

FEDERATIVE REPUBLIC OF BRAZIL
MINISTRY OF MINES AND ENERGY



CONCESSION CONTRACT OF AREAS WITH MARGINAL ACUMULATIONS FOR
RECOVERY AND PRODUCTION OF OIL AND NATURAL GAS

AREA

NO. CONTRACT_PROCESS

SIGNED BETWEEN

BRAZILIAN NATIONAL AGENCY OF PETROLEUM, NATURAL GAS AND
BIOFUELS - ANP

AND

SIGNATORY

BRAZIL
2017

CONCESSION CONTRACT FOR RECOVERY AND PRODUCTION OF OIL AND NATURAL GAS

signed by and between

The **BRAZILIAN NATIONAL AGENCY OF PETROLEUM, NATURAL GÁS AND BIOFUELS - ANP** (hereinafter referred to as "ANP"), a special autonomous Governmental entity created by Law No. 9478 dated August 6, 1997, part of the Indirect Federal Administration, associated with the Ministry of Mines and Energy, with headquarters in SGAN (Sector Great Northern Areas), Block 603, Module I, 3rd floor, Brasilia, DF, ZIP CODE 70830-902, herein represented by `signatory_anp_function`, `signatory_anp_name`,

and

SIGNATORY, established under the laws of Brazil, headquartered in `signatory_address`, ZIP CODE `signatory_zip` code, registered in the tax id number (CNPJ/MF) `signatory_cnpj` (hereinafter referred to as The "Concessionaire"), herein represented by `signatory_representative01_name`, `signatory_representative01_function`, and `signatory_representative02_name`, `signatory_representative02_function`.

WHEREAS

in accordance with article 20, sections V and IX and article 176, main section of the Constitution of the Federative Republic of Brazil (Federal Constitution) and article 3 of Law No. 9478/97, belong to the Federal Government the existing Oil and Natural Gas Deposits in national territory, on the continental shelf and in the exclusive economic zone;

in article 177, section I, of the Constitution and article 4 of Law 9478/97, constitute monopoly of the Federal Government, the Research and Mining of Natural Deposits of Oil and Gas existing in the national territory, on the continental shelf and in the exclusive economic zone;

in the first paragraph of article 177 of the Federal Constitution and article 5 of Law No. 9478/97, the Federal Government may allow public and private companies, organized under Brazilian laws, with headquarters and management in Brazil, to perform activities of Oil and Natural Gas Exploration and Production, by concession, as established in the legislation;

in article 8 of Law No. 9478/97, ANP must promote the regulation, contracting and supervision of economic activities of the Oil, Natural Gas and Biofuels Industry;

in article 21 of Law No. 9478/97, all rights to the Exploration and Production of Oil and Natural Gas in the national territory, on the continental shelf and the exclusive economic zone belong to the Federal Government and it must be managed by ANP, except for the competence of other agencies and entities expressly established by law;

it is the ANP's responsibility, as representative of the Federal Government, to sign with the Concessionaire the Concession Contract for Oil and Natural Gas Rehabilitation and Production of the Concession Area, identified in Appendix I, that meets the provisions of articles 23 and 24 of Law No. 9478/97;

in accordance with articles 25 and 26 of Law No. 9478/97, and having met the requirements set out in Section I of the referred Law, ANP and the Concessionaires are authorized to sign

this Concession Contract which must be governed, as appropriate, by the general rules of Section I and the provisions of Section VI, both in Chapter V of the referred Law;

in accordance with articles 36 to 42 of Law No. 90478/97, the Concessionaire participated in the tender for the granting of this Concession Contract, and it has been awarded and approved the tender in which the winner of the area with Marginal Accumulation defined in Appendix I was declared;

in article 46 of Law No. 9478/97, the Concessionaire has paid to the ANP the signing bonus amount indicated in Appendix VI;

pursuant to Notice of the 4th Bidding of Areas with Marginal Accumulations and of item V of art. 43 of Law No. 9478/1997, the Concessionaire submitted to the ANP the necessary collaterals to support the implementation of the Initial Work Program and the Wells Decommissioning and Abandonment Agreement included in Appendix X and the signing bonus payment receipt;

ANP and the Concessionaire sign this Concession Contract for Oil and Natural Gas Rehabilitation and Production of the Area with Marginal Accumulation, defined in Appendix I, in accordance with the following clauses and conditions.

CHAPTER I - BASIC PROVISIONS

CLAUSE ONE - DEFINITIONS

Legal Definitions

- 1.1. The definitions contained in article 6 of Law No. 9478/97 and article 3 of Decree No. 2705 dates August 3, 1998 and the Notice of the 4th Bidding of Areas with Marginal Accumulations are hereby incorporated into this Contract and, consequently, will apply to all its intents and purposes, whenever they are used in the singular or plural, masculine or feminine.
- 1.2. For management purposes, regulation and supervision of this Agreement, are valid for alternative use, the guidelines on management of exploration contracts and production of oil and natural gas published by the ANP on its website on the Internet.

Contract Definitions

- 1.3. Also for the purposes and effects of this Contract, additionally the definitions contained in this paragraph will be valid, whenever the following words and expressions are used herein, in the singular or plural, masculine or feminine:
 - 1.3.1. **Production Individualization Agreement:** signed between the holders of Exploration and Production rights, after the Declaration of Commercial Viability, aiming at the unified Development and Production of Deposits that extend beyond the Concession Area, in accordance with the provisions the in applicable legislation.
 - 1.3.2. **Affiliate:** any legal entity governed by private law that exercises controlled or controller business activity, pursuant to Articles 1,098 to 1,100 of the Civil Code, as well as those controlled directly or indirectly by the same legal entity..
 - 1.3.3. **II - Field area** - the area limited by the polygon that defines the Field, as approved in the Development Plan.
 - 1.3.4. **Concession Area:** Block which surface projection is limited by the polygon defined in Appendix I of this Contract.
 - 1.3.5. **Development Area:** any part of the Concession Area retained for the Development Stage.
 - 1.3.6. **Areas with Marginal Accumulations:** Concession Area with known discoveries of oil and/or natural gas, where there has been no production or the production was stopped or was requested early termination of the contract due to the lack of economic interest.
 - 1.3.7. **Assessment:** set of Operations which are intended to verify the commercial viability of a Deposit or set of Deposits of Oil or Natural Gas in the Concession Area.

- 1.3.8. **Well Assessment:** logging and formation tests activities performed between the End of Drilling and the Well Completion, which together with other activities previously performed in the well, allow the verification of the of areas of interest for a possible submission of a Discovery Evaluation Plan and/or for the decision-making on whether the Operations should continue.
- 1.3.9. **BDEP:** Data Bank of Oil, Natural Gas and Biofuels Exploration and Production - ANP.
- 1.3.10. **Field:** the same as Oil and Natural Gas Field, defined in Law No. 9478/97.
- 1.3.11. **Assignment:** sale, alienation, transfer or any transaction which has as effect or object the transfer or any other form of assignment, by any means, in whole or in part, of the rights and indivisible obligations of the Contract.
- 1.3.12. **Production Individualization Commitment:** instrument signed after the Declaration of Commercial Viability formalizing the allocation of production of Shared Deposit, that extends throughout different Contract Areas, which rights of Exploration and Production belong to the same company or consortium of identical composition and same share.
- 1.3.13. **Concessionaire:** individually or collectively, legal entities under private law that carry out business activity that are members of the consortium, including the Operator.
- 1.3.14. **End of Well Completion:** beginning of the displacement of the drilling rig, after the End of Drilling and Well Evaluation.
- 1.3.15. **Contract:** main body of this Concession Contract and its Appendices.
- 1.3.16. **Consortium contract:** contractual instrument that rules the rights and obligations among Concessionaires, concerning this Contract.
- 1.3.17. **Declaration of Commercial Viability:** formal written notice from the Concessionaire to ANP in which it states the commercial viability of one or more Deposits in the Concession Area.
- 1.3.18. **Discovery:** any occurrence of Oil and Natural Gas, other fluid hydrocarbons, minerals and any other natural resources in the Concession Area, regardless of quantity, quality or commercial viability, verified by, at least, two methods of detection or assessment.
- 1.3.19. **Development stage:** contractual stage started with the approval, by ANP, of the Development Plan proposed by the Concessionaire and which extends up to the Production Phase, while necessary investments in wells, equipment and facilities for the Oil and Natural Gas Production are necessary, in accordance with Best Practices of the Oil Industry.
- 1.3.20. **First oil extraction:** date in which the first measurement of Oil and Natural Gas volumes takes place in one of the Production Measurement Points.
- 1.3.21. **Production Phase:** contractual period in which the Development and the Production must happen.
- 1.3.22. **Rehabilitation Phase:** contractual period starting with the signing of the contract and ending with the Declaration of Commercial Viability or with the deadline defined in Appendix II.

- 1.3.23. **Brazilian Supplier:** any manufacturer or supplier of produced goods or provided services in Brazil, by means of entrepreneur companies constituted under the Brazilian legislation or those who uses goods manufactured in the country under special customs regimes and tax incentives applicable to the Oil and Natural Gas Industry .
- 1.3.24. **Hydraulic Fracturing in Unconventional Reservoir:** pressurized fluid injection in the well, in volumes above 3,000 m³, aiming at creating fractures in a particular formation whose permeability is less than 0,1mD (milli Darcy), enabling the recovery of hydrocarbons contained in this formation.
- 1.3.25. **Associated Natural Gas:** Natural Gas produced from Deposit where it is dissolved in the Oil or in contact with the underlying gas-saturated Oil.
- 1.3.26. **Non-Associated Natural Gas:** Natural Gas produced from dry gas Deposit or gas and condensate Deposit.
- 1.3.27. **Production Individualization:** procedure that aims at dividing the result of the Production and the rational use of natural resources of the Federal Government, through the unification of the Development and of the Production relating to the Deposit that extends beyond the Concession Area;
- 1.3.28. **Applicable Law:** the set of all laws, decrees, regulations, resolutions, ordinances, normative instructions or any other normative acts that apply or which may henceforth apply to the Parties, or to the activities of Exploration, Assessment, Rehabilitation, Development and Production of Oil and Natural Gas, as well as the decommissioning of the facilities.
- 1.3.29. **Best Practices of the Oil Industry:** the best and safest procedures and technologies available in the Oil and Natural Gas industry around the world, which: (a) guarantee the operational safety of the facilities, preserving the life, physical integrity and human health; (B) preserve the environment and protect adjacent communities; (C) prevent or reduce to a minimum the risk of spill of oil, natural gas, by-products and other chemicals that may be harmful to the environment; (D) the conservation of petroleum and natural gas resources, which involves the use of adequate methods and processes to maximize hydrocarbon recovery technically, economically and environmentally sustainable, with the corresponding control of reserves decline, and to minimize losses on the surface; (E) minimize the consumption of natural resources in Operations. For the implementation of the Best Practices of the Oil Industry, the Concessionaires must take the standards established by ANP and the other Brazilian public agencies as a starting point, incorporating technical standards and recommendations of oil industry entities and associations recognized internationally, whenever such measures increase the chances that the objectives listed above are achieved.
- 1.3.30. **Operation:** any and all activities of Exploration, Assessment, Rehabilitation, Development, Production, decommissioning or abandonment, performed in sequence, together or separately, by the Concessionaire, for the purposes of this Contract.
- 1.3.31. **Operator:** it is a Concessionaire, designated in the form of Appendix VII to conduct and perform all Operations provided for in this Contract on behalf of the Concessionaires.
- 1.3.32. **Party:** ANP or the Concessionaire.

- 1.3.33. **Parties:** ANP and the Concessionaire.
- 1.3.34. **Discovery Assessment Plan:** document that specifies the work program and its respective investments necessary for the Assessment of a Discovery or set of Discoveries of Oil and Natural Gas the Concession Area.
- 1.3.35. **Development Plan:** document that specifies the work program, schedule and its respective investments necessary for the Development or Production of a Discovery of Oil and Natural Gas the Concession Area, including its abandonment.
- 1.3.36. **Production:** set of coordinated Operations of extraction of Oil and Natural Gas from a Deposit, in accordance with the definition in art. XVI of art. 6 of Law No. 9478/97, or a volume of Oil and Natural Gas produced, as inferred from the context, in each case.
- 1.3.37. **Annual Production Program (PAP):** document in which the Production and movement of Oil, Natural Gas, water, special fluids and waste coming from the Production process of each Field are detailed.
- 1.3.38. **Annual Work and Budget Program:** document which it is specified the set of activities to be performed by the Concessionaire, including the details of the investments required to the performance of such activities.
- 1.3.39. **Facilities Decommissioning Program:** document that specifies the set of Operations for the permanent abandonment of wells, including its possible demolition; and operation decommissioning, removal and final proper destination of facilities and recovery of the areas where these facilities are located.
- 1.3.40. **Initial Work Program (PTI):** program of activities defined by the ANP, in the Bidding Notice and as Appendix II, to be carried out by the Concessionaire in Rehabilitation Phase.
- 1.3.41. **Rehabilitation:** Necessary activities and investments to restore the operating conditions of an area regarding its production.
- 1.3.42. **Safety Recommendations:** administrative act that recognizes a conduct as irregular or exposes an administrative understanding of the application of regulatory standard, determining in a comprehensive manner, that the operators refrain themselves from practicing it or that they start observing it, under penalty of immediate drawing up of the corresponding Notice of Infraction.
- 1.3.43. **Re-entry:** activities in wells aimed at restoring its operating conditions for Production or injection.
- 1.3.44. **Quarterly Expenses Report:** document to be submitted by the Concessionaire to the ANP that details the amounts spent with Rehabilitation Operations, Development and Production.
- 1.3.45. **Discovery Assessment Final Report:** document submitted by the Concessionaire, describing the Operations of Oil and Natural Gas Discovery Assessment, under the Discovery Assessment Plan approved by ANP, presents its results and, if approved by ANP, grants effectiveness to the Declaration of Commercial Viability.
- 1.3.46. **Rehabilitation Phase Final Report:** document submitted by the Concessionaire, by the end of Rehabilitation Phase, which describes the

performance of activities committed in the PTI and those additional to this Program.

- 1.3.47. **Decommissioning and Abandonment Final Report:** document submitted by the Concessionaire, which describes the implementation of the facilities decommissioning and Field abandonment activities, in accordance with the Facilities Decommissioning Program approved by ANP.
- 1.3.48. **Seismic Re-processing:** submit seismic data to further processing to enhance the results achieved.
- 1.3.49. **End of Drilling** when the drilling work in the well is stopped, permanently.
- 1.3.50. **Wells Decommissioning and Abandonment Agreement:** instrument, according to Appendix X, whereby the Concessionaire, in relation to the wells in which interventions will be implemented aimed at restoring its operating conditions for Production or injection, undertakes to perform the facility decommissioning activities, razing such wells and recovery of the affected areas.
- 1.3.51. **Long-term Test:** well test carried out with the sole purpose of obtaining data and information to understand the Reservoirs, with a total flow time greater than 72 (seventy-two) hours.

SECOND CLAUSE - SUBJECT MATTER

Oil and Natural Gas Production

2.1. The subject matters of this Contract are:

- a) the implementation, in the Concession Area, of Operations committed in the Initial Work Program and additional to it, aiming at the Rehabilitation of the Area with Marginal Accumulation and Production of Oil and Natural Gas on commercial terms;
- b) in case of Discovery, at the Concessionaire's discretion, the performance of Evaluation activities under the terms of a Discovery Evaluation Plan approved by ANP;
- c) the Production of Oil and Natural Gas in the Concession Area according to a Development Plan approved by ANP.

2.1.1 The use of the Hydraulic Fracturing technique in a Non-Conventional Reservoir in the areas with marginal accumulations granted in the 4th Round of Bidding Areas with Marginal accumulations .

Costs, Losses and Risks Associated with the Performance of Operations

- 2.2. The Concessionaire must always assume, solely, all costs and risks related to the execution of Operations and its consequences.
- 2.3. The Concessionaire must bear all losses it may incur, including those resulting from acts of God or force majeure, as well as accidents or nature events affecting the Rehabilitation and the Production of Oil and Natural Gas the Concession Area.

- 2.4. The Concessionaire will not be entitled to any payment, compensation, restitution, reimbursement or indemnity in case of failure of the Rehabilitation Phase or lack of marketability of any possible Discoveries in the Concession Area.
- 2.5. The Concessionaire is solely civilly responsible for its own actions and those of its agents and subcontractors, as well as for the repair of any damage caused by the Operations and their performance, regardless of fault.
 - 2.5.1. The Federal Government and the ANP must be compensated for any charges that might incur as a result of possible future claims prompted by acts of the responsibility of the Concessionaire, which is also responsible for such compensation.
- 2.6. The Federal Government and the ANP will not take any risks or operating losses, nor will be liable for costs, investments and damages related to the Operations and their consequences.

Ownership of Oil and/or Natural Gas

- 2.7. The Federal Government is the owner of the Deposits of Oil and Natural Gas within the national territory, in the continental platform and in the exclusive economic zone, according to the article 20, section V and IX of the Federal Constitution and with article 3 of Law no. 9748/97.
 - 2.7.1. It will be the Concessionaire's responsibility only the ownership of the Oil and Natural Gas to be effectively produced and conferred to at the Measurement Point of the Production, through original acquisition and the terms in this Contract.
 - 2.7.2. The Concessionaire will be subject to the burdens related to the taxes and the government participation, as well as other provided by the Applicable Law.

Other Natural Resources

- 2.8. This Contract is not valid for any other natural resources which may exist in the Concession Area.
- 2.9. It is forbidden for the Concessionaire to use, enjoy or dispose, in any ways and under any titles, totally or partially, of any other natural resources which may exist in the Concession Area other than Oil and Natural Gas, except when authorized by ANP, in accordance with the Applicable Law.
 - 2.9.1. The Discovery of natural resources other than Oil and Natural Gas must be notified to the ANP within 72 (seventy-two) hours.
 - 2.9.2. The Concessionaire must comply with the instructions and allow the implementation of relevant measures determined by the ANP or other competent authorities.
 - 2.9.3. Until such instructions are not submitted to it, the Concessionaire must abstain from any action that may involve risk or in any ways, hinder the discovered natural resources.

- 2.9.4. The Concessionaire must not be obliged to suspend its activities, except in cases which they put at risk the discovered natural resources or Operations.
- 2.10. Any interruptions of Operations, exclusively due to the Discovery of other natural resources, will have its term considered and recognized by the ANP, for the purpose of extension of this Contract..

THIRD CLAUSE - CONCESSION AREA

Identification

- 3.1. Operations must be performed exclusively in the Concession Area, described and defined in Appendix I.
- 3.1.1. In case the ring fence of the area with marginal accumulations is located part on land, part in shallow water, the concessionaire that intends to carry out maritime operations must submit such claim to the ANP and obtain the required minimum qualification, without prejudice to obtaining the pertinent environmental licenses under penalty of the sanctions provided for in this agreement and applicable law.

Data Collection on Non-Exclusive Basis

- 3.2. The ANP may, at its sole discretion, authorize third parties to perform, within the Concession Area, geological, geochemistry and geophysics services, as well as other works of the same nature aiming at the collection of technical data for the commercialization of non-exclusive basis, in accordance with article 8, section III, of Law No. 9478/97.
- 3.2.1. The implementation of such services, except in exceptional circumstances approved by the ANP, may not affect the normal course of operations.
- 3.2.2. When the data acquisitions of a Concessionaire and third parties in the same area of a sedimentary basin coincide, it is up to them to agree a program of operations that enables the regular development of the work, avoiding any mutual interference.
- 3.2.2.1. In case they do not establish an agreement that allows the regular development of operations without mutual interference, the Concessionaire must take precedence over the third party to start operations.
- 3.2.3. The Concessionaire must have no responsibility for the performance by third parties of the services described in this Clause Three or damages related to them.

FOURTH CLAUSE - EFFECTIVENESS

Effectiveness and division in phases

- 4.1. This Contract will enter into force on the signing date, and is divided into two phases:
 - 4.1.1. Rehabilitation Phase, for the entire Concession Area, with the duration defined in Appendix II - Initial Work Program; and
 - 4.1.2. Production phase whose duration is defined in paragraph 8.1.
- 4.2. The term of this Contract will correspond to the period from the signing date up to the Declaration of Commercial Viability, plus a period of fifteen (15) years corresponding to the Production Phase, pursuant to paragraph 8.1.
- 4.3. To the this full term will be added any extensions that may be authorized by the ANP in conformity with this Contract.
- 4.4. The end of the term, observed the provisions of the preceding paragraph relating to the extensions authorized by the ANP, will lead to the extinction of the Contract by operation of law.

CHAPTER II - REHABILITATION

CLAUSE FIVE - REHABILITATION PHASE

Duration:

- 5.1. The Rehabilitation Phase will begin on the signing date of this Contract and will have its maximum duration specified in Appendix II - Initial Work Program.
 - 5.1.1. The first Annual Work and Budget Program must cover the rest of the year and must be submitted by the Concessionaire within 60 (sixty) days from the signing date of this Contract.
 - 5.1.2. In the case of less than 90 (ninety) days to the end of the year, the first Annual Work and Budget Program will also include, separately, the following year.
 - 5.1.3. The first Annual Work and Budget Program must include the activities committed in the PTI.
 - 5.1.4. The procedures and deadlines concerning the approval of the PAT provided for in paragraph 9.3 are applied.
- 5.2. At the end of the Rehabilitation Phase, the Concessionaire will have to give back to the ANP all the Concession Area or declare the Commercial Viability of the Area with Marginal Accumulation.
- 5.3. The Concessionaire may voluntarily terminate the Rehabilitation Phase at any time, by written notice to the ANP.
 - 5.3.1. The termination does not exempt the Concessionaire from the obligation to comply with the Initial Work Program. In case of non-compliance with the PTI, the Collateral will be enforced in the value related to the activities not performed.
- 5.4. In cases of suspension of the course of the terms of this Contract, the Concessionaire must not be released from the payment of the government and third parties' shares relating to the performance of the phase to which this Clause Five refers.

Extension of the Rehabilitation Phase

- 5.5. In the event of proven operational difficulties for the fulfillment of the PTI in the course of the Rehabilitation Phase, the Concessionaire may request the ANP to extend this phase.
 - 5.5.1. The request must be submitted to the ANP at least sixty (60) days prior to the end of the Rehabilitation Phase.
 - 5.5.1.1. ANP has thirty (30) days from the request date to respond it.

Initial Work Program, Additional Activities and Wells Decommissioning and Abandonment Agreement

- 5.6. The Concessionaire must perform its obligations regarding the Initial Work Program under the conditions described in Appendix II.
 - 5.6.1. The PTI comprises the activities defined by the ANP in the Bidding Notice and in this Contract and must be fully performed during the Rehabilitation Phase.
 - 5.6.2. The Concessionaire may perform additional activities to the Initial Work Program.
 - 5.6.3. The monitoring of the PTI and its additional activities will be carried out through the Annual Work and Budget Program, as procedures and deadlines established in paragraph 9.3.
- 5.7. The Concessionaire must perform all necessary activities for the abandonment of wells in which interventions are performed aiming at restoring its operating conditions for production or injection, or from wells used for other purposes, as well as the decommissioning of facilities and environmental recovery the affected areas.
 - 5.7.1. The Concessionaire will have 180 days from the signing date of the Contract to confirm upon which wells will it undertake the responsibility for the abandonment, as provided for in the Decommissioning and Abandonment Agreement, in Appendix IX.
 - 5.7.1.1. The confirmation will be given in the Annual Work and Budget Program.
 - 5.7.2. As provided for in paragraph 14.7, the Concessionaire must deliver the guarantees for Decommissioning and Abandonment of wells to which there has been a confirmation of responsibility undertaken.
- 5.8. At the end of Rehabilitation Phase, it must be submitted to the ANP by the Concessionaire, the Rehabilitation Phase Final Report, covering the PTI and the activities already performed.
- 5.9. For the acquisition of unique data and of activities of processing, reprocessing and interpretation of data, the Concessionaire may hire data acquisition business companies (EAD), provided that the requirements in the regulatory rules published by ANP are met, and that these commercial companies are duly authorized by the Agency to carry out such activities.
- 5.10. The ANP will issue a quality control report to be handed back or with the acceptance of the received data, within 180 (one hundred eighty) days from the date of the last data submission by the Concessionaire.
- 5.11. For the purpose of complying with the Initial Work Program, it will only be accepted by the ANP the data which acquisition, processing, reprocessing and interpretation have met all the requirements defined in regulatory standards and technical standards established by the Agency.

Fine for noncompliance with the Initial Work Program

- 5.12 Noncompliance with the Initial Work Program (IWP) of more than 30% will subject the Concessionaire to the application of a contractual fine (M) calculated as a

function of the percentage of noncompliance of the IWP, without prejudice to the execution of the Financial Guarantee, as follows:

$M = \{[(1-C_{PTI}) \times V_{PTI}] - GF_{PTI}\} \times (\alpha)$, at where:

M = Fine to be applied to the concessionaire

C_{PTI} = Percentage of IWP met

V_{PTI} = Value of the IWP contained in Annex II of the agreement, readjusted by the IGP-M

GF_{PTI} = Value of the IWP Financial Guarantee executed by ANP

α = Equalization factor = 1,43

- 5.13 The amount of the fine should be updated by the General Market Price Index (IGP-M) up to the date on which the payment was made.
- 5.14 The ANP will establish a procedure for the determination of the fine.
- 5.14.1 Until specific rules have been issued for the determination of the fine referred to in the above paragraph, the rite provided for in Decree No. 2,953, dated January 28, 1999, shall be adopted, whichever is applicable.

CLAUSE SIX - DISCOVERY AND ASSESSMENT

Discovery Notification

- 6.1. Any Discovery of Oil and Natural Gas in the Concession Area must be notified by the Concessionaire to the ANP, exclusively, within 72 (seventy-two) hours.

Assessment and Discovery Assessment Plan

- 6.2. The Concessionaire may, at its discretion, proceed to the Evaluation of a Discovery of Oil and Natural Gas, at any time.
- 6.3. If the Concessionaire decides to evaluate the Discovery, it must submit to the ANP a proposal for a Discovery Evaluation Plan, to be prepared in accordance with Applicable Law.
- 6.4. If the Discovery Evaluation Plan contemplates the performance of Long Term Tests, the Concessionaire must request the ANP specific authorization to do it.

CLAUSE SEVEN - DECLARATION OF COMMERCIAL VIABILITY

Concessionaire Option

7.1. The Concessionaire, by notification to the ANP, may, at its sole discretion, issue a Declaration of Commercial Viability, since the Initial Work Program has been concluded.

7.1.1. The Declaration of Commercial Viability will only be effective after the approval of the Rehabilitation Phase Final Report by the ANP.

Postponement of the Declaration of Commercial Viability

7.2. If the main hydrocarbon accumulation in a Concession Area is a Natural Gas one, the Concessionaire may request to the ANP the authorization to postpone the Declaration of Commercial Viability for a period of five (5) years, in the following cases:

- a) Lack of market for the Natural Gas to be produced, with the forecast of it being created within five (5) years;
- b) Lack or insufficiency of Transportation Infrastructure to move the Natural Gas to be produced by the Concessionaire, with the forecast of it being created within five (5) years;

7.2.1. The request for postponement of the Declaration of Commercial Viability must be made in detail.

7.3. If the main hydrocarbon accumulation in a Concession Area is an Oil one, the Concessionaire may request to the ANP the authorization to postpone the Declaration of Commercial Viability in the following cases:

- a) Up to five (5) years if the volume of the Discovery is such that its commercial viability depends on additional Discoveries to be made in the very Concession Area, in other horizons or in adjacent Blocks, aiming at the Operations joint Development;
- b) Up to one (1) year if the Oil commercial non-feasibility is proven.

7.3.1. The request for postponement of the Declaration of Commercial Viability must be made in detail.

7.4. The Concessionaire may request the ANP that the period for the postponement of the submission of the Declaration of Commercial Viability is extended for up to five (5) additional years in the case provided for in paragraphs 7.2 and 7.3 (a).

7.5. If the ANP, at its sole discretion, deems overcome the reason for the postponement referred to in paragraphs 7.2 and 7.3, it will notify in writing the Concessionaire, which will have up to thirty (30) days to, at its sole discretion, submit the Declaration of Commercial Viability.

7.5.1. If it decides to submit Declaration of Commercial Viability, the Concessionaire must, within 180 (one hundred and eighty) days from the notification referred to in this paragraph, submit a Development Plan to the approval of ANP.

7.6. During the postponement of the deadline for the submission of the Declaration of Commercial Viability the Contract will be suspended.

Return of the Discovered and Assessed Area

- 7.7. The failure by the Concessionaire in timely submitting the Declaration of Commercial Viability implies the extinction of the full contract.

Continuity of the Evaluation

- 7.8. The fact that the Concessionaire has issued one or more Declarations of Commercial Viability does not exempt it from complying with the Initial Work Program.

CHAPTER III - PRODUCTION

CLAUSE EIGHT - PRODUCTION PHASE

Beginning and Duration

- 8.1. The Field Production Phase will start on the date of the submission by the Concessionaire to the ANP of the respective Declaration of Commercial Viability, and will last fifteen (15) years.

Extension of the request of the Concessionaire

- 8.2. The Concessionaire may request the extension of the deadline set out in paragraph 8.1, and must, therefore, submit at least twelve (12) months prior to the end of that period, a request the ANP accompanied by a review of the Development Plan.
- 8.2.1. The ANP will respond the request for an extension of the Production Phase within 180 (one hundred eighty) days and may justifiably refuse the Concessionaire's proposal or condition it to changes in the review of the Development Plan.

Extension by determination of ANP

- 8.3. The ANP may, upon formal notification in writing and made at least 270 (two hundred and seventy) before the end of the term set out in paragraph 8.1, request the Concessionaire to continue with the Field Operation for the additional time that the Agency deems appropriate .
- 8.3.1. The Concessionaire may only refuse the request of the ANP with an adequate justification, not being obliged to continue the operation of the Field in conditions that consider uneconomical.
- 8.3.2. Elapsed ninety (90) days of the ANP's proposal, the absence of response from the Concessionaire will be considered tacit acceptance.
- 8.3.3. The Contract will be extended by the additional time indicated by the ANP.

Extension Consequence

- 8.4. In case of the extension of the Production Phase, pursuant to paragraphs 8.2 and 8.3, the Parties will remain bound under the exact terms and conditions of this Contract, except only for the amendments agreed due to and for the purposes of such extension.
- 8.4.1. At the end of the Production Phase, paragraphs 8.2 and 8.3 will apply, *mutatis mutandis*, for the purposes of any new extension.

CLAUSE NINE - DOCUMENTS FOR THE MONITORING OF THE PRODUCTION PHASE

Plans and Programs

9.1. The Plans and Programs for the monitoring of the Production Phase are the following:

- a) Development Plan (DP);
- b) Annual Work Program and Budget (PAT); and
- c) Annual Production Program (PAP).

9.1.1. The Plans and Programs for the monitoring of the Production Phase must be designed in accordance with the Applicable Law.

Deadlines

9.2. The Development Plan must be submitted to the ANP by the Concessionaire, within 180 (one hundred eighty) days from the submission of the Declaration of Commercial Viability.

9.2.1. If the Declaration of Commercial Viability is postponed, pursuant to paragraphs 7.2 and 7.3, the Development Plan must be submitted on the date of the Declaration of Commercial Viability.

9.2.2. The ANP will have 180 (one hundred and eighty) days from the receipt of the Development Plan to approve it or request the Concessionaire the changes the Agency deems appropriate.

9.2.3. If the ANP does not respond within that period, the Development Plan will be considered approved, not exempting the ANP from the power/duty of demanding reviews whenever necessary.

9.2.4. If the the ANP requests modifications, the Concessionaire must submit them within 60 (sixty) days.

9.2.5. If the Development Plan is not submitted within the term set out in this paragraph, the ANP will notify the Concessionaire to submit it within thirty (30) days.

9.2.6. If the Development Plan is not approved by the ANP, and after the exhaustion of the appropriate administrative resources, this Contract must be terminated by operation of law.

9.3. The Annual Work and Budget Program of the subsequent year must be submitted to the ANP by the Concessionaire until October 31st (thirty-first) of each calendar year.

9.3.1. The ANP will have 30 (thirty) days from the receipt of the Development Plan to approve it or request the Concessionaire the changes the Agency deems appropriate.

9.3.2. The Concessionaire must re-submit the PAT contemplating such changes within thirty (30) days, or if it disagrees, it can, in this same period, discuss them

with the ANP in order to adjust them in what the agency understands to be relevant, according to Best Practices of the Oil Industry.

- 9.4. The Annual Production Program must be submitted to the ANP by the Concessionaire until October 31st (thirty-first) of each calendar year. For the year of the start of the production, the PAP must be submitted at least sixty (60) days before the date forecast for the beginning of the Production.
 - 9.4.1. The ANP will have 30 (thirty) days from the receipt of the PAP to approve it or request the Concessionaire the changes the Agency deems appropriate.
 - 9.4.2. The Concessionaire must re-submit the PAT contemplating such changes within thirty (30) days, or if it disagrees, it can, in this same period, discuss them with the ANP in order to adjust them in what the agency understands to be relevant, according to Best Practices of the Oil Industry.
- 9.5. The inopportune submission of the Plans and Programs listed in paragraph 9.1, subjects the Concessionaire to the sanctions provided for in Clause Twenty-five and in the Applicable Law.
- 9.6. The Concessionaire is obliged to comply with the Plans and Programs listed in paragraph 9.1, with the changes that might have been determined by the ANP.
- 9.7. The Parties may request at any time the review of the Plans and Programs listed in paragraph 9.1.

Anticipation of Activities

- 9.8. Until the development plan is approved, any works, operations or anticipating productions require the prior authorization of the ANP, as provided for in the Applicable Law.

Bulletins

- 9.9. The Bulletins for the monitoring of the Production Phase are the following:
 - a) Production Monthly Bulletin (BMP); and
 - b) Reserves Annual Bulletin (BAR).
- 9.10. The Bulletins for the monitoring of the Production Phase must be designed in accordance with the Applicable Law.

Deadlines

- 9.11. The BMP must be submitted to the ANP by the Concessionaire up to the fifteenth (15th) day of each month, from the month following to the Production.
 - 9.11.1. In the event of variation greater than 15 (fifteen)% compared to the volume expected for the corresponding month in the Annual Production Program, the Concessionaire must submit a justification to the ANP before the 15th (fifteenth) day of the month, as provided for in the Applicable Law.

9.12. The BAR must be submitted to ANP by the Concessionaire until January 31st (thirty-first), referring to the previous year.

CLAUSE TEN - PRODUCTION INDIVIDUALIZATION

Production Individualization Agreement

- 10.1. It must be set out an Individualization Procedure of the Production of Oil and Natural Gas, under the Applicable Law, if identified that a Deposit extends beyond the Concession Area.
- 10.2. The Production Individualization Agreement and the Production Individualization Commitment Production must be set out in accordance with the Applicable Law.

CHAPTER IV - PERFORMANCE OF OPERATIONS

CLAUSE ELEVEN - PERFORMANCE BY THE CONCESSIONAIRE

Concessionaire Exclusivity

11.1. The Concessionaire, observed the provisions, conditions and term of the Contract, will have the exclusive right to perform the Operations in the Concession Area.

Operator Designation by the Concessionaire

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

- a) conduct and execute all Operations provided for in this Contract;
- b) submit all plans, programs, bulletins, guarantees, proposals and communications to the ANP; and
- c) receive all responses, requests, proposals and other communications from the ANP.

11.3. The Operator will be responsible for the full compliance with all obligations of the Concessionaire under this Contract with respect to any aspects of the Operations and the payment of Government Shares, without excluding the responsibility of other Concessionaires.

11.4. The Concessionaire which is a consortium member must bear the investments relating to its share in the consortium, subject to joint liability.

11.5. The provisions relating to the Assignment provided for in Clause Twenty-three are excluded from the scope of this paragraph.

11.6. The Operator must hold at least 30% (thirty percent) of participation in the Contract throughout its entire duration.

11.7. The Operator may resign his function at any time by notification to the ANP at least ninety (90) days before of the effective date of the resignation.

11.8. The Operator may be dismissed by the ANP in case of non-compliance with any of the provisions of this Contract, if it does not correct its fault within ninety (90) days from the receipt of the notification from the ANP detailing the alleged breach.

11.9. In the cases provided for in paragraphs 11.7 and 11.8, the Concessionaire must name a new Operator, under item "a)" of paragraph 22.3 of this Contract.

11.9.1. The new Operator indicated by the Concessionaire may only carry out its activities after the approval of the nomination by the ANP, assuming all rights and obligations under this Contract.

11.10. The resigning or dismissed Operator must transfer to the new Operator the custody of all assets used in the Operations, the accounting records, the files, and other documents relating to the concerning the Concession Area and Operations.

- 11.10.1. After the transfer, the resigning or dismissed Operator will be released from the obligations and responsibilities arising from its condition as an Operator.
- 11.10.2. The resigning or dismissed Operator remains liable, jointly with the new Operator, in relation to:
- a) the obligations constituted prior to the resignation or dismissal;
 - b) the obligations arising from activities performed before the resignation or dismissal, even if only later constituted.
- 11.11. The ANP may, as a condition for the approval of a new Operator, require that the resigning or dismissed Operator and this new one adopt the necessary measures for the handover of the complete information and other matters related to this Contract.
- 11.11.1. The ANP may require an audit and inventory until the Operations handover to the new Operator.
- 11.11.2. The costs of the audit and the inventory must be paid by the Concessionaire.
- 11.12. In the case of an individual concessionaire, this will be considered, for the purposes of this Agreement, the designated Operator of the Concession Area..

Diligence in Leading the Operations

- 11.13. The Concessionaire must plan, prepare, perform and control the Operations in a diligent, efficient and appropriate manner, in accordance with the Applicable Law and the Best Practices of the Oil Industry, respecting the provisions of this Contract and not performing any acts which would or could constitute a violation of the economic order.
- 11.13.1. The Concessionaire must, in all Operations:
- a) adopt the necessary measures for the conservation of oil resources and other natural resources and for the protection of human life, property and the environment, pursuant to Clause Seventeen;
 - b) obey the rules and technical, scientific and relevant safety procedures, including regarding the recovery of fluids, aiming at streamlining the Production and controlling of the decline of the reserves; and
 - c) employ, whenever appropriate and economically justified, at the discretion of the ANP, technical experiences and advanced technologies, including those that could better improve economic efficiency and the Production of the Deposits.
- 11.14. The duties of the Operator are:
- a) to maintain a minimum staff, domiciled in Brazil, fluent in Portuguese and able to efficiently and effectively carry out the daily operations, as well as responding to incidents properly and immediately;
 - b) to monitor, on a continuous basis, all activities involving operational, environmental or human health risks.

- 11.14.1. The staff referred to in subparagraph "a" must be designed according to the Best Practices of the Oil Industry and save direct proportionality with the operational and environmental risks undertaken by the Operator Concessionaire.

Buildings, Facilities and Equipment

- 11.15. It is the Concessionaire's sole obligation to directly supply, purchase, rent, lease or otherwise obtain, at its own risk, all assets, movable and immovable, including but not limited to, facilities, buildings, systems, equipment, machines, materials and supplies that are necessary for the performance of the Operations.

- 11.15.1. This purchasing, renting, leasing or obtaining may take place in Brazil or abroad, respecting the Applicable Law and observing the provided for in paragraph 15.6 and in the other provisions of this Contract.

- 11.16. If case of use of wells or pre-existing infrastructure, the Concessionaire must undertake, with respect to them, the liabilities under the Contract and the Applicable Law.

- 11.17. The Concessionaire must observe the provisions in the Applicable Law for the Natural Gas treatment, processing and storage, as well as for Oil, its by-products and Natural Gas transport.

Licenses, Authorizations and Permits

- 11.18. The Concessionaire must, at its own risk, obtain all licenses, authorizations, permits and rights required as provided for in the Applicable Law, including those necessary for the purchase or use of goods specified in paragraph 11.15.1.

- 11.19. If the licenses, authorizations and permits depend upon an agreement with third parties, the negotiation and execution of such agreements must be the sole responsibility of the Concessionaire, and the ANP may provide the assistance described in paragraph 12.4.

- 11.20. The Concessionaire must be liable for the violation of the right of use of materials and performance procedures protected by trademarks, patents or other rights, and with any obligations, liens, charges, claims or other expenses resulting from the referred violation, including judicial, at its sole expenses.

Expropriations and Easements

- 11.21. The Concessionaire must, at its own risk, considering the provisions of paragraph 11.18, promote expropriations and constitute the easements of property necessary for the performance of this Contract, and make payment of any damages, cost or expense arising from it.

- 11.22. The ANP will conduct the process aiming at the declaration of public utility, for purposes of expropriation and constitution of public easement of the properties referred to in paragraph 21.11, based upon a substantiated request from the Concessionaire.

Free Access to the Concession Area

11.23. During the term of this Contract, observed the provisions of paragraph 11.3, the Concessionaire must have free access to the Concession Area and the facilities located therein.

Beginning of Production

11.24. The Concessionaire must report to the ANP of the start date of production, by notice within 24 (twenty four) hours after its occurrence.

Temporary Interruption of Production

11.25. The Concessionaire may request, as long as in a justifiable manner, to stop the Field Production for a maximum period of one (1) year.

11.25.1. The ANP will evaluate the request within sixty (60) days, and, if necessary, request clarification from the Concessionaire.

11.25.2. Interruptions motivated by an emergency, act of God, force majeure or similar causes, must be immediately reported to the ANP.

11.26. The interruption of the Production will not lead to the suspension of the course of the terms of the Contract, except when provided herein.

Measurement

11.27. From the start date field of production, the Concessionaire must, periodically and regularly, measure the volume and quality of Oil and/or Natural Gas produced at the Measurement Point of the Production.

11.27.1. The measuring methods, equipments and instruments must comply with the Applicable Law.

Production Availability

11.28. The ownership of the volumes of Oil and Natural Gas measured in accordance with the preceding paragraph will be conferred to the Concessionaire at the Measurement Point of the Production.

11.28.1. The quantification of the volumes will be subject, at any time, to the supervision and corrections provided for in Applicable Law.

Free Disposition

11.29. It is secured to the Concessionaire the free disposition of the volumes of Oil and Natural Gas conferred on him.

Consumption during Operations

- 11.30. The Concessionaire may use Oil and Natural Gas produced in the Concession Area as fuel in the performance of Operations, provided that in reasonable quantities and compatible with the Best Practices of the Oil Industry.
- 11.30.1. The Concessionaire must notify the ANP, in the Production Monthly Bulletin, of the amount of Oil and Natural Gas consumed in operations and the purpose of its use.
- 11.30.2. The Oil and Natural Gas volumes consumed in operations will be considered in the calculation of the owed Government and Third Parties Shares, provided for in Clause Nineteen.

Test Production

- 11.31. The data, results and interpretations resulting from formation tests, Long Term or Production, must be reported to the ANP in accordance with Applicable Law.
- 11.32. The volumes of Oil and Natural Gas produced during the Long Term Tests will be conferred to the Concessionaire pursuant to paragraph 11.28 and considered in the calculation of the owed Government and Third Parties Shares, provided for in Clause Eighteen.

Burnings and Losses

- 11.33. The flaring of gases must be limited to volumes previously and formally approved by the ANP, in accordance with the Best Practices of the Oil Industry and the Applicable Law, except for, in any case, the provision in article 47, § 3 of Law No. 9478/97.
- 11.34. It will only be allowed the flaring of Natural Gas for safety, emergency and commissioning reasons, and the maximum volume is specified in the Applicable Law or authorizations granted by the ANP.
- 11.35. The losses of Oil or Natural Gas that occurs under the responsibility of the Concessionaire, as well as the flaring of Natural Gas, will be included in the Total Production Volume to be calculated for the payment of Government and Third Party Shares, without prejudice to the application of provisions of Clause Twenty-Four and Clause Twenty-Five.

Wells drilling and Abandonment

- 11.36. The Concessionaire must notify the ANP, in advance, of the beginning of drilling of any well in the Concession Area.
- 11.36.1. The Concessionaire may interrupt the drilling of the well and abandon it before reaching the expected stratigraphic objective, observed the Applicable Law and in accordance with the Best Practices of the Oil Industry.

- 11.36.2. The ANP may, exceptionally, authorize the well drilling in a location outside the Concession Area, because of Production Individualization Agreements or environmental issues.

Data Acquisition outside the Concession Area

- 11.37. Upon detailed request from the Concessionaire, the ANP may authorize the acquisition of geological, geochemical and geophysical data outside the limits of the Concession Area.

11.37.1. The request must contain the technical justification for the data acquisition.

11.37.2. The data acquired outside the limits of the Concession Area will be classified as public immediately after its acquisition.

11.37.3. The Licensor must hand in to the ANP the data and information acquired outside the limits of the Concession Area as the Applicable Law.

11.37.4. Activities performed outside the limits of the Concession Area will not be considered for reduction effect of the Initial Work Program.

Facilities or Equipments outside the Concession Area

- 11.38. The ANP may authorize the location or construction of installations or equipment outside the Concession Area, in order to complement or optimize the logistics infrastructure related to the Operations.

11.38.1. The Concessionaire must submit to the ANP a substantiated request to place facilities or equipment outside the limits of the Concession Area.

11.38.1.1. The basis for the request must include technical and economic aspects as well as the positioning or construction design.

11.38.2. The provisions of Clause Sixteen will also apply to equipment and facilities located outside the Concession Area.

CLAUSE TWELVE - CONTROL OF OPERATIONS AND ASSISTANCE BY THE ANP

Follow up and Inspection by ANP

- 12.1. The ANP, directly or through agreements with authorities of the Federal Government or States or the Federal District, will permanently monitor and inspect the Operations.

12.1.1. The act or omission in monitoring and inspecting, to which this paragraph refers, in no way eliminate or reduce the responsibility of the Concessionaire regarding the performance of the obligations undertaken.

Access and Control

12.2. The ANP must have free access to the Concession Area and the Operations in progress, equipment and Concessionaire's facilities, as well as to all records, studies and technical data for the purposes of monitoring and inspecting.

12.2.1. The Concessionaire must provide the ANP representatives with transportation, food, personal protective equipment, and accommodation on the location in the same conditions it provides to its own staff.

12.2.2. For the purposes of data collection, information or verification of responsibility for operational incidents, the access will be provided by the Concessionaire through unrestricted and immediate supply of transportation, food, personal protective equipment, and accommodation to the representatives of the ANP.

12.3. The Concessionaire must provide, in established term and form, the information requested by the ANP and allow free access to the authorities who have responsibility for any of its activities.

Concessionaire Assistance

12.4. The ANP, when requested, may assist the Concessionaire to obtain the licenses, authorizations, permits and rights referred to in paragraph 18.11.

12.4.1. The ANP will present evidences aiming at the declaration of public utility referred to in paragraph 11:22.

ANP Liability Disclaimer

12.5. The Concessionaire, at its own risk, is fully responsible for implementing the Operations and the ANP will not undertake any liability for any assistance requested and eventually provided.

CLAUSE THIRTEEN - DATA AND INFORMATION

Supply by Concessionaire

13.1. The Concessionaire must keep the ANP informed about the progress, results and deadlines of Operations.

13.1.1. The Concessionaire will send to the ANP, in the manner it determined by the Agency, copies of maps, sections, profiles, acquired data, studies, as well as geological, geochemical and geophysical information, including interpretations,

wells data and tests, and also reports or other documents defined in specific regulations and obtained as a result of the Operations and this Contract containing the necessary information for the characterization of the work progress and the geological knowledge of the Concession Area.

13.1.2. Pursuant to art. 22 of Law No. 9478/197, the technical documentation, formed by data and information on the Brazilian sedimentary basins is part of the national petroleum resources, and such data and information, including those related to geology, geophysics and geochemistry of the Concession Area, must be handed in by the Concessionaire to the ANP administration.

13.1.3. The ANP must ensure the fulfillment of the confidentiality periods, under the Applicable Law.

13.1.4. The quality of the copies and other reproduction of data and information referred to in this paragraph must be absolutely true and with equivalent standard to the original also when it comes to color, size, readability, clarity, compatibility and other relevant characteristics.

Processing or Analysis Abroad

13.2. The Concessionaire may, upon previous and express written consent by the ANP, send abroad rock samples and fluids, or geological, geophysical and geochemical data, as provided for in the Applicable Law.

CLAUSE FOURTEEN - COLLATERALS

Provision of Collaterals of the Initial Work Program

14.1. The Concessionaire must provide the ANP with one or more collaterals for the Initial Work Program, for the Rehabilitation Phase, in the values indicated in Appendix II.

14.2. When the Concessionaire is a consortium, the submitted collaterals must be accompanied by letter signed by all partners expressing fully awareness of paragraph 11.4 and that the obligations of the initial work program are indivisible, being each consortium member jointly liable for the compensation in case of its non-compliance.

Forms of Collaterals of the Initial Work Program

14.3. The Concessionaire may provide the ANP with the following instruments as collaterals:

- a) Irrevocable letter of credit; or
- b) Performance bond; or
- c) Deposit Bond.

14.4. The collaterals may be combined to total the bonded amount.

14.5. The collaterals must respect the scope in the Bidding Notice.

14.6. The collaterals might only be replaced or changed after approval by the ANP.

Provision of Collaterals of Decommissioning and Abandonment

14.7. For the Rehabilitation Phase, the Concessionaire must provide the ANP with one or more collaterals for Decommissioning and Abandonment to the wells listed in Appendix II in which interventions will be, in fact, performed.

14.7.1. The Collateral indicated in the heading must be handed in within twelve (12) months before the scheduled date for the completion of the Rehabilitation Phase.

14.7.2. The monetary value corresponding to the Decommissioning and Abandonment collateral must be estimated based on the Best Practices of the Oil Industry and used as a parameter to the collaterals.

14.7.3. The collateral must have a validity that exceeds at least 180 (one hundred eighty) days from the date scheduled for the completion of the Rehabilitation Phase.

14.8. For the Production Phase, the Decommissioning and Abandonment collaterals must correspond to the amount approved by the ANP according to the Annual Work and Budget Program.

14.8.1. The Concessionaire must maintain Decommissioning and Abandonment collaterals valid since the beginning of the Production Phase.

14.8.1.1. Decommissioning and Abandonment collaterals must be valid for a period of at least one (1) year.

14.9. The submission of the Decommissioning and Abandonment collateral does not release the Concessionaire from performing, at its own risk, all necessary operations to decommission and abandon the Field.

Forms of Collaterals of Decommissioning and Abandonment

14.10. The Concessionaire may provide the ANP with the following instruments as collaterals:

- a) Irrevocable letter of credit;
- b) Performance bond; or
- c) Other forms of guarantee accepted by the ANP.

14.11. The collaterals may be combined to total the bonded amount.

14.12. The collaterals might only be replaced or changed after approval by the ANP.

Suspension or Extension of the Rehabilitation Phase

14.13. In case of suspension or extension of the Rehabilitation Phase, the collaterals must be updated or renewed to cover period of not less than 180 (one hundred and eighty)

days from the new date scheduled for the completion of this Phase. In case of collaterals deterioration, at the discretion of the ANP, the Concessionaire must replace it or submit an additional collateral to the Agency.

Review of the Collateral Value

- 14.14. The Concessionaire, as the activities for which guarantees were offered are conducted, may request the ANP to reduce the value of the collateral.
- 14.15. Since it is properly justified, the ANP may adjust the monetary value of the collateral submitted by the Concessionaire.
- 14.15.1. The ANP will notify the Concessionaire to update the value of the collateral already provided, justifying the reasons for the adjustment.
- 14.15.2. The Concessionaire will have 60 (sixty) days from the receipt of the notification referred to in the preceding paragraph, to update the collateral.
- 14.15.3. The ANP might not adjust it in intervals of less than one (1) year.

Return of Collaterals

- 14.16. At the end of the Rehabilitation Phase and once approved the Rehabilitation Phase Final Report, the ANP will return to the Concessionaire the collaterals within ninety (90) days.
- 14.17. At the end of the Rehabilitation Phase and once approved the Decommissioning and Abandonment Final Report, the ANP will return to the Concessionaire the collaterals corresponding to the activities of decommissioning and abandonment within ninety (90) days.

Enforcement of Collaterals

- 14.18. If the Concessionaire does not comply with the Initial Work Program or does not perform all necessary Operations to the decommissioning and abandonment of the Field, the ANP will enforce the respective collaterals.
- 14.18.1. The enforcement of collaterals does not exempt the Concessionaire from the compliance with the obligations under the Contract.
- 14.18.2. The enforcement of the collaterals does not hinder the right of the ANP to seek for other compensations and apply any appropriate penalties.
- 14.18.3. The enforcement of collaterals may be replaced by the financial contribution of equivalent value, applying also to this case, the provisions of the paragraph above.
- 14.19. In the case of performance bond, the enforcement of the Initial Work Program collateral will be made by withdrawing the amount corresponding to the activity not performed, through mailing from the ANP to the depositary, regardless of prior authorization of the depositor, and it may be nominated the number account for which it must be made the transfer for the acquittance of the obligation.

- 14.20. When a consortium member is compulsorily excluded by the ANP, under the concession contract, the provided collateral will also be performed, and there may be partial rebate of PTI, diluting the rights and obligations of the excluded consortium member among the other participants.

CLAUSE FIFTEEN - PERSONNEL, SERVICES AND SUBCONTRACTS

Personnel

- 15.1. The Concessionaire, directly or otherwise, must recruit and hire all the workforce required for the performance of Operations, at its own risk and, for all purposes of this Contract, as the sole and exclusive employer.
- 15.1.1. The recruitment and hiring can be held in Brazil or abroad and it can be based on the selection criteria of the Concessionaire, observed the Applicable Law, including the minimum percentage of Brazilian workforce to be employed.
- 15.2. The Concessionaire will be solely and entirely responsible, in Brazil and abroad, for all arrangements concerning the entry, exit and residence in the Country of its foreign personnel.
- 15.3. The Concessionaire must observe the provisions of the Applicable Law regarding the hiring, maintenance and dismissal of personnel, occupational accidents and industrial safety, taking full and exclusive responsibility for the collection and payment of social, labor, social security contributions and other relevant charges and fees owed on any grounds, in the form of Brazilian law.
- 15.4. The Concessionaire must ensure food, personal protective equipment and housing conditions corresponding to those provided for its own personnel when in service or in transit, specifically regarding the quantity, quality, hygiene, safety and health care, observed the Applicable Law.
- 15.5. The Concessionaire must promote, at any time, the dismiss or replacement of any of its technicians or staff members due to improper action, technical deficiency or bad health conditions.

Services

- 15.6. The Concessionaire must directly perform, hire, or otherwise obtain, at its own risk, all necessary services for the performance of this Contract.
- 15.6.1. The hiring and acquisition of services can be held in Brazil or abroad, observed the Applicable Law.
- 15.6.2. If it contracts from its Affiliates the supply of services, the pricing, terms, quality and other adjusted terms must be competitive and consistent with market practices.
- 15.7. The Concessionaire must enforce the provisions of this Contract and the Applicable Law for all its subcontractors and suppliers.

- 15.8. The Concessionaire will be liable objectively for the activities of its subcontractors that result, directly or indirectly, in damage or harm to the environment, the ANP or the Federal Government.
- 15.9. The Concessionaire must keep updated the inventory and records of all services referred to in paragraphs 15.1 and 15.6, observed the Applicable Law.
- 15.9.1. Any inventory remainder not used in other Concession Areas, authorized by the ANP, must be treated as cost rebates on the Operations.

CLAUSE SIXTEEN - OPERATIONAL SAFETY AND ENVIRONMENT

Environmental Control

- 16.1. The Concessionaire must, in the performance of the Contract:
- a) care for the preservation of the environment, performing activities in accordance with the Best Practices of the Oil Industry and the Applicable Law;
 - b) minimize the impacts and/or damage to the environment;
 - c) care for the safety of Operations in order to protect human life, the environment and the property of the Federal Government;
 - d) protect the Brazilian historical and cultural heritage;
 - e) recover the degraded environment in accordance with the technical solutions demanded by the competent environmental agency;
 - f) control Operations so that the methods and substances employed do not put the human life and the environment at risk.
 - g) meet the Safety Recommendations issued by the ANP, in accordance with the Applicable Law.
- 16.2. The ANP may, at any time, request a copy of the studies submitted to the approval of the competent environmental agency if the acknowledgment of its contents become necessary for the instruction/management of the contract herein signed.
- 16.3. If there is an environmental licensing process which the competent authority deems necessary to conduct a Public Hearing, the Concessionaire must submit to the ANP copies of the studies elaborated to obtain the licenses at least 10 working days before the hearing.
- 16.4. The Concessionaire must submit to the ANP the copies of the environmental licenses and their respective renewals within thirty (30) days from their issuing, or before that, when necessary to instruct authorization procedure that requires such documents.
- 16.5. The Concessionaire must immediately inform the ANP and the competent authorities on any occurrence, due to fact, or intentional or accidental act involving risk or harm to the environment or human health, material damage to its own property or third parties', fatalities or serious injuries to its own personal or to third parties or unscheduled

interruptions of Operations, in accordance with the Applicable Law and with the guidelines provided for in interpretative guides issued by the ANP, if any.

Liability for Damage and Losses

16.6. The Concessionaire must undertake full and strict liability for all damages to the environment or property of the Federal Government which result, directly or indirectly, from the performance of Operations.

16.6.1. The Concessionaire must compensate the damage resulting from Operations.

16.6.2. The Concessionaire must indemnify the Federal Government and the ANP, pursuant to paragraphs 2.2 2.6, for any action, appeal, judicial demand or injunctions, arbitration award, auditing, inspection, investigation or controversy, of any kind, as well as any indemnifications, compensations, punishments, fines or penalties, of any kind, related to or arising from such damages.

CLAUSE SEVENTEEN - INSURANCE

Insurance

17.1. The Concessionaire must provide and maintain in force throughout the term of the Contract, without limiting its own liability under this Contract, insurance coverage for all cases required by the Applicable Law.

17.1.1. The coverage of these insurance must comprehend:

- a) Assets;
- b) Personnel;
- c) Extraordinary expenses in the operation of wells;
- d) Cleaning resulting from accident;
- e) Decontamination resulting from accident; and
- f) Civil Liability for damages to the environment and to the assets of the Federal Government.

17.1.2. The Concessionaire must include the ANP as co-insured in policies, where applicable, that does not harm the right of the ANP to get the full compensation of damages and losses exceeding the compensation received due to the coverage provided for in the policy.

17.2. Self-insurance is accepted at the sole discretion of the ANP and provided that previously authorized by it.

17.3. The Concessionaire must obtain from its insurance companies the inclusion, in all policies, of a clause by which they expressly waive any rights, implicit or explicit, of subrogation in eventual rights against the ANP or the Federal Government.

- 17.4. The insurance through Affiliated Companies is accepted when provided by a company authorized to perform this activity by the Superintendence of Private Insurance (SUSEP) and previously authorized by the ANP.
- 17.5. The policies and global insurance programs the the Concessionaire might be used for the purposes of this Clause Seventeen, if previously authorized by the ANP.
- 17.6. The Concessionaire will submit to the ANP, within five (5) days, the copies of all policies and contracts related to the insurances referred to in paragraph 117.1, as well as any and every amendment, change, endorsement, postponement or extension, and of any and every related incident, claim or claim notice.

CHAPTER V - GOVERNMENT SHARES

CLAUSE EIGHTEEN - SHARES

Government and Third Party Shares

18.1. In addition to the signing bonus paid before the contract signing date, the Concessionaire must pay to the Federal Government and to third parties the following shares, in accordance with the Applicable Law:

- a) Royalties;
- b) Payment for the Areas Occupation or Retention; and
- c) Share payment to the Land Owner.

18.1.1. Considering the subject matter of this Contract, the amounts payable must be in accordance with the provisions of Appendix V and Applicable Law.

18.2. The Concessionaire must not be released from the payment for the Government and Third Party in the following cases:

- a) Production measured during the Long Term Test period;
- b) Suspension of the course of the term of this Contract;
- c) Act of God and force majeure.

CLAUSE NINETEEN - TAXES

Tax Regime

19.1. The Concessionaire will be subject to the tax regime at the federal, state and municipal levels, being obliged to comply with their terms, deadlines and conditions defined in the Applicable Law.

Certificates and Evidence of Regularity

19.2. Whenever requested by the ANP, the Concessionaire must submit the original documents or certified copies of all certificates, registration acts, authorizations, evidence of registration in taxpayer records, evidence of tax compliance, evidence of regular status in the compliance with social taxes created by law, enrollment with professional entities or associations, and any other similar documents or certificates.

CLAUSE TWENTY - CURRENCY AND FOREIGN EXCHANGE

Currency

20.1. The currency, for all intents and purposes of this Contract, will be the Real.

Foreign exchange

20.2. The income and remittance of foreign currency must comply with the Brazilian laws, including the rules issued by the monetary authorities of the Country.

CLAUSE TWENTY-ONE - ACCOUNTING AND AUDITING

Accounting

21.1. The Concessionaire must, in accordance with the Applicable Law,:

- a) keep all documents, books, papers, records and other parts, including the supporting documents required for the measurement of the Government and Third Party Shares which support the bookkeeping;
- b) perform the applicable entries;
- c) submit accounting and financial statements; and
- d) submit to the ANP, quarterly, the Quarterly Expenses Report, in accordance with Applicable Law;

Auditing

21.2. The ANP may perform accounting and financial audit of this Contract, including the validation statements of Government Shares, under the Applicable Law.

21.2.1. The ANP will audit directly or through agreements, as provided for in the Applicable Law.

21.2.2. The ANP will notify the Concessionaire, at least, thirty (30) days before.

21.2.3. The ANP will have full access to the documents, books, papers, records and other items referred to in paragraph 21.1, including agreements and contracts signed by the Concessionaire and related to the purchase of goods and services for the Operations, for the last ten (10) closed calendar years.

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

21.2.5. The ANP may request the Concessionaire any documents necessary to settle any doubts.

21.2.6. A possible lack of audit or omission of its findings does not exclude or reduce the liabilities of the Concessionaire regarding the lawful fulfillment of the

obligations of this Contract, nor will represent tacit agreement with methods and procedures which are not in accordance with this Contract or the Applicable Law.

CHAPTER VI - GENERAL PROVISIONS

CLAUSE TWENTY-TWO - ASSIGNMENT OF THE CONTRACT

- 22.1 The rights and obligations of the Concessionaire under this Agreement may be in whole or in part, the subject of assignment, subject to prior and express authorization of the ANP, as Applicable Law.
- 22.2 The following acts shall be assigned, in accordance with Applicable Law:
- a) transfer, total or partial, of the ownership of rights and obligations arising from the contract;
 - b) merger, spin-off and incorporation, when the corporate reorganization results in a change of the Concessionaire.
- 22.3 Applications for authorization to perform the following acts shall also be submitted to the Assignment process:
- a) change of Operator;
 - b) exemption or replacement of performance guarantee.
- 22.4 The parties shall keep unchanged the terms and conditions of the contract until the signature of the respective additive term, and any form of:
- a) communication of assets related to the Contract object of the Assignment to the Assignee;
 - b) influence of the Assignee on the Contract and its execution; and
 - c) exchange of information that is not strictly necessary, at the discretion of the ANP, to celebrate the formal instrument which binds the parties.
- 22.5 Failure to comply with the requirements of paragraph 22.4 shall constitute Assignment without previous and express approval of the ANP.
- 22.6 The Concessionaires shall notify the ANP, under the Applicable Law, on the change of its corporate, direct or indirect control within thirty (30) days from the registration of the corporate act in the competent registration authority.
- 22.1.

Indivisible Participation in Rights and Obligations

- 22.7 The Assignment in whole or in part of the Concession Area shall always be an undivided participation in the rights and obligations of the Concessionaire, respecting the joint and several liability between the assignor and the assignee under the terms of the Applicable Legislation.

Area Assignment

22.8 Shall not be admitted to a field of assignment, except as an alternative to a individualization Agreement Production not achieved at the sole discretion of the ANP.

22.2.

Minimum Consortium Membership Participation

22.9 As a result of the Assignment, each Concessionaire, without prejudice to the provisions of paragraph 11,6 shall hold, at any time, at least 5% (five percent) of the Concession Area.

Necessary documents

22.10 The transferor shall submit an application for authorization of the acts covered by this Clause Twenty-Two, joining all the documentation required by the ANP, under the terms of the Applicable Legislation.

Nullity of the Assignment and Need for Prior and Express Approval

22.11 Any Assignment that does not comply with the provisions of this Clause Twenty-Two or the Applicable Law shall be null and void entirety and subject to the penalties provided for in this agreement and in the Applicable Law.

Approval of the Assignment

22.12 The ANP shall have a term of ninety (90) days, counted from the presentation of the complete documentation and as required, under the terms of the Applicable Legislation.

22.13 The acts provided for in this Clause Twenty-two shall only be authorized, except in the case of paragraph 25.6.1, when:

- a) the dealers are in compliance with their obligations under the contract;
- b) the assignor and the assignee, or the guarantor, in cases of exemption or substitution of performance guarantee, are in compliance with all their obligations regarding government and third-party interests in relation to all oil and natural gas exploration and production contracts of which they are parties.

Term Assignment and Effectiveness

22.14 After the approval of the Assignment by the ANP, the Agreement shall be added so that the act is consummated, in accordance with the applicable Legislation.

22.15 The amendment to the Concession Agreement acquires force and effect from the date of its signature.

22.16 From the signing of the amendment, the old concessionaire will have a period of ninety (90) days to transfer to the new operator all exclusive data on the given contract, whether public or private.

22.16.1 The new concessionaire will become the holder of the rights on the exclusive data, remaining unchanged the count of the periods of confidentiality already in course, under the terms of the Applicable Legislation.

22.2.1.1.

CLAUSE TWENTY-THREE - RETURN

Returns

23.1. The Concessionaire might return the total Area if it decides to close operations after the Rehabilitation Phase, by notifying the ANP.

23.1.1. The return does not exempt the Concessionaire from the obligation to comply with the Initial Work Program.

23.1.2. There will be no compensation to the Concessionaire for the investments made.

Disposition by ANP of the Returned Area

23.2. The ANP, from the expression of interest in the return of the Area by the Concessionaire, may use the Area at its sole discretion, including for the purpose of new bids.

Return of the Concession Area in the Rehabilitation Phase

23.3. The Concessionaire may, at any time during the Rehabilitation Phase, realize the return of the Concession Area, by notifying the ANP.

23.4. Within 60 (sixty) days after the Rehabilitation Phase, if the Concessionaire does not submit the Declaration of Commercial Viability of the Area, it must submit to the ANP a Facilities Decommissioning Program, elaborated as provided for in Applicable Law.

23.5. The submission of the Facilities Decommissioning Program does not imply any recognition or discharge by the ANP, or exempts the Concessionaire from complying with the Initial Work Program and the liabilities indicated in the Clause Sixteen.

23.5.1. The failure to submit the Declaration of Commercial Viability at the end of the Rehabilitation Phase implies the Contract termination by operation of law, after the due process of law .

Return of the Concession Area in the Production Phase

23.6. The Concessionaire may, at any time during the Rehabilitation Phase, realize the return of the Field, by notifying the ANP.

- 23.7. Once concluded the Production Phase, pursuant to paragraph 8.1, the Field will be returned to the ANP.
- 23.8. At its discretion, the ANP may adopt the necessary measures for the continuation of the Field Operation, and may also establishing a new contract over the last 180 (one hundred eighty) days of the end of this Phase.
- 23.8.1. The Concessionaire must make every effort and adopt all necessary measures in order to, over the last 180 (one hundred eighty) days of Production or from the notice described in paragraph 23.3, properly transfer the Operations to the new Concessionaire, so that the whole process doe not hinders the administration and the Field Production.
- 23.9. In not less than 180 (one hundred eighty) days before the end of the Production Phase, the Concessionaire must submit to the ANP a Facilities Decommissioning Program, elaborated as provided for in the Applicable Law.
- 23.9.1. The ANP will have 180 (one hundred and eighty) days from the receipt of the Facilities Decommissioning Program to approve it or request the Concessionaire the changes the Agency deems appropriate.
- 23.9.2. If the ANP requests changes, the Concessionaire will have 60 (sixty) days from the date of receipt of the notification to submit them, then repeating the procedure referred to in the previous paragraph.
- 23.9.2.1. The Contract is automatically extended, in this case, for the necessary period for the approval and implementation of the Facilities Decommissioning Program.
- 23.9.3. The ANP may determine that the Concessionaire does not plugs certain wells or not deactivate or remove certain facilities and equipment.
- 23.10. The planning of decommissioning and abandonment and mechanisms to make the necessary funds available will be provided for in the respective Development Plan and reviewed periodically throughout the Production Phase through the Annual Work and Budget Programs.
- 23.11. The cost of decommissioning and abandonment Operations must be provided to cover the wells abandonment activities, decommissioning and removal of lines and facilities, and rehabilitation of areas, in accordance with the Applicable Law.

Assets to be Reverted

- 23.12. Pursuant to arts. 28 and 43, paragraph VI of Law 9478/1997 and the Applicable Law, any and all movable and immovable property, main and ancillary, within the Concession Area, and that, at the sole discretion of the ANP, are necessary to allow the continuity of Operations or whose use is considered of public interest, must revert to the possession and ownership of the Federal Government and the administration of ANP in the event of the termination of this Contract.
- 23.13. In case of assets being shared among two or more Field Operations, such assets may be retained until the end of all Operations. Removal of non-reversed Assets.
- 23.14. Assets not reversed under paragraph 23.13, including non-serviceable assets, must be removed and/or disposed of by the Concessionaire, at its own risk, in accordance with the provisions of this Contract and the Applicable Law.

Return Conditions

- 23.15. The return of the Concession Area, as well as the consequent reversal of assets, must be definitive and done by the Concessionaire without burden of any nature to the Federal Government or to the ANP, in accordance with article 28, §§ 1 and 2 of Law no 9478/97, and without any compensation to the Concessionaire.
- 23.16. The return areas or Fields which are part of the Concession Area does not relieve the Concessionaire of any liability under paragraph 16.6 of the Clause Seventeen.

Return by Contract Termination

- 23.17. The termination of this Contract for any reason, oblige the Concessionaire to immediately return to the ANP all the Concession Area.
- 23.18. The termination of this Contract must only occur after full compliance with the respective Facilities Decommissioning Program, approved by the ANP, with the immediate return of the Concession Area, observed the provisions in paragraphs 23.15 and 23.16.

CLAUSE TWENTY-FOUR - NON-FULFILLMENT AND PENALTIES**Sanctions**

- 24.1. In case of non-fulfillment of the obligations established in this Contract or fulfillment in place, time or form others than the agreed, the Concessionaire will incur specific sanctions provided herein and in the Applicable Law, without prejudice to the liability for any damages arising from the non-fulfillment.
- 24.2. In case of non-compliance with the Applicable Law, the Contractor will incur the applicable legal and administrative sanctions, without prejudice to the enforcement of the contractual sanctions provided herein, in paragraph 24.1.

CLAUSE TWENTY-FIVE - TERMINATION AND RESCISSION OF THE CONTRACT**Termination by Operation of Law**

- 25.1. This Contract must be terminated by operation of law:
- a) by the end of the the effective term provided for in Clause Four - Effectiveness.

- b) by the end of the Rehabilitation Phase without the fulfillment of the Initial Work Program.
- c) at the end of the Rehabilitation Phase, if the Declaration of Commercial Viability has not been submitted.
- d) If the Contractor returns the Concession Area.
- e) whole or in part, by the refusal of the consortium members to sign the Production Individualization Agreement, after the ANP decision.
- f) Adjudication of bankruptcy or the non-approval of court-supervised organization request of any Concessionaires by the competent court.
- g) in other cases provided for herein.

Termination by Agreement Between the Parties: Mutual Rescission

- 25.2. This Contract may be terminated at any time by mutual agreement between the parties, without prejudice to the compliance with the obligations of this Contract.
- 25.3. During the Production Phase, the Concessionaire may only terminate this Contract by notifying the ANP, at least 180 (one hundred and eighty) days from the intended date for the termination of the Contract.
- 25.4. The termination of the Contract does not exempt the Concessionaire of any liability provided for in paragraph 16.6.

Termination for Absolute Non-fulfillment: Rescission

- 25.5. This Contract must be terminated, assured the adversary proceedings and the fair hearing in the following cases:
- a) Impossibility of fulfillment, by the Concessionaire, of the contractual obligations by an administration act or government act;
 - b) The non-fulfillment, by the Concessionaire, of contractual obligations within the period established by the ANP, when it is not the case of termination by operation of law;
 - c) Judicial or administrative reorganization without submitting an approved reorganization plan and being able to demonstrate to the ANP the economic and financial capacity to fully comply with all contractual and regulatory obligations.
- 25.6. In order to give rise to the termination of the Contract, the term set by the ANP may not be less than 90 (ninety) days, except in cases of extreme urgency.
- 25.6.1. From the decision of ANP to declare the absolute default, it will be given a period of 90 (ninety) days for the Concessionaire to formalize the request for Assignment of its undivided interest in the rights and obligations of this Contract with ANP, under the penalties provided for in paragraph 24.2, in addition to the contractual termination.
- 25.6.2. In case of Consortium, the termination will be effective only with respect to the defaulter, when it is not the case of joint liability among the consortium

members, and it may transfer its undivided interest in the rights and obligations provided for in this Contract to the other members of the consortium or third parties, upon prior written approval by ANP.

Rescission Consequences

- 25.7. Both for the termination and rescission provided for in this Contract, there will be no compensation for the Concessionaire.
- 25.8. If this Contract is terminated by the ANP, the Concessionaire will be liable for the losses and damages resulting from its default and from the termination, and also for all applicable indemnities and compensations, in accordance with the law and this instrument, and also considering the provisions in paragraph 23.2 regarding the return of the Concession Area.

CLAUSE TWENTY-SIX - ACT OF GOD, FORCE MAJEURE AND SIMILAR CAUSES

Total or Partial Exoneration

- 26.1. The Parties will only be no more liable for the fulfillment of the obligations undertaken in this Contract in the case of acts of God, force majeure and similar situations which justify the non-performance, such as acts of the administration or Government and unforeseen interferences.
- 26.1.1. The exoneration of the obligations of the defaulter Concessionaire will only take place in relation to the obligations in this Contract which fulfillment becomes unfeasible due to acts of God, force majeure and similar situations recognized by the ANP.
- 26.1.2. The decision of the ANP of recognizing those acts of God, force majeure and similar situations will indicate the parts of the Contract whose non-fulfillment will be dismissed or postponed.
- 26.1.3. The recognition of acts of God, force majeure and similar situations does not exempts the Concessionaire from the payment of the Government and Third Part Shares
- 26.2. In the occurrence of events characterized as acts of God, force majeure and similar situations, the affected Party will immediately notify the other Party, specifying the circumstances, causes and consequences. The same notification must be made for the end of the events.

Contract Change or Termination

26.3. The acts of God, force majeure and similar situations being overcome, it is the Concessionaire's liability to fulfill the affected obligations, postponing the deadline for its fulfillment for the same period as the duration of the events.

26.3.1. Depending on the extension and severity of the effects of the acts of God, force majeure and similar situations, the Parties may agree on the change of the Contract or its extension.

26.3.2. With the term re-established, the Concessionaire must fulfill the affected obligations.

Environmental Licensing

26.4. The ANP may suspend the course of the contract term if proven the delay on the licensing procedures by exclusive fault of the competent environmental authorities.

26.5. Since requested by the Concessionaire, the suspension of the course of the contract term for more than five (5) years may give rise to the contract termination, without any rights to compensation by the Concessionaire.

26.5.1. It is the Concessionaire's responsibility to prove that, in the period between the suspension of the contract term and the request for the termination of the Assignment contract, it has not contributed to the delay on the environmental licensing process.

26.6. Since requested by the Concessionaire, the final denial by the competent environmental authority of fundamental licensing for the performance of the activities may give rise to the contract termination, without any rights to compensation by the Concessionaire.

26.6.1. For the denial of the environmental licensing to be framed as an act of God, force majeure or similar causes, it is the responsibility of the Concessionaire to prove that it did not contribute to the denial of the environmental licensing process.

Losses

26.7. The Concessionaire will be liable, individual- and exclusively, for all the losses resulting from acts of God and force majeure.

CLAUSE TWENTY-SEVEN - CONFIDENTIALITY

Concessionaire Obligation

27.1. Any and every data or information acquired, processed, produced, developed or, by any form, obtained as a result of the Operation or of the Contract, are strict confidential and, therefore, will not be disclosed by the Concessionaire without prior authorization by the ANP, except for:

- a) when the data and information are already public or become public by third party authorized to disclose it;
- b) when there is an obligation of disclosing it arising from legal imposition or judicial determination;
- c) when the disclosure is made in accordance with the rules and limits imposed by the stock market that trades the Concessionaire's stocks;
- d) when the disclosure is aimed at the Affiliate, consultant or agent of the Concessionaire;
- e) when the disclosure is aimed at the financial institution and to the insurance company to which the Concessionaire is resorting or their consultant;
- f) when the disclosure is aimed at a possible assignor of good-faith, its Affiliated or to a consultant; and
- g) when the disclosure is aimed at Concessionaire or contractor under another regime of Exploration, Assessment and Production of Oil and Natural Gas of an adjacent area, its Affiliated or at a consultant, in order to sign a Production Individualization Agreement.

27.1.1. The disclosure of data provided for in this paragraph includes any action that gives access to data and information acquired throughout this contract, in any ways, to third parties.

27.1.2. In the cases provided for in sub-paragraphs "d", "e", "f" and "g", the data and information disclosure will be subject to prior formal written confidentiality agreement.

27.1.2.1. The agreement must provide that the third party mentioned in such sub-paragraphs will be obliged to comply with paragraph 27.1 and in case of non-compliance will be subject to the provisions of Clause Twenty-Four, without the benefit of the exceptions provided for in items "a" to "f" of paragraph 27.1 to data and information disclosure without prior consent of the ANP.

27.1.3. The third party will not count on the benefit of the exception provided for in the sub-paragraphs "a" to "g" for the data and information disclosure without prior consent of the ANP.

27.1.4. In the cases provided for in sub-paragraphs "a" and "g", the Concessionaire must send a notification to the ANP, within 30 (thirty) days from the disclosure.

27.1.4.1. The notification must be accompanied by the disclosed data and/or information, the reasons for the disclosure and the list of third parties that have access to such data and/or information.

27.1.4.2. In the cases provided for in sub-paragraphs "d" to "g", the notification must be accompanied also by a copy of the confidentiality agreement referred to in paragraph 27.1.2.

27.2. The provisions of paragraph 27.1 will remain effective and must survive the termination of this Contract.

ANP Commitment

27.3. The ANP undertakes not to disclose any data and information obtained as a result of Operations and relating to the areas retained by the Concessionaire, pursuant to paragraph 2 of art. 5 of Decree No. 7724/2012.

27.3.1. This provision will not apply if the disclosure is necessary to comply with the applicable laws, including legislation on Access to Information, or for the purposes for which the ANP was constituted.

CLAUSE TWENTY-EIGHT - NOTIFICATIONS , REQUESTS, COMMUNICATIONS AND REPORTS

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

28.1. Notices, requests, plans submission, programs, bulletins, reports, as well as any other communications under this Contract must be formal and written, observed the Applicable Law.

28.1.1. If there is no specific provision in the Applicable Law, the communications herein provided must be delivered in person, upon protocol, or sent by mail or courier, with proof of receipt.

28.1.2. The acts and communications related to this Contract must be written in Portuguese, including the initial communication of incident, signed by the legal representative of the Concessionaire or by proxy with specific powers.

Addresses

28.2. The addresses of the Parties' representatives are listed in Annex VIII.

28.2.1. In case of change of address, the Parties undertake to notify the other Parties of the new address at least 30 (thirty) days prior to the change.

Validity and Effectiveness

28.3. The notifications provided for in this Contract must be considered valid and effective on the date they are received.

Amendments to Articles of Incorporation

28.4. The Concessionaire shall notify the ANP about any amendments to its bylaws or articles of incorporation, by sending copies of those documents as well as copies of the documents related to the election of its administrators or proof of the acting board within 30 (thirty) days.

CLAUSE TWENTY-NINE - LEGAL SYSTEM

Applicable Law

29.1. This Contract will be executed, governed and construed in accordance with the Brazilian legislation.

Conciliation

29.2. The Parties undertake to make every effort to settle, among each other and amicably, any dispute or controversy arising from this Contract or related hereto.

29.2.1. Such efforts shall include, at least, the request for a specific conciliation meeting by the unfulfilled party, accompanied by its request and its reasons in fact and in law.

29.2.2. The request must be met with the scheduling of the meeting by the other party within 30 days of the request, at the ANP offices. Representatives of the parties must have the power to settle the question.

29.2.3. After the meeting, if it has not come to an immediate agreement, the parties will have at least another 30 days to negotiate an amicable settlement.

29.3. The Parties, since they sign a formal written agreement, may resort to independent expert to obtain a substantiated opinion that may lead to the termination of the dispute or controversy.

29.3.1. If such agreement is signed, resorting to arbitration will only be possible after the expert communicates the opinion.

Suspension of Activities

29.4. The ANP will decide on the suspension or not of the activities subject of the dispute or controversy.

29.4.1. The criterion to substantiate the decision must be the need to avoid risk to personnel or equipment of any kind, particularly with regard to the Operations.

Arbitration

29.5. After the procedure provided for in paragraph 29.2, if a Party considers that there are no conditions for an amicable settlement of the dispute or controversy referred to this

paragraph, it must submit such matter to an *ad hoc* arbitration, using as parameter the rules of the Arbitration Rules of the United Nations Commission on International Trade Law - UNCITRAL and in accordance with the following precepts:

- a) The choice of arbitrators will follow the procedure established in the UNCITRAL Arbitration Rules;
- b) Three arbitrators must be chosen. Each Party must choose an arbitrator. The two arbitrators chosen will appoint the third arbitrator who will act as president;
- c) By agreement of the Parties it may be appointed a single arbitrator in cases in which the amounts involved are not large.
- d) The city of Rio de Janeiro, Brazil, will be the seat of the arbitration and the place of the entry of the of the arbitration award;
- e) The language to be used in the arbitration procedure will be Portuguese. The Parties may, however, to present evidence with testimony or documents in any other language, in accordance with that decided by the arbitrators, without the need for official translation;
- f) Any and every expense necessary for the installation and development of arbitration, such as costs and advance on fees of arbitration and of expert witness, will be the Concessionaire's exclusive responsibility. The ANP will only reimburse such amounts in the event of loss of suit and final conviction, as decided by the arbitrators;
- g) On the merits, the arbitrators will decide based on Brazilian substantive laws;
- h) The award will be final and the Parties will be bound by its content. Any amounts possibly due by the ANP will be settled through court-issued registered warrant, except in cases of administrative recognition of the request; and
- i) If there is the need for provisional measure or emergency before instituted the arbitration, the interested Party may claim them directly to the Court, based on the Applicable Law, ceasing its effectiveness if the arbitration is not requested within 30 (thirty) days from the date of the execution of the decision.

29.6. The Parties, by mutual agreement, may choose to institutionalize the arbitration at the International Court of Arbitration of the International Chamber of Commerce or before another arbitration chamber notoriously recognized and unblemished reputation, in compliance with the rules of the chosen chamber, provided that the precepts set out in items "b" to "i" of paragraph 29.5 are observed.

29.6.1. If the dispute or controversy involves exclusively members of the Federal Public Administration, the matter may be submitted to the Chamber of Conciliation and Arbitration of the Federal Administration - CCAF, of the Office of the General Counsel for the Federal Government.

29.7. The Parties hereby declare to be aware that the arbitration mentioned in this paragraph refers exclusively to disputes arising from the Contract or related to it, and it is only possible, in accordance with Law No. 9307/96, to resolve disputes relative to available property rights.

29.7.1. It is considered available property rights, for purposes of this arbitration clause, the rights and duties whose foundation are the synallagmatic clauses of this contract, and which do not involve obligations provided by law, environment-related obligations and claims that affect, directly or indirectly, the calculation

and payment of government shares as the delimitation (limits) of the Oil Field and other elements of the Development Plan.

Forum

29.8. To the provisions on item "i" and the issues not related to available property rights, in accordance with Law No. 9307/96, the Parties elect the jurisdiction of the Federal Court - Judicial Section of Rio de Janeiro, Brazil, as the sole jurisdiction, expressly waiving any others, however privileged.

Contract Performance

29.9. The Concessionaire must maintain, throughout the performance of the Contract, in accordance with the obligations undertaken by it, all the conditions of eligibility and qualification required by the ANP.

Justifications

29.10. The ANP undertakes, whenever it has to use its discretionary power, to expose the justification of the act, observing the Applicable Law and meeting the Best Practices of the Oil Industry.

Continuing Application

29.11. The provisions of this Clause Twenty-Nine will remain effective and must survive the termination of this Contract.

CLAUSE THIRTY - FINAL DISPOSITIONS

Amendments and Supplements

30.1. The omission or tolerance by any of the Parties in demanding the compliance with the provisions of this Contract and the acceptance of a performance different from the contractually required does not imply novation and will not limit the rights of such Party to, in subsequent occasions, impose the compliance with these provisions or require a performance compatible with that provided by the Contract.

30.2. Any changes or amendments to this Contract must comply with the Applicable Law and will only be valid if made formally and in writing and signed by the representatives of the Parties.

Disclosure

30.3. The ANP will publish in the Federal Register the full text or summary of the terms of this Contract so that its validity binds upon everyone (*erga omnes*).

And, for being in agreement, the Parties sign this Contract in two (2) counterparts of equal content and form and for one sole purpose, before the witnesses indicated below.

Rio de Janeiro, date_signature.

**BRAZILIAN NATIONAL AGENCY OF PETROLEUM, NATURAL GÁS AND
BIOFUELS - ANP**

signatory_anp_name

signatory_anp_function

signatory

signatory_representative01_name

signatory_representative01_function

signatory

signatory_representative02_name

signatory_representative02_function

Witnesses:

Name: witness_01_name

CPF: witness_01_cpf

Name: witness_02_name

CPF: witness_02_cpf

APPENDIX I - CONCESSION AREA

The Concession Area of this Contract is the area with Marginal Accumulation inactive_area, whose cartographic parameters are listed below.

CARTOGRAPHIC PARAMETERS USED FOR THE COORDINATES

APPENDIX II - INITIAL WORK PROGRAM

The table below shows the activities to be performed by the Concessionaire for the purpose of fulfillment of the Initial Work Program (ITP).

The activities mentioned herein are part of the subject matter of this Contract.

Initial Work Program and Collaterals

Area	km ²	PTI (No. of activities)	PTI Collateral amount (R\$)	Collateral Amount (in full)
inactive_area	area_km2	pti	pti_collateral	pti_collateral_in full

Key:

AT1 - Reentry in well aiming at the rehabilitation of production;

AT2 - Long-term Tests;

AT3 - Formation Test;

AT4 - 2D seismic reinterpretation;

AT5 - 3D seismic reinterpretation and

Duration of the Rehabilitation Phase

Rehabilitation Phase Duration (years)
3 years

The ANP, at its sole discretion, may accept other activities proposed by the Licensor with the proper technical justification.

APPENDIX III - COLLATERAL REGARDING THE INITIAL WORK PROGRAM

(Attach the Collateral regarding the Initial Work Program)

APPENDIX IV - PERFORMANCE GUARANTEE

(Attach a copy of the document, if applicable)

APPENDIX V - GOVERNMENT AND THIRD PARTIES SHARES

As provided for in Clause Eighteen, the Concessionaire will pay the following Government and Third Party Shares:

- a) *Royalties* 5% (five percent) of Oil and Natural Gas Production performed in the Concession Area;
- b) Payment for Area Occupation or Retention: i) Rehabilitation Phase¹, in the amount of R\$ retention_rehabilitation (retention_rehabilitation_in full) per square kilometer or fraction of the Concession Area, with the increase provided for in Decree No. 2705 dated August 3, 1998 in the case of extension; ii) in the period of the Development Stage of the Production Phase, the amount of R\$ retention_development (retention_development_in full); and iii) in the Production Phase, in the amount of R\$ retention_production (retention_production_in full); and
- c) Payment to the landowners of share equivalent to 0.5% (half percent) of the Oil and Natural Gas Production, in accordance with the Applicable Law.

¹ Payment for the Area Retention or Occupation, in Reais, per square kilometer, in accordance with the Biding Notice.

APPENDIX VI - SIGNING BONUS PAYMENT

Signing Bonus paid by the Concessionaire		
Area	Offered Amount (in full)	Paid Signing Bonus (in full)
inactive_area	offered_bonus (offered_bonus_in full)	paid_bonus (paid_bonus_in full)

APPENDIX VII - OPERATOR ASSIGNMENT

The initial Operator is signatory . A new Operator may be appointed as provided for in Clause Thirty-one and subject to the conditions of Clause Twenty-two.

APPENDIX VIII - ADDRESS

BRAZILIAN NATIONAL AGENCY OF PETROLEUM, NATURAL GÁS AND BIOFUELS - ANP

Avenida Rio Branco n.º 65, térreo/Protocolo, Centro, Rio de Janeiro, RJ

ZIP CODE: 20090-004

signatory

signatory_address

ZIP CODE: signatory_zip code

APPENDIX IX - DECOMMISSIONING AND ABANDONMENT AGREEMENT

(Attach a copy of the Decommissioning and Abandonment Agreement)