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THIS PETROLEUM AGREEMENT, made this day of 2006 by and among the Government of the Republic of Ghana (hereinafter referred to as "**The State**"), represented by the Minister for Energy (hereinafter referred to as the "**Minister**"), the Ghana National Petroleum Corporation, a public corporation established by Provisional National Defence Council Law 64 of 1983 (hereinafter referred to as "**GNPC**"), and Tullow Ghana Limited, a Jersey company (hereinafter referred to as "**Tullow**"), Sabre Oil and Gas Limited, a United Kingdom company (hereinafter referred to as "**Sabre**") and Kosmos Energy Ghana HC, a Cayman Islands company (hereinafter referred to as "**Kosmos**"), (the three companies hereinafter collectively referred to as "**Contractor**")

WITNESSETH:

1. All Petroleum existing in its natural state within Ghana is the property of the Republic of Ghana and held in trust by the State.
2. GNPC has by virtue of the Petroleum Law the right to undertake Exploration, Development and Production of Petroleum over all blocks declared by the Minister to be open for Petroleum Operations.
3. GNPC is further authorised to enter into association by means of a Petroleum Agreement with a contractor for the purpose of Exploration, Development and Production of Petroleum.
4. The Contract Area that is the subject matter of this Petroleum Agreement has been declared open for Petroleum Operations by the Minister and the Government of Ghana desires to encourage and promote Exploration, Development and Production within the said area. GNPC and the State have assured Contractor that all of said area is within the jurisdiction of the Republic of Ghana.
5. Contractor, having the financial ability, technical competence and professional skills necessary for carrying out the Petroleum Operations herein described, desires to associate with GNPC in the Exploration for, and Development and Production of, the Petroleum resources of the said area.
6. The Parties recognise that Ghanaian nationals should as soon as reasonably possible be engaged in employment at all levels in the Petroleum industry, including technical, administrative and managerial positions, and that to achieve this objective an adequate programme of training must be established as an integral part of this Agreement.

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NOW THEREFORE, in consideration of the mutual covenants herein contained, it is hereby agreed and declared as follows:

ARTICLE 1

DEFINITIONS

1. **In this Agreement:**

- 1.1 "Accounting Guide" means the accounting guide which is attached hereto as Annex 2 and made a part hereof;
- 1.2 "Additional Interest" means the Additional Interest of GNPC provided for in Article 2.5 and Article 2.6;
- 1.3 "Affiliate" means any person, whether a natural person, corporation, partnership, unincorporated association or other entity:
- a) in which one of the Parties hereto or one of the companies comprising Contractor directly or indirectly hold more than fifty percent (50%) of the share capital or voting rights;
 - b) which holds directly or indirectly more than fifty percent (50%) of the share capital or voting rights in a Party hereto or of the companies comprising Contractor;
 - c) in which the share capital or voting rights are directly or indirectly and to an extent more than fifty percent (50%) held by a company or companies holding directly or indirectly more than fifty percent (50%) of the share capital or voting rights in a Party hereto or in one of the companies comprising Contractor; or
 - d) which holds directly five percent (5%) or more of the share capital or voting rights in Contractor.
- 1.4 "Agreement" means this Agreement between the State, GNPC and Contractor, and includes the Annexes attached hereto;
- 1.5 "Appraisal Programme" means a programme carried out following a Discovery of Petroleum for the purpose of delineating the accumulation of Petroleum to which that Discovery relates in terms of thickness and lateral extent and estimating the quantity of recoverable Petroleum therein;

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- 1.6 **"Appraisal Well"** means a well drilled for the purposes of an Appraisal Programme;
- 1.7 **"Associated Gas"** means Natural Gas produced from a well in association with Crude Oil;
- 1.8 **"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 14.65 psia pressure.
- 1.9 **"Block"** means an area of approximately 685 square kilometres as depicted on the reference map prepared by the Minister in accordance with the provisions of the Petroleum Law;
- 1.10 **"Calendar Year"** means the period of twelve (12) months of the Gregorian calendar, commencing on January 1 and ending on the succeeding December 31;
- 1.11 **"Carried Interest"** means an interest held by GNPC in respect of which Contractor pays for the conduct of Petroleum Operations without any entitlement to reimbursement from GNPC as expressly provided for in this Agreement;
- 1.12 **"Commercial Discovery"** means a Discovery which is determined to be commercial in accordance with the provisions of this Agreement;
- 1.13 **"Commercial Production Period"** means in respect of each Development and Production Area the period from the Date of Commencement of Commercial Production until the termination of this Agreement or earlier relinquishment of such Development and Production Area;
- 1.14 **"Contract Area"** means the area of 1,108 sq km covered by this Agreement in which Contractor is authorised to explore for, develop and produce Petroleum, which is described in Annex 1 attached hereto and made a part of this Agreement, but excluding any portions of such area in respect of which Contractor's rights hereunder are from time to time relinquished or surrendered pursuant to this Agreement;
- 1.15 **"Contractor"** means Tullow Ghana Limited, Sabre Oil and Gas Limited and Kosmos Energy Ghana HC and their respective successors and assignees;
- 1.16 **"Contract Year"** means a period of twelve (12) Months, commencing on the Effective Date or any anniversary thereof;

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- 1.17 **"Crude Oil"** means hydrocarbons which are liquid at 14.65 psia pressure and sixty (60) degrees Fahrenheit and includes condensates and distillates obtained from Natural Gas;
- 1.18 **"Date of Commencement of Commercial Production"** means, in respect of each Development and Production Area, the date on which production of Petroleum under a programme of regular production, lifting and sale commences;
- 1.19 **"Date of Commercial Discovery"** means the date referred to in Article 8.12;
- 1.20 **"Delivery Point"** shall have the meaning ascribed it in Article 10.5;
- 1.21 **"Development" or "Development Operations"** means the preparation of a Development Plan, the design, engineering, building and installation of facilities for Production, and includes drilling of Development Wells, construction and installation of equipment, pipelines, facilities, plants and systems, in and outside the Contract Area, which are required for achieving Production, treatment, transport, storage and lifting of Petroleum, and preliminary Production and testing activities carried out prior to the Date of Commencement of Commercial Production, and includes all related planning and administrative work, and also includes drilling and installation of wells and equipment for pressure maintenance and/or for increasing production rates and may also include the construction and installation of secondary and tertiary recovery systems, where these are included as part of the Development Plan;
- 1.22 **"Development Costs"** means Petroleum Costs incurred in Development Operations;
- 1.23 **"Development and Production Area"** means that portion of the Contract Area reasonably determined by Contractor (or by GNPC if a Sole Risk Operation pursuant to Article 9) on the basis of the available seismic and well data to cover the areal extent of an accumulation of Petroleum constituting a Commercial Discovery, enlarged in area by ten percent (10%), such enlargement to extend uniformly around the perimeter of such accumulation; and further enlarged by the area covering any extension of the accumulation which is revealed by further development work provided such extension is within the Contract Area;
- 1.24 **"Development Period"** means in respect of each Development and Production Area, the period from the Date of Commercial Discovery until the Date of Commencement of Commercial Production;
- 1.25 **"Development Plan"** means the plan for development of a Commercial Discovery prepared by Contractor in consultation with the Joint Management Committee and approved by the Minister pursuant to Article 8;

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