

ANNEX A
TO THE PRODUCTION SHARING CONTRACT BETWEEN CORPORATION
AND THE CONTRACTOR DATED THIS 25th DAY OF MAY 2021
OML 118 COORDINATES

OML118 contains an approximate area of 1166.036 square kilometer, with datum vertex No 118-1 with coordinates 522058.409mN and 650000.000mE (Zone 31 Central Meridian 3° East of Projection Clarke 1880 UTM System) and whose vertices and boundaries are described as follows: -

VERTICES

Vertex 118-1 (the datum Point) is the intersection of Latitude 04° 43' 20.043" North and Longitude 004° 21' 08.726" East.

Vertex 118-2 is the intersection of Latitude 04° 43' 17.993" North and Longitude 004° 37' 06.005" East.

Vertex 118-3 is the intersection of Latitude 04° 35' 40.278" North and Longitude 004° 37' 04.958" East.

Vertex 118-4 is the intersection of Latitude 04° 35' 39.381" North and Longitude 004° 43' 27.767" East.

Vertex 118-5 is the intersection of Latitude 04° 25' 47.127" North and Longitude 004° 43' 26.370" East.

Vertex 118-6 is the intersection of Latitude 04° 25' 49.916" North and Longitude 004° 21' 06.755" East.

BOUNDARY DESCRIPTIONS

From the Datum Point 118-1 whose (UTM Zone 31) coordinates are 522058.409 meters North and 650000.000 East, the boundaries run in straight lines, the bearing and distances of which are as follows:

FROM VERTEX	BEARINGS	LENGTHS (m)	TO VERTEX
118-1	90° 00' 00"	29500.000	118-2
118-2	180° 00' 00"	14058.409	118-3
118-3	90° 00' 00"	11800.000	118-4
118-4	180° 00' 00"	18191.591	118-5
118-5	270° 00' 00"	41300.000	118-6
118-6	00° 00' 00"	32250.000	118-1

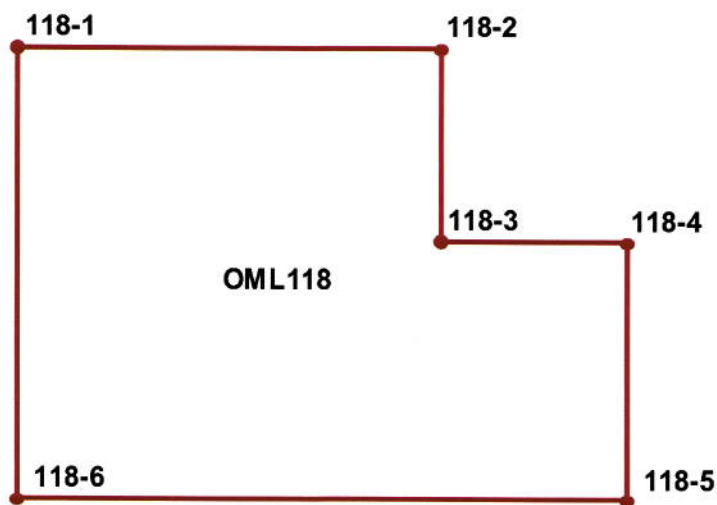
All bearings are UTM grid bearings in the UTM Zone 31 (Central Meridian East)

The coordinates of the vertex points describing the boundary of the said OML118 are listed under in UTM coordinates Zone 31(Central Meridian 3° East) Clarke 1880 and in geographicals:

AB TT T.L. KA

VERTICES	UTM COORDINATES		GEOGRAPHICAL COORDINATES	
	NORTHINGS(m)	EASTINGS(m)	LATITUDE	LONGITUDE
118-1	522058.409	650000.000	04° 43' 20.043" N	04° 21' 08.726" E
118-2	522058.409	679500.000	04° 43' 17.993" N	04° 37' 06.005" E
118-3	508000.000	679500.000	04° 35' 40.278" N	04° 37' 04.958" E
118-4	508000.000	691300.000	04° 35' 39.381" N	04° 43' 27.767" E
118-5	489808.409	691300.000	04° 25' 47.127" N	04° 43' 26.370" E
118-6	489808.409	650000.000	04° 25' 49.916" N	04° 21' 06.755" E

UTM coordinates Zone 31 (Central Meridian 3° East)



T.L. *R*

KA

AB

TT.

ANNEX B
TO THE
PRODUCTION SHARING CONTRACT BETWEEN CORPORATION
AND CONTRACTOR

DATED THIS 25th DAY OF MAY 2021

Article I

ACCOUNTING PROCEDURE

General Provisions

1. **Definitions**

This Accounting Procedure attached to and forming a part of the Contract is to be followed and observed in the performance of either Party's obligations thereunder. The defined terms appearing herein shall have the same meaning as are ascribed to them in the Contract.

2. **Accounts and Statements**

The CONTRACTOR's accounting records and books shall be kept as provided under Article 19 of the Contract in accordance with generally accepted and recognised accounting standards, consistent with modern petroleum industry practices and procedures. All original books of accounts together with original supporting documentation shall be kept and maintained in Nigeria in compliance with all Nigerian laws and regulations.

3. **Others**

In the event of a conflict of the terms of this Annex and the main body of the Contract, the terms of the main body of the Contract shall prevail.

T.L. 

KA

AB

TT.

Article II
OPERATING COSTS

Operating Costs shall consist of (1) Non-capital costs, and (2) Capital costs.

1. Non-capital Costs

Non-capital costs mean those costs incurred that are chargeable to the current year's operations. Non-capital costs include, but are not limited to the following:

- (a) General office expenses - office, services and general administration services pertaining to Petroleum Operations including but not limited to, services of legal, financial, purchasing, insurance, accounting, computer and personnel department's communications, transportation, rental of specialized equipment, scholarships, charitable contributions and educational awards.
- (b) Labour and related costs - salaries and wages, including bonuses of employees of the CONTRACTOR who are directly engaged in the conduct of Petroleum Operations, whether temporarily or permanently assigned, irrespective of the location of such employee including but not limited to, the costs of employee benefits, customary allowance and personal expenses incurred under the CONTRACTOR's personnel practice and policy, and amounts imposed by applicable Governmental authorities which are applicable to such employees.

These costs and expenses shall include:

- (i) Cost of established plans for employee group life insurance, hospitalization, pension, retirement, savings and other benefit plan;
- (ii) Cost of holidays or vacations;
- (iii) Cost of sickness and disability benefits;
- (iv) Cost of living, housing and other customary allowances;
- (v) Reasonable personal expenses that are reimbursable under the CONTRACTOR's standard personnel policies;
- (vi) Obligations imposed by governmental authorities;
- (vii) Cost of transportation of employees, other than as

KA

AB

TT. T.L. R

provided in paragraph (c) below, as required in the conduct of Petroleum Operations; and

- (vii) Charges in respect of employees temporarily engaged in Petroleum Operations, which shall be calculated to reflect the actual costs thereto during the period or periods of such engagement.

- (c) Employee relocation costs - costs for relocation, transportation and transfer of employees of CONTRACTOR engaged in Petroleum Operations pursuant to Article 8.1.12 and Article 20.2 (c) including but not limited to the cost of freight and passenger service of such employees' families and their personal and household effects together with meals, hotel and other expenditures related to such transfer incurred with respect to:

- (i) employees of the CONTRACTOR within Nigeria including expatriate employees, engaged in Petroleum Operations;
- (ii) transfer to Nigeria for engagement in Petroleum Operations;
- (iii) relocation costs and other expenses incurred in the final repatriation or transfer of the CONTRACTOR's expatriate employees and families in the case of such employees' retirement, or separation from the CONTRACTOR, or in case of such employees' relocation to their point of origin. Provided that relocation costs incurred in moving an expatriate employee and his family beyond point of origin, established at the time of his transfer to Nigeria, shall not be recoverable as Operating Costs and provided that no charge shall be made to the Petroleum Operations with respect to the expenses incurred in the final repatriation or transfer of the expatriate employees and families to other areas outside of the Contract Area;
- (iv) Nigerian employees on training assignments outside the Contract Area.

For the avoidance of doubt, all costs specified under 1(a) – (c) which are incurred by or in connection with CORPORATION personnel engaged pursuant to Article 20.2.c of the PSC shall be deemed Operating Costs.

T.L.

R

KA

AB

TT.

- (d) Services provided by third parties - cost of professional, technical, consultation, utilities and other services procured from third party sources pursuant to any contract between such third parties and the CONTRATOR for the purpose of Petroleum Operations.
- (e) Legal expenses - All costs or expenses of handling, investigating, asserting, defending, and settling litigation or claims arising out of or relating to Petroleum Operations or necessary to protect or recover property used in Petroleum Operations on behalf of the Parties including, but not limited to, legal fees, court costs, arbitration costs, cost of investigation or procuring evidence and amount paid in settlement or satisfaction of any such litigation, arbitration or claims in accordance with the provisions of this Contract.
- (f) Services provided by Affiliates of the CONTRACTOR - professional, administrative, scientific, and technical services for the direct benefit of Petroleum Operations, including, but not limited to, services provided by the exploration, production, legal, financial, purchasing, insurance, accounting and computer services department of such Affiliates. Charges for providing these services shall reflect the actual cost only and must be consistent with international market prices and shall not include any element of profit.
- (g) Head office overhead charge - parent company overhead in the amount specified in Article 19.8.
- (h) Audit costs - the costs to audit the books and accounts in accordance with Article 19.6.
- (i) Insurance premiums and settlements - premiums paid for insurance normally required to be carried for the Petroleum Operations together with all expenditures incurred and paid in settlement of any and all losses, claims, damages, judgements and other expenses, including fees and deductibles as provided

AB TT T.L P KA

under Article 16.

- (j) Interest - interest on loans used to finance Petroleum Operations provided the terms of such loans were with the prior approval of CORPORATION, and not higher than the prevailing commercial rates.
- (k) Duties and taxes - all duties and taxes, fees and any Government assessments, including but not limited to gas flare charges, license fees, custom duties, and any other duties or payment to the Government other than Royalties, Petroleum Profits Tax and Concession Rental.
- (l) Intangible drilling costs - expenditure for labour, fuel, repairs, maintenance, hauling, and supplies and materials (not including, casing and other well fixtures) which are for or incidental to drilling, cleaning, deepening or completing wells or the preparation thereof incurred in respect of:
 - (i) determination of well locations, geological, geophysical, topographical and geographical surveys for site evaluation preparatory to drilling including the determination of near surface and near seabed hazards;
 - (ii) cleaning, draining and leveling land, road-building and the laying of foundations;
 - (iii) drilling, shooting, testing and cleaning wells;
 - (iv) erection of rigs and tankage assembly and installation of pipelines and other plants and equipment required in the preparation or drilling of wells producing Crude Oil.
- (m) Geological and geophysical surveys - labour, materials and services used in aerial, geological, topographical, geophysical and seismic surveys incurred in connection with exploration excluding however the purchase of data from the CORPORATION.
- (n) Operating expenses - labour, materials and services used in day to day oil well operations, oil field production facilities

AB TT. T.L. P KA

operations, secondary recovery operations, storage, transportation, delivery and marketing operations; and other operating activities, including repairs, well workovers, maintenance and related leasing or rental of all materials, equipment and supplies.

- (o) Exploration, appraisal and development drilling - all expenditures incurred in connection with exploration drilling, and the drilling of Appraisal Wells in a particular field, and drilling of development wells which are dry, including costs incurred in respect of casing, well cement and well fixtures.
- (p) Abandonment and Decommissioning - a provision for all expenditures (including all expenditure related to any mid-life Abandonment and Decommissioning) incurred in connection with the plugging of wells, the removal and disposal of equipment and facilities including well heads, processing and storage facilities, platforms, pipelines, transport and export facilities, roads, buildings, wharves, plants, machinery, fixture, the restoration of sites and structures including the payment of damages to property lessors and all payments made and expenses incurred pursuant to Article 18.
- (q) Feasibility costs -all expenditure incurred in relation to feasibility studies and/or activities.
- (r) All lease application fees, renewal fees, bonuses, premiums or charges imposed by the Federal Government of Nigeria for the renewal of OML 118, provided the CONTRACTOR, following a request from the CORPORATION, pays same on behalf of the CORPORATION.
- (s) Any costs related to setup and subsequent administration of any account on behalf of the Parties.

2. Capital Costs

Capital Costs means, without limitations, expenditures, which are

AB TT TL P KA

subject to a Capital Allowance under the PPT Act. Such expenditures normally have a useful life beyond the year incurred and include but not limited to the following:

- (a) Plant expenditures - expenditures in connection with the design, construction, and installation of plant facilities (including machinery, fixtures, and appurtenances) associated with the production, treating, and processing of Crude Oil (except such costs properly allocable to intangible drilling costs) including offshore platforms, secondary or enhanced recovery systems, gas injection, water disposal, expenditures for equipment, machinery and fixtures purchased to conduct Petroleum Operations such as office furniture and fixtures, office equipment, barges, floating crafts, automotive equipment, petroleum operational aircraft, construction equipment, miscellaneous equipment.
- (b) Pipeline and storage expenditure - expenditures in connection with the design, installation, construction of pipeline, transportation, storage and terminal facilities associated with Petroleum Operations including tanks, metering and export lines.
- (c) Building expenditure - expenditures incurred in connection with the construction of buildings, structures or works of a permanent nature including workshops, warehouses, offices, roads, wharves, furniture and fixtures related to employee housing and recreational facilities and other tangible cost incidental to construction.
- (d) Drilling expenditures - expenditures for tangible goods in connection with drilling wells such as casing, tubing, surface and sub-surface production equipment, flowlines, instruments and costs incurred in connection with acquisition of rights over the Contract Area pursuant to paragraph 1(d)(i) of the Second Schedule of the PPT Act
- (e) Material inventory - cost of materials purchased and maintained as inventory items solely for Petroleum Operations subject to the following provisions:

AB T.L. TT. Rued KA

- (i) The CONTRACTOR shall procure any materials required for the Petroleum Operations, including those required in the foreseeable future. Inventory stock levels shall take account of the time necessary to provide the replacement, emergency needs and similar considerations.
- (ii) Materials purchased by the CONTRACTOR for use in the Petroleum Operations shall be valued so as to include invoice price (less prepayment discounts, cash discounts, and other discounts if any) plus freight and forwarding charges between point of supply and point of destination but not included in the invoice price, inspection costs, insurance, custom fees and taxes, on imported materials required for this Contract.
- (iii) Materials not available in Nigeria supplied by the CONTRACTOR or from its Affiliates' stocks shall be valued at the current competitive cost in the international market.
- (iv) The CONTRACTOR shall maintain physical and accounting controls of materials in stock in accordance with general practice in the international petroleum industry. The CONTRACTOR shall make a total inventory at least once a year to be observed by the CORPORATION and its external auditors. The CORPORATION may however carry out partial or total inventories at its own expense, whenever it considers necessary, provided such exercise does not unreasonably disrupt Petroleum Operations.

II. All capital allowance accruable on qualifying capital expenditure shall be treated in line with the provisions of the second schedule to the PPTA, including the applicable rate, manner and process of claiming such capital allowances; The CONTRACTOR shall be entitled to make deductions of qualifying capital expenditure in accordance with applicable laws

T.L. R

KA

AB

TT

Article III
COMPUTATION OF ROYALTY, CONCESSION RENTAL,
PETROLEUM PROFITS TAX AND OTHER TAXES

1. The CONTRACTOR shall compute the amount of Royalty and Concession Rentals payable by the CORPORATION pursuant to Article 13. Such amounts shall be computed as provided under the DOA and the provisions of this Contract on the JEM. For purposes of Article IV hereof, the CONTRACTOR shall compute the Royalty payment for remittance to Government in a given month based on the Realisable Price of the Crude Oil produced during the month prior to the preceding month. Annual Concession Rental payments shall be taken into account when such payments are remitted. The CORPORATION shall remit all required payments of Royalty and Concession Rentals to the Government. The Royalty rates shall be as provided in the Deep Offshore and Inland Basin Production Sharing Contracts Act, and the prevailing fiscal laws and the regulations.

Royalty

Pursuant to the DOA, in deep offshore water depths greater than two hundred meters (200m), a Royalty of ten percent (10%) shall apply.

In addition, a Royalty per oil price tranche shall be applied as follows

- i) from US\$ 0 and up to US\$ 20 per barrel: 0%
- ii) above US\$ 20 and up to US\$ 60 per barrel:.....2.5%
- iii) above US\$ 60 and up to -US\$ 100 per barrel:4%
- iv) Above US\$ 100 and up to US\$ 150 per barrel:8%
- v) Above US\$ 150: 10%

Which mathematical representation is as follows:

$$\text{Royalty\%} = 10\% + [(0\% \times 20) + (>20 \leq 60) \times 2.5\% + (>60 \leq 100) \times 4\% + (>100 \leq 150) \times 8\% + (>150) \times 10\%] / \text{Realisable Price.}$$

T.L

R. Kied

KA

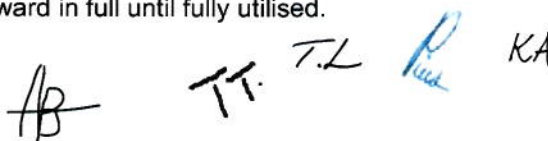
AB

TT.

Royalty Formula Model Worked Example:

Royalty Calculation New Law	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7
Production (kboe)	3,100	3,100	3,100	3,100	3,100	3,100	3,100
Price (\$)	40	60	68	100	115	150	160
Base Rate @ 10%	12,400	18,600	21,080	31,000	35,650	46,500	49,600
Incremental above \$20 up to 60\$/bbl @ 2.5%	1,550	3,100	3,100	3,100	3,100	3,100	3,100
Incremental above 60\$ up to \$100/bbl @ 4%	-	-	992	4,960	4,960	4,960	4,960
Incremental above 100\$ up to \$150/bbl @ 8%	-	-	-	-	3,720	12,400	12,400
Incremental above \$150/bbl @ 10%	-	-	-	-	-	-	3,100
TOTAL ROYALTY PAYABLE	13,950	21,700	25,172	39,060	47,430	66,960	73,160

2. The CONTRACTOR shall compute the Petroleum Profits Tax and other taxes payable by the CORPORATION pursuant to Article 8.2.1, as well as any prevailing Government fiscal incentives including, any credit which offsets PPT and other tax liabilities.
- (i) The PPT and other taxes payable shall be in accordance with the applicable law.
 - (ii) The PPT rate applicable to the Contract Area shall be fifty percent (50%) in accordance with the provisions of the PPT Act.
 - (iii) The Investment tax Allowance shall, subject to the provisions of the PPT Act, be fifty percent (50%) flat rate. In computing the PPT payable, the ITA shall be applicable in full to the Petroleum Operations in the Contract Area such that ITA shall be merged with capital annual allowance and be deducted from assessable profit in order to ascertain chargeable profit. Capital Allowance accrued under the 1993 PSC and not utilised prior to the Effective Date and Tax benefits accrued and not utilised under Investment Tax Credit prior to the Effective Date are preserved and carried forward in full until fully utilised.



The CORPORATION shall make all required tax payments to Federal Inland Revenue Service. The CONTRACTOR shall prepare all returns required under the applicable law and shall submit them to the CORPORATION for onward filing with the Federal Inland Revenue Service. The monthly taxes payable shall be determined from such PPT returns. The U.S. Dollar shall be used as the currency for calculating cost recovery and taxes.

AB T.L. R. KA

TT

Article IV

ACCOUNTING ANALYSIS

1. A monthly accounting analysis in the form of Schedule B-1 attached to this Accounting Procedure shall be prepared by the CONTRACTOR and furnished to the CORPORATION within sixty (60) days of the end of the period covered by such analysis, for consideration and approval.
2. The Realisable Price and the quantities actually lifted by the Parties shall be used to compute the Proceeds as reflected in Section A of each Schedule B-1 and the allocation of such Proceeds in the categories described under Article 10.1 of the Contract shall be reflected in Section B thereof.
3. The allocation of the quantity of Available Crude Oil to each Party pursuant to Article 10 of the Contract shall be in accordance with and governed by provisions of the Allocation Procedure.
4. The priority of allocation of the total Proceeds for each period shall be as follows:
 - (a) Royalty Oil,
 - (b) Cost Oil,
 - (c) Tax Oil,
 - (d) Profit Oil.
5. Subject to the auditing provisions under this Contract, the amount chargeable to and recoverable from Royalty Oil, Tax Oil and Cost Oil to be entered in Section B of the Schedule B-1 shall be determined as follows:
 - (a) Royalty Oil - The sum of royalties payable during such

AB T.L. TT. R. KA

month, and, where applicable, the annual amount of Concession Rentals as provided under Article III.1, for purposes of Royalty Oil.

- (b) Cost Oil - The Operating Costs applicable to such month for purposes of Cost Oil shall be as follows:

- (i) Non-Capital Costs shall be the amount recorded in the books and accounts of the CONTRACTOR for such month in accordance with this Accounting Procedure;
- (ii) Capital Costs recorded in the books and accounts of the CONTRACTOR

shall be recoverable in full and chargeable in equal instalments over a sixty (60) month period or the remaining life of the Contract, whichever is less. Amortization of such costs shall be in accordance with the method prescribed under the Second Schedule of the PPT Act, or over the remaining life of the Contract, whichever is less;

- (c) Tax Oil - The sum of the Petroleum Profits Tax and other taxes payable for such month as provided under Article III.2 for the purposes of Tax Oil.

- (d) Any carryover from previous months as provided under paragraph 6 of this Article.

6. Any amount chargeable and recoverable in excess of the allocation of Proceeds for the month to Royalty Oil, Cost Oil and Tax Oil shall be carried forward for recovery to subsequent months. Carryovers shall be determined as follows:

- (a) A Royalty Oil value carryover results when the Proceeds for such month are insufficient for recovery of the Royalty Oil due for the month.

- (b) A Cost Oil value carryover results when the Proceeds remaining after allocating a portion of the Proceeds to Royalty Oil and

AB TT TL P KA

applying the Cost Oil ceiling is insufficient for recovery of Cost Oil due for the month.

- (c) A Tax Oil value carryover results when the Proceeds remaining after allocating a portion of the Proceeds to Royalty Oil and Cost Oil are insufficient for recovery of the Tax Oil due for the month.
- 7. Profit Oil results where Proceeds remain after allocations to Royalty Oil, Cost Oil and Tax Oil pursuant to paragraph 5 of this Article IV. Profit Oil shall be allocated to the Parties pursuant to Article 10.1.6 of the Contract.
 - 8. A computation of Profit Oil shares in the form of Schedule B-2 attached to this Accounting Procedure shall be submitted monthly in conjunction with Schedule C-

Article V

OTHER PROVISIONS

- 1. The CONTRACTOR shall open and maintain dedicated bank accounts in Nigeria in Naira and US Dollars where all funds remitted from abroad shall be deposited for the purpose of meeting local expenditures. For purposes of keeping the books of accounts, any Foreign Currency remitted by the CONTRACTOR into Nigeria shall be converted into Naira at the prevailing exchange rates advised by the Central Bank of Nigeria.
- 2. The CONTRACTOR shall prepare financial accounting and budget statements in accordance with the CORPORATION's prescribed reporting format.

Handwritten signatures:
P. [unclear] T.L.
AB TT. KA.

3. The CONTRACTOR shall report on the cumulative production in the Contract Area in the Form on Schedule B-3 attached.

AB T.L. KA
P
Hick

TT.

Schedule B-1

Monthly Accounting Analysis Month of

Section A - Lifting Summary

LIFTING DATE	CRUDE TYPE	RP US\$ BBL	VOLUME BBL	PROCEEDS US \$	PROCEEDS RECEIVED BY:	
					CORPORATION	CONTRACTOR
TOTALS						

Section B - Allocation of Proceeds - Expressed in U.S. Dollars

CATEGORY	PRIOR MONTH CARRYOVE R	CURREN T MONTH CHARGE S	RECOVERABL E THIS MONTH	ALLOCATION OF PROCEEDS		CARRY OVER
				CORPORATIO N	CONTRACTO R	
ROYALTY OIL						
COST OIL						
TAX OIL						
CORPORATIO N PROFIT OIL						
CONTRACTOR PROFIT OIL						
TOTALS						

T.L.

R

KA

AB

TT.

Schedule B-2

Profit Oil Shares

Month of _____, _____

Section A – Total Production

Section B – Total Profit Oil for the month

Production Field	Total Barrels	Net

Category	U.S. Dollar
Proceeds	
Royalty Oil	
Cost Oil	
Tax Oil	
Profit Oil	

T.L

P.
Pied

KA

AB

TT.

Section C – Calculation of Profit Oil Share

RANGE FOR CUMM. PROD. IN MMB FROM CONTRACT AREA	PROFIT OIL SHARING RATIO		CUMULATIVE PRODUCTION ACHIEVED	APPLICABLE PROFIT RATIO		AVAILABLE PROFIT OIL	CORP. SHARE U.S. Dollar	CONTR. SHARE U.S. Dollar
	CORP.	CONTR.		CORP.	CONTR			

TL *[Signature]* KA

AB TT.

Schedule B-3

Cumulative Production Analysis Section A - Monthly Production

Crude Type	Planned Production	Planned Cumulative	Actual Production	Actual Cumulative Production
	for Month Bbls	For Quarter Bbls	for Month Bbls	for Quarter Bbls
Total				

Section B - Cumulative Production

Crude Type	Cumulative Production For Quarter Bbls	Previous Quarter Cumulative Production B/F Bbls	Cumulative Production To Date Bbls
Total			

Section C - Cumulative Production/Liftings/Storages

Crude Type	Cumulative Production	Cumulative Liftings	In Storage
Total			

T.L. P KA
 AB TT

ANNEX C
TO THE PRODUCTION SHARING CONTRACT BETWEEN THE
CORPORATION AND THE CONTRACTOR

DATED THIS 25th DAY OF MAY 2021

Article I

ALLOCATION PROCEDURE

Application

1. This Allocation Procedure (Procedure) sets out the methods for the allocation of Available Crude Oil from the Contract Area and the Parties shall allocate all lifting of Available Crude Oil in accordance with this Procedure and the Contract.
2. In the event that the production of Available Crude Oil is segregated into two (2) or more types or grades, the provisions of this Procedure shall apply separately to each such type or grade. To the extent that distribution on such a basis is impracticable, a separate method for the allocation of such Available Crude Oil shall be agreed upon by the Parties.
3. In the event of a conflict between the terms of this Procedure and the Contract, the terms of the Contract shall prevail.

Article II

DEFINITIONS

1. The words and expressions used in this annex shall have the meanings ascribed to them in the definition section of the main body of the Contract, except as otherwise specifically defined herein. Accordingly, the following words shall have the meaning set forth below:

- (a) "**Current Quarter**" means the calendar quarter within

AB T.L. TT.

R

KA

which the relevant schedules are prepared and submitted;

- (b) "**Forecast Quarter**" means the first calendar quarter succeeding the Current Quarter;
- (c) "**Lifting Allocation**" means the quantity of Available Crude Oil, which each Party has the right to take in kind, lift and dispose of in accordance with Article 10 and Article 11 of the Contract;
- (d) Where the context permits, "**Party**" means any CONTRACTOR Party or the CORPORATION, and "**Parties**" shall mean all of them collectively;
- (e) "**Initial Nomination**" means written statement issued by each Party at least twenty-five (25) days prior to the commencement of each quarter declaring the volume by grade of its estimated Lifting Allocation which the Party desires to lift during the Forecast Quarter;
- (f) "**Proceeds Imbalance**": means the difference between each Party's Proceeds to which it is entitled and the Proceeds which each Party has received, as reflected in each quarter's Schedule C-2 of this Procedure.

T.L. R

KA

AB TT

Article III

LIFTING ALLOCATION

1. On or before September 30 of every Calendar Year, the CONTRACTOR shall advise the CORPORATION of its forecast of the Available Crude Oil to be produced by grades during each month of the first six (6) months of the next ensuing Calendar Year.
2. On or before March 31 of every Calendar Year, the CONTRACTOR shall advise the CORPORATION of its forecast of Available Crude Oil to be produced by grades during each month of the six (6) months commencing July 1 of the Calendar Year.
3. Thirty-five (35) days prior to the beginning of the Forecast Quarter, the CONTRACTOR shall notify the Parties of the estimated Lifting Allocation which can be produced and made available for disposal during the Forecast Quarter. Such estimated Lifting Allocation shall take into account any Proceeds Imbalance for the quarter first preceding the Current Quarter and any estimated Proceeds Imbalance for the Current Quarter computed in accordance with paragraph 3 of Article IV. Such notice shall be in the form of schedule C-1 attached hereto indicating the estimated quantities of Royalty Oil, Tax Oil, Cost Oil and Profit Oil, each Party's estimated Lifting Allocation and the Realizable Price used to prepare such estimated Lifting Allocations.
4. Not later than thirty (30) days before the beginning of the Forecast Quarter, the CORPORATION shall notify the CONTRACTOR of its Initial Nomination of Available Crude Oil which it intends to lift during the Forecast Quarter which shall not

AB

TL

TT

Pick

KA

exceed its estimated Lifting Allocation. Such notice shall include the information described in Article V. 1 of Annex D – Uniform Nomination, Ship Scheduling and Lifting Procedure.

5. The estimated Realizable Price to be used by the CONTRACTOR to prepare Schedule C- 1 (Estimated Quarterly Lifting Allocation) shall be the Realizable Price of the first month of the Current Quarter.
6. Each Party shall be obliged to lift its own Lifting Allocation in accordance with Uniform Nomination, Ship Scheduling and Lifting Procedures (Annex D). In the event that one Party lifts the other Party's Lifting Allocation, the lifting Party shall pay to the non-lifting Party the applicable Proceeds immediately upon receipt. In such case, the non-lifting Party shall be treated for all other purposes under this Contract as though it had made such lifting itself.

P. Hill *T.L*

AB *TT.* *KA*

Article IV

ADJUSTMENTS OF LIFTING ALLOCATIONS

1. On or before thirty five (35) days prior to the last day of the Current Quarter, the Lifting Allocation for the first preceding quarter thereto shall be computed and the Proceeds Imbalance determined and agreed to by all Parties in the Schedule C-2 attached hereto indicating liftings made by the Parties and the Proceeds therefrom. Section A of such Schedule C-2 shall be based on the actual Section B of such Schedule C-2 that shall be prepared from the Schedule B-1 (of the Accounting Procedure) for the months in the quarter.
2. On or before thirty-five (35) days prior to the last day of the Current Quarter, the Proceeds Imbalance for the Current Quarter shall be estimated, taking into account the actual Proceeds Imbalance computed for the first preceding quarter under paragraph 1 of this Article IV.
3. The Proceeds Imbalance for the first preceding quarter computed under paragraph 1 above and the estimated Proceeds Imbalance for the Current Quarter computed under paragraph 2 above shall be taken into account by the Parties by debiting or crediting such Proceeds Imbalances to each Party's share of the estimated Lifting Allocation reflected in Schedule C-1 for the Forecast Quarter filed by dividing the respective Proceeds Imbalance by the Realizable Price applicable for the period in question.
4. Notwithstanding the reports required to be kept by the CONTRACTOR pursuant to Article IV in Annex D, the CONTRACTOR shall keep complete records of all liftings. At the end of each quarter, the Parties shall meet to reconcile the Lifting Allocations and the actual liftings with a view to making adjustments as appropriate. If any disagreement arises with respect to such reconciliation, the area of disagreement shall be

AB TT TL KA

resolved in accordance with the official records of the DPR. Where a Party disagrees with the findings based on the DPR records, the dispute shall be resolved in accordance with Article 27.

5. All Lifting Allocations and actual liftings shall be audited at the end of each Calendar Year in accordance with the provisions of Article 19.

T.L

P
Kidd

AB

TT

KA

Schedule C-1

Estimated Quarterly Lifting Allocation





Quarter (_____ - _____),

Section A - Estimated Total Proceeds

Crude Type	Estimated Lifting Volume Bbls	Estimated RP U.S. Dollar/Bbls	Estimated Proceeds U.S. Dollar
Total			

Section B - Allocation of Estimated Proceeds - Expressed in U.S. Dollars

Category	Prior Month Carry Over	Estimated Quarter Charges	Recoverable This Quarter	Allocation of Estimated Proceeds To:	
				CORP.	CONTR.
Royalty Oil					
Cost Oil					
Tax Oil					
CORPORATION Profit Oil					
CONTRACTOR Profit Oil					
Total					
Prior Quarter's Proceeds Imbalance					
Current Quarters Estimated Proceeds Imbalance - (Over)/Under					
Estimated Proceeds Allocation For Quarter					





28
KA

Section C - Estimated Lifting Allocation

Crude Type	CORPORATION Allocation		CONTRACTOR Allocation	
	Proceeds	Bbls	Proceeds	Bbls

Schedule C-2

Actual Quarterly Lifting Allocation

Quarter (____ - _____),

Section A - Lifting Summary

Crude Type	Volume Bbls	Proceeds US \$	RP US \$/Bbl	Proceeds Received By	
				CORPORATION	CONTRACTOR
Totals					

T.L.

R

KA

AB

TT.

Section B - Allocation of Proceeds - Expressed in U.S. Dollar

		CORPORATION		CONTRACTOR	
Category	Sum of Monthly Proceeds	Allocation of Proceeds	Lifting Proceeds Received	Allocation of Proceeds	Lifting Proceeds Received
Royalty Oil					
Cost Oil					
Tax Oil					
CORPORATION Profit Oil					
CONTRACTOR Profit Oil					
Total					

Proceeds Imbalance	Quarter (Over)/Under			
	Prior Quarter (Over)/Under			
	Total (Over)/Under			

T.L

[Signature]

KA

AB

TT

ANNEX D
TO THE PRODUCTION SHARING CONTRACT BETWEEN THE
CORPORATION AND THE CONTRACTOR

DATED THIS 25th DAY OF MAY 2021

Article I

**UNIFORM NOMINATION, SHIP SCHEDULING AND LIFTING
PROCEDURE**

Application

1. This Annex D sets out the procedure for the nomination, ship scheduling and lifting of Available Crude Oil from the Contract Area.
2. Pursuant to Article 10.5 of the Contract the CORPORATION and the CONTRACTOR have the right to nominate, lift and separately dispose of their agreed allocation of Available Crude Oil produced and saved from the Contract Area.
3. In the event of a conflict between the terms of this Annex D and the terms of the main body of the Contract, the terms of the main body of the Contract shall apply.

Article II

DEFINITION AND TERMINOLOGY

1. The words and expressions used in this annex shall have the meanings ascribed to them in the definition section of the main body of the Contract, except as specifically defined herein.

AB

TT

TL

P KA
Hud

Accordingly, the following words shall have the following meanings:

"Actual Production" means the quantity of Crude Oil which is produced from the Contract Area on a monthly/quarterly basis.

"Available Monthly Scheduling Quantities" means each Party's allocation of the Available Production for the calendar month plus Opening Stock.

"Available Production" means the quantity of Crude Oil which can be efficiently and economically produced and saved from the producing wells subject to any limitations imposed by any government authority or other technical limitation resulting from operations.

"Cargo Clearances" means approvals issued by the CORPORATION and the Regulator to export cargo volumes, on a cargo by cargo basis.

"Combined Lifting Schedule" means the lifting programmes issued by the CONTRACTOR for a given calendar quarter as prepared by the CONTRACTOR and agreed to by the Parties.

"Commercial Production Quota" means the quantity of Crude Oil from time to time fixed or advised by the Minister as the permissible quantity that may be produced from the Contract Area on a crude stream basis for a particular quarter.

"Documentary Instructions" means instructions on cargo volumes and documentation issued by a Party.

T.L. KA
AB TT.

"Lifting Entitlement" means the quantity of Crude Oil available to each of the CONTRACTOR Parties and the CORPORATION, based on running the Joint Entitlement Model (JEM) in current month M. The Lifting Entitlements for subsequent months will be calculated based on planned- production and exports, recalculated on next running of the JEM.

"Monthly Curtailment and Lifting Programme Meeting" means a meeting between the Parties, the dates of which shall be advised by the CORPORATION, for the purpose of presenting the Monthly Curtailment Report.

"Monthly Curtailment Report" means a report prepared by the CONTRACTOR outlining the previous month's performance. The report shall include production, quota, export, and shipping information and any other relevant information as may be agreed with the CORPORATION.

"Opening Stock" means the quantity of Crude Oil that each Party may carry forward to the succeeding month, recognizing the difficulty in lifting precisely the Available Monthly Scheduling Quantity. This quantity, which excludes unpumpable dead-stock, should not be such as to cause a production shut-in through reaching maximum stock levels in which event, the provisions of Article V shall apply. The quantity also includes credits/debits accruing after reconciliation with Available Crude Oil.

Notwithstanding the definition of Party in the body of the Contract, where used in this Annex and where the context permits, "Party" means any CONTRACTOR Party or the CORPORATION, and "Parties" shall mean all of them collectively;

"Primary Nomination" means a written statement issued

AB TT T.L R KA

by each CONTRACTOR Party to the CORPORATION by the 9th calendar day of the current month M, confirming such Party's intention to lift all its available Lifting Entitlement during Month M and subsequent months M+1 to M+3.

"Production and Lifting Plan" means a written statement issued by Operator by the 9th day of Month M indicating the planned production, export volumes, requested Commercial Allowable and/or Commercial Production Quota and any other relevant information as agreed with the CORPORATION from time to time, for Month M and subsequent months M+1 to M+3.

"Ship Clearance" means an email confirmation issued by Operator accepting the tanker nominated for the lifting in accordance with the provisions of this Annex D, following the submission of relevant tanker Information by all other Parties.

"Technical Allowable Production" means the quantity of Crude Oil from time to time determined by the DPR as being the quantity that may be produced from the Contract Area on a well by well basis for a particular period.

Article III

PRODUCTION/NOTICE OF AVAILABILITY

1. The CONTRACTOR shall endeavour to produce the aggregate volumes of Crude Oil nominated by the Parties as provided in this Contract.
2. In the event that Available Crude Oil is segregated into two or more grades the provisions of this Annex D shall apply separately to each such grade. To the extent that distribution on such a basis is impracticable, an alternative arrangement for

AB TT. T.L. KA

shipping of such Available Crude Oil shall be agreed upon by the Parties.

3. The CONTRACTOR shall keep complete records of all liftings and provide same to the CORPORATION in accordance with Articles III and IV,

T.L.

P.
Hick

AB

TT.

KA

Article IV

THE CONTRACTOR'S REPORTS

1. The CONTRACTOR shall attend the Monthly Curtailment and Lifting Programme meeting scheduled by the CORPORATION to present the Monthly Curtailment Report which shall include the following together with any other items agreed with the CORPORATION:
 - (a) Production Quota: each Party's allocation of Commercial Production Quota;
 - (b) Lifting against Available Crude Oil;
 - (c) Each Party's allocation of Available Crude Oil;
 - (d) Quantity of Crude Oil in stock for each Party at the end of the said calendar month or quarter;
 - (e) Any production losses attributable to Crude Oil used in Petroleum Operations; and
 - (f) Cumulative Production.
2. In the event that the CORPORATION disagrees with any item in CONTRACTOR's report, the disagreement shall be mutually resolved by the CONTRACTOR and the CORPORATION to the satisfaction of the DPR. The CONTRACTOR shall thereafter prepare a revised report to reflect the changes agreed.
3. The CONTRACTOR shall endeavour to send consistent statistical data to the different reporting bodies in accordance with the agreed reporting formats.

T.L.  KA

AB TT.

Article V

SCHEDULING DETAILS

1. The nomination and pre-lifting activities shall take place in accordance with the table below:

Date	Item	Issuer
September 30 th	Forecast of Available Production 1H subsequent year	Operator
March 31 st	Forecast of Available Production 2H same year	Operator
No later than the 9 th calendar day of current month M	Primary Nomination Letter	Operator
No later than the 9 th calendar day of current month M	Production and Lifting Plans	Operator
No later than the 6 th calendar day of current Month, M	Run Joint Entitlement Model	All Parties
No later than 5 working days before the Monthly Curtailment and Lifting Programme Meeting	Advise Crude Oil Lifting Entitlement containing cargo volume*and indicative lifting decade for lifting in Month M+2	Operator
No later than 2 working days before the Monthly Curtailment and Lifting Programme Meeting	Advise Crude Oil Lifting Nominations containing cargo volume*and indicative lifting decade for lifting in Month M+2	All Parties
3 rd Tuesday of Month, M - or as advised by CORPORATATION	Monthly Curtailment and Lifting Programme Meeting	All Parties
No later than 2 working days after the Monthly Curtailment and Lifting Programme Meeting	Lifting Schedule ("Offtake Programme") issued. Offtake Programme to be re-issued weekly with agreed updates	Operator
No later than 5 working days after the Monthly Curtailment and Lifting Programme Meeting	"Acceptance of Nomination" Letters, confirming cargo volume and acceptance dates	Operator

AB

R

TT

T.L
KA

No later than 21 calendar days prior to the current acceptance dates	Agree CONTRACTOR's proposed changes to current acceptance date, Changes after this date not binding on the Party	Operator
No later than 7 calendar days prior to date of lifting	Vessel to be nominated to and cleared by Operator	All Parties
10 calendar days prior to date of lifting and within 72/48/24/12/6 hrs thereafter	Provide details of tanker's Estimated Time of Arrival (ETA)	Ship Master
10 calendar days prior to date of lifting	Documentary Instructions	All Parties
5 calendar days prior to date of lifting	Cargo Clearances	NNPC and DPR

*Standard lifting volume is 950kb +/- 5%. Any variation to be agreed with Operator, whose decision shall be final

2. Tanker Substitution- Either Party may substitute another tanker to lift its nominated volume of Crude Oil, provided such substituted tanker has the same arrival date range as the originally scheduled tanker and all other provisions of Annex C and D are complied with, and revised documentation instruction reflecting the name of the substitute tanker is given to the Operator no less than three (3) working days prior to arrival, unless otherwise agreed by the CONTRACTOR.
3. Overlapping Date Ranges- In the event the Combined Lifting Schedule contains overlapping accepted date ranges, the tanker which gives its notice of readiness (NOR) and has provided all documentation and obtained clearances first within such accepted date ranges shall be loaded first, unless urgent operational requirements dictate otherwise in which case,

AB T.L TT. R KA 38

subject to the provisions of Article VII, paragraph 7, any associated demurrage incurred by a Party as a result of any requisite change in schedule shall be considered to be costs incurred in the course of Petroleum Operations and charged to Operating Costs.

4. Operational Delays- The Parties recognise that occasionally environmental and technical problems in the Contract Area may cause delays and/or disruptions to the Combined Lifting Schedule. The Operator shall promptly notify the Parties of any such delays and/or disruptions; and the projected duration of same and advise the CORPORATION of the revised Combined Lifting Schedule. In the event that such notification does not allow for a revised Combined Lifting Schedule on the part of the CORPORATION, then any resultant costs shall constitute Operating Costs.
5. Estimated Delayed Arrival of a Tanker
 - a. Whenever it becomes apparent that a tanker will not be available as scheduled or will be delayed, the Party utilizing such tanker shall notify the Operator of the circumstances and expected duration of the delay. Upon assessing the impact of the delay on the Combined Lifting Schedule and Production during the current and/or next month, the Operator shall revise the Combined Lifting Schedule to avoid disruptions in production.
 - b. In the event that any Party fails to lift its nominated share of production in any quarter due to circumstances beyond the Party's control or difficulties in maintaining the lifting schedule, that Party shall have the right during the following quarter to lift the outstanding quantities, provided such inability to lift does not result in a tank top situation or curtailment of production. In the event that production is curtailed as a result

AB TT. T.L. KA

of the defaulting Party's inability to lift its nominated share of production, the defaulting Party shall be advised in writing of the estimated quantity of curtailed production and it shall be deducted from the defaulting Party's entitlement in the following month/quarter.

- c. As soon as production is restored, the Operator shall calculate the quantity of Crude Oil that has not been produced as a consequence of the curtailment or shut-in of production (the "Reduced Output Quantity"). The Reduced Output Quantity shall be calculated in accordance with the following formula:

$$ROQ = ((ARP \times D) - TAP)$$

Where:

ROQ: is the Reduced Output Quantity (expressed in US Barrels);

ARP is the actual average rate of production (expressed in US Barrels per Day) over the whole of the Month (M-1) prior to the Month (M) in which the curtailment or shut-in of production commenced;

D is the number of Days upon which production was curtailed or shut-in;

TAP: is the total actual production (expressed in US Barrels) during all of the said Days upon which production was curtailed or shut-in.

The Contractor shall, when issuing the first Monthly Forecast following the said curtailment or shut-in of production, deduct the Reduced Output Quantity from the Stock Position of the Non-performing Party, and adjust the reconciled Stock Positions of all other Parties (each a "**Curtailed Party**") by adding each Curtailed Party proportional shares of the Reduced Output Quantities to the existing Stock Positions of each of those Curtailed Parties, determined in accordance

AB TT TL KA 40

with the following formula:

$$ASP = ICP/TCP \times ROQ$$

Where:

ASP is the quantity (expressed in US Barrels) to be added to an individual Curtailed Party's Stock Position, and the aggregate of all ASPs shall equal the ROQ;

ICP : is the Oil Entitlement of the said individual Curtailed Party for the whole of that Month (M), as previously advised by the OCTP Offtake Coordinator at the time the Lifting Schedule for the said Month (M) was established;

TCP is the aggregate of the Oil Entitlements of all the Curtailed Parties for the whole of that Month (M), as previously advised by the OCTP Offtake Coordinator at the time the Lifting Schedule for the said Month (M) was established; and

ROQ has the meaning ascribed above;

and the Contractor shall schedule all liftings thereafter on the basis of these adjustments.

In order to ensure compliance with those provisions of the Contract and, in respect of Contractor, the JOA, relating to the determination of each Party's Oil Entitlements, the Curtailed Party Stock Position adjustments set out in this Article shall be reversed in their entirety by the Contractor when scheduling and allocating the final liftings of Crude Oil prior to the final cessation of commercial production of Crude Oil from the Contract Area, or the expiration of the OML whichever occurs first.

6. Tanker Standards - All tankers nominated for lifting shall conform to international regulations and standards concerning size, equipment, safety, maintenance and the like adopted by the Operator for the terminal in question and by the appropriate government authority. Failure of a tanker to meet such standards

AB TT TL P KA

shall not excuse the nominating Party from the consequences specified in paragraph 5. The CONTRACTOR shall keep the CORPORATION advised as to the current regulations and standards in use at the terminals operated by the CONTRACTOR

7. Destination of Crude Oil- The Parties shall at all times disclose the destination of the Crude Oil lifted under this Contract in the documentation instructions.

Article VI

PRODUCTION INCREASES/DECREASES SUBSEQUENT TO NOMINATION

1. To the extent that field operations permit, a Party shall have the right to request the adjustment of its nomination during a month following confirmation of the Combined Lifting Schedule provided that the nominations, entitlements and lifting of the other Party are not affected thereby without their express written consent. Adjusted nominations shall always be within the limits of the Party's allocated portion of the Commercial Production Quota, plus Opening Stock.
2. Any production decrease caused by or resulting directly from the actions of a Party shall not affect the availability or entitlement of the other Parties. Each Party shall, to the greatest extent possible, endeavour not to take any action which may affect the lifting of the other Party.
3. For the avoidance of doubt, each Party's agreed allocations shall be based on Actual Production.

R *T.L*

AB

TT

KA

Article VII

DELIVERY TERMS AND CONDITIONS

1. Tanker Notification: The Parties shall report, or cause the tankers nominated for lifting pursuant to this Annex D to report, by radio/telex to the Operator, each tanker's scheduled arrival date and hour as follows:
 - (a) Seven (7) days before estimated arrival, or upon clearing at last port if there is less than seven (7) days steaming time before estimated arrival;
 - (b) Seventy-two (72) hours before estimated arrival;
 - (c) Forty-eight (48) hours before estimated arrival;
 - (d) Twenty-four (24) hours before estimated arrival; and
 - (e) At any other time(s) between the seventy two (72) hours' notice, forty eight (48) hours and twenty four (24) hours' notice when estimated arrival is to be revised- by more than twelve (12) hours from that most recently notified or after that, revised by more than one-half hour.

The Parties shall also cause such tanker so nominated, or its agent, to report by email/radio/ to the Head Port Official at the Port at least seventy two (72) hours before each tanker's scheduled arrival date giving the tanker's name, call sign, ETA at the port(s), cargo tonnage to be loaded, number of crew, health status, whether or not a doctor is on board and request for "Free Pratique".

2. Notice of Readiness: Upon arrival at the designated safe anchorage at the port or upon the time of boarding of the mooring

AP T.L. TT. P. KA

master, whichever is earlier, the master of the tanker shall give the Operator an NOR by radio or by letter, as appropriate, confirming that the tanker is ready to load cargo, berth or no berth. Laytime, shall commence upon the expiration of six (6) running hours after receipt by the loading terminal of such notice, or upon the tanker's completion of mooring at the sea loading terminal, whichever first occurs. However, where delay is caused to the tanker getting into berth after giving NOR for any reason over which neither the Party nor the loading terminal has control, such delay shall not count as used laytime. In addition, time used by tanker while proceeding to berth or awaiting entry and "Free Pratique" by Customs after the expiration of six (6) running hours free time, shall not count as used laytime.

3. Early Tanker Arrival: Notwithstanding the provisions of Article VII.2, if the tanker arrives and tenders NOR to load prior to its agreed date range, the Operator shall endeavour to load the tanker on arrival or as soon thereafter as possible and laytime shall only commence when loading commences. If, however, the Operator is unable to accept a tanker for loading prior to the agreed date range, laytime shall commence at 0600 hours local time on the first day of the agreed date range or when the loading commences, whichever comes first.
4. Late Tanker Arrival: If a tanker arrives and tenders NOR to load after its accepted date range and other tankers (having arrived during their accepted date range), are either loading or waiting to load, the loading tanker shall be governed by the earliest availability of crude and loading slot, and laytime shall commence only when loading commences.
5. Laytime: Laytime allowed for loading a full cargo is "thirty-six (36) running hours", Sundays and holidays included, with a provision

AB T.L. TT.

Rica

KA

for pro-rating the laytime in the case of vessels loading part cargo. When a vessel is loading one parcel only and operations commence ahead of the acceptance date, there is no demurrage involved unless the vessel completes cargo after the permissible laytime, commencing 0001 hours of the first day of the acceptance date range. When more than one parcel and more than one acceptance date is awarded, the demurrage shall not count unless the total loading is completed after the expiry of the permissible laytime for the last parcel, counting 0001 hours of the first day on the last acceptance date. Any delay due to the fault of the tanker or its facilities to load cargo within the time allowed shall not count as used laytime. If rules of the owner of the vessel or regulations of Government or appropriate Government agencies prohibit loading of the cargo at any time, the time so lost shall not count as used laytime. Time consumed loading or discharging ballast or discharging slops shall not count as used laytime. Laytime shall continue until hoses have disconnected.

6. Demurrage: If Operator is unable to load within the time allowed, Operator's liability for demurrage (which shall apply per running hour (pro rata for a part thereof) for loading time exceeding the allowed laytime as specified herein), shall be limited to the rate of demurrage calculated by multiplying the time by the Average Freight Rate Assessment (AFRA) as determined by the London Tanker Brokers Panel. In the event that such determination is no longer available, a freight rate-assessment shall be mutually agreed by the Parties, which rate shall be appropriate in relation to the size of the tanker and in demurrage rate according to tanker size as specified in the Worldwide Tanker Nominal Freight Scale or such other foreign scale that is issued in replacement thereof. In no event shall Operator be liable for demurrage on terms other than as herein specified. If delay in loading results from an event of force majeure as defined in the Contract, Operator shall not be

AB TT T.L. R KA

liable for any demurrage. Demurrage claims must be notified to Operator in writing together with supporting documents within ninety (90) days from Bill of Lading date. All payments made in respect of demurrage hereunder shall constitute Operating Costs.

7. Changes of Berth: The Operator shall have the right to shift any vessel from one berth to another. Charges of running lines on arrival at and leaving and berth, wharfage and dockage charges at that berth, and any other extra port charges or port expenses incurred by reason of such shifting at the Operator's request shall be borne by the Operator and shall count as used laytime. If, however, it is necessary to shift the vessel from the berth because of the breakdown of machinery or other deficiency of the vessel or its crew, the resulting expenses shall be borne by the Party whose Crude Oil is being lifted. The time consumed in such circumstances, shall not count as used laytime. However, the vessel shall lose its regular turn in berth. When the vessel is ready to recommence loading, it shall so advise the CONTRACTOR and wait its turn for reberthing and such time after notice is given shall not count as used laytime.
8. Tanker Departure: The tanker shall vacate the berth as soon as loading is complete. The Party that scheduled such tanker shall indemnify the Operator for any direct loss or damage incurred as a result of the tanker's failure to vacate the berth promptly including such loss or damage as may be incurred due to resulting delay in the docking of the tanker awaiting the next turn to load at such berth.
9. Loading Hoses: Hoses for loading shall be furnished by the Operator and shall be connected and disconnected by the tanker's crew under the supervision of a suitable qualified ship's officer acting on the advice of the OPERATOR's mooring master.

AB

TT

T.L

R

KA

10. Partial Cargo: Should the Operator supply less than a full cargo, for any reasons the tanker shall not be required to proceed to sea until all of her tanks are filled with a combination of cargo and ballast as shall place her in a seaworthy condition.

Article VIII

CRUDE OIL QUANTITY AND MEASUREMENT

1. Certification: The quantity and origin of each shipment of Crude Oil shall be determined by the appropriate Government authority at the loading terminal and set forth in standard certificates of Quantity, Quality and Origin. Each Party shall have the right to designate a representative at its own expense, who shall have the right to witness the determination of Quantity, Quality and Origin. All reasonable facilities shall be supplied by the CONTRACTOR, as necessary, to such Party's representatives at the port to enable such representatives to witness the measurements taken at the loading terminal and the taking of the sample to be used by and supplied to the representative of the Party.
2. Acceptance of Certificate: If the Party in question does not appoint a representative, or if such representative appointed as aforesaid agrees with the Certificate of Quantity, Quality and Origin of a shipment of Crude Oil (in which event he shall so indicate by signing the Certificates of Quantity, Quality and Origin), such determinations shall be final and binding on the Parties.
3. Refusal of Certificate: If the determination of quantity, quality and origin by the appropriate Government authority has not been approved by such a representative in accordance with Article VIII.2 and a dispute arises concerning same, recourse shall be

AB TT TL R KA 47

made to the independent expert appointed pursuant to Article 27.4 to resolve the dispute. Claims about quality and quantity of Crude Oil delivered, shall be notified in writing to the Operator with all supporting documents, within sixty (60) days from Bill of Lading date, otherwise the claim shall be considered closed. Any compensation paid by Operator in respect of claims hereunder shall constitute Operating Costs.

4. Quantity Determination: The quantity of Crude Oil lifted shall be determined at the time of loading on the basis of gauging the terminal tanks before and after the lifting of such Crude Oil, or otherwise by meter reading installed on the loading line from the tanks, as approved by appropriate Government authority. The quantity in barrels of Crude Oil determined pursuant to the foregoing procedure should be corrected to a temperature of sixty-degrees Fahrenheit (60°F) in accordance with the most currently published ASTM- IP Petroleum Measurement Tables. A copy of the conversion calculation, if any shall be submitted to the lifting Party through its representative. In addition, the Basic Sediment and Water ("BS&W") content, determined in accordance with Article VIII.5 hereof, shall be deducted from the quantity loaded, for purposes of preparing the Bill of Lading for such shipment and for purposes of substantiating claims about Quantity and Quality. Any substantiated loss of Crude Oil occurring in transit between the point of such determination and delivery shall be borne by the lifting Party provided such losses do not result due to differences in method of determining BS&W between the loading and discharge terminals. For differences occurring where same method of determination at both points are used, provisions of Article VIII.3 above shall apply. The retained sample(s) shall be used in determining such loss claims.
5. Quality Determination: The determination of API Gravity and BS&W content shall be made of each shipment of Crude Oil. BS&W content and API Gravity shall be determined according to standard international practices acceptable to the relevant

AB TT T.L. R KA

Government authorities.

6. Samples: A sample of each shipment of Crude Oil shall be taken. The sample shall be sealed and retained by the CONTRACTOR for a minimum of ninety (90) days. The lifting Party or its representative shall have the right to receive one (1) gallon sealed sample of the Crude Oil loaded which shall be placed on board the tanker, if so requested.

AB T.L.

R

KA

TT

ANNEX E

**TO THE PRODUCTION SHARING CONTRACT BETWEEN THE
CORPORATION AND THE CONTRACTOR**

DATED THIS 25th DAY OF MAY 2021

Article I

**PROCUREMENT AND PROJECT IMPLEMENTATION
PROCEDURES**

Application

- 1.1 These Procurement and Project Implementation Procedures ("Procedures") shall be followed and observed in the performance of either Party's obligations under the Contract. Words and expressions defined under the Contract, when used herein, shall have the meanings ascribed to them in the Contract. In the event of a conflict between the terms of these Procedures and the Contract, the terms of the Contract shall prevail.
- 1.2 These Procedures shall be applicable to all contracts and purchase orders whose values exceed the respective limits set forth in Article 1.3 and which, pursuant thereto, require the prior concurrence of the CORPORATION. These Procedures may be amended from time to time by the Parties.

1.3 The CONTRACTOR shall have the authority, subject to any limitations or restrictions established by the Management Committee, to enter into any contract or place any purchase order in its own name for the performance of services or the procurement of facilities, equipment, materials or supplies, provided that

- (a) Prior approval of the CORPORATION shall be obtained

AB TT TL KA 50

for all foreign contracts and foreign purchase orders awarded to third parties where the cost exceeds One Million United States Dollars (US\$ 1 Mln) or equivalent Nigerian Naira;

- (b) Prior approval of the CORPORATION shall be obtained for all local contracts and purchase orders where the cost exceeds the prevailing Nigerian Naira equivalent of One Million United States Dollars (US\$ 1 Mln);
- (c) The amount set forth in Article 1.3(a), (b) and (h) shall be reviewed by the Management Committee whenever it becomes apparent to either Party that such limits create unreasonable constraints on the Petroleum Operations. In the event of a significant change in the exchange rate of Naira to U.S. Dollar compared to that, which existed on the Effective Date, the Management Committee shall review the limits set forth in Article 1.3 (a), (b) and (h);
- (d) Such contracts shall be entered into, and such purchase orders shall be placed with third parties, which in the CONTRACTOR's opinion are technically and financially able to properly perform their obligations;
- (e) Procedures customary in the oil industry for securing competitive prices shall prevail.
- (f) The CONTRACTOR shall give preference to contractors that are companies organised under the laws of Nigeria to the maximum extent possible provided they meet the required standards.
- (g) The CONTRACTOR shall give preference to such goods which are manufactured or produced in Nigeria or

AB

TT

TL

R

KA

services rendered by Nigerians provided they meet specifications and standards and are competitively priced.

- (h) The above limits and these procedures shall not apply to purchases made for warehouse replenishment stock not exceeding One Million United States Dollars (US\$ 1 Mln) or equivalent Nigerian Naira nor shall they apply to the purchase of tubulars of less than Five Million U.S. Dollars (\$5,000,000) or equivalent Nigerian Naira made in furtherance of planned drilling programmes. Where there are Naira and U.S. Dollar components of such purchases, the total shall not exceed One Million United States Dollars (US\$ 1 Mln) or equivalent Nigerian Naira.

T.L

P
Kida

KA

AB

TT

Article II

PROJECT IMPLEMENTATION PROCEDURE

- 2.1 The CONTRACTOR realising the need for a project to which these Procedures apply pursuant to Clause 1.3 above, shall introduce it as part of the proposed Work Programme and Budget to be developed and submitted by the CONTRACTOR to the Management Committee pursuant to Article 6.
- (a) The CONTRACTOR shall provide adequate information with respect to the project including, without limitation, the following:
- (i) A clear definition of the necessity and objectives of the project;
 - (ii) Scope of the project; and
 - (iii) Cost estimate thereof.
- (b) The CONTRACTOR shall transmit the project proposal along with all related documentation to the CORPORATION for consideration.
- (c) The CORPORATION may make recommendations in writing to the CONTRACTOR regarding the selection, scope and timing of the project. The Management Committee shall consider the proposal and the recommendations of the CORPORATION and shall determine the matter in accordance with Article 7 of the Contract. Any disputed issues shall be resolved by the Management Committee pursuant to Article 7.9.2 of the Contract. If the CORPORATION does not submit any

AB T.L.

T.T.

R. Kied

KA

recommendations in writing to the CONTRACTOR within thirty (30) working of the submittal of the project, the project as proposed by the CONTRACTOR shall be deemed approved by the Management Committee and shall be so noted in the minutes of the next meeting..

- 2.2 The project as approved pursuant to Clause 2.1 above shall form part of the Work Programme and Budget of the Petroleum Operations. Such approval shall also constitute authorisations by the Management Committee to the CONTRACTOR to initiate contracts and purchase orders relevant to the project proposal, subject to the provisions of Clause 1.3.
- 2.3 The resources for the project design, supervision, and management shall first be drawn from the CONTRACTOR's available in-house expertise with the full participation of the CORPORATION's staff who shall be seconded pursuant to Article 20.2(c). If the Management Committee approves, such may be performed by the CONTRACTOR's Affiliate under the approved budget for the project. Competent Nigerian Engineering/Design companies shall be given priority over others by the Management Committee for such projects provided such companies meet the required standards (including those of quality, price and timelines of delivery) as established by the CONTRACTOR. The CORPORATION staff who shall be seconded pursuant to Article 20.2 (c) shall be fully involved in the project design, supervision and management.
- 2.4 After approval of the project/budget, the CONTRACTOR shall prepare and transmit to the CORPORATION complete details of the project including, without limitation, the following:
- (a) Project definition;

- (b) Project Specification;

T.L. R
AB TT. KA

- (c) Flow diagrams;
- (d) Projects implementation schedule showing all phases of the project including, without limitation, engineering design, material/equipment procurement, inspection, transportation, fabrication/construction, installation, testing and commissioning;
- (e) Major equipment specifications;
- (f) Cost estimate of the project;
- (g) An activity status report;

T.L. R

KA

AB

TT

Article III

CONTRACT TENDER PROCEDURE

3.1 The following tender procedure shall apply to work/services/supply not directly undertaken by the CONTRACTOR or by the CONTRACTOR's Affiliates (as provided in Annex B Article II (1)(f):

- (a) The CONTRACTOR shall maintain a list of approved contractors for the purpose of contracts for the Petroleum Operations, (the "Approved Contractors List"). The CORPORATION shall, subject to the CONTRACTOR assessment, have the right to delete contractors from or nominate contractors to be included in the list. The CORPORATION and the CONTRACTOR shall be responsible for pre-qualifying any contractor to be included in the Approved Contractors' List.
- (b) Contractors included in the Approved Contractors List shall be both local and/or overseas' contractors or entities. Where regulations require, they shall be registered with the Department.
- (c) When a contract is to be bid, the CONTRACTOR shall present a list of proposed bidders to the CORPORATION for concurrence not less than fifteen (15) working days before the issuance of invitations to bid to prospective contractors. The CORPORATION may propose additional names to be included in the list, subject to CONTRACTOR assessment, of proposed bidders or the deletion of any one thereof. Contract specifications shall be in English and in a recognised format used in the international petroleum industry.

AB

TL

TT

KA

- (d) If the CORPORATION has not responded within fifteen (15) working days from the date of the official receipt following the presentation of the list of proposed bidders as aforesaid, the list shall be deemed to have been approved.

- 3.2 The CONTRACTOR shall within its limits in Article I 1.3(a), (b) and (h) establish a Tender Committee which shall be responsible for pre-qualifying bidders, sending out bid invitations, receiving and evaluating bids and determining successful bidders to whom contracts shall be awarded.
- 3.3 Analysis and recommendations of bids received and opened by the Tender Committee shall be sent by the CONTRACTOR to the CORPORATION for approval before a contract is signed with the selected contractor. The CORPORATION shall respond within fifteen (15) working days from the date of the official receipt. Approval of the CONTRACTOR's recommendations shall be deemed to have been given if the CORPORATION has not responded within the said period.
- 3.4 Prospective vendors/contractors for work estimated in excess of Five Million U.S. Dollars (\$5,000,000) shall submit the commercial summary of their bids to the CONTRACTOR in two properly sealed envelopes, or through electronic platform to the CONTRACTOR.
- 3.5 These Procedures may be waived in any of the cases listed below in which event the CONTRACTOR may negotiate directly with the contractor and promptly inform the CORPORATION of the outcome of such negotiations in the following cases:
- (a) emergency situations; and
- (b) in work requiring specialised skills, or when special circumstances warrant, upon the approval of the CORPORATION.

T.L. R

KA

AB

TT

Article IV

GENERAL CONDITIONS OF CONTRACTS

- 4.1 The payment terms shall provide, without limitation, that:
- (a) Where deemed necessary according to CONTRACTOR assessment, a minimum of ten (10%) percent of contract price shall be held as a retention fee until after the end of a guarantee period agreed with the contractor which shall vary between six (6) months and twelve months, depending on the project, with the exception of drilling and seismic data acquisition, well surveys and other such services provided that, a contractor may be given the option to provide other guarantee equivalent to the ten (10%) percent retention such as letter of credit or performance bond; and
 - (b) Provision shall be made for appropriate withholding tax as may be applicable.
- 4.2 The language of all contracts shall be English.
- 4.3
- (a) The governing law of all agreements signed with subcontractors shall be Nigerian law for work to be conducted in Nigeria, and to the extent feasible for work outside Nigeria.
 - (b) Nigerian law shall apply to contractors performing in Nigeria and, as far as practicable, they shall use Nigerian resources both human and material.
- 4.4 Each contract shall provide for early termination where necessary and the CONTRACTOR shall use all reasonable endeavors to obtain a termination provision with minimal penalty.
- 4.5 The CONTRACTOR shall provide, in the case of a foreign contractor, that the local part of the work, in all cases, shall be performed by the contractor's local subsidiary.

P. T.L.

KA

AB

TT

Article V

MATERIALS AND EQUIPMENT PROCUREMENT

- 5.1 The CONTRACTOR may through its own in-house or through its Affiliates, procure materials and equipment subject to conditions set forth in this Article V.
- 5.2 The provisions of this Article V shall not apply to lump sum or turnkey contracts/projects.
- 5.3 In ordering the equipment/materials, the CONTRACTOR shall obtain from vendors/manufacturers such rebates/discounts and such warranties/guarantees that such vendors/manufacturers normally offer, and all rebates, discounts, guarantees and all other grants and responsibilities shall be for the benefit of the Petroleum Operations. Materials obtained from the CONTRACTOR or Affiliates of the CONTRACTOR shall subject to Article II.2.3 be at cost and shall have no profit element.
- 5.4 The CONTRACTOR shall:
- (a) By means of established policies and procedures ensure that its procurement efforts provide the best total value, with proper consideration of quality, services, price delivery and Operating Costs to the benefit of the Petroleum Operations;
 - (b) Maintain appropriate records, which shall be kept up to date, clearly documenting procurement activities;
 - (c) Provide quarterly and annual inventory of materials in stock;
 - (d) Provide a quarterly listing of excess materials in its stock

AB

TT TL P

KA 59

list to the CORPORATION; and

- (e) Check the excess materials listings from other companies, to identify materials available in the country prior to initiating any foreign purchase order.

5.5 The CONTRACTOR shall initiate and maintain policies and practices, which provide a competitive environment/climate amongst local and/or overseas suppliers. Competitive quotation processes shall be employed for all local procurement where the estimated value exceeds the equivalent of One Hundred and Fifty Thousand U.S. Dollars (\$150,000).

- (a) Fabrication, wherever practicable shall be done locally.

5.6 Analysis and recommendation of competitive quotations of a value exceeding the limits established in Article 1.3 shall be transmitted to the CORPORATION for approval before a contract is executed or a purchase order is issued to the selected vendor/manufacturer. Approval shall be deemed to have been given if a response has not been received from the CORPORATION within fifteen (15) working days of receipt by the CORPORATION of the said analysis and recommendations.

5.7 Pre-inspection of rig, equipment/stock materials of reasonable value shall be jointly carried out at the factory site and quay before shipment at the request of either Party.

T.L. 



T.T.

KA

Article VI

PROJECT MONITORING

- 6.1 The CONTRACTOR shall provide a project report to the CORPORATION.
- 6.2 For major projects exceeding One Million United States Dollars (US\$ 1 Mln) or its equivalent in value, the CONTRACTOR shall provide to the CORPORATION a detailed quarterly report which shall include:
- (a) Approved budget total for each project;
 - (b) Expenditure on each project;
 - (c) Variances and explanations;
 - (d) Number and value of construction change orders;
 - (e) Bar chart of schedule showing work in progress and work already completed and schedule of milestones and significant events;
 - (f) Summary of progress during the reporting period, summary of existing problems, if any, and proposed remedial action, anticipated problems, and percentage of completion;
 - (g) Local components of the project executed in-country and costs relating thereto.

Provided that the CORPORATION shall have the right to send its own representatives to assess the project based on the report.

AB

TK

T.L

P
R

KA

- 6.3 In the case of an increase in cost in excess of ten (10%) percent on the project, the CONTRACTOR shall promptly notify the CORPORATION and obtain necessary budget approval.
- 6.4 Not later than six (6) months following the physical completion of any major project whose cost exceeds US\$ 1 Mln or its equivalent in value, the CONTRACTOR shall prepare and deliver to the CORPORATION a project completion report, which shall include the following:
- (a) Cost performance of the project in accordance with the work breakdown at the commencement of the project;
 - (b) Significant variations in any item or sub-items;
 - (c) Summary of problems and unexpected events encountered during the project;
 - (d) List of excess materials;
 - (e) Planned versus actual local content component of the project executed in-country. In the event that the local component falls below the planned target, CONTRACTOR shall explain in detail, the reasons responsible for the shortfall.

R
Red

T.L

AB

TT

KA

ANNEX F

ASSOCIATED GAS

- a. The Parties shall meet no later than the last working day of each calendar quarter to reconcile the volumes of associated gas produced from the Contract Area during the preceding calendar quarter.
- b. In the event of any dispute or disagreement arising from the reconciliation of the volume of Associated Gas produced and the revenue derived from the sale of such gas, the Parties shall endeavour to settle such dispute or disagreement amicably. Where discussions fail, either Party shall refer the dispute or disagreement to a jointly appointed independent expert appointed in accordance with the provisions of Article 27.4 and the decision of such Independent Expert shall be binding on both Parties save for fraud or manifest error.

T.L.

KA

P.
Kia

AB

TT

ANNEX G
TO THE PRODUCTION SHARING CONTRACT BETWEEN THE CORPORATION AND
THE CONTRACTOR

DATED THIS 25th DAY OF MAY 2021

JOINT ENTITLEMENT MODEL For OML 118

The CORPORATION AND the CONTRACTOR agree on the composition and principles of the Joint Entitlement Model (JEM), which shall be effective from the 1st day of the month of the Effective Date, as follows:

1. The JEM incorporates all relevant input from the 1993 PSC entitlement model including unamortized capital expenditure, unutilized capital allowances, unutilized Investment Tax Credits and the Final Net Settlement Amount as provided in the Dispute Settlement Agreement.
2. The Operator shall administer and operate the JEM as jointly established by the Parties.
3. Other than as specified in Article 11 and in this Annex G, the JEM shall remain unchanged for the duration of this Contract, except for the fields designated as input fields therein. If any Party raises an error in the model, Parties will meet to agree the update and the update will be incorporated pursuant to Annex G.2. However, no changes shall result in a contravention of Article 11 of the PSC.
4. Pursuant to Article 11, Contractor shall notify Corporation of the impact of the Legislation and the Parties shall then hold a meeting to discuss, following which the Fiscal Model shall be updated to reflect the reported impact of such Legislation, to maintain the Contractor's pre-Legislation Profit Oil.
5. The CORPORATION shall be entitled to lift volumes of Tax Oil and Royalty Oil required to satisfy any related change in obligations arising from Legislation and shall indemnify the CONTRACTOR against any claims made by the relevant authority in respect of same.
6. At the beginning of each year the JEM will reflect the CONTRACTOR's estimate of the Operating Costs which shall be updated periodically for tax computation purposes. At year end, the JEM shall be updated to reflect actual costs for the preparation of the final tax return.

TL P
AB TT RA 84

7. The JEM shall be updated each month with CONTRACTOR's actual monthly expenditure for cost recovery purposes.
8. Operator shall provide JEM input and share with Parties on a monthly basis.
9. Parties' monthly entitlement is to be based on the output of JEM in accordance with Article 10 and where applicable, Article 11.
10. Tax computation in the JEM shall account for all costs incurred for OML 118 (including those incurred by individual CONTRACTOR parties in support of Petroleum Operations) even where such costs do not constitute Operating Costs, and will be subject to the Petroleum Profit Tax Act, as amended and other applicable tax laws.
11. The procedure for the preparation and submission of tax returns shall be as follows:
 - a. PPT estimated returns – Operator to submit to CORPORATION on or before the end of January of each year for onward filing with the relevant tax authority on or before the end of February.
 - b. PPT revised estimated returns – PPT estimated returns to be revised monthly and submitted by Operator to CORPORATION for onward filing with the relevant tax authority
 - c. PPT actual returns – for each year, to be submitted by Operator to CORPORATION on or before the end of April in the following year for filing with the relevant tax authority on or before the end of May in such year.
12. In the event of an audit by the tax authorities, any changes to JEM tax inputs or outputs shall be made after the assessment becomes final.

P. TL KA

AB TT

Examples – for Illustration purposes only.

Contractor lifts

Corporation lifts

Example reduction in NDDC levy from 3 to 0%

NDDC orig	1.03	1	
	NDDC	No NDDC	
Royalty	10	10	
cost	20	19.4	Cost reduces
tax	35	35.3	Tax increases
PO Contr	17.5	17.5	Contr PO remains
PO NNPC	17.5	17.8	Corp PO increases

Example increase in NDDC levy from 3 to 6%

NDDC orig	1.03	1.06	
	NDDC	No NDDC	
Royalty	10	10	
cost	20	20.6	Cost increases
tax	35	34.7	Tax decreases
PO Contr	17.5	17.5	Contr PO remains
PO NNPC	17.5	17.2	Corp PO decreases

Example - Reduction in Tax from 50 to 45%

PPT	50%	45%	
Royalty	10	10	
cost	20	20	
tax	35	31.5	Tax reduces
PO Contr	17.5	17.5	Contr PO remains
PO NNPC	17.5	21	Corp PO increases

Example - Increase in Tax from 50 to 55%

PPT	50%	55%	
Royalty	10	10	
cost	20	20	
tax	35	38.5	Tax increases
PO Contr	17.5	17.5	Contr PO remains
PO NNPC	17.5	14	Corp PO decreases

Example - Reduction in Royalty 10 to 5%

Royalty	10	5	Royalty Reduces
cost	20	20	
tax	35	37.5	Tax increases
PO Contr	17.5	17.5	Contr PO remains
PO NNPC	17.5	20	Corp PO increases

Example - Increase in Royalty 10 to 15%

Royalty	10	15	Royalty Increases
cost	20	20	
tax	35	32.5	Tax reduces
PO Contr	17.5	17.5	Contr PO remains
PO NNPC	17.5	15	Corp PO decreases

T.L

R

KA

AB

TT

ANNEX H – COST VERIFICATION PROCESS

1. At the beginning of each Calendar Year, the JEM will reflect the approved Work Programme and Budget (WP&B) and any carry forward /rollover cost & entitlement from previous Year.
2. The JEM will be updated monthly with the CONTRACTOR's monthly expenditure.
3. WP&B performance reviews may be carried out periodically by Subcommittees. However, formal performance reviews for consideration and approval by MACOM will be carried out at mid-year and end year.
4. The performance review may highlight divergent positions which will be re-addressed at formal end year review.
5. Any divergent position(s) arising from FINCOM & TECOM during performance reviews are to be referred to MACOM
6. Any cost not approved at MACOM, will be included for review during the CORPORATION Audit.
7. CORPORATION Audit process to involve review of all costs incurred and not only costs approved by MACOM.
8. CORPORATION Audit to be concluded within 24 months of MACOM performance review meeting where costs were not approved. All costs not audited within the 24 month period shall be deemed approved.
9. CORPORATION Audit report containing unresolved audit exceptions to be referred to MACOM for resolution.
10. If MACOM is unable to resolve the audit exceptions and/or disputed costs within 6 months from date of referral, the Parties shall refer the matter to an Independent Auditor to be jointly appointed by the Parties which shall be a firm of international repute registered in Nigeria with a minimum of ten (10) years proven experience in technical, operational and financial audit of international oil and gas companies. The firm must also have the ability to demonstrate and maintain independence from the Parties and their Affiliates.
11. The terms of reference of the Independent Audit to be agreed by Parties which shall be based on the audit exceptions and cost disputes from MACOM as per this PSC.

AB P.T.L. KA
TT.

12. Ruling of Independent Auditor to be binding on CORPORATION and CONTRACTOR (except where there is fraud, "collusion" and/or manifest error) and resulting impact on entitlement to be adjusted in the Joint Entitlement Model by the CONTRACTOR.
13. Pending ruling of Independent Auditor on disputed costs, lifting to continue based on lifting programme prepared by the CONTRACTOR using the JEM.

T.L

KA

P
Hed

AB

TT

ANNEX I

SURVIVING PROVISIONS

The rights and obligations of the Parties which have accrued pursuant to the 1993 PSC under the provisions specified in this Annex I shall survive the termination of the 1993 PSC and continue hereunder.

1993 PSC Clause reference	Surviving provisions
5 Work Programme and Expenditure	All ongoing Petroleum Operations, including existing contracts and purchase orders, and ongoing tenders and bids. All MACOM approved Work Programmes and Budgets
6 Management Committee	Existing MACOM to be deemed constituted under new contract with all approvals and decisions carried over, together with all approvals granted and decisions taken by the Corporation
7 Rights and Obligations of the Parties	Respective rights of Corporation and Contractor with respect to data derived from the Contract Area
8 Recovery of Operating Costs and Crude Oil Allocation	Cumulative Production, Crude Oil Allocations and Contractor entitlement to cost recovery to be brought forward
10 Payment	All due and outstanding payments
11 Title to Equipment	Respective rights of Corporation and Contractor with respect to property.
12 Employment and Training of Nigerian Personnel	Existing Contractor staff to be retained without further approval
13 Books and Accounts, Audit	Subsisting audit rights including Contractor's right to respond.

AB P TL
TT KA

15 Royalty and Tax

Right to recover any outstanding capital allowances, investment tax credits and receipts

Annex C-Lifting Allocation &

Existing Nomination, Lifting Allocation and

Annex D-Nomination, Ship Scheduling and Lifting Procedure

Shipping schedule to be retained.

Outstanding demurrage claims and crude quality or quantity certification or determination issues

TL

P

KA

AB

TT

ANNEX J

VALUATION OF AVAILABLE CRUDE OIL

The following formulae shall be applied in determining the Realizable Price for a given month:

$$\text{Crude X Realizable Price}_m = \text{Dated Brent}_m + \text{Crude X Crude Differential}_m$$

Where:

- For the publications:
 - Platts Crude Oil Marketwire ("Platts")
 - Argus Crude – Crude Market Prices and Analysis ("Argus")
- Crude X Realizable Price_m is the fiscal price applicable to all the cargoes of Crude X crude oil with bills of lading in month ("m").
- Dated Brent_m is equal to the average of Platts Mid quotations for Brent (Dated) for each quotation day of month ("m").
- Crude X Crude Differential_m is equal to the sum of:
 - 50% of the average of the quotations of the Crude X Mid Spread vs. fwd Dated Brent as published in Platts for each quotation day in the period 20th day of the month ("m")-2 to 19th day of month ("m")-1.
 - 50% of the average of the quotations of Crude X Diff Basis Dated as published in Argus for each quotation day in the period 20th day of the month ("m")-2 to 19th day of the month ("m")-1.

T.L

R

KA

AB

TT