

- b) **First Extension Period:** Commencing at the end of the Initial Exploration Period and terminating at the end of a further two (2) Contract Years.

Minimum Expenditure: Contractor's minimum expenditure for the work in the First Extension Period shall be twenty million United States dollars (U.S.\$20,000,000).

Description of Work: By the end of the First Extension Period, Contractor shall have drilled at least one (1) Exploration Well in the Contract Area.

- c) **Second Extension Period:** Commencing at the end of the First Extension and terminating at the end of a further two (2) Contract Years.

Description of Work : By the end of the Second Extension Period, Contractor shall have drilled one (1) Exploration Well in the Contract Area.

Minimum Expenditure: minimum expenditure for work in the Second Extension Period shall be twenty million United States dollars (U.S.\$20,000,000).

- d) Work and expenditures accomplished in any Subperiod or Extension Period in excess of the above obligations may be applied as credit in satisfaction of obligations called for in any other Subperiod or Extension Period. The fulfillment of any work obligation shall relieve Contractor of the corresponding minimum expenditure obligation, but the fulfillment of any minimum expenditure obligation shall not relieve Contractor of the corresponding work obligation.

- (e) The principle of Article 4 is that, the fulfillment of any minimum Work Programme supersedes its corresponding minimum expenditure. However, for any Extension Period or Subperiod, for which the entire minimum work obligation is not met by Contractor, the corresponding part of the minimum expenditure obligation relating to the unfulfilled work obligation shall be paid to GNPC whereupon Contractor shall be deemed to have fulfilled such minimum work obligation. However, Contractor's entitlement to proceed to the next Extension Period or Subperiod shall be at the discretion of the Minister.

- 4.4 No Appraisal Wells drilled or seismic surveys carried out by Contractor as part of an Appraisal Programme undertaken pursuant to Article 8 and no expenditure incurred by Contractor in carrying out such Appraisal Programme shall be treated as discharging the minimum work obligations under Article 4.3.

- 4.5 The seismic reprocessing and seabed logging programme in Article 4.3(a), when combined with existing data, shall be such as will enable a study of the regional

TKP
Law
G