on the annual royalty for that amount of Net Hydrocarbon Production produced during the immediately preceding semesters ending 30 June and 31 December of the calendar year in question, provided that Hydrocarbons were produced in the Exploitation Concession during the applicable semester. The amount of the semestrial advance shall be estimated by each of the Parties on the basis of the production and by using the Market Price referred to in Article 11.2.1 of this Agreement.

11.2.3 Within 90 days following the end of each calendar year, each of the Parties shall submit to the **STATE** the final annual royalty declaration and shall then settle the difference between the actual amounts due and the sum of the estimated semestrial payments made for the calendar year in question. If the sum of the estimated semestrial payments is greater than the final amount due, the difference shall be deferred as a credit against the annual royalty for the next calendar year.

ARTICLE 12 —CORPORATE TAX

12.1. In accordance with article 5 of the "Code Général des Impôts" instituted by finance law n° 43-06 for the 2007 financial year, promulgated by dahir n° 1-06-232 of 10 Hijja 1427 (December 31st, 2006), as amended by finance law n° 38-07 for the 2008 financial year, by finance law n° 40-08 for the 2009 financial year, by finance law n° 48-09 for the 2010 financial year and by finance law n° 43-10 for the 2011 financial year, and in accordance with Sections 46, 47, 48 and 49 of the Law, each of the Parties shall calculate and pay the STATE the corporate income tax according to the law n°24-86 establishing the corporate income tax as amended and completed, utilizing the Market Prices determined pursuant to Article 6.

12.2. In accordance with article 6-II-B-2° of "Code Général des Impôts" instituted by finance law n° 43-06 for the 2007 financial year, promulgated by dahir n° 1-06-232 of 10 Hijja 1427 (December 31st, 2006), as amended by finance law n° 38-07 for the 2008 financial year, by finance law n° 40-08 for the 2009 financial year, by finance law n° 48-09 for the 2010 financial year and by finance law n° 43-10 for the 2011 financial year, each of the Parties shall benefit from a total exemption from corporate income tax for a ten consecutive year-period for each Exploitation Concession starting from the date of commencement of regular production from such Exploitation Concession.

ARTICLE 13 - CUSTOMS

Each of the Parties, their contractors and sub-contractors shall benefit from the customs regime specified in Sections 50, 51 and 52 of the Law.

ARTICLE 14 - FOREIGN EXCHANGE AND OTHER FISCAL PROVISIONS

14.1 In accordance with article 6-I-C-1° of "Code Général des Impôts" instituted by finance law n° 43-06 for the 2007 financial year, promulgated by dahir n° 1-06-232 of 10 Hijja 1427 (December 31st, 2006), as amended by finance law n° 38-07 for the 2008 financial year, by finance law n° 40-08 for the 2009 financial year, by finance law n° 48-09 for the 2010 financial year and by finance law n° 43-10 for the 2011 financial year, and with provisions of Sections 53 to 58, 60 and 62 of the Hydrocarbon Law, each of the Parties, when applicable, shall benefit, from measures relating to the duty on actual capital contributions, the foreign exchange regime, the business activity tax (Impôt des patentes), the urban tax, un-built urban areas tax and the tax on proceeds from shares, capital rights and similar revenues.

14.2 In accordance with the provisions of articles 92-I-40° and 123-41° of "Code Général des Impôts" instituted by finance law n° 43-06 for the 2007 financial year, promulgated by dahir n° 1-06-232 of 10 Hijja 1427 (December 31st, 2006), as amended by finance law n° 38-07 for the 2008 financial year, by finance law n° 40-08 for the 2009 financial year, by finance law n° 48-09 for the 2010 financial year and by finance law n° 43-10 for the 2011 financial year, and Section 61 of the Hydrocarbon Law, each of the Parties, their contractors and sub-contractors shall benefit from exemption from value-added tax on goods and services acquired in the domestic market or imported from abroad.

14.3 Withholding tax will apply to payments for services provided by all foreign companies in accordance with law n° 24-86, as amended and completed, and in accordance with any double taxation treaties applicable to such foreign company.

14.4 **KOSMOS** shall pay the application fees for the grant and extensions of the Exploration Permits.

14.5 Each of the Parties shall pay its proportional share of the annual surface rental of one thousand Dirham (1,000 DH) per square kilometer on all Exploitation Concession(s).

ARTICLE 15 — BONUSES

15.1 **KOSMOS** undertakes to pay the **STATE**, for each discovery declared a Commercial Discovery by the Parties pursuant to Article 5.8.4 of the Association Contract, a discovery bonus of an amount of one million United States Dollars (US$ 1,000,000) in accordance with the following terms:

- five hundred thousand United States Dollars (US$ 500,000) is to be paid within thirty (30) days of the declaration of a Commercial Discovery; and

- the remaining amount of five hundred thousand United States Dollars (US$ 500,000) is to be paid:

  - for a Commercial Discovery of Crude Oil, within thirty (30) days of the conclusion of the first sale contract of production from such Commercial Discovery;

  - for a Commercial Discovery of Natural Gas, within thirty (30) days of the first delivery to the purchaser of production from such Commercial Discovery.

15.2 In addition, **KOSMOS** shall pay the **STATE** the corresponding bonuses payable within thirty (30) days of the end of the month in which the following cumulative levels of its share of production from all Exploitation Concessions are first reached and maintained for thirty (30) consecutive days:

Fifty thousand (50,000) BOE per day: a payment of one million United States Dollars (US$ 1,000,000);

One hundred thousand (100,000) BOE per day: a payment of two million United States Dollars (US$ 2,000,000);

Two hundred thousand (200,000) BOE per day: a payment of three million United States Dollars (US$ 3,000,000).

Three hundred thousand (300,000) BOE per day: a payment of four million United States Dollars (US$ 4,000,000).

For the purposes of this Article 15, the quantities of Hydrocarbons used within the perimeter of the Exploitation Concession for the purposes of the direct or assisted exploitation of the deposit shall not be taken into consideration for the calculation of the above bonuses.

For the purposes of this Agreement, BOE, means 5800 standard cubic feet of Natural Gas per standard barrel at fifteen (15) degrees Celsius and one thousand and thirteen point two five (1013.25) mbar.

15.3 Any bonus paid in accordance with Articles 15.1 and 15.2 by **KOSMOS** when a Commercial Discovery has been declared and during the term of any Exploitation Concession held jointly with **ONHYM** under this Agreement shall be considered as exploration and/or exploitation costs deductible for the purposes of section 47 of the Hydrocarbon Law.

PART VI — MISCELLANEOUS PROVISIONS

ARTICLE 16 - ASSOCIATION CONTRACT

16.1 Simultaneously with the signing of this Petroleum Agreement, the Parties as applicants for the Exploration Permits shall sign an Association Contract in order to:

16.1.1 set out the appropriate procedures to enable the Parties to jointly and successfully perform the Exploration Works and the Development and Exploitation Works relating to the Area of Interest as specified in this Petroleum Agreement.

16.1.2 set out the necessary procedures to secure the sound conduct of Joint Operations and Sole Risk Operations as the case may be, and to manage the relationships between the Parties.

16.1.3 define and set out the rights, benefits, obligations and liabilities of each Party in accordance with their Participating Interests under the Association Contract and as defined thereunder.

ARTICLE 17 - THE OPERATOR

17.1 **KOSMOS** is hereby designated as Operator for the conduct of all the operations and activities in respect of the Exploration Permits and the Exploitation Concession(s) which will derive from the said Exploration Permits, until the creation of a Joint Operating Company or until such time as it ceases to be Operator in accordance with the provisions of the Association Contract.

17.2 The rights and duties of the Operator are detailed in the Association Contract. The Operator shall unless otherwise agreed by the Parties or provided herein, give notice on behalf of the Parties to the STATE under this Agreement and represent the Parties in discussions with the STATE or any other Moroccan authorities, in accordance with the provisions of the Association Contract.

ARTICLE 18 - CONFIDENTIALITY

18.1 Subject to the provisions of this Agreement, each of the Parties agrees that all information and data acquired or obtained by any Party in respect of Joint Operations shall be considered confidential and each of the Parties shall keep confidential and not disclose any information or data acquired or obtained in respect of Joint Operations during the term of the Agreement to any person or entity not a party to this Agreement, except:

i) to an Affiliate, provided such Affiliate maintains confidentiality as provided in this Article 18;

ii) to a governmental agency or other entity as required by this Agreement;

iii) to the extent that such information and data is required to be provided in accordance with any applicable laws or regulations, or pursuant to any legal proceedings or as a result of an order of any court binding upon a Party;

iv) to any contractor, business, consultant or attorney whether prospective or actual, employed by any Party where disclosure of such information or data is essential to the performance of such contractor, business, consultant or attorney's work;

v) to a prospective bona fide transferee of a Party's Participating Interest (including an entity with whom a Party or its Affiliates are conducting bona fide negotiations directed toward a merger, consolidation or sale of a majority of its or an Affiliate's shares);

vi) to a bank or other financial institution or to an insurance company, to the extent necessary for a Party to arrange for funding; or insurance coverage;

vii) to the extent such data and information must be disclosed pursuant to any rules or requirements of any government or stock exchange having jurisdiction over such Party, or its Affiliates;

viii) to its respective employees for the purposes of Joint Operations, subject to each Party taking usual precautions to ensure that such data and information remains confidential;

ix) any data or information which, through no fault of a Party, becomes a part of the public domain; and

x) any data or information which the Parties have agreed to release into the public domain.

Any disclosure as pursuant to Article18.1 (i), (iv), (v), and (vi) shall not be made unless, prior to such disclosure, the disclosing Party has obtained a written undertaking from the recipient to keep the data and information strictly confidential for at least three (3) years after the termination of this Agreement.

18.2 **Continuing Obligations**

Any Party ceasing to be a Party to this Agreement shall nonetheless remain bound by the confidentiality obligations set out in Article 18.1 and any dispute shall be resolved in accordance with Article 20.

18.3 **Data trades**

Notwithstanding the foregoing provisions of this Article 18, **KOSMOS** may make data trades including in respect of data on the wells, for the benefit of the Parties, any data obtained in this way being provided to all Parties who participated in the cost of the data that was traded. **KOSMOS** shall ensure that any third party to such trade shall enter into an undertaking to keep the traded data confidential.

18.4 **Public Announcements**

If any Party wishes to issue or make any new public announcement or statement regarding this Agreement and/or the Association Contract it is imperative that it shall not do so unless, prior thereto, it provides all the Parties with a copy of such announcement or statement and obtains the written approval of all Parties. The approval by **ONHYM** of such a public announcement or statement shall constitute approval by the **STATE**. Notwithstanding any failure to obtain such approval by all Parties, after three (3) business days from the date at which such announcement was received by the Parties such Party may issue or make any such public announcement or statement if it is imperative to do so in order to comply with any applicable law, the regulations of recognized stock exchange, the Securities Exchange Commission of the United States of America or any regulatory body governing such party.

Notwithstanding the above, the Parties acknowledge that despite **KOSMOS** best efforts to notify and receive approval of **ONHYM** as described herein, certain circumstances may if necessary for compliance with applicable law, require release of information without such approval, or the expiration of the three (3) business day period. In this case **KOSMOS** will notify **ONHYM** and send the information to **ONHYM** when sent for release.

Any dispute which may arise as a result of any Party failing to comply with its confidentiality obligations regarding public announcements shall be resolved in accordance with Article 20.

ARTICLE 19 - FORCE MAJEURE

19.1 The non-performance by one of the Parties of any one of its obligations, with the exception of non-payment of any of the due amounts, shall be excused to the extent that any such non-performance results from a Force Majeure event. Force Majeure shall be interpreted as meaning any event which is normally beyond the control of the Party, because that Party is not in a position to either prevent it or overcome it by exercising reasonable diligence and by incurring reasonable expenses as measured by oil industry standards.

19.2 The Party that deems itself unable to fulfill its obligations by reason of Force Majeure event, shall advise the other Parties thereof in writing as soon as possible. The Parties shall consider what steps should be taken to ensure a return to a position in which the provisions of this Agreement can be carried out.

19.3 During any time period in which operations cannot be performed due to a Force Majeure event, the works set out in the Minimum Exploration Work Program or production activities, as the case may be, shall be postponed and will only recommence after the period of Force Majeure has ended.

19.4 Once the period of Force Majeure has ended, the validity period of the Exploration Permits and Exploitation Concessions will resume as if no Force Majeure event had occurred, provided however that the term of such validity period shall be extended by a period equal to the period of the Force Majeure.

ARTICLE 20 — ARBITRATION

20.1 If any dispute arises out of or in connection with this Agreement, the Parties shall use all reasonable endeavours to come to an amicable and equitable settlement. If such settlement cannot be reached within the ninety (90) days following the date upon which one of the Parties has notified the other, the Parties shall refer the matter to arbitration as defined below.

20.2 With the exception of disputes relating to the determination of the Market Price, which shall be settled in accordance with Article 6, all disputes, including the failure to restore an economic stability in accordance with Article 21, arising out of or in connection with this Agreement and which have not been amicably resolved as provided in Article 20.1, shall be definitively settled by arbitration before the International Centre for the Settlement of Investment Disputes (ICSID). If, for whatever reason, the dispute does not fall within the jurisdiction of ICSID, it shall then be submitted to arbitration under the Rules for Arbitration of the International Chamber of Commerce (ICC).

20.3 The arbitration tribunal shall be composed of three (3) arbitrators, one each to be appointed by **KOSMOS** and **ONHYM** respectively and a third arbitrator, who shall chair the arbitration tribunal, appointed by agreement between the first two arbitrators. If there is any difficulty in appointing an arbitrator, such arbitrator shall be appointed by the President of the Administrative Council of ICSID (or, if the arbitration is being conducted under the rules of ICC, by the President of the ICC Arbitration Court) on the application of any Party. The arbitration tribunal shall apply Moroccan law as in force on the date of this Agreement and generally accepted practice in the petroleum industry.

20.4 Any arbitration proceeding shall take place in Paris (France) and shall be conducted in the French language.

20.5 It is agreed that recourse to arbitration shall be made directly by one Party by notice to ICSID (or ICC) with a copy to the other Party(ies), without the necessity to pursue administrative or legal proceedings. The Parties expressly agree that the arbitration award shall be final and binding and that it may be recognised or enforced by any court of competent jurisdiction, in accordance with Article 54 of the ICSID Convention or the ICC Rules as the case may be.

Each Party waives any right of immunity as to it or its property in respect of the enforcement of and execution upon any award rendered under this Article 20.

20.6 The Parties hereby irrevocably and unequivocally undertake to comply with any award rendered by an arbitration tribunal constituted pursuant to this Agreement.

20.7 Each Party shall bear all costs and expenses incurred by it relating to the arbitration but the costs of the arbitration tribunal shall be borne by the Party against which a judgment is awarded.

ARTICLE 21 — ECONOMIC STABILITY OF KOSMOS

21.1 The terms and conditions of this Petroleum Agreement are agreed on the basis of the legislation and regulations in force at the Effective Date and it is on this basis that **KOSMOS** is making its investments in the Kingdom of Morocco. Furthermore, the rights of the Parties to this Agreement shall be preserved notwithstanding the status which may be granted to the southern provinces of the Kingdom of Morocco.

21.2 In the event that a change in the applicable law would affect the economic and financial conditions of **KOSMOS** with regard to this Agreement existing at the Effective Date, following written notice from the Operator, **ONHYM** shall, within ninety (90) days of the date when such change will take effect, make every effort to preserve or re-establish the economic and financial conditions which existed for **KOSMOS** at the Effective Date and shall, in particular, propose amendments to this Agreement and/or negotiate in good faith the proposals which may be subsequently made in this context by **KOSMOS**. Any decision will take account of the effects of any changes since the date of application.

ARTICLE 22 - ASSIGNMENT AND TRANSFER OF RIGHTS AND OBLIGATIONS

22.1 Subject to Article 22.2, the Parties shall have the right to assign all or part of their Participating Interest in any Exploration Permit and/or any Exploitation Concession under this Petroleum Agreement in accordance with the Hydrocarbon Code. In the event **KOSMOS** desires to farmout a portion of its Participating Interest in Exploration Permits and/or any Exploitation Concession under this Petroleum Agreement, **KOSMOS** and **ONHYM** will collaborate in any such farmout process undertaken by **KOSMOS.** **ONHYM** will participate in the preparation of the corresponding promotional material and will also be involved in the roadshow and in marketing meetings to prospective assignees. Furthermore, **KOSMOS** must obtain approval from the Minister in charge of Energy and **ONHYM** pertaining to the prospective assignee before any assignment is effective.

If such a transfer takes place, the Parties shall enter into an amendment to this Agreement to recognize the new Percentage Interests and the corresponding commitments.

22.2 During the term of the Exploration Permits, **ONHYM** will not assign its rights hereunder except for an assignment to **KOSMOS** or if the Moroccan state nominates another entity to hold such rights on the **STATE**'s behalf. Any such entity shall be subject to a similar restriction on assignment of the rights it acquires hereunder.

22.3 In the event of an assignment between **KOSMOS** and its Affiliates, such assignment shall be carried out in accordance with the Hydrocarbon Code.

22.4 In the event that there is an assignment to a third party, such assignment shall require the prior approval of the Minister in charge of Energy in accordance with the Hydrocarbon Code before it is effective. Notwithstanding the foregoing and for the avoidance of doubt, the Parties agree and acknowledge that any pledge, mortgage, charge, lien, hypothecation or encumbrance, by way of security of its interest under the Exploration Permits will require only notification to the Minister in charge of Energy.

ARTICLE 23 — NOTICES

All notices which must, or may, be given in accordance with the Hydrocarbon Code and this Agreement, shall be made in writing in English, and in French where such notice is required to be sent to the Minister in charge of Energy or any other ministerial department and shall be delivered in person or by registered post or by courier service or by any electronic means of transmitting written communications which provides confirmation of complete transmission, and shall be addressed to the Parties designated below. Oral communication shall not constitute a valid notice for the purposes of this Agreement. Initial notice given pursuant to any term of this Agreement shall be deemed delivered only when received by the Party to whom such initial notice is addressed, and the time for such Party to deliver any notice in response to such initial notice shall run from the date on which the initial notice is received. A second notice or a notice by way of response shall be deemed delivered when received. "Received" for the purposes of this Article and in respect of written notices delivered pursuant to this Agreement shall mean the actual delivery of the notice to the address of the Party to be notified, specified in accordance with this Article. Each Party shall have the right to change its address at any time and/or designate that copies of all such notices be directed to another person at another address by giving written notice thereof to all other Parties.

These notices shall be addressed to:

To:	Minister in Charge of Energy
Attention:	Le Secretaire General
	B.P. 6208 – Rabat Institut
	Haut Agdal Rabat – MAROC
Fax:	(212) 05 37 77 47 32
To:	
	The OFFICE NATIONAL DES HYDROCARURES ET DES MINES (**ONHYM**)
	5, Avenue Moulay Hassan
	B.P. 99 Rabat MAROC
Attention:	Le Directeur General
Fax:	(212) 05 37 28 16 34/26
To:	KOSMOS ENERGY OFFSHORE MOROCCO HC
	4th Floor, Century Yard
	Cricket Square, Hutchins Drive
	Elgin Avenue, George Town
	Gran Cayman KY1-1209
	Cayman Islands
Attention :	General Counsel
Fax:	+1-345-527-2105
Copy to:	KOSMOS ENERGY OFFSHORE MOROCCO HC

	c/o Kosmos Energy LLC
	8176 Park Lane, Suite 500
	Dallas, Texas USA 75231
Attention:	General Counsel
Fax:	+1-214-445-9705

For the purposes of this Agreement, if any Party changes its notification address as provided above, it shall advise all other Parties in writing within ten (10) days of such a change.

ARTICLE 24 — OTHER PROVISIONS

24.1 All administrative documents and correspondence, to be provided in accordance with the Hydrocarbon Code and this Agreement, shall be in the French language, whilst data and other technical documents may be provided in the French language or the English language.

24.2 If any of the Parties fails to enforce any of the provisions of this Agreement or to exercise its rights and privileges arising by virtue of the Hydrocarbon Code and/or of this Agreement, it may at any time require the enforcement of such provisions, rights and privileges.

24.3 The Parties' respective successors shall be bound by and benefit from this Agreement.

24.4 This Agreement has been drawn up in French and translated into English. It has been signed in these two versions. In the event of a dispute only the French version shall prevail.

24.5 No provision of this Agreement can be amended or modified except by mutual agreement in writing and signed by the Parties. These amendments or modifications shall be approved and shall be effective on the date of signature of a joint order issued by the Minister in charge of Energy and the Minister in charge of Finance pursuant to the Hydrocarbon Code, such approval not to be unreasonably withheld. **ONHYM** shall assist **KOSMOS** in procuring such approval.

24.6 The provisions of the Hydrocarbon Code relating to the Effective Date of this Agreement shall be applicable to all cases or situations not specified in this Petroleum Agreement relating to the exploration and exploitation of Hydrocarbons in the Area of Interest.

24.7 In the event of any conflict between the provisions of this Petroleum Agreement and the Hydrocarbon Code, the provisions of the Hydrocarbon Code shall prevail. In the event of conflict between the provisions of this Agreement and the Association Contract, the provisions of this Agreement shall prevail.

24.8 Subject to agreement on the terms of a suitable work program, **ONHYM** undertakes to participate with **KOSMOS** in an application for the award of any exploration permit for any area adjacent to the Exploration Permits and not already the subject of an existing exploration permit.

24.9 **ONHYM** undertakes to participate in accordance with the provisions of section 30 of the Hydrocarbon Law with **KOSMOS** in an application for the award of any exploitation concession for any area adjacent to the Exploration Permits which is not already the subject of an existing exploitation concession or exploration permit.

ARTICLE 25 — EFFECTIVE DATE

25.1 As provided in section 34 of the Hydrocarbon Law and section 60 of the Decree, this Petroleum Agreement shall be approved by a joint order issued by the Minister in charge of Energy and the Minister in charge of Finance.

25.2 This Petroleum Agreement will enter into effect on the date ("Effective Date") of the signature of the aforesaid joint order and will remain effective until expiry in accordance with the provisions of Article 2 of this Agreement.

IN WITNESS WHEREOF, THIS AGREEMENT IS EXECUTED IN FIVE (5) ORIGINAL COPIES IN THE FRENCH LANGUAGE AND THREE (3) CONFORMING TRANSLATIONS INTO THE ENGLISH LANGUAGE.

IN RABAT ON THIS DAY OF 7 July 2011

OFFICE NATIONAL DES HYDROCARURES ET DES MINES,
ACTING ON BEHALF OF THE KINGDOM OF MOROCCO

By **/s/ Amina BENKHADRA**

Name: **Amina BENKHADRA**

Title: **GENERAL DIRECTOR**

KOSMOS ENERGY OFFSHORE MOROCCO HC

By **/s/ Brian MAXTED**

Name: **Brian MAXTED**

Title: **PRESIDENT**

APPENDIX I - DEFINITIONS

The following words, terms and phrases shall have the meaning attributed thereto below when used in this Petroleum Agreement:

1) "**Petroleum Agreement**" or the "**Agreement**" means the agreement to which this Appendix I is attached;

2) "**Code Général des Impôts**" means the general tax code promulgated by the Dahir n°1-07-211 dated 27 December 2007 as modified and amended;

3) "**Exploitation Concession**" means any Exploitation Concession granted to **KOSMOS** and to **ONHYM**, pursuant to the Hydrocarbon Code and to this Agreement and which derives from the Exploration Permits;

4) "**Association Contract**" means the document referred to in Article 16.1 of the Agreement;

5) "**Effective Date**" as defined in Article 25 of this Agreement;

6) **"Affiliate"** means, with regard to any Party, any entity controlling or controlled by said Party, or any entity which controls or is controlled by another entity which controls that Party directly. It is understood that the concept of "control" shall mean the ownership by one entity of more than fifty percent (50%) :

   a) of voting shares if the other entity is a company

   or

   b) of the control of managerial decisions, if the other entity is not a company. In the case of **ONHYM**, this definition shall include the **STATE** and any entity controlled by the **STATE**;

7) "**Natural Gas**" means all gaseous Hydrocarbons obtained from oil or gas wells as well as residual gas from the separation process of liquid Hydrocarbons;

8) "**Available Natural Gas**" means for all Exploitation Concessions, the Natural Gas produced inside the Area of Interest covered by each Exploitation Concession and not used for the needs of direct or assisted exploitation of the Hydrocarbon deposit and after deduction of the annual royalties paid in kind;

9) "**Hydrocarbons**" means natural Hydrocarbons, whether liquid, gaseous, or solid, other than bituminous shale, and shall include Crude Oil and Natural Gas;

10) "**Minimum Expenditure Obligation**" means the amounts set out in Article 4.2 of this Agreement for the Initial Period, the First Extension Period and the Second Extension Period, respectively;

11) "**Operator**" means **KOSMOS**, appointed in accordance with Article 17;

12) "**Participating Interest**" means, with respect to the Exploration Permits, the interests of the Parties as set out in Article 3.1.2 of this Agreement and with respect to any Exploitation Concession, the interests of the Parties as set out in Article 5.2 of this Agreement;

13) "**Net Share of Hydrocarbon Production**" means for all Exploitation Concessions, the Hydrocarbons produced inside the Area of Interest covered by each Exploitation Concession and not used for purposes of direct or assisted exploitation of the Hydrocarbons;

14) "**Initial Period**" means the eighteen (18) month period commencing on the effective date of the Exploration Permits;

15) "**Extension Periods**" means the First Extension Period and the Second Extension Period collectively referred to in Articles 4.2.2 and 4.2.3 of this Agreement;

16) "**Exploration Permits**" means the Exploration Permits granted to **KOSMOS** and **ONHYM** pursuant to the Hydrocarbon Code and this Agreement in the Area of Interest;

17) "**Crude Oil**" means all Hydrocarbons that are in liquid form in their natural state, or obtained by the condensation or separation of Natural Gas and bitumen;

18) "**Available Crude Oil**" means for all Exploitation Concessions the Crude Oil produced inside the Area of Interest covered by each Exploitation Concession and not used for the needs of direct or assisted exploitation of the Hydrocarbon deposit after deduction of the annual royalties paid in kind;

19) "**Natural Gas Delivery Point**" means the outlet flange of the subsea pipeline connecting the field facilities to the shore (or any other delivery point mutually agreed upon);

20) "**Crude Oil Delivery Point**" means the delivery point of the Crude Oil at the outlet flange of the storage unit associated with the deposit operations (or any other delivery point mutually agreed upon);

21) "**First Extension Period**" means the period referred to in Article 4.2.2 of this Agreement;

22) "**First Phase**" means the period which is referred to in Article 4.2.3 of this Agreement;

23) "**Market Price**" has the meaning set out in Article 6 of this Agreement;

24) "**Minimum Exploration Work Program**" means the operations set out and described in Article 4.2 of this Agreement;

25) "**Second Extension Period**" means the period referred to in Article 4.2.3 of this Agreement;

26) "**Second Phase**" means the period defined in Article 4.2.3 of this Agreement;

27) "**Development and Exploitation Works**" means all operations relating to any Exploitation Concession and carried out in this latter and, in particular, any Development Plan, geological and geophysical works, drilling of development wells, including the drilling of delineation wells, the production of Hydrocarbons, the installation of collection pipes and the operations necessary for the maintenance of pressure and for primary or secondary recovery;

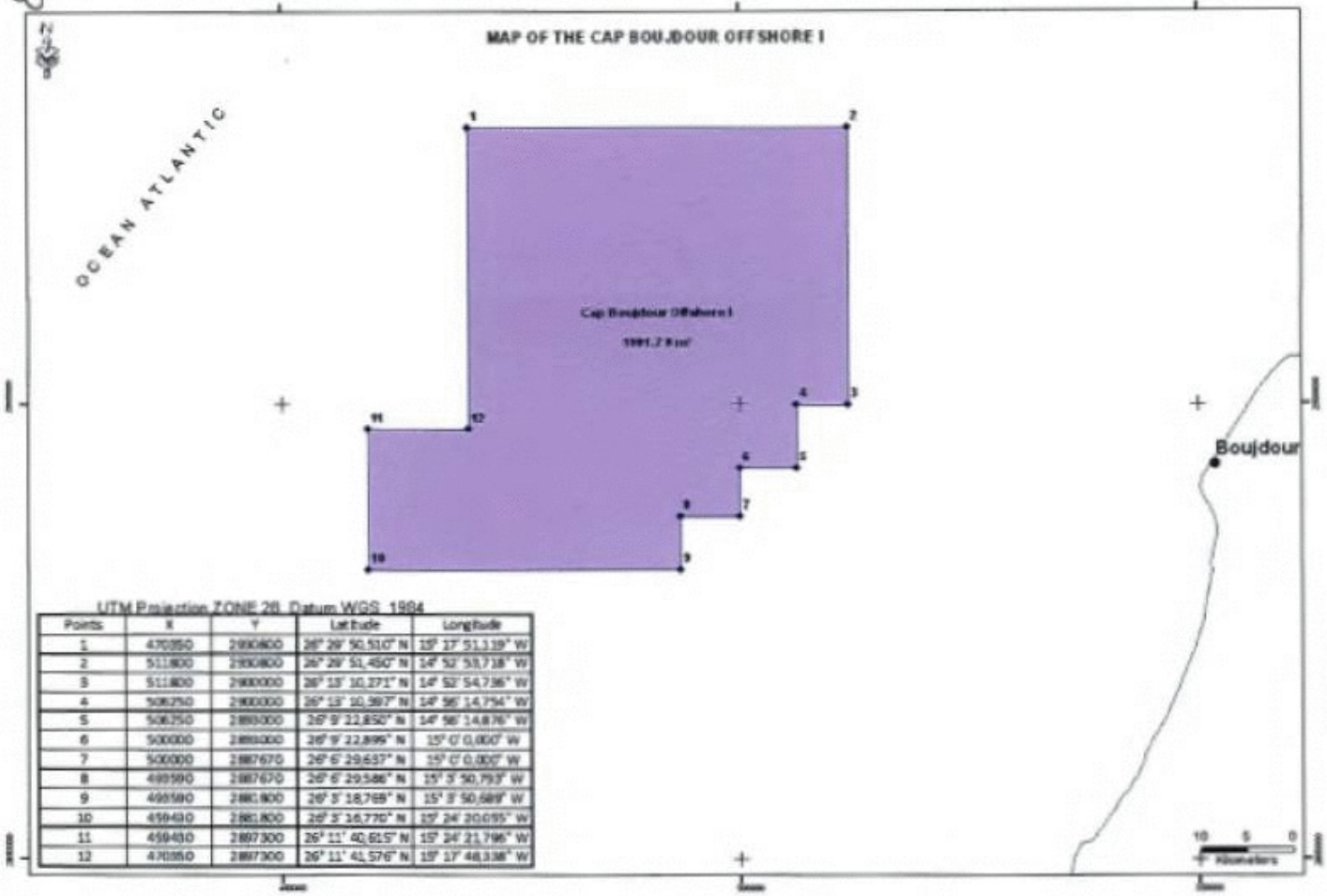
28) "**Exploration Works**" means all exploration and appraisal operations seeking to establish the existence of Hydrocarbons in commercially exploitable quantities;

29) "**Area of Interest**" means the Area of Interest called "**CAP BOUJDOUR OFFSHORE**" and described in Appendix II attached to the Petroleum Agreement and in Article 3.1.1.

Any other capitalised terms used in this Agreement which are not otherwise defined herein, shall have the meanings attributed thereto in the Association Contract, the Hydrocarbon Code and the applicable regulations.

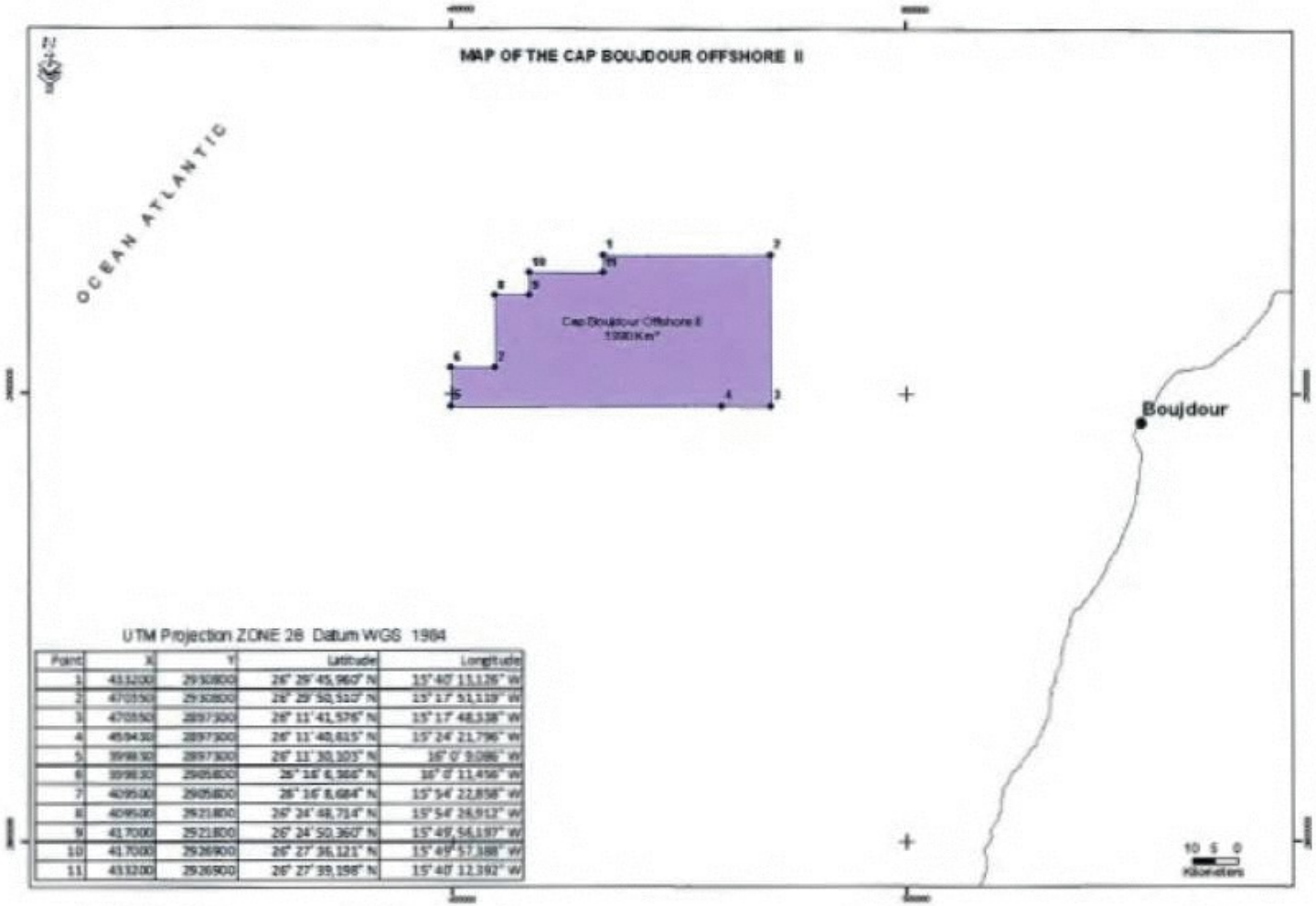
APPENDIX II

MAP AND DESCRIPTION OF THE AREA OF INTEREST



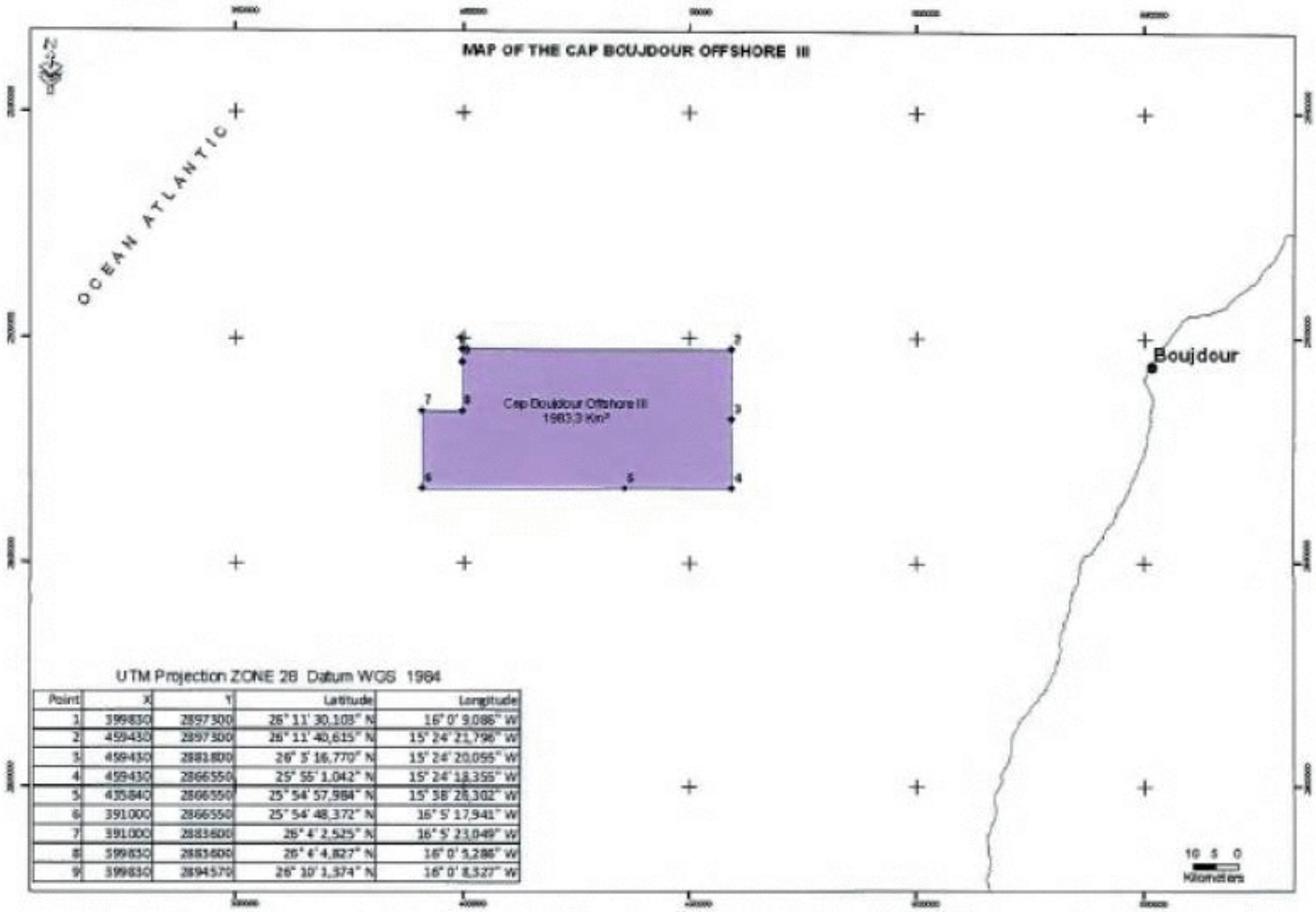
UTM Projection ZONE 28, Datum WGS 1984

Points	X	Y	Latitude	Longitude
1	470850	2900800	26° 29' 50,510" N	15° 17' 51,119" W
2	511800	2900800	26° 29' 51,450" N	14° 52' 53,718" W
3	511800	2900000	26° 13' 10,271" N	14° 52' 54,736" W
4	506250	2900000	26° 13' 10,597" N	14° 56' 14,794" W
5	506250	2890000	26° 9' 22,850" N	14° 56' 14,876" W
6	500000	2890000	26° 9' 22,899" N	15° 0' 0,000" W
7	500000	2887670	26° 6' 29,633" N	15° 0' 0,000" W
8	498590	2887670	26° 6' 29,586" N	15° 3' 50,793" W
9	498590	2881800	26° 3' 18,769" N	15° 3' 50,689" W
10	459490	2881800	26° 3' 16,770" N	15° 24' 20,095" W
11	459490	2897300	26° 11' 40,615" N	15° 24' 21,796" W
12	470850	2897300	26° 11' 41,576" N	15° 17' 48,338" W



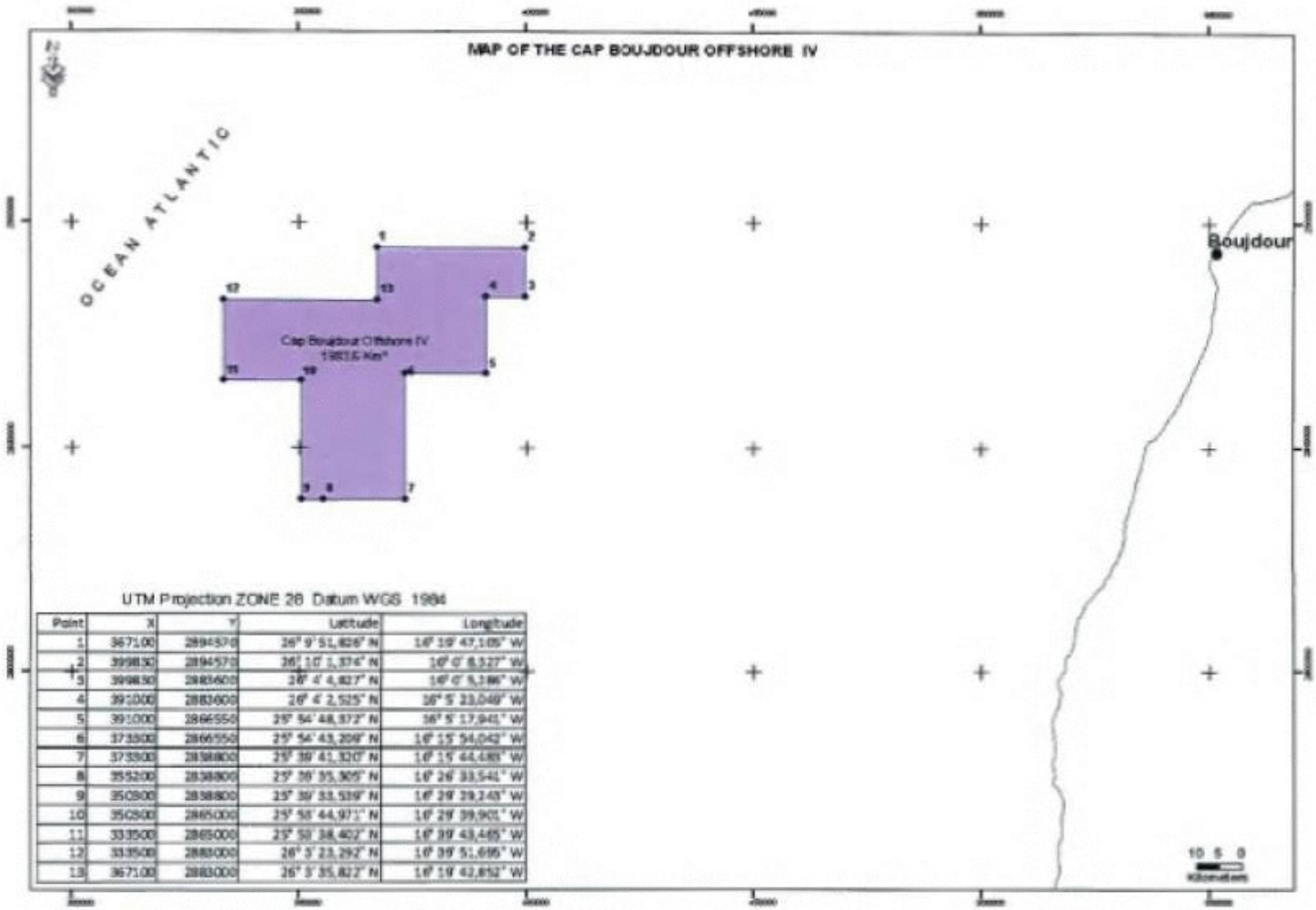
UTM Projection ZONE 28 Datum WGS 1984

Point	X	Y	Latitude	Longitude
1	433200	2930800	26° 29' 45,960" N	15° 40' 11,126" W
2	470550	2930800	26° 29' 50,510" N	15° 17' 51,119" W
3	470550	2897300	26° 11' 41,576" N	15° 17' 48,338" W
4	459430	2897300	26° 11' 40,615" N	15° 24' 21,796" W
5	399830	2897300	26° 11' 30,103" N	16° 0' 9,086" W
6	399830	2905800	26° 16' 8,364" N	16° 0' 11,456" W
7	409500	2905800	26° 16' 8,684" N	15° 54' 22,858" W
8	409500	2921800	26° 24' 48,714" N	15° 54' 26,912" W
9	417000	2921800	26° 24' 50,360" N	15° 49' 56,197" W
10	417000	2926900	26° 27' 36,121" N	15° 49' 57,388" W
11	433200	2926900	26° 27' 39,198" N	15° 40' 12,392" W



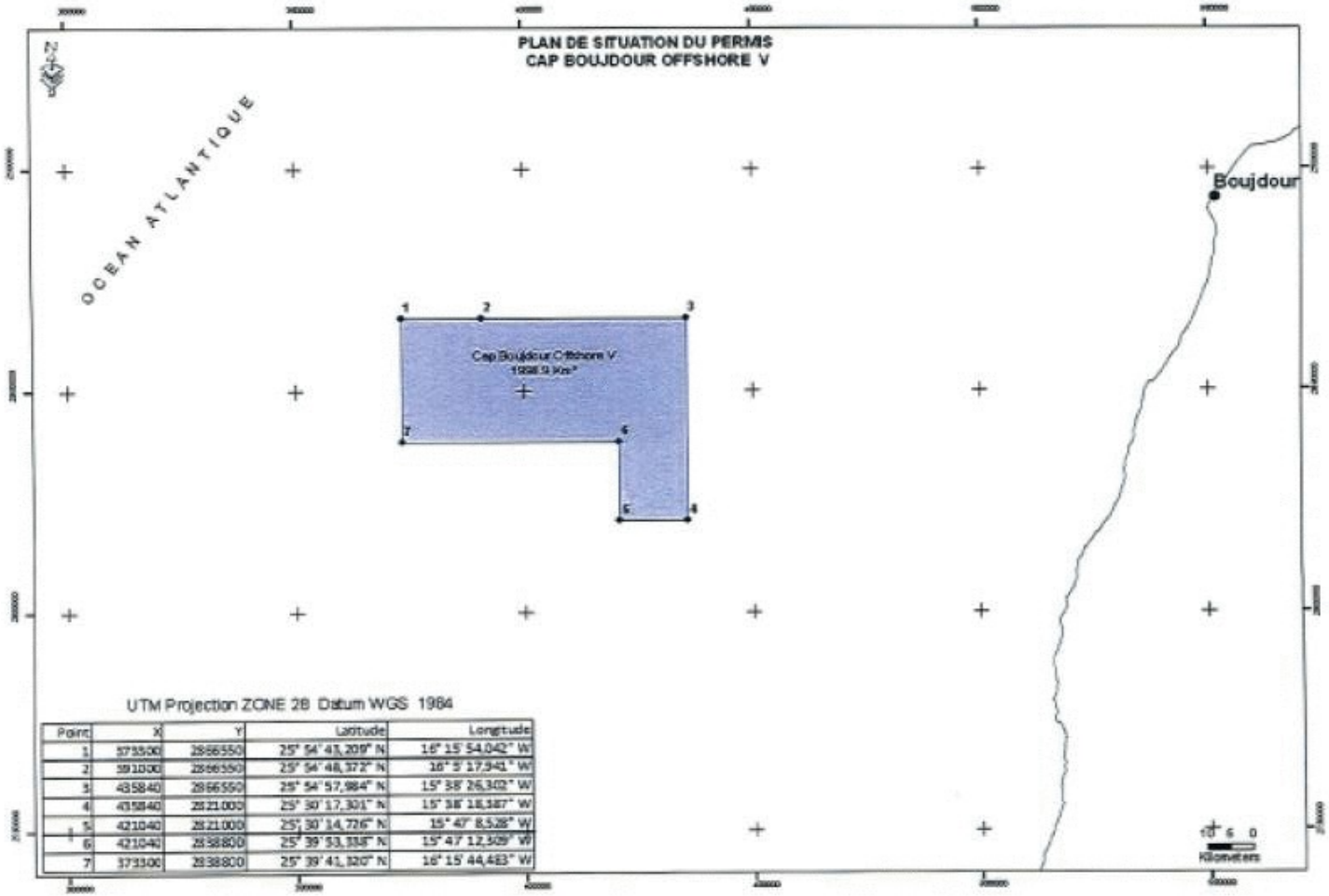
UTM Projection ZONE 28 Datum WGS 1984

Point	X	Y	Latitude	Longitude
1	399830	2897300	26° 11' 30,103" N	16° 0' 9,086" W
2	459430	2897300	26° 11' 40,615" N	15° 24' 21,796" W
3	459430	2883800	26° 5' 16,770" N	15° 24' 20,055" W
4	459430	2866550	25° 55' 1,042" N	15° 24' 18,355" W
5	435840	2866550	25° 54' 57,984" N	15° 38' 28,302" W
6	391000	2866550	25° 54' 48,372" N	16° 5' 17,941" W
7	391000	2883600	26° 4' 2,525" N	16° 5' 23,049" W
8	399830	2883600	26° 4' 4,827" N	16° 0' 5,286" W
9	399830	2894570	26° 10' 1,374" N	16° 0' 8,327" W



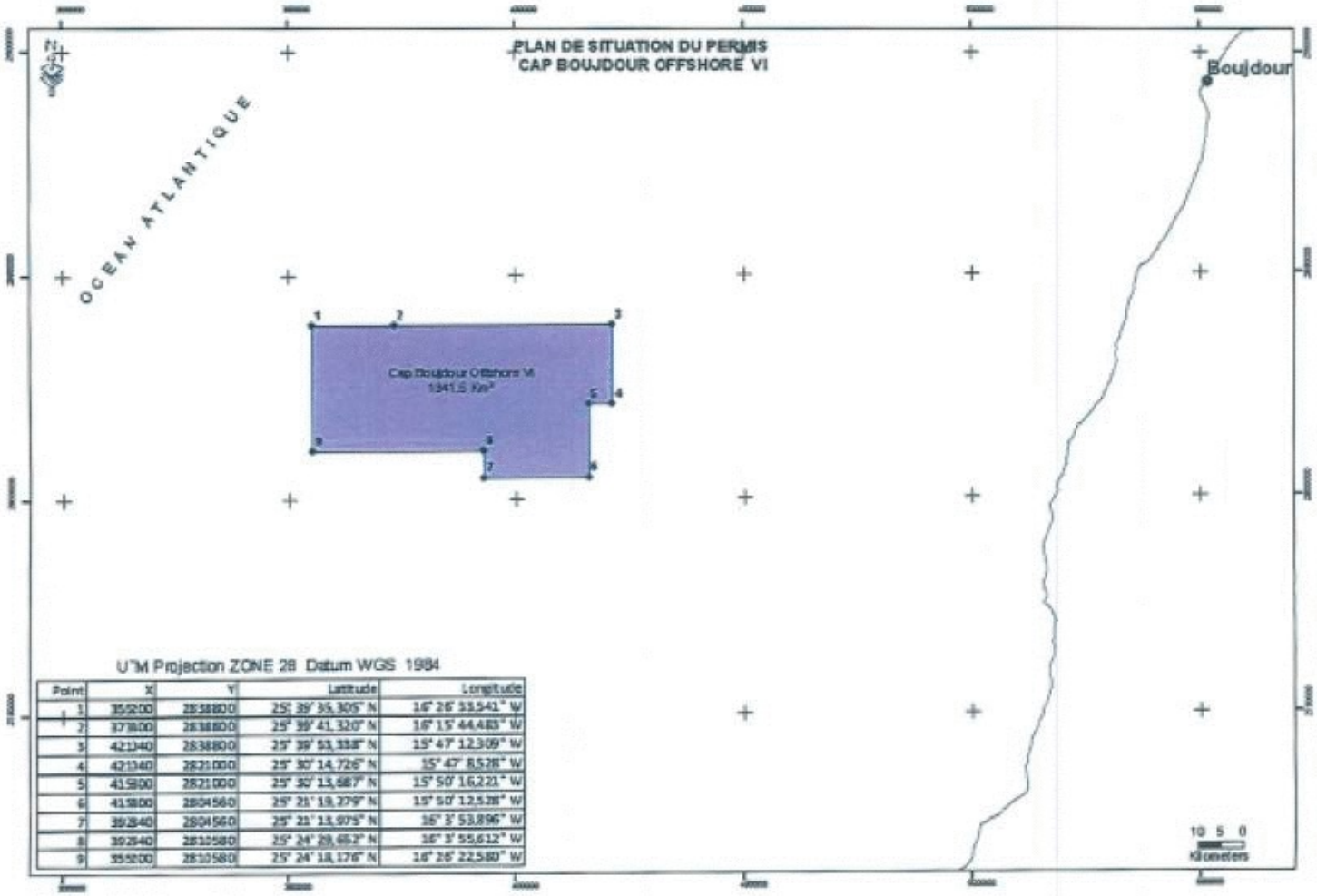
UTM Projection ZONE 28 Datum WGS 1984

Point	X	Y	Latitude	Longitude
1	367100	2894570	26° 9' 51,826" N	16° 19' 47,105" W
2	399830	2894570	26° 10' 1,374" N	16° 0' 8,327" W
3	399830	2883600	26° 4' 4,827" N	16° 0' 5,186" W
4	391000	2883600	26° 4' 2,525" N	16° 5' 23,049" W
5	391000	2866550	25° 54' 48,372" N	16° 5' 17,941" W
6	373300	2866550	25° 54' 43,209" N	16° 15' 54,042" W
7	373300	2838800	25° 39' 41,320" N	16° 15' 44,483" W
8	355200	2838800	25° 39' 35,305" N	16° 26' 33,541" W
9	350800	2838800	25° 39' 33,539" N	16° 29' 29,143" W
10	350800	2865000	25° 53' 44,971" N	16° 29' 39,901" W
11	333500	2865000	25° 53' 38,402" N	16° 39' 43,465" W
12	333500	2883000	26° 3' 23,292" N	16° 39' 51,696" W
13	367100	2883000	26° 3' 35,822" N	16° 19' 42,852" W



UTM Projection ZONE 28 Datum WGS 1984

Point	X	Y	Latitude	Longitude
1	373500	2866550	25° 54' 43,209" N	16° 15' 54,042" W
2	391000	2866550	25° 54' 48,372" N	16° 5' 17,941" W
3	435840	2866550	25° 54' 57,984" N	15° 38' 26,302" W
4	435840	2821000	25° 30' 17,301" N	15° 38' 18,387" W
5	421040	2821000	25° 30' 14,726" N	15° 47' 8,528" W
6	421040	2838800	25° 39' 53,338" N	15° 47' 12,309" W
7	373500	2838800	25° 39' 41,320" N	16° 15' 44,483" W



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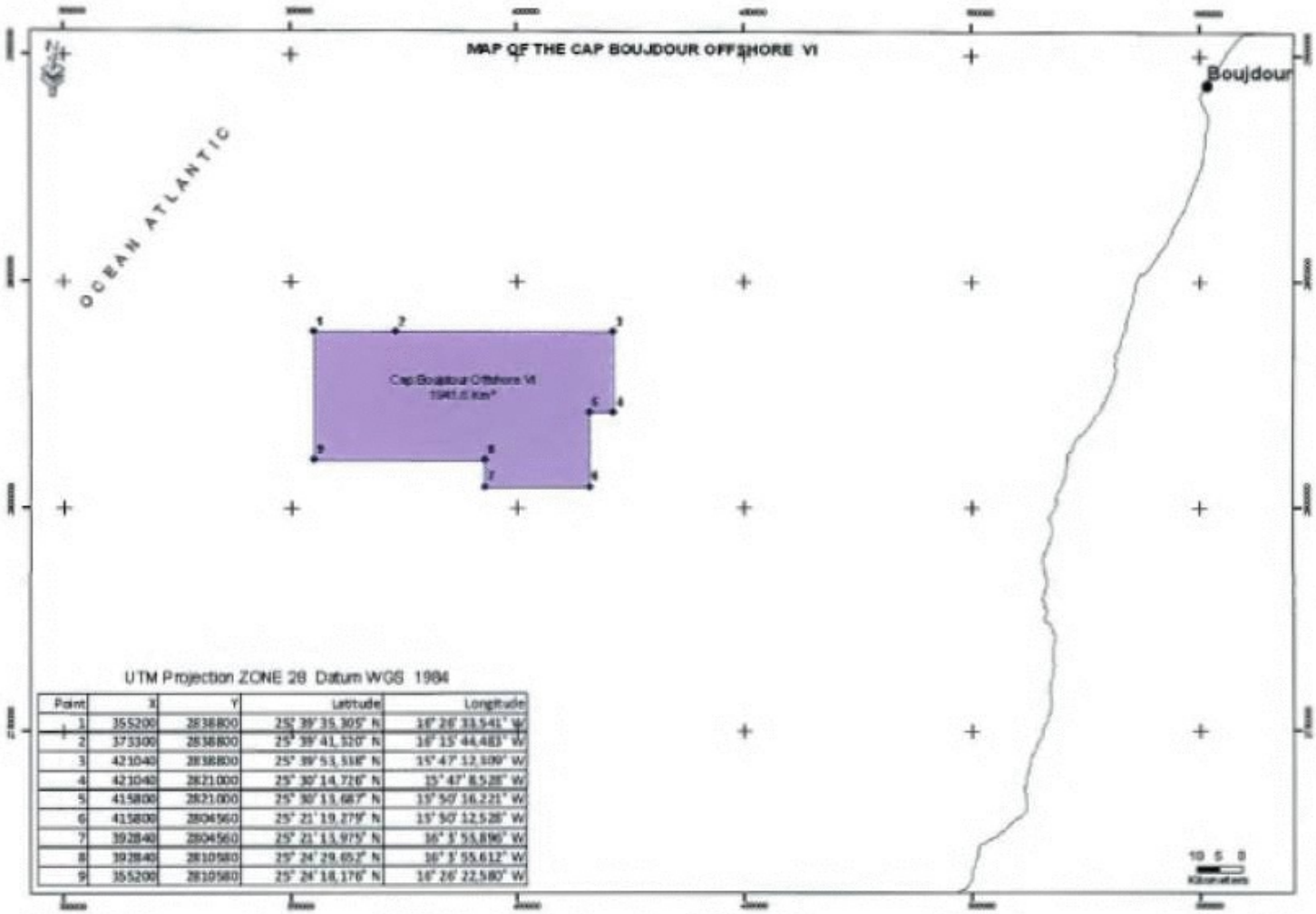
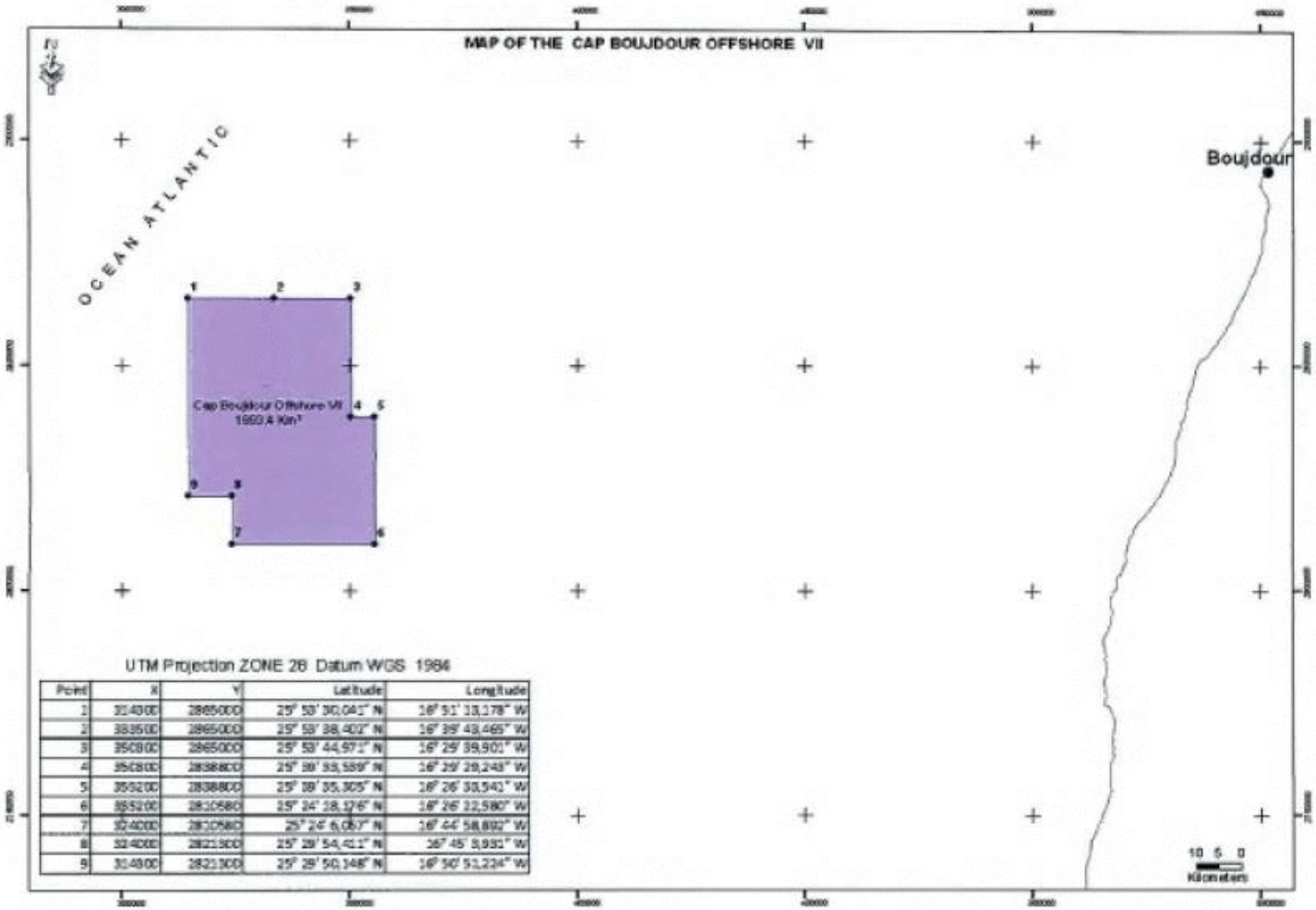
Point	X	Y	Latitude	Longitude
1	355200	2838800	25° 39' 35,305" N	16° 28' 33,541" W
2	373800	2838800	25° 39' 41,320" N	16° 15' 44,483" W
3	421340	2838800	25° 39' 53,338" N	15° 47' 12,309" W
4	421340	2821000	25° 30' 14,726" N	15° 47' 8,528" W
5	413800	2821000	25° 30' 13,687" N	15° 50' 16,221" W
6	413800	2804560	25° 21' 19,279" N	15° 50' 12,528" W
7	392840	2804560	25° 21' 13,975" N	16° 3' 53,896" W
8	392840	2810580	25° 24' 28,652" N	16° 3' 55,612" W
9	355200	2810580	25° 24' 18,176" N	16° 28' 22,580" W



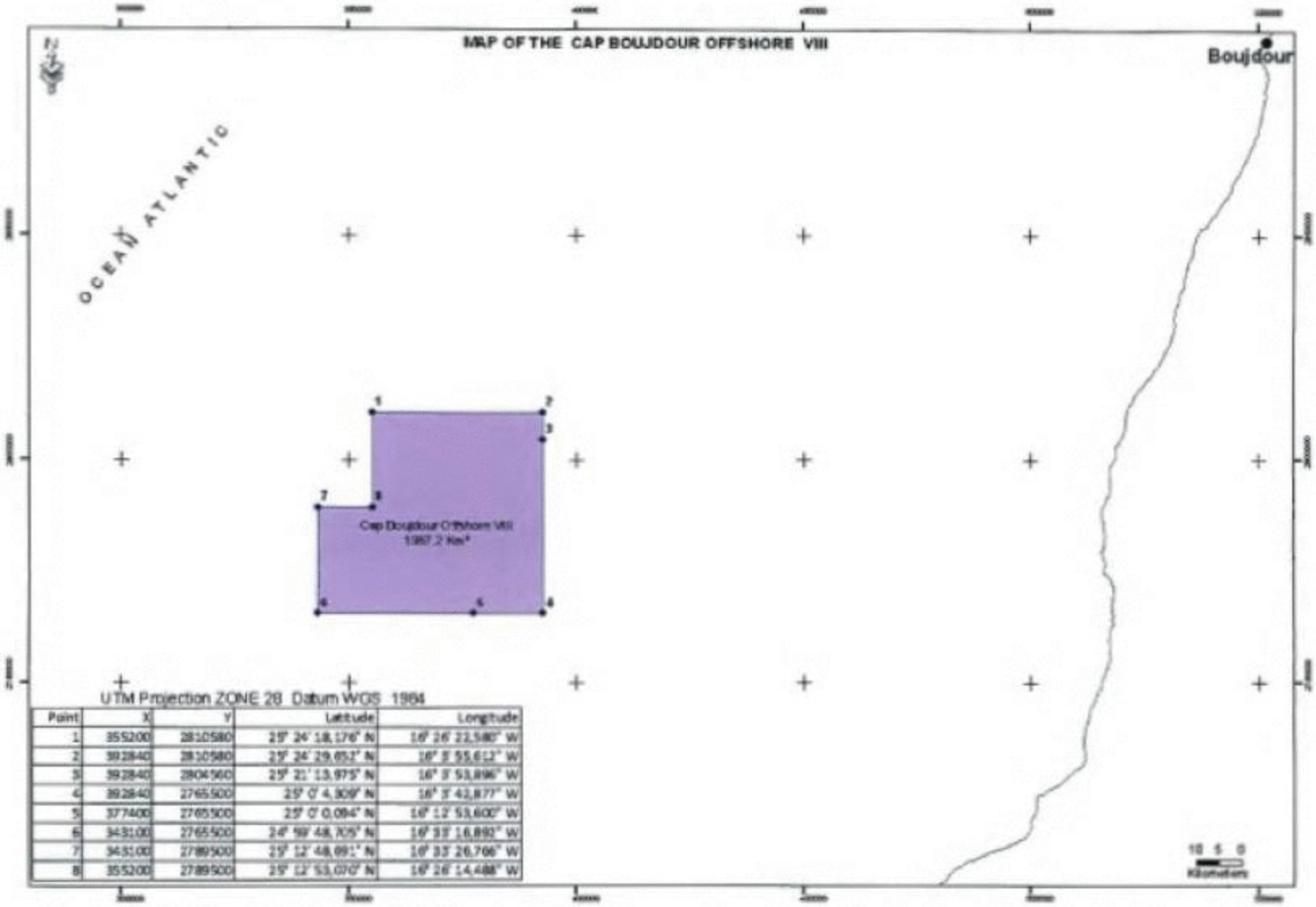
UTM Projection ZONE 28 Datum WGS 1984

Point	X	Y	Latitude	Longitude
1	355200	2838800	25° 39' 35.305" N	16° 26' 33.541" W
2	373300	2838800	25° 39' 41.320" N	16° 15' 44.483" W
3	421040	2838800	25° 39' 53.338" N	15° 47' 12.109" W
4	421040	2821000	25° 30' 14.726" N	15° 47' 8.528" W
5	415800	2821000	25° 30' 13.687" N	15° 50' 16.221" W
6	415800	2804560	25° 21' 19.279" N	15° 50' 12.528" W
7	392840	2804560	25° 21' 13.975" N	16° 3' 55.896" W
8	392840	2810580	25° 24' 29.652" N	16° 3' 55.612" W
9	355200	2810580	25° 24' 18.176" N	16° 26' 22.580" W



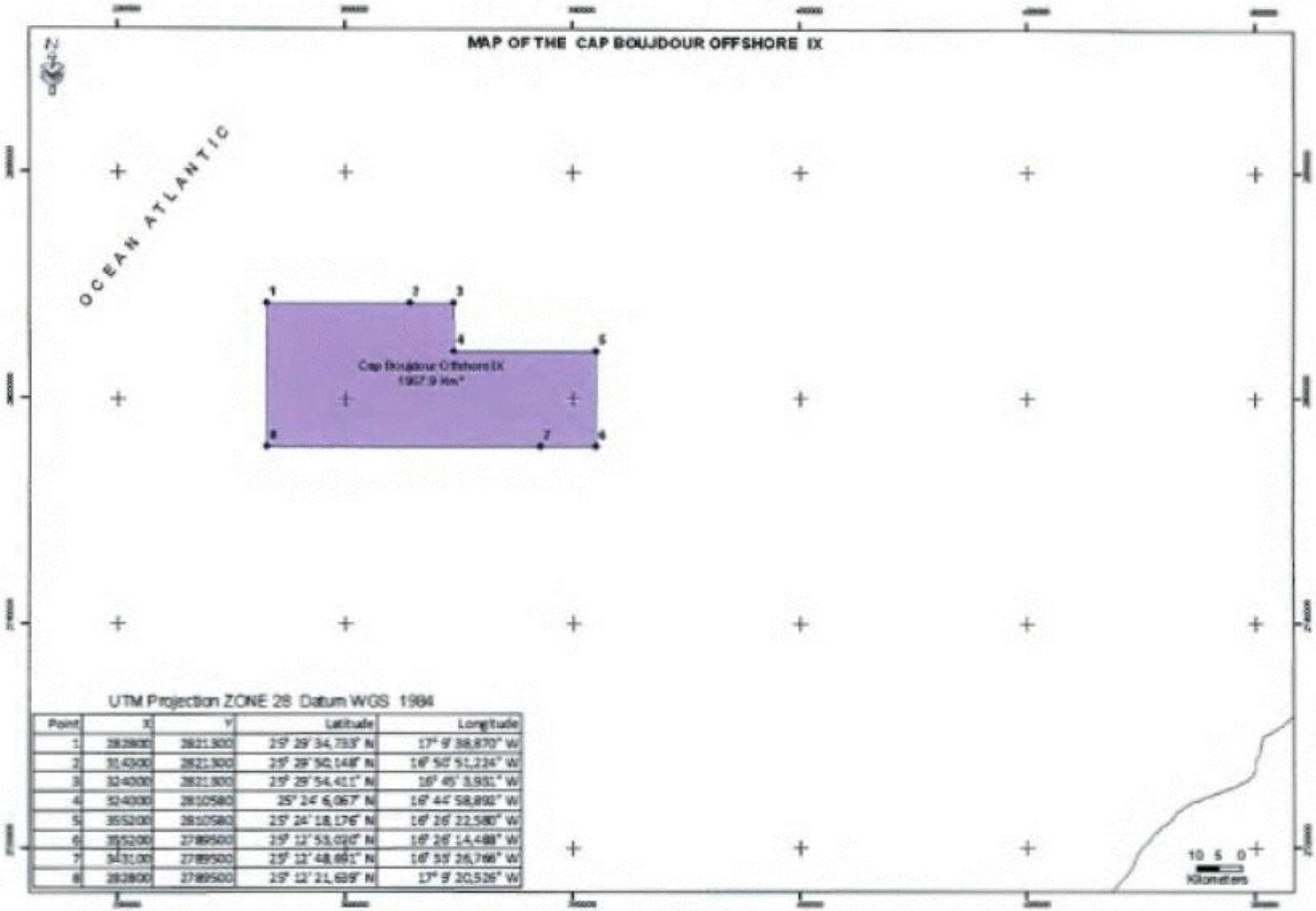
UTM Projection ZONE 28 Datum WGS 1984

Point	X	Y	Latitude	Longitude
1	314000	2865000	25° 53' 30,041" N	16° 31' 13,178" W
2	333500	2865000	25° 53' 38,402" N	16° 39' 43,465" W
3	350800	2865000	25° 53' 44,971" N	16° 29' 39,901" W
4	350800	2838800	25° 39' 33,589" N	16° 29' 29,248" W
5	355200	2838800	25° 39' 35,305" N	16° 26' 33,541" W
6	355200	2810580	25° 24' 28,176" N	16° 26' 22,580" W
7	324000	2810580	25° 24' 6,057" N	16° 44' 58,892" W
8	324000	2821300	25° 29' 54,411" N	16° 45' 3,931" W
9	314800	2821300	25° 29' 50,148" N	16° 50' 51,224" W



UTM Projection ZONE 28 Datum WGS 1984

Point	X	Y	Latitude	Longitude
1	355200	2810580	25° 24' 18,176" N	16° 26' 22,580" W
2	392840	2810580	25° 24' 29,652" N	16° 3' 55,612" W
3	392840	2804560	25° 21' 13,975" N	16° 3' 53,896" W
4	392840	2765500	25° 0' 4,309" N	16° 3' 42,877" W
5	377400	2765500	25° 0' 0,094" N	16° 12' 53,600" W
6	343100	2765500	24° 59' 48,705" N	16° 33' 16,892" W
7	343100	2789500	25° 12' 48,691" N	16° 33' 26,766" W
8	355200	2789500	25° 12' 53,070" N	16° 26' 14,488" W



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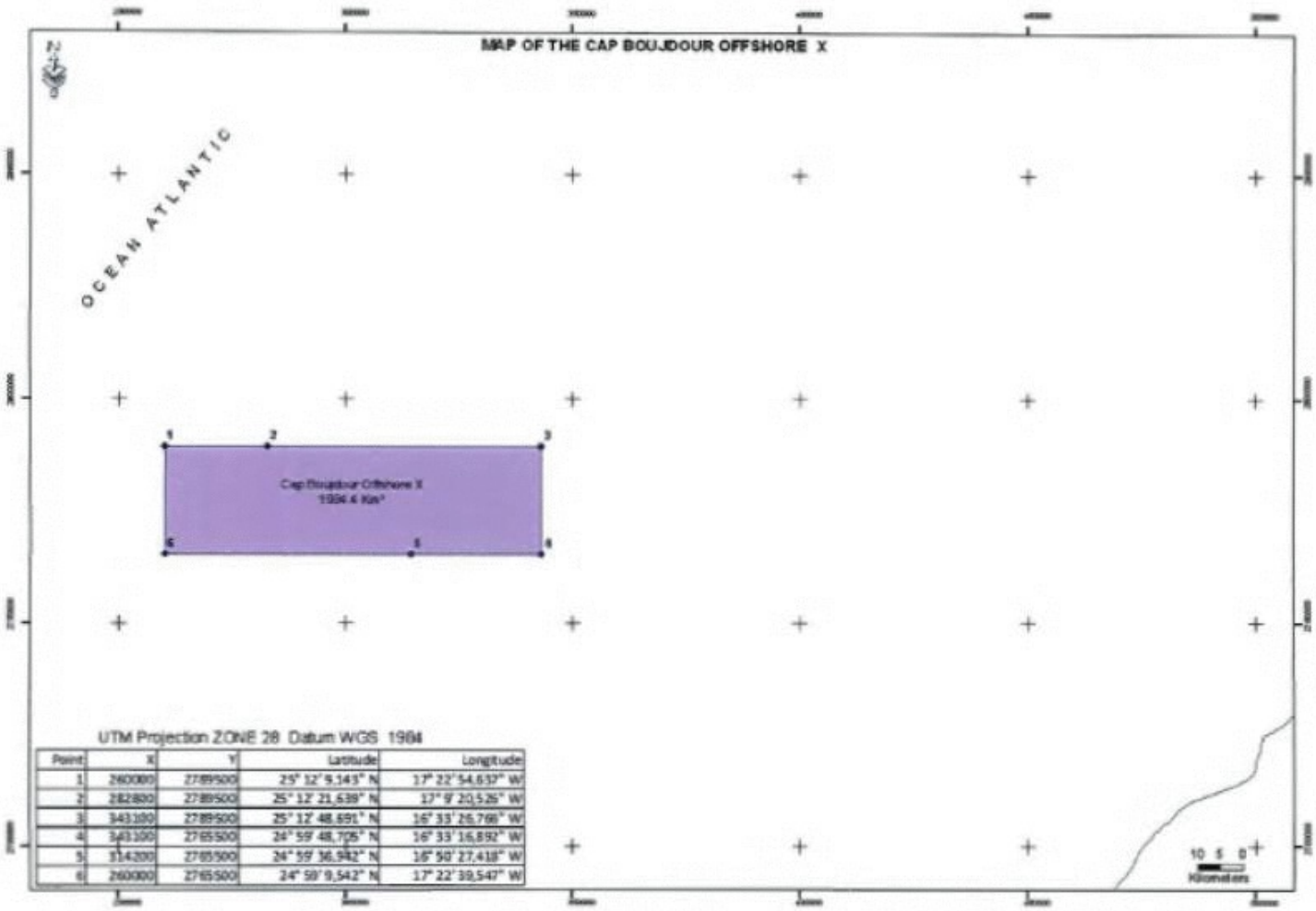
Point	X	Y	Latitude	Longitude
1	282800	2821300	25° 29' 34,733" N	17° 9' 38,870" W
2	314000	2821300	25° 29' 50,148" N	16° 50' 51,224" W
3	324000	2821300	25° 29' 54,411" N	16° 45' 3,931" W
4	324000	2810580	25° 24' 6,067" N	16° 44' 58,892" W
5	355200	2810580	25° 24' 18,176" N	16° 26' 22,580" W
6	355200	2789500	25° 12' 53,026" N	16° 26' 14,488" W
7	343100	2789500	25° 12' 48,691" N	16° 33' 26,798" W
8	282800	2789500	25° 12' 21,689" N	17° 9' 20,526" W



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Point	X	Y	Latitude	Longitude
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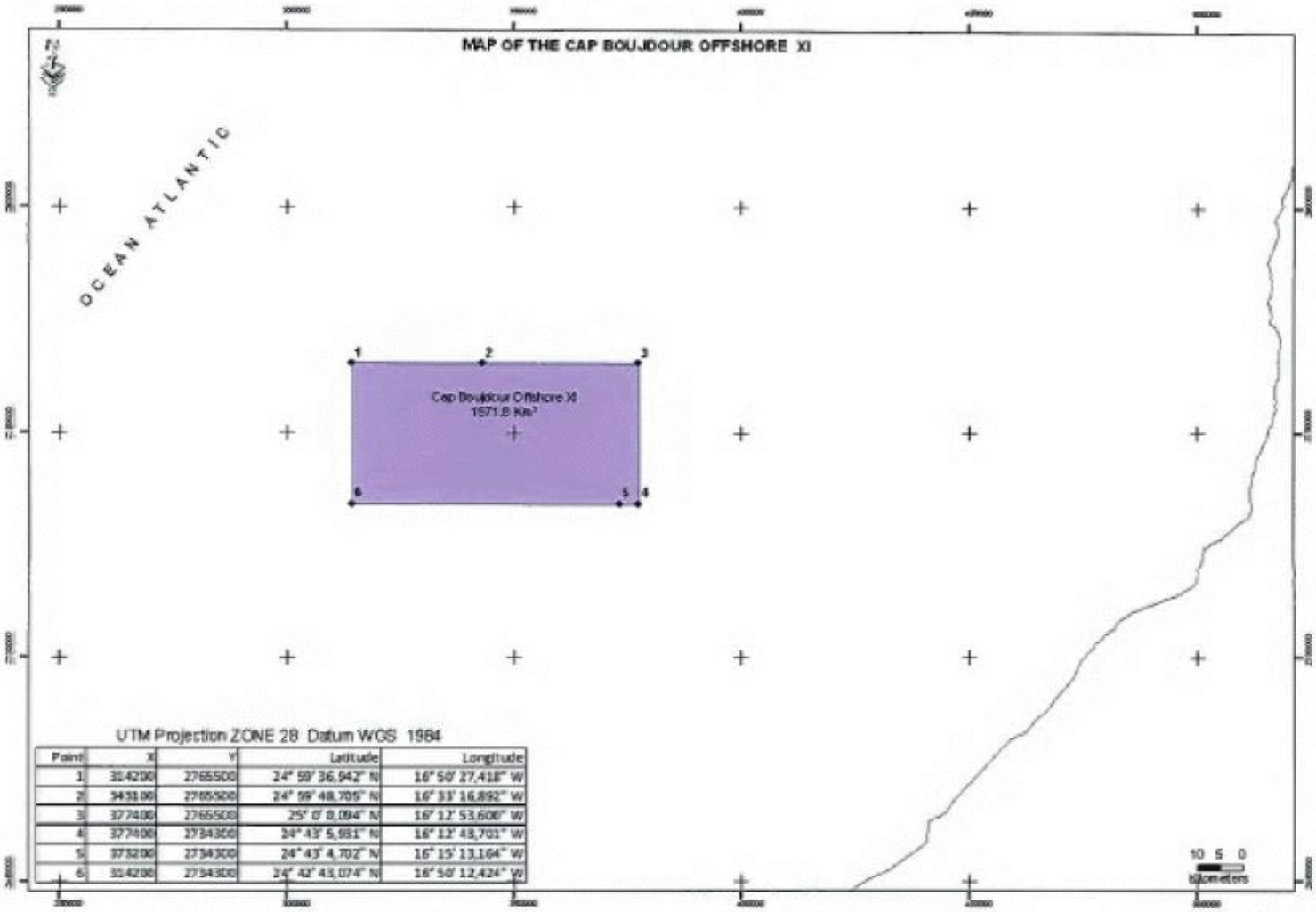
2	282800	2789500	25° 12' 21,639" N	17° 9' 20,526" W
3	343100	2789500	25° 12' 48,691" N	16° 33' 26,768" W
4	343100	2765500	24° 59' 48,705" N	16° 33' 16,892" W
5	314200	2765500	24° 59' 36,942" N	16° 50' 27,418" W
6	260000	2765500	24° 59' 9,542" N	17° 22' 39,547" W



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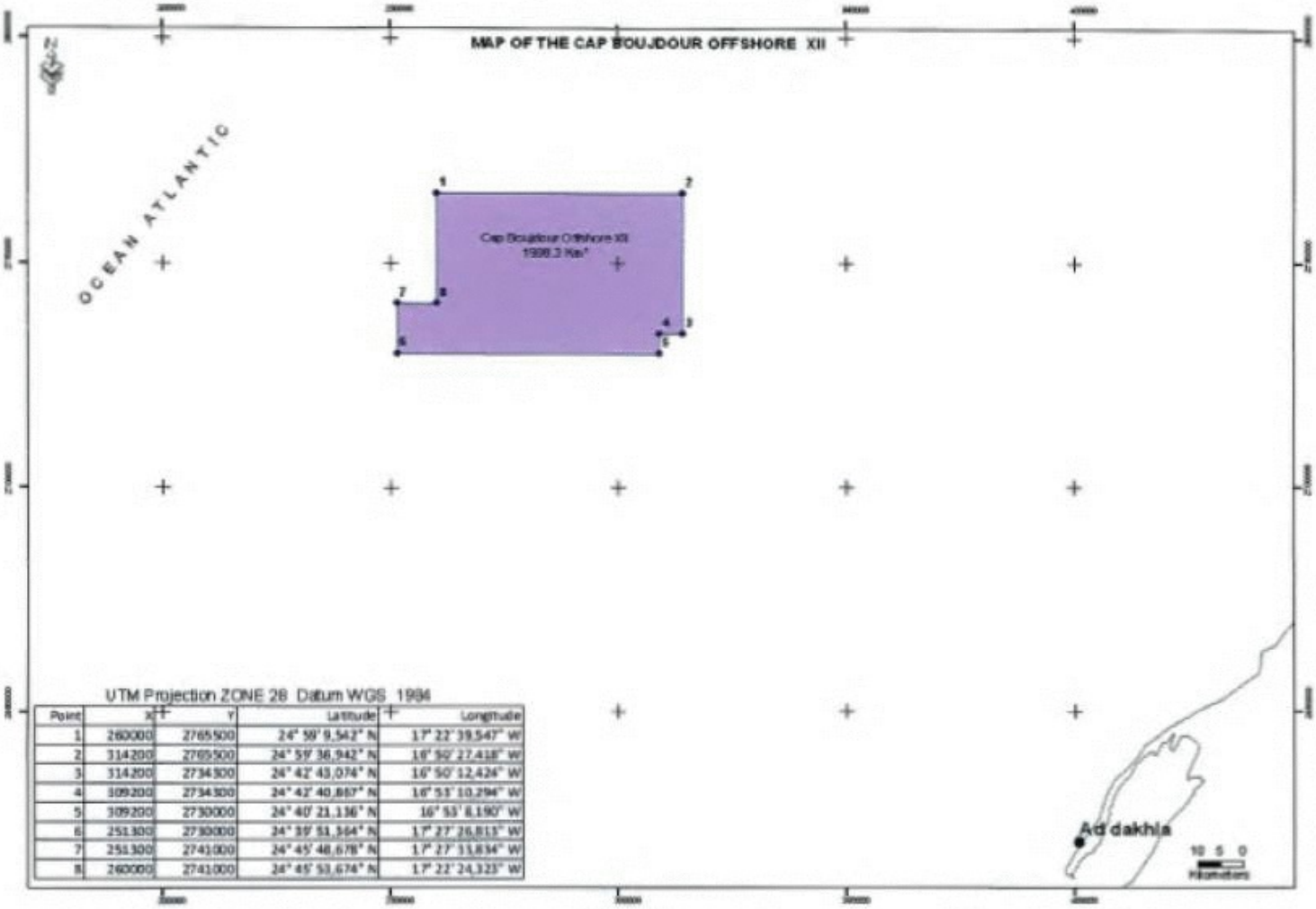
Point	X	Y	Latitude	Longitude
1	314200	2765500	24° 59' 36,942" N	16° 50' 27,418" W
2	343100	2765500	24° 59' 48,705" N	16° 33' 16,892" W
3	377400	2765500	25° 0' 8,094" N	16° 12' 53,600" W
4	377400	2734300	24° 43' 5,931" N	16° 12' 43,701" W
5	373200	2734300	24° 43' 4,702" N	16° 15' 13,164" W
6	314200	2734300	24° 42' 43,074" N	16° 50' 12,424" W



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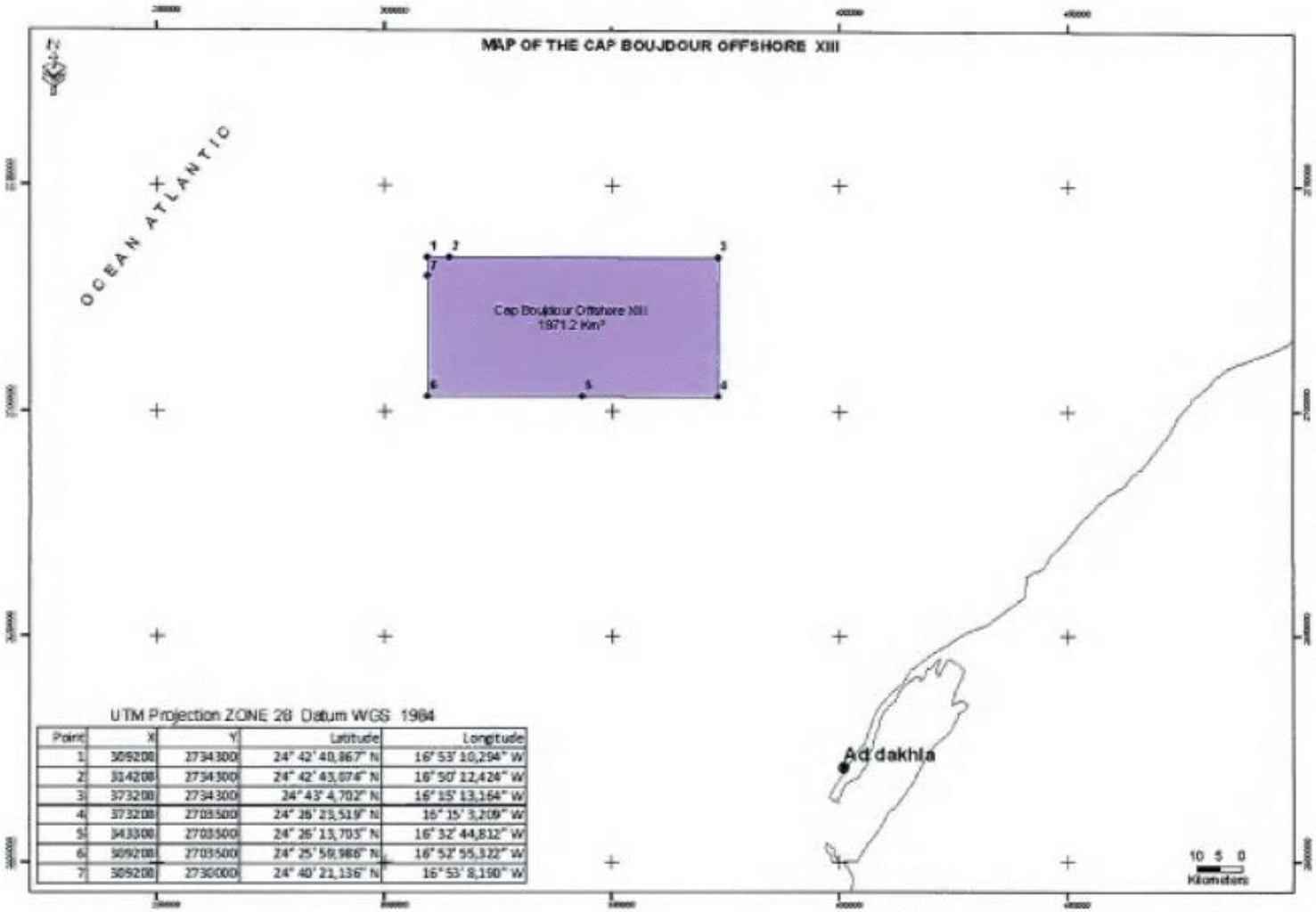
Point	X	Y	Latitude	Longitude
1	260000	2765500	24° 58' 9,542" N	17° 22' 39,547" W
2	314200	2765500	24° 59' 36,942" N	16° 50' 27,418" W
3	314200	2734300	24° 42' 43,074" N	16° 50' 12,424" W
4	309200	2734300	24° 42' 40,887" N	16° 53' 10,294" W
5	309200	2730000	24° 40' 21,136" N	16° 53' 8,190" W
6	251300	2730000	24° 39' 51,164" N	17° 27' 26,813" W
7	251300	2741000	24° 45' 48,678" N	17° 27' 13,834" W
8	260000	2741000	24° 45' 53,674" N	17° 22' 24,323" W



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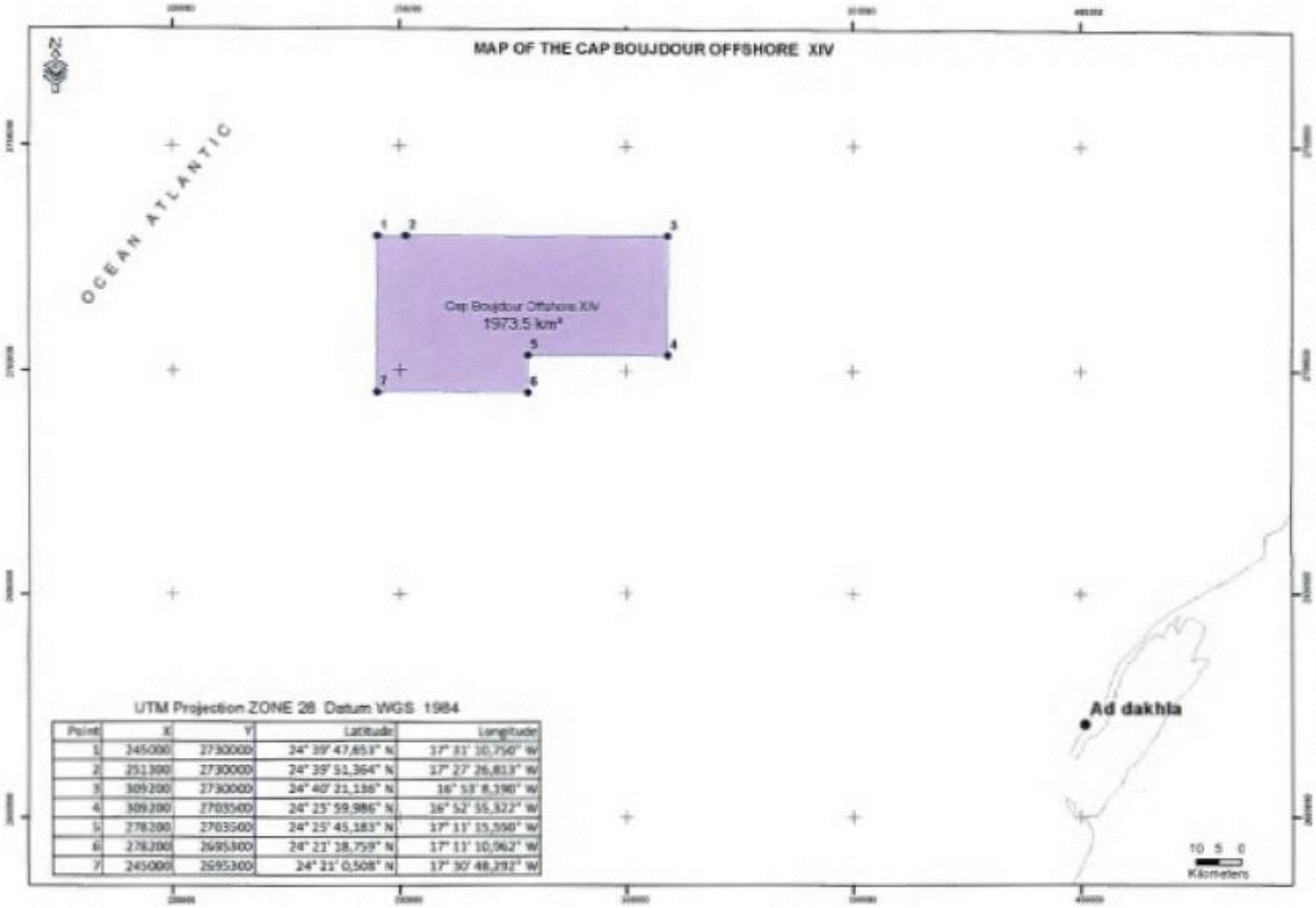
Point	X	Y	Latitude	Longitude
1	309200	2734300	24° 42' 40,867" N	16° 53' 10,294" W
2	314200	2734300	24° 42' 43,074" N	16° 50' 12,424" W
3	373200	2734300	24° 43' 4,702" N	16° 15' 13,164" W
4	373200	2703500	24° 26' 23,519" N	16° 15' 3,209" W
5	343300	2703500	24° 26' 13,703" N	16° 32' 44,812" W
6	309200	2703500	24° 25' 59,986" N	16° 52' 55,322" W
7	309200	2730000	24° 40' 21,136" N	16° 53' 8,190" W



UTM Projection ZONE 28 Datum WGS 1984

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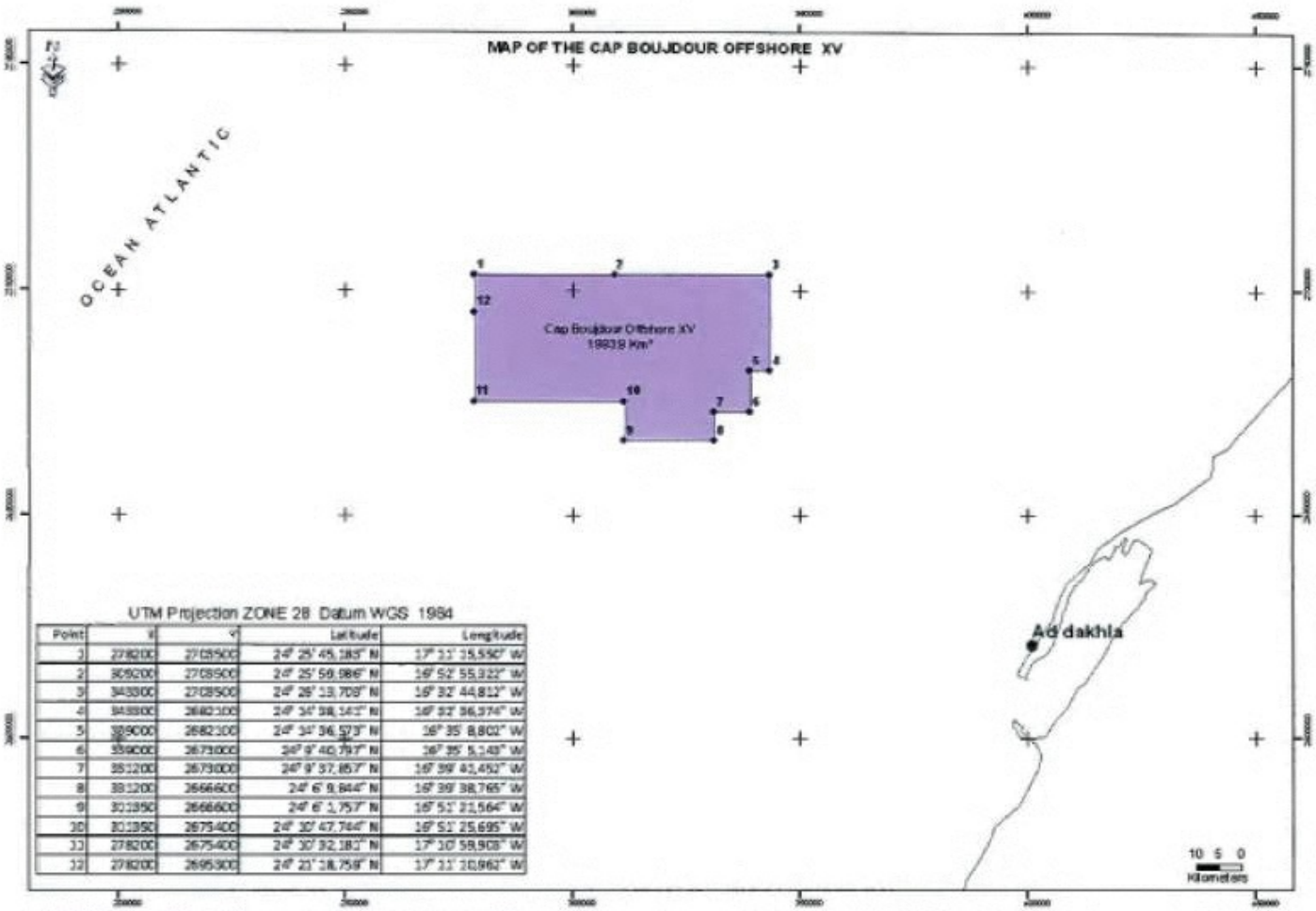
1	245000	2730000	24° 39' 47,653" N	17° 31' 10,750" W
2	251300	2730000	24° 39' 51,364" N	17° 27' 26,813" W
3	309200	2730000	24° 40' 21,136" N	16° 53' 8,390" W
4	309200	2703500	24° 25' 59,986" N	16° 52' 55,322" W
5	278200	2703500	24° 25' 45,183" N	17° 11' 15,550" W
6	278200	2695800	24° 21' 18,759" N	17° 11' 10,962" W
7	245000	2695800	24° 21' 0,508" N	17° 30' 48,292" W



UTM Projection ZONE 28 Datum WGS 1984

Point	X	Y	Latitude	Longitude
1	278200	2705500	24° 25' 45,185" N	17° 11' 15,550" W
2	305200	2705500	24° 25' 56,986" N	16° 52' 55,322" W
3	343300	2705500	24° 25' 13,708" N	16° 32' 44,812" W
4	343300	2682100	24° 14' 58,142" N	16° 32' 36,974" W
5	339000	2682100	24° 14' 36,573" N	16° 35' 8,802" W
6	339000	2673000	24° 9' 40,797" N	16° 35' 5,143" W
7	331200	2673000	24° 9' 37,857" N	16° 39' 41,452" W
8	331200	2666600	24° 6' 9,844" N	16° 39' 38,765" W
9	301350	2666600	24° 6' 1,757" N	16° 51' 21,564" W
10	301350	2675400	24° 10' 47,744" N	16° 51' 25,695" W
11	278200	2675400	24° 10' 32,182" N	17° 10' 58,908" W
12	278200	2695300	24° 21' 18,758" N	17° 11' 10,962" W

APPENDIX III — LIST OF DELIVERABLES

Deliverables to be remitted to **ONHYM** shall be in the following formats:

I. Seismic : Acquisition and processing

I.1. 2D and 3D Seismic :

- Field data on cartridges, 3592 or LTO-04 in an international standard format (SEG-D format)
- Intermediate data such as miror CDP
- Data processed on cartridge, 3592 or LTO-04 (stack and migration) SEG-Y with header information about the processed seismic data (processing sequence, navigation data or coordinates)
- Special processing (PSDM, AVO) on cartridge 3592 or LTO-04 in SEG-Y format with header information about the processed seismic data (processing sequence, navigation data or coordinates)
- Complete sequence of processing in hard copy or electronic format
- Velocities analysis data
- Field documents (operating report of the seismic acquisition, field note-book, coordinates of the shooting points and of the receivers, data of the alteration zone (WZ), and seismic data test) in hard copy and electronic formats
- Navigation data on CD (for the offshore data)

For onshore data acquisition, the Projection System is : UTM
Options for the projection: Ellipsoid: WGS84
Format: UKOOA in ASCII or EXCEL

I.2.Seismic: Reprocessing:

- Data processed on cartridge, 3592 or LTO-04 (Stack and migration) SEG-Y with header information about the processed seismic data (processing sequence, navigation data or coordinates)
- Special processing (PSDM, AVO) on cartridge 3592 or LTO-04 in SEG-Y format with header information about the processed seismic data (processing sequence, navigation data or coordinates)
- Complete sequence of processing in hard copy or electronic format
- Velocities analysis data in ASCII format

II. Magnetic, gravimetric, Electromagnetic, Magneto —telluric and electrical data:

- Raw data in an international standard format together with all the supporting documents
- Processed data in an international standard format
- Interpretation of these data.

III. Drilling :

- Cuttings: an average of 500 grams of washed cuttings and 500 grams of non-washed cuttings from each 5 m for the interval of the reservoir ; and from each 10-20 m for the remaining of the well
- Cores : half of the cores cut in length
- Electrical logs: data of all drilling operations in an international standard format
- Check shot Survey ,VSP
- Seismic coring
- data of well test (pressure, samples of received fluide, PVT analysis and water analysis)
- Final well report that includes drilling evaluation report and logs interpretation (paper and electronic format)
- Copy of composite log

IV. Studies :

- Preliminary Reports (work progress reports at the end of each year)
- Final Report for each phase (paper and electronic format): this report will include in particular :
- Text and plates
- Report on the field geological work
- Conventional and special analysis of the cores
- Copy of electrical logs of drilling in standard electronic format (Las, picture)
- Copies of different laboratory studies and analyses
  Geochemistry,
  Stratigraphy
  Petrophysics
  Sedimentology

Any other studies, operational reports and/or operational data resulting from any works executed by third parties on behalf of **KOSMOS** directly relating to the Exploration Work or Development and Exploitation Work in the area of the Permits. For the avoidance of doubt, this obligation does not apply to such information as any proprietary or confidential information or reports, parent company financial information, reserve information or confidential information or reports provided to governmental authorities.

Copy of all bids and contracts with a value exceeding 2 million U.S. dollars (US$ 2,000,000) with service companies, in hard-copy and digital format.

Exhibit 31.1

Certification of Chief Executive Officer

I, Brian F. Maxted, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kosmos Energy Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2013

/s/ BRIAN F. MAXTED
Brian F. Maxted
Director and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification of Chief Financial Officer

I, W. Greg Dunlevy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kosmos Energy Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2013

/s/ W. GREG DUNLEVY

W. Greg Dunlevy
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

Certification of Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the accompanying quarterly report of Kosmos Energy Ltd. (the "Company") on Form 10-Q for the quarter ended September 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brian F. Maxted, Director and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 5, 2013

/s/ BRIAN F. MAXTED
Brian F. Maxted
Director and Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification of Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the accompanying quarterly report of Kosmos Energy Ltd. (the "Company") on Form 10-Q for the quarter ended September 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, W. Greg Dunlevy, Chief Financial Officer and Executive Vice President of the Company, hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 5, 2013

/s/ W. GREG DUNLEVY
W. Greg Dunlevy
Chief Financial Officer and Executive Vice President
(Principal Financial Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.