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**Amendments to the Petroleum Agreement between the Government of the Republic of Sierra Leone (the "State") and EUROPEAN HYDROCARBONS LIMITED, (registered in England and Wales under company number 04819033) whose registered office is at St Botolph Building, 138 Houndsditch, London EC3A 7AR, United Kingdom ("European Hydrocarbons),**

THIS amendment to the Petroleum Agreement is made this 23<sup>rd</sup> day of Sept..... 2013

By and Between:

1. **The Government of the Republic of Sierra Leone** (hereinafter referred to as the "State"), represented by the Director-General of the Petroleum Directorate whose office is at 43 Siaka Stevens Freetown; and
2. **EUROPEAN HYDROCARBONS LIMITED**, Represented by its Vice President Alex Magid (registered in England and Wales under company number 04819033) whose registered office is at St Botolph Building, 138 Houndsditch, London EC3A 7AR, United Kingdom.

**WHEREAS:**

- A. The Government of the Republic of Sierra Leone and European Hydrocarbons are parties to a Petroleum Agreement to conduct Petroleum Operations in respect of block SL-03, offshore Sierra Leone ("SL-03 Licence"), entered into on 23<sup>rd</sup> April 2010 (the "Petroleum Agreement").
- B. The Agreement was by letter dated 27<sup>th</sup> August, 2013 terminated by the Director General Petroleum Directorate due to difference of opinion on the Interpretation of the meaning of "Effective Date" and a perceived failure to comply with Relinquishment Obligation pursuant to Article 5.1 (a) of the Agreement dated 23<sup>rd</sup> day of April 2010
- C. That following discussions between the State and European Hydrocarbons Limited pursuant to Article 24.1 of the Petroleum Agreement and Article 27:1 pursuant to which the Parties agree to cooperate in every possible manner to achieve the objectives of the Agreement dated 23<sup>rd</sup> April, 2010, and having regard to the policy of the State to encourage investors in the Upstream oil and gas sector in Sierra Leone and to avoid protracted and costly Arbitration proceedings, the Director General Petroleum Directorate, acting under Executive Clearance by His Excellency the President hereby reinstate the Agreement to European Hydrocarbons for the Contract Area designated Block SL-3 subject to certain amendments and conditions as set out in this Amendment
- D. According to Article 27.6 of the Agreement, the terms and conditions of the Agreement may be modified in writing and by mutual agreement between the Parties

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**NOW THEREFORE** it is hereby agreed and declared as follows:

#### **REINSTATEMENT**

1. The Agreement is reinstated and shall be treated as remaining in full force and effect in accordance with its original terms and conditions save as modified by this Amendment. For the avoidance of doubt, the letter of termination dated 27<sup>th</sup> August, 2013 shall be null and void.

#### **EXTENSION**

2. That the initial Exploration Period is extended for two (2) years with effect from 23<sup>rd</sup> April 2013 to 23<sup>rd</sup> April 2015.

#### **MINIMUM EXPLORATION PROGRAM**

3. Article 4.3(a) of the Agreement is amended to read as follows:

- (i) Initial Exploration Period: Commencing on the 23<sup>rd</sup> April 2013 and terminating on 23<sup>rd</sup> April 2015.

Description of Work:

- (ii) Reassessment of the deeper syn-rift package including reprocessing and detailed fault mapping.
  - (iii) Regional depositional model and predictive reservoir quality model is required.
  - (iv) Further mapping of the campanian sand fairway is required, tie-in to SL-04A-10.
  - (v) Detailed stratigraphic analysis must be carried out on multi-attribute volumes using paradigm tool suite.
  - (vi) Minimum Expenditure: Contractor's minimum expenditure for the work in the Initial Exploration Period shall be Three Million United States Dollars (US\$ 3Million)
  - (vii) If Contractor elects to enter into the first Extension Period, then by the end of the first Extension Period, Contractor shall have drilled one (1) Exploration well in the Contract Area.
4. (i) If the work program for the Extended Initial Exploration Period has not commenced and completed by the end of the extension of that period (as stated in Article 3.1 of this Amendment), the Petroleum Agreement dated 23<sup>rd</sup> April 2010 and the Amendment thereto shall be terminated automatically with effect from 23<sup>rd</sup> April 2015.





- (ii) That the substantial and material failure by Contractor to comply with any of its Relinquishment Obligation pursuant to Article 5 of the Agreement shall be a ground for termination.

5. Article 11.1 (i) Surface Rental is amended to read as follows:

- (i) That for the period of this extension, the surface rent of \$60 per Sq. Km. payable under the 1<sup>st</sup> Extension shall apply and Contractor hereby undertakes to pay the said sum to the State during this extension granted.

1 <sup>st</sup> Extension Period	\$85per.sq.km
2 <sup>nd</sup> Extension Period	\$110per.sq.km
Development and Production Area	\$125per.sqkm

- (ii) A surcharge of \$50 per sq. km will be applied to any additional Extension granted under this agreement.

6. **SOCIAL PROGRAMS**

- 6.1 During the extension of the Initial Exploration Period of the Agreement, Licensee is obligated to perform the following social projects at its own recoverable expense.

- 6.2 (a) During the first year of the extended Initial Exploration Period, Licensee commits to the spending of **Seven Hundred and Fifty Thousand United States Dollars (US\$750,000)**

- 6.2(b) During the second year of the extended Initial Exploration Period, Licensee commits to the spending of **Seven Hundred and Fifty United States Dollars (US\$750,000).**

For a total of **one million five hundred thousand united States Dollars (US\$1,500,000)** on social programs relating to areas of health, education, sanitation, agriculture, and/or small and medium enterprise development for the whole of the Extended Initial Exploration.

- 6.3 Licensee shall work with the Petroleum Directorate and identified communities to design and implement strategic community engagement programs to advance health, education and sustainable socioeconomic development.

  
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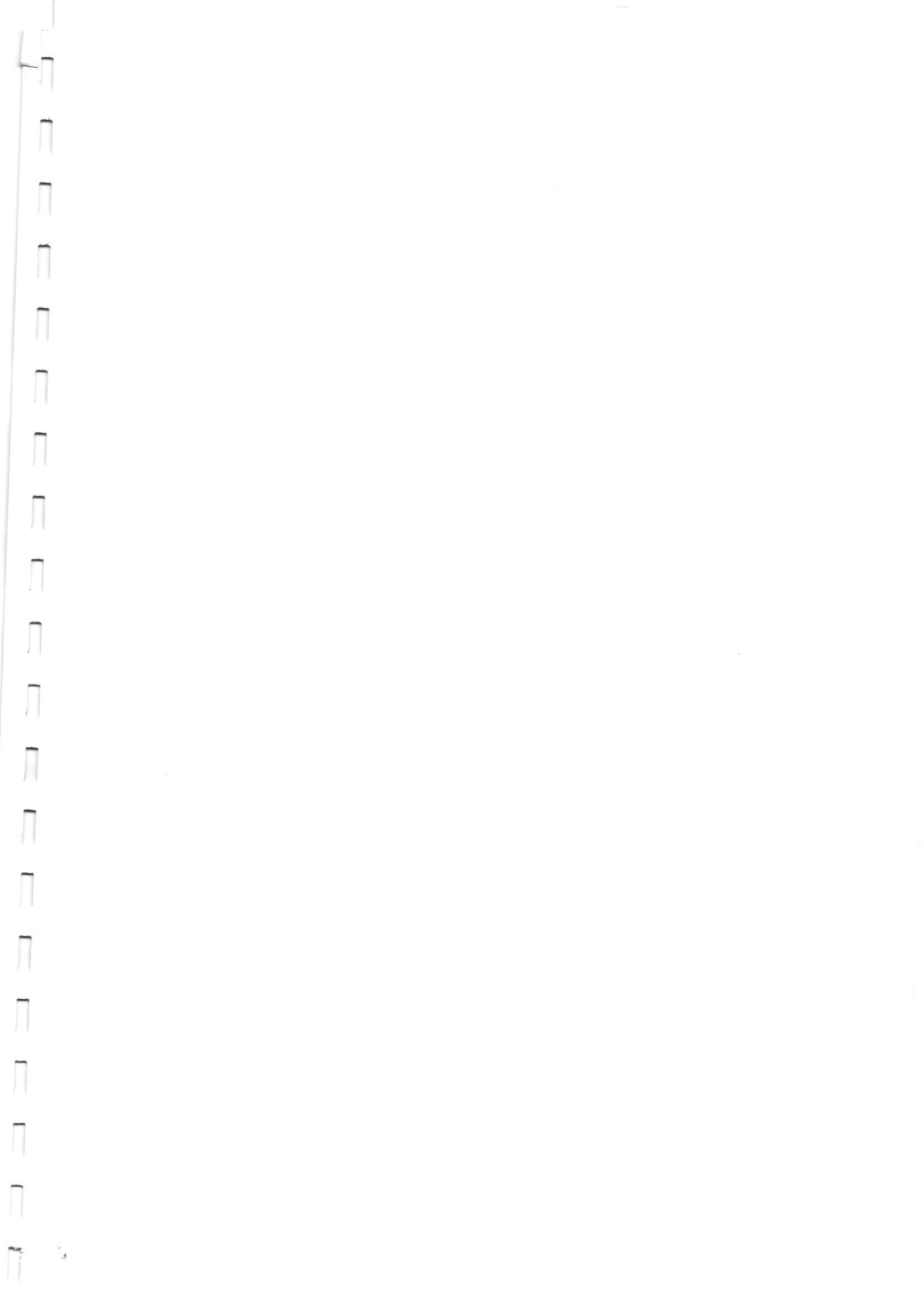


- 6.4 While Licensee shall collaborate with the Petroleum Directorate in the implementation of these social programs, Licensee shall at its sole discretion determine the appropriation of these funds.
- 6.5 Licensee at the request of the Director General can combine and coordinate efforts with other Petroleum Industry Stakeholders in the implementation of joint social projects.
- 6.6 Funds under this program shall be used in a judicious manner and Licensee shall account for all expenditures under this program.
- 6.7 Accounting for the use of these funds shall be included in the annual budget, and shall be included in quarterly and annual reports due to the Director General and shall be subject to the same Audit terms.

**7. General**

- a. The recitals to this Amendment form an integral part hereof and are binding on the parties hereto.
- b. Except as specifically amended hereby, all the remaining terms and conditions of the Agreement shall remain in full force and effect.
- c. When executed by all parties, this Amendment shall modify the Agreement and shall have effect from the signature date of this Amendment, except that Sections 2 hereof shall have effect from 23<sup>rd</sup> April 2013.
- d. Following the execution of this Amendment, the Sierra Leone Government shall ratify this Amendment.

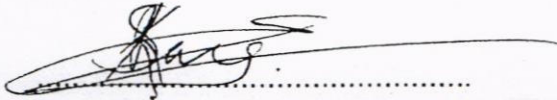
  
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This Amendment is executed in three (3) original counterparts of the same value and effect (but all of which constitute but one and the same agreement) in Freetown on the date first set forth above.

IN WITNESS WHEREOF, the Parties have executed this First Amendment of the Petroleum Agreement by their proper officers duly authorized on their behalf as of the date first written above.

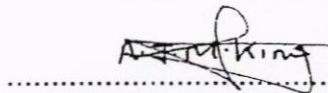
For the State:



Raymond S. Kargbo

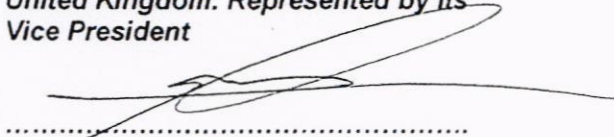
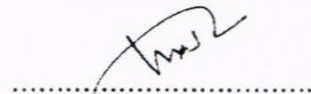
Represented by The Director-General  
of the Petroleum Directorate

Witnessed:

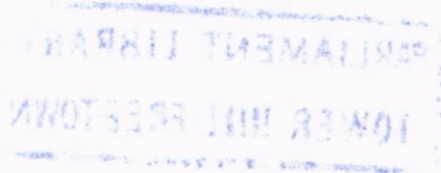


1. **EUROPEAN HYDROCARBONS LIMITED**, (registered in England and Wales under company number 04819033) whose registered office is at St Botolph Building, 138 Houndsditch, London EC3A 7AR, United Kingdom. Represented by its Vice President

Witnessed:



Alex Magid



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