

**FEDERATIVE REPUBLIC OF BRAZIL**

**MINISTRY OF MINES AND ENERGY**



**anp**  
Agência Nacional  
do Petróleo,  
Gás Natural e Biocombustíveis

**CONCESSION AGREEMENT FOR EXPLORATION AND PRODUCTION OF OIL  
AND GAS**

**«NAME\_SIGEP»**

**NO. «NUMBER\_AGREEMENT»**

**ENTERED INTO BY AND BETWEEN**

**NATIONAL AGENCY OF PETROLEUM, NATURAL GAS, AND BIOFUELS – ANP**

**AND**

**«SIGNATORY\_01\_OPERATOR»**

**«SIGNATORY\_02»**

**BRAZIL  
2023**

**CONCESSION AGREEMENT FOR EXPLORATION AND PRODUCTION OF OIL AND GAS**

entered into by and between

The **NATIONAL AGENCY OF PETROLEUM, NATURAL GAS, AND BIOFUELS – ANP** (hereinafter referred to as “ANP”), a special independent agency organized by Law No. 9,478 of August 6, 1997, part of the Indirect Federal Administration, bound to the Ministry of Mines and Energy, headquartered at SGAN (Setor de Grandes Áreas Norte) Quadra 603, Módulo I, 3º andar, in the city of Brasília, DF, and with Main Office at Avenida Rio Branco, nº 65, in the city of Rio de Janeiro, RJ, herein represented by its Director-General, «director\_general»,

“signatory\_01\_operator”, organized under the laws of Brazil, with its principal place of business at «address\_01», enrolled in the National Register of Legal Entities (CNPJ/MF) under No. «cnpj\_01» (hereinafter referred to as “Concessionaire”), herein represented by «signatory\_01\_representative\_01», «signatory\_01\_title\_01», and «signatory\_01\_representative\_02», «signatory\_01\_title\_02»,

and

“signatory\_02”, a business company organized under the laws of Brazil, with its principal place of business at «address\_02», enrolled in the National Register of Legal Entities (CNPJ/MF) under No. «cnpj\_02» (hereinafter referred to as “Concessionaire”), herein represented by «signatory\_02\_representative\_01», «signatory\_02\_title\_01», and «signatory\_02\_representative\_02», «signatory\_02\_title\_02».

**WHEREAS**

pursuant to articles 20, items V and IX of, and 176, main section, of the Constitution of the Federative Republic of Brazil and article 3 of Law No. 9,478/1997, the Oil and Gas Deposits existing in the national territory, the continental shelf, and the exclusive economic zone belong to the Federal Government;

pursuant to article 177, I, of the Constitution of the Federative Republic of Brazil and article 4 of Law No. 9,478/1997, the Research and Exploration of the Oil and Gas Deposits existing in the national territory, the continental shelf, and the exclusive economic zone is the monopoly of the Federal Government;

pursuant to art. 177, paragraph one, of the Constitution of the Federative Republic of Brazil and art. 5 of Law No. 9,478/1997, the Federal Government may allow state-owned or privately-held companies incorporated under the Brazilian laws, with principal place of business and management in the Country, to develop activities of Exploration and Production of Oil and Gas, upon concession, as established in the prevailing Applicable Laws;

pursuant to article 21 of Law No. 9,478/1997, all rights of Exploration and Production of Oil and Gas in the national territory, the continental shelf, and the exclusive economic zone are held by the Federal Government, and ANP shall be responsible for their management, except for the jurisdiction of other bodies and entities expressly provided by law;

pursuant to article 8 of Law No. 9,478/1997, the purpose of ANP is to procure the regulation, engagement, and inspection of the economic activities forming part of the Oil, Gas, and Biofuel Industry;

ANP, on behalf of the Federal Government, is responsible for entering into Concession Agreements for Exploration and Production of Oil and Gas with the Concessionaire, in compliance with the provisions of articles 23 and 24 of Law No. 9,478/1997;

pursuant to arts. 25 and 26 of Law No. 9,478/1997 and upon meeting of the requirements provided for in Section I of Chapter V, ANP and the Concessionaire are authorized to enter into this Concession Agreement, which shall be governed, as appropriate, by the general standards of Section I and the provisions of Section VI, both from Chapter V of such Law;

pursuant to articles 36 to 42 of Law No. 9,478/1997, the Concessionaire participated in the bidding process for award of this Concession Agreement, and the bidding process in which it was declared the winner was awarded and approved for the Block defined in Annex I;

pursuant to article 46 of Law No. 9,478/1997, the Concessionaire paid the signature bonus to ANP in the amount indicated in Annex VI;

pursuant to the Open Acreage tender protocol and art. 43, item V, of Law No. 9,478/1997, the Concessionaire has provided ANP with the financial guarantee required to support performance of the Minimum Exploration Program offered;

ANP and the Concessionaire enter into this Concession Agreement for Exploration and Production of Oil and Gas for the Block identified in Annex I under the following terms and conditions.

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## CHAPTER I – BASIC PROVISIONS

### SECTION ONE – DEFINITIONS

#### Legal Definitions

- 1.1. The definitions in art. 6 of Law No. 9,478/1997; in art. 2 of Law No. 12,351/2010, as appropriate; and in art. 3 of Decree No. 2,705/1998 are hereby incorporated into this Agreement and, consequently, are valid for all its purposes and effects whenever they are used herein, whether in the singular or plural form, in the masculine or feminine gender.

#### Contractual Definitions

- 1.2. Also for the purposes and effects of this Agreement, the definitions contained in this paragraph shall also be valid whenever the following words and phrases are used in the singular or plural, in the masculine or feminine gender:
  - 1.2.1. **Affiliate:** any controlling or controlled legal entity of private law, performing a business activity under arts. 1,098 to 1,100 of the Brazilian Civil Code, as well as entities directly or indirectly controlled by the same company.
  - 1.2.2. **Concession Area:** area of the Block which superficial projection is delimited by the polygon defined in Annex I or the plots of the area of the Block remaining subject withheld by the Concessionaire after the partial relinquishments provided for herein are made.
  - 1.2.3. **Development Area:** any plot of the Concession Area retained for the Development Phase.
  - 1.2.4. **Field Area:** area delimited by the polygon defining the Field, upon approval of the Development Plan.
  - 1.2.5. **Assessment:** exploratory activity that aims to investigate a Discovery in the Concession Area with the objective of verifying its commerciality, using technologies that may be accepted by the ANP, in accordance with the Best Practices of the Oil Industry.
  - 1.2.6. **Well Assessment:** logging and formation tests performed between the End of Drilling and Well Completion that, combined with other activities previously developed at the well, will enable verification of the occurrence of areas of interest for presentation of a possible Discoveries of Oil or Natural Gas Discoveries of Oil or Natural Gas Assessment Plan.
  - 1.2.7. **Assignment:** transfer, in whole or in part, of the ownership of rights and obligations arising from the Agreement; consolidation, spin-off, and merger, when corporate reorganization results in change of any of the Concessionaires; change of Operator, as well as exemption and replacement of the performance guarantee.



- 1.2.8. **Concessionaire:** individually or collectively, the legal entities developing business activities that are members of the consortium, including the Operator.
- 1.2.9. **Well Completion:** moment of completion of the activities directly related to drilling of a well (including, when applicable, logging, lining, and cementing) when its final depth is reached, after which all Operations exclusively refer to disassembly, decommissioning, or operation of the unit. For the cases in which the Well Assessment and/or completion is started within sixty (60) days after the end of the activities directly related to drilling of the well or its temporary abandonment, the moment in which disassembly, decommissioning, or operation of the unit used for the Well Assessment and/or completion is started shall be taken into account.
- 1.2.10. **Agreement:** the main body of this document and its annexes.
- 1.2.11. **Consortium Agreement:** agreement regulating the rights and obligations of the Concessionaires regarding this Agreement.
- 1.2.12. **Declaration of Commercial Feasibility:** formal and written notification presented to ANP declaring one or more Deposits as a Commercial Discovery in the Concession Area.
- 1.2.13. **Discovery:** any occurrence of Oil or Gas in the Concession Area, regardless of the quantity, quality, or commercial feasibility, verified by at least two detection or assessment methods.
- 1.2.14. **Decommissioning of Facilities:** set of activities associated with the definitive interruption of the Operation of the Facilities, the permanent abandonment and razing of wells, the removal of Facilities, the proper disposal of materials, residues and rejects and the environmental recovery of the area.
- 1.2.15. **Development Phase:** contractual phase initiated with the approval of ANP for the Development Plan and which is extended during the Production Phase while investments in wells, equipment, and facilities for the Production of Oil and Gas according to the Best Practices of the Oil Industry are required.
- 1.2.16. **Flow of First Oil:** date of the first measurement of volumes of Oil and Gas at one of the Production Measurement Points in each Development Module.
- 1.2.17. **Exploration Phase:** contract period in which the Exploration and Assessment are to be performed.
- 1.2.18. **Production Phase:** contract period in which the Development and the Production are to be performed.
- 1.2.19. **Brazilian Supplier:** any manufacturer or supplier of goods manufactured or services provided in Brazil through limited liability companies incorporated under the Brazilian laws or companies that use goods manufactured in the Country under special customs regimes and tax incentives applicable to the Oil and Gas Industry.
- 1.2.20. **Individualization of Production:** procedure aimed at sharing of the Production result and the reasonable use of the Country's natural resources through unification of the Development and Production of the Deposits extending beyond the Concession Area;
- 1.2.21. **Applicable Laws:** the set of brazilian laws, decrees, regulations, resolutions, ordinances, normative instructions, or any other regulatory acts that are or may

be applicable to the Parties or to the activities of Exploration, Assessment, Development, and Production of Oil and Gas, as well as to Decommissioning of the Facilities.

- 1.2.22. **Macro-Group:** set of properties, services, and equipment purchased or contracted by the Concessionaires to develop the activities in the segments defined under this Agreement with specific Local Content commitments.
- 1.2.23. **Best Practices of the Oil Industry:** the best and safest procedures and technologies available in the Oil and Gas Industry worldwide intended to: (a) ensure the operational safety of the facilities, preserving life, physical integrity, and human health; (b) preserve the environment and protect adjacent communities; (c) prevent or reduce as much as possible the risk of spill of oil, natural gas, by-products, and other chemicals that may be hazardous to the environment; (d) preserve oil and gas resources, which implies the use of adequate methods and processes to maximize the recovery of hydrocarbons in a technical, economic, and environmentally sustainable way, with the corresponding control of the reserve decline, and to mitigate surface losses; (e) minimize consumption of natural resources in the Operations. In order to perform the Best Practices of the Oil Industry, the Concessionaires shall rely on the standards issued by ANP and other Brazilian public bodies, incorporating technical standards and recommendations of internationally recognized bodies and associations of the Oil Industry, whenever such measures increase the chances to achieve the objectives listed above.
- 1.2.24. **Development Module:** individual module composed of facilities and infrastructure for the Production of Oil and Gas of one or more Deposits of a certain Field, pursuant to the Development Plan approved by ANP.
- 1.2.25. **New Reservoir:** accumulation of Oil and/or Gas in areas other than those already in Production or under Assessment.
- 1.2.26. **Operation:** all activities of Exploration, Assessment, Development, Production, Decommissioning of Facilities developed sequentially, collectively, or separately by the Concessionaire for the purposes of this Agreement.
- 1.2.27. **Operator:** the Concessionaire designated to conduct and develop all Operations provided for in this Agreement on behalf of the Concessionaires, pursuant to Annex VII.
- 1.2.28. **Party:** signatory of the Agreement.
- 1.2.29. **Discoveries of Oil or Natural Gas Assessment Plan:** document specifying the work schedule and the relevant investments required for the Assessment of a Discovery or set of Discoveries of Oil and Gas in the Concession Area.
- 1.2.30. **Development Plan:** document specifying the work program, schedule, and relevant investments required for the Development and the Production of a Discovery or set of Discoveries of Oil and Gas in the Concession Area, including its abandonment.
- 1.2.31. **Exploratory Work Plan:** document specifying the activities to be carried out in the Exploration Phase, as well as when the remaining obligations are carried out, and the respective schedules and budgets.

- 1.2.32. **Dates of Decision:** dates by which the holders of the Exploration and Production rights must communicate ANP about the decision to undertake one or more Contingent Commitments or not.
- 1.2.33. **Annual Production Program:** document describing the forecasts for Production and handling of Oil, Gas, water, special fluids, and waste arising from the Production process of each Development Area or Field.
- 1.2.34. **Annual Work and Budget Program of the Production Phase:** document specifying the set of activities to be carried out by the Concessionaire, for the next five years, including details of the investments necessary to carry out the activities in the Production Phase.
- 1.2.35. **Facility Decommissioning Program:** document presented by the Concessionaire whose content must incorporate the information, projects and studies necessary for the planning and execution of the Decommissioning of Facilities.
- 1.2.36. **Minimum Exploration Program:** work schedule provided for in Annex II, to be met by the Concessionaire during the course of the Exploration Phase.
- 1.2.37. **Local Content Report:** document to be submitted by the Concessionaire to ANP detailing the amounts disbursed for purposes of Local Content assessment.
- 1.2.38. **Facility Decommissioning Report:** document presented by the Concessionaire that describes all activities performed during the Facility Decommissioning and the associated costs.
- 1.2.39. **Local Content Inspection Report:** expert report issued by the Local Content Coordination Office that assesses fulfillment of the contractual commitments declared by the Operator in the Local Content Report before beginning of any sanctioning process.
  
- 1.2.40. **Final Oil or Natural Gas Discoveries Assessment Report:** document describing the Oil or Natural Gas Discoveries Assessment Operations, according to the Oil or Natural Gas Discoveries Assessment Plan approved by ANP, showing its results and, if approved by ANP, making the Declaration of Commercial Feasibility effective.
  
- 1.2.41. **Seismic Reprocessing:** process to submit seismic data to new processing, aiming at gaining quality in the results achieved.
  
- 1.2.42. **Social Responsibility:** Concessionaire's responsibility for the impacts of its decisions and activities on the society and environment, through an ethical and transparent behavior that (i) contributes to the sustainable development, including health and wellness of the society, and takes into account expectations of the stakeholders; (ii) is in compliance with the Best Practices of the Oil Industry; and (iii) is integrated into the Concessionaire and shown in its relationships related to the Concessionaire's activities within its sphere of influence.

- 1.2.43. **Production Collection System:** set of facilities and equipment designed to transfer the fluids produced from the wells to the Production units, as well as transfer the fluids for injection in the Field.
- 1.2.44. **Production Flow System:** set of facilities and equipment designed to move Oil and Natural Gas from the Production units to facilities outside the Concession Area or to other Production units in the same Concession Area.
- 1.2.45. **Early Production System:** temporary facility with limited capacity, aiming at the early Production and obtaining of data and information for better characterization of the Reservoir, for purposes of adequacy of the Development Plan.
- 1.2.46. **End of Drilling:** moment in which the final depth of the well is reached, with no expectations of further progress.
- 1.2.47. **Extended Well Test:** test in a well with a total free flow time of more than 72 (seventy-two) hours, carried out with a view to obtaining data that allow interpretations in order to support Deposit Assessment.
- 1.2.48. **Unit of Work:** conversion unit for different exploratory works used for the purpose of assessing implementation of the Minimum Exploration Program provided for in Annex II.

## **SECTION TWO – SUBJECT MATTER**

### **Exploration and Production of Oil and Gas**

- 2.1. The subject matter of this Agreement is the execution in the Concession Area:
  - a) Exploration Operations committed to the Minimum Exploratory Program or additional to it, under the terms of an Exploratory Work Plan approved by the ANP;
  - b) Discovery Assessment activities, in case of Discovery, at the discretion of the Concessionaire, under the terms of an Assessment Plan for Discoveries of Oil or Natural Gas approved by the ANP and additional to it under the terms of an Exploratory Work Plan approved by the ANP; and;
  - c) Oil and Natural Gas Development and Production Operations, if the Discovery is verified by the Concessionaire, pursuant to a Development Plan approved by the ANP..

### **Costs, Losses, and Risks Associated with the Execution of Operations**

- 2.2. The Concessionaire shall always and exclusively bear all costs and risks related to the execution of the Operations and its consequences.
- 2.3. The Concessionaire shall bear all losses it may incur, including the ones resulting from an act of god or force majeure event, as well as accidents or events of nature affecting the Exploration and Production of Oil and Gas in the Concession Area.

- 2.4. The Concessionaire shall not be entitled to any payment, redress, refund, reimbursement, or indemnification in the event of failure in the exploration or absence of commercial feasibility of any Discoveries in the Concession Area.
- 2.5. The Concessionaire shall be the only party civilly liable for its own actions and the actions of its agents and subcontractors, as well as for the compensation for any damages caused by the Operations and their execution, regardless of fault.
  - 2.5.1. The Federal Government and ANP shall be reimbursed for any liens they may endure as a result of any demands motivated by acts under the responsibility of the Concessionaire, which shall bear such reimbursement.
- 2.6. The Federal Government and ANP shall not undertake any risks or operating losses or bear costs, investments, and damages related to the execution of the Operations and its consequences.

### **Ownership of Oil and/or Gas**

- 2.7. The Oil and Gas Deposits existing in the national territory, the continental shelf, and the exclusive economic zone belong to the Federal Government, pursuant to article 20, items V and IX, of the Constitution of the Federative Republic of Brazil, and art. 3 of Law No. 9,478/1997.
  - 2.7.1. The Concessionaire shall have the ownership only of the Oil and Gas that are effectively produced and granted thereto at the Production Measurement Point, through original acquisition and according to this Agreement.
  - 2.7.2. The Concessionaire shall be subject to charges related to the Government taxes and shares, as well as those provided for in the Applicable Laws.

### **Other Natural Resources**

- 2.8. The Concessionaire is prohibited to use, enjoy, or dispose, in any way and at any title, totally or partially, of any other natural resources that may exist in the Concession Area other than Oil and Gas, except when duly authorized by the competent authorities, according to the Applicable Laws.
  - 2.8.1. Discovery of natural resources other than Oil and Gas by chance shall be notified to ANP within no more than seventy-two (72) hours.
  - 2.8.2. The Concessionaire shall follow the instructions and allow implementation of the relevant measures determined by ANP or other competent authorities.
  - 2.8.3. Until such instructions are submitted to the Concessionaire, it shall refrain from taking any measures that may pose a risk or somehow damage the natural resources discovered.
  - 2.8.4. The Concessionaire shall not be required to suspend its activities, except when they pose a risk to the natural resources discovered or the Operations.
- 2.9. Any interruption of the Operations, exclusively due to the discovery of other natural resources by chance, shall have its duration calculated and acknowledged by ANP for purposes of extension of this Agreement.

## **SECTION THREE – CONCESSION AREA**

### **Identification**

- 3.1. The Operations shall be conducted exclusively in the Concession Area described and delimited in Annex I.

### **Voluntary Relinquishments**

- 3.2. The Concessionaire may, at any time, voluntarily relinquish areas forming part of the Concession Area.
- 3.2.1. Voluntary relinquishments shall be communicated to ANP in writing.
- 3.2.2. Voluntary relinquishments will not exempt the Concessionaire from the responsibility of complying with the plans and programs, as well as the Decommissioning of Facilities.
- 3.2.3. The Facility Decommissioning Program must be submitted for approval by the ANP, pursuant to the Applicable Laws.
- 3.2.4. Once the Exploration Phase is completed, the Concessionaire may only keep as Concession Area the Development Area.

### **Relinquishment by termination of the Agreement**

- 3.3. Termination of this Agreement for any reason shall require the Concessionaire to immediately relinquish the entire Concession Area to ANP.
- 3.4. The Facility Decommissioning Program must be submitted for approval by the ANP, pursuant to the Applicable Laws.

### **Conditions for Relinquishment**

- 3.5. Any and all relinquishment of areas or Fields forming part of the Concession Area, as well as the consequent reversal of properties, shall be final and made by the Concessionaire with no liens whatsoever for the Federal Government or ANP, under art. 28, paragraphs 1 and 2, of Law No. 9,478/1997, and the Concessionaire shall not be entitled to reimbursement.
- 3.6. The relinquishment of areas or Fields forming part of the Concession Area does not exempt the Concessionaire from the responsibility provided for in paragraph 21.8.

### **Use of the Relinquished Areas by ANP**

- 3.7. The ANP, once notified by the Concessionaire of the devolution of the exploratory area or after the process of devolution of areas under Development or Production has started, may dispose of them, including for the purpose of new bids.

**Non-Exclusive Data Survey**

- 3.8. ANP may, at its sole discretion, authorize third parties to perform in the Concession Area services of geology, geochemistry, geophysics, and other works of the same nature aiming at the survey on technical data intended for non-exclusive commercialization, pursuant to art. 8, item III, of Law No. 9,478/1997, and the Applicable Laws.
- 3.8.1. The performance of such services, unless in exceptional situations approved by ANP, shall not affect the ordinary course of the Operations.
- 3.8.2. The Concessionaire shall have no responsibility regarding performance, by third parties, of such services or damages arising therefrom.

**SECTION FOUR – EFFECTIVENESS****Effectiveness and Division into Phases**

- 4.1. This Agreement becomes effective on its execution date and is divided into two phases:
- a) Exploration Phase, for the whole Concession Area, with expected duration set forth in Annex II; and
  - b) Production Phase, for each Field, with duration defined in Section Nine.
- 4.2. The effectiveness of this Agreement shall correspond to the period elapsed since the date of its execution until the end of the Exploration Phase, except if a Declaration of Commercial Feasibility of one or more Discoveries is issued, case in which there shall be an addition pursuant to Section Nine.
- 4.3. Any extensions that may be authorized by ANP under this Agreement shall be added to such total effectiveness.
- 4.4. The lapse of the effectiveness, according to the provisions of the paragraph 4.3 related to the extensions authorized by ANP, shall entail the lawful termination of the Agreement.

## CHAPTER II – EXPLORATION AND ASSESSMENT

### SECTION FIVE – EXPLORATION PHASE

#### Start and Duration

- 5.1. The Exploration Phase shall have the duration set forth in Annex II and shall consist of a single period.
- 5.2. The Exploration Phase shall start on the date of execution of this Agreement and shall end:
  - a) upon lapse of the term set forth in Annex II;
  - b) upon total relinquishment of the Concession Area; or
  - c) in case of area previously retained for Discovery Assessment:
    - i. upon submission of the Declaration of Commercial Feasibility; or
    - ii. with relinquishment of the area.

#### Minimum Exploration Program

- 5.3. The Concessionaire shall perform the obligations related to the Minimum Exploration Program within the terms and under the conditions described in Annex II.
- 5.4. The Concessionaire may develop exploratory activities in addition to those of the Minimum Exploration Program, pursuant to the Applicable Laws.
- 5.5. ANP may approve changes in the Minimum Exploration Program upon request from the Concessionaire under the following conditions:
  - a) if the Concessionaire technically demonstrates that this change is consistent with the Best Practices of the Oil Industry; and
  - b) if the Concessionaire indicates the Prospecting that motivated the change request.
- 5.5.1 The Agreement will be automatically suspended if the ANP does not resolve, before the end of the Exploration Phase, on the request for changes to the Minimum Exploration Program.
- 5.6. Seismic Reprocessing may be converted into Units of Work for purposes of compliance with the Minimum Exploration Program.
  - 5.6.1. The conversion of Seismic Reprocessing into Units of Work is limited to a single version for each survey on seismic data.
  - 5.6.2. For purposes of conversion into Units of Work:
    - a) the reprocessed seismic data shall be exclusively contained within the Concession Area; and



- b) the Seismic Reprocessing shall include pre-stack time migration or pre-stack depth migration .
- 5.7. The Concessionaire may contract, at its sole discretion, data acquisition companies (EAD) for the collection of exclusive data, pursuant to the Applicable Laws.
- 5.8. ANP shall issue a quality control report for return or acceptance of data received within ninety (90) days of the date of the most recent delivery of by the Concessionaire, provided that informed by the Concessionaire at the time of sending the data, that these are related to the Minimum Exploration Program abatement process and/or return of the financial guarantee of the Minimum Exploration Program.
- 5.9. For purposes of performance of the Minimum Exploration Program, only data which acquisition, processing, reprocessing, and form have met all requirements defined in the regulatory rules and technical standards established by ANP shall be converted into Units of Work, pursuant to the Applicable Laws.
- 5.10. The exploration work shall be converted into Units of Work for purposes of compliance with the Minimum Exploration Program, according to the criteria listed in Annex II.
- 5.11. Partial or complete non-performance of the Minimum Exploration Program implies the full termination of the Agreement and the execution of the compensatory penalty clause provided for in Clause Six, with no other penalties being applicable due to said non-performance.
- 5.11.1. The values of the activities of the Minimum Exploratory Program not carried out are defined in Work Units and are net, and may be required from the Concessionaire or the guarantor, always monetarily corrected by the General Price Index - Internal Availability (IGP-DI) of the Getúlio Vargas Foundation, pursuant to paragraph 6.9.
- 5.11.2. Except for the provision of paragraph 5.11, the Development Areas eventually retained by the Concessionaire and the hypothesis provided for in paragraph 5.12.1.
- 5.12. In case of total or partial noncompliance with the Minimum Exploratory Program, the Concessionaire will not be able to proceed with the Production Phase.
- 5.12.1. The ANP may, upon reasoned request by the Concessionaire, exempt it from fulfilling the remaining portion of the Minimum Exploratory Program, without prejudice to the continuity of the Agreement.
- 5.12.1.1. In return for said exemption, the Concessionaire will pay an amount in cash corresponding to twice the total number of Uncomplied Work Units, monetarily corrected by the IGP-DI or another index that may replace it, under the terms of paragraph 6.9.
- 5.12.1.2. The Agreement will be automatically suspended if the ANP does not resolve, before the end of the Exploration Phase, on the request for exemption from compliance with the remaining portion of the Minimum Exploratory Program.
- 5.12.1.3. Once the conditions established above have been met, the Minimum Exploratory Program will be considered fully complied with, for all purposes of the Agreement.

### **Exploratory Work Plan**

- 5.13. The Concessionaire shall submit the Exploratory Work Plan shipments to the ANP, pursuant to the Applicable Laws.

### **Extension of the Exploration Phase and Suspension of the Agreement**

- 5.14. The Concessionaire may request to the ANP, with reason, the extension of the Exploration Phase or the suspension of the Agreement.
- 5.15. The Agreement will be automatically suspended if the ANP does not resolve, before the end of the Exploration Phase, on the request for extension of the Exploration Phase or suspension of the Agreement.
- 5.15.1. The Agreement will be suspended from the end of the Exploration Phase until the resolution in the final instance of the ANP.
- 5.15.2. Once the Agreement is suspended, the deadlines for submitting Declarations of Commerciality and Assessment Plans for Oil or Natural Gas Discoveries will also be suspended.
- 5.15.3. During the suspension of the Agreement provided for in paragraph 5.15, the Concessionaire may not carry out Exploration activities in the area, except with prior and express authorization from the ANP, in which case the suspension will be converted into a precautionary extension of the Agreement.
- 5.16. The term of the Agreement will be automatically suspended, until the final decision of the ANP, in relation to the retention area of the Evaluation Plan for Discoveries of Oil or Natural Gas from the Point of Decision or the date of termination of the originally foreseen activities, if any request to change these milestones.
- 5.17. If the Concessionaire makes a late Discovery during the Exploration Phase at such a time that it has not been possible to carry out the Discovery Assessment before the end of this phase, the Concessionaire may request the ANP to extend the Exploration Phase for the period necessary to carry out the Assessment stage and possible Declaration of Commerciality according to an Assessment Plan for Oil or Natural Gas Discoveries approved by the ANP.
- 5.17.1. The extension referred to in paragraph 5.17 is limited to the retention area of the Assessment Plan for Discoveries of Oil or Natural Gas approved by the ANP.
- 5.17.2. In the case of paragraph 5.17, the Exploration Phase will be suspended on the last day of its term until the ANP decides on the Assessment Plan for Oil or Natural Gas Discoveries and, consequently, on the request for an extension to carry out the Discovery Assessment.
- 5.18. If, at the end of the Exploration Phase, the drilling of an exploratory well is in progress without the Well Assessment having been completed, the Exploration Phase will be extended until the date of Completion of the Well, with an addition of 60 (sixty) days for presentation of an eventual proposal for an Assessment Plan for Oil or Natural Gas Discoveries.

5.18.1. The substantiated request for an extension due to a well in progress must be forwarded by the Concessionaire to the ANP at least 72 (seventy-two) hours before the end of the Exploration Phase, in which case the Concessionaire is authorized to proceed with the work. urgent, unless otherwise expressly decided by the ANP.

5.18.2. The deadline for said request may be reduced, provided that it is technically justified by the Concessionaire and approved by the ANP.

### **Concessionaire's Option to End the Exploration Phase**

5.19. The Concessionaire may terminate the Exploration Phase at any time, upon notification to ANP.

5.19.1. The closure will not release the Concessionaire from indemnification for any non-compliance with the Minimum Exploration Program.

### **Decommissioning of the Concession Area in the Exploration Phase**

5.20. The Concessionaire must present to the ANP the Facilities Decommissioning Program, under the terms of the Applicable Laws.

## **SECTION SIX – COMPENSATORY PENALTY FOR DEFAULT OF THE MINIMUM EXPLORATION PROGRAM**

### **Compensatory Penalty for Default of the Minimum Exploration Program**

6.1. As compensatory penalty for default of the Minimum Exploration Program, the Concessionaire shall pay a fine in an amount equal to the Minimum Exploration Program non-performed, as provided for in paragraphs 6.14 to 6.15.

### **Financial guarantee of the Minimum Exploration Program**

6.2. The Concessionaire shall provide ANP with one or more financial guarantees for the Minimum Exploration Program, according to the amount set in Annex II, within the term established in the tender protocol.

6.3. The financial guarantees provided shall be accompanied by a letter signed by all Concessionaires expressing full awareness of paragraph 14.4 and of the fact that the obligations of the Minimum Exploration Program are not fractional, and each Concessionaire shall be jointly responsible for reimbursement in case of default.

6.4. In case the Concessionaire does not provide the suitable financial guarantees, the Agreement shall be terminated regarding the areas that are not under Development.

### **Types of Financial Guarantees**

- 6.5. The Concessionaire may provide ANP with the following types of financial guarantee of the compensatory penalty for default of the Minimum Exploration Program:
- a) letter of credit;
  - b) performance bond;
  - c) oil and gas pledge agreement; and
  - d) escrow deposit, exclusively for Blocks onshore.
- 6.6. The financial guarantees may be combined in order to total the amount guaranteed.
- 6.7. The financial guarantees shall comply with the form indicated in the tender protocol.
- 6.8. The financial guarantees may only be replaced or changed after approval by ANP.

### **Adjustment of the Financial Guarantees**

- 6.9. The value of the Minimum Exploration Program, ensured by financial guarantee, shall be automatically subject to inflation adjustment on January 1<sup>st</sup> of each calendar year, by the IGP-DI variation of the immediately preceding year, except on the January 1<sup>st</sup> that immediately follows the publication of the tender protocol, in which case there shall be no adjustment.
- 6.10. The Concessionaire shall submit the update of the financial guarantees to ANP up to January 31 of each calendar year.
- 6.10.1. The annual update of the guarantee is hereby waived if the type of guarantee provided already contains a clause for automatic inflation adjustment by the IGP-DI.

### **Effectiveness of Financial Guarantees**

- 6.11. The effectiveness of the financial guarantee shall exceed the date expected for completion of the Exploration Phase by at least one hundred and eighty (180) days.
- 6.11.1. Financial guarantees shall be renewed whenever necessary, in the amount adjusted by inflation, pursuant to the provisions of paragraph 6.9.
- 6.11.2. In case of suspension of the Exploration Phase, the renewal of the financial guarantees shall cover a term of no less than one (1) year.
- 6.11.3. In case the Concessionaire does not comply with the provisions of paragraph 6.11, ANP may terminate the Agreement as provided for in item "a" of paragraph 30.4.
- 6.12. In the event of expiration of the financial guarantees, the Concessionaire shall replace them or provide additional guarantees.
- 6.12.1. If the guarantee has been provided as an Oil and Gas pledge agreement, ANP may notify the Concessionaire in order to, pursuant to the tender protocol and the pledge agreement entered into by and between the parties, call for margin

or, alternatively, request provision to ANP of a new guarantee in order to cover any difference between the required guarantee and the actual guarantee, in up to sixty (60) days of receipt of the notification.

### **Return of the Financial Guarantees**

- 6.13. In the absence of outstanding issues, ANP shall issue the certificate of completion of the Minimum Exploration Program within thirty (30) days after its completion and, then, it shall return the respective financial guarantees.

### **Enforcement of the Compensatory Penalty**

- 6.14. Upon verification of non-compliance with the Minimum Exploration Program, the ANP will summon the Concessionaire to pay, as a compensatory penal clause, within 30 (thirty) days, the amount corresponding to the unfulfilled portion of the Minimum Exploration Program updated by the IGP-DI, without incidence of any discount for voluntary payment.
- 6.14.1. In case of non-voluntary payment, the ANP will execute the amount due up to the limit guaranteed by the financial guarantees, and will register the remaining debt in overdue debt, plus the applicable legal charges.
- 6.14.2. The amount equivalent to the Minimum Exploratory Program not complied with will be updated by the IGP-DI until the date on which the effective payment is made.
- 6.14.3. ANP's manifestation on contract default has immediate effect and characterizes cause sufficient to execute the guarantee offered, including any performance bond.
- 6.14.4. Suspension of the execution of the financial guarantee by ANP, pursuant to item "m" of paragraph 34.5, or any arbitration award or court decision in effect, does not prevent communication of the loss by ANP to the insurance company within the effective period of the corresponding guarantee.
- 6.14.5. After suspension is terminated with no reversal of the administrative decision referred to in paragraph 6.14.4, the financial guarantee shall be effectively executed upon termination of the suspension, even if the original effective period of the guarantee is expired.
- 6.15. Receipt of the amount corresponding to the compensatory penalty for failure to implement the Minimum Exploration Program:
- a) does not exempt the Concessionaire from performing the other obligations arising from the Agreement;
  - b) does not affect ANP's right to seek other remedies and impose any applicable sanctions for acts other than the mere failure to implement the Minimum Exploration Program; and
  - c) does not allow the Concessionaire to advance to the Production Phase.

- 6.16. For escrow deposit, the guarantee shall be executed upon withdrawal of the updated amount of the penalty clause corresponding to the non-performed portion of the Minimum Exploration Program through correspondence from ANP to the depositary, regardless of prior authorization from the depositor.

## **SECTION SEVEN – DISCOVERY AND ASSESSMENT**

### **Notification of Discovery**

- 7.1. Any Discovery of Oil and/or Gas in the Concession Area must be notified by the Concessionaire to ANP on an exclusive basis within no more than seventy-two (72) hours.

### **Assessment, Discoveries of Oil or Natural Gas Assessment Plan, and Final Discoveries of Oil or Natural Gas Assessment Report**

- 7.2. The Concessionaire may, at its discretion, proceed with the Assessment of a Discovery of Oil and/or Gas at any time during the Exploration Phase.
- 7.3. If the Concessionaire decides to proceed with the Discovery Assessment, it must submit a proposed Discoveries of Oil or Natural Gas Assessment Plan for ANP's approval.
- 7.4. The activities of the Discoveries of Oil or Natural Gas Assessment Plan may be calculated as Units of Work for purposes of performance of the Minimum Exploration Program, provided that they are performed within the original term for the Exploration Phase, before the extension for the Discoveries of Oil or Natural Gas Assessment Plan, and may be classified as Units of Work pursuant to the terms set forth in the tender protocol and in the Annex II.
- 7.5. Once the Discovery Assessment is completed, the Concessionaire shall submit to ANP a Final Discoveries of Oil or Natural Gas Assessment Report, which shall indicate and justify any proposal for withholding of the Development Area of the Commercial Discovery, pursuant Applicable Laws .

### **Discovery Assessment through Extended Well Test**

- 7.6. If the Discoveries of Oil or Natural Gas Assessment Plan contemplates the performance of a Extended Well Test, the Concessionaire shall request to ANP a specific authorization to do so.
- 7.7. The performance of the Extended Well Test without the use or reinjection of the Natural Gas shall be limited to a term of up to one hundred and eighty (180) days, unless in exceptional cases, at ANP's sole discretion.

## **SECTION EIGHT – DECLARATION OF COMMERCIAL FEASIBILITY**

### **Declaration of Commercial Feasibility**

- 8.1. Upon compliance with the Discoveries of Oil or Natural Gas Assessment Plan approved by ANP, the Concessionaire may, at its sole discretion, submit the Declaration of Commercial Feasibility for the Discovery through notice to ANP.
  - 8.1.1. The Declaration of Commercial Feasibility shall only become effective after approval of the Final Discoveries of Oil or Natural Gas Assessment Report by ANP.
- 8.2. Failure by the Concessionaire to submit the Declaration of Commercial Feasibility until the end of the Exploration Phase shall entail the lawful termination of the Agreement regarding the relevant area retained for the Discovery Assessment.
- 8.3. Submission of one or more Declarations of Commercial Feasibility shall not exempt the Concessionaire from performance of the Minimum Exploration Program.

### **Postponement of the Declaration of Commercial Feasibility**

- 8.4. If the main accumulation of hydrocarbons discovered and assessed in a Concession Area is Natural Gas, the Concessionaire may request to ANP an authorization to postpone the Declaration of Commercial Feasibility in up to five (5) years, in the following cases:
  - a) lack of market for the Natural Gas to be produced, expected to be created in less than five (5) years;
  - b) lack or inadequacy of infrastructure for transportation of the Natural Gas to be produced by the Concessionaire, expected to be implemented in less than five (5) years.
  - c) the volume of the Discovery is such that its commerciality depends on additional Discoveries to be made in the Block itself or in adjacent Blocks, aiming at the joint Development of the Operations.
- 8.5. If the main accumulation of hydrocarbons discovered and assessed in a Concession Area is Oil, the Concessionaire may request to ANP an authorization to postpone the Declaration of Commercial Feasibility in up to five (5) years, in the following cases:
  - a) lack of technology for the Production, outflow, or refining, expected to be created in less than 5 (five) years.
  - b) the volume of the Discovery is such that its commercial feasibility depends on additional Discoveries to be made in the same Block or in adjacent Blocks, aiming at the joint Development of all Operations.
- 8.6. The Concessionaire may request ANP that the period for postponement of the submission of the Declaration of Commercial Feasibility is extended for five (5) additional years.

- 8.7. Extension of the term for submission of the Declaration of Commercial Feasibility shall apply exclusively to the area previously retained for Discovery Assessment.
- 8.8. During extension of the term for submission of the Declaration of Commercial Feasibility, the Agreement shall be suspended with respect to the area previously retained for Discovery Assessment.
- 8.9. If ANP considers that the reason that caused the postponement provided for in paragraphs 8.4 and 8.5 has been overcome, it shall notify the Concessionaire to submit, at its discretion, a Declaration of Commercial Feasibility within thirty (30) days.
  - 8.9.1. If it decides to submit the Declaration of Commercial Feasibility, the Concessionaire shall submit a Development Plan for approval by ANP no later than one hundred and eighty (180) days of such notice, and paragraph 10.1 shall not apply.



## CHAPTER III – DEVELOPMENT AND PRODUCTION

### SECTION NINE – PRODUCTION PHASE

#### Start and Duration

- 9.1. The Production Phase of each Development Area shall begin on the date of submission of the Declaration of Commercial Feasibility and shall last for twenty-seven (27) years.
- 9.2. The provisions of this Section 9 regarding extension or termination of this Agreement apply to each Development Area or Field, on an individual basis.

#### Extension at the Concessionaire's request

- 9.3. The Concessionaire may apply for extension of the term provided for in paragraph 9.1 upon submission of a request to ANP, together with a reviewed Development Plan, at least twenty-four (24) months before the end of such term.
  - 9.3.1. ANP shall answer the request for review of the Development Plan and extension of the Production Phase within no more than one hundred and eighty (180) days, and it may refuse the Concessionaire's proposal or subject it to changes in the reviewed Development Plan, as long as justified.

#### Extension by determination of ANP

- 9.4. ANP may request the Concessionaire to proceed with the Field Operation upon a minimum two hundred seventy (270)-day notice of the expected end of the Production.
  - 9.4.1. ANP's request may be refused only upon justification based on evidenced non-cost-effectiveness, among other reasons.
    - 9.4.1.1. In case of refusal by the Concessionaire, ANP shall have sixty (60) days of receipt of the justification to analyze the arguments presented and resolve upon the matter.
  - 9.4.2. After ninety (90) days of ANP's proposal, the absence of the Concessionaire's reply shall be deemed implied acceptance.
  - 9.4.3. The Agreement shall be extended for the additional time indicated by ANP.

#### Consequence of the Extension

- 9.5. If case of extension of the Production Phase, under paragraphs 9.3 or 9.4, the Parties shall remain bound by the exact terms and conditions of this Agreement, except for, exclusively, any amendments agreed due to and for the purposes of such extension.
  - 9.5.1. At the end of the Production Phase, paragraphs 9.3 or 9.4 shall apply for the purposes of a possible new extension, as appropriate.

**Relinquishment of the Field**

- 9.6. The Field shall be relinquished to ANP at the expected end of the Production.
- 9.7. The Concessionaire must submit to the ANP, up to 36 (thirty-six) months before the end of the term of the Agreement or the estimated exhaustion of commercially extractable volumes, whichever occurs first, a report with information on:
- a) mechanical situation of the wells;
  - b) lines of the Production Flow System;
  - c) Production plants;
  - d) equipment and other assets;
  - e) perspective of additional Production;
  - f) perspective of depletion of the Field;
  - g) contracts with current suppliers; It is
  - h) other relevant considerations.
- 9.8. The Concessionaire must submit to the ANP an Facilities Decommissioning Program in accordance with the Applicable Laws and the Best Practices of the Oil Industry.
- 9.9. The total or partial termination of this Agreement or the end of the Production Phase does not exempt the Concessionaire from the obligations related to the Decommissioning of Facilities, in particular the fulfillment of the Decommissioning Program of Facilities, until the ANP approves the respective Report of Decommissioning of Facilities.
- 9.10. At its discretion, the ANP may adopt the necessary measures for the continuation of the Field Operation, and may even promote a new contract over the last 5 (five) years before the scheduled date for the end of Production.
- 9.10.1. The Concessionaire will make every effort and take all appropriate measures to properly transfer the Operations to the new concessionaire, so as not to jeopardize the administration and Production of the Field.
- 9.11. At the end of Production, the Concessionaire shall submit to the ANP an Facilities Decommissioning Program in accordance with the Applicable Laws and the Best Practices of the Oil Industry, also observing the provisions of Clause Twenty-One and the other provisions pertaining to the expected reversal of assets in paragraph 18.13.
- 9.11.1. The Agreement will be automatically extended, in this case, for the period necessary for the approval and implementation of the Facilities Decommissioning Program.
- 9.12. At the end of the term of the Agreement and if there are commercially extractable reserves, the ANP may determine that the Concessionaire does not proceed with the permanent abandonment of certain wells or deactivate or remove certain installations and equipment, without prejudice to its right to return the area.

## SECTION TEN – DEVELOPMENT PLAN

### Deadlines

- 10.1. The Concessionaire shall submit the Development Plan to ANP within one hundred and eighty (180) days of submission of the Declaration of Commercial Feasibility or receipt of a communication of approval of the Final Discoveries of Oil or Natural Gas Assessment Report, whichever comes last.
- 10.2. Untimely submission of the Development Plan shall cause the Concessionaire to be subject to the sanctions provided for in Section Twenty-Nine and in the Applicable.
- 10.3. Upon evidence of failure to submit the Development Plan within the term provided, ANP shall notify the Concessionaire so that it submits the Plan within no more than thirty (30) days, after which the Agreement shall be lawfully terminated with respect to the relevant Development Area.

### Development Area

- 10.4. The Development Area shall encompass all Deposits to be produced.
  - 10.4.1. The Development Area shall be delimited based on data and information obtained during the Exploration Phase and the Discovery Assessment, according to the Applicable Laws and the Best Practices of the Oil Industry.
  - 10.4.2. During the Development Phase, the Concessionaire may request ANP to change the Development Area in order to incorporate other plots from the Concession Area in it, as long as, cumulatively:
    - a) one or more Deposits are verified to be extrapolating the Development Area; and
    - b) the plots intended to be incorporated have not been relinquished by the Concessionaire in compliance with the provisions of the Agreement.
- 10.5. The Development Area to be retained shall be the one included in the Final Discoveries of Oil or Natural Gas Assessment Report approved by ANP.
- 10.6. The Concessionaire shall retain, of the Development Area, only the Field Area approved by ANP in the scope of the Development Plan.
  - 10.6.1. The Concessionaire shall immediately relinquish the remaining plots to ANP, pursuant to the provisions in paragraphs 3.5 and 3.6.

### Approval and Implementation of the Development Plan

- 10.7. ANP shall have one hundred and eighty (180) days of the date of receipt of the Development Plan to approve it or request the Concessionaire to make the modifications it deems applicable.

- 10.7.1. If ANP does not reply within this term, the Development Plan shall be deemed approved, and ANP's power/duty to demand revisions whenever necessary is not waived.
- 10.7.2. If ANP requests modifications, the Concessionaire shall submit them within the term determined by ANP, repeating the procedure provided for in paragraph 10.7.
- 10.8. Failure by ANP to approve the Development Plan shall entail lawful termination of the Agreement regarding the relevant Development Area, after depletion of the applicable administrative appeals.
- 10.9. Until the Development Plan is approved, the Concessionaire may not carry out any work or perform Operations in the Development Area, except upon prior approval of ANP.
- 10.9.1. The request for early Production shall be substantiated and observe the precepts for preserving oil resources, ensuring operational safety, and preserving the environment.
- 10.10. The Operations will be conducted according to the Development Plan approved by ANP.

### **Reviews and Amendments**

- 10.11. The provisions included in paragraphs 10.7 to 10.9 shall apply to the reviews of the Development Plan, pursuant Applicable Laws , as appropriate, including regarding the disapproval of the reviews by ANP.

### **Buildings, Facilities, and Equipment**

- 10.12. The Concessionaire shall be responsible for all buildings and facilities and for the supply of equipment for extraction, Treatment, collection, storage, measurement, and Transfer of the Production.
- 10.12.1. The Concessionaire's definition of the actions related to paragraph 10.12, including with respect to the contribution of the required resources, shall be mandatory in order to characterize the commercial feasibility and develop the Discovery.

## **SECTION ELEVEN – PRODUCTION START DATE AND ANNUAL PRODUCTION PROGRAMS**

### **Start of Production**

- 11.1. The Field Production shall start within no more than five (5) years of the date of submission of the Declaration of Commercial Feasibility, extendable at ANP's discretion.

- 11.1.1. The Concessionaire shall notify ANP about the Production Start Date within seventy two (72) hours after such date .
- 11.2. The Production of Oil and/or Gas at a Production Facility may only be started after completion of the installation of a system for use or reinjection of Natural Gas, except in the cases expressly authorized by ANP, in order to reduce burning of Natural Gas.

### **Annual Production Program**

- 11.3. The Concessionaire shall submit to ANP the Annual Production Program for the calendar year in which the Production starts at least sixty (60) days before the Production Start Date, under the Applicable Laws.
- 11.4. The Concessionaire shall submit to ANP the Annual Production Program for the subsequent year by October 31<sup>st</sup> of each calendar year, under the Applicable Laws.

### **Approval of the Annual Production Program**

- 11.5. ANP shall have thirty (30) days of receipt of the Annual Production Program to approve it or request the Concessionaire to make the modifications it deems applicable.
- 11.5.1. If ANP requests modifications, the Concessionaire shall resubmit the Annual Production Program including such changes within thirty (30) days of the date of request, repeating the procedure provided for in paragraph 11.5.
- 11.5.2. If the Concessionaire disagrees with the proposed modifications, it may discuss them with ANP aiming at adjusting the modifications to be implemented in the Annual Production Program where ANP deems appropriate and according to the Best Practices of the Oil Industry.
- 11.6. The Concessionaire will be required to comply with the Annual Production Program containing the modifications eventually determined by ANP.
- 11.7. If, at the beginning of the period referred to in certain Annual Production Program, the Parties are discussing any modifications proposed by ANP due to the application of the provisions in paragraph 11.5, the lowest Production level among those proposed by the Concessionaire and ANP shall be used in any month and until final definition of the Annual Production Program.

### **Revision of the Annual Production Program**

- 11.8. The Parties may agree, at any time, on the review of an ongoing Annual Production Program, provided that such review complies with the provisions of paragraphs 11.3 and 11.4.
- 11.9. When the review is proposed by ANP, the Concessionaire shall have thirty (30) days of receipt of the notice to discuss it with ANP and submit a reviewed Annual Production Program to ANP.
- 11.10. The provisions of paragraph 11.5 shall apply to any reviews, as appropriate.

**Production Volume Variance**

- 11.11. The volume produced in the Field each month may not vary by more than fifteen percent (15%) when compared to the Production volume expected for the corresponding month in the Annual Production Program.
- 11.11.1. In case of a variation higher than the referred percentage, the Concessionaire shall submit the justification to ANP by the fifteenth (15<sup>th</sup>) day of the month following the variation, pursuant to the Applicable Laws.
- 11.11.2. A variance greater than such percentage shall be allowed due to technical reasons, acts of God, force majeure, or similar causes that shall be assessed by ANP.

**Temporary Interruption of Production**

- 11.12. The Concessionaire may request from ANP voluntary interruption of the Production of a Field for a period of one (1) year, extendable at ANP's discretion.
- 11.12.1. ANP shall assess the request within sixty (60) days, renewable for the same period, and may request clarification from the Concessionaire.
- 11.12.2. The term for assessment shall be resumed upon submission of the clarification required.
- 11.13. Voluntary interruption of the Production shall not entail suspension of the term of the Agreement.

**Annual Work and Budget Program for the Production Phase**

- 11.14. The same provisions regarding the Annual Production Program as to the procedures of delivery, approval, and revision apply to the Annual Work and Budget Program of the Production Phase.
- 11.15. The first Annual Work and Budget Program of the Production Phase shall include the remainder of the current year and shall be submitted by the Concessionaire within sixty (60) days of the date of the Declaration of Commercial Feasibility.
- 11.15.1. In case there are more than six (6) months until the end of the year, an Annual Work Program for the current year shall be submitted.
- 11.15.2. In case there are less than six (6) months until the end of the year, only the Annual Work and Budget Program of the Production Phase for the subsequent year shall be submitted by October 31<sup>st</sup> of the current year or within the term established in item 11.15 after October 31.
- 11.15.3. An exception can be made to paragraph 11.15.2 if there are activities to be effectively developed by the Concessionaire in the second semester of the current year, provided that ANP is consulted as to the actual need therefor before submission of the Annual Work and Budget Program of the Production Phase.

## **SECTION TWELVE – MEASUREMENT, MONTHLY REPORTS, AND PRODUCTION AVAILABILITY**

### **Measurement**

12.1. As of the Production Start Date of each Development Area or Field, the Concessionaire shall measure, from time to time, on a regular basis, the volume and quality of the Oil and/or Gas produced at the Production Measurement Point.

12.1.1. The measurement methods, equipment, and tools established in the respective Development Plan and in the Applicable Laws shall be used.

### **Monthly Production Reports**

12.2. The Concessionaire shall submit to ANP a monthly report on the Production of each Development Area or Field.

12.2.1. The report shall be submitted by the fifteenth (15<sup>th</sup>) day of each month, starting from the month following the Production Start Date of each Field.

### **Production Availability**

12.3. Ownership of the volumes of Oil and Gas measured pursuant to paragraph 12.1 shall be granted to the Concessionaire at the Production Measurement Point.

12.3.1. Quantification of the volumes shall be subject, at any time, to the supervision and corrections provided for in the Applicable Laws.

### **Free Use**

12.4. The Concessionaire shall be ensured the free use of the volumes of Oil and Gas granted thereto pursuant to paragraph 12.3.

### **Supply to the Domestic Market**

12.5. In emergency situations that may put at risk the domestic supply of Oil and/or Gas, as well as their by-products, ANP may determine that the Concessionaire limit its exports of these hydrocarbons.

12.5.1. An emergency situation is that so enacted by the President of the Republic.

12.5.2. The Production share with limited export shall be directed to serve the Brazilian market or to compose strategic inventories for the Country.

12.5.3. ANP shall notify the Concessionaire on the limitation to exports upon at least thirty (30)-day notice.

- 12.5.4. The Production share to which the restriction on free use applies shall be determined every month with respect to the proportion of the Concessionaire's share in the domestic Oil and Gas Production for the immediately preceding month.

### **Consumption in the Operations**

- 12.6. The Concessionaire may use as fuel, in the Operations, Oil and Gas produced in the Concession Area, provided that in quantities authorized by ANP.
- 12.6.1. The Concessionaire shall inform ANP, upon substantiated notice, any variation over fifteen percent (15%), with respect to the Annual Production Program, in the quantity of Oil and Gas consumed in the Operations, as well as the purpose of its use.
- 12.6.2. The Concessionaire shall include such information in the Monthly Production Reports.
- 12.6.3. The volumes of Oil and Gas consumed in the Operations shall be calculated for purposes of calculation of the due Government and Third-Party Shares, provided for in Section Twenty-Three.

### **Results of Test**

- 12.7. Data, information, results, interpretations, models of static and dynamic Reservoirs, and the flow regimes obtained from formation tests, Extended Well Tests, or Early Production Systems during execution of the Operations of this Agreement shall be submitted to ANP until five (5) days after their obtaining or completion or within the term defined in the Applicable Laws or another term defined by ANP.
- 12.7.1. Information shall also contemplate the volumes of Oil, Gas, and water produced.
- 12.7.2. For Extended Well Tests, information shall be submitted to ANP in accordance with the frequency established in the approved Annual Work and Budget Program of the Production Phase.
- 12.7.3. The Production and transportation arising from Extended Well Tests and Early Production Systems shall be reported through the monthly production report.
- 12.8. The volumes of Oil and Gas produced during the Extended Well Tests shall be granted to the Concessionaire pursuant to paragraph 12.3 and calculated for purposes of the due Government and Third-Party Shares, provided for in Section Twenty-Three.
- 12.9. Royalties are due as a result of Oil and Natural Gas Production arising from Extended Well Tests.

### **Oil and Gas Losses and Burning of Natural Gas**

- 12.10. The losses of Oil or Gas occurred under the responsibility of the Concessionaire, as well as burning of Gas in flares, shall be included in the Total Production Volume to be calculated for purposes of payment of the Government and Third-Party Shares, without prejudice to the provisions in Section Twenty-Nine and Section Thirty.



- 12.10.1. The burning of Natural Gas in flares will only be allowed for safety, emergency and commissioning reasons, with the maximum volume specified in the Applicable Laws.

## **SECTION THIRTEEN – INDIVIDUALIZATION OF PRODUCTION**

### **Production Individualization Agreement**

- 13.1. The procedure of Individualization of Production of Oil and Gas shall be started under the Applicable Laws if it is identified that a Deposit extends beyond the Concession Area.

## **SECTION FOURTEEN – DISCOVERY, ASSESSMENT, AND DEVELOPMENT OF NEW RESERVOIRS IN THE PRODUCTION PHASE**

- 14.1. Any Discovery of a New Oil or Gas Reservoir shall be notified to ANP by the Concessionaire, on an exclusive basis, no later than seventy-two (72) hours after such Discovery. The notice shall be sent along with all relevant data and information available.
- 14.2. The Concessionaire may, at its discretion, proceed with Assessment of the Discovery of a New Reservoir at any time during the Production Phase.
- 14.2.1. In case the Concessionaire decides to proceed with Assessment of the Discovery of a New Reservoir, it shall present the activities for Assessment in the Annual Work and Budget Program of the Production Phase, pursuant to the procedures in Section Eleven.
- 14.3. In case the Concessionaire decides to proceed with Development of the New Reservoir, it shall inform ANP and, within one hundred and eighty (180) days after communication, it shall provide ANP with a Development Plan under the Applicable Laws.
- 14.4. Development or Production of the New Reservoir shall only be authorized after approval of ANP under the Applicable Laws.

## CHAPTER IV – EXECUTION OF OPERATIONS

### SECTION FIFTEEN – EXECUTION BY THE CONCESSIONAIRE

#### Concessionaire's Exclusivity

15.1. The Concessionaire shall have the exclusive right to execute the Operations in the Concession Area pursuant to the terms, conditions, and effectiveness of the Agreement.

#### Indication of the Operator by the Concessionaire

15.2. The Operator is designated by the Concessionaire to, on its behalf:

- a) conduct and perform the Operations provided for in this Agreement;
- b) submit the plans, programs, guarantees, proposals, and communications to ANP;
- c) receive the replies, requests, proposals, and other communications from ANP.

15.3. The Operator shall be responsible for full compliance with all the Concessionaire's obligations set forth in this Agreement related to any aspect of the Operations and the payment of the Government Shares.

15.3.1. In case of consortium, all Concessionaires shall be jointly liable for full compliance with all obligations of the Agreement.

15.4. The Concessionaire that is a member of a consortium shall bear with investments related to its interest in the consortium, without prejudice to the joint liability.

15.5. The Operator may transfer the responsibility for the Operation at any time, upon submission of a request to ANP pursuant to Section Twenty-Eight and the Applicable Laws.

15.6. The Operator may be removed by ANP in case of failure to comply with any of the sections of this Agreement if it does not cure its default within ninety (90) days of receipt of the notice from ANP indicating the default.

15.7. In the events of transfer of responsibility for the Operation and removal of the Operator, the Concessionaire shall designate a new Operator, pursuant to the provisions of the Applicable Laws.

15.7.1. The new Operator may perform its activities only upon assumption of all rights and obligations provided for in this Agreement, after authorization of ANP and execution of the relevant addendum to the Agreement.

15.8. The Operator referred to in paragraphs 15.5 or 15.6 shall transfer to the new Operator the custody of all properties used in the Operations, accounting records, files, and other documents related to the Concession Area and the Operations at stake.

- 15.9. The Operator referred to in paragraphs 15.5 or 15.6 shall remain liable for any acts, incidents, or circumstances related to its position of Operator incurred during its management.
- 15.9.1. Such Operator shall also remain liable for all obligations and responsibilities arising from its position of operator until the transfer provided for in paragraph 15.8.
- 15.10. ANP may, as a condition to approve a new Operator, require the latter and the resigning or removed Operator to take the necessary actions to transfer all information and other aspects related to this Agreement.
- 15.10.1. ANP may require an audit and inventory be performed until transfer of the Operations to the new Operator.
- 15.10.2. The audit and inventory costs shall be paid by the Concessionaire.
- 15.11. In case of individual concessionaire, this shall be deemed, for purposes of this Agreement, the designated Operator of the Concession Area.

### **Diligence to Conduct Operations**

- 15.12. The Concessionaire shall plan, prepare, implement, and control the Operations in a diligent, efficient and appropriate manner, pursuant to the Applicable Laws and the Best Practices of the Oil Industry, always respecting the provisions in this Agreement and not performing any act that characterizes or may characterize a violation of the economic order.
- 15.12.1. The Concessionaire shall, in all Operations:
- a) adopt the measures required for preservation of oil resources and other natural resources and for the protection of human life, heritage, and environment, pursuant to Section Twenty-One;
  - b) respect the applicable technical, scientific, and safety rules and procedures, including as to the recovery of fluids, aiming at the rationalization of production and the control of the decline in the reservoirs;
  - c) employ, whenever appropriate and economically justified, at ANP's discretion, technical experiences and more advanced technologies, including the ones that increase the economic yield and the Production of the Deposits.
- 15.13. It is the Operator's duty to:
- a) maintain minimum personnel, domiciled in Brazil, fluent in Portuguese, able to manage the daily Operations in an efficient and effective manner, as well as to respond to incidents in an appropriate and immediate way;
  - b) continuously monitor all activities involving operational, environmental, or human health risks, through a monitoring center, necessarily located in Brazil;
  - c) participate in the preparation and formally approve the emergency response procedures and the studies of risk analysis of the activities performed within the scope of this Agreement, pursuant to the Best Practices of the Oil Industry;

- d) establish an organizational structure and resources in Brazil with personnel responsible for the operational safety in order to equalize strengths between the decisions related to the operating activities and the operational safety risk management and ensure that operational risks are deemed priority in the consortium's decision-making process.
- 15.13.1. The personnel referred to in item "a", paragraph 15.3, must be designated pursuant to the Best Practices of the Oil Industry and be directly proportional to the operational and environmental risks assumed by the Operator .
  - 15.13.2. The monitoring center referred to in item "b", paragraph 16.3, must be located onshore and provided with technology and size compatible with the risks assumed by the Operator pursuant to the Best Practices of the Oil Industry.

### **Licenses, Authorizations, and Permits**

- 15.14. The Concessionaire shall, at its own account and risk, obtain all licenses, authorizations, and permits required under the Applicable Laws.
  - 15.14.1. If the licenses, authorizations, and permits depend on a third-party agreement, the negotiation and execution of such agreements shall be the sole responsibility of the Concessionaire, and ANP may provide assistance according to paragraph 15.5.
- 15.15. The Concessionaire shall be held liable for infringement of the right to use materials and execution processes protected by trademarks, patents, or other rights, and it shall pay any obligations, liens, commissions, indemnifications, or other expenses arising from such infringement, including legal expenses.

### **Free Access to the Concession Area**

- 15.16. During the effectiveness of this Agreement, the Concessionaire shall have free access to the Concession Area and its facilities.

### **Drilling and Abandonment of Wells**

- 15.17. The Operator shall previously notify ANP of the start of drilling of any well in the Concession Area.
- 15.18. The Concessionaire may interrupt the well drilling and abandon it, pursuant to the Applicable Laws and according to the Best Practices of the Oil Industry.
  - 15.18.1. In case the well is part of the Minimum Exploration Program and does not achieve the main purpose approved by ANP in the Notice of Well Drilling, its drilling shall not be taken into account for purposes of conversion into Units of Work, unless so decided by ANP at its sole discretion.
- 15.19. ANP may exceptionally authorize drilling of wells in locations outside the Concession Area, due to Production Individualization Agreements or environmental issues.

**Additional Work**

- 15.20. The Concessionaire may propose implementation of additional work in the Concession Area at any time, pursuant Applicable Laws .

**Data Acquisition outside the Concession Area**

- 15.21. The Concessionaire can perform Operations off the Concession Area limits, according the Applicable Laws .
- 15.22. Data acquired off the Concession Area limits shall be immediately classified as public after its acquisition.
- 15.23. The Concessionaire shall submit data and information acquired off the Concession Area limits to ANP, under the Applicable Laws.
- 15.24. Operations off the Concession Area limits shall not be taken into account for performance of the Minimum Exploration Program.

**SECTION SIXTEEN – CONTROL OF OPERATIONS AND ASSISTANCE BY ANP****Monitoring and Inspection by ANP**

- 16.1. ANP shall permanently monitor and inspect the Operations directly or through arrangements with bodies of the Federal Government, States, or the Federal District.
- 16.1.1. The monitoring and inspection, or the absence thereof, shall not exclude or reduce the Concessionaire's responsibility for full performance of the obligations undertaken in this Agreement in any way.

**Access and Control**

- 16.2. ANP shall have free access to the Concession Area and the ongoing Operations, equipment, and facilities, as well as to all records, studies, and technical data available.
- 16.2.1. The Concessionaire shall provide to the representatives of ANP transportation, meals, personal protective equipment, and accommodations in the locations, under the same conditions as the ones provided to its own personnel.
- 16.2.2. For the purposes of survey on data, information, or assessment of responsibilities about operational incidents, the access shall be provided by the Concessionaire through the unrestricted and immediate provision of transportation, food, personal protective equipment, and accommodation to the representatives of ANP.
- 16.3. The Concessionaire shall allow free access for the authorities with jurisdiction over any of its activities.

- 16.4. The Concessionaire shall provide, within the term and in the manner established, information requested by the ANP.

#### **Assistance to the Concessionaire**

- 16.5. Upon request, ANP may provide assistance to the Concessionaire in obtaining the licenses, authorizations, permits, and rights referred to in paragraph 14.14.

16.5.1. ANP shall instruct the processes aiming at the declaration of public use referred to in paragraph 18.4.

#### **Release from the Contracting Party's and ANP's responsibility**

- 16.6. The Concessionaire, at its own account and risk, is fully responsible for execution of the Operations, and ANP is not responsible whatsoever as a result of the assistance requested and eventually provided.

### **SECTION EIGHTEEN – DATA AND INFORMATION**

#### **Supply by the Concessionaire**

- 17.1. The Concessionaire shall keep ANP informed with respect to the progress, results, and terms of the Operations.

17.1.1. The Concessionaire shall send to ANP, as determined by ANP, copies of maps, sections, profiles, studies, interpretations, other geological, geochemical, and geophysical data and information, including data on wells, models of static and dynamic Reservoir, and flow regimes obtained from tests, in addition to reports or any other documents defined in a specific regulation and obtained as a result of the Operations and of this Agreement, containing information necessary to characterize the progress of the works and the geological knowledge of the Concession Area.

17.1.2. Under art. 22 of Law No. 9,478/1997, the technical inventory formed by data and information on the Brazilian sedimentary basins are an integral part of the national oil resources, and the Concessionaire shall submit such data and information, including those regarding the geological, geophysical, and geochemical modelling of the Concession Area, to ANP.

17.1.3. ANP shall ensure compliance with the confidentiality periods, under the Applicable Laws.

- 17.2. The quality of the copies and other reproductions of data and information referred to in paragraph 17.1.1 shall be as reliable and standard as the respective originals, including

with respect to color, size, legibility, clarity, compatibility, and other relevant characteristics.

### **Processing or Analysis Abroad**

- 17.3. The Concessionaire may, upon the prior and express authorization of ANP, dispatch rock and fluid samples abroad for purposes of analyses and other studies under the Applicable Laws.

## **SECTION EIGHTEEN – PROPERTIES**

### **Properties, Equipment, Facilities, and Materials**

- 18.1. The Concessionaire is exclusively responsible for directly supplying, purchasing, renting, leasing, chartering, or otherwise obtaining, at its own account and risk, all properties, furniture, and real properties, including facilities, buildings, systems, equipment, machines, materials, and supplies required to execute the Operations.
- 18.1.1. The purchase, rent, lease, or acquisition may be made in Brazil or abroad, under the Applicable Laws.

### **Licenses, Authorizations, and Permits**

- 18.2. The Concessionaire shall be fully responsible, pursuant to paragraph 15.14, for obtaining all licenses, authorizations, and permits required for acquisition or use of the properties referred to in paragraph 18.1.

### **Expropriations and Easements**

- 18.3. The Concessionaire shall, at its own account and risk, pursuant to the provisions in paragraph 18.2, promote the expropriations and create the easements of real properties required to perform this Agreement, as well as to pay any and all resulting indemnification, cost, or expense.
- 18.4. ANP shall start a process aiming at the declaration of public use, for purposes of expropriation and establishment of administrative easement of the real properties referred to in paragraph 18.3, upon substantiated request of the Concessionaire.

### **Facilities or Equipment outside the Concession Area**

- 18.5. ANP may authorize the positioning or the construction of facilities or equipment in a place outside the Concession Area, aiming at complementing or optimizing the logistic structure related to the Operations.

18.5.1. The Concessionaire must submit to ANP a justified request for positioning of facilities or equipment outside the Concession Area.

18.5.1.1. The justification shall contemplate technical and economic aspects, as well as the positioning or construction Project, as the case may be.

18.5.1.2. In case the facility or equipment is required in another contracted area, the contracted party for that area shall consent so the authorization is requested, in addition to other authorizations from other bodies and consents of entities potentially affected by the facility

18.5.2. The provisions in Section Twenty-One shall also apply to the equipment and facilities outside the Concession Area.

### **Reversal of Properties**

18.6. In case of use of pre-existing wells or infrastructure, the Concessionaire shall undertake, with respect to them, the responsibilities provided for in the Agreement and in the Applicable Laws.

18.7. In case of a Field, the plan for Decommissioning of Facilities and the mechanisms to make the necessary funds available shall be provided for in the respective Development Plan and reviewed from time to time throughout the Production Phase through the Annual Work and Budget Programs.

18.7.1. The cost of Decommissioning of Facilities of Operations shall be established in order to cover the activities of permanent abandonment of wells, decommissioning and removal of lines and facilities, and rehabilitation of areas, under the Applicable Laws.

### **Decommissioning Financial Guarantees**

18.8. The Concessionaire will present a decommissioning guarantee within 180 (one hundred and eighty) days from the Production Start Date, and may, therefore, use the guarantees or term to ensure the Decommissioning of Facilities provided for in the Applicable Laws, at the discretion of the ANP.

18.8.1. The guarantees and term presented to ensure the Decommissioning of Facilities must comply with the requirements set forth in the Applicable Laws.

18.8.2. The Concessionaire must keep the guarantee or term valid throughout the duration of the Agreement, and must renew them 180 (one hundred and eighty) days before their expiration.

18.8.3. The ANP may, at any time, determine the replacement of the guarantee or term whenever the technical analysis concludes that it is ineffective or unsuitable in the specific case.

18.9. The value of the decommissioning guarantee of a Development Area or Field will be progressively contributed throughout the Production Phase in the form, within the terms and in the update frequency provided for in the Applicable Laws, with the amount sufficient to cover the total cost foreseen for Decommissioning Facilities must be provided in guarantee at the time indicated in the Applicable Laws.



- 18.10. Notwithstanding the provisions of paragraph 18.9, the ANP may require that the total amount to be guaranteed, corresponding to the expected cost for the Decommissioning of Field Facilities, be fully contributed in a guarantee at any time of the Agreement, provided that, with reason, in cases serious risks and difficult to repair.
- 18.11. The value of the decommissioning guarantee of a Development Area or Field may be revised, at the request of the Concessionaire or upon request of the ANP, when events occur that change the cost of Decommissioning Operations of Facilities, respecting the limit provided for in the Applicable Laws.
- 18.12. In the case of a guarantee presented through a provisioning fund:
- a) the Concessionaire must submit to the ANP, each year, supporting documentation of the contributions made, as well as inform the updated balance of the fund;
  - b) ANP may audit the procedure adopted by the Concessionaire in managing the financial provisioning fund; It is
  - c) the balance calculated after carrying out all the Operations necessary for the decommissioning of the Field will revert exclusively to the Concessionaire.
- 18.12.1. The presentation of a decommissioning guarantee does not release the Concessionaire from carrying out, at its own risk and expense, all the Operations necessary for the Decommissioning of Field Facilities.
- 18.12.2. The decommissioning financial guarantees may be accumulated in order to total the amount to be guaranteed, subject to the Applicable Laws.

### **Properties to be Reversed**

- 18.13. Pursuant to item VI of arts. 28 and 43 of Law No. 9,478/1997 and of the Applicable Laws, any and all personal and real properties, principal and ancillary, forming part of the Concession Area and that, at ANP's sole discretion, are necessary to enable continuity of the Operations or which use is considered of public interest, shall become owned by the Federal Government and be managed by ANP in case of termination of this Agreement or relinquishment of plots of the Concession Area.
- 18.14. In case of sharing of properties for the Operations of two or more Fields, such properties may be withheld until conclusion of all Operations.

### **Removal of Non-Reversed Properties**

- 18.15. The properties that will not be reverted, including the useless ones, must, under the terms of the Applicable Laws and the Best Practices of the Petroleum Industry, be removed and/or they will be given an adequate destination by the Concessionaire, at its own risk and expense, in accordance with the provisions of this Agreement and under the terms of the Applicable Law.

## SECTION TWENTY – PERSONNEL, SERVICES, AND SUBCONTRACTS

### Personnel

- 19.1. The Concessionaire shall, directly or indirectly, recruit and hire, at its own account and risk, all personnel required to execute the Operations, being, for all purposes of this Agreement, the sole and exclusive employer.
  - 19.1.1. Recruitment and engagement may be performed in Brazil or abroad according to the Concessionaire's selection criteria, under the Applicable Laws, also regarding the minimum percentage of Brazilian personnel employed.
- 19.2. The Concessionaire shall be exclusively and fully responsible, in Brazil and abroad, for measures regarding the entry, exit, and stay of its foreign personnel in the Country.
- 19.3. The Concessionaire shall observe what is provided for in the Applicable Laws regarding personnel engagement, retainment, and dismissal, occupational accidents, and industrial safety, undertaking sole and exclusive responsibility for collection and payment of social-security and labor contributions and other applicable charges and allowances due for any reason, as provided by the Brazilian law.
- 19.4. The Concessionaire shall provide meals, personal protective equipment, and accommodations suitable for its personnel while on duty or commuting, specifically regarding the amount, quality, hygiene conditions, safety, and healthcare, under the Applicable Laws.
- 19.5. The Concessionaire shall remove or replace, at any time, any of its technicians or team members due to misconduct, technical deficiency, or poor health conditions.

### Services

- 19.6. The Concessionaire must directly perform, contract, or otherwise obtain, at its own account and risk, all services required for performance of this Agreement.
  - 19.6.1. The services may be contracted in Brazil or abroad, under the Applicable Laws, also regarding the minimum percentage of Brazilian personnel employed.
  - 19.6.2. If it contracts services from its Affiliates, the prices, deadlines, quality, and other agreed terms shall be competitive and compatible with the market practices, pursuant to the provisions in Section Twenty.
- 19.7. The Concessionaire shall enforce the provisions in this Agreement and in the Applicable Laws for all its subcontractors and suppliers.
- 19.8. The Concessionaire shall be held fully and strictly liable for the activities of its subcontractors resulting, directly or indirectly, in damages or losses to the environment, to ANP, or to the Federal Government.
- 19.9. The Concessionaire shall keep the inventory and the records of all services referred to in paragraphs 19.1 and 19.6 updated, under the Applicable Laws.
  - 19.9.1. Any inventory balances not used in other Concession Areas, upon authorization of ANP, shall be treated as reduction of cost in the Operations.

## SECTION TWENTY – LOCAL CONTENT

### Concessionaire's Commitment with the Local Content

- 20.1. The Concessionaire shall meet the following minimum mandatory percentages of Local Content:
- 20.1.1. In the Exploration Phase for onshore blocks: Global Local Content of 50% (fifty percent).
- 20.1.2. In the Exploration Phase for offshore blocks: Global Local Content of 18% (eighteen percent).
- 20.1.3. In the Development Phase or for each Development Module, in the case of Modular Development, for Fields onshore: Global Local Content of 50% (fifty percent).
- 20.1.4. In the Development Phase or for each Development Module, in case of modular Development, for Fields offshore, for the following Macro-Groups:
- a) Well Construction: twenty-five percent (25%);
  - b) Production Collection and Outflow System: forty percent (40%);
  - c) Stationary Production Unit: twenty-five percent (25%).
- 20.2. The Concessionaire shall ensure preference to Brazilian Suppliers whenever their bids have more favorable conditions of price, deadline, and quality, or conditions equivalent to the ones submitted by foreign suppliers.
- 20.3. The procedures for contracting goods and services directed to performance of this Agreement shall:
- a) include Brazilian Suppliers among the suppliers invited to submit bids;
  - b) provide, in Portuguese or English, the same specifications to all companies invited to submit proposals. If requested by any Brazilian company invited, the Concessionaire shall provide the documentation translated into Portuguese.
  - c) accept equivalent specifications of Brazilian Suppliers, as long as the Best Practices of the Oil Industry are complied with.
- 20.3.1. The contract for goods and services from Affiliates is also subject to the specifications in paragraph 20.3, except in the cases of services that, pursuant to the Best Practices of the Oil Industry, are usually performed by Affiliates.
- 20.4. The Concessionaire shall submit to ANP, for monitoring, Reports on Local Content under Exploration and Development, under the Applicable Laws.

### **Determination of the Local Content**

- 20.5. The Local Content of goods and services shall be evidenced to ANP through submission of the respective Local Content certificates or of a document that may replace it, under the Applicable Laws.
- 20.5.1. For purposes of determination, the Local Content of goods and services shall be expressed as a percentage of the value of the good or service contracted.
- 20.6. In order to determine the Local Content, the monetary amount corresponding to the goods and services contracted shall be adjusted for the month and year in which compliance with the provisions in this Section is verified using the IGP-DI or other index that may replace it.
- 20.7. The milestones for determination of the Local Content by ANP shall be:
- a) completion of the Exploration Phase;
  - b) completion of each Development Module; and
  - c) completion of the Field Development Phase that does not contemplate modular Development.
- 20.8. For purposes of determination of the Local Content, the Development Phase shall start on the date of submission of the Declaration of Commercial Feasibility and shall end, for each Development Module, upon the first of:
- a) the lapse of ten (10) years after the Flow of First Oil;
  - b) the abandonment by the Concessionaire of the Development of the Development Module; or
  - c) the investments set forth in the Development Plan, except those related to field abandonment.
- 20.9. In case of the engagements provided for in paragraph 20.1.4, item “c”, expenditures related to the unit operation fee must not be accounted for purposes of assessment of the Local Content.

### **Excess Local Content**

- 20.10. If the Concessionaire exceeds the Local Content required, whether in the Exploration Phase or in a Development Module, the excess amount, in national currency, may be transferred to the Development Modules to be implemented thereafter.
- 20.10.1. For offshore Fields, the Operator shall indicate the Macro-Group to which the excess of the Exploration Phase shall be directed .
- 20.10.2. Any excess verified in the Development Modules may be transferred only between the same Macro-Groups.
- 20.11. Request for transfer of the excess shall be submitted to ANP within thirty (30) days of the first business day after receipt by the Operator of the Local Content Inspection Report of the Production Development Phase or subsequent Modules, in case of modular Development.

- 20.11.1. The excess monetary amount shall be adjusted by the IGP-DI or any other index that may replace it.

### **Penalty for Failure to Respect the Local Content**

20.12. Failure to respect the Local Content shall subject the Concessionaire to a penalty, which shall be calculated on the defaulted monetary amount, in the following percentage, as the case may be:

- a) If the percentage of the Unused Local Content is below sixty-five percent (65%) of the Minimum Local Content, the penalty shall be forty percent (40%) of the amount of the Unused Local Content.
- b) if the percentage of the unused Local Content is equal to or higher than sixty-five percent (65%), the penalty shall begin at forty percent (40%), reaching seventy-five percent (75%) of the amount of the Minimum Local Content, in case of 100% unused Local Content, according to the formula:

$$M (\%) = NR (\%) - 25\%.$$

Where,

M(%) is the percentage of the penalty to be calculated on the defaulted monetary amount; and

NR (%) is the percentage of unused Local Content.

20.13. In case of simultaneous failure to honor more than one commitment for the Macro-Groups referred to in paragraph 20.1.4, the amount of the penalty shall correspond to the sum of the penalties for each Macro-Group.

20.14. The amount of the penalty shall be adjusted by the IGP-DI up to the date of the effective payment.

## **SECTION TWENTY-ONE – OPERATIONAL SAFETY AND ENVIRONMENT**

### **Environmental Control**

21.1. The Concessionaire shall have a operational safety and environment management system that complies with the Best Practices of the Oil Industry and the Applicable Laws.

21.2. Among other obligations, the Concessionaire shall:

- a) ensure preservation of an ecologically balanced environment;
- b) mitigate the occurrence of impacts and/or damages to the environment;
- c) ensure safety of the Operations for purposes of protecting human life, the environment, and the Federal Government's heritage;
- d) ensure protection of the Brazilian historical and cultural heritage;

- e) restore degraded areas in compliance with the Applicable Laws and the Best Practices of the Oil Industry;
- 21.3. ANP may, at any time, request a copy of the environmental licences studies submitted for approval of the applicable environmental authority if awareness of its content becomes required for the instruction/management of the Agreement entered into herein.
- 21.4. In case of an environmental permitting process in which the applicable authority deems that a Public Hearing is required, the Concessionaire shall submit to ANP a copy of the studies prepared aiming at obtaining the permits at least thirty (30) business days before the Hearing.
- 21.5. The Concessionaire shall submit to ANP a copy of the environmental licenses and their respective renewals, meeting the deadlines defined in the specific regulations issued by ANP or, in a shorter period, whenever necessary to support an authorization procedure that requires such documents.
- 21.6. The Concessionaire shall inform ANP and the competent authorities of any occurrence arising from an intentional or accidental fact or act involving risk or damage to the environment or to human health, property damages to its own or third-party assets and properties, fatalities or severe injuries to the personnel or to third parties, or unscheduled interruptions of the Operations, pursuant to the Applicable Laws and the instructions provided for in manuals issued by ANP, when applicable.

### **Social Responsibility**

- 21.7. The Concessionaire shall provide a management system for Social Responsibility and sustainability consistent with the Best Practices of the Oil Industry and, where applicable, follow the guidelines to achieve the sustainable development objectives of the United Nations Organization.

### **Liability for Damages and Losses**

- 21.8. Without prejudice to the provisions in paragraph 21.1, the Concessionaire shall undertake full and strict liability for all environmental damages that may result from execution of the Operations, directly or indirectly.
- 21.8.1. The Concessionaire shall indemnify the damages resulting from the Operations.
- 21.8.2. The Concessionaire shall indemnify the Federal Government and ANP, pursuant to paragraphs 2.2 to 2.6, for any and all lawsuit, appeal, claim or legal oppositions, arbitration court, audit, inspection, investigation, or dispute of any kind, as well as for any damages, compensations, punishments, fines, or penalties of any kind, related to or resulting from such damages and losses.

## SECTION TWENTY-TWO – INSURANCE

### Insurance

- 22.1. The Concessionaire shall contract and maintain in force, during the entire term of this Agreement, insurance coverage for Exploration and Production activities, contracted with a regular insurance company before the Superintendence of Private Insurance (Susep), for all cases required by the Applicable Laws, without this implying a limitation of its liability under this Agreement.
- 22.1.1. These insurance policies must cover:
- a) properties;
  - b) personnel;
  - c) extraordinary expenses for the operation of wells;
  - d) cleaning, in the event of accidents;
  - e) decontamination, in the event of accidents; and
  - f) civil liability for damages to the environment and the Federal Government's heritage.
- 22.1.2. The Concessionaire shall include ANP as coinsured in the policies covering civil liability, and it shall not impair ANP's right to be fully reimbursed for losses and damages exceeding the indemnification received by virtue of the coverage provided for in the policy.
- 22.2. The Concessionaire shall obtain, from its insurance companies, the inclusion of a clause in all policies through which they expressly waive any implied or explicit rights of subrogation against ANP or the Federal Government.
- 22.3. Insurance through Affiliates is accepted as long as provided by a company authorized by the SUSEP to perform this activity and previously authorized by ANP.
- 22.4. The Concessionaire's policies and global insurance programs may be used for the purposes of this Section Twenty-Two, provided that previously authorized by ANP.
- 22.5. The Concessionaire shall deliver to ANP, upon request, within five (5) business days, a copy of all policies and agreements regarding the insurance policies referred to in paragraph 22.1, as well as a copy of any and all amendment, change, endorsement, postponement, or extension thereof, and a copy of any and all related loss occurrence, complaint, or report.

## **CHAPTER V – GOVERNMENT SHARES AND INVESTMENTS IN RESEARCH, DEVELOPMENT, AND INNOVATION**

### **SECTION TWENTY-THREE – SHARES**

#### **Government and Third-Party Shares**

- 23.1. In addition to the Signature Bonus, paid before the date of execution of the Agreement, the Concessionaire shall pay to the Federal Government and third parties the following shares, pursuant to the Applicable Laws and the Annex V:
- a) Royalties;
  - b) special share;
  - c) payment for land occupancy or withholding; and
  - d) payment of a share to the landowner.
- 23.2. Based on criteria established in the Applicable Laws, ANP may grant reduction in the percentage of Royalties provided for in this Agreement to up to five percent (5%), as to enable extension of useful life and maximization of the factor for recovery of the Fields, as long as the economic benefit for the Federal Government, generated by the new investment plan to be performed, is evidenced.
- 23.3. The Concessionaire shall not be exempted from payment of Government and Third-Party Shares in cases of:
- a) production earned during the Formation Test period, in the Exploration Phase, only if the production is economically exploited;
  - b) production earned during the Formation Test period, in the Production Phase;
  - c) production earned during the Extended Well Test period;
  - d) suspension of the term of this Agreement;
  - e) act of God, force majeure, and similar causes.

### **SECTION TWENTY-FOUR – FUNDS FOR RESEARCH, DEVELOPMENT, AND INNOVATION**

- 24.1. If the Special Share is payable for a Field in any quarter of the calendar year, the Concessionaire shall be required to pay Expenses Identified as Research, Development, and Innovation in the fields of interest and topics relevant to the industry of Oil, Natural Gas, and Biofuels, in an amount equal to one percent (1%) of the Gross Revenue of the Production for such Field.

- 24.1.1. The amount referred to in paragraph 24.1 is payable for the Field originated from the Concession Area.



- 24.1.2. The Concessionaire may use these funds by June 30<sup>th</sup> of the year following the calendar year of calculation of the gross revenue of the Production.
- 24.1.2.1. The Concessionaire shall provide to ANP a full report of the Expenses Identified as Research, Development, and Innovation within the terms and in the formats defined in the Applicable Laws.
- 24.2. Of the funds provided for in paragraph 24.1, the concessionaire shall invest:
- a) from thirty percent (30%) to forty percent (40%) in national universities or research and development institutes accredited by ANP; and
  - b) from thirty percent (30%) to forty percent (40%) in research, development, and innovation activities aiming at the development of products or processes with technological innovation before Brazilian Companies.
- 24.3. The remaining balance of the Expenses Identified as Research, Development, and Innovation, upon compliance with paragraphs 24.2, may be invested in research, development, and innovation activities developed at facilities of the very Concessionaire or its Affiliates, located in Brazil, or of Brazilian Companies, or at universities or research and development institutes accredited by ANP.
- 24.4. Any Expenses Identified as Research, Development, and Innovation incurred by the Concessionaire in amounts higher than one percent (1%) of the Gross Revenue of the Production, or in case of lack of obligation to incur such Expenses, as provided for in paragraph 24.1, may be offset to the benefit of the Concessionaire in order to evidence the obligation in future periods of this Agreement.
- 24.4.1. This offsetting shall be regulated under the Applicable Laws.

## **SECTION TWENTY-FIVE – TAXES**

### **Tax Regime**

- 25.1. The Concessionaire shall be subject to the tax regime in the federal, state and municipal scopes, undertaking to comply with it under the terms, deadlines, and conditions defined in the Applicable Laws.

### **Certificates and Evidence of Regularity**

- 25.2. Upon request of ANP, the Concessionaire shall submit all certificates, registration acts, authorizations, evidence of enrollment in taxpayers' registries, evidence of tax regularity, evidence of regular standing as to the payment of the social charges instituted by law, enrollments in entities or professional associations, and any other similar documents or certificates.

## **SECTION TWENTY-SIX – CURRENCY AND FOREIGN CURRENCY**

### **Currency**

26.1. The currency shall be Real, for all purposes and effects of this Agreement.

## **SECTION TWENTY-SEVEN – ACCOUNTING AND FINANCIAL AUDIT BY ANP**

### **Accounting**

27.1. Under the Applicable Laws, the Concessionaire shall:

- a) keep all documents, books, papers, records, and other procedural documents;
- b) keep all supporting documents required for determination of the Local Content and of the Government and Third-Party Shares supporting the accounting bookkeeping;
- c) make the applicable entries;
- d) submit the accounting and financial statements; and
- e) submit to ANP the Local Content Report.

### **Audit**

27.2. ANP may perform an audit, including for the statements of calculation of the Government Shares, under the Applicable Laws.

27.2.1. The audit may be performed directly or through contracts and partnerships, according to the Applicable Laws.

27.2.2. The Concessionaire shall be notified at least thirty (30) days before the audits.

27.2.3. ANP shall have comprehensive access to the books, records, and other documents referred to in paragraph 27.1, including the contracts and agreements entered into by the Concessionaire and related to the acquisition of goods and services for the Operations, for the last ten (10) years.

27.2.4. The Concessionaire is responsible for the information provided by third parties.

27.2.5. The Concessionaire shall make available to ANP the respective Local Content certificates, in addition to agreements, tax documents, and other supporting records corresponding to the good or service acquired, for ten (10) years after the milestone of determination of the Local Content.

27.2.6. ANP may require from the Concessionaire any documents required to settle any doubts.

27.2.7. Any absence of audit or omission of its conclusions shall neither exclude nor reduce the Concessionaire's liability to fully perform the obligations of this Agreement, nor shall represent implied agreement with methods and procedures contrary to this Agreement or to the Applicable Laws.

## CHAPTER VI – GENERAL PROVISIONS

### SECTION TWENTY-EIGHT– ASSIGNMENT OF THE AGREEMENT

#### Assignment

- 28.1. The Concessionaire' rights and obligations on this Agreement may be, in whole or in part, subject to Assignment, conditional on prior and express authorization of ANP.
- 28.1.1. Requests for authorization to perform the following acts will be submitted to the Assignment procedure provided for in the Applicable Laws:
- a) transfer, in whole or in part, of the ownership of rights and obligations arising from the Agreement, including as a result of the execution of the guarantee on the contractual position;
  - b) change of Concessionaire due to merger, spin-off or incorporation;
  - c) change of Operator; It is
  - d) waiver or replacement of performance guarantee.
- 28.2. The parties shall keep the Agreement terms and conditions unchanged until execution of the respective addendum, and, before execution, it is prohibited to:
- a) transfer of rights relating to the Exploration and Production Agreement object of the Assignment or execution of any encumbrance thereon; and
  - b) influence of the transferee on the management of the Exploration and Production and its execution.
- 28.3. Default of paragraph 28.2 constitutes Assignment without the prior and express approval of ANP.
- 28.4. The Operator and the other members of the Consortium shall have, respectively, at least a thirty percent (30%) and a five percent (5%) share in the Agreement throughout its effectiveness.
- 28.5. The Concessionaires shall notify ANP of the change on its corporate control within thirty (30) days of the filing of the corporate act with the competent registration body, under the Applicable Laws.

#### Undivided Share in Rights and Obligations

- 28.6. Assignment, in whole or in part, of the Concession Area shall always represent an undivided share in the Concessionaire's rights, observing the joint liability of the assignor and the assignee under the Applicable Laws.

**Partial Assignment of an Area during the Exploration Phase**

28.7. If ANP authorizes Assignment resulting in division of the Concession Area, each of the area to be assigned and the remaining area shall be delimited by a single polygonal line determined according to criteria established by ANP.

28.7.1. The resulting areas shall be independent for all purposes, including for calculation of the Government and Third-Party Shares.

28.7.2. The ANP will define a Minimum Exploratory Program for each of the areas resulting from the division. The sum of the resulting Minimum Exploration Programs must be equal to or greater than the original Minimum Exploration Program.

**Assignment of an Area in the Production Phase**

28.8. The Assignment of a portion of a Field shall not be accepted, except as an alternative to a Production Individualization Agreement, as long as approved by ANP under the Applicable Laws.

**Nullity of Assignment of Rights and Obligations and Need for Prior Express Approval**

28.9. Any Assignment that does not comply with the provision in this Section or in the Applicable Laws shall be lawfully null and subject to the penalties provided for in this Agreement and in the Applicable Laws.

**Approval of Assignment**

28.10. ANP shall have a ninety (90)-day period as of submission of the full documentation and as required, under the Applicable Laws, to resolve upon the Assignment.

28.11. The Assignment of the Agreement shall only be authorized, except in the event of paragraph 30.4.2, when:

- a) compliance with the technical, economic-financial and legal requirements established by the ANP;
- b) preserving the object and other contractual conditions;
- c) complying with the provisions of art. 88 of Law No. 12,529, of November 30, 2011, if applicable;
- d) the obligations of the Exploration and Production Contract object of the request are being fulfilled;
- e) the assignor and the assignee, or the guarantor, in cases of exemption or replacement of the performance guarantee, are in compliance with all their obligations related to the Governmental Participations and of third parties before all the Concession or Production Sharing contracts in which they are parts; It is
- f) the obligations related to eventual activities of Decommissioning of Facilities are foreseen in accordance with the Applicable Laws.

28.11.1. If the assignor is in default and the Assignment is not voluntary, as determined by ANP or as a result of an execution of a contract clause with third parties, the Assignment shall be allowed if the assignee or the executor of the guarantee pays the obligations related to the contracts to be assigned; provided that they undertake to transfer any amount eventually payable to the assignor as a result of the Assignment directly to ANP, until the assignor's full debt to ANP is settled.

28.11.1.1. Assignment to an Affiliate shall not be accepted in the event provided for in paragraph 28.11.1.

### **Effectiveness and Efficacy of the Assignment**

28.12. Upon approval of the Assignment by ANP, the Agreement shall be amended so that the act is performed, except in the events of exemption or replacement of a performance guarantee and in the event provided for in paragraph 28.17, under the Applicable Laws.

28.13. The addendum to the Agreement shall be effective as of the date of its execution, under the Applicable Laws.

28.13.1. The transfer by the assignor to the assignee of data, documents and information on operational safety and the environment relating to the contracted area and the Exploration and Production facilities included in the Assignment and defined by the ANP is a condition for signing the amendment to the Agreement, except in the event Non-voluntary Assignment.

28.14. Within forty-five (45) days of the execution of the addendum, the Contractor shall submit to ANP a copy of the Consortium Agreement or of the amendment filed with the applicable commercial registry.

28.15. As of the execution of the addendum, the former Concessionaire shall have a ninety (90)-day period to transfer all exclusive data related to the agreement assigned, whether public or confidential, to the new concessionaire.

28.15.1. The new concessionaire shall become the holder of the rights to exclusive data, and the deadlines for confidentiality already in progress shall remain unchanged, pursuant to the Applicable Laws.

### **New Concession Agreement**

28.16. In the event of division of the Concession Area for any reason, a new concession agreement shall be executed for each area resulting from the division, keeping the same terms, obligations, programs, and deadlines of the original Agreement.

28.17. Upon approval of the Assignment, ANP shall call the Concessionaires to execute the new Concession Agreements within thirty (30) days of such approval.

28.18. The new Concession Agreements entered into by the Parties shall be effective as of the date of their execution, under the Applicable Laws.

- 28.19. Within the scope of credit transactions or credit facility agreement, the Concessionaires may create guarantee on the rights arising from this Agreement.
- 28.20. Concessionaire shall notify ANP of the guarantee business provided for in paragraph 28.19 above, by sending a copy of the respective instrument of guarantee, within thirty (30) days of the date of its execution.
- 28.21. The guarantee shall be foreclosed under the Applicable Laws and upon notice to ANP pursuant to the instrument of guarantee, provided that transfer of ownership arising from the guarantee foreclosure constitutes an assignment and depends on prior and express consent of ANP.

## **SECTION TWENTY-NINE – RELATIVE DEFAULT AND PENALTIES**

### **Legal and Contractual Sanctions**

- 29.1. In case of failure to perform the obligations set forth in the Applicable Laws this Agreement or performance in a place, time, or manner other than that agreed, the Concessionaire shall incur the specific sanctions provided for herein and in the Applicable Laws, without prejudice to the liability for potential losses and damages resulting from the default.

## **SECTION THIRTY – TERMINATION OF THE AGREEMENT**

### **Lawful Termination**

- 30.1. This Agreement is terminated, by operation of law:
- a) upon the end of the effective period provided for in Section Four;
  - b) upon completion of the Exploration Phase without performance of the Minimum Exploration Program;
  - c) at the end of the Exploration Phase, in case there has been no Commercial Discovery;
  - d) in case the Concessionaire fully relinquishes the Concession Area;
  - e) if the Concessionaire exercises its right of withdrawal during the Exploration Phase, provided that the Minimum Exploratory Program is fulfilled or the amount corresponding to the unfulfilled portion is paid, as provided for in Clause Six of this Agreement;
  - f) upon failure to deliver the Development Plan within the term established by ANP;
  - g) upon non-approval by ANP of the Development Plan provided for in Section Ten;

- h) upon refusal of the Concessionaire to execute, in whole or in part, the Production Individualization Agreement after ANP's decision;
- i) in case the financial guarantees are not renewed within thirty (30) days before the end of its effective term; or
- j) upon adjudication of bankruptcy or non-approval of request for judicial reorganization of any Concessionaire by the competent court, except as provided for in paragraph 30.5.2.

### **Rescission by will of the Parties: Bilateral and unilateral termination**

- 30.2. This Agreement may be terminated at any time upon mutual agreement between the Parties, without prejudice to performance of the obligations under this Agreement.
- 30.3. At any time during the Production Phase, the Concessionaire may request the termination of this Agreement, in whole or in part, at least 180 (one hundred and eighty) days in advance from the intended date for the termination of the Agreement, which must be previously approved by ANP.
- 30.3.1. The ANP will have a period of 90 (ninety) days, counted from the date of receipt of the termination request, to analyze the request.
- 30.3.2. Until the effective contractual termination, the Concessionaire may not interrupt or suspend the Production committed in the Production Programs of the Fields or Development Areas in question, unless authorized by the ANP.
- 30.4. Termination of the Agreement does not exempt the Concessionaire from the liability provided for in paragraph 21.8.

### **Termination for Absolute Default**

- 30.5. This Agreement shall be terminated upon the following events:
- a) failure by the Concessionaire to perform the contractual obligations, except if they are lawfully waived; or
  - b) judicial or extrajudicial reorganization, with no submission of an approved reorganization plan able to demonstrate to ANP its economic and financial capacity to fully perform all contractual and regulatory obligations.
- 30.5.1. In case of item "a", paragraph 30.5, before termination of the Agreement, ANP shall notify the Concessionaire to perform the obligation not performed within a term of no less than ninety (90) days, except when extremely urgent.
- 30.5.2. After confirming the absolute default, the Concessionaire shall be granted a ninety (90)-day period, or shorter, when extremely urgent, to formalize before ANP the request for Assignment of its undivided share in the rights and obligations of this Agreement, under penalty of imposition of the penalties provided for in this Agreement, in addition to contract termination.
- 30.5.3. In case of more than one Concessionaire, and if the Assignment provided for in paragraph 30.4.2 is not performed, ANP shall only terminate this Agreement



with respect to the defaulting party, and its undivided share in the rights and obligations of this Agreement is divided between the other non-defaulting Concessionaires, in the proportion of their shares, upon prior and express approval by the Contracting Party, based on ANP's opinion.

### **Consequences of Termination**

- 30.6. In any of the cases of termination provided for in this Agreement or in the Applicable Laws, the Concessionaire shall not be entitled to any reimbursement.
- 30.7. In any of the cases of extinction provided for in this Agreement or in the Applicable Law, the provisions of paragraphs 9.8 to 9.12 must be observed for the return of the area.
- 30.8. Once this Agreement is terminated, the Concessionaire shall be liable for losses and damages arising from its default and termination, paying all applicable indemnifications and compensations, as provided by law and by this Agreement.

## **SECTION THIRTY–ONE – ACT OF GOD, FORCE MAJEURE, AND SIMILAR CAUSES**

### **Full or Partial Exemption**

- 31.1. The obligations undertaken in this Agreement shall only be released in the events of acts of God, force majeure, and similar causes that justify non-performance, such as administrative action or omission, *factum principis*, and unexpected disruptions.
  - 31.1.1. Exemption of the Concessionaire from its obligations shall be exclusively related to the obligations in this Agreement which performance becomes impossible due to acts of God, force majeure, or similar causes, acknowledged by ANP.
  - 31.1.2. ANP's decision acknowledging the occurrence of acts of God, force majeure, or similar causes shall indicate the portion of this Agreement which performance shall be dismissed or postponed.
  - 31.1.3. Acknowledgement of acts of God, force majeure, or similar causes does not exempt the Concessionaire from payment of the Government and Third-Party Shares.
- 31.2. Notification of events that may be considered an act of God, force majeure, or similar cause shall be immediate and shall specify such circumstances, its causes and consequences.
  - 31.2.1. Cessation of the events shall be equally notified.

### **Amendment, Suspension and Termination of the Agreement**

- 31.3. After the act of God, force majeure, or similar causes are overcome, the Concessionaire shall perform the affected obligations, and the term for performance of these obligations shall be extended for the period corresponding to the duration of the event.

- 31.3.1. Depending on the extent and severity of the effects of the act of God, force majeure, or similar causes:
- a) the Parties may agree on the amendment or termination of the Agreement;
  - b) ANP may suspend the course of the contract term regarding the affected portion of the Agreement.
- 31.3.2. During interruption of the contract term, all Parties' obligations not affected by act of God, force majeure, and similar causes remain effective and enforceable.

### **Environmental Permitting**

- 31.4. ANP may extend or suspend the lapse of the contract term in case of evidenced delay in the environmental permitting procedure.
- 31.4.1. Suspension or extension of the agreement may be granted upon reasoned request by the Concessionaire.
- 31.4.2. In order for the lapse of the contract term to be suspended or extended, the regulatory term for decision of the licensing authority in the environmental permitting procedure should have been exceeded.
- 31.4.3. The Concessionaire shall evidence that it did not contribute to the dilation of the environmental permitting process and that the delay is exclusively attributable to the applicable public entities.
- 31.4.4. Upon acceptance of ANP's claim for suspension of the agreement, the course of the contract term shall be deemed suspended until final manifestation of the environmental authority.
- 31.4.5. Upon acceptance of ANP's claim for suspension of the agreement, redefinition of the term due to delay caused by the environmental authority shall occur based on the time elapsed between the confirmed delay caused by the environmental authority until the date of suspension of the agreement.
- 31.4.6. If ANP deems the suspension of the lapse of the contract term unreasonable, it shall be interrupted at any time.
- 31.4.7. After ANP's claim for extension of the agreement is granted, redefinition of the term due to delay caused by the environmental authority shall occur based on the time elapsed between the confirmed delay caused by the environmental authority until the date of the claim for extension.
- 31.4.8. The final opinion of the environmental authority shall be communicated to ANP until five (5) days by the Concessionaire
- 31.5. As long as requested by the Concessionaire, the suspension of the lapse of the contract term for more than five (5) years may entail contract termination, and the Concessionaire shall have no right to any type of indemnification.
- 31.5.1. The request referred to in paragraph 31.5 must be submitted to the ANP within 90 (ninety) days of the date on which the suspension of the course of the contractual term completed 5 (five) years.

- 31.5.2. It will be up to the Concessionaire to prove that, within the 5 (five) years counted from the date of suspension of the course of the contractual term, it has taken the appropriate measures so that the environmental licensing process takes place as quickly as possible.
- 31.6. As long as requested by the Concessionaire, the final denial by the competent environmental authority of the permit essential to the development of the activities may entail contract termination, and the Concessionaire shall not be entitled to any type of indemnification.
- 31.6.1. The Concessionaire shall prove that it did not contribute to the denial of the environmental permitting process so that such denial is considered an act of God, force majeure, and similar cause.

### **Losses**

- 31.7. The Concessionaire shall individually and exclusively assume all losses arising from the situation of act of God, force majeure, or similar causes.

## **SECTION THIRTY-TWO – CONFIDENTIALITY**

### **Obligation of the Concessionaire**

- 32.1. Any and all data acquired, processed, produced, developed, or, in any way, obtained as a result of the Operations and the Agreement, are strictly confidential.
- 32.2. Data and information referred to in paragraph 32.1 may be disclosed by the Concessionaire, and its commercialization is prohibited.
- 32.3. In case of disclosure of the data and information referred to in paragraph 32.1, the Concessionaire shall send the ANP notification within 30 (thirty) days from the disclosure.
- 32.3.1. The notice shall be followed by data and information disclosed, the reasons for the disclosure, and the list of third parties who had access to such data and information.
- 32.3.2. In case of disclosure of data and information to Affiliates, Concessionaires will be exempt from sending notification to ANP.
- 32.4. The provisions in paragraphs 32.1, 32.2 and 32.3 shall remain in effect and shall survive termination of this Agreement.

### **ANP's Commitment**

- 32.5. The ANP undertakes not to disclose data and information related to the Operations of the areas retained by the Concessionaire, whose exposure may represent a competitive advantage to other economic agents, pursuant to art. 5, paragraph 2, of Decree No. 7,724/2012.
- 32.6. Such provision will not apply if the disclosure is due to legal or judicial imposition.

## **SECTION THIRTY-THREE – NOTICES, REQUESTS, COMMUNICATIONS, AND REPORTS**

### **Notices, Requests, Plans, Programs, Reports, and other Communications**

33.1. Notices, requests, submission of plans, programs, reports, as well as any other communications provided for in this Agreement shall be formal and made in writing, pursuant to the Applicable Laws.

33.1.1. If there is no specific provision in the Applicable Laws, the communications set forth herein shall be delivered in person, upon receipt, or sent by mail, with proof of receipt.

33.1.2. Acts and communications related to this Agreement shall be written in Portuguese and signed by a legal representative of the Concessionaire or an attorney-in-fact with specific powers.

### **Addresses**

33.1.3. In case of change of address, the Parties undertake to notify the other Party about the new address upon at least thirty (30)-day notice of the change.

### **Validity and Efficacy**

33.2. The notices provided for in this Agreement shall be deemed valid and effective on the date they are effectively received.

### **Amendments to the Acts of Incorporation**

33.3. The Concessionaire shall notify ANP about any amendments to its acts of incorporation, bylaws, or articles of association by sending, within thirty (30) days, copies thereof and copies of the documents for election of its managers or for evidence of the acting board of executive officers.

## **SECTION THIRTY-FOUR – LEGAL REGIME**

### **Governing Law**

34.1. This Agreement shall be executed, governed, and construed according to the Brazilian laws.

34.1.1. The parties shall comply with the Applicable Laws in the execution of the Agreement.

### **Reconciliation**

34.2. The Parties undertake to use all efforts as to amicably resolve upon any and all dispute or controversy arising from this Agreement or related thereto.

34.2.1. Such efforts shall include at least the request for a specific reconciliation meeting by the unsatisfied party, followed by its request and factual and lawful reasons.

34.2.2. The request shall be met, and the meeting shall be scheduled by the other party within fifteen (15) days of the request, in ANP's offices. The representatives of the parties shall have powers to compromise on the matter.

34.2.3. After the meeting, if no agreement is immediately reached, the parties shall have at least thirty (30) additional days to negotiate an amicable solution.

### **Mediation**

34.3. Upon written agreement and at any time, The Parties may submit dispute or controversy to mediation of qualified entity therefor, pursuant to its regulation and according to the Applicable Laws.

### **Independent Expert**

34.4. Upon written agreement, the Parties may resort to an independent expert in order to obtain a well-grounded opinion that may lead to the settlement of the dispute or controversy.

34.4.1. In case such agreement is signed, arbitration may only be filed after issuance of the expert's opinion.

### **Arbitration**

34.5. After the procedure set forth in paragraph 34.2, if one of the Parties considers there are no conditions for an amicable solution to the dispute or controversy referred to in such paragraph, such issue shall be submitted to arbitration.

a) The arbitration proceeding shall be managed by a notoriously acknowledged arbitral institution with trustworthy reputation, with capacity to manage arbitration according to the rules of this section 34 and preferably with its principal place of business or office for management of cases in Brazil;

b) The litigious parties shall choose the arbitral institution by mutual agreement. If the Parties do not reach an agreement regarding the choice of the arbitral institution, ANP shall indicate one of the following institutions: (i) International Court of Arbitration of the International Chamber of Commerce; (ii) London Court of International Arbitration; or (iii) Hague Permanent Court of Arbitration. If ANP does not indicate an institution within the term established in paragraph

34.2.3, the other litigious party may indicate any of the three institutions referred to in this item.

- c) The arbitration shall follow the rules of the chosen arbitral institution, only with respect to what is in compliance with this section. Only expedited procedures or procedures from a single arbitrator shall be adopted in case of an express agreement between the parties.
- d) Three arbitrators shall be appointed. Each litigious party shall choose an arbitrator. The two arbitrators so appointed shall designate the third arbitrator, who shall preside over the panel;
- e) The city of Rio de Janeiro, Brazil, shall be the seat of the arbitration and the place where the arbitration award is rendered;
- f) The language of the arbitration proceeding shall be the Portuguese. However, the litigious parties may support the proceeding with testimonies or documents in any other language, as decided by the arbitrators, with no need for a sworn translation;
- g) On the merits, the arbitrators shall decide based on the Brazilian laws;
- h) The arbitration award shall be final and its content shall bind the Parties. Any amounts possibly payable by ANP shall be paid off by a special judicial order, except in the event of administrative acknowledgement of the request;
- i) The expenses required to compose, conduct, and development the arbitration, such as costs of the arbitral institution and for advance payment of arbitral fees, shall be paid in advance exclusively by the Party requiring composition of the arbitration. The requested Party shall only indemnify such amounts proportionally to the result of the arbitration, as decided in the arbitration award;
- j) If expert evidence is required, the independent expert shall be designated by mutual agreement between the litigious parties or, in the absence of agreement by the Arbitration Court. The costs for such expert examination, including expert fees, shall be paid in advance by the Party requiring it or by the arbitration claimant, if it is proposed by the Arbitration Court. Such costs shall be borne, in the end, by the defeated Party, pursuant to the preceding item. The litigious parties may appoint expert assistants of their choice on its account, however, such costs shall not be subject to reimbursement;
- k) The Arbitration Court shall convict the Party, defeated in whole or in part, to pay attorney's fees, under articles 85 and 86 of the Brazilian Code of Civil Procedure, or rule that may succeed it. No other compensation for expenses of a Party shall be due upon its own representation;
- l) if preliminary injunctions or urgent protective measures are required before arbitration, the interested Party may request them directly from the Judiciary Branch, based on the Applicable Laws, and they shall be cancelled if arbitration is not filed within thirty (30) days of the date of effectiveness of the decision;
- m) Upon request of the Concessionaire, ANP may, at its sole discretion, suspend the adoption of measures for performance of guarantees and registration in debtor register, provided that the Concessionaire keeps the guarantees effective during the terms provided for in this Agreement, for a period sufficient to compose the Arbitration Court, in order to avoid unnecessary filing of the legal action provided for in the preceding item;

- n) The arbitration proceeding shall observe the principle of disclosure, pursuant to the Brazilian Laws and the confidential data under this Agreement. The arbitral institution responsible for the proceeding shall be in charge of disclosure of information to the public, which shall be done preferably through the Internet.
- 34.6. The Parties hereby represent to be aware that the arbitration addressed by this Section 34 refers exclusively to disputes arising from the Agreement or related thereto and is intended to settle only litigations related to the equity rights available, under Law No. 9,307/1996.
- 34.6.1. Controversies on equity rights available are considered for purposes of this section 34:
- a) application of contractual penalties and their calculation, as well as controversies arising from the performance of guarantees;
  - b) calculation of indemnifications arising from termination or transfer of the Agreement;
  - c) failure by any of the parties to perform contractual obligations;
  - d) demands related to contractual right or obligation.

### **Jurisdiction**

- 34.7. For the provisions in item “I” of paragraph 34.5 and matters not related to the equity rights available, as provided by Law No. 9,307/1996, the Parties elect the Federal Courts – Judiciary Section of Rio de Janeiro, Brazil, as the sole competent court, to the exclusion of any other court, however privileged it may be.

### **Suspension of Activities**

- 34.8. ANP shall decide whether to suspend or not the activities under dispute or controversy.
- 34.8.1. The criterion supporting the decision shall be the need to avoid a personal or property risk of any nature, especially regarding the Operations.

### **Justifications**

- 34.9. ANP undertakes to, whenever it exercises its discretionary power, justify the act pursuant to the Applicable Laws and the Best Practices of the Oil Industry.

### **Continuous Application**

- 34.10. The provisions of this Section 34 shall remain in effect and shall survive termination of the Agreement.

## **SECTION XXX - CONTRIBUTION TO THE INTERNATIONAL SEA FUNDS AUTHORITY**

[CLAUSE APPLICABLE ONLY TO CONCESSION AGREEMENTS OF BLOCKS SM-1378, SM-1613 and SM-1617]

XX.1. Production in reservoirs located wholly or partially in areas of the continental shelf located beyond 200 (two hundred) nautical miles from the baselines, will be subject to payment of the contribution to the International Seabed Authority, under the terms of the United Nations Convention on the Law of the Sea, which came into force on November 16, 1994, pursuant to Decree No. 1530, of June 22, 1995.

XX.1.1. The Concessionaire will be responsible for the economic burden of paying the amounts due to the International Seabed Authority, under the terms of the Applicable Laws.

## **SECTION THIRTY-FIVE – FINAL PROVISIONS**

### **Execution of the Agreement**

35.1. The Concessionaire shall maintain all conditions of eligibility and qualification required by ANP, during the whole execution of the Agreement, in compliance with the obligations undertaken by it.



**Amendments and Addenda**

- 35.2. Omission or forbearance by any of the Parties to require compliance with the provisions of this Agreement, as well as acceptance of a performance other than the required in the agreement, shall not imply novation or limit such Party's right to subsequently impose compliance with these provisions or require a performance consistent with what is required in the agreement.
- 35.3. Any amendments or addenda to this Agreement shall observe the Applicable Laws and shall only be valid if formally made in writing and signed by the representatives of the Parties.

**Disclosure**

- 35.4. ANP shall cause all or part of the terms of this Agreement to be published in the Federal Official Gazette, for validity *erga omnes*.

In witness whereof, the Parties sign this Agreement in «counterparts» counterparts of equal form and content for a single effect, in the presence of the witnesses below.

OR

In agreement, the Parties sign this Agreement digitally, in the presence of the witnesses indicated below.

Rio de Janeiro, <execution\_date>.

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**National Agency of Petroleum, Natural Gas, and Biofuels – ANP**

Director-General of ANP

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**«signatory\_01\_operator»**

«signatory\_01\_representative\_01»

«signatory\_01\_title\_01»

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**«signatory\_01\_operator»**

«signatory\_01\_representative\_02»

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«signatory\_02\_title\_01»

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**«signatory\_02»**

«signatory\_02\_representative\_02»

«signatory\_02\_title\_02»

Witnesses:

Name: Witness 1

CPF: CPF of Witness 1

Name: Witness 2

CPF: CPF of Witness 2

## **ANNEX I – CONCESSION AREA**

The Concession Area of this Agreement is Block «block», the cartographic parameters of which are listed below.

### **CARTOGRAPHIC PARAMETERS USED FOR THE COORDINATES**

(Add information on the Sedimentary Basin and Exploration Block, following the ANP Grid standard)

(SIRGAS 2000 Geodetic Reference System)

Coordinate parameters:

Geographic Coordinates: Latitude; Longitude

Format (+GG:MM:SS,SSS)

## ANNEX II – MINIMUM EXPLORATION PROGRAM

The Exploration Phase shall last «duration of the phase» years and shall constitute a single period.

The activities for purposes of performance of the Minimum Exploration Program to be exercised by the Concessionaire are listed in this Annex.

**Table 1 - Minimum Exploration Program**

Block	Area of the Block (km <sup>2</sup> )	(Units of Work) <sup>1</sup>
«block»	«block_area»	«pem_uw»

### UW Value for purposes of the Financial Guarantee for the Exploration Phase (R\$/UW)

Sector	R\$/UW
«sector»	«uw_value_for_calculation_guarantee__»

**Table 2 - Equivalence of Work Units (UTs) for compliance with the PEM**

Item	Unit	UT Amount
<b>Exploratory well</b>	<b>UT</b>	
<b>2D Seismic</b>	(UW/km)	«2d_seismic_uw_km»
<b>3D Seismic</b>	(UW/km <sup>2</sup> )	«3d_seismic_uw_km2»
<b>2D Reprocessing</b>	(UW/km)	«2d_seismic_reprocessing_uw_km»
<b>3D Reprocessing</b>	(UW/km <sup>2</sup> )	«3d_seismic_reprocessing_uw_km2»
<b>Gravimetry</b>	(UW/km)	«grav_potential_methods_uw_km»
<b>Gradiometric Gravimetry</b>	(UW/km)	«grav_grad_potential_methods_uw_km»
<b>High-Resolution Gravimetry</b>	(UW/km)	«grav_ar_potential_methods_uw_km»
<b>Magnetometry</b>	(UW/km)	«mag_potential_methods_uw_km»
<b>Gradiometric Magnetometry</b>	(UW/km)	«mag_grad_potential_methods_uw_km»
<b>Gamma spectrometry</b>	(UW/km)	«gammaspectrometry»
<b>Electromagnetic</b>	(UW/receptor)	«electromagnetic_uwreceptor»
<b>Electromagnetic</b>	(UW/km)	«electromagnetic_uwkm»
<b>Electromagnetic</b>	(UW/km <sup>2</sup> )	«electromagnetic_uwkm2»
<b>Electromagnetic Reprocessing</b>	(UW/receptor)	«electromagnetic_reprocessing_uwreceptor»
<b>Electromagnetic Reprocessing</b>	(UW/km)	«electromagnetic_reprocessing_uwkm»
<b>Electromagnetic Reprocessing</b>	(UW/km <sup>2</sup> )	«electromagnetic_reprocessing_uwkm2»
<b>Geochemistry</b>	(UW/Sample)	«geochemistry_uwsample»
<b>Multibeam Bathymetry</b>	(UW/km <sup>2</sup> )	«bathymetry_multibeam_uwkm2»
<b>Exploratory Well</b>	(UW/well)	«exploratory_well_uw_well»
<b>Exploration Objective</b>	«minimum_exploration_objective»	

**Table 3 - Total Amount of the Minimum Exploration Program and Financial Guarantee**

<b>Amount of the Minimum Exploration Program ("PEM") (R\$)</b>	<b>Amount of the Financial Guarantee (R\$)</b>
«pem_currency» «pem_currency_in words»	«pem_guarantee_currency» «pem_guarantee_in words»

**Table 4 - Reduction factors of the non-exclusive surveys for purposes of performance of the Minimum Exploration Program**

Time elapsed between request for reduction of the Minimum Exploration Program to ANP and the date of completion of the operations for acquisition or reprocessing of non-exclusive data.	Reduction 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

For purposes of performance of the Minimum Exploration Program, the non-exclusive surveys and reprocessing provided for in the tender protocol shall be taken into account, upon application of the rules and the reduction factor indicated in the Table 4.

Only non-exclusive surveys authorized by ANP shall be accepted, provided that the data acquisition companies have met all requirements of data submission to the Exploration and Production Database (BDEP).

For purposes of calculation of the amount to be considered for performance of the Minimum Exploration Program, the time elapsed between request for deduction and conclusion of the operations for non-exclusive data acquisition or reprocessing shall be taken into account.

For purposes of performance of the Minimum Exploration Program, the wells drilled shall achieve the main purpose approved by ANP in the Notice of Well Drilling.

### **ANNEX III – FINANCIAL GUARANTEE OF THE MINIMUM EXPLORATION PROGRAM**

(Attach a copy of the Financial Guarantee of the Minimum Exploration Program)

## **ANNEX IV – PERFORMANCE GUARANTEE**

(Attach a copy of the document submitted, if available)



**ANNEX V – GOVERNMENT AND THIRD-PARTY SHARES**

Pursuant to Section Twenty-Three, the Concessionaire shall pay the following Government and Third-Party Shares:

- a) Royalties in the amount corresponding to \_\_\_ percent (\_\_\_%) of the Production of Oil and Gas in the Concession Area;

(The amount of the industry Royalty rate shall be included according to Table XX of Annex I of the Open Acreage of Concession tender protocol.)

[For the Concession Agreements for Blocks SM-1378, SM-1613 and SM-1617, table XX of Annex I of the invitation to bid for the Open Acreage of Concession will be included.]

- b) Special Share in the amount defined in Decree No. 2,705 of August 3, 1998;
- c) Payment for Occupancy or Withholding of Area<sup>1</sup>: i) during the Exploration Phase, in the amount of \_\_\_\_\_ Reais (R\$\_\_\_\_\_) per square kilometer or fraction of the Concession Area, with the increase provided for in Decree No. 2,705 of August 3, 1998 in case of extension; ii) during the period of the Development Phase of the Production Phase, in the amount of \_\_\_\_\_ Reais (R\$\_\_\_\_); and iii) during the Production Phase, in the amount of \_\_\_\_\_ Reais (R\$\_\_\_\_); and
- d) Payment to the landowners of a share equivalent to (payment to land owner) of the Production of Oil and Gas, under the Applicable Laws.

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<sup>1</sup> Payment for Withholding or Occupancy of Area in Reais per square kilometer, pursuant to the Tender Protocol.

**ANNEX VI – PAYMENT OF THE SIGNATURE BONUS****Table 1 - Values of the Signature Bonus Offered and Paid by the Concessionaire**

<b>Signature Bonus – amounts offered and paid by the Concessionaire</b>		
<b>Block</b>	<b>Amount Offered (R\$)</b>	<b>Amount Paid (R\$)</b>
«block»	«bonus» («bonus_in writing»)	«bonus» («bonus_in writing»)

## **ANNEX VII – INDICATION OF OPERATOR**

The initial Operator is «signatory\_01\_operator». A new Operator may be designated as provided for in section 15 and pursuant to the conditions of section 28.

## **ANNEX VIII – ADDRESS**

### **National Agency of Petroleum, Natural Gas, and Biofuels – ANP**

Avenida Rio Branco nº 65, térreo/protocolo, Centro, Rio de Janeiro – RJ

CEP: 20090-004

#### **«signatory\_01\_operator»**

«address\_01»

CEP: «cep\_01»

#### **«signatory\_02»**

«address\_02»

CEP: «cep\_02»