

**MODEL  
JOINT OPERATING AGREEMENT**

**FOR LICENCE NO. X/YY**

**APPENDIX B**

**CO-OPERATION AGREEMENT**

**Government of Greenland  
Bureau of Minerals and Petroleum  
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## **APPENDIX B**

### **CO-OPERATION AGREEMENT**

This Co-operation Agreement is made the ... of ..... xxxx between:

\_\_\_\_\_ as Operator

and

NUNAOIL A/S as Co-operator

regarding Licence ../..

Whereas it is stipulated in Section 1206 and Appendix 4 of the Licence that the licensee shall co-operate with NUNAOIL in order to develop the know-how and expertise of NUNAOIL;

Whereas according to Appendix 4 of the Licence regarding the development and exploitation periods this co-operation will take place in the form of a co-operatorship for NUNAOIL, which will be further specified in a separate Co-operation Agreement to be annexed to the Joint Operating Agreement for the Licence (the JOA) as Appendix B; and

Whereas this Co-operation Agreement is accepted by all the Parties by their signing of the JOA.

Now therefore \_\_\_\_\_ and NUNAOIL agree as follows:

#### **1. Purpose of Agreement**

1.1. The purpose of this Co-operation Agreement is to establish a co-operation between NUNAOIL as the Co-operator and \_\_\_\_\_ as the Operator in relation to the activities under an exploitation Licence in which NUNAOIL participates and to define the principles governing such co-operation. The objective of the co-operation is to actively involve the Co-operator with regard to the performance of the operatorship under the first exploitation Licence in order to transfer know-how and experience of operatorship with respect to the development and production phases to the Co-operator, and to contribute to enable the Co-operator to perform operator functions in the production phase and with a view to Co-operator, at a reasonable early date, to perform one or more significant parts of the total activities under an exploitation Licence such as the operation of an offshore production system and/or an

onshore natural gas liquefaction plant, but under the overall responsibility of the Operator.

This Co-operation Agreement will specifically define the organisations to be established for the development and production phase and the respective role and responsibilities of NUNAOIL and \_\_\_\_\_ in these organisations.

## **2. Scope of Agreement**

- 2.1. The activities under this Co-operation Agreement are carried out as matters ancillary to and therefore subject to the provisions of the JOA to which this Co-operation Agreement is attached as Appendix B.
- 2.2. Terms used in this Co-operation Agreement that have a defined meaning in the JOA shall have the same defined meaning in this Co-operation Agreement unless otherwise stated. If any conflict between the provisions of this Co-operation Agreement and the provisions of the JOA, the latter provisions shall prevail.
- 2.3. The Operator and the Co-operator shall at all times be subject to the provisions of the JOA and the Accounting Procedure, attached as Appendix A to the JOA, and in particular nothing in this Co-operation Agreement shall authorize the Operator or the Co-operator to take any action which is not within the powers of the Operator under the JOA.
- 2.4. Activities under this Co-operation Agreement shall at all times be compatible with activities being carried out under the JOA and its appendices. No activity under this Co-operation Agreement shall take place if it would in any way prejudice any Joint Operation.
- 2.5. Unless a joint operating Company is created, Operator and Co-operator shall establish a co-operation structure including a Co-operation Committee (referred to as the Committee) and a Team organization (referred to as the Team). To this co-operation structure shall be assigned the activities under an exploitation Licence. The Committee shall exercise a senior management review and supervisory role in order to secure a safe and efficient operation at all times.
- 2.6. The Committee and the Team shall be established by the Operator and the Co-operator not later than 1 month after the submittal of a satisfactory request for extension of the Licence for exploitation under Section 802 of the Licence.
- 2.7. Following the commencement of an appraisal programme and up to the establishment of the Committee and the Team under Section 2.6. Co-operator is entitled to participate with a reasonable number of qualified employees in Operator's work regarding an appraisal programme under Section 610 of the Licence and Operator's preparation of the material indicated in Sections 802 and 807 of the Licence.

- 2.8. The Committee and the Team shall at all times be subject to the same direction and control of the Operating Committee as the Operator and in particular to any guidelines consistent with this Co-operation Agreement which may be issued by the Operating Committee from time to time regarding activities under this Co-operation Agreement.
- 2.9. The Team shall manage the day-to-day activities and shall be manned with competent and qualified personnel and shall use all appropriate management systems and procedures. The Operator and the Co-operator shall each endeavour to minimize expenses in the administration and operation of this Co-operation Agreement and in particular they shall each ensure that there is no unnecessary duplication of activity.
- 2.10. The Team shall be situated in the Operator's, its Affiliate's and/or the Co-operator's offices in Greenland and/or Denmark unless otherwise agreed between the Operator and the Co-operator.
- 2.11. The Operator and the Co-operator shall within the framework of this Co-operation Agreement each use its reasonable endeavours to ensure that the Co-operator's personnel on the Committee and the Team are given opportunities to participate in the Operator's internal courses and to receive on-the-job-training regarding relevant parts of the Joint Operations in order to acquire the necessary skills to carry out operator functions.
- 2.12. Pertinent technology and operating systems shall be made available and utilized for the activities regarding the Licence Area.

### **3. Co-operation Committee**

- 3.1. The Committee shall consist of two management representatives, one from the Operator and one from the Co-operator. Each may designate an alternate. The chairman shall be from the Operator and the vice-chairman shall be from the Co-operator. Each representative may bring advisors to all Committee meetings.
- 3.2. The Committee shall always make every effort to reach agreement and consensus on all matters handled by it. The Committee shall keep minutes showing the position of the companies as represented by the chairman and the vice-chairman. In the event of a disagreement between the Operator and the Co-operator, the Operator shall pursuant to Section 5.2. put these matters before the Operating Committee for its decision.
- 3.3. The Committee shall normally meet monthly and in advance of the Operating Committee meetings, or as required and requested by either party. Matters for discussion shall, to the extent possible, be established at a reasonable time in advance of the Committee meetings.

- 3.4. The Committee shall have a reviewing and supervisory role for senior management matters pertaining to all activities under an exploitation Licence and its duties shall further include:
- a. endorsement of a Team manager from the Operator and an assistant Team manager from the Co-operator based on qualifications;
  - b. review of the Team's organization and manpower needs, with the aim at all times to involve to the extent reasonably possible personnel from the Co-operator's organization;
  - c. review of other important matters such as key operating systems as indicated in Section 8.1., financial and other audits carried out on the Team's activities;
  - d. review of all matters which will require review, approval or decision by the Operating Committee;
  - e. review of any other matter relating to the co-operation that either the Operator or the Co-operator wishes to place before the Operating Committee.
  - f. review, supervise, direct and advise the Team.

#### **4. Team Organization**

- 4.1. The Team shall, on a day-to-day basis carry out planning, organizing and performance of all activities associated with the operatorship.
- 4.2. It shall throughout be the responsibility of the Operator that the Team has the required personnel with the appropriate skill level.
- 4.3. The Team shall be headed by the Team manager and the Assistant Team manager. The manager and the assistant manager shall have management responsibility for the day-to-day activities of the Team and shall be responsible for staffing of the Team with qualified personnel and for its organizational structure.
- 4.4. The Team manager and the Assistant Team manager shall agree on the selection of the management members of the Team's key organizational units (technical, operational and staff).
- 4.5. Periodic reviews of the Team's organization, manpower needs and performance of its personnel shall be prepared and agreed by the manager and the assistant manager. The results will be reviewed and endorsed by the Committee and appropriate actions shall be taken.
- 4.6. The Team shall report to the Operator, who shall also have the responsibility for directing matters to the Committee and for calling Committee meetings to deal with such matters.
- 4.7. When a new position is established and/or existing positions are to be filled the Co-operator shall be entitled to nominate personnel to the Team at all levels except the

Team manager. The Operator will in fulfilment of the purpose of this agreement to a reasonable extent agree to accept such nominated personnel provided that the person in question meets the necessary skill level and that a reasonable balance of Operator and Co-operator personnel is maintained.

## **5. Relationship of the Parties and Relationship with the Operating Committee**

- 5.1. Nothing herein shall prejudice individual voting rights of the Parties or affect the Operator's responsibilities as stated in the JOA.
- 5.2. It shall be the responsibility of the Operator (without prejudice to the rights of any other party) to submit to the Operating Committee or to any sub-committees any matter requiring determination by the Operating Committee or sub-committees. The Operator and the Co-operator will make a bona fide effort to resolve all major differences between the Operator and the Co-operator prior to such submissions.

## **6. Technical Information, Licences and Ownership**

- 6.1. All drawings, reports or other documents prepared by the Team or by the Operator or the Co-operator, their contractors, consultants or Affiliates for the Joint Account and as part of support rendered by the Operator, the Co-operator, their contractors, consultants or Affiliates shall be the Joint Property of the Parties.
- 6.2. For the duration of this Co-operation Agreement the Operator shall to the extent reasonably requested and confidentiality restrictions permit provide the Co-operator and the Team with relevant proprietary information owned by the Operator or its affiliates. Such proprietary information may include, but is not limited to, systems, computer programmes and specifications and will be clearly marked as proprietary to the Operator when provided in written form. Such disclosures shall be subject to the agreement of reasonable confidentiality provisions.
- 6.3. Likewise the Co-operator shall provide the Team with relevant proprietary information owned by the Co-operator. Such proprietary information provided by the Co-operator will be subject to similar provisions as stipulated for proprietary information owned by the Operator.
- 6.4. Proprietary information shall generally be provided on a non-exclusive, confidential basis, for operations related to the Licence only, against payment to be charged to the Joint Account to be negotiated each time. However, the Operator and the Co-operator may agree that the Co-operator shall have the right to use any such proprietary information in its operations within the Greenland territory.
- 6.5. When an invention results from activities under the Licence and is charged to the Joint Account, patents based on such inventions shall be jointly owned by the Parties,

and the Parties shall have all rights of joint ownership including access to such inventions on a royalty-free basis.

6.6 The Operator and the Co-operator each warrants, that it or its Affiliates will have title to any information provided to the Team hereunder, and that it has the authority to grant the rights specified herein or shall otherwise advise of the limitations applicable to its title or the grant.

6.7 Neither the Operator nor the Co-operator warrants the utility or accuracy of technical information provided hereunder by it or its Affiliates.

## **7. Confidentiality**

7.1 Each party shall at all times keep confidential all data and information acquired or received by any party under the Co-operation Agreement according to the confidentiality provisions of the JOA:

## **8. Procedures/Operation System**

8.1. The Team shall establish systems and procedures appropriate to the agreed level of present and future activities under the Licence.

## **9. Cost and Payment**

9.1. The Operator shall prepare the Programme and Budgets pursuant to the provision of Section 5 of the JOA and the Accounting Procedure. Such Programmes and Budgets shall be reviewed and endorsed by the Co-operation Committee before the Operator presents them to the Operating Committee.

9.2 Without prejudice to the provisions of the JOA, neither the Co-operator nor the Operator shall gain profit nor suffer loss as a result of approved activities carried out under this Co-operation Agreement. The principles laid down in the Accounting Procedure shall apply. The activities of the Committee and the Team will be charged to the Joint Account and appropriate amounts will be included in cash calls by the Operator to be made in accordance with the JOA and the Accounting Procedure.

9.3 The administrative costs for tasks for which NUNAOIL is responsible shall be charged to the Operator at the fixed rate on expenditures, defined in Section 3.1.8 of Appendix A, Accounting Procedure.

9.4 Cost of personnel provided by the Operator, the Co-operator or one of the other Parties and services specifically authorized by the Committee shall be charged to the Joint Account according to the provisions set forth in the Accounting Procedure, attached as Appendix A to the JOA. This also applies to Co-operator's personnel under Section 2.7.

- 9.5 NUNAOIL's manpower costs, travel cost, inspection costs, etc. will be charged monthly direct to the Operator for approval and payment within thirty (30) days after receipt of the invoice.
- 9.6. NUNAOIL's overhead regarding third party charges will be calculated monthly and charged directly to the Operator based upon the billing, for approval the billing for approval and payment within thirty (30) days after receipt of the invoice.
- 9.7. Books and records will remain at NUNAOIL's offices as part of the Joint Account and be subject to the same control procedures.

## **10. Liability**

- 10.1. As between the Operator and the Co-operator, the Co-operator shall not in its role as Co-operator be liable for and the Operator shall indemnify and hold the Co-operator harmless from and against:
- a. any physical loss or damage to the property of the Operator,
  - b. personal injury or death of the Operator's employees or persons otherwise working under the direction of the Operator or its authorized representative, and
  - c. equipment being in Operator's custody, care and control,
- arising out of this Co-operation Agreement, unless caused by the gross negligence, wilful misconduct or wilful failure to act of the Managerial or Supervisory Personnel of the Co-operator or any of its Affiliates. Under no circumstances shall the Co-operator be liable for any consequential damage suffered by the Operator arising out of this Co-operation Agreement. For the purpose of this Section consequential loss shall include but not be limited to inability to produce Hydrocarbons, environmental damage caused by discharge of Hydrocarbons, lost production or loss of profits.
- 10.2. As between the Operator and the Co-operator, the Operator shall not in its role as Operator be liable for and the Co-operator shall indemnify and hold the Operator harmless from and against :
- a. any physical loss or damage to the property of the Co-operator,
  - b. personal injury or death of the Co-operator's employees or persons otherwise working under the direction of the Co-operator or its authorized representative, and
  - c. equipment being in the Co-operator's custody, care and control,
- arising out of this Co-operation Agreement, unless caused by the gross negligence, wilful misconduct or wilful failure to act of the Managerial or Supervisory Personnel of the Operator or any of its affiliates. Under no circumstances shall the Operator be

liable for any consequential damage suffered by the Co-operator arising out of this Co-operation Agreement.

- 10.3 For the purpose of this Section consequential loss shall include but not be limited to inability to produce Hydrocarbons, environmental damage caused by discharge of Hydrocarbons, lost production or loss of profits.
- 10.4 With respect to Co-operators liability for loss or damage to third parties Section 3.3.3 of the JOA shall apply mutatis mutandis to the Co-operator and to the extent that the Co-operator is not liable according to Section 3.3.3 of the JOA the Operator on behalf of the Parties in the JOA except The Government Owned Company shall indemnify and hold the Co-operator harmless from and against any claim from third parties even if such loss or damage arise from or is contributed to by the fault, negligence or strict liability of the Co-operator.
- 10.5 Any party other than the Operator and the Co-operator shall in respect to this Section be regarded as a third party.
- 10.6 The provision of the Articles 8, 10 and 12 shall survive the expiry, repudiation or any termination of the Co-operation Agreement.
- 10.7 The parties shall arrange waivers of subrogation from their respective insurers in respect of insurances covering their respective liabilities hereunder. All liability provisions in this Co-operation Agreement shall apply whether there is insurance or not.

## **11 Changes, Termination and Assignment**

- 11.1 This Co-operation Agreement shall remain in force and effect for the duration of the Licence or may be terminated by mutual consent of the parties.
- 11.2 In case of an assignment by the Operator or the Co-operator or their respective operatorship or co-operatorship under the JOA the non-assigning party may require also the assignment of rights and obligations under this Co-operation Agreement to the relevant assignee. If in such case no assignment is required by the non-assigning party, this Co-operation Agreement shall terminate on the earliest possible date to be agreed by the Operator and the Co-operator.
- 11.3 Any change, termination or assignment of this Co-operation Agreement shall require prior agreement by the Parties in the JOA and approval by the BMP.

## **12 Governing Law and Arbitration**

- 12.1 Subject to Articles 3.3 and 5.2 of the Co-operation Agreement the provisions of the JOA Sections 12.6 Arbitration and 12.7 Applicable Law shall apply.

IN WITNESS WHEREOF the Operator and Co-operator have caused this Agreement to be executed by their duly authorised representatives as of the day and year first above written.

By \_\_\_\_\_

\_\_\_\_\_

By \_\_\_\_\_

The Government Owned Company

\_\_\_\_\_