

THE BAFFIN BAY LICENSING ROUND

MODEL
JOINT OPERATING AGREEMENT

FOR

LICENCE NO. YYYY/XX

FOR EXPLORATION FOR AND EXPLOITATION OF HYDROCARBONS
IN AN OFFSHORE AREA IN NORTH WEST GREENLAND, BAFFIN BAY.

Government of Greenland
Bureau of Minerals and Petroleum
20YY/XX

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APPENDIX A - ACCOUNTING PROCEDURE
APPENDIX B - CO-OPERATION AGREEMENT

JOINT OPERATING AGREEMENT

This Agreement is made as of the... of 20... between:

and

NUNAOIL A/S

P.O. Box 579, DK-3900, Nuuk, Greenland

reg. no. A/S 68.116, domiciled in Nuuk, Greenland

(.....,, and NUNAOIL A/S are hereinafter also referred to individually as a "Party" and collectively as the "Parties").

WHEREAS, the Parties are the holders of the Licence and wish to define their respective rights, interests, duties and obligations with respect to operations in connection with the Licence.

NOW, THEREFORE, the Parties hereby agree as follows:

ARTICLE I: SCOPE, DURATION AND JOINT VENTURE

1.1 Scope

The scope of this Agreement shall extend to the activities under the Licence, provided, however, that this Agreement shall not extend to any joint financing arrangement, any joint transportation arrangement by ship of Hydrocarbons produced under the Licence, or to any joint marketing or sale of Hydrocarbons.

1.2 Duration

This Agreement shall be effective as of the...th. of ..., 20... when the Licence commenced and shall, subject to Article 12.3, continue for so long as the Licence remains in force and until the activities required under the abandonment plan have been completed, all Joint Property has been disposed of and final settlement has been made between the Parties in accordance with their respective rights and obligations hereunder including for the avoidance of doubt the satisfaction of all abandonment and de-commissioning obligations.

1.3 Joint venture

The Parties, by making and signing this Agreement, establish a joint venture for the purpose of engaging in joint hydrocarbon activities, including exploration and exploitation of hydrocarbons, under, and in accordance with, the Licence. The Parties' Percentage Interest shares in the joint venture shall at all times be identical to their percentage shares specified in the Licence, unless otherwise provided in Article VII on sole risk operations and development by less than all parties.

The provisions on partnerships between public limited companies and/or private limited companies in the Act on Commercial Enterprises' Presentation of Financial Statements etc. and the Bookkeeping Act shall apply correspondingly to the joint venture established by the Joint Operation Agreement. The Operator shall, on behalf of the joint venture, provide financial statements, reports and information and keep books and records etc. in accordance with the provisions of the said acts.

ARTICLE II: INTERESTS OF THE PARTIES

2.1 Percentage Interests/Paying Shares

2.1.1 Percentage Interests

As of the effective date of this Agreement, the respective Percentage Interests of the Parties to the joint venture established by this Agreement are as follows:

_____	_____ %
_____	_____ %
_____	_____ %
NUNAOIL A/S	_____ %

Except as provided in Article VII, the Parties' Percentage Interests under this Agreement shall always be equal to the Parties' Percentage Interests under the Licence.

2.1.2 Paying Shares

Notwithstanding Article 2.1.1 above, during the period in which NUNAOIL is carried in accordance with and subject to Article 2.4, all costs, expenses, obligations and liabilities referred to in Article 2.2 (a) shall be borne by the Parties other than NUNAOIL as follows:

	Paying Shares:
_____	___ %
_____	___ %
_____	___ %

	100 %

2.2 Obligations and Rights

Except as otherwise provided in this Agreement or in the Licence:

- (a) All costs, expenses, obligations and liabilities accruing, resulting from or accrued in connection with the Joint Operations shall be borne by the Parties in accordance with their respective Percentage Interests.

- (b) All the rights with respect to and interests in and under the Licence, this Agreement, all Joint Property, all Joint Hydrocarbons, subject to Article 12.3.3 all technology, all rights and claims against third parties and all other property produced or developed under to the Joint Operations shall be owned by (and the title to the same shall automatically pass to) the Parties in accordance with their respective Percentage Interests. Unless otherwise agreed in writing, any Party that shares proprietary information or technology with the other Parties shall nevertheless retain all rights and ownership to such information or technology.
- (c) Subject to Article 2.4.1 each Party shall pay when due, in accordance with the Accounting Procedure, its Percentage Interest share of Joint Account expenses, including cash advances and interest, accrued pursuant to this Agreement. The Parties agree that time is of the essence for payments owing under this Agreement. A Party's payment of any charge under this Agreement shall be without prejudice to its right to later contest the charge.

Subject as otherwise provided in this Agreement, each Party reserves all of its rights under the Licence.

2.4 Percentage Interest of NUNAOIL

2.4.1 The Carry

The Percentage Interest of NUNAOIL shall be subject to the provisions of Article 12 of the Licence. NUNAOIL's share of the costs, expenses, obligations and liabilities referred to in Article 2.2 (a) shall, without prejudice and subject to Article 7.7.9, be borne by the other Parties as set forth in Sections 12.02 and 12.04 of the Licence. Such bearing by the other Parties of NUNAOIL's share of costs, expenses, obligations and liabilities is referred to in this Agreement as a "carry" of NUNAOIL. Without prejudice and subject to the last sentence of Article 7.7.9, NUNAOIL shall not be entitled to any income received during the period, and in respect of the Joint Operations, with respect to which it is carried, provided always that NUNAOIL shall be entitled to its Percentage Interest share pursuant to this Agreement of any Hydrocarbons produced except for any Hydrocarbons produced and saved during the first fourteen (14) days flow period in connection with the testing of a well.

2.4.2 Extension of the Carry

After NUNAOIL has ceased to be carried, if any wells are drilled for the purpose of evaluating or delineating the Deposit for which a request for extension referred to in Section 8.01 of the Licence has been made, NUNAOIL's payment obligation shall not extend to any

obligations, costs, expenses or liabilities that arise in connection with the drilling of such wells, provided they are spudded prior to approval of a development plan for said Deposit in accordance with Section 8.08 of the Licence regardless of whether such wells are later used for production purposes.

2.4.3 Payment of the Carry

When and to the extent NUNAOIL is carried as referred to in this Article 2.4, all of the costs, expenses, obligations and liabilities resulting from or accrued in connection with the Joint Operations, as well as any income received as referred to in Article 2.4.1, shall be apportioned among the other Parties in proportion to the relative magnitudes of their respective Percentage Interests. If NUNAOIL participates in a sole risk operation together with one or more other Parties, then, in accordance with Article 7.7.9, such apportionment with respect to such operation shall be among the other Sole Risk Parties, consistent with the provisions of Article 7.7.9.

ARTICLE III: OPERATOR

3.1 Designation

3.1.1 Operator

_____ is hereby designated and agrees to act as the Operator under this Agreement.

3.1.2 Co-operator

As from the development phase NUNAOIL will act as a Co-operator. The rights and obligations of NUNAOIL as Co-operator shall be specified in the Co-operation Agreement to be entered into prior to submittal of a request for an extension for the purpose of development and production. The Co-operation Agreement shall be in accordance with the principles of the model form attached hereto as Appendix B.

3.2 Rights

Subject to this Agreement, the Operator has the right and is obliged to conduct the Joint Operations by itself, or through its Affiliates, its agents or its contractors, under the overall supervision and control of the Operating Committee. If the Operator does not conduct all or any of the Joint Operations itself, it shall nevertheless remain responsible for such operations as Operator. The Operator's right and obligation shall not be assignable without the written consent of the Non-Operators and the consent of the Bureau of Minerals and Petroleum (hereafter called "BMP").

Subject to Article 3.3.3, the Party designated as Operator shall neither gain a profit nor incur a loss as a result of the Joint Operations or the discharge of the Operator's responsibilities, obligations or liabilities under this Agreement and shall be entitled to recover from the other Parties any costs of operatorship according to the principle that the Operator shall neither gain nor lose by virtue of being Operator.

3.3 Responsibility

3.3.1 Responsibilities

Subject to the overall supervision of the Operating Committee, the responsibilities of the Operator shall include but not be limited to:

- (a) The preparation of Programmes, Budgets and AFEs, pursuant to the provisions of this Agreement;
- (b) The obtaining and maintenance of all necessary permissions from the BMP and other governmental and municipal authorities to implement the Programme;
- (c) The implementation of such Programmes and Budgets, together with the relevant AFEs, as approved by the Operating Committee;
- (d) The submission to each of the Parties of reports, data and information concerning the Joint Operations pursuant to the provisions of this Agreement;
- (e) The timely provision to the BMP or other governmental authorities of reports, data, samples, and information concerning the Joint Operations pursuant to the Licence and any applicable laws or regulations;
- (f) The planning for and obtaining of all requisite services and Material;
- (g) The direction and control of accounting services;
- (h) The provision of all technical and advisory services required for the efficient performance of the Joint Operations;
- (i) The conduct of such other activities as the Operating Committee decides shall be appropriate for the proper and efficient carrying out of the Joint Operations; and
- (j) The administration of the Licence for and on behalf of the Parties.

3.3.2 Methods and Practices

The Operator shall conduct the Joint Operations in a proper and workmanlike manner in accordance with methods and practices customarily used in good and prudent oil and gas field practice and with that degree of diligence and prudence ordinarily exercised by experienced operators under similar circumstances and conditions. The Operator shall further do or cause to be done, with due diligence, all such acts and things within its control as may be necessary to keep and maintain the Licence in force and effect and shall conduct the Joint Operations in compliance with the Licence and any applicable laws or regulations.

3.3.3 Operator's Liability

- A. Except as set out in Article 3.3.3.C the Operator shall not bear (except as a Party to the extent of its Percentage Interest share) any damage, loss, cost or liability resulting from performing (or failing to perform) its duties and functions as Operator.
- B. Except as set out in Article 3.3.3.C the Parties shall (in proportion to their Percentage Interests share) defend and indemnify the Operator and its Affiliates from any damage, loss, cost or liabilities incident to claims, demands or causes of action brought by any or on behalf of any person or entity, which claims, demands or causes of action arise out of, are incident to or result from Joint Operations.

C. Notwithstanding Articles 3.3.3.A or 3.3.3.B:

- (a) if any Managerial or Supervisory Personnel of Operator or its Affiliates engage in gross negligence, wilful misconduct or wilful failure to act and this causes the Parties to incur damage, loss, cost, expense or liability for claims, demands or causes of action referred to in Articles 3.3.3 A or 3.3.3.B, or
- (b) if Operator fails to obtain or maintain any insurance which it is required to obtain or maintain under Article 3.12, except where it has used all reasonable endeavours to obtain or maintain such insurance but has been unable to do so and has promptly notified the Parties of such fact, and such failure causes the Parties to incur damage, loss, cost, expense or liability for claims, demands or causes of action referred to in Articles 3.3.3 A or 3.3.3.B

then in addition to its Percentage Interest share, the Operator shall bear all such damages, losses, costs, expenses and liabilities.

Notwithstanding the foregoing, the Operator shall in neither case be liable for any consequential loss or damage. For the purposes of this Article 3.3.3 consequential loss or damage shall include, but not be limited to, inability to produce Hydrocarbons, environmental damage caused by a discharge of Hydrocarbons, lost production or loss of profits.

Nothing in this Article 3.3.3 shall be deemed to relieve the Party designated as Operator from its Percentage Interest share of any damage, loss, cost, expense or liability arising out of, incident to or resulting from Joint Operations.

The same limitations of liability as set out for the Operator in this Article 3.3.3 shall apply to NUNAOIL while acting as Co-Operator under the Co-operation Agreement and to any other Party performing the Operator's functions in its place.

3.4 Liens and Encumbrances

The Operator shall, in so far as it may be within its reasonable control, keep all Joint Property and all Joint Hydrocarbons free from all liens, charges and encumbrances, which might arise by reason of the conduct of the Joint Operations.

3.5 Employees

Subject to the provisions of any approved Programme and Budget, the number of employees of the Operator employed in connection with its activities hereunder shall be determined by the Operator. Subject to Article 21 of the Licence according to which the Operator shall use its reasonable endeavours to employ manpower from Greenland or Denmark, the Operator shall also determine their selection, hours of work and remuneration. However to the extent necessary for the Joint Operations the Operator may employ staff from other countries, if manpower with similar qualifications does not exist or is not available in Greenland or Denmark.

3.6 Contractors and Contracts

3.6.1 General Principles

Subject to the rules and regulations laid down by BMP, subject to the provisions of any approved Programme and Budget and subject to Article 3.6.2, the Operator shall have the right to determine the contractors, vendors and others to provide goods and services in connection with the Joint Operations, provided that the Operator shall utilize its reasonable efforts to

- (a) Assign contracts, sub-contracts, purchases of supplies and services in accordance with Section 21.02 of the Licence, and in accordance with rules and regulations issued by BMP; and
- (b) Ensure that each contract is entered into under the best commercial practice and provides the most beneficial terms and rates for the goods and services based on various criteria depending on the contract in question such as e.g. price, quality, availability and reputation. Thus, under normal circumstances bids from several non-affiliated suppliers should be obtained. The Operator shall at the request of any Party inform the Operating Committee fully about the administration of the provisions of this Article 3.6.

3.6.2 Information and Consultation on Contracts

Generally, for proposed contracts for the Joint Operations, the Operator shall:

- (a) Obtain competitive bid tenders from a reasonable number of non-affiliated suppliers and in accordance with rules and regulations laid down by BMP and in accordance with section 21.02 of the Licence;
- (b) Consult with the Parties regarding the contractors to be invited to tender on a timely enough basis to allow the Non-Operators to make recommendations, by forwarding to the Non-Operators the proposed list of such contractors (including any known subcontractors) provided that if any Non-Operator has not responded within five (5) Working Days of such consultation it shall be deemed to have approved the contractors to be invited to tender;
- (c) Forward copies of the tender documents to the Non-Operators if requested to do so;
- (d) After the expiry of the period allowed for tender and the opening of the bids, promptly submit to the Non-Operators evaluations and recommendations and, upon request, report details of all bids received, and any rebids, amendment to bids, and subsequent negotiations to the Non-Operators;
- (e) Use its reasonable endeavours to ensure that any such contract can be fully assigned to any of the Non-Operators in the event of any change of the Operator;
- (f) Promptly notify the Non-Operators when a commitment is entered into and upon request promptly supply the Non-Operators with confirmed copies of each such contract and any subsequent revisions thereto;
- (g) When an agreement for the delivery of goods or services with an anticipated contract value of seven million Kroner (DKK 7,000,000) or more is to be concluded, furnish to the contract committee established according to Article 4.6 the material referred to in Articles 3.6.2(b), (c) and (d); and refrain from entering into such agreement until the contract committee has submitted to the Operator a recommendation on which of the bids received should be accepted, or in case no contract committee has been established furnish to the Operating Committee the material referred to in Articles 3.6.2(b), (c) and (d) and refrain from entering into such agreement until the

Operating Committee's approval has been obtained.

- (h) When an agreement for the delivery of goods or services with an anticipated contract value of twenty million Kroner (DKK 20,000,000) or more is to be concluded, and the recommendation of the contract committee established according to Article 4.6 (if any) has been received, obtain the Operating Committee's approval of the bid and the applicable terms and conditions prior to the conclusion of the agreement.

3.6.3 Operator's direct Liability under Contracts

Unless otherwise decided by the Operating Committee, agreements with third parties shall be such that no party other than the Operator shall be directly liable thereunder to such third party in connection with Joint Operations. The assumption of joint liability towards a third party shall always require the unanimous vote of the Operating Committee. It shall be the responsibility of the Operator, in concluding agreements, to ensure that these are drafted so as to incorporate the legal position required by this Article 3.6.3.

3.6.4 Enforcement on behalf of all Parties

The Operator shall use its reasonable endeavours to ensure that any contract with third parties includes provisions whereby the Operator shall be entitled to enforce the contract on behalf of all the Parties and to recover on behalf of all the Parties the full amount of any loss, damage, injury or expense caused to them by any tort of or breach of such contract by the third party concerned to the extent recoverable according to such contract and any right of indemnity contained therein.

3.6.5 Amendment of Amounts

The Operating Committee may unanimously amend amounts shown in this Article 3.6 from time to time at the request of the Operator to take account of the general level of inflation and prevailing costs of relevant goods and services.

3.7 Representation of the Parties

The Operator will represent the Parties regarding any matters or dealings with the BMP or any other governmental or municipal authorities or third parties insofar as the same relates to the Joint Operations, subject to the directions, if any, of the Operating Committee. The Operator shall provide the Parties with copies of any correspondence exchanged with the BMP or any governmental authority hereunder. The Operator shall, where it is practicable to do so, give prior notice to the Parties of any proposed discussions with the BMP and any other governmental authorities hereunder in a timely manner and shall also advise all Parties of the results of any such discussions. The Parties shall, however, always have the right to be

present as observers at meetings with the BMP and any other governmental or municipal authorities where the Operator represents the Parties. There is reserved to each Party the unfettered right to deal with the BMP or any other governmental or municipal authorities in respect of matters relating to its own Percentage Interest.

3.8 Records

The Operator shall prepare and maintain proper books, records and inventories in respect of the Joint Operations which shall be kept in compliance with the Accounting Procedure and with due regard to the requirements of the Licence and any applicable laws or regulations. The books, records, and inventories shall, however, be preserved at least until two (2) Years after the total deficit carried forward has been recovered and the depreciation of investments has been completed or if arbitration proceedings have been instituted, until such date as such proceedings have been terminated, whichever date is the later.

3.9 Reports, data etc.

3.9.1 Common Data Base

With a view to bringing all the Parties who are technically active to an equal footing from the start of the Joint Operations, the Operator shall propose a common data base to be defined by decision of the Parties in the Operating Committee within six (6) months after the issuance of the Licence. Such common data base shall include, but not necessarily be limited to, data and information and any interpretations and evaluations thereof obtained under a joint bidding agreement in preparation for an application for the Licence, if such an agreement exists between two or more of the Parties. If no data or information have been obtained under a joint bidding agreement or if no such joint bidding agreement exists the common data base shall as a minimum be defined as the technical part of the application documentation for the Licence including pertinent data coverage of the Licence Area, and such surrounding areas which are necessary to obtain a proper understanding of the geological province within which the Licence Area is situated.

The costs (including reproduction costs) related to acquiring the necessary copies of data and information or additional data and information incurred by any Party in order to make NUNAOIL a party to such data and information shall be charged to the Joint Account.

The costs (including reproduction costs) related to acquiring the necessary copies of data and information or additional data and information incurred by any Party in order to make a Party other than NUNAOIL a party to such data and information shall be borne and charged to the Party for whose benefit the data and information has been obtained (such costs shall include

any premium or additional charges levied upon future Parties by the current Parties as part of their acquisition of a Percentage Interest in the licence Area).

3.9.2 Reporting

The Operator shall, in respect of Joint Operations:

- (a) Provide each Party with:
 - (i) Monthly progress reports or quarterly reports in periods of low activity;
 - (ii) During drilling: daily geological and drilling reports and promptly when available with all types of field logs, final logs and well reports, including composite log;
 - (iii) During production: daily and monthly production reports of Joint Hydrocarbons;
 - (iv) Copies of evaluations and reports on technical, economic, health, environmental and safety, as well as other issues (monthly or quarterly) in connection with Joint Operations;
 - (v) Copies of contingency plans;
 - (vi) Such other reports as the Operating Committee may decide; and
 - (vii) At the sole cost of the Party requesting the same, such additional reports, data, analyses and such other information as such Party may reasonably request, and
- (b) Timely submit to the appropriate governmental authorities all reports concerning the Joint Operations required under the Licence and any applicable laws or regulations after review by the Parties (unless the Operating Committee decides that such review is not required) and, concurrently therewith, furnish copies of all such reports to all the Parties.

3.10 Consultation and Information

The Operator shall freely consult with the Parties and keep them informed of matters concerning the Joint Operations. Without prejudice to the generality of the foregoing, the Operator shall:

- (a) Advise all Parties of circumstances, which may warrant the taking out of insurance either for the Joint Account or for the Parties individually;
- (b) Inform each Party of all logging, coring and testing operations with such advance notice as shall allow each Party subject to Article 3.15.2 to have one (1) or more

representatives present on location during the conduct of such operations;

- (c) Provide each Party with copies of all seismic data, well logs and core analyses and with such engineering, geological, geophysical, technical and other data, analyses, information and reports relating to the Joint Operations as each Party may reasonably request;
- (d) Give each Party full access to examine all cores, including sidewall cores, cuttings and well-samples - such Material after analysis to be stored in Denmark or in Greenland as the Operating Committee may decide;
- (e) Store materials as mentioned under (d) as well as other samples and data for such period as shall fulfil the requirements in Section 30.02 of the Licence and before disposing thereof, offer first the BMP, secondly NUNAOIL the right to acquire the same free of charge; and
- (f) Consult on such other matters and provide the Parties with such other information relating to the Joint Operations as the Operating Committee may decide.

3.11 Expenditures and Actions

The Operator is authorized to make such expenditures, incur such commitments for expenditures and take such actions as may be authorized by the Operating Committee in accordance with this Agreement. The Operator is also authorized in circumstances constituting an emergency to make any expenditure for the Joint Account or incur any commitments for such expenditures or take any actions it deems necessary to safeguard lives or property or prevent or mitigate pollution or any other damage to the environment. The Operator shall promptly notify all the Parties of any such emergency circumstances and the amount of expenditures and commitments for expenditures so made and incurred and the action so taken.

3.12 Insurance

3.12.1 Joint and Individual Insurance

The Operator shall obtain and maintain, in respect of the Joint Operations and the Joint Property, all insurance required under the Licence or any applicable laws and regulations and any additional insurance determined by the Operating Committee. A Party shall, however, have the right not to participate if such Party 1) gives notice to that effect to the Operator, 2) establishes that the other Parties have reasonable opportunity to obtain such insurance at a

premium which is not substantially higher than said Parties' shares of the premium for said insurance if obtained jointly by all Parties, 3) does nothing which may interfere with the Operator in negotiating for such insurance for the other Parties and 4) obtains and maintains in respect of its Percentage Interest share of all the risks covered by the determined insurance such insurance - with waiver of subrogation in favour of all the other Parties and their insurers - or other evidence of financial responsibility (with a similar waiver) which may reasonably be determined to be acceptable by the Operating Committee. No such determination of acceptability shall in any way absolve a Party from its obligation to meet each cash call including any cash call in respect of damages and losses and/or the costs of remedying the same in accordance with the terms of this Agreement.

3.12.2 Cost, Information, Co-insurance, Reporting and Filing of Claims

The cost of insurance in which all the Parties are participating shall be for the Joint Account and the cost of insurance in which less than all the Parties are participating shall be charged to the Parties so participating in proportion to their respective interests in the insurance. The Operator shall, in respect of all insurance obtained pursuant to this Agreement:

- (a) Promptly inform the Parties participating therein of the insurance it has taken out and supply them with copies of the relevant policies when the same are issued;
- (b) Arrange for the Parties participating therein, according to their respective interests in the insurance, to be named as co-insured on the relevant policies with waivers of subrogation in favour of all the Parties;
- (c) Pursuant to Section 26.02 of the Licence at the end of each Year submit to the BMP a statement of insurances in force and their main conditions. Copies of the statement shall be distributed to the Parties; and
- (d) Duly file all claims (having informed the Non-Operators of such claims) and take all necessary and proper steps to collect any proceeds with respect to insurance taken out by it and, if all the Parties are participating therein, credit them to the Joint Account or, if less than all the Parties are participating therein, credit them to the participating Parties in proportion to their respective interests in the insurance.

3.12.3 Carry of NUNAOIL's Insurance Expenses

To the extent that NUNAOIL is carried as referred to in Article 2.4, the other Parties shall bear all expenses of NUNAOIL in meeting the requirements of Articles 3.12.1 and 3.12.2.

3.12.4 Evidence of Insurance

Each of the Parties shall, as and when required by the Operator or any other Party produce such evidence as may reasonably be required to establish that the insurance required under this Article 3.12 is being maintained.

3.12.5 Contractors' Insurance

The Operator shall take all reasonable steps to ensure that all contractors (including subcontractors) performing work in respect of the Joint Operations and the Joint Property obtain and maintain all insurance required under the Licence or any applicable laws or regulations and such additional insurance as the Operating Committee may determine. The Operator shall in respect of all such insurance (i) take reasonable steps to arrange for such contractors (including subcontractors) to obtain from their insurers a waiver of subrogation in favour of the Parties and (ii) provide copies of such insurance policies on the request of a Non-Operator.

3.13 Litigation

3.13.1 Notification

The Operator shall promptly notify the Parties of:

- (i) Any incidents, accidents or circumstances causing damage to Joint Property, the cost of which are likely to exceed five hundred thousand Kroner (DKK 500,000); and
- (ii) Any claim relating to the Joint Operations where the total amount in dispute and/or the total amount of damages together with any costs are estimated to exceed five hundred thousand Kroner (DKK 500,000);

Or such other amounts as may from time to time be unanimously determined by the Operating Committee; and

- (iii) Any claim for injunction or analogous proceedings relating to the Joint Operations.

3.13.2 Operator's Authority

Unless otherwise limited by the Operating Committee the Operator shall have the authority to pursue, prosecute, defend or settle any claim relating to the Joint Operations (other than between the Parties) on behalf of the Parties, provided that where the total amount in dispute and/or the total amount of damages inclusive of any costs are estimated to exceed one million

Kroner (DKK 1,000,000) or such amount as may from time to time be unanimously decided by the Operating Committee, the Operator shall seek the advice of the Operating Committee and shall comply with any directions given by the Operating Committee in respect thereto . In absence of such directions, the Operator shall act, as it deems prudent in the interest of the Parties to endeavour to prevent judgement being given against any Party, or to challenge the jurisdiction of any court, whilst full authority from the Parties is being sought.

3.13.3 Claim against Non-Operators

Any Non-Operator shall promptly notify the other Parties of any claim brought by it or against it relating to or which may affect the Joint Operations, and in so far as such claim relates to or affects the Joint Operations such Non-Operator shall pursue, prosecute, defend or settle the same in accordance with any reasonable directions given by the Operating Committee, provided that prior to giving any such directions the Operating Committee shall take into account any other relevant contractual obligations of such Non-Operator. Any costs, expenses and damages that are payable pursuant to such defence or settlement shall be for the Joint Account.

3.13.4 Right to Participate

Notwithstanding Articles 3.13.1, 3.13.2 and 3.13.3 each Party shall have the right to participate in any such pursuit, prosecution, defence or settlement conducted in accordance with Articles 3.13.1, 3.13.2 or 3.13.3 at its sole cost and expense provided always that such participation does not unreasonably prejudice the conduct thereof by the Operator or the interest of the Joint Operations.

3.14 Rentals, Taxes, Fees, Charges and Royalties

The Operator shall pay for the Joint Account all rentals, taxes (except taxes based on income and profits), fees and charges which may be levied or assessed by, or due or payable to the Government of Greenland, any sub-division thereof or any Greenland municipality on or with respect to the respective Percentage Interests of the Parties, except that each of the Parties shall pay all surplus royalties which become due and payable on and with respect to such Party's share of the Joint Hydrocarbons including on any proportionate share of Hydrocarbons which may be purchased from NUNAOIL in accordance with Section 13.01 of the Licence.

3.15 Inspection and Access

3.15.1 Inspection of Books, Records and Inventories

Without prejudice to the provisions of Section 7.1 of the Accounting Procedure, each Party shall have the right to inspect, at all reasonable times during usual business hours, all books, records and inventories of any kind or nature maintained by or on behalf of the Operator and relating to the Joint Operations other than those books, records and inventories maintained by the Operator as the owner of a Percentage Interest. The Operator and the Party requesting the inspection shall agree on a convenient date for the inspection, which shall, however, not be later than thirty (30) Working Days from the written request.

3.15.2 Independent outside auditor

The Operator shall arrange for the account of the Parties for annual audit of the books and accounts covering the Joint Operations by an independent outside auditor, who shall be appointed by the Operating Committee.

The audit shall be finished for each calendar year not later than [month] [date] of the following calendar year and auditor's report given to the Parties not later than said date.

The cost of such audit shall be charged to the Joint Account of the Parties.

3.15.3 Access to the Licence Area

(a) Each Party shall have the right, at all reasonable times and at its sole risk and expense (including costs connected with the transportation of the Party's representative to and from the nearest airport or heliport in Greenland), of access to the Licence Area and/or the Joint Operations provided such Party gives the Operator reasonable notice of the date such access is required and identifies the representative or representatives to whom such access is to be granted. If any Party wishes access to be given to more than one representative at a time the Operator shall not be required to grant such access for the additional representatives if, and to the extent that, the granting of such access will interfere with the conduct of the Joint Operations. Furthermore, the Operator may reasonably require inspections to comply with safety rules or requirements.

(b) In the case of offshore operations, the Operator shall, at the cost of the Joint

Account, provide access to the means of transportation used in connection therewith from the airport or heliport mentioned under (a) to the place to which access is requested, and to accommodation offshore, provided that the provision of such access does not interfere with the conduct of the Joint Operations.

3.16 Co-operation with NUNAOIL

In accordance with Section 12.06 of the Licence the other Parties and NUNAOIL shall co-operate in order to develop the knowhow and expertise of NUNAOIL. In the exploration phase such co-operation shall be regulated by Appendix 4 of the Licence and in the development and exploitation phase such co-operation shall be regulated by the Co-operation Agreement.

3.17 Resignation and Removal

3.17.1 Resignation

Subject to the BMP's approval the Operator shall have the right to resign at the end of any Month by giving not less than one hundred and eighty (180) days' notice to the Parties or such shorter period of notice as all Parties may agree.

3.17.2 Removal

Subject to the BMP's approval:

- (a) The Operator may be removed for cause at the end of any Month by the Operating Committee giving not less than ninety (90) days' notice to it stating such cause.
- (b) In addition, the Operator may be removed by notice given by the Operating Committee which notice shall have immediate effect if Operator materially defaults in the performance of its obligation under this Agreement and, where such default is capable of remedy, fails to remedy or commence actions which lead to such remedy within a reasonable period specified by the Operating Committee.
- (c) Furthermore the Operator may be removed immediately if the circumstances described in Section 24.01 d of the Licence apply to the Operator or if circumstances occur which may in the reasonable opinion of the Operating Committee materially adversely affect the ability of the Operator to continue to carry out its obligations hereunder.

If the Operator has been removed immediately, then until election of a new Operator has

taken place, the Non-Operator having the largest Percentage Interest shall act as Operator, unless the Operating Committee otherwise decides.

Without prejudice to the right of the Operating Committee to remove the Operator pursuant to this Article 3.17.2, the reasons for wanting to remove the Operator shall be submitted in writing to the Operator, and the Operator shall be allowed the opportunity within a reasonable time limit given the nature of the circumstances to respond before a vote on removal takes place.

In respect of any vote of the Operating Committee on any removal of the Operator pursuant to this Article 3.17.2, on any notice to the Operator according to Article 3.17.2(a), (b) and (c), on any determination as to whether a default is capable of remedy, on any request to the Operator to remedy the default and on any determination as to whether the default is satisfactorily remedied, on the period to be specified for remedy and on the nomination of a temporary Operator, the votes of the Party which is the Operator and the votes of any Party which is an Affiliate of the Operator shall be ignored and the vote required for any such decision shall be per cent (... %) of the total Percentage Interests held by the other Parties. In the event of a change of the number of participants in the Licence the Parties shall meet to discuss whether the above percentage shall be revised.

3.17.3 Selection of a New Operator

As soon as practicable after the resignation or removal of the Operator, one (1) of the Non-Operators shall, subject to its acceptance of the position and subject to the consent of the BMP, be selected by the Operating Committee to assume the position of Operator with effect from the resignation or removal of the prior Operator. In the case of the removal of the Operator, if the Party which is the Operator or any Party which is an Affiliate of the Operator either fails to vote or votes for itself or any of its Affiliates as successor to the operatorship, those votes shall be ignored and the number of votes required for any such decision shall be no less than (...) Parties having in aggregate Percentage Interests of more than.. per cent (.. %) of the total Percentage Interests held by the other Parties.

3.17.4 Transfer of Operator's Rights and Responsibilities

- (a) The outgoing Operator and any successor Operator shall cooperate fully to ensure a timely and appropriate transfer of all rights and responsibilities of the Operator and all records and material pertaining thereto.
- (b) As soon as practicable but in any event no later than the effective date of resignation or removal of the Operator under Article 3.17, the outgoing Operator shall hand or

deliver to, or relinquish custody in favour of, the successor Operator all funds relating to the Joint Account, all Joint Property, all Joint Hydrocarbons and all books, records and inventories relating to the Joint Operations other than those books, records and inventories maintained by the outgoing Operator as the owner of a Percentage Interest. Upon such delivery the outgoing Operator shall be discharged from all rights and obligations as Operator but without prejudice to any rights, obligations or liabilities which accrued or which subsequently accrue in respect of the period when it acted as Operator. The outgoing Operator shall further use its reasonable endeavours to transfer to the successor Operator, effective as of the effective date of such resignation or removal, its rights as the Operator under all contracts exclusively relating to the Joint Operations and the successor Operator shall assume all obligations of the Operator there under. Pending such transfer and in relation to all other contracts relating to the Joint Operations (to the extent such so relate) the outgoing Operator shall hold its rights and interests as the Operator from such effective date for the account and to the order of the successor Operator and (without prejudice to any liability of the outgoing Operator arising pursuant to Article 3.3.3) the Parties shall, from such effective date, indemnify and hold harmless the outgoing Operator from all obligations thereunder.

- (c) As soon as practicable after the date on which the outgoing Operator is required to transfer its responsibilities as provided in Article 3.17.4(b), the Parties shall audit the Joint Account and conduct an inventory of all Joint Property and Material charged to the Joint Account and all Joint Hydrocarbons and such inventory shall be used in the return of and the accounting for the said Joint Property, Material and Joint Hydrocarbons by the outgoing Operator for the purposes of the transfer of responsibilities under this Article 3.17.4. All costs and expenses incurred in connection with such audit and inventory shall be for the Joint Account.

3.18 Disposal and Abandonment

3.18.1 Disposal

If the Operator shall consider that any item of the Joint Property is no longer needed or suitable for the Joint Operations the Operator shall, subject to the provisions of Section 5.1 of the Accounting Procedure and Section 17.06 of the Licence, dispose of the same.

3.18.2 Abandonment

If the Parties shall decide to abandon the Joint Operations, or any part thereof, the Operator shall, in accordance with Section 17.06 of the Licence and the approved abandonment plan

under Article 5.4.1 (h) recover and endeavour to dispose of as much of the Joint Property as the Operating Committee directs can economically and reasonably be recovered or as may be required to be recovered under the Licence or any applicable law, and the net costs or net proceeds there from shall be charged or credited to the Joint Account.

3.18.3 Abandonment Agreement

The Parties participating in a development will before submission of a development plan to the BMP agree the terms of an Abandonment Agreement. Such agreement shall state the terms for the security, which each Party shall provide to the other Parties for its share of the costs of abandonment (which expression shall include demolition and removal together with any necessary site reinstatement) of all or part of any facilities, equipment, installations and pipelines used in connection with the Joint Operations ("Abandonment"). The Abandonment Agreement shall state the date from which the security shall be provided, based on estimates of:

- (i) The likely costs of Abandonment; and
- (ii) The net funds (to be defined in the Abandonment Agreement, but in any case to be net of expenses of production and costs of Abandonment) to be made available from production of Hydrocarbons from a Discovery to discharge the costs of Abandonment.

The Abandonment Agreement shall further state that, if a Party fails to provide and maintain the agreed security, such failure shall also constitute a default under this Agreement and the provisions of Article 11.3 shall apply to such default. The Abandonment Agreement shall further provide for the provision of security in case of assignment.

ARTICLE IV: OPERATING COMMITTEE

4.1 Establishment and Powers

There is hereby established an Operating Committee which shall exercise overall supervision and control of all matters pertaining to the Joint Operations.

4.2 Representation

The Operating Committee shall consist of one (1) representative appointed by each of the Parties. Each Party shall as soon as possible after the date of this Agreement give notice to all of the other Parties of the name of its representative and of his alternate. Such representatives and alternates may be replaced from time to time by like notice. The representative of a Party, or in the absence of the representative his alternate, shall be deemed authorized to represent and bind such Party with respect to any matter, which is within the powers of the Operating Committee. Each such representative shall have a vote equal to the Percentage Interest of the Party such person represents. The representative of the Party, which is the Operator, shall be the Chairman of the Operating Committee, but such representative shall have no special voting powers as a result of its position as Chairman. The representative of a Party and its alternate may be assisted at all meetings by any advisers, which may reasonably be required.

4.3 Meetings

4.3.1 Venue, Summons

The Operating Committee shall hold meetings each Quarter or meetings at such other intervals as may be determined by the Operating Committee but in no event less than once a year in Greenland or in Copenhagen, Denmark or at such other place as may be unanimously agreed by the Operating Committee. The Operator shall call such meetings and shall give at least thirty (30) days' notice of the time, location and date of each meeting, together with an agenda and all available data and information relating to the matters to be considered at that meeting. By notice to all the other Parties, any Party may advise of an additional matter or matters which such Party desires to be considered at the meeting and shall provide all relevant data and information. Provided such notice is given at least ten (10) days before the date of the meeting such matter or matters shall be deemed added to the agenda proposed by the Operator and be considered at the meeting.

4.3.2 Special Meetings

The Operating Committee shall hold a special meeting upon the request of any Party. Such

request shall be made by notice to all the other Parties and state the matter to be considered at that meeting. Upon receiving such request, the Operator shall call a special meeting for a date not less than seven (7) or more than fifteen (15) days after receipt of the request. By notice to all the other Parties, any Party may advise of an additional matter or matters, which such Party desires to be considered at the meeting. Provided such notice is given at least five (5) days before the date of the meeting such matter or matters shall be deemed added to the agenda proposed by the Operator and be considered at the meeting.

4.3.3 Waiver of Notice

For any meeting of the Operating Committee, the notice to be provided may be waived with the consent of all the Parties.

4.3.4 Proxy, Prior Voting

Any Party not represented at a meeting may vote on any matter on the agenda for such meeting by either appointing a proxy in writing or giving notice in writing of such vote to the Operator prior to the submission of such matter for vote at such meeting.

4.3.5 Medium of Conference

Subject to Section 2204 of the Licence and the agreement of all Parties any Party may validly participate in any meeting of the Operating Committee through the medium of conference, telephone or similar form of communication provided that all Parties participating in the meeting are able to hear and speak to each other throughout the meeting.

4.4 Minutes

The Operator shall prepare the minutes of each meeting including a record of its decisions and a list of actions required to be taken by the Operator, all the Parties or any of them and provide each Party with a copy thereof not more than fourteen (14) days after the meeting. Each Party shall notify all other Parties of its approval or disapproval of the minutes within fourteen (14) days of receipt thereof. A Party who fails to do so will be deemed to have approved the minutes. The approval or disapproval of minutes as aforesaid shall not affect the validity of decisions taken by the Operating Committee in the meeting to which such minutes relate.

4.5 Action without a Meeting

The Parties may vote on and determine by notice to the Operator and all other Parties without holding a meeting any proposal which is submitted to them by the Operator by notice and which they could validly determine at a meeting of the Operating Committee. Each Party

shall cast its vote within fourteen (14) days after the proposal is received by it except that where the Parties are requested to vote on and determine any proposal relating to the deepening, side-tracking, suspension, testing or abandonment of a well on which drilling equipment is then located or where the matter presented for consideration by its nature requires determination in less than fourteen (14) days and such fact and such lesser period (which shall not be less than forty-eight (48) hours) are so stated in the notice submitting the proposal, the Parties shall cast their votes within such lesser period after receipt of the proposal, provided always that the Parties will endeavour to respond as soon as possible. Failure by a Party to cast its vote within the relevant period shall be regarded as a vote by that Party against the proposal. The Operator shall give prompt notice of the results of any such voting to the Parties and any decision so taken shall be binding on the Parties. If action without a meeting is proposed regarding a decision, which is provided to be made by the Operating Committee under this Agreement, then the Operator, shall give notice thereof to the BMP and furnish the BMP with the same information that is furnished to the Parties and at the same time.

4.6 Sub-Committees

At the request of any Party

- (a) A technical committee shall be established to discuss all technical, safety and environmental matters relating to the Joint Operations.
- (b) A contract committee shall be established to consider and make recommendations to the Operator regarding such contracts as are described in Articles 3.6.2(g) or (h), and always during the development and the production phase, and
- (c) An accounting committee shall be established to discuss all accounting matters relating to the Joint Operations.

The Operating Committee may also establish such other sub-committees, as it considers desirable from time to time, however.

Sub-committee meetings shall be held in Greenland or in Copenhagen, Denmark or at such other place as may be unanimously agreed by the Operating Committee. Each Party shall have one (1) representative on each sub-committee, which shall meet when the Operating Committee decides. The provisions of Article 4.4 are also applicable to this Article 4.6. Each sub-committee established shall be given terms of reference and shall be subject to such procedures as the Operating Committee may determine.

The functions of all such sub-committees shall be in an advisory capacity or as otherwise determined by the Operating Committee.

4.7 Voting Procedure

4.7.1 Voting Interest

Each Party shall have a voting interest in the Operating Committee.

4.7.2 Pass-mark

Unless otherwise provided in this Agreement, all decisions of the Operating Committee shall be made by the affirmative vote of ... (.) or more non-Affiliated Parties having in aggregate Percentage Interests of not less than ... per cent (..%), provided that surrender of acreage within the Licence Area or the surrender or the abandonment of the Licence shall require the unanimous agreement of all the Parties. In the event of a change of any Party's Percentage Interest, at the request of any Party, the Parties shall meet to discuss whether Article 4.7.2 should be revised, and as a minimum the voting rules in this Article shall be revised if any single Party has a Percentage Interest of more than ... per cent (..%).

4.7.3 Binding Decision

All the Parties shall be bound by each decision of the Operating Committee duly made in accordance with the provisions of this Agreement.

4.7.4 Decisions on Work Obligations and Surrender of Acreage

If the Operating Committee cannot decide on the manner of carrying out any Work Obligations or surrender of acreage required under the Licence in sufficient time to fulfil those obligations within the Licence terms and in accordance with the Licence conditions, then such Work Obligations will be carried out or satisfied or surrender of acreage effected in such manner as shall be favoured by the Party or Parties holding individually or in aggregate the greatest Percentage Interests, and all Parties shall be bound by any such decision and such manner of carrying out the Work Obligations or surrender of acreage shall be deemed adopted as part of the Programme and Budget for the year in question.

ARTICLE V: PROGRAMMES, BUDGETS AND AFEs

5.1 Exploration Programmes and Budgets

The Operator shall submit to each of the Parties not later than 1st September each Year a proposed exploration Programme and Budget for the following Year, and forecasts for the next following three (3) Years and for planning purposes estimates for the remaining exploration period if any. The exploration Programme and Budget shall include a proposal for a delineation of such part of the Licence Area (if any) to be relinquished in accordance with Sections 2.03 or 2.04 of the Licence and a description of the exploration obligations related to the remainder of the Licence Area. The Operating Committee shall meet to consider such exploration Programme and Budget and to make such revisions thereto as may be agreed as soon as practicable but in any event not later than 1st November. Not later than 1st December the Operating Committee shall approve the final exploration Programme and Budget, including the proposal for delineation (if any), for the following Year and consider the forecasts for the next following 3 Years.

The Operator shall submit the proposal for delineation (if any) to the BMP not later than 15th December.

5.2 Appraisal Programmes and Budgets

In the event of a Discovery, the Operator shall, as soon as possible after such Discovery has been made, submit to the Parties a report on the Discovery, and, if decided by the Operating Committee that the Discovery merits appraisal, a proposed appraisal Programme, (meeting the requirements of Sections 6.05 and 7.02 of the Licence) and a Budget. The report and the proposed Programme and Budget shall be subject to consideration, revision and approval by the Operating Committee, which shall be completed as soon as possible, and in any event such that the six-month time limit set forth in Section 6.10 of the Licence can be met. When the report and appraisal Programme have been approved by the Operating Committee, the Operator shall submit them to the BMP for approval.

5.3 Extension of the Licence

5.3.1 Extension of the Licence for Exploitation

In the event of a Discovery and unless otherwise decided by the Operating Committee, and with due regard for the need to obtain the approval of the Parties in sufficient time before the expiry of the Licence or any extension thereof, the Operator shall submit to the Operating Committee a proposed application for the extension of the Licence for the purpose of

exploitation. The proposal shall be accompanied by a feasibility study on the Deposit concerned, which in accordance with the requirements in Section 8.02 of the Licence describes the geological, technical and economic characteristics upon which the appraisal of the Deposit is based and a proposal for delineation of the exploitation licence area. As soon as possible after the approval by the Operating Committee of the application, the feasibility study and the proposed delineation, the Operator shall submit them to the BMP. If the Operating Committee decides that an application for extension shall not be submitted, the Operator shall submit to the BMP a report on the Deposit, which has been approved by the Operating Committee. If the necessary majority required by Article 4.7.2 for the submission of an application for extension covering one or more Deposits is not achieved, and the failure to submit a request at the time in question will result in the expiry of the Licence, the Parties wishing to do so may submit an application for an extension of the Licence covering the Deposit, to be effective as of the expiry of the exploration period. The Parties not participating in such an application shall cease to be Parties to said extension of the Licence and shall take no action, which would unreasonably prejudice such an application.

5.3.2 Extension of the Licence for Further Exploration

Subject to Article 11, Subsection 1 of the Mineral Resources Act and Article 5.3.3 below and except to the extent not already included in an application under Article 5.3.1 the Operator and any other Party may propose by notice to the Operating Committee to submit an application for extension of the Licence for the purpose of exploration and the terms and conditions suggested to apply. As soon as possible after the approval by the Operating Committee of the application, the Operator shall submit it to the BMP. If the necessary majority required by Article 4.7.2 for the submission of an application for extension for the purpose of exploration is not achieved, and the failure to submit an application at the time in question will result in the expiry of the Licence, the Parties wishing to do so may submit an application for an extension of the Licence for the purpose of exploration to be effective as of the expiry of the Licence. If NUNAOIL wishes to participate it shall at the same time notify the other Parties wishing to submit an application which Percentage Interest it will participate with in accordance with Article 5.3.4. In the event that such Parties are unable to agree on the terms and conditions suggested to apply to the extension, the proposal attracting the votes of the Party or Parties having the largest Percentage Interest(s) shall form the basis for the application. The Parties not participating in such an application shall cease to be Parties to said extension of the Licence and shall take no action, which would unreasonably prejudice such an application. In the event that the BMP rejects an application thus submitted, but, however, allows for the re-submission thereof subject to amendment of terms and conditions as may be advised by it, then also the Parties which did not participate in the application first submitted shall be offered and be entitled to participate in any amended application to be submitted.

5.3.3 Extension of the Licence for the Purpose of a Sole Risk Operation

If an extension of the Licence is submitted for the purpose of carrying out or continuing a Sole Risk Project according to Article 7.2 the provisions in Article 5.3.2 shall not prejudice the right of a Party not participating in such operation to continue as a Non-Sole Risk Party according to the provisions in Article VII.

5.3.4 Percentage Interests of the Participants in an Extension

If less than all Parties participate in an application for an extension of the Licence in accordance with Article 5.3.2 and unless otherwise unanimously agreed by the participating Parties the Percentage Interest of each participating Party shall be the proportion that its Percentage Interest bears to the total of the Percentage Interests of all participating Parties. However, in the event NUNAOIL decides to participate in an application for an extension of the Licence in accordance with Article 5.3.2 NUNAOIL may elect to participate either with a Percentage Interest calculated as herein described or with its Percentage Interest according to Article 2.1 as of the date of the signing of this Agreement.

5.4 Development Programmes and Budgets

5.4.1 Preparation and Decision

At such time as the Operating Committee determines that a proposal for a development Programme and Budget for one or more Deposits shall be prepared, it shall direct the Operator to carry out such preparations. The Operating Committee shall establish a development subcommittee to supervise the preparations. The Operator shall keep this subcommittee fully informed about the progress of the work and submit major decisions for the consideration of the sub-committee. The proposal shall include:

- (a) A description of the Deposit(s) to be produced with a detailed analysis and evaluations of geological conditions, technical aspects of the reservoir and production, and economic factors;
- (b) A production plan with particulars concerning the date for commencement of production and the anticipated magnitude of the annual production for each Year the Deposit is planned to be in production. If the plan encompasses more than one Deposit, such particulars shall be given for each Deposit covered by the plan as well as for the cumulative production anticipated under the plan;
- (c) A general description of the facilities planned to be installed, including the number

and type of wells, and equipment for production, reinjection, measurement, storage and processing, and of pipelines between individual parts of the facilities, as well as a more detailed description of the transportation system planned for the produced Hydrocarbons;

- (d) A risk analysis for the planned facilities with a statement of measures to be taken to reduce identified risks;
- (e) A plan for the manner in which the development project is to be carried out, including a time schedule and organizational plan for the execution of the project;
- (f) A detailed description of any elements of uncertainty in the project with respect to reserves, the time schedule, economics, etc., together with all other data, studies, interpretations, map models, etc., which may be necessary for an evaluation of the project;
- (g) An environmental impact assessment in accordance with Section 807 b of the Licence; and
- (h) An abandonment plan with a description of measures to be taken in relation to abandonment (which expression shall include demolition and removal together with any necessary site reinstatement) of facilities, equipment, installations and pipelines used in connection with the Joint Operations including cost estimates for such abandonment, proposed financing in accordance with Section 1703 of the Licence and security for the Parties' liability to meet the abandonment costs in accordance with the Licence and the Mineral Resources Act.

The proposed Programme and Budget shall be put before the Operating Committee as soon as possible after their preparation. If the proposed Programme and Budget are approved, each of the Parties other than NUNAOIL shall, within the next ninety (90) days or such longer period as may be determined by the Operating Committee (however not exceeding one hundred and eighty (180) days), declare in writing to the other Parties whether it will participate in the development and the expenses thereof to the extent of its Percentage Interest share. NUNAOIL shall be given two hundred and seventy (270) days within which to make such declaration. If less than all the Parties decide to participate in such development, the provisions in Article 7.5 shall apply. The Programme and Budget shall be renewed and updated annually until the Programme has been completed.

5.4.2 All Parties Participate

If all the Parties decide to participate in such development the Operator, under the direction of the Operating Committee, shall prepare and submit a development plan to the BMP in accordance with Section 8.08 of the Licence. If the BMP in approving the development plan in accordance with Article 10 and 19 of the Mineral Resources Act, requires that it be amended, any of the Parties may, by notice to the other Parties given within twenty-eight (28) days following such approval, elect not to proceed with the development. If no Party gives such notice, the approved plan (with any amendments as aforesaid) shall be adopted for the development, the Parties shall be obligated to participate in carrying it out, and the Operator shall be authorized and obligated to proceed in accordance with it. If less than all Parties decide to proceed with the development the provisions of Article 7.5 shall apply.

5.5 Production Programmes and Budgets

The Operator shall not later than 1st September of the Year prior to that in which production will commence, and in each subsequent Year, submit to the Parties a proposed production Programme and Budget for the next Year, and forecasts for the next following three (3) Years. The proposed production Programme and Budget shall be subject to consideration, revision and approval by the Operating Committee, and the Operating Committee shall meet to consider such production Programme and Budget and to make such revisions thereto as may be agreed as soon as practicable and in any event not later than 1st November. Not later than 1st December the Operating Committee shall approve a production Programme and Budget.

5.6 Abandonment Programmes and Budgets

At such time as the Operating Committee determines that a proposal for an abandonment Programme and Budget shall be prepared, it shall direct the Operator to carry out such preparations based on the approved and updated abandonment plan. The proposed Programme and Budget shall be put before the Operating Committee as soon as possible after their preparation. When the proposed Programme and Budget are approved, the Operator shall be authorized and obligated to proceed in accordance with it subject to the approval of the BMP. The Programme and Budget shall be renewed and updated annually until the Programme has been completed.

5.7 Information in Programmes and Budgets

Each Programme and Budget provided for in this Article V shall set out in reasonable detail

the projects and work proposed to be carried out, the goods and services to be purchased, the information required under Article 2 of the Accounting Procedure and such other information as shall be decided upon by the Operating Committee. The forecasts shall to a reasonable extent set out the same information. The Programmes and Budgets shall also set forth an estimate of the expenditures required, broken down by Quarters.

5.8 Status Reports

The Operator shall as of 30th June of each Year provide to each of the Parties a status report regarding all then current Programmes and Budgets and anticipated amendments to be proposed during the remainder of the Year.

Furthermore the Operator shall as of 31 January of each Year after a development plan has been approved provide to each of the Parties a status report of contracts entered into showing subject, date and amount of each contract.

5.9 Authorization to Proceed

Subject to Article 5.10. and to obtaining any necessary consents of the BMP or any other public authority, the Operator shall be authorized and obligated to proceed with any approved Programme and Budget.

5.10 AFEs

Except for emergency expenditures as provided for in Article 3.11 and expenditures as mentioned in Section 2.3.2 of the Accounting Procedure, the Operator shall before entering into any commitment or incurring any expenditure under an approved Programme and Budget submit to the Operating Committee for its approval an AFE therefore. Except during the exploration phase, such AFEs shall include the direct administrative and operating expenditures for development programs. An AFE shall include the information set out in, and be prepared in accordance with, Section 7.2 of the Accounting Procedure. To the extent that the Operating Committee approves an AFE, the Operator shall be authorized and obligated, subject to Article 5.11, to proceed with such commitment or expenditure.

The Operator shall request approval of an AFE in accordance with the above, giving the Non-Operators at least twenty one (21) Days notice from the issue date to consider the matter. In exceptional circumstances, including but not limited to emergencies related to safety or the environment, the Operator may give the Non-Operators less than twenty one (21) Days notice to consider the matter. The Operator shall send the Non-Operators a further notice by way of reminder not less than five (5) Working Days prior to the expiry of the first notice other than in those circumstances where the first notice itself only gave five Working Days or less to

approve the AFE. Failure of any Party to approve or disapprove, along with reasons for such disapproval, by the expiry of the first notice period, shall constitute deemed approval by such Party.

Each AFE shall describe the expenditure, give an estimate of the cost and estimated phasing by Quarter for the current Year and by Year thereafter of such expenditures.

Subject to the provisions of the Accounting Procedure approval of an AFE shall authorise the Operator to enter into any commitment or incur any expenditure up to ten per cent (10%) or xxx Kroner (DKK xxx), whichever is lower, in excess of the amount of the approved AFE.

5.11 Amendments

At any time any Party may, by notice to all the other Parties, propose that an approved Programme and Budget and/or approved AFE be amended.

To the extent that the Operating Committee approves an amendment, the approved Programme and Budget and/or approved AFE shall be deemed amended accordingly, and a revised AFE and/or Programme and Budget prepared, reflecting the decision.

ARTICLE VI: ACCOUNTING PROCEDURE AND COSTS AND EXPENSES

6.1 Adoption and Conflict

The Accounting Procedure attached hereto as Appendix A is hereby made a part of this Agreement. In the event of any conflict between any provision in the main body of this Agreement and any provision in the Accounting Procedure, the provision in the main body shall prevail.

6.2 Payment of Costs and Expenses

Subject to Article 2.4, each Party agrees to pay to the Operator its respective share of costs and expenses and in accordance with the Accounting Procedure.

ARTICLE VII: SOLE RISK OPERATIONS AND DEVELOPMENT BY LESS THAN ALL PARTIES

7.1 Preliminary

Any Party may undertake sole risk seismic ("Sole Risk Seismic"), sole risk drilling ("Sole Risk Drilling"), sole risk testing ("Sole Risk Testing") or sole risk development ("Sole Risk Development") (each being a "Sole Risk Project") subject to the following provisions of this Article.

7.2 General Provisions

7.2.1 No Sole Risk Project may be carried out if it forms part of the Work Obligations set out in the Licence or, subject to Article 7.3.1(a), if it is substantially similar to or conflicts with all or part of any Programme approved by the Operating Committee at the commencement of the Sole Risk Project.

7.2.2 The following types, and only the following types, of Sole Risk Project may be proposed:

(a) Subject to Article 7.3, Sole Risk Drilling consisting of:

- (i) The drilling of an exploration well or the deepening or sidetracking of a suspended well neither of such wells being inside the interpreted closure of any geological structure or stratigraphic trap on which a well has been drilled in which a Discovery of potentially commercial significance has been made; or
- (ii) The drilling of an exploration well or the deepening or sidetracking of a suspended well inside the interpreted closure of any geological structure or stratigraphic trap on which a well has been drilled in which a Discovery of potentially commercial significance has been made and which well is drilled, deepened or sidetracked to a different stratigraphic level to that in which such Discovery was made within that interpreted closure and which is not completed in the horizon in which such Discovery was made, provided always that the approval of the Operating Committee shall be required before any such drilling, deepening or sidetracking is carried out; or
- (iii) The deepening or sidetracking of a well which is in the course of being drilled and which does not form part of a development Programme, provided always that:

- (A) Before any such sidetracking is carried out, unless the Operating Committee otherwise agrees, any joint test programmes must have been carried out by the Parties, the Parties informed of the results and a decision of the Operating Committee taken to abandon the well, and
 - (B) Any such deepening (and any testing of the deeper stratigraphic interval) may, unless the Operating Committee otherwise decides and provided that such deepening will not prejudice or prevent the carrying out of any approved test programme, be undertaken before any joint test programmes are carried out by the Parties and before any decision is taken to abandon or suspend the well, provided that the indemnity given by the Sole Risk Party pursuant to Article 7.2.5 shall extend to any additional costs caused in the reasonable opinion of the Operating Committee to the joint test programme as a result of such prior deepening and/or testing of the deeper stratigraphic interval; or
- (iv) The drilling, deepening and/or sidetracking of an appraisal well in order to appraise, or the carrying out of geophysical work in respect of, the interpreted closure of any geological structure or stratigraphic trap on which a well has been drilled in which a Discovery has been made;
 - (b) Subject to Article 7.5, Sole Risk Development consisting of the development of a Discovery;
 - (c) Subject to Article 7.6 and subject to the approval of the Operator (such approval only to be withheld where the Sole Risk Seismic proposal will conflict with Joint Operations), Sole Risk Seismic;
 - (d) Subject to Article 7.7, Sole Risk Testing consisting of:
 - (i) The testing of intervals by re-entering a suspended well in which Petroleum of potentially commercial significance has not previously been found to be present; or
 - (ii) The testing of intervals in a well currently being drilled, when a proposal to test such intervals has not been approved by the Operating Committee; provided always that such intervals are not planned to be drilled by

another future well under any Programme and Budget already approved at the time the Sole Risk Testing is proposed.

- 7.2.3 Any Sole Risk Project shall be carried out at the sole risk, liability, cost and expense of the Party proposing such project and any other Party electing to join such project as hereinafter provided ("Sole Risk Party"). If a Sole Risk Project is undertaken by more than one (1) Sole Risk Party the risk and cost thereof shall, subject in the case of Sole Risk Development to Article 7.5.7, be borne by each Sole Risk Party in the proportion that its Percentage Interest bears to the sum of the Percentage Interests of the Sole Risk Parties or in such other proportion as the Sole Risk Parties may agree. Without prejudice to the generality of the foregoing, costs to be borne by the Sole Risk Parties shall include in the case of a project pursuant to Article 7.2.2(a)(iii) the costs of maintaining the drilling equipment on site over the hole during the notice period (including the time allowed for responses) referred to in Article 7.3.4 and no part of such costs shall fall upon the other Parties ("Non-Sole Risk Parties"). Notwithstanding this Article 7.2.3, in the case of the deepening or sidetracking of a well drilled jointly for the Parties, abandonment and demobilisation costs shall be charged to the Parties in proportion to their Percentage Interests except that any increase in such abandonment and demobilisation costs due to such deepening or sidetracking pursuant to Article 7.2.2(a)(iii) shall be borne exclusively by the Sole Risk Party.
- 7.2.4 (a) A Sole Risk Party shall exercise all necessary precautions to ensure that a Sole Risk Project does not jeopardise, hinder or unreasonably interfere with the Joint Operations provided that a Sole Risk Development shall have priority over Joint Operations commenced subsequent to the authorisation of such Sole Risk Development by the BMP.
- (b) If in the reasonable judgement of any Party there is a substantial risk that the proposed Sole Risk Drilling would appreciably impair the present or potential future production from an existing well which is then producing or capable of producing or would unreasonably interfere with Joint Operations or would fail to conform to the principles of good and prudent industry practice, such Party shall so advise the other Parties stating the reasons substantiating its objection and the Sole Risk Drilling shall not be undertaken if the Operating Committee agrees with such advice and determines that Sole Risk Drilling should not be undertaken.

- 7.2.5 A Sole Risk Party shall indemnify and hold harmless the Operator and the Non-Sole Risk Parties against all actions, claims, demands and proceedings whatsoever brought by any third party (including without limitation any employee of the Sole Risk Party) arising out of or in connection with the Sole Risk Project, shall keep the Licence free from all liens, charges and encumbrances which might arise by reason of the conduct of the Sole Risk Project and shall further indemnify the Non-Sole Risk Parties against all damages, costs, losses and expenses whatsoever directly or indirectly caused to or incurred by them as a result of anything done or omitted to be done in the course of carrying out such Sole Risk Project, excepting only damage inflicted to the subsurface including any reservoir. The approval of a Non-Sole Risk Party to the conduct of a Sole Risk Project (whether or not such approval is required) shall not constitute a waiver of these provisions.
- 7.2.6 A Sole Risk Party carrying out Sole Risk Drilling under Article 7.2.2(a)(iii) shall be entitled to use Joint Property for such Sole Risk Drilling, unless the Operating Committee otherwise decides on reasonable operational grounds within the period for response to the notice proposing such Sole Risk Drilling pursuant to Article 7.3.4. A Sole Risk Party wishing to use Joint Property for a Sole Risk Project other than as aforesaid shall give notice to all the Parties stating the purposes for which the Joint Property is to be used. Within twenty-eight (28) days after such notice, the Operating Committee shall decide whether such Sole Risk Party shall be authorised to so use Joint Property and, if so, the terms and conditions upon which it may be used, it being understood that the use of Joint Property shall not be unreasonably withheld and that the charges for such use shall be on a reasonable and equitable basis.
- 7.2.7 A Sole Risk Party shall be entitled to use for a Sole Risk Project, any data and information, which it owns jointly with the Non-Sole Risk Parties. Data and information obtained in respect of Sole Risk Drilling shall be made available to the Non-Sole Risk Parties concurrently with the Sole Risk Parties to enable the Non-Sole Risk Parties to make a decision on whether to participate pursuant to Article 7.4. Such data and information shall remain the property of the Sole Risk Party until and in the event that one (1) or more of the Non-Sole Risk Parties discharges in full its liability to the Sole Risk Party under Article 7.4 when such data and information shall become the joint property of the Parties discharging such liability and the Sole Risk Party.

7.2.8 Subject to any necessary consent of the BMP, a Sole Risk Project shall be carried out by the Operator on behalf of the Sole Risk Party under the provisions of this Agreement provided always that:

- (a) if the Operator is not a Sole Risk Party in Sole Risk Drilling then the Sole Risk Party shall be responsible for providing all equipment and personnel reasonably requested by the Operator to carry out the Sole Risk Drilling and provided further that if the BMP approves the appointment of a Sole Risk Party as operator for the sole purpose of conducting the Sole Risk Drilling, the Operator may decline to carry out the Sole Risk Drilling in which case the Sole Risk Party so appointed shall carry out such Sole Risk Drilling on behalf of each Sole Risk Party mutatis mutandis as between such Parties as if it was the Operator under the provisions of this Agreement;
- (b) if the Operator is not participating in a Sole Risk Development and such Sole Risk Development does not involve the use of Joint Property as provided under Article 7.2.6, the Operator shall not be obliged to conduct the same and shall in any event only carry out the Sole Risk Development with the consent of all the Sole Risk Parties. If such consent of all Sole Risk Parties is not given, the Sole Risk Development, subject to any necessary consent of the BMP, shall be carried out by the Sole Risk Party or such one (1) of their number appointed by them if there is more than one (1) Sole Risk Party and such Sole Risk Party shall, unless the context otherwise requires, be deemed to be the Operator in respect of the independent application of this Agreement as provided in Article 7.2.9; and
- (c) Sole Risk Seismic shall be carried out by the Sole Risk Party or such one (1) of their number appointed by them if there is more than one (1) Sole Risk Party.

7.2.9 Sole Risk Development shall in respect of the area comprised therein be regarded as creating a Sub-Area subject to Article 12.10, provided that the Sole Risk Party shall have a right of access to the Sub-Area. The Parties agree that, in the event of the creation of a Sub-Area or Sub-Areas pursuant to this Article 7.2.9, the surface area above the Sub-Area or Sub-Areas shall, to the extent permitted under the Licence and subject to the surface area above any area comprised in any development carried out under the Joint Operations and authorised by the BMP prior to his authorisation of the Sole Risk Development having priority, be included in the part of the Licence Area to which the Licence is to continue to apply.

7.2.10 In connection with any Sole Risk Project the following provisions shall apply:

- (a) The Sole Risk Project shall be carried out under the overall supervision and control of the Sole Risk Party in lieu of the Operating Committee, provided always that in respect of such Sole Risk Project such Party shall not be entitled to maintain a level of insurance cover or financial responsibility lower than that determined by the Operating Committee pursuant to Article 3.12 to apply for the purpose of Joint Operations, without the express consent of the Operating Committee.
- (b) The computation of costs and expenses of the Sole Risk Project incurred by the Sole Risk Party shall be made in accordance with the principles set out in the Accounting Procedure.
- (c) The Operator of the Sole Risk Project shall maintain separate books, records and accounts (including bank accounts) for the Sole Risk Project which shall be subject to the same right of examination and audit by the Sole Risk Parties (and, so long as they are entitled to elect to participate in the Sole Risk Project, the Non-Sole Risk Parties) as those relating to the Joint Operations.
- (d) The costs and expenses of the Sole Risk Project shall not be reflected in the statements and billings rendered by the Operator for the Joint Operations.
- (e) If the Operator is carrying out a Sole Risk Project on behalf of a Sole Risk Party, the Operator shall be entitled to request Cash Calls and raise Invoices against the Sole Risk Party and to require such security as it may reasonably request for costs which it may incur in connection with the Sole Risk Project and shall not use its own or Joint Account funds for the purpose of paying the costs and expenses of the Sole Risk Project.
- (f) Subject to the above this Agreement shall apply to the Sole Risk Project operations *mutatis mutandis*.

7.3 Sole Risk Drilling

7.3.1 No Sole Risk Drilling under Article 7.2.2 (a)(i) or (ii) may be proposed unless:

- (a) Such drilling was proposed to the Operating Committee at the time of the consideration of the current exploration and appraisal Programme and Budget

(hereinafter referred to in this Article 7 as "work Programme and Budget") or at the time of consideration of any revision thereto, but was not included in such work Programme and Budget; or

- (b) Having been included in the current work Programme and Budget, the Operating Committee has voted against or failed to vote in favour of an AFE (or the relevant part thereof) relating to such drilling within the period specified by the Operator for consideration of the AFE pursuant to Article 5 provided that a decision by the Operating Committee to change the timing of such drilling within the Year to which the current work Programme and Budget relates shall not be a vote against the AFE for the purpose of this Article 7.3.1 (b); or
- (c) Such drilling was proposed to the Operating Committee in reasonably sufficient detail by way of amendment to an AFE and/or the current work Programme and Budget and the Operating Committee has voted against or failed to vote in favour of such drilling within sixty (60) days of submission of such amendment to the Parties.

7.3.2 No Sole Risk Drilling under Article 7.2.2(a)(iv) may be proposed unless:

- (a) Such drilling was proposed to the Operating Committee at the time of its consideration of the current work Programme and Budget, or at the time of consideration of any revision thereto, but was not included in such work Programme and Budget and the Operating Committee has not instructed the Operator to prepare a development Programme and Budget in respect of the Discovery; or
- (b) The Operating Committee has abandoned or completed its appraisal programme of the interpreted closure of any geological structure or stratigraphic trap on which a well has been drilled in which a Discovery was made and the Operating Committee has voted against, or failed to vote in favour of, a proposal to instruct the Operator to prepare a development Programme and Budget in respect thereof and no Party has given notice under Article 7.5.1 that it intends to prepare such a development Programme and Budget.

7.3.3 Subject to Articles 7.3.1 and 7.3.2 if a Party wishes to propose Sole Risk Drilling under Article 7.2.2(a)(i), (ii) or (iv) it shall give notice to the other Parties setting out:

- (a) The proposed location of such drilling; and
- (b) All other relevant information including, but not limited to, the date on which it proposes that operations should be started, such date being not less than sixty (60) nor more than one hundred and eighty (180) days from the date of the notice.

Each of the Parties receiving such notice shall respond to the other Parties within twenty-eight (28) days thereof, electing whether or not to participate. Any Party failing to respond within the said twenty-eight (28) days shall be deemed to have elected not to participate.

- 7.3.4 If a Party wishes to propose Sole Risk Drilling under Article 7.2.2(a)(iii), such Party shall give as much notice as possible to the other Parties prior to the proposed commencement of such Sole Risk Drilling, stating whether it wishes to use Joint Property for such Sole Risk Drilling (and, if so, what items thereof) and setting out such relevant information as is necessary in order to allow the other Parties to consider the proposal and elect whether or not to participate within the period hereinafter specified. Each of the Parties receiving such a notice shall respond to it, by notice to the other Parties, within forty-eight (48) hours thereof (or within such longer period as may be specified in the notice), electing whether or not to participate. Any Party failing to respond within the said period shall be deemed to have elected not to participate.
- 7.3.5 If the Percentage Interests of the Parties electing to participate together with the Percentage Interest of the Party proposing the Sole Risk Drilling are not less than the pass-mark provided under Article 4.7.2, the operations shall be carried out, in accordance with the said notice, by the Operator as part of the Joint Operations as if determined by the Operating Committee and, if appropriate, the current work Programme shall be deemed amended accordingly and the Operator shall promptly notify the Parties of the consequential amendments to the current Budget.
- 7.3.6 If the Percentage Interests of the Parties electing to participate together with the Percentage Interest of the Party proposing the Sole Risk Drilling are less than the pass-mark provided under Article 4.7.2 then, subject always to Article 7.2.8 and subject also to the provisos to Article 7.2.2(a)(ii) or (iii) in the case of Sole Risk Drilling there under, within twenty-eight (28) days following the expiration of the said notice the Sole Risk Party may require the Operator to undertake the Sole Risk

Drilling. In such event, if the same arose as a result of the Operating Committee voting against or failing to vote in favour of an AFE under a current work Programme and Budget, such work Programme shall be deemed amended accordingly and the Operator shall notify the Parties of the consequential amendments to the current Budget. In the case of a notice given under Article 7.3.3, the Sole Risk Drilling may not be commenced later than one hundred and eighty (180) days following such notice and, in the case of a notice given under Article 7.3.4, the Sole Risk Drilling may be commenced as soon as it is possible to do so without interference to the Joint Operations on that well.

7.4 Sole Risk Payments

7.4.1 If Sole Risk Drilling carried out under Article 7.2.2(a)(i), (ii) or (iii) has made a particular Discovery or Sole Risk Drilling has been carried out under Article 7.2.2(a)(iv) in respect of a particular Discovery and any Party which was a Non-Sole Risk Party in all or part of such Sole Risk Drilling wishes to participate in appraisal drilling or a development Programme relating to that Discovery, then in respect of any such Sole Risk Drilling:

- (a) In which such Party was a Non-Sole Risk Party; and
- (b) To the cost and expense of which such Party has not previously contributed pursuant to the provisions of this Article 7.4;

Such Party shall pay to the Joint Account an amount equal to two hundred per cent (200%) of the amount it would have contributed had such Sole Risk Drilling been carried out as part of the Joint Operations. Such amount shall be calculated by reference to the total costs recorded in DKK in the Billing Statement (as defined in the Accounting Procedure) in respect of such Sole Risk Drilling and associated expenses. Such amount shall be paid in cash in DKK before the commencement of the appraisal drilling or the development Programme in question or else such Non-Sole Risk Party shall have forfeited the right to participate in the appraisal drilling or the development Programme and such payments shall be credited to the Sole Risk Party or, if more than one (1), to each Sole Risk Party in the proportion that its Percentage Interest bears to the sum of the Percentage Interests of all the Sole Risk Parties or in such other proportion as they may have agreed under Article 7.2.3.

7.4.2 Upon the BMP authorising the commencement of the development Programme in respect of which Sole Risk Drilling has been carried out, then any Party which

participates in such development Programme and has made payment under the provisions of Article 7.4.1 to one (1) or more Sole Risk Parties in respect of that Discovery shall in addition be liable to pay to such Sole Risk Parties as are also participating in the development Programme an amount in DKK in respect of each Sole Risk Drilling operation in which it did not participate calculated in accordance with the following formula:

$$A = B \times C \times D / 365 \times 10$$

where:

A = the amount to be paid to a Sole Risk Party in respect of a Sole Risk Drilling operation;

B = one-half of the amount paid to that Sole Risk Party in respect of such Sole Risk Drilling operation pursuant to Article 7.4.1 (any payment made in a currency other than DKK being translated to DKK at the Conversion Rate on the date of payment by the Non-Sole Risk Party);

C = Cost of Fund Rate + xx %; and

D = the number of Days from the date on which the BMP authorised commencement of the development Programme to the date of termination of the Sole Risk Drilling operation.

7.4.3 Any amount owing pursuant to Article 7.4.2 shall be paid by the Non-Sole Risk Party to the Joint Account in DKK within thirty-five (35) days of the date of the authorisation by the BMP as aforesaid or else such Non-Sole Risk Party shall have forfeited the right to participate in the development Programme. Such payment shall be credited to the Sole Risk Party or, if more than one (1), to each Sole Risk Party in the proportion that its Percentage Interest bears to the sum of the Percentage Interests of all the Sole Risk Parties or in such other proportion as they may have agreed under Article 7.2.3. The Operator shall promptly disburse from the Joint Account to the Sole Risk Parties all amounts so received.

7.5 Sole Risk Development

- 7.5.1 In the event that a proposal is made to the Operating Committee that a development Programme and Budget should be prepared for a particular Discovery pursuant to Article 5.5 and such proposal is rejected then, provided that any appraisal programme approved by the Operating Committee and relating to that Discovery has been completed (but excluding any appraisal work included in an appraisal programme if an AFE therefore has been submitted to the Parties under Article 5.10 and the Operating Committee has voted against or failed to vote in favour of the same within the period specified by the Operator for consideration of the AFE pursuant to Article 5), any Party may give notice to the other Parties that it intends to prepare a development Programme and Budget for that Discovery. Such Party, together with such of the other Parties as within twenty-eight (28) days of such notice give counter-notice of their wish to participate therein, shall be entitled to proceed with the preparation thereof and to submit the same for approval by the Operating Committee in accordance with Article 5.
- 7.5.2 If a development Programme and Budget prepared in accordance with Article 7.5.1 or a revised form thereof is approved by the Operating Committee in accordance with Article 5 then the Party or Parties which prepared the development Programme and Budget shall be entitled to charge all reasonable costs incurred in the preparation thereof to the Joint Account together with interest calculated on a day to day basis at the rate of two (2) per cent per annum above the Cost of Fund Rate from the date on which the costs were incurred to the date of repayment.
- 7.5.3 In the event that, following the submission to the Operating Committee of a proposed development Programme and Budget for a particular Discovery in accordance with Article 5, the Operating Committee does not approve such development Programme and Budget within one hundred (100) days of its submission (or such other period as the Operating Committee may have agreed), then any Party may serve notice (and receipt of the notice which is the first in time, if more than one (1) notice is served, shall be effective) on all the other Parties of its intention to develop the Discovery at sole risk. Such notice shall be accompanied by details of its proposed development Programme and Budget. The other Parties may give counter-notice that they wish to participate in the development Programme:
- (a) Within twenty-eight (28) days of such notice if the proposed development Programme and Budget is the same as, or substantially similar to, that which was not approved by the Operating Committee; or
 - (b) Otherwise within sixty (60) days of such notice.

If all the other Parties elect to participate the Parties shall proceed with the development Programme in accordance with such development Programme and Budget and the provisions of Article 5 shall apply upon the BMP authorising the commencement of the development Programme. Any Party failing to respond within the applicable time frame indicated above shall be deemed to have elected not to participate.

7.5.4 If the development Programme is carried out by all the Parties in accordance with the provisions of Article 7.5.3, then the Parties which prepared the development Programme and Budget shall be entitled to charge all reasonable costs incurred in the preparation thereof to the Joint Account together with interest thereon calculated on a day to day basis at the rate of five (5) per cent per annum above the Cost of Fund Rate from the date on which the costs were incurred to the date of repayment.

7.5.5 In the event that, following approval by the Operating Committee of a development Programme and Budget pursuant to Article 5.5 or following any notice served under Article 7.5.3, less than all the Parties elect to participate in the development plan within the periods therein respectively provided, those Parties which elected to participate shall be entitled to proceed with the development plan at their sole risk in accordance with the relevant development Programme and Budget provided that if, upon the BMP authorising the commencement of the development plan, such development Programme and Budget has been or is required to be materially amended (which shall include any material change in the date of commencement of the development plan) then the Parties participating in the development plan shall as soon as practicable following such authorisation give notice to the other Parties of such amendments and within twenty-eight (28) days of such notice:

- (a) Any of the Parties participating in the development plan may, by notice to all the other Parties, elect not to proceed with the development plan; and/or
- (b) Any of the Parties not participating in the development plan may, by notice to all the other Parties elect to do so.

Those Parties which, at the expiry of the said period of twenty-eight (28) days, are participating in the development plan shall be obligated to carry it out.

7.5.6 In the event that less than all the Parties participate in a development in respect of which no Sole Risk Drilling has been carried out then, unless the Parties

participating in such development unanimously agree otherwise, the Percentage Interest of each Party in such development shall be in the proportion that its Percentage Interest bears to the sum of the Percentage Interests of all the participating Parties.

7.5.7 In the event that less than all the Parties participate in a development in respect of which Sole Risk Drilling has been carried out then, unless the Parties participating in such development unanimously agree otherwise:

- (a) If the original Sole Risk Party (or if more than one (1) such Party, all such Parties) participates in the development, then the Percentage Interest of each Party which was not an original Sole Risk Party in such development shall equal its Percentage Interest in the Licence, and the remaining Percentage Interest in the development shall be held by the original Sole Risk Party (if more than one (1), in proportion to their Percentage Interests in the Licence or in such other proportion as they may have agreed under Article 7.2.3); or
- (b) If less than all of the original Sole Risk Parties participate in the development, then the calculation under (a) above shall first be performed as though all the original Sole Risk Parties were participating. The Percentage Interests in such development of those original Sole Risk Parties who do not participate shall then be allocated to all the participating Parties, in proportion to the Percentage Interests obtained in such preliminary calculation.

7.5.8 Any Party which does not participate in a development plan undertaken pursuant to Article 7 shall have no further rights in either the development plan or the Sub-Area created in respect of such development plan pursuant to Article 7.2.9.

7.6 Sole Risk Seismic

7.6.1 subject to Article 7.2.1 no Sole Risk Seismic under Article 7.2.2(c) may be proposed until after completion of any seismic Work Obligation set out in Appendix 3 of the Licence.

7.6.2 Subject to Article 7.6.1, if a Party wishes to propose Sole Risk Seismic it shall give notice to the other Parties, setting out the details of its proposals, including the date on which it proposes operations should be started (such date being not less than thirty (30) days from the date of the notice). Each of the Parties receiving such notice shall respond to it within fourteen (14) days thereof, electing whether or not to participate.

Any Party failing to respond within the said fourteen (14) days shall be deemed to have elected not to participate.

- 7.6.3 If the Percentage Interests of the Parties electing to participate together with the Percentage Interest of the Party proposing the Sole Risk Seismic are not less than the pass-mark provided under Article 4.7.2, the operations shall be carried out, in accordance with the said notice, by the Operator as part of the Joint Operations as if determined by the Operating Committee and, if appropriate, the current work Programme shall be deemed amended accordingly and the Operator shall promptly notify the Parties of the consequential amendments to the current Budget.
- 7.6.4 If the Percentage Interests of the Parties electing to participate together with the Percentage Interest of the Party proposing the Sole Risk Seismic are less than the pass-mark provided under Article 4.7.2 then, subject always to Article 7.2.8 and subject also to the provisos to Article 7.2.2(c), within twenty-eight (28) days following the expiration of the said notice the Sole Risk Party may require the Operator to undertake the Sole Risk Seismic. In such event, if the same arose as a result of the Operating Committee voting against or failing to vote in favour of an AFE under a current work Programme and Budget, such work Programme shall be deemed amended accordingly and the Operator shall notify the Parties of the consequential amendments to the current Budget.
- 7.6.5 Data and information obtained in respect of Sole Risk Seismic shall remain the property of the Sole Risk Party unless and until one (1) or more of the Non-Sole Risk Parties discharges its liability to the Sole Risk Party under Article 7.6.6, when such data and information shall be the joint property of the Sole Risk Party and such Non-Sole Risk Party or Parties as discharge such liability.
- 7.6.6 If any Party which was a Non-Sole Risk Party in respect of any Sole Risk Seismic wishes at any time to acquire the data and information obtained in respect of such Sole Risk Seismic, it shall give notice to that effect to the Sole Risk Party or Parties which conducted such Sole Risk Seismic and shall pay to the Joint Account an amount equal to two hundred per cent (200%) of the amount it would have contributed had such Sole Risk Seismic been carried out as part of the Joint Operations. Such amount shall be calculated by reference to the total costs recorded in DKK in the Billing Statement (as defined in the Accounting Procedure) in respect of such Sole Risk Seismic and associated expenses. Such amount shall be paid in cash in DKK and the Operator shall promptly disburse all such amounts from the Joint Account to the Sole Risk Party or, if more than one (1), to each Sole Risk Party in the proportion that its

Percentage Interest bears to the sum of the Percentage Interests of all Sole Risk Parties or in such other proportion as they may have agreed under Article 7.2.3. Upon the Non-Sole Risk Party making payment as aforesaid, the data and information obtained in respect of the Sole Risk Seismic shall be made available to such Non-Sole Risk Party.

7.7 Sole Risk Testing

- 7.7.1 No Sole Risk Testing under Article 7.2.2(d)(i) and (ii) may be proposed unless the Operating Committee has voted against or failed to vote in favour of a proposal to instruct the Operator to carry out a testing programme in respect of the relevant intervals within the relevant well.
- 7.7.2 No Sole Risk Testing shall be permitted until all drilling operations (which shall include Sole Risk Drilling carried out under Article 7.2.2(a)(iii) hereof) shall have been completed for the relevant well. In any Programme where it is proposed to test one (1) or more intervals in the relevant well at Sole Risk and one (1) or more intervals in the same well for the Joint Account, then the deepest such interval shall be tested first and thereafter each further proposed zone rising up the well, unless the Parties otherwise agree before the testing is conducted.
- 7.7.3 Where Sole Risk Testing of one (1) or more intervals in a well has been proposed concurrently with joint testing of other intervals in the same well, then Sole Risk Testing shall only be permitted where flows of Petroleum if any from zones tested under Sole Risk can be and are measured separately from flows of Petroleum if any from intervals jointly tested in the same well.
- 7.7.4 If a Party wishes to propose Sole Risk Testing under Article 7.2.2(d)(i), it shall give notice to the other Parties setting out all relevant information including the date on which it proposes that operations should be started, such date being not less than sixty (60) nor more than one hundred and eighty (180) days from the date of the notice. Each of the Parties receiving such a Notice shall respond to it, by notice to the other Parties, within twenty-eight (28) days thereof, electing whether or not to participate. Any Party failing to respond within the said twenty-eight (28) days shall be deemed to have elected not to participate.
- 7.7.5 If a Party wishes to propose Sole Risk Testing under Article 7.2.2(d)(ii), such Party shall, upon completion of the drilling of the well and after the Operating Committee has voted against testing of all or any intervals within the said well, give notice to the

other Parties setting out such relevant information as is necessary in order to allow the other Parties to consider the proposal and elect whether or not to participate. Each of the Parties receiving such notice shall respond to it, by notice to the other Parties, within forty-eight (48) hours thereof, electing whether or not to participate. Any Party failing to respond within the said period shall be deemed to have elected not to participate.

- 7.7.6 If the Percentage Interests of the Parties electing to participate together with the Percentage Interest of the Party proposing the Sole Risk Testing are not less than the pass-mark provided under Article 4.7.2, the operations shall be carried out, in accordance with the said notice, by the Operator as part of the Joint Operations as if determined by the Operating Committee and, if appropriate, the current relevant Programme shall be deemed amended accordingly and the Operator shall promptly notify the Parties of the consequential amendments to the current relevant Budget.
- 7.7.7 If the Percentage Interests of the Parties electing to participate, together with the Percentage Interest of the Party proposing the Sole Risk Testing are less than the pass-mark provided under Article 4.7.2, such Party together with any other Parties which have elected to participate may require the Operator (subject to Article 7.2.8) to undertake the Sole Risk Testing. In such event, if the same arose as a result of the Operating Committee voting against or failing to vote in favour of inclusion of the testing of the relevant interval in an AFE under a current exploration Programme, such Programme shall be deemed amended accordingly and the Operator shall promptly notify the Parties of the consequential amendments to the current exploration Budget. In the case of a notice given under Article 7.7.4, the Sole Risk Testing may not be commenced later than one hundred and eighty (180) days following such notice and, in the case of a notice given under Article 7.7.5, the Sole Risk Testing may be commenced as soon as it is possible to do so without interference to the Joint Operations on that well.
- 7.7.8 Data and information obtained in respect of Sole Risk Testing shall remain the property of the Sole Risk Party unless and until one (1) or more of the Non-Sole Risk Parties discharges its liability to the Sole Risk Party under Article 7.7.9, when such data and information shall be the joint property of the Sole Risk Party and such Non-Sole Risk Party or Parties as discharge such liability.

If any Party which was a Non-Sole Risk Party in respect of any Sole Risk Testing wishes at any time to acquire the data and information obtained in respect of such Sole Risk Testing, it shall give notice to that effect to the Sole Risk Party or Parties which

conducted such Sole Risk Testing and shall pay to the Joint Account an amount equal to the amount it would have contributed had it participated in such Sole Risk Testing as a Sole-Risk Party. Such amount shall be calculated by reference to the total costs recorded in DKK in the Billing Statement (as defined in the Accounting Procedure) in respect of such Sole Risk Testing and associated expenses. Such amount shall be paid in cash in DKK and the Operator shall promptly disburse all such amounts from the Joint Account to the Sole Risk Party or, if more than one (1), to each Sole Risk Party in the proportion that its Percentage Interest bears to the sum of the Percentage Interests of all Sole Risk Parties or in such other proportion as they may have agreed under Article 7.2.3. Upon the Non-Sole Risk Party making payment as aforesaid, the data and information obtained in respect of the Sole Risk Testing shall be made available to such Non-Sole Risk Party.

7.7.9 Notwithstanding the other provisions of this Article VII, if NUNAOIL elects to participate in a sole risk operation during the period in which NUNAOIL is carried, the provisions in Article 12 of the Licence and in Article 2.4 of this Agreement concerning the carry of NUNAOIL shall apply to the other Sole Risk Parties, subject to this Article 7.7.9. The carried Percentage Interest of NUNAOIL in a sole risk operation shall not exceed the carried Percentage Interest of NUNAOIL in Joint Operations in the area in which the sole risk operation is carried out. Thus, NUNAOIL shall be required to bear a portion of the risks, costs, expenses and liabilities of any sole risk operation equal to the difference between its carried Percentage Interest in Joint Operations as aforesaid and any larger Percentage Interest it may acquire in a sole risk operation pursuant to this Agreement. If NUNAOIL is the only participant in a sole risk operation, it shall be responsible for all risks, costs, expenses and liabilities connected with the same, and shall be entitled to receive all such payments in respect thereof.

ARTICLE VIII: DISPOSAL OF HYDROCARBONS

8.1 Rights and Obligations

Each of the Parties participating in a development shall have the right to take in kind and separately dispose of its Percentage Interest share of the total quantities of Hydrocarbons available under this Agreement, provided always that the Operator shall have the right to use in any operations relating thereto as much of such Hydrocarbons as may be needed by it therefore. Each of such Parties shall have the obligation to lift and separately dispose of its Percentage Interest share of all Hydrocarbons produced and/or stored at such point or points of delivery, at such times, in such quantities and in accordance with such offtake procedures as may be agreed.

8.2 Offtake Procedures for Liquid Hydrocarbons

The Parties participating in a development shall meet as soon as practicable following the approval of a development plan in accordance with Section 808 of the Licence and shall, prior to the proposed commencement of production, agree on necessary supplemental provisions to this Agreement covering lifting and operating procedures in respect of such development.

8.3 Failure to Lift Liquid Hydrocarbons

In the event that any of the Parties for any reason fails to lift such quantities of liquid Hydrocarbons as are to be lifted by it in accordance with agreed offtake procedures or consistently nominates less than its full entitlement of liquid Hydrocarbons and thereby in the reasonable opinion of the Operator prejudices the efficiency of the production operation, the Operator shall arrange to lift, or have lifted, the relevant underlifted quantity of liquid Hydrocarbons of said Party or Parties on behalf of said Party or Parties and at said Party or Parties sole risk, and shall dispose of the same at such prices as it can reasonably obtain in all the circumstances and shall credit to said Party or Parties the price obtained therefore net of the costs and expense of such sale and after deduction of a reasonable handling fee.

8.4 Natural Gas

The Parties recognize that, in the event of the production of natural gas, it may or will be or become desirable for them to enter into special arrangements for the disposal of the same and they agree that, in such event and upon the request of any of them, their respective representatives shall meet together as necessary to consider their entry into such arrangements and that, if and to the extent that any such arrangements are agreed, they will adopt and undertake the same.

ARTICLE IX: ASSIGNMENTS AND ENCUMBRANCES

9.1 Assignments

As used in this Article IX, "assign" refers to both the assignment of benefits, rights and interests and to the transfer of duties, obligations and liabilities, and "assignment", "assignee" and "assignor" shall be construed accordingly.

Subject to the provisions of Article 9.2 each of the Parties hereto shall have the right at any time to assign in whole or part its benefits, duties and obligations under this Agreement, provided, however that:

- (a) No Party may assign any right, title, interest, benefit, duty or obligation in or under the Licence or this Agreement separately, it being the intent hereof that any such assignment in or under the Licence must carry with it the equivalent right, title, interest, benefit, duty and obligation in and under this Agreement, and vice versa and so that, for the avoidance of doubt, any assignment of all or part of the Party's Percentage Interest shall include such Party's corresponding interest in any Sole Risk Project and (if applicable) Sub-Area, and vice versa;
- (b) Any assignee must be of technical and financial standing sufficient to perform the duties and obligations hereunder to the extent of the interest and property assigned;
- (c) Any assignment shall be subject to the terms and provisions of this Agreement and the assignee shall assume and agree to perform or pay the assignor's duties, obligations and liabilities hereunder to the extent of the interest assigned and whether such duties, obligations and liabilities are incurred prior to or after the effective date of such assignment;
- (d) No Party may assign its right, title, benefits, interests, duties or obligations or any part thereof without the prior written consent of each of the other Parties to such assignment and all terms and conditions pertinent thereto provided, however, that such consent will not be unreasonably withheld if the assignee is a company or corporation which on request can demonstrate that it has adequate technical and financial resources to meet its obligations hereunder including abandonment obligations and the provisions of any necessary security for the fulfilment of the obligations under the Licence in substitution (whether in whole or in part) for the security provided by the assignor and the other provisions and conditions hereunder have been satisfied and met and provided further that a Party who fails to notify the

assigning Party that it is withholding its consent on the aforesaid grounds within thirty (30) days of the such other provisions and conditions having been satisfied and met shall be deemed to have given its consent;

- (e) No such assignment shall be binding on any of the non-assigning Parties hereto until the day on which the assignor furnishes to each of the non-assigning Parties a certified copy of the final assignment agreement(s) and any other documents inclusive of all terms and conditions pertinent to such assignment such documents to include a written instrument by the assignee (in form and content to the reasonable satisfaction of the Parties and duly executed by the assignee) undertaking, accepting and assuming all of the obligations of the assignor under the Licence and this Agreement in so far as the interest assigned is concerned;
- (f) No Party may assign any right, title, interest, benefit, duty, obligation or liability in or under the Licence or this Agreement without obtaining the written consent of the BMP to such assignment in accordance with Article 27 of the Mineral Resources Act;
- (g) Any Party assigning all or part of its Percentage Interest shall remain liable to the other Parties for all obligations attaching to the Percentage Interest assigned which are incurred or accrued prior to the effective date of such assignment, and such obligations shall in addition become the obligations of the assignee;
- (h) All costs and expenses pertaining to any assignment shall be the responsibility of the assignor; and
- (i) A Party may not include a clause in the assignment agreement to the effect that the agreement shall be terminated if the preferred right and option to purchase according to Article 9.2 is exercised.

9.2 Option to Purchase

9.2.1 Bona Fide Offer and Exercise of the Option

If any Party receives or makes a bona fide offer (including without limitation any offer (a) involving the proposed transfer of all or part of the disposing Party's Percentage Interest alone or together with other interests or properties of the disposing Party, or (b) involving consideration in cash only or including non-cash consideration, either of (a) or (b) being

referred to herein as a "Package Deal") which it or (as the case may be) the prospective purchaser is willing to accept for the purchase of all or a part of such Party's Percentage Interest and the prospective purchaser (whether another Party or a third party) is able to purchase such interest, the Party receiving or making said offer shall give written notice thereof to each of the other Parties, including in said notice the name and address of the prospective purchaser, the final price offered (or, where the offer forms part of a "Package Deal" then the price offered shall be (a) a reasonable and justifiable allocated cash value for the Percentage Interest to be assigned or (b) (if it is not possible to allocate a cash value on a reasonable and justifiable basis) the bona fide fair market value of the Percentage Interest to be assigned) and all other pertinent final terms and conditions of the offer (or where the offer forms part of a Package Deal, those terms and conditions which can reasonably and justifiably be attributed to the Percentage Interest to be assigned). The other Parties, for a period of sixty (60) days after the receipt of said notice, shall have the prior and preferred right and option, in proportion to their respective Percentage Interests, to purchase the interest covered by said offer at the price and according to the terms and conditions specified in said offer. If fewer than all of the other Parties desire to exercise such right and option, they shall have the right to purchase the interest covered by said offer in proportion to the respective Percentage Interests of those electing to purchase or in such other proportion as the other Parties may agree.

9.2.2 No Parties Exercise the Option

If none of the other Parties exercises said right and option by giving written notice of its acceptance within sixty (60) days after receipt of the above-mentioned notice, the Party which received or made said offer shall be entitled to receive the written approval of the other Parties, subject to the provisions of Articles 9.1(a)-(h), and may complete the sale to the prospective purchaser in accordance with said offer within six (6) months after the expiration of said period of sixty (60) days; provided that, if the Party which receives or makes said offer fails to complete the sale within said period of six (6) months, the preferred right and option of the other Parties under Article 9.2.1 shall be considered as revived, and the Party which received or made said offer shall not complete the sale to the prospective purchaser unless and until said offer again has been presented to the other Parties, as hereinabove provided, and said other Parties again have failed to elect to purchase on the terms and conditions of said offer. All offers at any time made to or by any Party for the purchase of its Percentage Interest covered hereby shall be subject to all the terms and conditions of Article 9.2.1 The six (6) month period hereinabove provided shall be extended as may reasonably be necessary to secure the approval of the assignment by the appropriate governmental authorities, provided the Party moves expeditiously in attempting to secure governmental approval.

9.2.3 Exceptions

Articles 9.2.1 and 9.2.2 above shall not apply to:

- (a) Any assignment by a Party to an Affiliate of that Party, and
- (b) Any assignment or disposition of the Percentage Interest of a Party by corporate merger or consolidation.

9.2.4 NUNAOIL's Exercise of the Option

If NUNAOIL exercises its option under Articles 9.2.1 or 9.2.2, the provisions of this Agreement concerning the carry of NUNAOIL shall not apply to the Percentage Interest so acquired.

9.3 Encumbrances

Nothing contained in this Article IX shall prevent a Party from mortgaging, pledging or otherwise encumbering all or part of its interests in the Licence and in and under this Agreement for the purpose of security relating to finance, provided that:

- (a) Such Party shall remain liable for all obligations relating to such interest;
- (b) The encumbrance shall be subject to any necessary approval of the Government of Greenland and the Danish Minister of Transport and Energy in accordance with Article 23 of the Licence and be expressly subordinated to the rights of the other Parties under this Agreement;
- (c) The exercise of voting rights and other rights set out in this Agreement shall remain with the Party and cannot be transferred; and
- (d) No Joint Property (or any part thereof) of any kind can be mortgaged, pledged or otherwise encumbered without the prior written consent of each of the other Parties.

ARTICLE X: WITHDRAWAL

10.1 Rights

10.1.1 Notice of Withdrawal

Any Party may, subject to the other provisions hereof, at any time give notice to the other Parties that it wishes to withdraw from the Licence and this Agreement by offering its Percentage Interest to such other Parties, such withdrawal to be effective upon the lapse of ninety (90) days or such earlier time as the Parties agree. Within ninety (90) days of receipt of such notice, any other Party may similarly give notice that it wishes to withdraw from the Licence and this Agreement by offering its Percentage Interest to the other Parties. If all the other Parties give such notice, the Parties shall be deemed to have decided to abandon the Joint Operations and the Licence shall be surrendered on the earliest possible date. If less than all the Parties give such notice, the withdrawing Parties shall withdraw from the Licence and this Agreement on the earliest possible date and shall assign their respective interests in the Licence and in and under this Agreement to the non-withdrawing Parties without any compensation whatsoever.

10.1.2 Work Obligations to be fulfilled

Subject to Article 10.2.6 no Party shall have any right to withdraw until all Work Obligations for the Subperiod, current at the time of the withdrawal, have been fulfilled.

10.1.3 Withdrawal from a Development Programme

No Party participating in a development Programme may withdraw from the Licence and this Agreement prior to the completion of all the works comprised in such development Programme.

10.2 Conditions

10.2.1 Allocation of Percentage Interests

A withdrawing Party shall assign all of its said Percentage Interest to such non-withdrawing Parties as wish or are obliged to accept it, which shall (unless otherwise agreed by such non-withdrawing Parties) be allocated to them in the proportion in which their respective Percentage Interests prior to the effective date of withdrawal bear to the total of the same. For so long as NUNAOIL is carried as provided in Article 2.4, NUNAOIL shall not be obliged to accept such assignment even if it does not withdraw according to Article 10.1.1 unless it

wishes to do so. The provisions in this Agreement concerning the carry of NUNAOIL shall not apply to any Percentage Interest acquired by NUNAOIL pursuant to this Article 10.2.1.

10.2.2 Execution of Documents

A withdrawing Party shall execute and deliver any and all documents and promptly join such activities as may be necessary to effect such assignment and a withdrawal shall not be effective and binding upon the Parties until the date upon which the documents shall have been approved by the BMP and agreed by the Parties (the agreement of the Parties not to be unreasonably withheld) and shall be in full force and effect.

10.2.3 Maintenance of the Licence

A withdrawing Party shall promptly join in all actions required by the other Parties for the maintenance of the Licence provided that its participation in such actions shall not cause it to incur any financial obligations after the date on which notice of withdrawal was given except as provided for in this Article X.

10.2.4 Costs and Expenses

A withdrawing Party shall pay all costs and expenses, including any fines and penalties, incurred by the other Parties in connection with such withdrawal.

10.2.5 No encumbrances, Liens or Charges

A withdrawing Party shall not be allowed to withdraw from the Licence and this Agreement if its interest is subject to any encumbrances, liens or charges unless the other Parties are willing to accept the assignment subject to such additional encumbrances.

10.2.6 Liability for Approved Programme and Budget

Unless the Party or Parties acquiring its interest agree to accept the withdrawing Party's liabilities and obligations, a withdrawing Party shall remain liable and obligated for its Percentage Interest share of all expenditure accruing to the Joint Account under any Programme and Budget approved by the Operating Committee prior to the date on which notice of withdrawal is given even if the operations concerned are to be implemented thereafter, except that if a Party voting against such Programme and Budget gives notice of withdrawal within fifteen (15) days after the adoption of a work programme covering the first Year of a new Subperiod (excluding the initial Subperiod), it will not be obligated for its Percentage Interest share of such expenditure. Parties not giving such notice shall be deemed to have accepted to continue the Licence into the new Subperiod and such Parties shall not have the right of withdrawal thereafter until all work obligations for the new Subperiod have

been fulfilled. A withdrawing Party shall, following its notification of withdrawal, also remain liable for its share of the costs of a Sole-Risk Project in which it has agreed to participate, that has been approved by the Sole-Risk Parties, prior to such Party's notification of withdrawal, regardless of when they are actually incurred.

10.2.7 Liability for Abandonment

A withdrawing Party shall remain liable and obligated for its share of all net costs and obligations that in any way relate to the abandonment of Joint Operations or a Sole Risk Project in which such withdrawing Party participated. Prior to withdrawal such withdrawing Party shall provide the other Parties with such security therefore as is acceptable to all such other Parties. A Party's withdrawal shall not relieve it from liability to the non-withdrawing Parties with respect to any obligations or liabilities attributable to the withdrawing Party under this Article X merely because such obligations or liabilities are not identifiable at the time of withdrawal.

ARTICLE XI: DEFAULT IN PAYMENT

11.1 Failure to Pay

If any Party ("Defaulting Party") fails to pay in full its share of any Joint Account expenses or Advance by the due date:

- (a) The Operator shall as soon as reasonably practicable notify by facsimile all the Parties of such default;
- (b) With the exception of the Defaulting Party, each Party ("Non-Defaulting Party") shall contribute, as hereinafter provided, a share of the amount in default in the proportion that its Percentage Interest bears to the total of the Percentage Interests of the Non-Defaulting Parties and pending receipt of such additional contributions the Operator shall use reasonable endeavours to make arrangements to meet any commitments falling due either by borrowing the necessary finance from outside sources or by making the necessary finance available itself and all costs of any such finance shall be charged to the Defaulting Party and added to the amount in default and paid by the Non-Defaulting Parties; finance made available by the Operator shall bear interest calculated on a day-to-day basis at a rate equal to two per cent (2%) above the Cost of Funds Rate in effect from time to time;
- (c) Within three (3) Working Days following the notification by the Operator under (a) above, the Operator shall notify all the Parties of the liability of each of the Non-Defaulting Parties to contribute to the amount in default and shall request further advances on the expiry of the six (6) Working Days specified in (d) below; and
- (d) If such default continues for more than six (6) Working Days after the date of notification by the Operator each of the Non-Defaulting Parties shall, on the Working Day next following such sixth (6th) Working Day, pay the amount notified under (c) above, and thereafter shall continue to pay, in addition to its share of subsequent Advances, the same proportion of that part of all such subsequent Advances attributable to the Defaulting Party until such time as the Defaulting Party has remedied its defaults in full or until forfeiture, as hereinafter provided, and failure by any Party to make such payments shall likewise and with the same results render that Party in default.

To the extent NUNAOIL is carried as referred to in Article 2.3, the provisions in Articles

11.1(a) - (d) shall apply only to the other Parties. Thus, the obligations of Non-Defaulting Parties shall be borne by the Non-Defaulting Parties other than NUNAOIL in the proportion that the Percentage Interest of each Non-Defaulting Party other than NUNAOIL bears to the total of the Percentage Interests of such other Non-Defaulting Parties other than NUNAOIL.

11.2 Remedy of Default

The Defaulting Party shall have the right to remedy the default at any time prior to forfeiture, as hereinafter provided, by payment in full to the Operator or, if the Non-Defaulting Parties have paid any amounts under Article 11.1 (d), the Non-Defaulting Parties, in proportion to the amounts so paid by them, of all amounts in respect of which the Defaulting Party is in default together with interest thereon calculated at the rate in effect from time to time according to the Statute concerning default of payment (Act No. 583 of 1st September 1986) from and including the due date for payment of such amounts until the actual date of payment.

11.3 Continuation of Default

11.3.1 No Right to Hydrocarbons

If any default continues for more than six (6) Working Days after the date of notification by the Operator under Article 11.1 (a) then, for so long as the default so continues, the Defaulting Party shall not be entitled to its Percentage Interest of Hydrocarbons produced thereafter which shall instead be owned by the Non-Defaulting Parties in the proportions which their respective Percentage Interests bear to the total of the same.

11.3.2 No Right to Representation or Voting

During the continuation of any default the Defaulting Party shall not be entitled to be represented at meetings of the Operating Committee or any sub-committee thereof nor to vote thereat (so that the voting interest of each Party other than the Defaulting Party shall be in the proportion which its Percentage Interest bears to the total of the Percentage Interests of such non-defaulting Parties) and shall have no further access to any data and information relating to the Joint Operations. The Defaulting Party shall be bound by decisions of the Operating Committee made during the continuation of the default and shall be solely responsible for the payment of all additional administrative costs and expenses occasioned by such default.

11.3.3 Forfeiture

In the event that the default continues for more than sixty (60) days then each of the Non-Defaulting Parties shall have the right to claim forfeiture and to acquire, by notice to the other Parties given within thirty (30) days after such period of sixty (60) days, the interest of

the Defaulting Party in the Licence and in and under this Agreement or, if more than one (1) Non-Defaulting Party exercises such right, its proportionate share of the interest of the Defaulting Party in the Licence and in and under this Agreement, such share being the proportion which its Percentage Interest bears to the total Percentage Interests of such Non-Defaulting Parties. The provisions in this Agreement concerning the carry of NUNAOIL shall not apply to any Percentage Interest acquired by NUNAOIL pursuant to this Article 11.3.3. If none of the Non-Defaulting Parties exercises such right, then, without prejudice to any rights of the Non-Defaulting Parties, the Parties shall be deemed to have decided to abandon the Joint Operations and each Party, including the Defaulting Party, shall in addition to each Party's unpaid share of costs and expenses in connection with the Joint Operations, subject to NUNAOIL being carried cf. Article 2.3, pay its Percentage Interest share of the costs of abandoning the Joint Operations. If in such case any Party is unable to pay its Percentage Interest share, the other Parties shall indemnify each other proportionally. It is provided, however, that no abandonment shall be allowed under this provision if the default occurs before satisfaction of the Work Obligations. In these circumstances all Non-Defaulting Parties shall be required to take up their proportionate share of the Defaulted Interest, and each Party including the Defaulting Party shall pay its Percentage Interest share of the cost of the Work Obligations. In the event that any Non-Defaulting Party takes up a share of the Defaulted Interest greater than the proportion in respect of which it has been paying Advances in respect of the Defaulted Interest, it shall forthwith after electing to or becoming bound to acquire the Defaulted Interest pay to the Joint Account for the credit of the appropriate Party or Parties who have paid Advances in respect of the Defaulted Interest such amounts as appropriate so that all such Non-Defaulting Parties will have borne the Advances in respect of the amount in default, and interest as provided in Article 11.1(b), in proportion to the respective shares in which they receive the Defaulted Interest

11.3.4 Acquisition

Any acquisition of the interest of the Defaulting Party in the Licence and in and under this Agreement shall be:

- (a) Subject to any necessary consent of the Government of Greenland and the Danish Minister of Transport and Energy in accordance with Article 23 of the Licence;
- (b) Without prejudice to any other rights of each Party other than the Defaulting Party;
- (c) So forfeited and acquired free of any charges and encumbrances;
- (d) Effective as of the date of default; and

- (e) Subject to the Defaulting Party remaining liable and obligated for its share of all net costs and obligations that in any way relate to the abandonment of Joint Operations or a Sole Risk Project in which the Defaulting Party participated. Said share shall be determined in the manner set forth in Article 10.2.7.

The Defaulting Party shall promptly join in such actions as may be necessary or desirable to obtain any necessary consent of the Government of Greenland and the Danish Minister of Transport and Energy and shall execute and deliver any and all documents necessary to effect any such forfeiture and acquisition.

ARTICLE XII: MISCELLANEOUS

12.1 Covenant

Without prejudice to the responsibilities of the Operator under Article 3.3, each Party hereby covenants with each other Party that it will comply with all the applicable provisions and requirements of the Licence and will do all such acts and things within its control as may be necessary to keep and maintain the Licence in force and effect.

12.2 Relationship

12.2.1 Relationship under the Agreement

It is expressly agreed that it is not the purpose or intention of this Agreement to create, nor shall the same be construed as creating, any partnership, agency or other legal entity, nor is it the Parties' intent to create any fiduciary relationship hereunder. The rights, obligations and liability of the Parties hereunder shall not be several and joint or collective and each Party shall be responsible for its individual obligations hereunder.

12.2.2 Third Party Claims

Subject to Articles 3.3.3 and 3.13.2, the Operator may charge to the Joint Account any amounts paid in settlement of claims from third parties which has resulted from the Joint Operations including costs, expenses and damages as specified in Article 3.1 of the Accounting Procedure. Any other Party, having observed the provisions in Article 3.13.3, which has been made to pay any such amounts to a third party shall immediately notify the other Parties and furnish the Operator with all information necessary to determine whether the amounts paid including costs, expenses and damages are chargeable to the Joint Account.

12.2.3 Reimbursement of the Operator

When reimbursement is claimed according to Article 12.2.2 the Operator shall submit an AFE and/or a revised Budget to the Parties for approval by the Operating Committee, and when the same is approved the Operator shall follow the procedures laid down in this Agreement and the Accounting Procedure to effect reimbursement.

12.2.4 Interest

Any amount reimbursed according to Article 12.2.2 shall bear interest from the day said amount was paid by the Party being reimbursed for said amount and to the day of reimbursement which interest is to be calculated at a rate equal to two per cent (2%) above

the Cost of Funds Rate in effect from time to time.

12.2.5 Mutual Indemnification

Without prejudice to the other provisions of this Agreement, each Party hereby undertakes to indemnify each other Party for such indemnifying Party's Percentage Interest share of any claim by or liability to (including any costs and expenses necessarily incurred in respect of such claim or liability) any person not being a Party hereto arising from or in connection with the Joint Operations. If any Party is unable to pay its Percentage Interest share, the other Parties shall subject to and in accordance with Article XI hereof pay such share proportionally.

12.3 Confidentiality

12.3.1 Main Rule and Exceptions

All data and information acquired or received by any Party under this Agreement shall be held confidential during the continuance of this Agreement and for a period of five (5) Years thereafter and shall not be divulged in any way to any third party, without the prior written approval of all the Parties, provided that any Party may, without such approval, disclose such data and information:

- (a) To any Affiliate upon obtaining a similar undertaking of confidentiality from such Affiliate;
- (b) To any outside professional consultants, upon obtaining a similar undertaking of confidentiality from such consultants, provided that disclosure is necessary for the Party's evaluation or performance under the Licence or this Agreement;
- (c) To any bank, insurance or financial institution from which the Party is seeking to obtain financing or insurance, provided that before disclosing such information such Party shall obtain a similar undertaking of confidentiality from such bank, insurance or financial institution;
- (d) To the extent required by the Licence or any other applicable law or the regulations of any regular stock exchange on which a Party or any of its Affiliates are listed or ordered by a court or authority of applicable jurisdiction provided that the Party so ordered endeavours to give prior notice to the other Parties;
- (e) To the extent that the same has become generally available to the public, otherwise

than through a breach of this Article 12.3 by such Party, any of its Affiliates or any employee, officer or agent of such Party or its Affiliates or its consultant; or

- (f) To a bona fide potential assignee or employees or agents of such assignee upon obtaining an undertaking of confidentiality corresponding to that of the Parties.

In the event of any Party ceasing to hold a Percentage Interest, such Party shall nevertheless remain bound by Article 12.3.

The Operator may disclose such data and information to such persons as may be necessary in connection with the conduct of the Joint Operations upon obtaining a similar undertaking of confidentiality from such persons provided that the Operator shall promptly inform the other Parties of the names of such persons and the data and information disclosed to them.

12.3.2 Exchange of Data and Information

The Operator may, with approval of the Operating Committee and on such terms and conditions as the Operating Committee may determine, exchange any such data and information for other similar data and information and the Operator shall promptly provide all the Parties with a copy of the agreement relating to such exchange together with the data and information acquired.

12.3.3 No Requirement to Divulge Technology

Nothing in this Agreement shall require a Party to divulge proprietary technology to the other Parties, including any proprietary technology used by the Operator in the Joint Operations; provided that where the cost of development of proprietary technology has been charged to the Joint Account, such proprietary technology shall be disclosed to all Parties bearing a portion of such cost and NUNAOIL (notwithstanding that it may be carried for such costs) and may be used by any such Party in other operations. Unless otherwise agreed in writing, any party that shares proprietary information or technology with the other Parties shall nevertheless retain all rights and ownership to such information and technology.

12.4 Public Announcements

The Operator shall be responsible for the preparation and release of all public announcements and statements regarding the Joint Operations, provided that:

- (a) No such public announcement or statement shall be issued or made unless prior thereto all of the Parties have been furnished with a copy thereof with a period of

consideration of at least 2 Working Days and the approval of the Operating Committee has been obtained; and

- (b) A Party can itself make a public announcement or statement regarding the Joint Operations if prior thereto it furnishes all the other Parties with a copy of such announcement or statement and obtains the consent of all the other Parties, which consent shall not be unreasonably withheld; and
- (c) Notwithstanding the above the Operator shall be entitled to issue routine announcements concerning the Joint Operations without the prior written approval of the Operating Committee. Copies of all such written announcements shall be forwarded to the Parties by the Operator simultaneously.

Where a public announcement or statement becomes necessary or desirable because of danger to or loss of life, damage to property or of pollution arising under this Agreement, the Operator shall be authorized to issue and make such announcement or statement without prior approval of the Operating Committee if prompt contact with the other Parties has not proved possible, but shall promptly furnish all the Parties with a copy thereof. Notwithstanding the foregoing, but subject to Article 12.3, each Party shall be entitled to include information of a general character concerning the Joint Operations in communications to which the public will have access.

12.5 Force Majeure

The obligations of each of the Parties hereunder, other than the obligations to make payments of money, shall be suspended during the period and to the extent that such Party is prevented or hindered in whole or in part from complying therewith by "Force Majeure" (as hereinafter defined). In such event, such Party shall give notice of suspension as soon as reasonably possible to the other Parties stating the date and extent of such suspension and full particulars of the cause thereof. Any of the Parties whose obligations have been suspended as aforesaid shall resume the performance of such obligations as soon as reasonably possible after the removal of the cause and shall so notify all the other Parties.

In this Article 12.5, "Force Majeure" means any circumstance which could not reasonably be foreseen and/or reasonably overcome and is beyond the reasonable control of such Party including (in so far as beyond such control but without prejudice to the generality of the foregoing expression) strikes, lock-outs and labour disputes, but such Party shall not be obliged to settle any labour dispute except in such manner as it shall in its sole judgement consider fit, and in compliance with any law or governmental order, rule, regulation or direction, if (and only if) the same is issued by governmental agencies or bodies in Greenland

or Denmark or by any other organization with authority within Greenland or Denmark. A lack of funds shall not constitute "Force Majeure".

12.6 Arbitration

Any dispute between the Parties arising out of or in connection with this Agreement shall be finally settled by a board of arbitration consisting of an umpire and two other arbitrators. The board of arbitration shall be appointed at the request of any one of the Parties to the dispute. When such request has been made, the Party or Parties, which are complainants to the case, shall nominate a single arbitrator, and the Party or Parties, which are defendants to the case, shall nominate a single arbitrator, such nominations to be made within thirty (30) days of receipt of the notice referring the dispute to arbitration. The two arbitrators thus nominated shall, within thirty (30) days, unanimously nominate the umpire, who shall be the chairman of the board of arbitration. If an agreement on such nomination cannot be arrived at, either Party may request the president of the Supreme Court of Denmark to nominate the umpire. The President of the Supreme Court of Denmark may also be requested to appoint one of the other arbitrators in case either the complaining or the defending Party or Parties fail to do so within the time limit prescribed. The board of arbitration shall have its seat in Copenhagen, unless otherwise agreed between the Parties to the case. The board of arbitration shall make its decisions on the basis of Danish law. In the event that a majority of the board of arbitration cannot agree on a result, the umpire shall have the deciding vote. Any awards made by the board of arbitration shall be final and binding upon the Parties to the case and shall be enforceable without the necessity of any judgement being rendered thereupon. Subject to the provisions hereof, the arbitration shall be conducted according to the rules of Danish law, including the Danish Act on Arbitration, and to the extent specified in said rules, the Danish courts shall have jurisdiction according to Article 12.7.

12.7 Applicable Law and Jurisdiction

This Agreement shall be governed by and construed in accordance with Danish law and subject to Article 12.6 each of the Parties hereby submits to the jurisdiction of the courts of Denmark.

12.8 Notices

Unless otherwise expressly provided herein, all notices under this Agreement shall be in writing and may be given by delivering the same by hand at, or by sending the same by recorded delivery post or facsimile transmission to the attention of the representative on the Operating Committee of each Party at the latest address and facsimile number provided by such representative. Any such notice given as aforesaid shall, in the case of notices given by hand or by recorded delivery post, be deemed to have been given at the time of delivery, by

hand or by recorded delivery post, and in the case of notice given by facsimile transmission, be deemed to have been given or received on the first Working Day following the day of receipt (provided that written confirmation of successful transmission has been obtained by the Send Party). Notices may be sent in the Danish or English language.

12.9 Government Authority

This Agreement and any amendments, exceptions or additions hereto shall be subject to the approval of the BMP. The BMP shall receive one of the original executed copies of this Agreement. This Agreement shall in no way limit the authority of the Governments of Greenland or Denmark or any part thereof to exercise their authority according to the law and the prevailing rules and regulations and which are at any time in force for activities covered by this Agreement.

12.10 Application of Agreement

So long as the Percentage Interest of each Party remains uniform throughout the entire Licence Area, the Agreement shall apply as one (1) contract to the Licence Area as a whole and to all Parties. Whenever, as the result of the creation of different Percentage Interests as between parts of the Licence Area Sub-Areas are created, this Agreement thereafter shall so far as possible apply independently in the manner of a separate contract to each Sub-Area and shall apply *mutatis mutandis* to the interests of the Parties therein and in such event "Licence Area" shall be read as "Sub-Area".

ARTICLE XIII: DEFINITIONS AND INTERPRETATIONS

13.1 Definitions

In this Agreement:

- (a) "Accounting Procedure" means the procedure set out in Appendix A hereto;
- (b) "Advance" means a payment of cash required to be made to the Operator pursuant to this Agreement;
- (c) "AFE" means authority for expenditure;
- (d) "Affiliate" means in relation to any Party any company which is a Subsidiary of such Party or a company of which such Party is a Subsidiary or a company which is another Subsidiary of a company of which such Party is a Subsidiary;
- (e) "BMP" means the Bureau of Minerals and Petroleum;
- (f) "Budget" means any budget in respect of a Programme;
- (g) "Conversion Rate" means the mean of the spot selling and buying rates for transaction between the two currencies in question as quoted by the National Bank of Denmark;
- (h) "Cost of Funds Rate" means for Kroner a rate equal to one (1) month CIBOR (Copenhagen Interbank Offered Rate) as quoted by Danmarks Nationalbank (the central bank of Denmark) and for currencies other than Kroner a rate equal to one-month LIBOR (London Interbank Offered Rate) as quoted in the Financial Times for the relevant currency on the first day of the relevant period;
- (i) Day or day means a calendar day unless otherwise specifically provided;
- (j) "Deposit" means a continuous accumulation of Hydrocarbons in the subsoil;
- (k) "Discovery" means any indication of an accumulation of Hydrocarbons penetrated by an exploration well;
- (l) "Dollars", "USD" or "\$" means dollars of the United States of America;

- (m) "First Subperiod" has the meaning assigned to it in Appendix 2 of the Licence;
- (n) "Hydrocarbons" means oil/condensate and natural gas, where
- "oil/condensate" means all hydrocarbons which are in a liquid state at standard atmospheric pressure (1.01325 bar) and temperature (15° C); and
 - "natural gas" means all hydrocarbons which are in a gaseous phase at standard atmospheric pressure (1.01325 bar) and temperature (15° C);
- (o) "Joint Account" means the account established and maintained by the Operator to record all Advances, expenditures and receipts in the conduct of Joint Operations;
- (p) "Joint Operations" means all joint operations of the Parties conducted in accordance with this Agreement;
- (q) "Joint Hydrocarbons" means all Hydrocarbons won and saved under the Joint Operations;
- (r) "Joint Property" means all property acquired or held for use in connection with the Joint Operations;
- (s) "Kroner" or "DKK" means Danish Kroner;
- (t) "Licence" means Licence No. / for Exploration for and Exploitation of Hydrocarbons in an offshore Area in West Greenland granted by the Government of Greenland and the Danish Minister of Transport and Energy and shall include any other licence issued to the Parties in substitution or partial substitution;
- (u) "Licence Area" means the area covered by the Licence at any given point in time;
- (v) "Managerial or Supervisory Personnel" means a Party's designated managers or supervisors who are responsible for or in charge of installations or facilities, on site drilling, construction or production and related operations, or any other field operations, any other employees of such Party who function at a management level equivalent or superior to the foregoing, and the officers and directors of such Party;
- (w) "Material" means equipment or supplies;
- (x) "Mineral Resources Act" means Act No. 335 on Mineral Resources in Greenland

dated 6th June 1991 with later amendments cf. Consolidated Act No. 368 of 18th June 1998;

- (y) "Month" means a calendar month;
- (z) "Non-Operator" means a Party other than the Operator;
- (aa) "Non-Sole Risk Parties" mean the Parties defined as such in Article 7.2.3;
- (bb) "Operating Committee" means the committee established pursuant to Article 4.1;
- (cc) "Operator" means the Party for the time being designated as such under Article III, acting in that capacity and not as the owner of a Percentage Interest;
- (dd) "Package Deal" means an offer defined as such in Article 9.2.1;
- (ee) "Parties" mean the Parties to this Agreement and their respective successors and assignees;
- (ff) "Percentage Interest" means for each of the Parties the undivided percentage interest held from time to time by it pursuant to this Agreement and the Licence or, where the context so requires, in any sole risk development, and includes its entitlement for the time being to Hydrocarbons won and saved under the Licence;
- (gg) "Programme" means any programme of operations;
- (hh) "Quarter" means a period of three (3) Months ending 31st March, 30th June, 30th September or 31st December in any Year;
- (ii) "Second Subperiod" has the meaning assigned to it in Appendix 2 of the Licence;
- (jj) "Sole Risk Development, Sole Risk Drilling, Sole Risk Project, Sole Risk Seismic and Sole Risk Testing" each have the meaning ascribed to them in Article 7.1;
- (kk) "Sole Risk Parties" mean the Parties defined as such in Article 7.2.3;
- (ll) "Sub-Area" means at any given time, any part of the Licence Area, being delineated by surface area but applying only to that interpreted closure of any geological structure or stratigraphic trap in which the relevant reservoir or reservoirs exists,

which is subject to development by less than all Parties and in which the entire Percentage Interest therein is owned by those of the Parties carrying out the development;

- (mm) "Subperiod" means a part of the exploration period which may be any one of the periods as provided for in Sections 301 and Appendix 2 of the Licence, and in case of an extension in accordance with Section 302 of the Licence, any one of such extension periods;
- (nn) "Subsidiary" means in relation to a company any other company more than fifty per cent (50%) of whose stock is owned, directly or indirectly, by such first company;
- (oo) "NUNAOIL" refers to NUNAOIL A/S;
- (pp) "Third Subperiod" has the meaning assigned to it in Appendix 2 of the Licence;
- (qq) "Working Day" means a day on which the banks are open for business in Denmark (excluding Saturdays, Sundays and bank holidays);
- (rr) "Work Obligations" means the minimum work obligations of the Parties, in respect of the First Subperiod as specified inof the Licence, in respect of the Second Subperiod as specified in.. of the Licence and in respect of the Third Subperiod as specified in of the Licence or in either case such amended minimum Work Obligations as may be subsequently agreed by the relevant Parties and approved by BMP; and
- (ss) "Year" means when spelled with a capital "Y" a calendar year beginning on 1st January, while year spelled with a small "y" means a twelve month period beginning on any date.

13.2 Interpretations

In this Agreement:

- (a) Reference to any statute, statutory provision or statutory instrument includes a reference to that statute, statutory provision or statutory instrument as from time to time amended, extended or re-enacted;
- (b) Reference to the singular includes a reference to plural and vice versa;

- (c) Reference to any gender includes a reference to all other genders;
- (d) Unless the context otherwise requires, reference to any Section or Article is to a Section or Article of this Agreement; and
- (e) The headings herein are used for convenience only and shall not affect the construction or validity of this Agreement.

This Agreement may be executed in multiple counter parts each of which shall be deemed the same Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

By _____

By _____

NUNAOIL A/S

By _____
