

FEDERAL REPUBLIC OF BRAZIL
MINISTRY OF MINES AND ENERGY



anp
Agência Nacional
do Petróleo,
Gás Natural e Biocombustíveis

DRAFT OF CONCESSION CONTRACT FOR EXPLORATION AND PRODUCTION OF
OIL AND NATURAL GAS

Nº _____

BY AND BETWEEN

NATIONAL AGENCY OF PETROLEUM, NATURAL GAS AND BIOFUELS - ANP

AND

«Signa2»

«Signa3»

«Signa4»

BRAZIL
2015

CONCESSION CONTRACT FOR EXPLORATION AND PRODUCTION OF OIL AND NATURAL GAS

Entered between the above countersigned parties

THE **NATIONAL AGENCY OF PETROLEUM, NATURAL GAS AND BIOFUEL - ANP**, special organization created by Law no. 9,478, August 06, 1997, part of the Federal Indirect administration linked to the Ministry of Mines and Energy, with headquarters in SGAN (Setor de Grandes Áreas Norte) Quadra 603, Módulo I, 3º andar, in the city of Brasília, DF (henceforth called "ANP"), hereby represented by its General Director,

_____, commercial company incorporated under the laws of Brazil, with headquarters in _____ entered in the Corporate Taxpayer Registry (CNPJ/MF) under no. 02,313,673 /0002-08 (henceforth called "Concessionaire"), hereby represented by _____, _____.

WHEREAS

Pursuant to articles 20, sections V and IX and 176, *caput* of the Federal Constitution of the Federal Republic of Brazil (Federal Constitution) and article 3 of Law no. 9.478/97, the Deposits of Oil, Natural Gas existing in the national territory, on the continental platform and in the exclusive economic zone belong to the Central Federal Government;

Pursuant to article 177, paragraph I of the Federal Constitution and article 4 of Law no. 9.478 /97, the Mining and Exploration work of the Petroleum and Natural Gas Reserves existing in the national territory, on the continental platform and in the exclusive economic zone are monopoly of the Central Federal Government;

Pursuant to the first paragraph of article 177 of the Federal Constitution and article 5 of Law no. 9.478 /97, the Central Federal Government may allow state or private companies, incorporated under Brazilian laws, with headquarters and administration in the country, to carry out exploration and production of Oil and Natural Gas, by concession, in the form established in the legislation in force;

Pursuant to article 8 of Law No. 9.478 /97, ANP shall have to promote the adjustment, hiring and supervision of economic activities integrating the Oil, Natural Gas and Biofuel Industry;

Pursuant to article 21 of Law no. 9.478 /97, all rights of Exploration and Production of Oil, Natural Gas in the national territory, on the continental platform and in the exclusive economic zone, belong to the Central Federal Government, while its administration is made by ANP, subject to the powers of other organizations and entities expressly set forth by law;

At ANP sole discretion, on behalf of the Federal Government, may or may not sign with the Concessionaire, Concession Contracts for the Oil and Natural Gas Exploration and Production meeting the provisions of Articles 23 and 24 of Law no. 9.478 / 97;

Pursuant to articles 25 and 26 of Law no. 9.478 /97, and having been fulfilled the requirements established in Section I of the aforementioned Law, ANP and the Concessionaire are allowed to sign this Concession Contract which shall be governed, as appropriate, by general standards of Section I and by the provisions of Section VI, both from Chapter V of the mentioned Law;

Pursuant to articles 36 and 42 of Law no. 9,478 /97, the Concessionaire participated in the bidding for the granting of this Concession Contract, having the event in which it was declared the winner been awarded and approved, in the Block as defined in Annex I;

Pursuant to article 46 of Law no. 9.478/97, the Concessionaire paid the signature bonus to ANP at the amount indicated in Annex VI;

As per the Final Tender Protocol of the 13th Bidding Round and paragraph V of art. 43 of Law no. 9.478/1997, the Concessionaire has submitted to ANP the financial securities necessary to support compliance with the Minimum Exploratory Program offered;

ANP and the Concessionaire enter into this Concession Contract for Oil and Natural Gas Exploration and Production for the Block identified in Annex I, in accordance with the following terms and conditions.

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CAPÍTULO I - BASIC PROVISIONS

CLAUSE ONE - DEFINITIONS

Legal Definitions

- 1.1 The definitions contained in article 6 of Law no. 9,478/97 and in article 3 of Decree no. 2,705 , August 3, 1998, are hereby incorporated into this Contract and, in consequence, valid for all its purposes and effects whenever they are used here, either in singular or plural, male or female.
- 1.2 For the purpose of management, regulation and supervision of this contract, it is valid, for alternative use, the E&P catalog published by ANP on its website in the Internet.

Contractual Definitions

- 1.3 Also for the purposes of this Contract, the definitions contained in this paragraph shall be additionally valid, whenever the following words and expressions are used here, in singular or plural, male or female:
 - 1.3.1 **Production Individualization Contract:** contract signed between the rights holders of Exploration and Production, after the Declaration of Commercial feasibility, for the unified Development and Production Stage of deposits that extend beyond the Concession Area, according to the procedures specified in the Applicable Legislation.
 - 1.3.2 **Affiliate:** means any controlled or controlling company, in accordance with article 1.098 to 1.100 of the Civil Code, as well as the companies directly or indirectly controlled by the same company.
 - 1.3.3 **Field Area:** is the area enclosed by the polygon as defined by the Field, pursuant the approval of the Development Plan.
 - 1.3.4 **Concession Area:** Block whose superficial projection and bounded by the polygon defined in Annex I of this Contract or the plots of the Block remaining under this Contract after the partial returns contained therein.
 - 1.3.5 **Development Area:** any portion of the Concession Area retained for the Development Stage.
 - 1.3.6 **Assessment:** set of operations which, as part of the Exploration, are intended to check the commercial feasibility of a Discovery or set of Discoveries of Oil or Natural Gas in the Concession Area.
 - 1.3.7 **Well Assessment:** logging and formation test activities carried out between the End of Drilling and Well Conclusion which, combined with other activities previously carried out at the well, shall allow the verification of the occurrence of areas of interest for the presentation of possible Discovery Evaluation Plan and/or for the decision of continuing Operations for the next Exploratory Phase.
 - 1.3.8 **BDEP:** Exploration and Production Data Base of the National Agency of Petroleum, Natural Gas and Biofuel - ANP

- 1.3.9 **Field:** has the same meaning as Field of Oil or Natural Gas defined in Law no. 9,478/97.
- 1.3.10 **E&P Catalog:** set of documents which contain guidelines, procedures and forms to guide the relation between the Operators of the Concession Contracts and ANP, approved according to ANP Resolution.
- 1.3.11 **Assignment:** sale, sale, assignment or any other form of transmission by any means, in whole or in part, of the indivisible rights and obligations of the Concessionaire under this Contract.
- 1.3.12 **Production Individualization Commitment:** a document executed after the Declaration of Commercial Feasibility evidencing the allocation of production in a shared pool, extending over areas under distinct concession Areas, whose rights of exploration and production belong to the same company or consortium of identical composition and the same percentage of participation.
- 1.3.13 **Concessionaire:** individually or collectively, the companies members of the consortium, including the Operator.
- 1.3.14 **Well Conclusion:** beginning of demobilization of the drilling rig, after Drilling Conclusion and Well Assessment.
- 1.3.15 **Local Content:** proportion between the value of the Property produced and services rendered in the country for the execution of the contract and the total value of the Property used and services provided for this purpose.
- 1.3.16 **Contract:** main body of this Concession Contract and its Annexes.
- 1.3.17 **Consortium Contract:** contractual document which provides the rights and obligations of the Concessionaires as for this Contract.
- 1.3.18 **Declaration of Commercial feasibility:** formal and in writing notification of the Concessionaire to ANP declaring one or more Mines as commercial discovery in the Concession Area.
- 1.3.19 **Discovery:** any occurrence of Petroleum, Natural Gas and other hydrocarbons, minerals and other natural resources in the Concession Area, regardless of the quantity, quality or commercial feasibility, verified by at least two detection or assessment methods.
- 1.3.20 **Expenses Appointed for Research, Development and Innovation:** expenditure with activities of Research, Development and Innovation aiming for promoting the development of the Petroleum, Natural Gas and Biofuel sector.
- 1.3.21 **Development Stage:** contractual stage started with the approval, by ANP, of the Development Plan proposed by the Concessionaire and which continues during the production phase while investments in wells, equipment and facilities are necessary for the production of Oil and Natural Gas in accordance with the Best Practices of the Oil Industry.
- 1.3.22 **Extraction of the First Oil:** date at which the first measurement of volumes of Oil and Natural Gas takes place in one of the Production Measuring Points in each Module of the Development Stage.

- 1.3.23 **Exploration Phase:** contractual phase in which the Exploration and Assessment must take place.
- 1.3.24 **Production Phase:** contractual phase in which the Development and Production Phase must take place.
- 1.3.25 **Brazilian Supplier:** any manufacturer or supplier of Property produced or a service rendered in Brazil through companies incorporated under Brazilian laws or those which use manufactured Property in the country under special customs regimes and applicable tax incentives to Oil and Natural Gas industry.
- 1.3.26 **Related Gas:** Natural Gas produced in Mines which is found dissolved in the oil or in contact with underlying gas-saturated oil.
- 1.3.27 **Non-associated Gas:** Natural gas produced from a dry Gas Mine or from a condensed Gas Mine.
- 1.3.28 **Production Individualization:** procedure which aims to the division of the Production result and the rational use of the natural resources of the Federal Government, by means of unification of the Development and Production Stage of the ore body which extends beyond the Concession Area;
- 1.3.29 **Applicable Law:** the set of all laws, decrees, regulations, resolutions, ordinances, normative instructions or any other normative acts which impose or which shall focus on the Parties, or on the activities of Exploration, Assessment, Development and Production Stage of Oil and Natural Gas, as well as on the decommissioning of the facilities.
- 1.3.30 **Best Practices of the Oil Industry:** The best and safest procedures and technologies available in the oil and gas industry worldwide, which shall: (a) ensure the operational safety of facilities, preserving the life, physical integrity and human health; (b) preserve the environment and protect adjacent communities; (c) prevent or reduce to an accepted minimum to the risk of oil spill, natural gas, oil products and other chemicals exposure of which may be harmful to the environment; (d) the conservation of petroleum resources and gases, which implies the use of adequate methods and processes to maximize hydrocarbon in terms of technically, economically and environmentally sustainable, with a corresponding control of reserves decline, and to minimize surface losses; (e) minimize consumption of natural resources in operations. For the implementation of the Best Practices of the Oil Industry, the Concessionaires shall take the standards established by ANP and the other Brazilian government agencies as a starting point, incorporating technical standards and recommendations bodies and the oil industry associations recognized internationally, where such measures to increase possibility once the objectives listed above are achieved.
- 1.3.31 **Module of the Development Stage:** set of operations and investments to facilitate the activities of production of a field of Oil or Natural Gas whose stage of development has been designed in an individualized way and with independent production, according to the provisions in the Development Plan.
- 1.3.32 **New Reserve:** occurrence of new accumulations of Oil and Natural Gas in distinct horizons of those which already produce or are under Assessment.

- 1.3.33 **Operation:** any and all activities, either for the Exploration, Evaluation, Development, Production, disabling or abandonment, carried out in sequence, together, or separately by the Concessionaire, for the purposes of this Contract.
- 1.3.34 **Operator:** Concessionaire designated by the others, in the form of Annex VII, to lead and perform all the operations provided for in this Contract on behalf of the Concessionaires.
- 1.3.35 **Party:** ANP or the Concessionaire.
- 1.3.36 **Parties:** ANP or the Concessionaire.
- 1.3.37 **Exploratory Phase:** each of the phases which make up the Exploration Phase, in which the Concessionaire must perform all the obligations of the Minimum Exploratory Program committed by the Concessionaire, as specified in Annex II.
- 1.3.38 **Discovery Assessment Plan:** document which specifies the work schedule and respective investments necessary for the assessment of a discovery or set of discoveries of oil or Natural Gas in the Concession Area.
- 1.3.39 **Development Plan:** document which specifies the work schedule and respective investments necessary for the Development Stage of a Discovery or set of Discoveries of Oil or Natural Gas in the Concession Area, including its relinquishment.
- 1.3.40 **Production:** Coordinated Operations for extraction of Oil or Natural Gas, according to the definition contained in article XVI from section 6 of Law no. 9.478/97, or a volume of Oil or Natural Gas produced as the text shows in each case.
- 1.3.41 **Annual Production Program:** program which discriminates the forecasts for production and handling of Petroleum, Natural Gas, water, special fluids and wastes from the production process of each Field.
- 1.3.42 **Annual Work and Budget Program:** program which specifies the set of activities to be performed by the Concessionaire during a calendar year, including the detailing of investments necessary to carry out such activities.
- 1.3.43 **Program of Decommissioning of Facilities:** program which specifies the set of operations for the abandonment of wells, including their eventual flattening, and removal operation, and adequate final destination of the facilities and recovery of the areas where these facilities are located.
- 1.3.44 **Minimum Exploratory Program:** work schedule provided for in Annex II to be met by the Concessionaire during the Exploration Phase.
- 1.3.45 **Safety Instructions:** administrative ordinance which acknowledges any conduct as irregular or in case of exposing an administrative understanding of the application of regulatory standards, determining in a comprehensive manner, the operator(s) to refrain from the practice of it or in case of default, the immediate issuance of the corresponding *subpoena* infringement.
- 1.3.46 **Quarterly Expenses Report with Exploration, Development and Production:** document to be delivered by the Concessionaire to ANP which details the amounts spent according to the operations of exploration, development and production.

- 1.3.47 **Report of Local Investments in Exploration and Development:** document to be delivered by the Concessionaire to ANP which details the amounts spent for the purposes of verification of the Local Content.
- 1.3.48 **Final Discovery Assessment Report:** document presented by the Concessionaire and subject to the approval of ANP, which describes the set of operations used for the Assessment of Oil and/or Natural Gas Discovery, the results of this Assessment and, possibly, the area the Concessionaire wants to retain for Development.
- 1.3.49 **Seismic Reprocessing:** process to submit seismic data to new processing, aiming to gain quality in the results achieved.
- 1.3.50 **Social Responsibility:** the Concessionaire is responsible for the impacts of the decisions and in previous and current activities towards society and towards the environment through an ethical and transparent behavior of which (i) to contribute to sustainable development, including the health and well-being of society; and to take into account the expectations of stakeholders; (ii) to comply with applicable law and is consistent with international norms of behavior; and (iii) to be integrated towards the concessionaireship and the common practiced of its relations, which is referred to the concessionaire activities within its sphere of influence.
- 1.3.51 **Drilling Conclusion:** moment in which the progress of the drill into the well is definitively ceased.
- 1.3.52 **Long Duration Test:** well test carried out during the exploration phase, with the sole purpose of obtaining data and information about the Reservoirs, with a total flow time of more than seventy-two (72) hours.
- 1.3.53 **Unit of Work:** conversion unit for different exploratory works used for the purposes of measuring the implementation of the Minimum Exploratory Program laid down in Annex II.

CLAUSE TWO - OBJECTIVE

Oil and Natural Gas Exploration and Production

- 2.1 The purpose of this contract is:
- a) The Implementation, in the Concession Area, of Exploration Operations involved in the Minimum Exploratory Program or additional to it;
 - b) In the event of Discovery, at the discretion of the Concessionaire, the implementation of Discovery Assessment activities in the terms of a Discovery Assessment Plan approved by ANP;
 - c) Once the Discovery is considered as commercially findings by the Concessionaire, the production of Oil and Natural Gas in the Concession Area shall be deemed in accordance with a development plan approved by ANP.

Costs, Losses and Risks Associated with the Execution of Operations

- 2.2 The Concessionaire shall exclusively always bear all the costs and risks related to the implementation of operations and its consequences.
- 2.3 The Concessionaire must bear all losses it may incur, including those resulting from unforeseen circumstances or force majeure and accidents or events of nature which affect the Oil and Natural Gas Exploration and Production in the Concession Area.
- 2.4 The Concessionaire shall not be entitled to any payment, compensation, refund, reimbursement or compensation in the event of failure or absence of commercial feasibility of any Discoveries in the Concession Area.
- 2.5 The Concessionaire shall be the only responsible party civilly liable for its own actions and those of its employees and sub concessionaires, as well as the repair of any damage caused by operations and its execution, regardless of fault.
 - 2.5.1 The Federal Government and ANP shall be compensated in the burden they shall endure as a result of any demands motivated by acts of responsibility of the Concessionaire, who shall assume which reparation.
- 2.6 The Federal Government and ANP shall not assume any risk or operating losses, nor respond to costs, investments and damage associated with the execution of operations and its consequences.

Ownership of Oil and Natural Gas

- 2.7 The deposits of Petroleum and Natural Gas existing in the national territory, on the continental platform and in the exclusive economic zone belong to the Federal Government, in accordance with article 20, section V and IX of the Federal Constitution and article 3 of Law no. 9.478/97.
 - 2.7.1 The Concessionaire shall have the sole ownership of the Oil and Natural Gas which may be effectively produced and conferred to it on the Production Measuring Point by means of original acquisition and in accordance with this Contract.
 - 2.7.2 The Concessionaire shall be subject to charges for taxes and the governmental shares detailed in Annex V, and those provided for in the Applicable Legislation.

Other Natural Resources

- 2.8 This Contract exclusively refers to the Exploration and Oil and Natural Gas Production and shall not extend to any other natural resources which may exist in the Concession Area.
- 2.9 The Concessionaire may not use, enjoy or dispose in any way or for any purpose, total or partially, of any other natural resources which may exist in the Concession Area which are not Oil and Natural Gas, except when duly authorized, in accordance with the applicable law.
 - 2.9.1 The possible Discovery of natural resources other than Oil or Natural Gas shall be notified to ANP within a maximum deadline of seventy-two (72) hours.

- 2.9.2 The Concessionaire must comply with the instructions and allow the implementation of relevant measures determined by ANP or other competent authorities.
 - 2.9.3 Until such instructions are not submitted to it, the Concessionaire must refrain from any action which may involve risk or in any way harm to the natural resources discovered.
 - 2.9.4 The Concessionaire shall be obliged to suspend its activities, except in cases where they put at risk the natural resources discovered or the Operations.
- 2.10 Any interruption of Operations, exclusively due to the Discovery of other natural resources, shall have its deadline input and recognized by ANP for the purposes of extension of the Contract.

CLAUSE THREE – CONCESSION AREA

Identification

- 3.1 The operations must be carried out exclusively in the Concession Area described and defined in Annex I.

Relinquishment

- 3.2 The Concessionaire may perform at all times during the Exploration Phase, voluntary relinquish of joint areas from the Concession Area.
 - 3.2.1 Relinquishments must be held in writing.
 - 3.2.2 Voluntary relinquishments shall not exempt the concessionaire from the obligation to comply with the Minimum Exploration Program.
 - 3.2.3 Once the Exploration Phase is concluded, the Concessionaire must keep as Concession Areas, the Development ones.

Relinquishment by Termination of Contract

- 3.3 The termination of this Contract, for any reason, shall force the Concessionaire to immediately return to ANP the whole Concession Area.

Conditions for Relinquishment

- 3.4 All and every relinquishment of areas or fields as part of the Concession Area, as well as the consequent reversion of property provided in this paragraph 18.618.6, shall be definitive and shall be made by the Concessionaire without burden of any nature to the Federal Government or ANP, in accordance with article 28, §§ 1 and 2 of Law no. 9.478/97, and the Concessionaire shall not have any right to compensation.

Provision by ANP of the Relinquished Areas

- 3.5 ANP, from the date on which the areas are returned by the Concessionaire, may have these at its sole discretion, including for the purpose of new bids.

Surveys of Data in Non-Exclusive Bases

- 3.6 ANP may, at its sole discretion, authorize third parties to run, in the Concession Area, services of geology, geochemistry, geophysics and other works of the same nature aimed at the survey of technical data for commercialization in non-exclusive bases, in accordance with article 8, section III, of Law no. 9.478/97.
- 3.6.1 The implementation of these services shall not, unless in exceptional situations approved by ANP, affect the normal course of the Operations.
- 3.6.2 The Concessionaire shall have no responsibility in respect of the execution of such services.

CLAUSEFOUR–EFFECTIVE DATE AND TERM

Effective Date and Phases Division

- 4.1 This Contract, which shall be effective on the date of its execution, is divided into two phases:
- 4.1.1 Exploratory Phase, for the entire Concession Area, with the term provided for in Annex II – Minimum Exploratory Program, and
- 4.1.2 Production Phase, for each Development Area, with the term provided for in paragraph 9.
- 4.2 The duration of this Contract, for each parcel of the Concession Area which shall become a field under the terms set out herein, shall correspond to the phase elapsed since the date of entry into force until the Declaration of Commercial feasibility of one or more Discoveries, plus a phase of 27 (twenty-seven) years as of Commercial Feasibility Declaration filed at ANP.
- 4.3 To this total duration shall be added extensions which may be authorized by ANP in the terms of the Contract.
- 4.4 The term timeframe, according to the provisions of the preceding paragraph concerning the extensions allowed by ANP, shall result in the legal extinction of the Contract.

CHAPTER II – EXPLORATION AND ASSESSMENT

CLAUSE FIVE – EXPLORATION PHASE

Duration

- 5.1 The Exploration Phase shall be divided into two subsequent Exploratory Phases, with term provisions set forth in Annex II.
- 5.1.1 The first Exploratory Phase shall commence at the execution of the Contract; and
 - 5.1.2 The second Phase, if any, shall commence immediately at the subsequent date after first phase is concluded.
- 5.2 The Exploration Phase shall start as per the execution date of this Contract and shall be concluded:
- a) With the expiration of the phase provided for in Annex II;
 - b) With the relinquishment of the Concession Area; or
 - c) For each area retained for Discovery Assessment:
 - i. With the presentation of the Commercial Feasibility Declaration; or
 - ii. With the return of the areas retained for Discovery Assessment.
- 5.3 If the Concessionaire makes a Discovery during the Exploration Phase in time of which it has not been possible to carry out the Discovery Assessment before the end of this phase, according to best practices of the oil industry, the exploration phase may, at the discretion of ANP, be extended for the phase necessary for the execution of assessment phase and eventual Declaration of Commercial feasibility according to Discovery Assessment Plan approved by ANP.
- 5.3.1 The extension mentioned in this paragraph is restricted to the area retained for Discovery Assessment, in accordance with the Discovery Assessment Plan approved by ANP.
 - 5.3.2 In the hypothesis of the previous paragraph, the Exploration Phase shall be automatically suspended until ANP deliberates on the Discovery Assessment Plan and, consequently, on the request for extension to conduct the Discovery Assessment.
 - 5.3.3 During the suspension, the Concessionaire may only perform exploratory activity included in the Discovery Assessment Plan submitted with the prior and express authorization of ANP.

Extension of the first Exploratory Phase and Exploration Phase due to well in progress

- 5.4 If at the end of an Exploratory Phase or Exploration Phase the Concessionaire have initiated the drilling of an exploratory well without having completed the Assessment of Well, the Exploratory Phase or Exploration Phase shall be extended until the date of conclusion of the well, with an increase of 60 (sixty) days for the submission of any proposal of Discovery Assessment Plan or decision with regard to the continuation to the second Exploratory Phase.

- 5.4.1 The reasoned request of the extension request due to well in progress shall be sent by the Concessionaire to ANP with a minimum of 72 (seventy-two) hours in advance before the end of the Exploratory Phase.
- 5.4.2 At the discretion of ANP, the term referred to in this paragraph may be reduced, provided it is technically justified by the Concessionaire.

Minimum Exploratory Program

- 5.5 The Concessionaire must perform the obligations relating to the Minimum Exploratory Program on the terms and conditions described in Annex II.
- 5.6 The Concessionaire may perform additional exploratory activities to the Minimum Exploratory Program from any Exploratory Phase by presenting ANP the additional work schedule before the beginning of its implementation.
- 5.7 If the Concessionaire completes a well as additional activity to the Minimum Exploratory Program of the first Exploratory Phase, it can request to ANP, which shall decide at its sole discretion which the commitment regarding the second Exploratory Phase is considered completed in advance.
- 5.8 For the Concession Areas located in the Sedimentary Basins of Parnaíba, Potiguar and Recôncavo, the first well drilled in the Exploration Phase shall cross the minimum required stratigraphic objective, forcing the concessionaire to perform well profiles, sampling and specific analysis, as detailed in the Final Tender Protocol.
 - 5.8.1 If the Concessionaire finish within four (4) Concession Areas in the same sector, the requirement to cross the minimum required stratigraphic objective is restricted to only one of the auctioned Concession Areas, provided that:
 - (i) the Concession Areas in question have the same composition of concessionaires, including with regard to their participation in the consortium.
 - 5.8.2 If the Concessionaire finish more than four (4) Concession Areas in the same sector, for the second well drilled in the Exploration Phase shall be repeated the same paragraph 5.11 of the procedure, remaining valid, mutatis mutandis, the other provisions of this paragraph.

For the other Concession Areas, the Concessionaire shall drill the wells in the terms and conditions described in Annex II - Minimum Exploration Program.
- 5.9 The ANP may approve changes to the Minimum Exploratory Program, upon request from the Concessionaire, under the following conditions:
 - 5.9.1 To change the order stratigraphic wells committed as the Minimum Exploratory Program, you must:
 - (a) the Concessionaire to demonstrate technically that this change is compatible with the Best Practices of the Oil Industry; and

- (b) the Concessionaire to enter the Prospectus which motivated the change request.
- 5.9.2 To drill exemption in the second Exploration Phase, it is necessary cumulatively that:
 - (a) there are technical justification presented by the Concessionaire; and
 - (b) the area(s) of the request object Concession is contiguous (s) to a concession area that shall be drilled a well in the second Exploration Phase; and
 - (c) The request object Concession Area has the same composition of concessionaires, including with regard to their respective stakes in the consortium; and
 - (d) The Concession Area Request object shares a common exploratory opportunity.
- 5.9.3 Once a mismatch is noticed between exploration timeframe of Concession Areas which comply with the conditions of this paragraph, the Exploratory Phases may, at the sole discretion of ANP, be evened off, so as not to obstruct the implementation of the drilling exemption.
- 5.10 Seismic Reprocessing may be converted into Work Units for the purposes of compliance with the Minimum Exploratory Program.
 - 5.10.1 The conversion of Seismic Reprocessing into Work Units is limited to a single version for each survey of seismic data.
 - 5.10.2 To be the object of conversion into Work Units:
 - (a) the reprocessed seismic data must be contained exclusively within the Concession Area, and
 - (b) Seismic Reprocessing shall include migration of the data in time (PSTM) or depth (PSDM) at the pre-stacking phase.
- 5.11 The Concessionaire, at its sole discretion, may hire data acquisition companies (EAD), provided they are previously complied with the requirements contained in the regulatory standards issued by ANP, and which these companies are duly registered and regulated with the Agency.
- 5.12 ANP shall issue a quality control report for return or acceptance of the received data within 180 (one hundred and eighty) days from the date of delivery of the data by the Concessionaire.
- 5.13 For the sake of compliance with the Minimum Exploratory Program only data whose acquisition and formatting have attended to all the requirements defined in technical standards established by the Agency.
- 5.14 The exploratory work shall be converted into Work Units for purposes of compliance with the Minimum Exploratory Program according to the criteria listed in Annex II.
- 5.15 ANP may exempt the Concessionaire from fulfilling part of the Minimum Exploratory Program of the first exploratory phase if the exempt plot, after its

conversion in Work Units, is not greater than 10% (ten percent) of the total Work Units involved.

5.15.1 As a counterpart to the exemption to this paragraph, the Concessionaire shall pay a corresponding amount, in cash, twice the total of non-converted Work Units.

5.15.2 Once the conditions set out above are met, the Minimum Exploratory Program of the first exploratory phase shall be considered completed in full for all purposes of the contract.

Options after Conclusion of Exploratory Phase

5.16 The Concessionaire may terminate the Exploration Phase at any time by notification to ANP.

5.16.1 The termination shall not release the Concessionaire from compliance with the Minimum Exploration Program when Exploration Phase is underway.

5.17 A failure to execute, or part, of the Minimum Exploratory Program, involves the extinction of right of Contract, subject to the execution of financial securities for exploration activities and the application of appropriate sanctions.

5.17.1 The values of PEM activities not performed are defined per Work Units (UT's) and are net and can be required from the concessionaire or guarantor.

5.17.2 Exceptions to the above provision Development Areas eventually retained by the Concessionaire and the provided in paragraph 5.8.

Options after the Conclusion of the Minimum Exploratory Program of the first Exploratory Phase

5.18 After the conclusion of the Minimum Exploratory Program of the first Exploratory Phase and until the end of the deadline for the end of the first Exploratory Phase and subject to prior formal and written notification to ANP, the Concessionaire may:

- (a) To continue to the second Exploratory Phase; or
- (b) To retain only possible Development Areas or under Discovery Assessment, returning the remaining concession area;
- (c) Return the Concession Area in full.

5.19 If the Concessionaire shall not appeal at the end of the first Exploratory Phase the Contract shall be extinct in its full right, with the protection of any already retained development area.

Options after the Conclusion of the Minimum Exploratory Program of the second Exploratory Phase

5.20 After the conclusion of the well on the second Exploratory Phase and until the end of the time for the end of the second Exploratory Phase, with prior formal and in writing notification, the Concessionaire may:

- (a) To continue the Exploration Phase;
- (b) To assess certain discovery, returning the remaining area of concession;
- (c) To begin the Production Phase of the areas under Discovery Assessment;
- (d) Retain the areas of which the Declaration of Commercial Feasibility to postpone as per paragraphs 8.2 and 8.3;
- (e) Return the Concession Area in full.

Return of the Concession Area in the Exploration Phase

5.21 Within the timeframe of 60 (sixty) days after the end of the Exploration Phase, the Concessionaire must send ANP a report for the return of areas, prepared according to the applicable legislation.

5.21.1 The delivery of the plan to return areas shall not imply any kind of recognition or discharge by ANP, nor absolve the Concessionaire from the compliance with the Minimum Exploratory Program and the responsibilities outlined in Clause Twenty First.

SIXTH CLAUSE - FINANCIAL SECURITIES OF THE MINIMUM EXPLORATORY PROGRAM

Supply of Financial Security

6.1 In addition to the financial security of the Minimum Exploratory Program of the first exploratory phase, the Concessionaire shall provide ANP with one or more financial securities for the Minimum Exploratory Program of the second Exploratory Phase, once decided to enter in such phase.

Form of the Financial Securities

6.2 The Concessionaire shall be able to provide ANP with the following documents as financial securities of the Minimum Exploratory Programs:

- a) Irrevocable Letter of Credit
- b) Security Insurance; or
- c) Contract for a pledge of Petroleum.

6.3 The financial securities may be combined in total in order to secure the amount.

6.4 The financial securities shall follow the form specified in the Tender Protocol.

6.5 The financial security may only be replaced or amended after approval by the ANP.

6.6 The financial securities shall be valid for a phase exceeding in at least 180 (one hundred and eighty) days the date set for the conclusion of the

Exploratory Phase corresponding to the Minimum Exploratory Program Secured.

- 6.6.1 The financial securities shall be renewed, where necessary, to cover a phase not inferior to 180 (one hundred and eighty) days.
- 6.6.2 In case of suspension of the Exploration Phase, the upgrade or renewal of the financial securities shall cover a term not inferior to 1 (one) year.
- 6.7 In the event of dilapidation of financial securities at the discretion of ANP, the Concessionaire must replace it or file towards the Agency additional warranty.
 - 6.7.1 If securities are submitted in the form "Petroleum Pledge Contract", ANP may, pursuant to Notice of Thirteenth Round of Bids and Pledge Contract signed between the parties, evoke the security margin call, or alternatively request to be presented to the ANP new security to cover any difference between the security required to the effective one.

Reduction of the Secured Amount

- 6.8 As the Concessionaire performs the operations relating to the Minimum Exploratory Program of the first Exploratory Phase, it may request ANP to reduce the amount of the collateral deposited.
 - 6.8.1 The reduction of the amount of the financial security of the Minimum Exploratory Program of the first Exploratory Phase may not take place with a frequency inferior to 3 (three) months.
 - 6.8.2 The reduction of the amount of the financial security of the Minimum Exploratory Program shall not be inferior to an amount which, once converted, may correspond to 20% (twenty percent) of the total Work Units involved.
 - 6.8.3 The Drilling operations may only involve reduction of the amount of the financial securities of the Minimum Exploratory Program of the first Exploratory Phase when:
 - a) The well has reached the stratigraphic objective;
 - b) The well has been completed; and
 - c) The conformity of the data and information with ANP standards has been duly attested.
 - 6.8.4 Operations for the acquisition of seismic and geochemical data or potential methods may only involve reducing the amount of the financial securities of the Minimum Exploratory Program of the first Exploratory Phase as the data and results are delivered to ANP and have their conformity to the standards of the Agency duly attested.

Return of Financial Securities

- 6.9 In case of any outstanding issues, ANP shall issue the conclusion certificate of the Exploratory Phase in up to thirty days after its conclusion.
- 6.10 The financial securities of each Exploratory Phase shall be returned to the Concessionaire after the issuance by ANP of the conclusion certificate of the Exploratory Phase.

Financial Security of the second Exploratory Phase

- 6.11 Before the Second Exploration Period, the Concessionaire shall submit to the ANP guarantee (s) financial (s) to ensure the exploratory well corresponding to the Minimum Exploration Program.
 - 6.11.1 The monetary value corresponding to the drilling of the well shall be estimated based on Best Practices of the Oil Industry and used as a parameter to the guarantee financial.
- 6.12 With a minimum notice of 90 (ninety) days after the beginning of the second Exploratory Phase, the Concessionaire must inform ANP the estimated amount for the drilling of the exploratory well corresponding to the Minimum Exploratory Program of which phase.
 - 6.12.1 The ANP, within thirty (30) days from the receipt of information shall notify the Concessionaire regarding the approval of the amount estimated by him or rightly value to be adopted for drilling the exploratory well.
- 6.13 The Concessionaire is exempt from the presentation of the financial securities for the second Exploratory Phase if it has completed the Minimum Exploratory Program for this phase in advance.
- 6.14 If the Concessionaire shall not provide the proper securities before the beginning of the Exploratory Phase the Contract shall be extinct in its full right, with the protection of any already retained development area.

Readjustment and Updating of the Financial Securities

- 6.15 Provided it is properly motivated, ANP may readjust the expected amount of the Minimum Exploratory Programs object of the security documents submitted by the Concessionaire.
 - 6.15.1 ANP shall notify the Concessionaire to update the amount of the already provided securities, explaining the reasons for the adjustment.
 - 6.15.2 The Concessionaire shall have up to 60 (sixty) days after receiving the notification referred to in the preceding paragraph to update its financial securities with ANP.
 - 6.15.3 ANP may not promote increases in intervals of less than 1 (one) year.

Execution of the Financial Securities

- 6.16 If the Concessionaire shall not comply with the Minimum Exploratory Program, ANP shall execute the respective financial securities.

- 6.16.1 The implementation of the financial securities shall not absolve the Concessionaire from the fulfillment of the obligations arising from the Contract.
- 6.16.2 The implementation of the financial securities shall not affect the right of ANP to seek for other repairs and apply eventual proper penalties.
- 6.16.3 The implementation of financial securities involves the extinction of the full rights of this Contract, with the protection of any already retained development areas.
- 6.16.4 The implementation of the financial securities may be replaced by the financial contribution of an equivalent amount, however, also applying to this hypothesis, the provision of paragraph 6.16.2.

CLAUSE SEVEN - DISCOVERY AND ASSESSMENT

Notification of Discovery

- 7.1 Any Discovery of Oil or Natural Gas in the Concession Area must be notified by the Concessionaire to ANP, on an exclusive basis and in writing, within a maximum deadline of seventy-two (72) hours.

Assessment, Discovery Assessment Plan and Final Discovery Assessment Report

- 7.2 The Concessionaire may, in its discretion, assess a Discovery of Oil or Natural Gas, at any time during the Exploration Phase.
 - 7.2.1 The Discovery Assessment shall be carried out in full and necessarily during the Exploration Phase.
- 7.3 If the Concessionaire decides to assess the Discovery, it must submit a proposal for Discovery Assessment Plan to the approval of ANP.
- 7.4 ANP shall have a term of up to 60 (sixty) days after receiving the Discovery Assessment Plan to approve it or, quite rightly, notify the Concessionaire to make modifications.
 - 7.4.1 The Concessionaire shall have a phase of 30 (thirty) days from the notification referred to above to submit them to ANP, thus repeating the procedure laid down herein.
 - 7.4.2 Any changes suggested by the Concessionaire shall be communicated in a formal way and in writing to ANP, applying, to these amendments, the procedure provided for in this paragraph.
- 7.5 The Final Discovery Assessment Report submitted to ANP by the Concessionaire shall identify and justify the retention proposal of the Development Area of the Commercial Discovery.

Assessment of New Reservoir

- 7.6 The Concessionaire shall be able to assess a Discovery of Oil or Natural Gas into a New Reservoir at any time during the term of the Contract, taking into account, mutatis mutandis, the procedure of this seventh Clause.

Discovery Assessment through Long Term Test

- 7.7 If the Discovery Assessment Plan includes a test of long duration, the Concessionaire shall have to request a specific authorization to perform it from ANP.
- 7.8 The implementation of the Long Term Test without the reuse or reinjection of the Natural Gas shall be limited to a phase of 180 (one hundred and eighty) days, at least in exceptional cases, at the exclusive discretion of ANP.

CLAUSE EIGHT - DECLARATION OF COMMERCIAL FEASIBILITY

Concessionaire Option

- 8.1 Before the end of the Exploration Phase, the Concessionaire, by means of formal and in writing notification to ANP, may, at its sole discretion, make the Declaration of Commercial feasibility of the Discovery, provided the Discovery Assessment Plan approved by ANP is fulfilled.
- 8.1.1 If it has not been submitted to ANP yet, the Final Discovery Assessment Report shall accompany the Declaration of Commercial feasibility.
- 8.1.2 The Declaration of Commercial Feasibility shall be effective after approval by ANP on the Final Report of Discovery Assessment.

Postponement of the Declaration of Commercial Feasibility

- 8.2 If the main accumulation of hydrocarbon discovered and assessed in a Concession Area is Natural Gas, the Concessionaire may ask ANP permission to postpone the Declaration of Commercial feasibility in up to 5 (five) years, under the following assumptions:
- a) Lack of market for Natural Gas to be produced, with the expectation of its creation in a term of less than 5 (five) years.
- b) Lack or inadequacy of transportation infrastructure for the movement of Natural Gas to be produced by the Concessionaire, with the expectation of its deployment in less than 5 (five) years.
- 8.2.1 The request for postponement of Commercial feasibility Declaration must be made in a detailed, formal and in writing manner.

- 8.3 If the main accumulation of hydrocarbon discovered and assessed in a Concession Area is Oil, the Concessionaire may ask ANP permission to postpone the Declaration of Commercial feasibility in up to 5 (five) years, under the following assumptions:
- a) Lack of technology for the Production, marketing or refining with expectation of its emergence in a term of less than 5 (five) years.
 - b) The volume of the Discovery is such which its commercial feasibility depends on additional Discoveries to be made in the very Block or in adjacent Blocks, aiming at the development of all operations.
- 8.3.1 The request for postponement of Commercial feasibility Declaration must be made in a detailed, formal and in writing manner.
- 8.4 The Concessionaire may request ANP which the phase for which the Declaration of Commercial feasibility is postponed be extended for 5 (five) additional years.
- 8.5 If ANP, at its sole discretion, deems the reason which caused the postponement mentioned in paragraphs 8.2 and 8.3 to be overcome, the Concessionaire shall have a phase of 30 (thirty) days to, at its sole discretion, to submit the Declaration of Commercial feasibility.
- 8.5.1 In this case, the Concessionaire shall have the phase of up to 180 (one hundred and eighty) days to submit a Development Plan for the approval of ANP, not applying the provisions in paragraph 10.2.
- 8.6 The Contract shall be suspended during the postponement of the deadline for delivery of the Declaration of Commercial feasibility.
- 8.7 The postponement of the deadline for the submission of the Declaration of Commercial feasibility shall be applied exclusively to the area previously withheld for Discovery Assessment.

Return of the Discovered and Assessed Area

- 8.8 The non-submission of the Declaration of Commercial feasibility in a timely manner by the Concessionaire involves the full law extinction of the Contract in relation to the respective area retained for Discovery Assessment.

Continuity of Exploration and/or Assessment

- 8.9 The fact of the Concessionaire perform one or more Declarations of Commercial feasibility shall not exempt it from fulfilling the Minimum Exploratory Program.

CHAPTER III – DEVELOPMENT AND PRODUCTION

CLAUSE NINE – PRODUCTION PHASE

Beginning and Duration

- 9.1 The Production Phase of each field shall begin on the date of submission of the Declaration of Commercial feasibility by the Concessionaire to ANP, and shall have a duration of 27 (twenty-seven) years.
- 9.2 All references to the extension or termination of this Contract, in this clause nine, relate to each field individually, to which corresponds a Production Stage distinct from the others.

Extension by the Request of Concessionaire

- 9.3 The Concessionaire may plead the extension of the deadline set forth in paragraph 9, and shall have to submit, with a minimum notice of 24 (twenty four) months from the end of which phase, a formal request in writing to ANP, accompanied by a review of the Development Plan.
 - 9.3.1 ANP shall manifest itself on the request for review of the Development Plan and extension of the production phase in a maximum time limit of 180 (one hundred and eighty) days, and can justifiably reject the proposal from the Concessionaire or make it to the modifications of the Development Plan review.

Extension by ANP

- 9.4 ANP may, by notification in writing and formal, made with a minimum advance of 270 (two hundred and seventy) days after the end of the term set forth in paragraph 9, to request the Concessionaire to proceed with the operation of the field for the additional amount of time the Agency deems appropriate.
 - 9.4.1 The Concessionaire may only refuse the request of ANP in a justifiable way, not being obliged to continue the operation of the field in conditions which it considers as uneconomical.
 - 9.4.2 After 90 (ninety) days are passed after the proposal of ANP, the lack of response of the Concessionaire shall be considered as a tacit acceptance.
 - 9.4.3 The contract shall be extended for the said additional time.

Consequence of the Extension

- 9.5 If the extension of the Production Phase takes place, in accordance with paragraphs 9.3 or 9.4, the Parties shall still be bound by the exact terms and conditions of this Contract, except exclusively made to eventual amendments agreed due to and for the purposes of such extension.
 - 9.5.1 At the end of the production phase, shall be applied, *mutatis mutandis*, the said paragraphs 9.3 or 9.4, for the purposes of a possible new extension.

Rescission

- 9.6 At any time during the production phase the Concessionaire may rescind this Contract in respect of total or in part, via formal notification in writing to ANP prior to 180 (one hundred and eighty) days from the date of the notice of intent to rescind.
- 9.6.1 The Concessionaire may not interrupt or suspend the Production committed in the production programs of fields or areas of development unless duly authorized by ANP.

Return of the Field

- 9.7 Once the production phase is completed in accordance with paragraph 9, the field shall be returned to ANP.
- 9.8 At its discretion, ANP may adopt the measures necessary for the continued operation of the field, and may also promote new recruitment over the 180 (one hundred and eighty) of production or after the refusal of the Concessionaire to proceed with the operation of the field, in accordance with paragraph 9.4.
- 9.8.1 The Concessionaire shall make every effort and shall adopt all reasonable measures in order to, over the last 180 (one hundred and eighty) days of production or from the notification described in paragraph 9.5, properly assign the operations for the new operator, so as not to undermine the administration and production of the field.
- 9.9 Within a phase of no less than 180 (one hundred and eighty) days before the end of production, the Concessionaire must submit to ANP a facility shutdown schedule, describing in detail all the necessary actions for the deactivation of the premises.
- 9.9.1 The facility shutdown schedule must strictly comply with the applicable legislation and be in contract with the Best Practices of the oil industry, noting also the provisions of Clause Twenty One and the other relevant provisions concerning to the reversion of property provided for in paragraphs 18.6 and 18.7.
- 9.9.2 ANP shall take the time limit of 180 (one hundred and eighty) days, after receiving the facility shutdown schedule to approve it or request the Concessionaire the changes it deems appropriate.
- 9.9.3 If ANP requests modifications, the Concessionaire shall have sixty (60) calendar days after receiving the notification, to present them, thus repeating the procedure provided in paragraph 9.8.2.
- 9.9.3.1 The contract is automatically extended, in this case, by the timeframe required for the approval and implementation of the Deactivation Program.
- 9.9.4 ANP may determine the Concessionaire not to make the flattening of certain wells or not to disable or remove certain facilities and equipment.

- 9.9.4.1 ANP shall be liable for such wells, facilities and equipment after the departure of the Concessionaire.
- 9.9.5 The beginning of the implementation of the facility shutdown schedule may not occur before 180 (one hundred and eighty) days from the date of its presentation, except when expressly authorized by ANP.
- 9.10 The termination of this Contract on a given Development Area or Field shall only occur after the conclusion of the respective facility shutdown schedule approved by ANP, with the immediate return of the corresponding area, taking into account the provisions in paragraphs 3.3 and 3.4.
- 9.10.1 The Concessionaire shall not be granted with any compensation for the investments made.

CLAUSE TEN - DEVELOPMENT PLAN

Content

- 10.1 The Development Plan must take into account:
- a) The rationalization of production;
 - b) Control of the decline of the reserves;
 - c) The minimization of the burning of Natural Gas and emissions of greenhouse gases to the atmosphere;
 - d) Reuse system or reinjection of the associated Natural Gas, noting which only the burning of Natural Gas in *flares* for reasons of safety, emergency, and commissioning shall be admitted, in the form of the Law; and
 - e) The appropriate treatment to the contaminants and natural resources resulting from the activities of production, avoiding their disposal into the environment.
 - f) Priority integration of all business Findings of the Concession Area, pursuant to the criteria defined in the Applicable Law

Deadlines

- 10.2 The Development Plan must be submitted to ANP by the Concessionaire within 180 (one hundred and eighty) days from the Declaration of Commercial feasibility.
- 10.2.1 If the Declaration of Commercial feasibility is postponed, as provided for in paragraphs 8.2 and 8.3, the Development Plan must be submitted on the date of the Declaration of Commercial feasibility.
- 10.3 Untimely delivery of the Development Plan, the Concessionaire subject to the sanctions provided for in Clause Twenty Ninth and Applicable Law.
- 10.3.1 Given the non-delivery of the Development Plan within the deadline set in this paragraph, the ANP shall notify the Concessionaire to the present in a maximum of ten (10) days, after which shall be extinguished by operation of law the Contract in relation to relevant Development Area.

Development Area

- 10.4 The development area shall cover the entire Deposits to be produced.
- 10.4.1 The Development Area shall be delimited on the basis of the data and information obtained during the implementation of the exploration and discovery assessment and in accordance with the Best Practices of the oil industry.
- 10.4.2 The development area shall be limited by a single line as per the applicable legislation, covering, besides all of the ore body, a maximum of 1 (one) kilometer in width in a surrounding range of technical security, except for exceptional situations at the sole discretion of ANP.
- 10.4.3 During the development phase, the Concessionaire may request in a formal and written way to ANP the modification of the Development Area in order to incorporate other parcels of the Concession Area, provided, cumulatively:
- a) To be identified one or more Mines of which exceeds the development area.
 - b) The plots intended to incorporate have not been returned by the Concessionaire in compliance with the provisions of the Contract.
- 10.5 The Development Area to be retained shall be which contained in the Final Discovery Assessment Report approved by ANP.
- 10.5.1 If the development area is different from which in the Final Discovery Assessment Report, the Concessionaire must fit it in accordance with paragraph 10.7.
- 10.6 The Concessionaire shall retain, from the Development Area, only the area of the field which may result from it.
- 10.6.1 The Concessionaire must immediately return the remaining parcels to ANP, taking into account the provisions in paragraphs 3.4 and 3.5.
- 10.6.2 The area of each field shall be limited by a single closed polygonal line, drawn in accordance with applicable legislation, including, besides the entire pooling, an encircling range of technical security in a maximum of (1) kilometer of extension, except in exceptional circumstances at the discretion of the ANP.

Adoption and Implementation of the Development Plan

- 10.7 ANP shall have the time limit of 180 (one hundred eighty) days, after receiving the Development Plan to approve it or request the Concessionaire the changes it deems appropriate.
- 10.7.1 If ANP shall not respond within this phase, the development plan shall be deemed approved, not detaching to the power/duty of ANP to demand for revisions whenever is necessary.

- 10.7.2 If ANP requests modifications, the Concessionaire shall have the time limit of sixty (60) days after receiving the notification, to present them to ANP, thus repeating the procedure provided for in this paragraph 10.7.
- 10.7.3 The non-approval of the development plan by ANP, taking into account the provisions of this paragraph, means the full right extinction of the Contract in relation to the respective development area.
- 10.7.4 The untimely delivery of the Development Plan subjects the Concessionaire to the application of sanctions provided in Clause twenty-nine and in the Applicable Law.
- 10.8 Until the Development Plan is approved, the Concessionaire may only carry out any work or lead any operation in the area of the field with the prior approval of ANP.
- 10.8.1 The Concessionaire must formulate reasoned request, formal and in writing, in which the precepts for the conservation of petroleum resources shall be taken into account, ensuring the operational safety and environmental preservation.
- 10.9 The Concessionaire, during the production phase, shall conduct all operations in accordance with the development plan approved by ANP.
- 10.10 Any Discovery of a New Reserve of Oil or Natural Gas in the Concession Area must be notified by the Concessionaire to ANP, on an exclusive basis, formal and in writing, within a maximum deadline of seventy-two (72) hours. The notification must be accompanied by all relevant data and information available.
- 10.10.1 If the Concessionaire holds interest to incorporate the discovery of the new reservoir to the field, it must submit a Discovery Assessment Plan to the approval of ANP towards immediate incorporation.
- 10.10.2 The Commercial Discovery shall only be incorporated into the system of production of the field after approval by ANP, of the Final Discovery Assessment Report and review of the Field Development Plan, except when expressly authorized by ANP.

Revisions and Amendments

- 10.11 The Development Plan shall be revised or amended as requested by ANP or by request of the Concessionaire if, at any time, it no longer meets the applicable legislation, or the Best Practices of the oil industry or the national interest.
- 10.12 The Concessionaire may request the revision or the amendment of the Development Plan as set forth in paragraph 10.11 or in case of technical or economic adjustments incurred in its preparation, as per the Applicable Legislation.
- 10.12.1 To the revisions of the Development Plan shall be applied, *mutatis mutandis*, the provisions contained in paragraph 10.7, including the non-approval of the revisions by ANP.

Buildings, Facilities and Equipment

- 10.13 The Concessionaire shall be responsible for all buildings and facilities and for the supply of equipment for the extraction, processing, collection, storage, measurement and assignment of production.
- 10.13.1 The Concessionaire must take into account the provisions set out in the applicable legislation for the treatment or processing of Natural Gas, as well as the storage of Natural Gas, and transportation of oil, its derivatives and Natural Gas.
- 10.13.2 The definition by the Concessionaire of actions related to paragraph 10.13, including with respect to the inflow of resources needed, shall be mandatory so it may be able to characterize the commercial feasibility and develop the Discovery.

CLAUSE ELEVEN

PRODUCTION STARTING DATE AND ANNUAL PRODUCTION SCHEDULES

Beginning of Production

- 11.1 The date of commencement of production of each field must occur within a maximum time limit of 5 (five) years, which may be extended at the discretion of ANP, from the date of submission of the Declaration of Commercial feasibility.
- 11.1.1 The Concessionaire shall keep ANP informed on the forecasts as to the date of commencement of production of each field.
- 11.1.2 The Concessionaire must inform ANP the beginning date of the production, by formal notification in writing, within 24 (twenty four) hours after its occurrence.

Annual Production Schedule

- 11.2 The Annual Production Schedule shall be in accordance with the Development Plan for the field, the applicable legislation and Best Practices of the oil industry.
- 11.3 The Annual Production Schedule shall include reasoning about variation equal or greater than 10% (ten percent) in total annual amount of production therein informed, in relation to which laid down in the Development Plan.
- 11.4 Until the 31st October of each calendar year, the Concessionaire must deliver to ANP, for each field, the Annual Production Schedule of the subsequent year.
- 11.5 The Annual Production Schedule for the calendar year in which the production has begun shall be delivered by the Concessionaire to ANP with a minimum notice of 60 (sixty) days of the date of commencement of the planned production.

- 11.6 If ANP approves the continuity of production, without interruption, after a test of long duration, the revision of the Annual Production Schedule must be submitted with a minimum notice of 60 (sixty) days of the end for this test.
- 11.7 Once the Annual Production Schedule is delivered, the Concessionaire shall be, without prejudice to the provisions of paragraph 9.6, obliged to fulfill it, and any changes shall be subject to the provisions of the Contract.

Approval of the Annual Production Schedule

- 11.8 ANP shall have the time limit of 30 (thirty) days, after receiving the Annual Production Schedule to approve it or request the Concessionaire the changes it deems appropriate.
- 11.8.1 If ANP request modifications, the Concessionaire must resubmit the Annual Production Schedule including such changes and shall be submitted within 30 (thirty) days from the requested date.
- 11.8.2 If the Concessionaire disagrees with the proposed changes, it may discuss with ANP amendments it deems appropriate to adjust the changes to be implemented in the Annual Production Schedule, in the way of ANP to declare appropriate and in accordance with the Best Practices of the Oil Industry.
- 11.9 The Concessionaire is obliged to comply with the Annual Production Schedule submitted to ANP with the changes which may have been determined by the Agency, applying to these changes the procedure laid down in paragraph 11.8.
- 11.10 If, at the beginning of the phase to which a particular Annual Production Schedule refers to, the Parties are in conflict due to the application of the provisions in paragraph 11.8, it shall be used in any month and up to the solution of this conflict, the lowest production level among those proposed by the Concessionaire and ANP.

Revision

- 11.11 The Parties may adjust, at any time, the review of an annual schedule of ongoing production, provided such review satisfies the provisions of sections 11.2 to 11.7.
- 11.12 When the review is being proposed by ANP, the Concessionaire shall have 30 (thirty) days after receiving the notification to discuss it with ANP and present a revised Annual Production Schedule.
- 11.12.1 Any revisions shall apply, in which incumbent upon, the provisions of paragraphs 11.8.

Variation in the Produced Volume

- 11.13 The volume produced in each field, each month, may not undergo variation greater than 15% (fifteen percent) in relation to the volume of the level of

production scheduled for the corresponding month in the Annual Production Schedule.

11.13.1 A variation greater than this percentage which results from technical reasons shall be allowed, unforeseen circumstances or force majeure, to be assessed by ANP.

11.13.2 In the event of variation greater than 15% over the volume planned for the corresponding month in the Annual Production Program, the Concessionaire shall submit a justification to the ANP before the fifteenth, 15th day of the month, as Applicable Law.

Temporary Production Interruption

11.14 According to the Best Practices of the oil industry, the Concessionaire must request ANP to approve, by means of prior and express manifestation, the interruption of the production of a field, for a maximum phase of one year.

11.14.1 Except in cases of emergency, force majeure or acts of God, in which the interruption shall be notified immediately to ANP.

11.14.2 ANP shall assess the request within 60 (sixty) days, or may request clarification to the Concessionaire, once filed the requested clarifications, the same deadline is applied for ANP review.

11.15 The interruption of production shall not involve the suspension of the course of the contract term, except in the cases provided for in this document.

CLAUSE TWELVE MEASUREMENT, MONTHLY BULLETINS AND PRODUCTION AVAILABILITY

Measurement

12.1 From the date of commencement of production of each field, the Concessionaire must, on periodically and regular basis, measure the volume and quality of oil and/or Natural Gas produced at the measurement point of production.

12.1.1 The methods, equipment and measuring instruments provided for in the Development Plan and according to the applicable legislation shall be construed.

Monthly Bulletins

12.2 The Concessionaire must submit to ANP a monthly bulletin of production of each field, as per the applicable legislation.

12.2.1 The bulletin shall be submitted until the 15th (fifteenth) day of each month following the month of the date of commencement of production of each field.

Availability of Production

12.3 The ownership of the measured volumes of Oil and Natural Gas pursuant to paragraph 12 shall be given to the Concessionaire at the measurement point of production.

12.3.1 The quantification of the volumes shall be subject, at any time, to supervision and amendments provided for in the applicable legislation.

Free Provision

12.4 It shall be ensured to the Concessionaire the free provision of the volumes of Oil and Natural Gas pursuant to paragraph 12.3.

Supply to the Domestic Market

12.5 In emergency situations which might put at risk the national supply of oil and/or Natural Gas, as well as their derivatives, ANP may determine the Concessionaire to limit its exports of these hydrocarbons.

12.5.1 It is considered as emergency situation which thus decreed by the President of the Republic.

12.5.2 The share of production with limited export shall be directed to the supply of the Brazilian market or the composition of strategic inventory for the country.

12.5.3 ANP shall formally notify the Concessionaire regarding the limitation of exports with a minimum notice of 30 (thirty) days.

12.5.4 The share of production related to the restriction on the free provision shall, every month, be determined in relation to the share proportion by the Concessionaire on the national production of Oil and Natural Gas in the immediately preceding month.

Consumption in Operations

12.6 The Concessionaire may use as a fuel, in the implementation of operations, Oil and Natural Gas produced in the concession area, provided it is done so in reasonable quantities and compatible with the Best Practices of the oil industry.

12.6.1 The Concessionaire must inform ANP, upon reasoned notification, formal and in writing, the quantity of Oil and Natural Gas consumed in the operations and the purpose of its use.

12.6.2 The Concessionaire shall include such information in the monthly production bulletin.

12.6.3 The volumes of Oil and Natural Gas consumed in the operations shall be calculated for the purposes of calculating the due Governmental and Third Parties Share, provided for in clause twenty-three.

Production of Test

- 12.7 The results, data and the interpretations of tests of training or production during the execution of operations of this Contract shall be informed to ANP immediately after its conclusion.
- 12.7.1 The information shall also include the volumes of Oil, Natural Gas and water produced.
- 12.7.2 In the case of tests of long duration, the data, information and results shall be sent to ANP in accordance with the frequency established in the approved Discovery Assessment Plans.
- 12.7.3 The productions and movements from tests of long duration shall be reported via the Monthly Production Bulletin.
- 12.8 The volumes of Oil and/or Natural Gas obtained during the long duration tests shall be given to the Concessionaire in the form of paragraph 12.4 and calculated for the purposes of calculating the due Governmental and Third Parties Shares, provided for in clause twenty-three.

Natural Gas

- 12.9 The volumes of Natural Gas produced under this Contract may be used by the Concessionaire under the terms of paragraph 12.6.
- 12.10 The burning in *flares* shall be restricted to prior volumes and formally approved by ANP in accordance with the Best Practices of the oil industry and the applicable legislation, except, in any case, the provisions of article 47, § 3, of Law no. 9.478/97.

Losses

- 12.11 Any loss of oil or Natural Gas which have occurred under the responsibility of the Concessionaire, as well as the burning of Natural Gas in association with *flares*, shall be included in the total volume of production to be calculated for the purpose of payment of Governmental and Third Parties Shares provided for in clause twenty nine and thirty.
- 12.12 The Production of oil and/or Natural Gas in fields may only be initiated after the conclusion of the installation of the system of exploration or reinjection of Natural Gas, except in the cases expressly authorized by ANP
- 12.13 The burning of Natural Gas in *flares* shall only be allowed for reasons of safety, emergency, and commissioning, being the volume the maximum one specified in the applicable legislation or by authorizations granted by ANP.

**CLAUSE THIRTEEN
INDIVIDUALIZATION OF PRODUCTION**

Contract of Individualization of Production

- 13.1 The procedure of individualization of production of Oil and Natural Gas shall be instituted if it is identified which an ore body extends beyond the Concession Area.
- 13.2 The contract of individualization of production and the commitment of individualization of production shall be prepared in accordance with applicable legislation.

CHAPTER IV – EXECUTION OF OPERATIONS

CLAUSE FOURTEEN EXECUTION BY THE CONCESSIONAIRE

Exclusivity of the Concessionaire

- 14.1 The Concessionaire, in accordance to the terms, conditions and duration of the Contract, shall hold the exclusive right to carry out the operations in the Concession Area.

Designation of the Operator by the Concessionaire

- 14.2 The Operator is appointed by the Concessionaire, for, on its behalf:
- (a) To lead and perform all the operations set forth in this Contract;
 - (b) To submit all plans, programs, securities, proposals and information towards ANP;
 - (c) To receive all replies, requests, proposals and other information from ANP.
- 14.3 The operator shall be responsible for the full compliance with all the obligations of the Concessionaire established in this Contract relating to any aspect of operations and the payment of Government Shares, without loss of joint liability from other Concessionaires.
- 14.4 The consortium Concessionaire shall bear the investments in its share of participation in the consortium, subject to joint liability.
- 14.5 The exception from the scope of this paragraph is the provisions relating to the assignment of rights and obligations provided for in clause twenty-eight of the Contract.
- 14.6 The operator must hold at least 30% (thirty percent) of the Contract share throughout its duration.
- 14.7 The operator may renounce from its function at any time by notifying ANP with a minimum notice of 90 (ninety) days after the date of realization of the renunciation.
- 14.8 The operator may be removed by ANP in the event of noncompliance of any of the clauses of this Contract, if it shall not correct its fault within 90 (ninety) days after receiving the notification of this Agency indicating the alleged noncompliance.
- 14.9 In the cases provided for in paragraphs 14.7 and 14.8 the Concessionaire must appoint a new operator, observing the provision b) of paragraph 28.1 of this Contract.
- 14.9.1 The new Operator indicated by the Concessionaire may only carry out its activities after the approval by ANP, assuming all the rights and obligations under this Contract.

- 14.10 The resigned or removed Operator shall assignment to the new Operator the custody of all assets used in the Operations, accounting records, archives, and other documents relating to the Concession Area and the operations in question.
- 14.10.1 After the assignment, the resigned or removed operator shall be liberated and relieved from all obligations and liabilities arising from its condition of Operator subsequent to the date of the assignment.
- 14.10.2 The resigned or removed operator shall remain responsible for any acts, events or circumstances which occurred during its management related to its condition of operator.
- 14.11 ANP may, as a condition for approval of a new operator, require which this and the resigned or devoid operator adopt the necessary measures for the total assignment of information and other aspects related to this Contract.
- 14.11.1 ANP may require the conclusion of an audit and inventory until the assignment of the operations to the new operator.
- 14.11.2 The costs of the audit and inventory shall be paid by the Concessionaire.
- 14.12 In the case of the Operator to be a single liability company it shall be deemed, for purposes of this Contract, as applicable, as designated operator in the Concession Area.

Diligence in Conducting the Operations

- 14.13 The Concessionaire must plan, prepare, implement and control the operations in a diligent, efficient and appropriate way, in accordance with applicable laws and with the Best Practices of the oil industry, always respecting the provisions of this Contract and not practicing any act which may define or configure breach of the economic order.
- 14.13.1 The Concessionaire must, in all operations:
- a) To adopt the necessary measures for the conservation of oil resources and other natural resources, for the protection of human life, heritage and environment, in accordance with Clause Twenty First;
 - b) To obey the rules and technical, scientific and security relevant procedures, even as for the recovery of fluids, aiming at the rationalization of production and control of the decline of the reserves; and
 - c) To employ, whenever appropriate and economically justified, at the discretion of ANP, technical experience and more advanced technologies, including those which can increase the economic yield and production of the Mines.
- 14.14 It is the duty of the Operator:
- a) maintain a minimum personnel, domiciled in Brazil, fluent in Portuguese language and able to manage the daily operations in an efficient and

effective way, as well as respond to incidents as appropriate and immediate; and

b) Continuously monitor all the activities which involve operational, environmental or human health risks, through a monitoring center, necessarily located in Brazil.

14.14.1 The personnel referred to in "a" must be designed according to the Best Practices of the Oil Industry and keep direct proportionality with operational and environmental risks assumed by the Operator Concessionaire.

14.14.2 The monitoring center referred to in "b" must be located onshore and endowed with technology and size compatible with the risks taken by the Operator Concessionaire according to the Best Practices of the Oil Industry.

Licenses, Permits and Permissions

14.15 The Concessionaire must, at its own expense and risk, obtain all the licenses, permits, permissions and rights required as per applicable legislation.

14.15.1 The Concessionaire shall respond for the infringement of the right of use of materials and execution processes protected by trademarks, patents or other rights, at his own expenses the payment of any obligations, burden, commissions, indemnifications or other expenses resulting from the infringement, including the judicial ones

14.16 If the licenses, permits, permissions and rights are dependent on contract with a third party, the negotiation and execution of such contracts shall be the sole responsibility of the Concessionaire, being ANP able to provide the assistance described in paragraph 15.4.

Free Access to the Concession Area

14.17 For the duration of this Contract, and complied with the provisions of paragraph 14.3, the Concessionaire shall have free access to the Concession Area and its facilities located therein.

Drilling and Abandonment of Wells

14.18 The Concessionaire shall previously notify ANP in a formal and in writing way, of the drilling starting of any well in the Concession Area.

14.18.1 Together with the notification, the Concessionaire must submit to ANP a work schedule with detailed information about the drilling operations, equipment and materials to be used.

14.18.2 If the well is part of the Minimum Exploratory Program and shall not reach the stratigraphic objective established in Annex II, its drilling shall not be calculated for the purposes of conversion into work units, unless ANP, at its sole discretion.

- 14.19 The ANP may exceptionally authorize the drilling of wells in external location to the Concession Area, because of individualization Contracts Production or environmental issues.

Programs for Additional Work

- 14.20 The Concessionaire may, at any time, propose the implementation of programs for additional work in the Concession Area.
- 14.20.1 The additional work schedule proposed and the investment required to implement it shall be submitted to ANP, taking into account the terms of this Contract.

Acquisition of Data Outside the Concession Area

- 14.21 ANP may authorize the acquisition, by the Concessionaire, of geological, geochemical and/or geophysical data outside the limits of the Concession Area.
- 14.21.1 The Concessionaire must make formal and in writing request containing the technical justification for the acquisition of data.
- 14.21.2 The data acquired from outside the limits of the Concession Area shall be classified as public immediately after their acquisition.
- 14.21.3 The Concessionaire must deliver to ANP data and information acquired from outside the limits of the Concession Area as per the applicable legislation.
- 14.21.4 The activities performed outside the limits of the Concession Area shall not be considered for abatement of the Minimum Exploratory Program.

CLAUSE FIFTEEN CONTROL OF OPERATIONS AND ASSISTANCE BY ANP

Follow Up and Monitoring by ANP

- 15.1 ANP, directly or through arrangements with bodies of the Federal Government or States or the Federal District, shall perform the monitoring and permanent supervision of operations in the Concession Area.
- 15.1.1 The action or omission of the monitoring and supervision mentioned in this paragraph in no way shall exclude or reduce the responsibility of the Concessionaire for the faithful fulfillment of obligations.

Access and Control

- 15.2 ANP shall have free access to the Concession Area and ongoing operations, equipment and facilities which are referred to in paragraph 18.5, and to all records, studies and technical data available, for the purposes of monitoring and inspection.

15.2.1 The Concessionaire must provide to the representatives of ANP transport, food and accommodation in the facilities on equal terms to those supplied to its own personnel.

15.2.2 For the purposes of data survey, information or telling of responsibilities on operational incidents, the access shall be maintained by the Concessionaire by providing unrestricted and immediate transport, food and accommodation to the representatives of ANP.

15.3 The Concessionaire shall provide the information requested by ANP and allow free access to authorities which have jurisdiction over any of its activities.

Assistance to the Concessionaire

15.4 ANP, when requested and in strict legal limit of its powers, can provide assistance to the Concessionaire in obtaining licenses, permits, permissions and rights referred to in paragraph 14.15.

15.4.1 ANP shall appraise the processes aiming to the declaration of public utility mentioned in paragraph 18.4.

Exemption of Liability by ANP

15.5 The Concessionaire, at its own expenses and risk, is fully responsible for the execution of operations, not lying with ANP any liability as a result of the assistance requested and possibly provided.

CLAUSE SIXTEEN ANNUAL WORK AND BUDGET SCHEDULE

Correspondence between the Content and Other Plans and Schedules

16.1 The Annual Work and Budget Schedules shall keep strict contract with the other required and approved plans and schedules of work and investment.

Deadlines

16.2 The Concessionaire must submit to ANP, up to 31 (thirty one) October of each year, the Annual Work and Budget Schedule according to the applicable legislation, in compliance with paragraph 34.1.

16.2.1 The first Annual Work and Budget Schedule shall cover the remainder of the current year and must be presented by the Concessionaire within 60 (sixty) days from the date of entry into force of this Contract.

16.2.2 If less than ninety (90) days to the end of the year, the first Annual Work Program and Budget shall include, separately, the next following year, as well.

Revisions and Amendments

- 16.3 ANP shall have the time limit of 30 (thirty) days, after receiving the Annual Work and Budget Schedule to approve it or request the Concessionaire the changes it deems appropriate.
 - 16.3.1 If ANP requests modifications, the Concessionaire shall have 30 (thirty) days from the date of such request to submit the Annual Work and Budget Schedule with the changes determined by ANP, thus repeating the procedure provided for in paragraph 16.3.
- 16.4 The Concessionaire must comply with the Annual Work and Budget Schedule submitted to ANP, with the changes which may have been determined by the Agency.
- 16.5 The submission of Annual Work and Budget Schedules, as well as the revisions and amendments thereto, in no way shall jeopardize, invalidate or diminish the obligations assumed by the Concessionaire under this Contract.

CLAUSE SEVENTEEN DATA AND INFORMATION

Information Supply by the Concessionaire

- 17.1 The Concessionaire must keep ANP informed about the progress, results and deadlines of the operations.
 - 17.1.1 The Concessionaire shall send ANP copies of maps, sections, profiles, acquired data, studies and geological, geophysical and geochemical reports, including interpretations, data from wells and tests, in addition to reports or any other documents defined in specific regulations and obtained as a result of operations and from this Contract containing information necessary for the characterization of the progress of the work and the geological knowledge of the Concession Area.
 - 17.1.2 In accordance with art. 22 of Law no. 9.478/97, the technical collection consists of the technical data and information on the Brazilian sedimentary basins and an integral part of the national petroleum resources, and such data and information, including those relating to the geology, geophysics and geochemistry of the concession area, are to be delivered by the Concessionaire to the administration of ANP.
 - 17.1.3 ANP must ensure compliance with the phases of confidentiality, in accordance with the applicable legislation.
 - 17.1.4 The quality of the copies and reproductions of other data and information mentioned in this paragraph shall save absolute fidelity and standard equivalent to the originals, including the color, size, readability, clarity, compatibility and other relevant characteristics.

Processing or Analysis from Abroad

- 17.2 The Concessionaire may send abroad samples of rocks and fluids, or data of geology, geophysics and geochemistry.
- 17.2.1 The sending shall only be allowed if aimed at the analysis, test, or the processing of data.
- 17.2.2 The Concessionaire must send to ANP a formal request in writing, containing, in relation to samples or data:
- a) The justification on the need of the sending abroad.
 - b) Detailed information, as well as indication of their equivalent kept in the country;
 - c) Detailed information on the analyzes, tests and processes which shall be submitted, emphasizing the tests of destructive nature, if provided for;
 - d) Data about the institution of destination;
 - e) The estimated date for conclusion of the analysis, tests and processes; and
 - f) The estimated date of return to the country;
- 17.2.3 The Concessionaire must:
- a) Keep copy of information or data or equivalent of the sample in the national territory;
 - b) Return the samples and/or data to the country, after the analysis, test or processing;
 - c) Provide ANP with the results obtained with carried out analyzes, tests and processing, meeting the deadlines of the applicable legislation.

CLAUSE EIGHTEEN - PROPERTIES

Property, Equipment, Facilities and Materials

- 18.1 The Concessionaire must provide directly, buy, rent, lease or in any other way obtain, at its own expenses and risk, all the Property, movable and immovable estates, including, but not limited to, facilities, buildings, systems, equipment, machines, materials and supplies, which are necessary for the execution of the operations.
- 18.1.1 The purchase, rent, lease or obtainment may be carried out in Brazil and abroad, provided the applicable legislation is respected and the provisions laid down in paragraph 19.7 and the other provisions of this Contract are followed.

Licenses, Permits and Permissions

- 18.2 The Concessionaire shall be fully responsible, in accordance with paragraph 14.13 14.13 for obtaining all licenses, permits and permissions necessary for the acquisition or use of the property referred to in paragraph 18.

Expropriations and Easements

- 18.3 The Concessionaire must, at its own expenses and risk, subject to the provisions in paragraph 18.2, promote the expropriations and constitute the easements of immovable properties necessary to the fulfillment of this Contract, as well as carrying out the payment of any and all damages, costs or expenses arising from it.
- 18.4 ANP shall deal with the case aiming for the declaration of public utility, for the purposes of expropriation and institution of state easements of the immovable property referred to in paragraph 18.3, by means of a justified request, formal and in writing from the Concessionaire.

Facilities or Equipment out of the Concession Area

- 18.5 The ANP may authorize the positioning or the construction of facilities or equipment in a place outside the Concession Area, aiming for complementing or optimizing the logistic structure related to the operations.
- 18.5.1 The Concessionaire must submit to ANP a justified, formal and written request for the positioning of facilities or equipment outside the limits of the Concession Area.
- 18.5.1.1 The rationale shall include technical and economic aspects, as well as the project of positioning or construction, as the case may be.
- 18.5.2 It shall also be applied to the equipment and facilities the provisions of Clause Twenty First.

Relinquishment of Areas and Reversion of Property

- 18.6 If using wells or pre-existing infrastructure, Concessionary take in relation to these, the responsibilities set out in the Contract and in the Applicable Law.
- 18.7 In the case of a field, planning the decommissioning and abandonment and mechanisms to allocate the necessary funds shall be provided in the respective Development Plan and reviewed periodically throughout the Production Phase through Annual Work Programs and Budget.
- 18.7.1 The cost of the decommissioning and abandonment operations shall be provided so as to cover the activities of definitive abandonment of wells, deactivation and removal of lines and facilities, and rehabilitation of areas, according to the applicable legislation.

Securities of Decommissioning and Abandonment

- 18.8 The Concessionaire must submit security of decommissioning and abandonment, upon the conclusion of investments as per the approved Development Plan, therefore the following securities are due:
- a) warranty-insurance;
 - b) letter of credit;
 - c) security fund; or
 - d) other forms of securities accepted by ANP.
- 18.8.1 The amount of the field decommissioning and abandonment security shall be reviewed by request of the Concessionaire or ANP, if there are events which may change the cost of abandonment and decommissioning operations.
- 18.8.2 In the case of guarantee to be furnished by security fund:
- a) The Concessionaire shall provide ANP, every 15th of February and August each year, supporting documentation of the contributions made and inform the current fund balance;
 - b) ANP may audit procedure adopted by the Concessionaire in fund management.
- 18.8.3 If the security of decommissioning and abandonment is formed via security fund, the balance between the conclusion of all of the necessary decommissioning and abandonment operations of the field shall be of exclusive right of the Concessionaire.
- 18.8.4 The presentation of the decommissioning and abandonment security shall not release the Concessionaire from holding on its expenses and risk, all the operations necessary for the decommissioning and abandonment of the field.

Property to be Reverted

- 18.9 Under the terms of arts. 28 and 43 (VI) of Law no. 9.478/1997 and the applicable law, any movable and immovable property, main and accessories, members of the Concession Area, and which, at the sole discretion of ANP, are needed to enable the continuity of operations or whose use is considered of public interest shall accrue to possession and ownership of the Federal Government and the administration of ANP in the case of termination of this Contract or the return of parcels in the Concession Area.
- 18.9.1 In case of property share for the purpose of operations of two or more fields in the concession area, the Concessionaire may retain such assets until the closure of all operations.

Removal of Property Not Reverted

- 18.10 The Property not reverted in accordance with paragraph 18.9, including the not usable, shall be removed and/or discarded by the Concessionaire, on its own expenses and risk, in accordance with the provisions of this Contract and the applicable legislation.

**CLAUSE NINETEEN
PERSONNEL, SERVICES, AND SUBCONTRACTS****Personnel**

- 19.1 The Concessionaire, directly or by any other form shall recruit and hire, on his own expenses and risk, and, for all purposes, the sole and exclusive employer, all labor required for the execution of operations.
- 19.1.1 The recruitment and hiring may be carried out in Brazil or abroad and according to selection criterion of the Concessionaire, provided the Applicable Law is respected, even with respect to the minimum percentage of Brazilian labor used.
- 19.2 The Concessionaire shall be solely and fully responsible, in Brazil and abroad, for arrangements relating to the entry, exit and stay in the country of its foreign personnel.
- 19.3 The Concessionaire must take into account, regarding hiring, retention and release of personnel, work accidents, industrial safety, what the applicable legislation disposes of, being exclusive and fully responsible for the declaration and payment of social security contributions, labor, pension and other charges and relevant additional, owed for any reason, in the form of the Brazilian law.
- 19.4 The Concessionaire shall ensure food and proper accommodation to its personnel when on duty or in displacement, specifically in terms of quantity, quality, hygiene, safety, and health care, taking the applicable legislation into account.
- 19.5 The Concessionaire must promote, at any time, the removal or replacement of any of its technical personnel or members of the team due to improper behavior, technical failure or poor health conditions.

Services

- 19.6 The Concessionaire must directly run, hire, or otherwise obtain, on his own expenses and risk, all the services necessary for the fulfillment of this Contract.
- 19.6.1 The recruitment and hiring of the services may be carried out in Brazil or abroad, provided the Applicable Law is respected, even with respect to the minimum percentage of Brazilian labor used.

19.6.2 If it hires from its affiliates the provision of services, prices, time, quality and other adjusted terms shall be competitive and compatible with market practices, complied with the provisions of clause Twenty.

19.7 The Concessionaire must assert for all its concessionaires and suppliers the provisions of this Contract and the applicable legislation.

19.8 The Concessionaire shall respond, fully and objectively, for the activities of its sub concessionaires which result, directly or indirectly, in damage or injury to ANP or the Federal Government.

19.9 The Concessionaire must keep the inventory and the records of all the services referred to in paragraph 19 and updated, taking into account the applicable legislation.

19.9.1 Any inventory balances not used in other areas of concession, authorized by ANP, shall be treated as rebates of cost in the operations.

CLAUSE TWENTY LOCAL CONTENT

Commitment of the Concessionaire to Local Content

20.1 The Concessionaire must:

20.1.1 Meet the Local Content disposed in Annex IX.

20.1.2 Ensure preference to hiring Brazilian suppliers, whenever their offers present good conditions of price, time and quality which are more favorable, or equivalent to those of non-Brazilian suppliers, irrespective of Local Content percentage as per Annex IX.

20.2 The processes of acquisition or hiring of Property and services targeted to the fulfillment of the object of this Contract shall:

- a) To include Brazilian suppliers among the suppliers invited to submit proposals.
- b) To provide the specifications of hiring also in Portuguese language;
- c) To accept equivalent specifications, provided the Best Practices of the oil industry are met.

20.3 The acquisition of Property and services supplied by affiliates is also subject to the specifications of this Clause, except in cases of services which, in accordance with the Best Practices of the oil industry, are usually made by affiliates.

Benchmarking of Local Content

20.4 For the purposes of benchmarking, the Local Content of Property and services shall be expressed in percentages in relation to the amount of the good or service purchased or hired.

- 20.4.1 The Local Content of Property and services shall be proven to ANP through the presentation of certificates of their Local Content, or from document which shall replace the former one, as per applicable legislation.
- 20.4.2 The Property and services whose Local Content is inferior to 10% (ten percent) shall be considered as aliens in the computation of Local Content for the fulfillment of the contractual obligations.
- 20.4.3 Notwithstanding the above provision, the Local Content on the purchase of drills, as well as the maritime projects of seismic data acquisition and chartering of drilling rigs, shall still be considered even if its Local Content is inferior to 10% (ten percent).
- 20.5 For the determination of the percentage of Local Content, the monetary values corresponding to the purchases of Property and services shall be updated for the month and year in which the verification of compliance with the provisions in this clause is accomplished, using the General Market Price Index (IGP-M) of Getulio Vargas Foundation, or other of which shall replace, upon ANP criteria.
- 20.6 The milestones for Local Content measurement by ANP shall be:
- a) The end of the Exploration Phase;
 - b) The end of each Module of the Development Phase; or
 - c) The closure of the stage of development in a field which shall not include modular development.

Development Phase for the Purposes of Local Content

- 20.7 For the purposes of benchmarking of the Local Content, the development phase shall begin on the date of submission of the Declaration of Commercial feasibility and shall close, for each module of the development phase, with the first among the following occurrences:
- a) The course of (10) ten years after the extraction of the first oil;
 - b) The abandonment, by the Concessionaire, of the development of the module of the development phase; or
 - c) The achievement of the investments foreseen in the Development Plan.

Exemption from the Obligation of Compliance with the Local Content

- 20.8 ANP may exempt the Concessionaire from the compliance with the Local Content percentage of which it is committed in relation to recruitment of a specific good or service up to the limit of the minimum required percentage in the bidding for the respective item or sub-item of commitment, especially when:
- a) There is no Brazilian supplier for the purchased product or contracted service;
 - b) All proposals received from Brazilian suppliers present an excessive delivery limit in relation to non-Brazilian counterparts;
 - c) All proposals received from Brazilian suppliers present an excessive price in relation to non-Brazilian counterparts; or

- d) There is no replacement of a certain technology for which there is no offer with Local Content. In this case the exemption of compliance with Local Content only applies to Property and services replaced by new technology.
- 20.8.1 The exemption from the requirement of compliance with the Local Content shall not extend to the overall percentage of Local Content.
- 20.8.2 The request must be made in a reasoned way and presented to ANP during the duration of the phase or step in which the exemption is intended.
- 20.8.3 Concessionaire is obliged to prove the accomplishment of the alleged conditions for the granting of the exemption.
- 20.9 The request for exemption must be made in detailed form and presented towards ANP throughout the duration of any phase or stage in which the exemption is intended, pursuant the minimal presentation of certain acknowledgements by Concessionaire, cumulatively:
- a) To ensure broad and equitable conditions of competition for non-Brazilian counterparts when carrying out calls for proposals for the proper supply and / or attempts to hire from Brazilian Suppliers;
 - b) To adopt the Local Content as selection criteria, when performing bidding for supply, once the corresponding contract took place with non-Brazilian suppliers, as a result of not complying with the requirements of price, delivery time and quality; and
 - c) To maintain updated information together with associations or similar business associations union or bodies of knowledge of the subject, in regard to the existence of Brazilian Suppliers to be able to submit proposals for supply.
- 20.10 The exemption from compliance upon Local Content:
- a) Shall be granted to one or more contracts related to the same item or sub-item of Annex IX;
 - b) Shall prevent the possible assignment of any surplus in the domestic currency, the Local Content of the item to which the contract relates to another addressed item;

Adjustments in the Committed Local Content Percentage

- 20.11 If the Concessionaire exceeds the Local Content of which it undertook, in particular item or subsection of commitment, the surplus value in local currency may be transferred to other item or subsection of commitment, as long as it refers to the same Phase or Stage.
- 20.11.1 Assignment of Local Content surplus should be appointed to item or sub-item as specified reference.
- 20.12 If the Concessionaire exceeds the Local Content of which undertook, whether in the Exploration Phase, whether in a Development Stage Module, the surplus value in local currency may be transferred to the Module the Development Stage is deployed subsequently.
- 20.12.1 The assignment of the Local Content surplus shall be directed to the modules of the development phase in the order of their deployment.

20.12.2 Any balance in excess of Local Content may be transferred to Modules of the subsequent development phase.

- 20.13 If the concessionaire exceeds the Local Content which undertook, either at the exploration phase or in a module of the development phase, the surplus amount, in Real, may be transferred to the module of the development phase to be implanted thereafter.
- 20.14 The Concessionaire may request ANP a Local Content percentage revision particular item of Table of Annex IX to which it is committed.
- 20.15 The request must be made in a reasoned way and presented to ANP during the duration of the phase or step in which the exemption is intended.

Fine for Noncompliance with the Local Content

- 20.16 The noncompliance of Local Content is to subdue the Concessionaire to a fine, the fine shall be calculated on the non-complied monetary amount, subject to the following percentages:
- a) If the noncompliance of Local Content is equal to or greater than 65% (sixty-five percent): $\frac{8 \cdot NR - 1}{7}$, in which NR is the Non-Performed Local Content; and
 - b) If the noncompliance of Local Content is inferior to 65% (sixty-five percent): 60% (sixty percent).
- 20.17 If there is a noncompliance simultaneously to more than one item of Local Content, the amount of the fine shall correspond to the sum of the fines for each item.
- 20.18 In the event of non-compliance with the global and Local Content for the items specified in the table of Annex IX, the amount of the fine to be applied to the items shall be deducted from the amount of the fine to be imposed for non-compliance with the overall Local Content.
- 20.18.1 If the result of the deduction is negative, the fine of the overall Local Content shall be null.
- 20.19 In the event of non-compliance with the Local Content for items and their related sub-items specified in the table of Annex IX, the amount of the fine to be applied to the sub-items shall be deducted from the amount of the fine to be imposed for non-compliance with the Local Content for the items.
- 20.19.1 If the result of the deduction is negative, the fine of the Local Content of the item shall be null.
- 20.20 The Concessionaire shall present to ANP, within 120 (one hundred twenty) days after reaching a local content measurement, the Local Content Consolidated Report (RCCL) carried out for the Phase or Stage, under the Applicable Law.
- 20.21 If the Consolidated Report of Local Content (RCCL) indicates non-compliance with local content commitments, the Concessionaire shall determine the amount of the fine due and perform the payment, subject to control actions of ANP, by reviewing the calculations, the drawing up of tax assessment and collection of the differences due.

- 20.22 The fine amount shall be updated by the Market General Price Index (IGP-M) from the date of completion of Phase or Stage referred to the date on which the actual payment was performed.
- 20.23 In the event of the Concessionaire shall not adopt the procedures set out above, the ANP shall establish procedure for calculation of the fine, according to rules to be defined by the ANP, without prejudice to any other penalties.
- 20.23.1 In the meantime specific standards are not issued as referred to in the item above, shall be adopted the ordinance provided for in Law No. 2.953, of January 28th, 1999, as applicable.

CLAUSE TWENTY ONE OPERATIONAL AND ENVIRONMENTAL SAFETY

Environmental Control

- 21.1 The Concessionaire must have a safety and environment management system which meets the Best Practices of the oil industry and the applicable legislation.
- 21.2 The Concessionaire must, in the execution of the contract:
- a) To ensure the preservation of an ecologically balanced environment;
 - b) To minimize impacts and/or damage to the environment;
 - c) To ensure the safety of operations in order to protect human life and the environment;
 - d) To ensure the protection of the Brazilian historical and cultural heritage;
 - e) Repair the degraded environment in accordance with the technical solution required by the competent environmental organization;
 - f) Control the operations so which the methods and substances employed do not involve risk to human life and the environment.
- 21.2.1 To address the Safety Recommendations issued by ANP, in accordance with applicable legislation. When the Exploration and Resource Unconventional Production, the Concessionaire, upon applicable law, shall:
- a) To ensure drilling integrity, coatings and cementing and hydraulic fracturing of wells of projects to ensure the isolation, safety and the quality of soil, sub-soil, groundwater and aquifers; and
 - b) To ensure the integrity of the collection process, use, reuse treatment and / or disposal of water and fluids during hydraulic fracturing operations.
- 21.3 ANP may request copy of studies submitted for the approval of the competent environmental organization if the realization of its contents may become necessary for instruction/management of the Contract.
- 21.4 If there is environmental licensing process which the competent organization to be deemed necessary for the achievement of Public Hearing, the

Concessionaire must send ANP copy of studies prior to 10 ten business days in order to obtain licenses at of the Hearing.

- 21.5 The Concessionaire must submit to ANP copy of the environmental permits and respective renewals within 30 (thirty) days after its acquisition, or, before which, when necessary to instruct authorization procedure which requires such documents.
- 21.6 The Concessionaire must immediately inform ANP and the competent authorities of any occurrence, due to fact or act either intentional or accidental, involving risk or damage to the environment or human health, material damage to its own assets or of third parties, fatalities or serious injuries for the personnel or to third parties or unscheduled interruptions of the operations, according to the manuals and guides issue by ANP, when applicable.

Social Responsibility

- 21.7 The Concessionaire shall have a social responsibility management system and sustainability that meets the guidelines of Social Responsibility and the Applicable Law.

Liability for Damage and Losses

- 21.8 Without prejudice to the provisions in paragraph 21.1, the Concessionaire shall assume full and objective responsibility for all damage to the environment which may result, directly or indirectly, from the execution of the operations.
- 21.8.1 The Concessionaire shall have to repair and/or indemnify the damage resulting from the operations.
- 21.8.2 The Concessionaire must indemnify the Federal Government and ANP pursuant to paragraph 2.2 to 2.6, for all and any action, appeal, demand or contested judicial arbitration, audit, inspection, investigation or controversy of any kind, as well as for any indemnifications, compensations, punishments, fines or penalties of any nature, arising from or related to such damages and losses.

CLAUSE TWENTY TWO INSURANCES

Insurances

- 22.1 The Concessionaire must provide and maintain in force during the entire duration of the Contract, without restrictions of its responsibility under this Contract, insurance coverage for all cases required by applicable law.
- 22.1.1 The coverage of such insurance shall cover:
- a) Property;
 - b) Personnel;
 - c) Extraordinary expenses in the operation of wells;

- d) Cleaning from accidents;
- e) Decontamination from accidents; and
- f) Civil Liability for environmental damage.

22.1.2 The Concessionaire shall include ANP as co-insuree in policies, when applicable, which shall not prejudice the right of full compensation of damages and losses which exceed the compensation received due to the coverage provided for in the policy.

22.2 The self-insurance is admitted, provided it is previously authorized by ANP.

22.3 The Concessionaire must obtain from its insurers the inclusion, in all policies, of a clause by which these expressly waive any rights, implicit or explicit, of subrogation in any rights against ANP or the Federal Government.

22.4 The insurance through affiliates is admitted where provided by a company authorized to perform this activity by the Superintendence of Private Insurance (SUSEP) and previously approved by ANP.

22.5 The policies and global insurance programs of the Concessionaire may be used for the purposes of this clause twenty-two, provided it is previously authorized by ANP.

22.6 The Concessionaire shall deliver to ANP, when requested, copies of all insurance policies and contracts relating to the insurance mentioned in paragraph 22.1, as well as any addition, change, endorsement, extension or prorogation of the same, and of any related occurrence, complaint or notice of loss.

CHAPTER V – GOVERNMENT CONTRIBUTIONS AND INVESTMENTS IN RESEARCH, DEVELOPMENT AND INNOVATION

CLAUSE TWENTY THREE CONTRIBUTIONS

Governmental and Third Parties Contributions

- 23.1 In addition to the signature bonus, paid prior to the date of entry into force of the contract, the Concessionaire shall pay the Federal Government and to third parties the following holdings, in accordance with the applicable law:
- a) Royalties;
 - b) Special share;
 - c) Payment for the occupation or retention of areas; and
 - d) Payment of share to the owner of the land.
- 23.2 The Concessionaire shall not be exempt from the payment of the Governmental and Third Parties shares in the cases of:
- a) Production enjoyed during the long term test phase;
 - b) Suspension of the course of the term of this Contract;
 - c) Unforeseeable circumstances and force majeure.

CLAUSE TWENTY FOUR RESOURCES FOR RESEARCH, DEVELOPMENT AND INNOVATION

- 24.1 If the special share is due to a field in any quarter of the calendar year, the Concessionaire shall be obliged to carry qualified expenses with Research, Development and Innovation in the areas of interest and topics relevant to the sector of Petroleum, Natural Gas and Biofuel, in an amount equivalent to 1% (one percent) of the Gross Revenue of the production for such field.
- 24.1.1 The amount referred to in this paragraph is due for each field, originated from the Concession Area.
- 24.1.2 The Concessionaire shall have up to the 30th June of the year following the calculating calendar year of the gross revenue of production to employ the application of these resources.
- 24.1.2.1 The Concessionaire shall provide ANP with a full report of the qualified expenditures with Research, Development and Innovation, in the deadlines and formats defined in the applicable legislation.
- 24.2 At least 50% (fifty percent) of the resources provided in paragraph 24.1 shall be intended for universities or research and development institutes accredited by ANP for the implementation of activities and projects approved by ANP in relevant subjects or priority area, defined in accordance with paragraph 24.6.
- 24.3 At least ten percent (10%) of the resources mentioned in paragraph 24.1 must be intended for the hiring of activities of research, development and

innovation in companies supplying the oil industry, in order to increase the ability of the industries for the purposes of Local Content.

- 24.4 The rest of the resources provided in subparagraph 24.1 could be for the activities of research and development and innovation, in lines of research or projects determined by the Concessionaire. The resources mentioned in this paragraph may be spent on facilities of the own Concessionaire or through its affiliates, provided it is located in Brazil, or contracted by the companies based in Brazil and associated with ANP, irrespective of the fact of these involve or be related to the operations of this Contract.
- 24.5 Eventual qualified expenses with Research, Development and Innovation carried out by the Concessionaire at amounts greater than the equivalent to 1% (one percent) of the Gross Amount of production or whenever obligations is not deemed to perform such Expenditures, as per paragraph 24.q, may be compensated on behalf of the Concessionaire for the proof of this requirement in future phases of this Contract.
- 24.5.1 Such compensation is restricted to the applicable legislation.
- 24.6 A Technical-Scientific Committee, with responsibilities and composition as defined in a Resolution of ANP, shall annually prepare and publish a list of priority areas, activities and projects of interest and relevant topics in research, development and innovation for the Oil, Natural Gas and Biofuel industry.
- 24.7 In case of the Concessionaire is not intended to address all resources as highlighted by paragraph 24.1 the performance of Expenses Classified as Research, Development and Innovation through June 30 of a given year, the missing amount should be invested in the following year, plus 20% (twenty percent).

CLAUSE TWENTY FIVE TAXES

Taxation Proceedings

- 25.1 The Concessionaire shall be subject to the tax system in the federal, state and municipal extent, being forced to fulfill it in accordance with deadlines and conditions set forth in the applicable legislation.

Certificates and Proof of Regularity

- 25.2 Whenever requested by ANP, the Concessionaire must submit the originals or certified copies of all certificates, acts of registration, permits, proof of registration in taxpayers' records, evidence of tax regularity, evidence of regular position in the performance of social burdens imposed by law, registrations in entities or professional associations, and any other similar documents or certificates.

CLAUSE TWENTY SIX CURRENCY AND FOREIGN CURRENCIES

Currency

- 26.1 The monetary unit, for all the purposes and effects of this Contract, shall be the Real.

Foreign Currency

- 26.2 The entrance and the remittance of foreign exchange shall follow the Brazilian laws, including regulations issued by the monetary authorities of the country.

CLAUSE TWENTY SEVEN ACCOUNTING AND AUDITING

Accounting

- 27.1 The Concessionaire must, in accordance with the applicable law:
- a) To keep all documents, books, papers, records, and other parts, in order to corroborate with documents as requested for the measurement of Local Content and Governmental and Third Parties Share which may support the accounting records;
 - b) To perform the due diligence of earnings;
 - c) To submit the financial and accounting statements; and
 - d) To submit to ANP a quarterly expenses report on exploration, development and production and the local investments report in exploration and development, in accordance with applicable law.

Audit

- 27.2 ANP may hold financial and accounting audit of this Contract and the calculation statements of the Government holdings, in accordance with applicable law.
- 27.2.1 ANP shall audit directly or through contracts, according to the applicable legislation.
 - 27.2.2 ANP shall notify the Concessionaire at least 30 (thirty) days in advance.
 - 27.2.3 ANP shall have broad access to documents, books, papers, records, and other parts, referred to in paragraph 27.1, including contracts and contracts signed by the Concessionaire and related to the acquisition of Property and services for the operations for the last five closed calendar years.
 - 27.2.4 The Concessionaire is responsible for the information provided by third parties.

- 27.2.5 The Concessionaire must keep at the disposal of ANP certificates of Local Content, in addition to contracts, tax documents and other proving records corresponding to the good or service purchased, for a term of 10 (ten) calendar years.
- 27.2.6 ANP may require from the Concessionaire any documents necessary to resolve any clarifications as requested.
- 27.2.7 The lack of due diligence or gross negligence shall not exclude or reduce the responsibility of the Concessionaire for the faithful fulfillment of the obligations of this Contract, nor shall acknowledge tacit accordance towards methods and procedures of which are non compliant upon such Contract or as per applicable legislation.

CHAPTER VI - GENERAL PROVISIONS

CLAUSE TWENTY EIGHT ASSIGNMENT OF RIGHTS AND OBLIGATIONS

- 28.1 The rights and obligations of the Concessionaire, upon such Contract may in part or in full, be conditioned to prior ANP consent, in accordance with applicable law.
- 28.1.1 It is acknowledged as assignment:
- a) Merger, split and incorporation of a company part of the Concessionaire;
 - b) Change of operator or concessionaire as per 14.6 to 14.9.
- 28.2 The authorization request for the Assignment must be filed by ANP after signing the formal instrument which binds the parties and shall be concluded before any act related to the assignment.
- 28.2.1 The parties shall maintain unchanged the legal, economic and financial and operating conditions of the Assignment object contract until the final assessment of ANP, being prohibited, including:
- a) Any communication of assets related to the Assignment contract object to the Assignee;
 - b) Any kind of influence the Assignee of the Contract and its implementation; and
 - c) The exchange of information which is not strictly necessary to conclude the formal instrument which shall bind the parties.
- 28.3 The assignment may result in changes to the Concessionaire or in the division of the Concession Area.
- 28.4 The assignment shall only be allowed to companies which meet the technical, legal and economic requirements established by ANP in the form of art. 25 of Law no. 9.478/1997.

- 28.4.1 The business companies shall be evaluated for purposes of Assignment of Rights, under the Applicable Law, when the request for the Assignment is due.
- 28.4.2 If the Assignment involves change of operator, ANP shall require which the new operator meets the same requirements regarding the technical, financial and legal qualifications set forth in paragraph 28.7.

Undivided Share in the Rights and Obligations

- 28.5 The change of ownership, direct or indirect composition, resulting in the assignment of control of the concessionaire shall be notified to the ANP, by the concessionaire, within 30 days from the date of consummation of fact, under the Applicable Law.
- 28.5.1 Notification under this paragraph must contain the required documentation, according to the Applicable Law.

Indivisible Participation in the Rights and Obligations

- 28.6 The assignment in full or in part of the Contract Area shall always be of an indivisible participation in the rights and obligations of the Concessionaire, respecting the shared responsibility between the assignor and the assignee in accordance with Applicable Law.

Partial Area Assignment in the Exploration Phase

- 28.7 If the assignment authorized by ANP results in division of the Concession Area, the area to be transferred and the remaining area shall be circumscribed by a single polygonal line drawn according to criteria established by ANP.
- 28.7.1 The resulting areas shall be independent for all purposes, including for the calculation of Governmental and Third Parties Equity.
- 28.7.2 ANP may define an additional Minimum Exploratory Program for the areas to be divided.
- 28.7.3 Each of the divided areas shall have a Minimum Exploratory Program associated with it, the sum of activities shall be greater than which provided for in the original program.

New Concession Contract

- 28.8 In the event of division of the Concession Area, which depends on prior technical and economic assessment by the ANP, a new Concession should be signed for each area resulting from division, keeping the same terms, obligations, programs and terms of the previous contract.
- 28.8.1 After the approval of the Assignment, the ANP shall invite the concessionaires to celebrate the new Concession Contract within thirty (30) days of such approval.
- 28.8.2 The new Concession Contract signed by the Parties shall be effective upon publication of your statement in the Official Gazette.

Assignments of Areas in Production Phase

28.9 The assignment of rights and obligations of part of a field shall not be allowed, except as an alternative to an unaccomplished contract of production individualization, at the sole discretion of ANP.

Participation of the Concessionaire

28.10 Each one of the members of the Consortium, without prejudice to the provisions of paragraph 14.6 shall hold, all the time, at least 5% (five percent) of participation in the Concession Area.

Documents Needed

28.11 The assignor must submit request for assignment to ANP, formally and in writing, adding to its request all documentation required by ANP, in accordance to applicable legislation.

Null and Void Assignment and Mandatory Consent of Approval

28.12 Any assignment which shall not comply with the provisions in this clause twenty-eight shall be null in full right.

28.12.1 The assignment of this Contract, by any means, without prior and express approval of ANP, shall be considered null and constitutes a punishable infraction, as provided for in clause twenty-nine and in the Applicable Law.

Approval of the Assignment

28.13 ANP shall, within 90 (ninety) days from the date of receipt of the request and the documents referred to in paragraph 28.11, act in respect of the intended assignment based on reasoned and conclusive opinion.

28.13.1 ANP may require changes or demand additional documents to support the analysis.

28.13.2 Such modifications or requirements must be met within 30 (thirty) days from the request by ANP, giving back to this, after the submission of all documentation requested, the phase referred to in paragraph 28.13.

28.13.3 The process of assignment may be archived filed when the changes or requests of ANP within the specified phase are non-compliant.

28.14 The approval of the assignment of rights and obligations of a particular Concession Area by ANP shall only happen in the hypothesis of assignor and assignmentee being in default with the Governmental and Third Parties Holdings, and shall be conditioned to the regularity of other obligations to ANP, with the exception of paragraph 30.4.3.

Effectiveness of the Assignment

- 28.15 Once ANP has approved the assignment, so it may be performed, this Contract shall be added, with the exception provided for in paragraph 28.8.
- 28.16 Within 30 (thirty) days from the date of approval of the assignment, the Parties shall sign the amendment which shall formalize the new composition of the contract and the indication of the operator.
- 28.16.1 Within 45 (forty five) days after the realization of the assignment, the Concessionaire must submit to ANP copies of the consortium contract or its amendment contract, duly signed, and the publication of the archiving certificate in the competent trade record.
- 28.16.2 The amendment signed by the Parties shall be effective from the publication of its text in the Official Gazette.

CLAUSE TWENTY NINE EVENTS OF DEFAULT AND PENALTIES

Sanctions

- 29.1 If the Concessionaire fails to comply with any of the obligations set out in this Contract, or comply with them at a place, time or form other than which agreed upon, it shall incur the penalties provided for in this specific instrument. The Concessionaire shall be held responsible for any loss or damage arising from the defaults.
- 29.2 If the Concessionaire fails to comply with the applicable legislation, it shall incur in the due administrative sanctions, notwithstanding to any contractual penalties, as per paragraph 31.1.

CLAUSE THIRTY EXTINCTION AND RESOLUTION OF CONTRACT

Extinction

- 30.1 This Contract shall be terminated *de pleno jure*:
- a) By end of term as provided for in Clause Four - Effectiveness.
 - b) By the end of the Exploration Phase without the Minimum Exploratory Program have been fulfilled.
 - c) At the end of the Exploration Phase if it has not held any Commercial Discovery.
 - d) If the Concessionaire relinquish the Concession Area.

- e) By fully or partly by the refusal of Consortium Members in signing the Individualization Production Contract, after the ANP decision.
- f) Resolution of insolvency or non-judicial recovery application for the approval of any Concessionaire by the competent court.
- g) In other cases as set forth herein.

Extinction by Friendly Termination

- 30.2 This Contract may be terminated at any time by mutual contract between the parties, subject to the fulfillment of the obligations hereunder.
- 30.3 During the Production Phase, the Concessionaire may only terminate this Contract by notifying the ANP at least 180 days of the desired date for the termination of the Contract.

Extinction by absolute default: Resolution

- 30.4 This Contract shall be resolved, assured the contradictory and full defense in the following cases:
 - a) Impossibility of compliance by the Concessionaire, of contractual obligations by the fact of the administration or indeed the prince;
 - b) Non-compliance by the Concessionaire, of contractual obligations within the period prescribed by the ANP in if it is not full of extinction hypothesis law;
 - c) Judicial or administrative Recovery, without proof of an approved recovery plan and be able to demonstrate to the ANP economic and financial capacity to fully comply with all contractual and regulatory obligations.

3.4.1 To give rise to the termination of the Contract, the period referred to in paragraph "b" cannot be less than 90 (ninety) days, except in cases of extreme urgency.

3.4.2 From the ANP decision declaring the absolute default shall be given a period of ninety (90) days from the date of that event, so that the Concessionaire formalize the request for assignment of his undivided share in the rights and obligations this Contract before the ANP, under penalty of incursion in penalties provided for in paragraph 29.2, beyond the contractual resolution.

3.4.3 In case of Consortium, the resolution shall only have effect with respect to the default when you are not dealing with joint and several liabilities among the consortium members, which may transfer its undivided interest in the rights and obligations under this Contract to the other consortium members.

30.4.3.1 If it is not done the assignment under this paragraph, the ANP shall solve this Contract with respect to defaulting Concessionaire, subject, as such termination, the rights and obligations of other Concessionaire.

Consequences of Resolution

- 30.5 In any event of termination or resolution under this Contract, the Concessionaire shall not be entitled to any compensation.

- 30.6 If this Contract is addressed by ANP, the Concessionaire shall be liable for damages resulting from its default and resolution, bearing all applicable indemnifications and compensations, according to the law and this instrument, also observing the provisions of paragraphs 3.5, as the return of the Concession Area.

CLAUSE THIRTY ONE UNFORESEEABLE CIRCUMSTANCES, FORCE MAJEURE AND SIMILAR CAUSES

Total or Partial Exemption

- 31.1 The Parties shall only no longer meet the obligations of this Contract in the chances of unforeseen circumstances, force majeure and similar causes to justify the failure, as the fact of the administration, the fact of the prince and the unforeseen interferences.
- 31.1.1 The exoneration of the obligations of the Concessionaire to the debtor shall take place only with regard to the obligations of this contract whose irregularity become impossible because of the incidence of unforeseeable circumstances, force majeure or similar causes, recognized by ANP.
- 31.1.2 The decision of ANP which recognizes the occurrence of unforeseeable circumstances, force majeure or similar causes shall indicate the portion of the contract whose irregularity shall be postponed or delayed.
- 31.1.3 Recognition of the incidence of unforeseeable circumstances, force majeure or similar causes shall not exempt the Concessionaire from the payment of Governmental and Third Parties Holdings.
- 31.2 In the case of events which might be considered unforeseeable circumstances, force majeure or similar causes, the affected Party shall notify the other Party immediately, formally and in writing, specifying such circumstances, its causes and consequences. The assignment of the events shall be similarly notified.

Modification and Termination of the Contract

- 31.3 Once the unforeseeable circumstances, the force majeure or similar causes are overcome, it is up to the Concessionaire to fulfill the affected obligations by extending the deadline for compliance with these obligations for the phase corresponding to the duration of the event.
- 31.3.1 Depending on the extent and severity of the effects of unforeseeable circumstances, force majeure or similar causes, the Parties may agree to change the contract or its extinction.
- 31.3.2 Once the deadline is returned, the Concessionaire shall have to comply with the obligations affected.
- 31.3.3 Depending on the extent and severity of the effects of unforeseeable circumstances, force majeure or similar causes, the Parties may agree to change the contract or its extinction.

Environmental Licensing

- 31.4 ANP may suspend the course of the contractual term if delays in the licensing procedure due to exclusive fault of the competent environmental bodies are proven.
- 31.4.1 The rejection in definitive character, by the competent environmental organization, of a licensing essential for the implementation of exploratory activities, due to the worsening of the rules and criteria for licensing subsequently to the signing of the Contract, may cause the contractual extinction without granting the Concessionaire the right to any type of compensation.

Losses

- 31.5 The Concessionaire shall take, individually and exclusively, all the losses arising from the situation of unforeseeable circumstances or force majeure.

CLAUSE THIRTYTWO CONFIDENTIALITY

Obligation of the Concessionaire

- 32.1 Any and all data and information acquired, processed, produced or developed in any way, obtained as a result of the operations and of the contract, are strictly confidential and, therefore, may not be disclosed by the Concessionaire without prior formal and written permission of ANP, except:
- a) If the data and information are already public or become public through a third party authorized to disclose them;
 - b) If there is no obligation of disclosure resulting from legal imposition or judicial determination;
 - c) If the disclosure is performed in accordance with the rules and limits imposed by a stock exchange in which shares of the Concessionaire are negotiated;
 - d) If the disclosure is directed to the affiliate, consultant or agent of the Concessionaire;
 - e) If the disclosure is directed to the financial institution and the security company against which the Concessionaire is appealing or working as a consultant;
 - f) If the disclosure is directed to the possible assignmentee in good faith, affiliate or its consultant; and
 - g) If the disclosure is directed to the Concessionaire or hired under another system of Oil and Natural Gas Exploration and Production of an adjacent area, the subsidiary or its consultant, aiming for signing an Contract of Individualization of Production.
- 32.1.1 In the cases provided for in lines "d", "e", "f" and "g", the disclosure of data and information is subject to a formal contract and prior written consent of confidentiality.

- 32.1.1.1 The contract shall provide which the third party mentioned in such points shall be obligated to comply with the provisions in paragraph 33.1 and, in the event of noncompliance, shall be subject to the provisions of clause twenty-nine, without however having the benefit of the exceptions provided for in items (a) to (f) of paragraph 31.1 for the dissemination of data and information without prior consent of ANP.
- 32.1.2 The third party shall not count with the benefit of the exceptions provided for in lines "a" to "g" for the dissemination of data and information without prior consent of ANP.
- 32.1.3 In the cases provided for in lines "a" to "g", the Concessionaire must send ANP notification, within 30 (thirty) days from the disclosure.
- 32.1.3.1 The notification must be accompanied by the data and/or information disclosed, the reasons for disclosure and the relationship of third parties who had access to such data and/or information.
- 32.1.3.2 In the cases provided for in lines "d" to "g", the notification must be accompanied, also, by a copy of the confidentiality contract referred to in paragraph 31.1.1.
- 32.2 The provisions of paragraph 33.1 shall remain in force and shall remain after the termination of this Contract.

ANP undertakings

- 32.3 ANP commits itself not to disclose any data and information obtained as a result of the operations and related to areas held by the Concessionaire.
- 32.3.1 This provision shall not apply where disclosure is necessary for compliance with the legal provisions which are applicable to it or for the purposes for which it was formed.

CLAUSE THIRTY THREE NOTIFICATIONS, REQUESTS, NOTICES AND REPORTS

Notifications, Requests, Plans, Programs, Reports and other Communications

- 33.1 The notifications, requests, forwarding of plans, programs, reports, as well as any other communications provided for in this Contract must be formal, written and delivered personally, as per applicable legislation.
- 33.1.1 If there is no specific provision in the Applicable Law, the communications hereunder shall be delivered personally against receipt, or sent by mail or courier, with proof of receipt.
- 33.1.2 The acts and communications related to this contract must be written in Portuguese language and, with the exception of the notice of commencement of drilling and the initial communication of incident, signed by a legal representative of the Concessionaire or by an attorney with specific powers.

Addresses

33.2 The addresses of the representatives of the Parties are included in Annex VIII.

33.2.1 In the event of a change of address, the Parties commit themselves to notify the other Party the new address with a minimum notice of 30 (thirty) days after the change.

Validity and Effectiveness

33.3 The documents specified in this clause shall be considered valid and effective on the date they are effectively received.

Amendments to the Acts of Incorporation

33.4 The Concessionaire must notify ANP of any changes of its acts of incorporation, by-laws or articles of incorporation, by forwarding copies of these documents, the election documents of its administrators or evidence of the executive acting board, within 30 (thirty) days.

CLAUSE THIRTY FOUR LEGAL REGIME

Applicable Law

34.1 This contract shall be executed, governed and interpreted according to the Brazilian laws.

Conciliation

34.2 The Parties commit themselves to make all efforts to resolve among themselves, amicably, all and any dispute or controversy arising from this Contract or related to it.

34.2.1 Such efforts should include at least the request for a specific conciliation meeting unsatisfied by the party, accompanied by her request and its reasons of fact and law.

34.2.2 The request should be met with scheduling the meeting by the other party within 30 days of the request, the ANP offices. The parties' representatives shall have the power to settle the question.

34.2.3 After the meeting, the case has not come to an immediate contract, the parties shall have at least another 30 days to negotiate an amicable solution.

34.3 The Parties may, from who enter into a formal written contract, resort to independent expert to get it reasoned opinion that could lead to the closure of the dispute or controversy.

34.3.1 If signed such a contract, the adoption of arbitration may only be exercised after issuing the opinion by the expert.

Suspension of Activities

- 34.4 ANP shall decide on the suspension or not of the activities of the dispute or controversy.
- 34.4.1 The criteria to substantiate the decision shall be the need to avoid personal or material risk of any nature, in particular as regards the operations.

Arbitration

- 34.5 After the provision in paragraph 34.2 f, at any moment, one of the Parties consider which there are no conditions for an amicable settlement of the dispute or controversy referred to in paragraph 35.2, such matter shall be submitted to arbitration *ad hoc*, using as a parameter the rules laid down in the Regulation of Arbitration (Arbitration Rules) of the United Nations Commission on International Trade Law - UNCITRAL and in line with the following precepts:
- a) The choice of arbitrators shall follow the standard established in the Arbitration Rules of UNCITRAL;
 - b) Three arbitrators shall be chosen. Each Party shall choose an arbitrator. The two arbitrators so appointed shall appoint the third arbitrator, who shall act as president;
 - c) By contract of the Parties a single arbitrator may be determined under the assumptions on which the involved amounts are not large.
 - d) The city of Rio de Janeiro, Brazil, shall be the seat of arbitration and the place of delivery of the arbitral award;
 - e) The language to be used in the arbitration proceeding shall be the Portuguese language. The Parties may, however, instruct the process with testimony or documents in any other language if the arbitrators so decide, without the need for official translation.
 - f) All and every expenditure required for the installation and development of arbitration, such as costs and advance of arbitration and expert fees, shall be borne solely by the Concessionaire. ANP shall only compensate such amounts in case of final conviction, in the form as decided by the arbitrators;
 - g) In merit, the arbitrators shall decide on the basis of the Brazilian substantive laws;
 - h) The arbitral award shall be final and its contents shall oblige the Parties. Any amounts perhaps owed by ANP shall be paid off through writ of payment, except in the case of official recognition of the application; and
 - i) If there is a need for precautionary, preparatory or incidental measures, or other precaution measures before being introduced to arbitration, the concerned Party may require them directly to the judiciary, with background in the applicable legislation.
- 34.6 The Parties by common contract, may choose to institutionalize the arbitration in the International Court of Arbitration of the International Chamber of Commerce or before another arbitration chamber notoriously recognized and of unblemished reputation, in line with the rules of the chosen chamber, provided the precepts laid down in items "b" to "i" of paragraph 33.6.
- 34.6.1 If the dispute or controversy involves exclusively members of the Federal Public Administration, the matter may be submitted to the

Board of Conciliation and Arbitration of the Federal Administration - CCAF, Federal Attorney General.

34.7 The Parties hereby declare to be aware that the arbitration referred to in this paragraph refers exclusively on disputes arising from the Contract or related to it and it is just possible, under Law No. 9,307 / 96, on property rights available.

34.7.1 It is considered property rights available for purposes of this arbitration clause, the rights and duties which are the foundation synallagmatique clauses of this contract, and involving no obligations provided by law, interpretation of legal definitions of public law issues, or environment-related obligations.

Venue

34.8 For the provisions in item "i" and for the issues which do not focus on available patrimonial rights, in accordance with Law no. 9.307/96, the Parties elect the courts of Federal Justice - Judicial Section of Rio de Janeiro, Brazil, as the only competent one, with the express waiver of any other, no matter how privileged it may be.

Execution of the Contract

34.9 The Concessionaire must keep, throughout the execution of the contract, in compatibility with the obligations undertaken by it, all the conditions of skills and qualifications required by ANP.

Justifications

34.10 ANP commits itself to, whenever it has to perform its discretion, expose the justifications of the act, observing the applicable legislation and following the best practices of the oil industry.

Continued Application

34.11 The provisions of this clause shall remain in force and shall remain after the termination of this Contract.

CLAUSE THIRTYFIVE FINAL PROVISIONS

Modifications and Amendments

35.1 The omission or tolerance by any of the Parties to the requirement of compliance with the provisions of this Contract, as well as the acceptance of a different performance of the contractually required, shall not imply novation and neither shall limit the right of such Party of, on subsequent occasions, impose the observance of those provisions or require a performance compatible with the contractually required.

35.2 Any modifications or amendments in this contract must comply with the applicable legislation and only have validity if carried out formally and in writing and signed by the representatives of the Parties.

Titles

35.3 The titles of paragraphs, chapters and clauses used in this Contract have the purpose of identification and reference and shall not be taken into account for the purposes of interpretation of the rights and obligations of the Parties.

Disclosing

35.4 ANP shall publish in the Official Gazette of the Federal Government, the full text or extract of the terms of this Contract for its validity *erga omnes*.

The Parties sign this Contract in ___ copies of equal content and form and for only one purpose, in the presence of the witnesses listed below.

Rio de Janeiro, date.

National Agency of Petroleum, Natural Gas and Biofuels – ANP

Magda Maria de Regina Chambriard

General Director of ANP

(Concessionaire)

(Signatory)

(Job Title)

«Rep4»

«cargo4»

Witnesses:

Name:

Name:

Individual Taxpayer Register

Individual Taxpayer Register

ANNEX I – CONCESSION AREA

The Concession Area of this contract and the Block XXX-XX-XX_R12, whose cartographic parameters are listed below.

CARTOGRAPHIC PARAMETERS RENDERED FOR THE COORDINATES.

ANNEX II - MINIMUM EXPLORATORY PROGRAM

The information in the Tender Protocol and the supply of Units of Work for the purposes of compliance with the Minimum Exploratory Program for the block mentioned in Annex I.

The activities below, to be performed by the Concessionaire, are part of the object of this Contract.

Minimum Exploratory Program and Financial Securities

Block	Block Area Km2	First Exploratory Phase (Work Units) ¹	Second Exploratory Phase (Exploratory Well) ²	Value of the Financial Security of the First Phase (R\$) ³	Amount of the Security (in written)
			1		

UT value for purposes of the Financial Guarantee First Period (R\$/UT)

Exploration Phase Duration (years)	First Exploratory Phase (years)	Second Exploratory Phase (years)
_____	_____	_____

Equivalence of the Work Units (UTs)

Exploratory Well	2D Seismic (UT/km)	3D Seismic (UT/km ²)	2D Reprocessing (UT/km)	3D Reprocessing (UT/km ²)	Grav (UT/km)	MAG (UT/km)	Gama-Spectrometry (UT/km)	Electromagnetic (UT/receptor)	Geochemistry (UT/Sample)	Stratigraphic Objective
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____

UT value for purposes of the Financial Guarantee First Period (R\$/UT)

Exploratory Phase Term (in years)	First Exploratory Block (in years)	Second Exploratory Block (in years)
_____	_____	_____

1 - It shall be considered, for the purposes of compliance with the Minimum Exploratory Program, the 2D and 3D non-exclusive seismic surveys authorized by ANP, applying the rules and the factor of reduction shown in the table below.

2 - For the purpose of compliance with the Minimum Exploratory Program, the drilled wells shall reach the stratigraphic objective determined by ANP which, at its sole discretion, may accept other stratigraphic objectives proposed by the Concessionaire with the proper technical justification.

3 - The amounts evidenced represent the amounts of the financial securities for the Minimum Exploratory Program offered for the first exploratory phase. The amounts of the securities for the second exploratory phase shall be defined as prescribed in clause six.

Reduction factor of the non-exclusive surveys for the purposes of fulfilling the Minimum Exploratory Program of the First Exploratory Phase.

For deduction of the Minimum Exploratory Program: Elapsed time between the reduction request of the Exploratory Program to the ANP made minimum and the completion date of the acquisition or reprocessing of non-exclusive data.	Reducing Factor*
0 – 1 year	1.0
1 – 2 years	0.9
2 – 3 years	0.8
3 – 4 years	0.7
4 – 5 years	0.6
5 – 6 years	0.5
6 – 7 years	0.4
7 – 8 years	0.3
8 – 9 years	0.2
9 -10 years	0.1
> 10 years	0

Note:* Only the non-exclusive surveys authorized by ANP shall be accepted, provided the data acquisition companies have met all the data delivery requirements to the Exploration and Production Data Base (BDEP).

For the purpose of counting the amount to be considered for compliance with the Minimum Exploratory Program of the first exploratory phase, the amount of the UTs corresponding to the exploratory work performed shall be multiplied by the amount of the table.

ANNEX III - FINANCIAL SECURITY FOR THE MINIMUM EXPLORATORY PROGRAM

(attach a copy of the Financial Security for the Minimum Exploratory Program.)

ANNEX IV - PERFORMANCE SECURITY

(Attach a copy of the delivered document, if applicable.)

ANNEX V- GOVERNMENTAL AND THIRD PARTIES CONTRIBUTIONS

In accordance with Clause Twenty-Three, the Concessionaire shall pay the following Governmental and Third Parties Holdings:

- a) *Royalties* at the corresponding amount of 10% (ten percent) of the production of Oil and Natural Gas held in the Concession Area;
- b) Special Participation at the amount defined in Law no. 2.705, of 3 August 1998;
- c) Payment for the Occupation or Retention of Area: i) in the Exploration Phase¹, at the amount of R\$ _____ (Text in written) per square kilometer or fraction of the Concession Area, with the anticipated increase in Decree no. 2.705, of August 3, 1998 in the case of extension; ii) in the phase of the Development Phase of the Production Phase, at the amount of R\$ _____ (Text in written); and iii) in the Production Phase, at the amount of R\$ _____ (Text in written); and
- d) Payment to the owners of the land of participation equivalent to 1% (one percent) of Oil and Natural Gas production in accordance with the applicable legislation.

¹Payment for the Retention or Occupation of Area, in Real per square kilometer, pursuant to the Tender Protocol.

ANNEX VI - PAYMENT OF SIGNATURE BONUS

Signature Bonus paid by the Concessionaire		
Block	Offered Amount (in writing)	Paid Signature Bonus (in writing)
_____	_____ Real	_____ Real

ANNEX VII - DESIGNATION OF OPERATOR

The initial Operator is _____. A new Operator may be appointed as provided in clause fourteen and taking into account the conditions of clause twenty-eight.

ANEXO VIII – ADDRESS

Agência Nacional do Petróleo, Gás Natural e Biocombustíveis – ANP

Avenida Rio Branco n.º 65, térreo/protocolo – Centro

20090-004 – Rio de Janeiro, RJ

[name of the Concessionaire]

Address _____

«Consórcio2»

«Epostal2»

«Consórcio3»

«Epostal3»

«Consórcio4»

«Epostal4»

ANNEX IX - COMMITMENT TO LOCAL CONTENT

Attach a copy of the commitment of local facility and services offered.