

FEDERATIVE REPUBLIC OF BRAZIL

MINISTRY OF MINES AND ENERGY



anp
Agência Nacional
do Petróleo,
Gás Natural e Biocombustíveis

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

Nº _____

SIGNED BETWEEN

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

and

«Signa2»

«Signa3»

«Signa4»

**BRAZIL
2013**

CONCESSION CONTRACT FOR EXPLORATION AND PRODUCTION OF OIL AND NATURAL GAS

Agreed and signed between

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

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

WHEREAS

that, in accordance with articles 20, Sections V and IX and 176, *caput* of the Federal Constitution of the Federative Republic of Brazil (Federal Constitution) and article 3 of Law no. 9,478/97, the Deposits of Oil, Natural Gas existing in the national territory, on the continental shelf and in the exclusive economic zone belong to the Central Federal Government;

That, in accordance with article 177, paragraph I of the Federal Constitution and article 4 of Law no. 9,478 /97, the Mining and Exploration work of the Petroleum and Natural Gas Reserves existing in the national territory, on the continental shelf and in the exclusive economic zone are monopoly of the Central Federal Government;

That, in accordance with the first paragraph of article 177 of the Federal Constitution and article 5 of Law no. 9,478 /97, the Central Federal Government may allow state or private companies, incorporated under Brazilian laws, with headquarters and administration in the country, to carry out Exploration and Production of Oil and Natural Gas, by concession, in the form established in the legislation in force;

That, in accordance with article 8 of Law No. 9,478 /97, ANP will have to promote the adjustment, hiring and supervision of economic activities integrating the Oil, Natural Gas and Biofuel Industry;

That, in accordance with article 21 of Law no. 9,478 /97, all rights of Exploration and Production of Oil, Natural Gas in the national territory, on the continental shelf and in the exclusive economic zone, belong to the Central Federal Government, while its administration is made by ANP, subject to the powers of other organizations and entities expressly established by law;

It is up to ANP, representing the Federal Government, to sign with the Concessionaire, Concession Contracts for the Oil and Natural Gas Exploration and Production meeting the provisions of Articles 23 and 24 of Law no. 9,478/97;

That, in accordance with articles 25 and 26 of Law no. 9,478 /97, and having been fulfilled the requirements established in Section I of the aforementioned Law, ANP and the Concessionaire are allowed to sign this Concession Contract which shall be governed, as appropriate, by general standards of Section I and by the provisions of Section VI, both from Chapter V of the mentioned Law;

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

That, in accordance with article 46 of Law no. 9,478/97, the Concessionaire paid the signature bonus to ANP at the amount indicated in Annex VI;

That, pursuant to the Tender Protocol of the 12th Bidding Round and paragraph V of art. 43 of Law no. 9,478/1997, the Concessionaire has submitted to ANP the financial guarantees necessary to support the compliance with the Minimum Exploratory Program offered;

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

Only for reference

Content

CAPÍTULO I - BASIC PROVISIONS.....	8
1 FIRST CLAUSE - Definitions.....	8
Legal Definitions.....	8
Contractual Definitions.....	8
2 Second Clause - Purpose	12
Oil and Natural Gas Exploration and Production.....	12
Costs, Losses and Risks Associated with the Execution of Operations	13
Ownership of the Oil and/or Natural Gas.....	13
Other Natural Resources.....	14
3 Third Clause - Concession Area	14
Identification.....	14
Restitutions.....	14
Restitution by Termination of the Contract.....	15
Conditions for the Restitution	15
Provision by ANP of the Returned Areas	15
Surveys of Data in Non-Exclusive Bases.....	15
4 Fourth Clause - Duration.....	15
Duration and Division into Phases	15
CAPÍTULO II - Exploration and Assessment	17
5 Fifth Clause - Exploration Phase.....	17
Duration.....	17
Extension of the first Exploratory Period and Exploration Phase due to well in progress.....	18
Minimum Exploratory Program.....	18
Options after the Completion of the Minimum Exploratory Program of the first Exploratory Period	20
Options after the Completion of the Minimum Exploratory Program of the second Exploratory Period.....	21
Return of the Concession Area in the Exploration Phase	21
6 Sixth Clause - Financial Guarantees of the Minimum Exploratory Program and the Activities Committed in the Exploration and Evaluation Plan of Non-Conventional Resources.....	21
Provision of Financial Guarantee.....	21
Form of the Financial Guarantees.....	22
Reduction of the Guaranteed Amount.....	22
Procedure for Providing the Financial Guarantee of the second Exploratory Period	23
Readjustment and Updating of the Financial Guarantees	23
Execution of the Financial Guarantees.....	24
7 Clause Seven - Discovery and Assessment.....	24
Notification of Discovery	24
Assessment, Discovery Assessment Plan and Final Discovery Assessment Report	24
Non-Conventional Resources Discovery Exploration and Assessment Plan	25
Qualification of the Companies interested in Exploring and Evaluating the Non-Conventional Resource discovered.....	26
Assessment of New Reservoir.....	26
Discovery Assessment through Long Term Test.....	26
8 Clause Eight - Declaration of Commerciality.....	26
Concessionaire Option.....	26
Postponement of the Declaration of Commerciality	27
Return of the Discovered and Assessed Area	28
Continuity of Exploration and/or Assessment.....	28
CAPÍTULO III - Development and Production	29
9 Clause Nine - Production Stage.....	29
Beginning and Duration.....	29
Extension by the Concessionaire.....	29
Extension by ANP.....	29

Consequence of the Extension.....	29
Rescission.....	30
Return of the Field	30
10 Clause Ten Development Plan	31
Content.....	31
Deadlines	31
Development Area.....	31
Adoption and Implementation of the Development Plan.....	32
Revisions and Amendments	33
Buildings, Facilities and Equipment	33
11 Clause Ten First Production Starting Date and Annual Production Schedules	34
Start of Production.....	34
Annual Production	34
Approval of the Annual Production Schedule	34
Review	35
Variation in the Produced Volume.....	35
Temporary Production Interruption.....	35
12 Clause ten Second Measurement, Monthly Bulletins and Production Availability	36
Measurement.....	36
Monthly Bulletins	36
Availability of Production	36
Free Provision.....	36
Supply to the Domestic Market	36
Consumption in Operations	37
Production of Test.....	37
Natural Gas.....	37
Losses.....	38
13 Clause Thirteen Individualization of Production.....	38
Agreement of Individualization of Production	38
CAPÍTULO IV - Execution of Operations.....	39
14 Clause Fourteenth Execution by the Concessionaire.....	39
Exclusivity of the Concessionaire	39
Designation of the Operator by the Concessionaire	39
Diligence in Conducting the Operations.....	40
Licenses, Permits and Permissions	41
Free Access to the Concession Area	41
Drilling and Abandonment of Wells.....	41
Programs for Additional Work.....	41
Acquisition of Data Outside the Concession Area	41
15 Clause Fifteen Operations Control and Assistance by ANP	42
Follow Up and Monitoring by ANP	42
Access and Control.....	42
Assistance to the Concessionaire	42
Exemption of Liability by ANP.....	43
16 Clause Sixteen Annual Work and Budget Schedule	43
Correspondence between the Content and Other Plans and Schedules.....	43
Deadlines	43
Revisions and Amendments	43
17 Clause Seventeen Data and Information.....	43
Supply by the Concessionaire	44
Abroad Processing or Analysis	44
18 Clause Eighteen - Goods.....	45
Goods, Equipment, Facilities and Materials.....	45
Licenses, Permits and Permissions	45
Expropriations and Easements.....	45
Facilities or Equipment out of the Concession Area.....	45
Return of Areas and Reversion of Property	46
Guarantees of Decommissioning and Abandonment	46
Goods to be Reverted	46

Removal of Goods Not Reverted	47
19 Clause Nineteen Staff, Services, and SUBCONTRACTS.....	47
Staff.....	47
Services	47
20 Clause Twenty Local Content	48
Commitment of the Concessionaire to Local Content.....	48
Benchmarking of Local Content.....	48
Development Phase for the Purposes of Local Content.....	49
Exemption from the Obligation of Compliance with the Local Content	49
Adjustments in the Committed Local Content Percentage.....	50
Surplus of Local Content.....	50
Fine for Noncompliance with the Local Content	50
21 Clause Twenty One Operational and Environmental Safety.....	51
Environmental Control.....	51
Liability for Damage and Losses	52
22 Clause Twenty Two Insurances.....	52
Insurances	52
CAPÍTULO V - GOVERNMENT CONTRIBUTIONS AND INVESTMENTS IN RESEARCH, DEVELOPMENT AND INNOVATION.....	54
23 Clause Twenty Three Contributions.....	54
Governmental and Third Parties Contributions	54
24 Clause Twenty Four Resources for Research, Development and Innovation	54
25 Clause Twenty Five Taxes.....	55
Tax System	55
Certificates and Proof of Regularity	55
26 Clause Twenty Six Currency and Foreign Currencies.....	55
Currency	55
Foreign Currency.....	56
27 Clause Twenty Seven Accounting and Auditing	56
Accounting	56
Audit.....	56
CAPÍTULO VI - GENERAL PROVISIONS.....	57
28 Clause Twenty Eight Assignment of Rights and Obligations	57
Assignment	57
Undivided Share in the Rights and Obligations.....	57
Partial Area Transfer in the Exploration Phase	57
Assignments of Areas in Production Phase.....	58
Participation of the Concessionaire.....	58
Documents Needed.....	58
Invalidity of the Assignment and the Need for Prior and Expressed Approval.....	58
Approval of the Assignment	58
Realization of the Assignment	59
New Concession Contract.....	59
29 Clause Twenty Nine Noncompliance, Penalties and Revocation of the Contract	59
Sanctions	59
Option for Sanctions	60
Extinction	60
30 Clause Thirty Unforeseeable Circumstances, Force Majeure and Similar Causes	60
Total or Partial Exemption	60
Modification and Termination of the Contract	61
Losses.....	61
31 Clause Thirty One Confidentiality	62
Obligation of the Concessionaire.....	62
Commitments of ANP.....	63
32 Clause Thirty Two Notifications, Requests, Notices and Reports	63
Notifications, Requests, Plans, Programs, Reports and other Communications	63
Amendments to the Acts of Incorporation	63
33 Clause Thirty Three Legal Regime.....	64

<i>Applicable Law</i>	<i>64</i>
<i>Conciliation.....</i>	<i>64</i>
<i>Arbitration.....</i>	<i>64</i>
<i>Forum.....</i>	<i>65</i>
<i>Execution of the Contract.....</i>	<i>65</i>
<i>Justifications</i>	<i>65</i>
<i>Continued Application</i>	<i>65</i>
34 Clause ThirtyFour Final Provisions	66
<i>Modifications and Amendments</i>	<i>66</i>
<i>Titles.....</i>	<i>66</i>
<i>Disclosing</i>	<i>66</i>
<i>Annex I – Concession Area</i>	<i>68</i>
<i>Annex II - Minimum Exploratory Program.....</i>	<i>69</i>
<i>Annex III - Financial Guarantee for the Minimum Exploratory Program.....</i>	<i>71</i>
<i>Annex IV - Performance Guarantee.....</i>	<i>72</i>
<i>Annex V - Governmental and Third Parties Holdings</i>	<i>73</i>
<i>Annex VI - Payment of Signature Bonus</i>	<i>74</i>
<i>Annex VII - Designation of Operator.....</i>	<i>75</i>
<i>Anexo VIII – Address</i>	<i>76</i>
<i>Annex IX - Commitment to Local Content</i>	<i>77</i>
<u>Annex X- General Instructions of the Exploration Plan and Evaluation Plan of Non-Conventional Resources</u>	<u>78</u>
<u>Annex XI - Minimum Requirements for Technical, Economic, Financial and Legal Qualification of the company for exploration and production of non-conventional resources</u>	<u>85</u>

CAPÍTULO I - BASIC PROVISIONS

FIRST CLAUSE - DEFINITIONS

Legal Definitions

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

Contractual Definitions

- 1.3 Also for the purposes of this Contract, the definitions contained in this paragraph 1.3 will be additionally valid, whenever the following words and expressions are used here, in singular or plural, male or female:
 - 1.3.1 **Production Individualization Agreement:** agreement signed between the rights holders of Exploration and Production, after the Declaration of Commerciality, for the unified Development and Production Stage of deposits that extend beyond the Concession Area, according to the procedures specified in the Applicable Legislation.
 - 1.3.2 **Affiliate:** means any controlled or controlling company, in accordance with article 1,098 to 1,100 of the Civil Code, as well as the companies directly or indirectly controlled by the same company.
 - 1.3.3 **Concession Area:** Block whose superficial projection and bounded by the polygon defined in Annex I of this Agreement or the plots of the Block remaining under this Contract after the partial returns contained therein.
 - 1.3.4 **Development Area:** any portion of the Concession Area retained for the Development Stage.
 - 1.3.5 **Assessment:** set of Operations that, as part of the Exploration, are intended to check the commerciality of a Discovery or set of Discoveries of Oil or Natural Gas in the Concession Area.
 - 1.3.6 **Well Assessment:** logging and formation test activities carried out between the End of Drilling and Well Completion that, combined with other activities previously carried out at the well, will allow the verification of the occurrence of areas of interest for the presentation of possible Discovery Evaluation Plan and/or for the decision of continuing Operations for the next Exploratory Period.
 - 1.3.7 **BDEP:** Exploration and Production Data Base of the National Agency of Petroleum, Natural Gas and Biofuel - ANP
 - 1.3.8 **Field:** has the same meaning as Field of Oil or Natural Gas defined in Law no. 9,478/97.

- 1.3.9 **E&P Catalog:** set of documents that contain guidelines, procedures and forms to guide the relation between the Operators of the Concession Contracts and ANP.
- 1.3.10 **Assignment:** sale, sale, transfer or any other form of transmission by any means, in whole or in part, of the indivisible rights and obligations of the Concessionaire under this Contract.
- 1.3.11 **Production Individualization Commitment:** a document that formalizes the allocation of production of a Mine that extends by different Concession Areas, whose rights of Exploration and Production belong to the same Concessionaire.
- 1.3.12 **Concessionaire:** individually or collectively, the companies members of the consortium, including the Operator, as well as each one of the possible transferees, in accordance with clause twenty-eighth.
- 1.3.13 **Well Completion:** beginning of demobilization of the drilling rig, after Drilling Completion and Well Assessment.
- 1.3.14 **Local Content:** proportion between the value of the goods produced and services rendered in the country for the execution of the contract and the total value of the goods used and services provided for this purpose.
- 1.3.15 **Contract:** main body of this Concession Contract and its Annexes.
- 1.3.16 **Consortium Agreement:** contractual document that provides the rights and obligations of the Concessionaires as for this Contract.
- 1.3.17 **Declaration of Commerciality:** formal and in writing notification of the Concessionaire to ANP declaring one or more Mines as commercial discovery in the Concession Area.
- 1.3.18 **Discovery:** any occurrence of Petroleum, Natural Gas and other hydrocarbons, minerals and other natural resources in the Concession Area, regardless of the quantity, quality or commerciality, verified by at least two detection or assessment methods.
- 1.3.19 **Qualified Expenses with Research, Development and Innovation:** expenditure with activities of Research, Development and Innovation aiming for promoting the development of the Petroleum, Natural Gas and Biofuel sector in accordance with the provisions of Clause Twenty-four.
- 1.3.20 **Development Stage:** contractual stage started with the approval, by ANP, of the Development Plan proposed by the Concessionaire and which continues during the production phase while investments in wells, equipment and facilities are necessary for the production of Oil and Natural Gas in accordance with the Best Practices of the Oil Industry.
- 1.3.21 **Extraction of the First Oil:** date at which the first measurement of volumes of Oil and Natural Gas takes place in one of the Production Measuring Points in each Module of the Development Stage.
- 1.3.22 **Exploration Phase:** contractual period in which the Exploration and Assessment must take place.
- 1.3.23 **Extended Exploration Phase:** extension of the Exploration Phase applicable in the event of a Discovery of Unconventional Resources.

- 1.3.24 **Production Phase:** contractual period in which the Development and Production Phase must take place.
- 1.3.25 **Brazilian Supplier:** any manufacturer or supplier of goods produced or a service rendered in Brazil through companies incorporated under Brazilian laws or those that use manufactured goods in the country under special customs regimes and applicable tax incentives to Oil and Natural Gas industry.
- 1.3.26 **Production Individualization:** procedure that aims to the division of the Production result and the rational use of the natural resources of the Federal Government, by means of unification of the Development and Production Stage of the ore body that extends beyond the Concession Area;
- 1.3.27 **Applicable Law:** the set of all laws, decrees, regulations, resolutions, ordinances, normative instructions or any other normative acts that impose or which will focus on the Parties, or on the activities of Exploration, Assessment, Development and Production Stage of Oil and Natural Gas, as well as on the decommissioning of the facilities.
- 1.3.28 **Best Practices of the Oil Industry:** means practices and procedures generally employed in the oil industry in the world, by prudent and diligent companies, subject to conditions and circumstances similar to those experienced with regard to appearance or relevant aspects of the Operations, aiming mainly to guarantee: (a) application of the best world Exploration and Production techniques in force; (b) conservation of oil and gas reserves, which implies the use of methods and procedures appropriate to maximize the recovery of hydrocarbons in a technical, economic and environmentally sustainable way, with the corresponding control of the decline of reserves and the minimization of losses on the surface; (c) operational safety, which requires the employment of methods and processes that ensure the safety of operations, contributing to the prevention of incidents; (d) preservation of the environment and respect to the people, which determines the adoption of technologies and procedures associated with the prevention and mitigation of environmental damage, as well as the control and environmental monitoring of the operations of Oil and Natural Gas Exploration and Production.
- 1.3.29 **Module of the Stage of Development:** individualized module, composed of facilities and infrastructure for Production of Oil and Natural Gas from one or more Deposits of certain Field, according to the Development Plan approved by ANP.
- 1.3.30 **New Reserve:** occurrence of new accumulations of Oil and Natural Gas in distinct horizons of those which already produce or are under Assessment.
- 1.3.31 **Operation:** any and all activities, either for the Exploration, Evaluation, Development, Production, disabling or abandonment, carried out in sequence, together, or separately by the Concessionaire, for the purposes of this Contract.
- 1.3.32 **Operator:** Concessionaire designated by the others, in the form of Annex VII, to lead and perform all the operations provided for in this Contract on behalf of the Concessionaires.
- 1.3.33 **Party:** ANP or the Concessionaire.

- 1.3.34 **Parties:** ANP and the Concessionaire.
- 1.3.35 **Exploratory Period:** each of the periods that make up the Exploration Phase, in which the Concessionaire must perform all the obligations of the Minimum Exploratory Program committed by the Concessionaire, as specified in Annex II.
- 1.3.36 **Extended Exploratory Period:** contractual period contained in the Extended Exploration Phase that starts when a Non-Conventional Resources Exploration and Evaluation Plan proposed by the Concessionaire after a Discovery of a Non-Conventional Resource is approved.
- 1.3.37 **Discovery Assessment Plan:** document that specifies the work schedule and respective investments necessary for the assessment of a discovery or set of discoveries of Oil or Natural Gas in the Concession Area, in accordance with Clause Seven.
- 1.3.38 **Non-Conventional Resources Exploration and Evaluation Plan:** document prepared by the Concessionaire and approved by ANP containing the description and the physical-financial planning of all the Exploratory and Evaluation Activities of Unconventional Resources to be performed by the Concessionaire in the Area of the Contract during the Extended Exploratory Period.
- 1.3.39 **Development Plan:** document that specifies the work schedule and respective investments necessary for the Development Stage of a Discovery or set of Discoveries of Oil or Natural Gas in the Concession Area.
- 1.3.40 **Production:** Coordinated Operations for extraction of Oil or Natural Gas, according to the definition contained in Law no. 9,478/97, or a volume of Oil or Natural Gas produced as the text shows in each case.
- 1.3.41 **Annual Production Program:** program which discriminates the forecasts for production and handling of Petroleum, Natural Gas, water, special fluids and wastes from the production process of each field.
- 1.3.42 **Annual Work and Budget Program:** program which specifies the set of activities to be performed by the Concessionaire during a calendar year, including the detailing of investments necessary to carry out such activities, and it must be submitted by the Concessionaire in the form of Applicable Legislation.
- 1.3.43 **Program of Decommissioning of Facilities:** program which specifies the set of operations for the abandonment of wells, including their eventual flattening, and removal operation, and adequate final destination of the facilities and recovery of the areas where these facilities are located.
- 1.3.44 **Minimum Exploratory Program:** work schedule provided for in Annex II to be met by the Concessionaire during the Exploration Phase.
- 1.3.45 **Pilot Project:** evaluation and exploratory activities proposed by the Concessionaire and approved by ANP in the Non-Conventional Resources Exploration and Evaluation Plan, with the purpose of verifying the merchantability of the Discovery of a Non-Conventional Resource.

- 1.3.46 **Non-Conventional Resource:** quantity of Petroleum and Natural Gas in the subsurface that, unlike conventional hydrocarbons, is not significantly affected by hydrodynamic influences and neither is conditional upon the existence of a geological structure or stratigraphic condition normally requiring special technologies of extraction, such as horizontal and high angle wells and hydraulic fracturing or retort heating. It is included in this definition, the extra heavy Crude Oil extracted from tar sands ("sand oil"), of oily shales ("shale oil"), of the shales rich in organic matter ("oil shale" or oily shale) and formations with very low porosity ("tight oil"). It is also considered in the definition, the methane gas coming from mineral coal ("coal bed methane") and methane hydrates, as well as the Natural Gas extracted from gas shales ("shale gas") and formations with very low porosity ("tight gas").
- 1.3.47 **Quarterly Expenses Report with Exploration, Development and Production:** document to be delivered by the Concessionaire to ANP which details the amounts spent according to the operations of exploration, development and production.
- 1.3.48 **Report of Local Investments in Exploration and Development:** document to be delivered by the Concessionaire to ANP which details the amounts spent for the purposes of verification of the Local Content.
- 1.3.49 **Final Discovery Assessment Report:** document presented by the Concessionaire and subject to the approval of ANP, which describes the set of operations used for the Assessment of Oil and/or Natural Gas Discovery, the results of this Assessment and, possibly, the area the Concessionaire wants to retain for Development.
- 1.3.50 **Seismic Reprocessing:** process to submit seismic data to new processing, aiming to gain quality in the results achieved.
- 1.3.51 **Social Responsibility:** responsibility of the Concessionaire for the impacts of its decisions and past and present activities in the society and the environment, by means of an ethical and transparent behavior that (i) may contribute to the sustainable development, including the health and well-being of society; take into account the expectations of the interested parties; (ii) is in accordance with the applicable legislation and consistent with international standards of behavior; and (iii) is integrated at the Concessionaire and is practiced in its relations which refer to the activities of the Concessionaire within its sphere of influence.
- 1.3.52 **Drilling Completion:** moment in which the progress of the drill into the well is definitively ceased.
- 1.3.53 **Long Duration Test:** well test carried out during the exploration phase, with the sole purpose of obtaining data and information about the Reservoirs, with a total flow time of more than seventy-two (72) hours.
- 1.3.54 **Unit of Work:** conversion unit for different exploratory works used for the purposes of measuring the implementation of the Minimum Exploratory Program laid down in Annex II.

SECOND CLAUSE - PURPOSE

Oil and Natural Gas Exploration and Production

2.1 The purpose of this contract is:

- a) the implementation, in the Concession Area, of Exploration Operations involved in the Minimum Exploratory Program or additional to it;
- b) in the event of Discovery, at the discretion of the Concessionaire, the implementation of Discovery Assessment activities in the terms of a Discovery Assessment Plan approved by ANP;
- c) In the event of Discovery of Unconventional Resources, at the discretion of the Concessionaire, the implementation of a Plan of Exploration and Evaluation of Non-Conventional Resources approved by ANP;
- d) If the Discovery is found as commercial by the Concessionaire, the production of Oil and Natural Gas in the Concession Area in accordance with a development plan approved by ANP.

Costs, Losses and Risks Associated with the Execution of Operations

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

Ownership of the Oil and/or Natural Gas

- 2.7 The deposits of Petroleum and Natural Gas existing in the national territory, on the continental shelf and in the exclusive economic zone belong to the Federal Government, in accordance with article 20, section V and IX of the Federal Constitution and article 3 of Law no. 9,478/97.
 - 2.7.1 The Dealer will have the sole ownership of the Oil and Natural Gas that may be effectively produced and conferred to it on the Production Measuring Point by means of original acquisition and in accordance with this Contract.

- 2.7.2 The Concessionaire will be subject to charges for taxes and the governmental shares detailed in Annex V, and those provided for in the Applicable Legislation.

Other Natural Resources

- 2.8 The Concessionaire may not use, enjoy or dispose in any way or for any purpose, total or partially, of any other natural resources that may exist in the Concession Area that are not Oil and Natural Gas, except when duly authorized, in accordance with the applicable law.
- 2.8.1 The possible Discovery of natural resources other than Oil or Natural Gas shall be notified to ANP within a maximum deadline of seventy-two (72) hours.
- 2.8.2 The Concessionaire must comply with the instructions and allow the implementation of relevant measures determined by ANP or other competent authorities.
- 2.8.3 Until such instructions are not submitted to it, the Concessionaire must refrain from any action that may involve risk or in any way harm to the natural resources discovered.
- 2.8.4 The Concessionaire will be obliged to suspend its activities, except in cases where they put at risk the natural resources discovered or the Operations.
- 2.9 Any interruption of Operations, exclusively due to the Discovery of other natural resources, will have its deadline input and recognized by ANP for the purposes of extension of the Contract.

THIRD CLAUSE - CONCESSION AREA

Identification

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

Restitutions

- 3.2 In addition to the compulsory restitution on the remaining areas of one (or more) Discovery Assessment Plan or one (or more) Development Areas, the Concessionaire may do, at any time, during the exploration phase, voluntary restitutions of areas part of the Concession Area.
- 3.2.1 The returns will not exempt the Concessionaire from the obligation to comply with the Minimum Exploratory Program and, when this is the case, the Non-Conventional Resources Exploration and Evaluation Plan.
- 3.2.2 Once the Exploration Phase is completed, the Concessionaire may only hold, as Concession Area, the Development Areas.

- 3.3 If ANP certifies a Discovery of Unconventional Resources and approves the Non-Conventional Resources Exploration and Evaluation Plan, the Concessionaire will not be obliged to return areas during the Extended Exploration Phase.

- 3.3.1 At the end of the Extended Exploration Phase, the Concessionaire can only retain the areas whose merchantability has been declared.

Restitution by Termination of the Contract

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

Conditions for the Restitution

- 3.5 All and every restitution of areas or fields part of the Concession Area, as well as the consequent reversion of property will be definitive and will be made by the Concessionaire without burden of any nature to the Federal Government or ANP, in accordance with article 28, §§ 1 and 2 of Law no. 9,478/97, and the Concessionaire will not have any right to compensation.

Provision by ANP of the Returned Areas

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

Surveys of Data in Non-Exclusive Bases

- 3.7 ANP may, at its sole discretion, authorize third parties to run, in the Concession Area, services of geology, geochemistry, geophysics and other works of the same nature aimed at the survey of technical data for commercialization in non-exclusive bases, in accordance with article 8, section III, of Law no. 9,478/97.

- 3.7.1 The implementation of these services should not, unless in exceptional circumstances approved by ANP, affect the normal course of the Operations.

- 3.7.2 The Concessionaire shall have no responsibility in respect of the execution of such services.

FOURTH CLAUSE - DURATION

Duration and Division into Phases

- 4.1 This contract, which will enter into force on the date of its signature, is divided into two phases:
- 4.1.1 Exploration Phase, for the entire Concession Area, with the term provided for in Annex II - Minimum Exploratory Program, and
- 4.1.2 Production Phase, for each Field, with the term provided for in paragraph 9.1 9.1.

- 4.2 The duration of this Contract, for each parcel of the Concession Area that may become a field under the terms set out herein, shall correspond to the period elapsed since the date of entry into force until the Declaration of Commerciality of one or more Discoveries, plus a period of 27 (twenty-seven) years corresponding to the Production Phase, in the manner of paragraph 9.1 9.1.
- 4.3 To this total duration will be added extensions that may be authorized by ANP in the terms of the Contract.
- 4.4 The period of validity, according to the provisions of the preceding paragraph concerning the extensions allowed by ANP, will result in the legal extinction of the Contract.

Only for reference

CAPÍTULO II - EXPLORATION AND ASSESSMENT

FIFTH CLAUSE - EXPLORATION PHASE

Duration

- 5.1 The Exploration Phase will be divided into two subsequent Exploratory Periods, with the term provided for in Annex II.
- 5.1.1 The first Exploratory Period shall begin on the date of signature of this Contract; and
- 5.1.2 The second Exploratory Period, if any, will start on the date immediately after the conclusion of the first Exploratory Period.
- 5.2 If the Concessionaire makes a Discovery of Non-Conventional Resources, certified by ANP during the Exploration Phase, the Concessionaire, at its sole discretion and in accordance with the Best Practices of the Oil Industry, may continue in the Extended Exploration Phase, whose duration, at the discretion of ANP, could reach up to 6 (six) years, divided into 3 (three) Extended Exploratory Periods with up to 2 (two) years of duration each.
- 5.2.1 Each Extended Exploratory Period is restricted and conditioned:
- (i) The Concession Area where there is no evidence of the occurrence of Non-Conventional Resources;
 - (ii) The certification by ANP of the Discovery of Non-Conventional Resource and;
 - (iii) The approval, by ANP of the Unconventional Resources Exploration and Evaluation Plan and its revisions.
- 5.2.2 The Exploration Phase will be automatically suspended until ANP deliberates on the Unconventional Resources Exploration and Evaluation Plan.
- 5.2.2.1 During the suspension, the Concessionaire may only perform exploratory activity included in the Non-Conventional Resources Assessment and Exploration Plan submitted with the prior and express authorization of ANP.
- 5.3 The Exploration Phase shall begin on the date of signature of this Contract and will be terminated:
- a) With the expiration of the period provided for in Annex II;
 - b) With the total return of the Concession Area; or
 - c) For each area retained for Discovery Assessment:
 - i. With the presentation of the Commerciality Declaration; or
 - ii. With the return of the areas retained for Discovery Assessment.
 - d) For each area retained for the Extended Exploration Phase:
 - i. With the presentation of the Commerciality Declaration;

- ii. With the expiration of the period provided for the Extended Exploration Phase, or;
 - iii. With the return of the areas retained for the Extended Exploration Phase.
- 5.4 If the Concessionaire makes a Discovery during the Exploration Phase in time such that it has not been possible to carry out the Discovery Assessment before the end of this phase, according to best practices of the oil industry, the exploration phase may, at the discretion of ANP, be extended for the period necessary for the execution of assessment phase and eventual Declaration of Commerciality according to Discovery Assessment Plan approved by ANP.
- 5.4.1 The extension mentioned in paragraph 5.3 5.4 is restricted to the area retained for Discovery Assessment, in accordance with the Discovery Assessment Plan approved by ANP.
 - 5.4.2 In the hypothesis of the previous paragraph, the Exploration Phase will be automatically suspended until ANP deliberates on the Discovery Assessment Plan and, consequently, on the request for extension to conduct the Discovery Assessment. During the suspension, the Concessionaire may only perform exploratory activity included in the Discovery Assessment Plan submitted with the prior and express authorization of ANP.

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

- 5.5 If at the end of an Exploratory Period or Exploration Phase the Concessionaire have initiated the drilling of an exploratory well without having completed the Assessment of Well, the Exploratory Period or Exploration Phase will be extended until the date of completion of the well, with an increase of 60 (sixty) days for the submission of any proposal of Discovery Assessment Plan or decision with regard to the continuation to the second Exploratory Period.
- 5.5.1 The reasoned request of the extension request due to well in progress should be sent by the Concessionaire to ANP with a minimum of 72 (seventy-two) hours in advance before the end of the Exploratory Period.
 - 5.5.1.1 At the discretion of ANP, the term referred to in this paragraph may be reduced, provided it is technically justified by the Concessionaire.
- 5.6 The provisions of the preceding paragraph shall apply "mutatis mutandis", to the drilling of exploratory wells during Extended Exploration Periods and Extended Exploration Phases.

Minimum Exploratory Program

- 5.7 The Concessionaire must perform the obligations relating to the Minimum Exploratory Program on the terms and conditions described in Annex II of this Contract.
- 5.8 ANP may exempt the Concessionaire from fulfilling part of the Minimum Exploratory Program of the first Exploratory Period if the exempt plot, after its conversion in Work Units, is not greater than 10% (ten percent) of the total Work Units involved.

- 5.8.1 As a counterpart to the exemption to this paragraph, the Concessionaire will pay a corresponding amount, in cash, twice the total of non-converted Work Units.
- 5.8.2 Once the conditions set out above are met, the Minimum Exploratory Program of the first exploratory period will be considered completed in full for all purposes of the contract.
- 5.9 The Concessionaire may perform additional exploratory activities to the Minimum Exploratory Program from any Exploratory Period by presenting ANP the additional work schedule before the beginning of its implementation, in accordance with paragraph 14.18.
- 5.10 If the Concessionaire completes a well as additional activity to the Minimum Exploratory Program of the first Exploratory Period, it can request to ANP, which will decide at its sole discretion that the commitment regarding the second Exploratory Period is considered completed in advance.
- 5.11 For the Concession Areas located in Sedimentary Basins of Parana, Parecis, Parnaiba, Recôncavo, Sao Francisco and Sergipe-Alagoas, the first well drilled in the Exploration Phase should cross the minimum stratigraphic goal required, forcing the Concessionaire to perform well profiles, sampling and specific analysis, as detailed in the Tender Protocol.
- 5.11.1 If the Concessionaire acquires up to 4 (four) Concession Areas in the same sector, the obligation to cross the minimum stratigraphic goal required is restricted to only one of the Concession Areas, provided that:
- (i) The Concession Areas in question have the same composition as Concessionaires, including in relation to their participation in the consortium.
- 5.11.1.2 If the Concessionaire acquires more than 4 (four) Concession Areas in the same sector, for the second well drilled in the Exploration Phase should be repeated the same procedure as in paragraph 5.11, remaining valid, *mutatis mutandis*, the other provisions of this paragraph.
- 5.11.1.3 For the remaining Concession Areas, the Concessionaire must drill the wells on the terms and conditions described in Annex II - Minimum Exploratory Program.
- 5.12 ANP may, at its sole discretion, approve the amendment of the stratigraphic objective of wells committed as Minimum Exploratory Program, provided the Concessionaire may technically show such amendment is consistent with the Best Practices of the Oil Industry and indicate the Prospectus that motivated the change request.
- 5.13 On the basis of technical justification presented by the Concessionaire, ANP may accept, at its sole discretion, that Concession Areas adjacent to a Concession Area in which a well will be drilled in the second Exploratory Period are the object of drilling exemption in the second Exploratory Period, provided that:
- (i) The Concession Areas in question have the same composition as Concessionaires, including in relation to their participation in the consortium.

- (ii) The Concession Areas in question share a common exploratory opportunity.
- 5.13.1 If there is a gap between the exploration time of Concession Areas that comply with the conditions of this paragraph, the Exploratory Periods may, at the sole discretion of ANP, be evened off, so as not to obstruct the implementation of the drilling exemption.
- 5.14 Seismic Reprocessing may be converted into Work Units for the purposes of compliance with the Minimum Exploratory Program.
- 5.14.1 The conversion of Seismic Reprocessing into Work Units is limited to a single version for each survey of seismic data.
- 5.14.2 To be the object of conversion into Work Units, the reprocessed seismic data must be contained exclusively within the Concession Area.
- 5.14.3 So its conversion into Work Units may be admitted, the Seismic Reprocessing should include migration of the data in time (PSTM) or depth (PSDM) at the pre-stacking phase.
- 5.15 For the acquisition of unique data, the Concessionaire may hire data acquisition companies (EAD), provided they are previously complied with the requirements contained in the regulatory standards issued by ANP, and that these companies are duly registered and regulated with the Agency.
- 5.16 ANP will issue a quality control report for return or acceptance of the received data within 180 (one hundred and eighty) days from the date of delivery of the data by the Concessionaire.
- 5.17 For the purposes of compliance with the Minimum Exploratory Program only data whose acquisition and formatting have attended to all the requirements defined in technical standards established by the Agency will be converted into Work Units.
- 5.18 The exploratory work will be converted into Work Units for purposes of compliance with the Minimum Exploratory Program according to the criteria listed in Annex II.
- 5.19 The Concessionaire may end the Exploration Phase at any time by formal notification in writing to ANP.
- 5.19.1 The end does not exempt the Concessionaire from the compliance with the Minimum Exploratory Program on the Exploratory Period in progress.
- 5.20 The partial or complete noncompliance of the Minimum Exploratory Program implies the full right termination of the Contract, without prejudice to the implementation of the financial guarantees of exploratory activities and the implementation of feasible sanctions.
- 5.20.1 The exception to the provision above are the Development Areas eventually retained by the Concessionaire.

Options after the Completion of the Minimum Exploratory Program of the first Exploratory Period

5.21 After the completion of the Minimum Exploratory Program of the first Exploratory Period and until the end of the deadline for the end of the first Exploratory Period and subject to prior formal and written notification to ANP, the Concessionaire may:

- a) Continue to the second Exploratory Period; or
- b) Continue to the Extended Exploratory Period in the case of a Discovery of Unconventional Resources certified by ANP; or
- c) Return in full to the Concession Area, retaining only possible Development Areas or under Discovery Assessment.

5.21.1 If the Concessionaire does not manifest itself at the end of the first Exploratory Period the Contract will be extinct in its full right, with the protection of any already retained development area.

Options after the Completion of the Minimum Exploratory Program of the second Exploratory Period

5.22 After the completion of the well on the second Exploratory Period and until the end of the time for the end of the second Exploratory Period, with prior formal and in writing notification, the Concessionaire may:

- a) Initiate the Production Phase of areas subject to Declaration of Commerciality;
- b) Continue the Exploration Phase of the areas under Discovery Assessment;
- c) Retain the areas in which the Declaration of Commerciality are feasibly of postponement in accordance with paragraphs 8.2 8.2 and 8.3 8.3;
- d) Continue to the Extended Exploratory Period in the case of a Discovery of Unconventional Resources certified by ANP; or
- e) Return in full to the Concession Area.

Return of the Concession Area in the Exploration Phase

5.23 The Concessionaire may, at any time during the exploration phase, make returns of the Concession Area.

5.23.1 The return of the Contract Areas must be notified to ANP.

5.24 Within a period of up to 60 (sixty) days after the end of the Exploration Phase, the Concessionaire must send ANP a plan for the return of areas, prepared according to the applicable legislation.

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

SIXTH CLAUSE - FINANCIAL GUARANTEES OF THE MINIMUM EXPLORATORY PROGRAM AND THE ACTIVITIES COMMITTED IN THE EXPLORATION AND EVALUATION PLAN OF NON-CONVENTIONAL RESOURCES

Provision of Financial Guarantee

- 6.1 In addition to the financial guarantee of the Minimum Exploratory Program of the First Exploratory Period, the Concessionaire shall provide ANP with one or more financial guarantees for the Minimum Exploratory Program of the second Exploratory Period and for every Extended Exploratory Period in the case of Non-Conventional Resources Discovery certified by ANP, if it decides to get into those Periods.

Form of the Financial Guarantees

- 6.2 The Concessionaire will be able to provide ANP with the following documents as financial guarantees:
- a) Irrevocable Letter of Credit
 - b) Guarantee Insurance; or
 - c) Contract for a pledge of Petroleum.
- 6.3 The financial guarantees should follow the form specified in the Bidding Notice.
- 6.4 The financial guarantees will be valid for a period exceeding in at least 180 (one hundred and eighty) days the date set for the conclusion of the Exploratory Period corresponding to the guaranteed Minimum Exploratory Program or Extended Exploratory Period.
- 6.4.1 The financial guarantees should be renewed, where necessary, to cover a period not inferior to 180 (one hundred and eighty) days.
 - 6.4.2 In case of suspension of the Exploration Phase, the upgrade or renewal of the financial guarantees should cover a term not inferior to 1 (one) year.

Reduction of the Guaranteed Amount

- 6.5 As the Concessionaire performs the operations relating to the Minimum Exploratory Program of the first Exploratory Period or the Extended Exploratory Period, it may request ANP to reduce the amount of the collateral deposited.
- 6.5.1 The reduction of the amount of the financial guarantee of the Minimum Exploratory Program of the first Exploratory Period or the Extended Exploratory Period may not take place with a frequency inferior to 3 (three) months.
 - 6.5.2 The reduction of the amount of the financial guarantee of the Minimum Exploratory Program of the first Exploratory Period or the Extended Exploratory Period may not be inferior to an amount that, once converted, may correspond to 20% (twenty percent) of the total Work Units or committed investment.
 - 6.5.3 The drilling operations may only involve reduction of the amount of the financial guarantees of the Minimum Exploratory Program of the first Exploratory Period or the Extended Exploratory Period when:
 - a) The well has reached the stratigraphic objective;
 - b) The well has been completed; and

c) The conformity of the data and information with ANP standards has been duly attested.

- 6.5.4 Operations for the acquisition of seismic and geochemical data or potential methods may only involve reducing the amount of the financial guarantees of the Minimum Exploratory Program of the first Exploratory Period as the data and results are delivered to ANP and have their conformity to the standards of the Agency duly attested.
- 6.5.5 The financial guarantees of each Exploratory Period will be returned to the Concessionaire after the issuance by ANP of the completion certificate of the Exploratory Period.
- 6.5.6 If there are outstanding issues, ANP shall issue the completion certificate of the Exploratory Period or the Extended Exploratory Period in up to thirty days after its conclusion.

Procedure for Providing the Financial Guarantee of the second Exploratory Period

- 6.6 With a minimum notice of 90 (ninety) days after the beginning of the second Exploratory Period or the Extended Exploratory Period, the Concessionaire must inform ANP the estimated amount for the drilling of the exploratory well corresponding to the respective Minimum Exploratory Program or the activities committed in the Extended Exploratory Periods.
 - 6.6.1 ANP will have 30 (thirty) days to:
 - a) Manifest itself by accepting the estimate presented; or
 - b) Request the update of the amount to the Concessionaire to be used as a parameter to the provision of financial guarantees.
- 6.7 Before the start of the second Exploratory Period or the Extended Exploratory Periods, the Concessionaire must submit to ANP financial guarantees to ensure the exploratory well corresponding to the Minimum Exploratory Program or the activities committed in the Extended Exploratory Periods.
- 6.8 If the Concessionaire does not provide the proper guarantees before the beginning of the second Exploratory Period or the Extended Exploratory Periods, the Contract will be extinct in its full right, with the protection of any already retained Development Areas.
- 6.9 The Concessionaire is exempt from the presentation of the financial guarantees for the second Exploratory Period or the Extended Exploratory Periods if it has completed the respective Minimum Exploratory Program or the activities committed in the Extended Exploratory Periods in advance.

Readjustment and Updating of the Financial Guarantees

- 6.10 Provided it is properly motivated, ANP may readjust the expected amount in the Minimum Exploratory Programs or in the activities committed in the Extended Exploratory Periods object of the guarantee documents submitted by the Concessionaire.

- 6.10.1 ANP shall notify the Concessionaire to update the amount of the already provided guarantees, explaining the reasons for the adjustment.
- 6.10.2 The Concessionaire will have up to 60 (sixty) days after receiving the notification referred to in the preceding paragraph to update its financial guarantees with ANP.
- 6.10.3 ANP may not promote increases in intervals of less than 1 (one) year.

Execution of the Financial Guarantees

- 6.11 If the Concessionaire does not comply with the Minimum Exploratory Program or the activities committed in the Extended Exploratory Periods, ANP will execute the respective financial guarantees.
 - 6.11.1 The implementation of the financial guarantees does not absolve the Concessionaire from the fulfillment of the obligations arising from the Contract.
 - 6.11.2 The implementation of the financial guarantees does not affect the right of ANP to seek for other repairs and apply eventual proper penalties.
 - 6.11.3 The implementation of financial guarantees involves the extinction of the full rights of this Contract, with the protection of any already retained development areas.
 - 6.11.4 The implementation of the financial guarantees may be replaced by the financial contribution of an equivalent amount, however, also applying to this case, the provision of paragraph 11.9.3. 6.11.3

CLAUSE SEVEN - DISCOVERY AND ASSESSMENT

Notification of Discovery

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

Assessment, Discovery Assessment Plan and Final Discovery Assessment Report

- 7.2 The Concessionaire may, at its discretion, evaluate a Discovery of Oil or Natural Gas, at any time during the Exploration Phase.
 - 7.2.1 The Discovery Assessment should be carried out in full and necessarily during the Exploration Phase.
- 7.3 If the Concessionaire decides to assess the Discovery, it must submit a proposal for Discovery Assessment Plan to the approval of ANP.
- 7.4 ANP will have a term of up to 60 (sixty) days after receiving the Discovery Assessment Plan to approve it or, quite rightly, notify the Concessionaire to make modifications.

- 7.4.1 The Concessionaire will have a period of 30 (thirty) days after the notification referred to above to submit the modifications to ANP, thus repeating the procedure laid down herein.
- 7.4.2 Any changes suggested by the Concessionaire should be communicated in a formal way and in writing to ANP, applying, to these amendments, the procedure provided for in this paragraph.
- 7.5 The Final Discovery Assessment Report submitted to ANP by the Concessionaire should identify and justify the retention proposal of the Development Area of the Commercial Discovery.

Non-Conventional Resources Discovery Exploration and Assessment Plan

- 7.6 If the Concessionaire decides to assess a Discovery of Non-Conventional Resources certified by ANP, it should submit a proposal for a Plan of Exploration and Evaluation of Non-Conventional Resources and its revisions for the approval of ANP according to the Applicable Legislation.
- 7.7 The Non-Conventional Resources Exploration and Evaluation Plan should include, for the retained Concession Area, all the exploratory and assessment activities, including the Pilot Projects for the verification of Merchantability of the Discovery of Non-Conventional Resources.
 - 7.7.1 The Non-Conventional Resources Exploration and Evaluation Plan should include, at least:
 - (i) The drilling of two (2) wells per Extended Exploratory Period in New Frontier Basins; or
 - (ii) The drilling of 1 (one) well per Extended Exploratory Period in Mature Basins.
- 7.8 ANP will analyze and approve the Non-Conventional Resources Exploration and Evaluation Plan and its revisions, ensuring compliance with the Best Practices of the Oil Industry in obedience to the Applicable Legislation.
- 7.9 The Non-Conventional Resources Exploration and Evaluation Plan should be proposed by the Concessionaire and be subject to the approval of ANP in accordance with the procedures and criteria set out in **Annex X** - General Instructions for the Exploration Plan and Applicable Legislation.
 - 7.9.1 The Concessionaire will have a period of 120 (one hundred and twenty) days after the date of certification of the Discovery of Non-Conventional Resources by ANP to forward the Non-Conventional Resources Exploration and Evaluation Plan proposal.
- 7.10 ANP will have the time limit of 60 (sixty) days after receiving the Non-Conventional Resources Discovery Exploration and Assessment Plan to approve it or request from the Concessionaire the changes it deems appropriate. If ANP requests such modifications, the Contracted Party should present them in a period of 60 (sixty) days after such request, thus repeating the procedure laid down in this paragraph.
- 7.11 The non-approval by ANP of a Non-Conventional Resources Exploration and Evaluation Plan implies the extinction of full right of the Concession Contract in

relation to the Concession Area retained for Exploration and Evaluation of Unconventional Resources.

Qualification of the Companies interested in Exploring and Evaluating the Non-Conventional Resource discovered

7.12 The Non-Conventional Resources Exploration and Assessment will only be allowed to companies that meet the technical, legal and economic requirements established by ANP in the form of art. 25 of Law no. 9,478/1997.

7.12.1 If the company decides to proceed with the Exploration and Evaluation of the Non-Conventional Resource, it should meet the minimum requirements required regarding the technical, financial and legal qualifications laid down in **Annex XI** of this Contract.

7.12.2 If, during the execution of the Contract there are any changes in the information presented by company in meeting the minimum requirements required for qualification, the company should inform ANP and be submitted to a new qualification.

Assessment of New Reservoir

7.13 The Concessionaire will be able to assess a Discovery of Oil or Natural Gas into a New Reservoir or Non-Conventional Resource at any time during the term of the Contract, taking into account, *mutatis mutandis*, the procedure of this Seventh Clause.

Discovery Assessment through Long Term Test

7.14 If the Discovery Evaluation Plan or the Non-Conventional Resources Discovery Exploration and Assessment Plan include a test of long duration, the Concessionaire will have to request a specific authorization to perform it from ANP.

7.15 The implementation of the Long Duration Test without the reuse or reinjection of the Natural Gas will be limited to a period of 180 (one hundred and eighty) days, unless in exceptional cases, at the exclusive discretion of ANP.

CLAUSE EIGHT - DECLARATION OF COMMERCIALITY

Concessionaire Option

8.1 Before the end of the Exploration Phase, the Concessionaire, by means of formal and in writing notification to ANP, may, at its sole discretion, make the Declaration of Commerciality of the Discovery, provided the Discovery Assessment Plan is met or the Non-Conventional Resources Discovery Exploration and Assessment Plan is approved by ANP.

8.1.1 If it has not been submitted to ANP yet, the Final Discovery Assessment Report of the Final Report of the Non-Conventional Resources Discovery Exploration and Assessment Plan should accompany the Declaration of Commerciality.

- 8.1.2 The Declaration of Commerciality will only be effective after the approval, by ANP, of the Final Report for the Evaluation of Discovery or the Final Report of the Non-Conventional Resources Discovery Exploration and Assessment Plan.

Postponement of the Declaration of Commerciality

- 8.2 If the main accumulation of hydrocarbon discovered and assessed in a Concession Area is Natural Gas, the Concessionaire may ask ANP permission to postpone the Declaration of Commerciality in up to 5 (five) years, under the following assumptions:

- a) Lack of market for Natural Gas to be produced, with the expectation of its creation in a term of less than 5 (five) years.
- b) Lack or inadequacy of transportation infrastructure for the movement of Natural Gas to be produced by the Concessionaire, with the expectation of its deployment in less than 5 (five) years.

- 8.2.1 The request for postponement of Commerciality Declaration must be made in a circumstantial manner.

- 8.3 If the main accumulation of hydrocarbon discovered and assessed in a Concession Area is Oil, the Concessionaire may ask ANP permission to postpone the Declaration of Commerciality in up to 5 (five) years, under the following assumptions:

- a) Lack of technology for the Production, marketing or refining with expectation of its emergence in a term of less than 5 (five) years.
- b) The volume of the Discovery is such that its commerciality depends on additional Discoveries to be made in the very Block or in adjacent Blocks, aiming at the development of all operations.

- 8.3.1 The request for postponement of Commerciality Declaration must be made in a circumstantial manner.

- 8.4 The Concessionaire may request ANP the period to deliver the Declaration of Commerciality to be extended for 5 (five) additional years.

- 8.5 If ANP, at its sole discretion, deems the reason that caused the postponement mentioned in paragraphs 8.2 8.2 and 8.3 8.3to have been overcome, the Concessionaire will have a period of 30 (thirty) days to, at its sole discretion, submit the Declaration of Commerciality.

- 8.5.1 In this case, the Concessionaire will have the period of up to 180 (one hundred and eighty) days to submit a Development Plan for the approval of ANP, not applying the provisions in paragraph 10.3.1 10.2.1.

- 8.6 During the postponement of the deadline for the submission of the Declaration of Commerciality, the Contract shall be suspended in relation to the area previously withheld for the Discovery Assessment.

- 8.7 The postponement of the deadline for the submission of the Declaration of Commerciality shall be applied exclusively to the area previously withheld for Discovery Assessment.

Return of the Discovered and Assessed Area

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

Continuity of Exploration and/or Assessment

- 8.9 The fact of the Concessionaire performs one or more Declarations of Commerciality does not exempt it from fulfilling the Minimum Exploratory Program or the activities committed in the Non-Conventional Resources Discovery Exploration and Assessment Plan.

Only for reference

CAPÍTULO III - DEVELOPMENT AND PRODUCTION

CLAUSE NINE - PRODUCTION STAGE

Beginning and Duration

- 9.1 The Production Phase of each field will begin on the date of submission of the Declaration of Commerciality by the Concessionaire to ANP, and will have a duration of 27 (twenty-seven) years, and may be reduced or extended, as per the provisions of paragraphs 9.3 9.3, 9.4 9.4 and 9.6 9.6.
- 9.2 All references to the extension or termination of this Contract, in this clause nine, relate to each field individually, to which corresponds a Production Stage distinct from the others.

Extension by the Concessionaire

- 9.3 The Concessionaire may plead the extension of the deadline set forth in paragraph 9.1 9.1, and will have to submit, with a minimum notice of 24 (twenty four) months from the end of that period, a formal request in writing to ANP, accompanied by a review of the Development Plan.
- 9.3.1 ANP will manifest itself on the request for review of the Development Plan and extension of the production phase in a maximum time limit of 180 (one hundred and eighty) days, and can justifiably reject the proposal from the Concessionaire or make it to the modifications of the Development Plan review.

Extension by ANP

- 9.4 ANP may, by notification in writing and formal, made with a minimum advance of 240 (two hundred and forty) days after the end of the term set forth in paragraph 9.1 9.1, ask the Concessionaire to proceed with the operation of the field for the additional amount of time the Agency deems appropriate.
- 9.4.1 The Concessionaire may only refuse the request of ANP in a justifiable way, not being obliged to continue the operation of the field in conditions which it considers as uneconomical.
- 9.4.2 After three months have passed after the proposal of ANP, the lack of response of the Concessionaire will be considered as a tacit acceptance.
- 9.4.3 The contract will be extended for the said additional time.

Consequence of the Extension

- 9.5 If the extension of the Production Phase takes place, in accordance with paragraphs 9.3 9.3 or 9.4 9.4, the Parties will still be bound by the exact terms and conditions of this Contract, except exclusively made to eventual amendments agreed due to and for the purposes of such extension.

- 9.5.1 At the end of the production phase, will be applied, *mutatis mutandis*, the said paragraphs 9.3 9.3 or 9.4 9.4, for the purposes of a possible new extension.

Rescission

- 9.6 At any time during the production phase the Concessionaire may rescind this Contract in respect of all fields or any of these, through formal notification in writing to ANP.

- 9.6.1 The Concessionaire may not interrupt or suspend the Production committed in the production programs of fields or areas of development concerned during the minimum period of 180 (one hundred and eighty) days from the date of the notice of intent to rescind.

Return of the Field

- 9.7 Once the production phase is completed in accordance with paragraph 9.1 9.1, the field will be returned to ANP.

- 9.8 At its discretion, ANP may adopt the measures necessary for the continued operation of the field, and may also promote new recruitment over the last six months of production or after the refusal of the Concessionaire to proceed with the operation of the field, in accordance with paragraph 9.4.1 9.4.1.

- 9.8.1 The Concessionaire will make every effort and will adopt all reasonable measures in order to, over the last 6 (six) months of production or from the notification described in paragraph 9.5 9.5, properly transfer the operations for the new operator, so as not to undermine the administration and production of the field.

- 9.9 In any event, the Concessionaire will be obliged to comply with the provisions of paragraphs 3.4 3.5 and 3.5 3.6.

- 9.10 Within a period of no less than 180 (one hundred and eighty) days before the end of production, the Concessionaire must submit to ANP a facility shutdown schedule, describing in detail all the necessary actions for the deactivation of the premises.

- 9.10.1 The facility shutdown schedule must strictly comply with the applicable legislation and be in agreement with the Best Practices of the oil industry, noting also the provisions of Clause Twenty One and the other relevant provisions concerning to the reversion of property provided for in paragraphs 18.6 18.6 and 18.7 18.7.

- 9.10.2 ANP will take the time limit of 60 (sixty) days, after receiving the facility shutdown schedule to approve it or request the Concessionaire the changes it deems appropriate.

- 9.10.3 If ANP requests modifications, the Concessionaire will have sixty (60) calendar days after receiving the notification, to present them, thus repeating the procedure provided for in this paragraph.

9.10.4 ANP may determine the Concessionaire not to make the flattening of certain wells or not to disable or remove certain facilities and equipment.

9.10.4.1 ANP will be liable for such wells, facilities and equipment after the departure of the Concessionaire.

9.10.5 The beginning of the implementation of the facility shutdown schedule may not occur before 180 (one hundred and eighty) days from the date of its presentation, except when expressly authorized by ANP.

9.11 The termination of this Contract on a given Development Area or Field will only occur after the completion of the respective facility shutdown schedule approved by ANP, with the immediate return of the corresponding area, taking into account the provisions in paragraphs 3.3 3.4 and 3.4 3.5.

9.11.1 The Concessionaire will not be granted with any compensation for the investments made.

CLAUSE TEN DEVELOPMENT PLAN

Content

10.1 The Development Plan must take into account:

- a) The rationalization of production;
- b) Control of the decline of the reserves;
- c) The minimization of the burning of Natural Gas and emissions of greenhouse gases to the atmosphere;
- d) Reuse system or reinjection of the associated Natural Gas, noting that only the burning of Natural Gas in *flares* for reasons of safety, emergency, and commissioning will be admitted, in the form of the Law; and
- e) The appropriate treatment to the contaminants and natural resources resulting from the activities of production, avoiding their disposal into the environment.

Deadlines

10.2 The Development Plan must be submitted to ANP by the Concessionaire within 180 (one hundred and eighty) days from the Declaration of Commerciality.

10.2.1 If the Declaration of Commerciality is postponed, as provided for in paragraphs 8.2 8.2 and 8.3 8.3, the Development Plan must be submitted on the date of the Declaration of Commerciality, unless the exception provided for in paragraph 8.5.

Development Area

10.3 The development area should cover the entire Deposits to be produced.

10.3.1 The Development Area shall be delimited on the basis of the data and information obtained during the Exploration Phase and Discovery

Assessment and in accordance with the Best Practices of the oil industry.

10.3.2 The development area should be limited by a single line as per the applicable legislation, covering, besides all of the ore body, a maximum of 1 (one) kilometer in width in a surrounding range of technical security, except for exceptional situations at the sole discretion of ANP.

10.3.3 During the development phase, the Concessionaire may request in a formal and written way to ANP the modification of the Development Area in order to incorporate other parcels of the Concession Area, provided:

- a) It is found that one or more deposits go beyond the development area.
- b) The plots intended to incorporate have not been returned by the Concessionaire in compliance with the provisions of the Contract.

10.4 The Development Area to be retained shall be that contained in the Final Discovery Assessment Report approved by ANP.

10.4.1 If the development area is different from that in the Final Discovery Assessment Report, the Concessionaire must fit it in accordance with paragraph 10.7 10.6.

10.5 The Concessionaire shall retain, from the Development Area, only the area of the field that may result from it.

10.5.1 The Concessionaire must immediately return the remaining parcels to ANP, taking into account the provisions in paragraphs 3.4 3.5 and 3.5 3.6.

10.5.2 The area of each field should be limited by a single closed polygonal line, drawn in accordance with applicable laws.

Adoption and Implementation of the Development Plan

10.6 ANP will have the time limit of 180 (one hundred eighty) days, after receiving the Development Plan to approve it or request the Concessionaire the changes it deems appropriate.

10.6.1 If ANP does not respond within this period, the development plan shall be deemed approved.

10.6.2 If ANP requests modifications, the Concessionaire will have the time limit of sixty (60) days after receiving the notification, to present them to ANP, thus repeating the procedure provided for in this paragraph 10.7 10.6.

10.6.3 The non-approval of the development plan by ANP, taking into account the provisions of this paragraph, means the full right extinction of the Contract in relation to the respective development area.

- 10.6.4 The untimely delivery of the Development Plan subjects the Concessionaire to the application of sanctions provided in Clause twenty-nine and in the Applicable Law.
- 10.6.4.1 Once the non-delivery of the Development Plan is found within the deadline established in this paragraph, ANP shall notify the Concessionaire to present it in a maximum period of ten (10) days, after which the Contract will be terminated in relation to the respective development area.
- 10.7 Until the Development Plan is approved, the Concessionaire may only carry out any work or lead any operation in the area of the field with the prior approval of ANP.
- 10.7.1 The anticipation of the Production should be requested in a reasoned form, in which the precepts for the conservation of petroleum resources should be taken into account, ensuring the operational safety and environmental preservation.
- 10.8 The Concessionaire, during the production phase, will conduct all operations in accordance with the development plan approved by ANP.
- 10.9 Any Discovery of a New Reserve of Oil or Natural Gas in the Concession Area must be notified by the Concessionaire to ANP, on an exclusive basis, formal and in writing, within a maximum deadline of seventy-two (72) hours. The notification must be accompanied by all relevant data and information available.
- 10.9.1 If the Concessionaire holds interest to incorporate the discovery of the new reservoir to the field, it must submit a Discovery Assessment Plan to the approval of ANP.
- 10.9.2 The Commercial Discovery will only be incorporated into the system of production of the field after approval by ANP, of the Final Discovery Assessment Report and review of the Field Development Plan, except when expressly authorized by ANP.

Revisions and Amendments

- 10.10 The Development Plan should be revised or amended in the following assumptions:
- a) By requirement of ANP or by request of the Concessionaire if, at any time, it no longer meets the applicable legislation, or the Best Practices of the oil industry or the national interest; and
- b) By request of the Concessionaire, if changes occur in the technical or economic conditions assumed in its preparation.
- 10.10.1 The Concessionaire must formulate a reasoned and formal request to review the Development Plan.
- 10.10.2 To the revisions of the Development Plan shall be applied, *mutatis mutandis*, the provisions contained in paragraph 10.7 10.6, including the non-approval of the revisions by ANP.

Buildings, Facilities and Equipment

10.11 The Concessionaire will be responsible for all buildings and facilities and for the supply of equipment for the extraction, processing, collection, storage, measurement and transfer of production.

10.11.1 The Concessionaire must take into account the provisions set out in the applicable legislation for the treatment or processing of Natural Gas, as well as the storage of Natural Gas, and transportation of oil, its derivatives and Natural Gas.

10.11.2 The definition by the Concessionaire of actions related to paragraph 10.12 10.11, including with respect to the inflow of resources needed, will be mandatory so it may be able to characterize the commerciality and develop the Discovery.

CLAUSE TEN FIRST PRODUCTION STARTING DATE AND ANNUAL PRODUCTION SCHEDULES

Start of Production

11.1 The date of commencement of production of each field must occur within a maximum time limit of 5 (five) years, which may be extended at the discretion of ANP, from the date of submission of the Declaration of Commerciality.

11.1.1 The Concessionaire will keep ANP informed on the forecasts as to the date of commencement of production of each field.

11.1.2 The Concessionaire must inform ANP the beginning date of the production, by formal notification in writing, within 24 (twenty four) hours after its occurrence.

Annual Production

11.2 The Annual Production Schedule should be in accordance with the Development Plan for the field, the applicable legislation and Best Practices of the oil industry.

11.3 The Annual Production Schedule should include reasoning about variation equal or greater than 10% (ten percent) in total annual amount of production therein informed, in relation to that laid down in the Development Plan.

11.4 Until the 31st October of each calendar year, the Concessionaire must deliver to ANP, for each field, the Annual Production Schedule of the subsequent year.

11.5 The Annual Production Schedule for the calendar year in which the production has begun should be delivered by the Concessionaire to ANP with a minimum notice of 60 (sixty) days of the date of commencement of the planned production.

11.6 If ANP approves the continuity of production, without interruption, after a test of long duration, the revision of the Annual Production Schedule must be submitted with a minimum notice of 60 (sixty) days of the end for this test.

11.7 Once the Annual Production Schedule is delivered, the Concessionaire will be, without prejudice to the provisions of paragraph 9.6 9.6, obliged to fulfill it, and any changes will be subject to the provisions of the Contract.

Approval of the Annual Production Schedule

11.8 ANP will have the time limit of 30 (thirty) days, after receiving the Annual Production Schedule to approve it or request the Concessionaire the changes it deems appropriate.

11.8.1 If ANP request modifications, the Concessionaire must resubmit the Annual Production Schedule including such changes.

11.8.1.1 The Schedule should be resubmitted within 30 (thirty) days from the requested date.

11.8.2 If the Concessionaire disagrees with the proposed changes, it may discuss with ANP aiming to adjust the changes to be implemented in the Annual Production Schedule.

11.9 The Concessionaire is obliged to comply with the Annual Production Schedule submitted to ANP with the changes that may have been determined by the Agency, applying to these changes the procedure laid down in paragraph 11.8 11.8.

11.10 If, at the beginning of the period to which a particular Annual Production Schedule refers to, the Parties are in conflict due to the application of the provisions in paragraph 11.8 11.8, it will be used in any month and up to the solution of this conflict, the lowest production level among those proposed by the Concessionaire and ANP.

Review

11.11 The Parties may adjust, at any time, the review of an annual schedule of ongoing production, provided such review satisfies the provisions of sections 11.2 11.2 to 11.7 11.7.

11.12 When the review is being proposed by ANP, the Concessionaire will have 30 (thirty) days after receiving the notification to discuss it with ANP and present it a revised Annual Production Schedule.

11.12.1 Any revisions will apply, in which incumbent upon, the provisions of paragraphs 11.8 11.8.

Variation in the Produced Volume

11.13 The volume produced in each field, each month, may not undergo variation greater than 15% (fifteen percent) in relation to the volume of the level of production scheduled for the corresponding month in the Annual Production Schedule.

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

11.13.2 The Concessionaire must present justification, in a formal and written way to ANP until the 15th (fifteenth) day of the following month.

Temporary Production Interruption

11.14 According to the Best Practices of the oil industry, the Concessionaire may request ANP to approve, by means of prior and express manifestation, the

interruption of the production of a field, for a maximum period of one year, except in cases of emergency, force majeure, or similar causes, in which the interruption should be notified immediately.

11.14.1 ANP will assess the request within 60 (sixty) days, or may request clarification to the Concessionaire.

11.14.1.1 The deadline for assessment will be renewed for the same period.

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

CLAUSE TEN SECOND MEASUREMENT, MONTHLY BULLETINS AND PRODUCTION AVAILABILITY

Measurement

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

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

Monthly Bulletins

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

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

Availability of Production

12.4 The ownership of the measured volumes of Oil and Natural Gas pursuant to paragraph 12.1 12.1 will be given to the Concessionaire at the measurement point of production.

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

Free Provision

12.5 Taking into account the provisions in paragraph 12.6 12.6, it is ensured to the Concessionaire the free provision of the volumes of Oil and Natural Gas it is granted with pursuant to paragraph 12.4 12.4.

Supply to the Domestic Market

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

- 12.6.1 It is considered as emergency situation that thus decreed by the President of the Republic.
- 12.6.2 The share of production with limited export should be directed to the supply of the Brazilian market or the composition of strategic inventory for the country.
- 12.6.3 ANP will formally notify the Concessionaire regarding the limitation of exports with a minimum notice of 30 (thirty) days.
- 12.6.4 The share of production related to the restriction on the free provision will, every month, be determined in relation to the share proportion by the Concessionaire on the national production of Oil and Natural Gas in the immediately preceding month.

Consumption in Operations

- 12.7 The Concessionaire may use as a fuel, in the implementation of operations, Oil and Natural Gas produced in the concession area, provided it is done so in reasonable quantities and compatible with the Best Practices of the oil industry.
 - 12.7.1 The Concessionaire must inform ANP, upon reasoned notification, formal and in writing, the quantity of Oil and Natural Gas consumed in the operations and the purpose of their use.
 - 12.7.2 The Concessionaire should include such information in the monthly production bulletin.
 - 12.7.3 The volumes of Oil and Natural Gas consumed in the operations shall be calculated for the purposes of calculating the due Governmental and Third Parties Share, provided for in clause twenty-three.

Production of Test

- 12.8 The data, information, results and interpretations arising from the formation or long duration tests during the execution of the Operations of this Contract should be informed to ANP immediately after their completion.
 - 12.8.1 The information should also include the volumes of Oil, Natural Gas and water produced.
 - 12.8.2 In the case of tests of long duration, the data, information, results and interpretations should be sent to ANP in accordance with the frequency established in the approved Discovery Assessment Plans.
 - 12.8.3 The productions and movements from tests of long duration should be reported via the Monthly Production Bulletin.
- 12.9 The volumes of Oil and/or Natural Gas obtained during the long duration tests should be given to the Concessionaire in the form of paragraph 12.4 12.4 and calculated for the purposes of calculating the due Governmental and Third Parties Shares, provided for in clause twenty-three.

Natural Gas

12.10 The volumes of Natural Gas produced under this Contract may be used by the Concessionaire under the terms of paragraph 12.7 12.7.

12.11 The burning in *flares* should be restricted to prior volumes and formally approved by ANP in accordance with the Best Practices of the oil industry and the applicable legislation, except, in any case, the provisions of article 47, § 3, of Law no. 9,478/97.

Losses

12.12 Any loss of oil or Natural Gas that have occurred under the responsibility of the Concessionaire, as well as the burning of Natural Gas associated with, will be included in the total volume of production to be calculated for the purpose of payment of Governmental and Third Parties Shares provided for in clause twenty-three, in accordance with article 47, § 3, of Law no. 9,478/97, without prejudice to the application of the provisions in Clause twenty-nine and thirty.

12.13 The burning of Natural Gas in *flares* will only be allowed for reasons of safety, emergency, and commissioning, being the volume the maximum one specified in the applicable legislation or by authorizations granted by ANP.

12.14 The Production of oil and/or Natural Gas in fields may only be initiated after the completion of the installation of the system of exploration or reinjection of Natural Gas, except in the cases expressly authorized by ANP.

CLAUSE THIRTEEN INDIVIDUALIZATION OF PRODUCTION

Agreement of Individualization of Production

13.1 The procedure of individualization of production of Oil and Natural Gas should be instituted if it is identified that an ore body extends beyond the Concession Area.

13.2 The agreement of individualization of production and the commitment of individualization of production shall be prepared in accordance with applicable law, as recommended by art. 34 of Law no. 12,351/2010.

CAPÍTULO IV - EXECUTION OF OPERATIONS

CLAUSE FOURTEENTH EXECUTION BY THE CONCESSIONAIRE

Exclusivity of the Concessionaire

- 14.1 The Dealer, taking into account the terms, conditions and duration of the contract, will hold the exclusive right to carry out the operations in the Concession Area.

Designation of the Operator by the Concessionaire

- 14.2 The Operator is designated by the Concessionaire, for, on its behalf:
- a) Lead and perform all the operations provided for in this Contract;
 - b) Submit all plans, programs, proposals and communications to ANP; and
 - c) Receive all responses, requests, proposals and other communications from ANP.
- 14.3 The operator shall be responsible for the full compliance with all the obligations of the Concessionaire established in this Contract relating to any aspect of operations and the payment of Government Holdings.
- 14.4 The exception from the scope of this paragraph is the provisions relating to the assignment of rights and obligations provided for in clause twenty-eighth of the Contract.
- 14.5 The operator must hold at least 30% (thirty percent) of the Contract share throughout its duration.
- 14.6 The operator may renounce from its function at any time by notifying ANP with a minimum notice of 90 (ninety) days after the date of realization of the renunciation.
- 14.7 The operator may be removed by ANP in the event of noncompliance of any of the clauses of this Contract, if it does not correct its fault within 90 (ninety) days after receiving the notification of this Agency indicating the alleged noncompliance.
- 14.8 In the cases provided for in paragraphs 14.6 14.6 and 14.7 14.7 the Concessionaire must appoint a new operator, observing point "c)" paragraph 28.3 28.3 of this Contract.
- 14.8.1 The new Operator indicated by the Concessionaire may only carry out its activities after the approval by ANP, assuming all the rights and obligations under this Contract.
 - 14.8.2 The resigned or removed Operator should transfer to the new Operator the custody of all assets used in the Operations, accounting records, archives, and other documents relating to the Concession Area and the operations in question.

- 14.8.3 After the transfer, the resigned or removed operator will be liberated and relieved from all obligations and liabilities arising from its condition of Operator subsequent to the date of the transfer.
- 14.8.4 The resigned or removed operator will remain responsible for any acts, events or circumstances that occurred during its management related to its condition of operator.
- 14.9 ANP may, as a condition for approval of a new operator, require that this and the resigned or devoid operator adopt the necessary measures for the total transfer of information and other aspects related to this Contract.
- 14.9.1 ANP may require the completion of an audit and inventory until the transfer of the operations to the new operator.
- 14.9.2 The costs of the audit and inventory should be paid by the Concessionaire.

Diligence in Conducting the Operations

14.10 The Concessionaire must plan, prepare, implement and control the operations in a diligent, efficient and appropriate way, in accordance with applicable laws and with the Best Practices of the oil industry, always respecting the provisions of this Contract and not practicing any act that may define or configure breach of the economic order.

14.11 The Concessionaire must, in all operations:

- a) Adopt the necessary measures for the conservation of oil resources and other natural resources, for the protection of human life, property and environment, in accordance with Clause Twenty Six Operational Safety and Environment;
- b) Obey the rules and technical, scientific and security relevant procedures, even as for the recovery of fluids, aiming at the rationalization of production and control of the decline of the reserves; and
- c) Employ, whenever appropriate and economically justified, at the discretion of ANP, technical experience and more advanced technologies, including those that can increase the economic yield and production of the deposits.

14.12 It is the duty of the Operator Concessionaire:

- a) maintain a minimum staff, domiciled in Brazil, fluent in Portuguese language and able to manage the daily operations in an efficient and effective way, as well as respond to incidents as appropriate and immediate; and
- b) Continuously monitor all the activities that involve operational, environmental or human health risks, through a monitoring center, necessarily located in Brazil.

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

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

Licenses, Permits and Permissions

14.13 The Concessionaire should, on its expenses and risk, obtain all licenses, permits, permissions and rights required in accordance with the Applicable Law.

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

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

Free Access to the Concession Area

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

Drilling and Abandonment of Wells

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

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

14.17 The Concessionaire may interrupt the drilling of a well and abandon it before reaching the predicted stratigraphic objective, taking into account the applicable legislation and in accordance with the Best Practices of the oil industry.

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

Programs for Additional Work

14.18 The Concessionaire may, at any time, propose the implementation of programs for additional work in the Concession Area.

14.18.1 The additional work schedule proposed and the investment required to implement it should be submitted to ANP, taking into account the terms of this Contract.

Acquisition of Data Outside the Concession Area

14.19 Upon circumstantial request of the Concessionaire, ANP may authorize the acquisition of geological, geophysical and geochemical data outside the limits of the Concession Area.

14.19.1 The Concessionaire must make formal and in writing request containing the technical justification for the acquisition of data.

14.19.2 The data acquired from outside the limits of the Concession Area will be classified as public immediately after their acquisition.

14.19.3 The Concessionaire must deliver to ANP data and information acquired from outside the limits of the Concession Area as per the applicable legislation.

14.19.4 The activities performed outside the limits of the Concession Area will not be considered for abatement of the Minimum Exploratory Program.

CLAUSE FIFTEEN OPERATIONS CONTROL AND ASSISTANCE BY ANP

Follow Up and Monitoring by ANP

15.1 ANP, directly or through arrangements with bodies of the Federal Government or States or the Federal District, shall perform the monitoring and permanent supervision of the Operations.

15.1.1 The action or omission of the monitoring and supervision mentioned in this paragraph in no way shall exclude or reduce the responsibility of the Concessionaire for the faithful fulfillment of obligations.

Access and Control

15.2 ANP will have free access to the Concession Area and ongoing Operations, equipment and facilities of the Concessionaire, as well as all records, studies and technical data available, for the purposes of monitoring and inspection.

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

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

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

Assistance to the Concessionaire

15.4 ANP, when requested, may provide assistance to the Concessionaire in obtaining licenses, permits, permissions and rights referred to in paragraph 14.3 14.13.

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

Exemption of Liability by ANP

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

CLAUSE SIXTEEN ANNUAL WORK AND BUDGET SCHEDULE

Correspondence between the Content and Other Plans and Schedules

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

Deadlines

- 16.2 The Concessionaire must submit to ANP, up to 31 (thirty one) October of each year, the Annual Work and Budget Schedule according to the applicable legislation, in compliance with paragraph 32.1 32.1.
- 16.2.1 The first Annual Work and Budget Schedule should cover the remainder of the current year and must be presented by the Concessionaire within 60 (sixty) days after the date of signature of this Contract.
- 16.2.2 In the case of missing less than 90 (ninety) days to the end of the current year, the first Annual Work and Budget Schedule will also include, separately, the immediately following year.

Revisions and Amendments

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

CLAUSE SEVENTEEN DATA AND INFORMATION

Supply by the Concessionaire

17.1 The Concessionaire must keep ANP informed about the progress, results and deadlines of the operations.

17.1.1 The Concessionaire will send ANP copies of maps, sections, profiles, acquired data, studies and geological, geophysical and geochemical reports, including interpretations, data from wells and tests, in addition to reports or any other documents defined in specific regulations and obtained as a result of operations and from this Contract containing information necessary for the characterization of the progress of the work and the geological knowledge of the Concession Area.

17.1.2 In accordance with art. 22 of Law no. 9,478/197, the technical collection consists of the technical data and information on the Brazilian sedimentary basins and an integral part of the national petroleum resources, and such data and information, including those relating to the geology, geophysics and geochemistry of the concession area, are to be delivered by the Concessionaire to the administration of ANP.

17.1.3 ANP must ensure compliance with the periods of confidentiality, in accordance with the applicable legislation.

17.1.4 The quality of the copies and reproductions of other data and information mentioned in this paragraph shall save absolute fidelity and standard equivalent to the originals, including the color, size, readability, clarity, compatibility and other relevant characteristics.

Abroad Processing or Analysis

17.2 The Concessionaire may send abroad samples of rocks and fluids, or data of geology, geophysics and geochemistry.

17.2.1 The sending will only be allowed if aimed at the analysis, test, or the processing of data.

17.2.2 The sending is subject to the prior and express authorization of ANP.

17.2.3 The Concessionaire must send to ANP a formal request in writing, containing, in relation to samples or data:

- a) The justification on the need of the sending abroad.
- b) Detailed information, as well as indication of their equivalent kept in the country;
- c) Detailed information on the analyzes, tests and processes that will be submitted, emphasizing the tests of destructive nature, if provided for;
- d) Data about the institution of destination;
- e) The estimated date for completion of the analysis, tests and processes; and
- f) The estimated date of return to the country;

17.2.4 The Concessionaire must:

- a) Keep copy of information or data or equivalent of the sample in the national territory;
- b) Return the samples, data or information to the Country, after the analysis, test or processing;
- c) Provide ANP with the results obtained with carried out analyzes, tests and processing, meeting the deadlines of the applicable legislation.

CLAUSE EIGHTEEN - GOODS

Goods, Equipment, Facilities and Materials

18.1 The Concessionaire must provide directly, buy, rent, lease or in any other way obtain, at its own expenses and risk, all the goods, movable and immovable estates, including, but not limited to, facilities, buildings, systems, equipment, machines, materials and supplies, which are necessary for the execution of the operations.

18.1.1 The purchase, rent, lease or obtainment may be carried out in Brazil and abroad, provided the applicable legislation is respected and the provisions laid down in paragraph 19.7 19.7 and the other provisions of this Contract are followed.

Licenses, Permits and Permissions

18.2 The Concessionaire will be fully responsible, in accordance with paragraph 14.13 14.13for obtaining all licenses, permits and permissions necessary for the acquisition or use of the property referred to in paragraph 18.118.1.

Expropriations and Easements

18.3 The Concessionaire must, at its own expenses and risk, subject to the provisions in paragraph 18.2 18.2, promote the expropriations and constitute the easements of immovable properties necessary to the fulfillment of this Contract, as well as carrying out the payment of any and all damages, costs or expenses arising from it.

18.4 ANP will deal with the case aiming for the declaration of public utility, for the purposes of expropriation and institution of state easements of the immovable property referred to in paragraph 18.3 18.3, by means of a justified request, formal and in writing from the Concessionaire.

Facilities or Equipment out of the Concession Area

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

- 18.5.1 The Concessionaire must submit to ANP a justified request for the positioning of facilities or equipment outside the limits of the Concession Area.
- 18.5.2 The rationale should include technical and economic aspects, as well as the project of positioning or construction, as the case may be.
- 18.5.3 It should also be applied to the equipment and facilities the provisions of Clause Twenty First.

Return of Areas and Reversion of Property

- 18.6 If the Concessionaire uses wells or pre-existing infrastructure, it shall, in relation to these, bear the responsibilities laid down in the Contract and the Applicable Legislation.
- 18.7 When it is a Field, the planning of decommissioning and abandonment and the mechanisms to make the necessary funds available will be provided in the respective Development Plan and periodically reviewed throughout the Production Phase.
 - 18.7.1 The cost of the decommissioning and abandonment operations should be provided so as to cover the activities of definitive abandonment of wells, deactivation and removal of lines and facilities and rehabilitation of areas, according to the applicable legislation.

Guarantees of Decommissioning and Abandonment

- 18.8 The Concessionaire must submit a guarantee of decommissioning and abandonment, through warranty insurance, letter of credit, fund for provisioning or other forms of guarantees accepted by ANP, in accordance with the approved Development Plan and the applicable legislation.
 - 18.8.1 The amount of the field decommissioning and abandonment guarantee will be reviewed by request of the Concessionaire or ANP, if there are events that may change the cost of abandonment and decommissioning operations.
 - 18.8.2 ANP may audit the accounting procedures used by the Concessionaire.
 - 18.8.3 If the guarantee of decommissioning and abandonment is formed through fund of provisioning, the balance found after the completion of all of the necessary decommissioning and abandonment operations of the field will be of exclusive right of the Concessionaire.
 - 18.8.4 The presentation of the decommissioning and abandonment guarantee does not relieve the Concessionaire from holding on its expenses and risk, all the operations necessary for the decommissioning and abandonment of the field.

Goods to be Reverted

- 18.9 Under the terms of arts. 28 and 43 (VI) of Law no. 9,478/1997 and the applicable law, any movable and immovable property, main and accessories, members of

the Concession Area, and that, at the sole discretion of ANP, are needed to enable the continuity of operations or whose use is considered of public interest will accrue to possession and ownership of the Federal Government and the administration of ANP in the case of termination of this Contract or the return of parcels in the Concession Area.

- 18.9.1 If there is sharing of goods for the operations of two or more fields in the concession area, the Concessionaire may retain such assets until the closure of all operations.

Removal of Goods Not Reverted

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

CLAUSE NINETEEN STAFF, SERVICES, AND SUBCONTRACTS

Staff

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

Services

- 19.6 The Concessionaire must directly run, hire, or otherwise obtain, on his own expenses and risk, all the services necessary for the fulfillment of this Contract.

- 19.6.1 The recruitment and hiring of the services may be carried out in Brazil or abroad, provided the Applicable Law is respected, even with respect to the minimum percentage of Brazilian labor used.
- 19.6.2 If it hires from its affiliates the provision of services, prices, time, quality and other adjusted terms should be competitive and compatible with market practices, complied with the provisions of clause twenty.
- 19.7 The Concessionaire must assert for all its contractors and suppliers the provisions of this Contract and the applicable legislation.
- 19.8 The Concessionaire will objectively respond for the activities of its subcontractors that result, directly or indirectly, in damage or injury to ANP or the Federal Government.
- 19.9 The Concessionaire must keep the inventory and the records of all the services referred to in paragraphs 19.1 19.1 and 19.6 19.6 updated, taking into account the applicable legislation.
- 19.9.1 Any inventory balances not used in other areas of concession, authorized by ANP, should be treated as rebates of cost in the operations.

CLAUSE TWENTY LOCAL CONTENT

Commitment of the Concessionaire to Local Content

- 20.1 The Concessionaire must:
- 20.1.1 Meet the Local Content disposed in Annex IX.
- 20.1.2 Ensure preference to hiring Brazilian suppliers, whenever their offers present good conditions of price, time and quality that are more favorable, or equivalent to those of non-Brazilian suppliers.
- 20.2 The processes of acquisition or hiring of goods and services targeted to the fulfillment of the object of this Contract shall:
- a) Include Brazilian suppliers among the suppliers invited to submit proposals.
- b) Provide the specifications of hiring also in Portuguese language;
- c) Accept equivalent specifications, provided the Best Practices of the oil industry are met.
- 20.2.1 The acquisition of goods and services supplied by affiliates is also subject to the specifications of this Clause, except in cases of services that, in accordance with the Best Practices of the oil industry, are usually made by affiliates.

Benchmarking of Local Content

- 20.3 For the purposes of benchmarking, the Local Content of goods and services should be expressed in percentages in relation to the amount of the good or service purchased or hired.

- 20.3.1 The Local Content of goods and services should be proven to ANP through the presentation of certificates of their Local Content.
- 20.3.2 The goods and services whose Local Content is inferior to 10% (ten percent) will be considered as aliens in the computation of Local Content for the fulfillment of the contractual obligations.
- 20.3.3 Notwithstanding the above provision, the Local Content on the maritime projects of seismic data acquisition and chartering of drilling rigs, as well as drills acquired by the Concessionaire, will be considered even if its Local Content is inferior to 10% (ten percent).
- 20.4 For the determination of the percentage of Local Content, the monetary amounts corresponding to the purchases of goods and services will be updated for the month and year in which the verification of compliance with the provisions in this clause is accomplished, using the General Market Price Index (IGP-M) of Getulio Vargas Foundation.
- 20.5 The milestones for Local Content measurement by ANP will be:
- a) The end of the Exploration Phase;
 - b) The end of each Module of the Development Phase; or
 - c) The closure of the stage of development in a field that does not include modular development.

Development Phase for the Purposes of Local Content

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

Exemption from the Obligation of Compliance with the Local Content

- 20.7 ANP may exempt the Concessionaire from the compliance with the Local Content percentage with which it is committed in relation to recruitment of a specific good or service when:
- a) There is no Brazilian supplier for the purchased product or contracted service;
 - b) All proposals received from Brazilian suppliers present an excessive delivery limit in relation to non-Brazilian counterparts;
 - c) All proposals received from Brazilian suppliers present an excessive price in relation to non-Brazilian counterparts; or
 - d) There is no replacement of a given technology for which there is no offer with Local Content. In this case the exemption of compliance with Local Content only applies to goods and services replaced by new technology.

- 20.7.1 The exemption from the requirement of compliance with the Local Content does not extend to the overall percentage of Local Content.
- 20.7.2 The exemption request must be made in a reasoned way and presented to ANP during the duration of the phase or step in which the exemption is intended.
- 20.7.3 If ANP has granted the exemption mentioned in the *caput* of this paragraph due to the conditions provided in “a”, “b”, “c” and “d”, the Concessionaire is obliged to prove the accomplishment of the alleged conditions for the granting of the exemption.

Adjustments in the Committed Local Content Percentage

- 20.8 The Concessionaire may request from ANP the adjustment of the Local Content with which it has committed itself to.
 - 20.8.1 The request for reduction of Local Content should be made in relation to the supply lines of the Table of Local Content, whereas the Local Content for the other items.
 - 20.8.2 The adjustments in the committed Local Content do not extend to the overall Local Content.
 - 20.8.3 The request must be made in a reasoned way and presented to ANP during the duration of the phase or step in which the adjustment is intended.

Surplus of Local Content

- 20.9 If the dealer exceeds the Local Content it undertook, either at the exploration phase or in a module of the development phase, the surplus amount, in Real, may be transferred to the module of the development phase to be implanted thereafter.
- 20.10 The transfer of the Local Content surplus should be directed to the modules of the development phase in the order of their deployment.
 - 20.10.1 Any balance in excess of Local Content may be transferred to Modules of the subsequent development phase.
 - 20.10.2 The transfer of Local Content surplus amounts:
 - a) Is bound to previous authorization by ANP;
 - b) Should be directed to specific items, indicated by the Concessionaire at the time of its transfer request; and
 - c) Does not relieve the Concessionaire from the compliance with the overall percentage of Local Content.

Fine for Noncompliance with the Local Content

- 20.11 The noncompliance of Local Content is to subdue the Concessionaire to a fine.
 - 20.11.1 The amount of the fine will be calculated on the non-complied monetary amount, subject to the following percentages:

- a) If the noncompliance of Local Content is equal to or greater than 65% (sixty-five percent): $\frac{8 \cdot NR - 1}{7}$, in which NR is the Non-Performed Local Content; and
 - b) If the noncompliance of Local Content is inferior to 65% (sixty-five percent): 60% (sixty percent).
- 20.12 If there is a noncompliance simultaneously to more than one item of Local Content, the amount of the fine shall correspond to the sum of the fines for each item.
- 20.13 In the event of non-compliance with the global and Local Content for the items specified in the table of Annex IX, the amount of the fine to be applied to the items will be deducted from the amount of the fine to be imposed for non-compliance with the overall Local Content.
- 20.13.1 If the result of the deduction is negative, the fine of the overall Local Content will be null.
- 20.14 In the event of non-compliance with the Local Content for items and their related sub-items specified in the table of Annex IX, the amount of the fine to be applied to the sub-items will be deducted from the amount of the fine to be imposed for non-compliance with the Local Content for the items.
- 20.14.1 If the result of the deduction is negative, the fine of the Local Content of the item will be null.

CLAUSE TWENTY ONE **OPERATIONAL AND ENVIRONMENTAL SAFETY**

Environmental Control

- 21.1 The Concessionaire must have a safety and environment management system that meets the Best Practices of the oil industry and the applicable legislation.
- 21.2 The Concessionaire must, in the execution of the contract:
- a) Ensure the preservation of an ecologically balanced environment;
 - b) Minimize impacts and/or damage to the environment;
 - c) Ensure the safety of operations in order to protect human life and the environment;
 - d) Ensure the protection of the Brazilian historical and cultural heritage;
 - e) Repair the degraded environment in accordance with the technical solution required by the competent environmental organization.
 - f) Control the operations so that the methods and substances employed do not involve risk to human life and the environment.
- 21.2.1 During the Exploration and Production of Non-Conventional Resources, the Concessionaire, according to the **Applicable Legislation**, should:
- a) Ensure the integrity of the drilling, coating and cementation and the hydraulic fracturing of the wells projects to ensure the insulation, safety and the quality of the soil, sub-soil, groundwater and aquifers; and

- b) Ensure the integrity of the processes of acquisition, use, treatment reuse and/or disposal of water and fluids during the hydraulic fracturing operations.

21.3 ANP may request copy of studies submitted for the approval of the competent environmental organization if the realization of their contents may become necessary for instruction/management of the Contract.

21.4 If there is environmental licensing process which the competent organization deems necessary for the achievement of Public Hearing, the Concessionaire must send ANP copy of studies designed to obtain licenses at an earlier date of the Hearing.

21.5 The Concessionaire must submit to ANP copy of the environmental permits and their respective renewals within 30 (thirty) days after its acquisition, or, before that, when necessary to instruct authorization procedure that requires such documents.

21.6 The Concessionaire must immediately inform ANP and the competent authorities of any occurrence, due to fact or act either intentional or accidental, involving risk or damage to the environment or human health, material damage to its own assets or of third parties, fatalities or serious injuries for the personnel or to third parties or unscheduled interruptions of the operations, according to the applicable legislation.

21.7 The Concessionaire must have a social responsibility and sustainability management system that meets the social responsibility guidelines and the applicable legislation.

Liability for Damage and Losses

21.8 Without prejudice to the provisions in paragraph 21.1 21.1, the Concessionaire shall assume full and objective responsibility for all damage to the environment that may result, directly or indirectly, from the execution of the operations.

21.8.1 The Concessionaire will have to repair the damage resulting from the operations.

21.8.2 The Concessionaire must indemnify the Federal Government and ANP pursuant to paragraph 2.2 2.2 to 2.6 2.6, for all and any action, appeal, demand or contested judicial arbitration, audit, inspection, investigation or controversy of any kind, as well as for any indemnifications, compensations, punishments, fines or penalties of any nature, arising from or related to such damages and losses.

CLAUSE TWENTY TWO INSURANCES

Insurances

22.1 The Concessionaire must provide and maintain in force during the entire duration of the Contract, without restrictions of its responsibility under this Contract, insurance coverage for all cases required by applicable law.

22.1.1 The coverage of such insurance should cover:

- a) Goods;

- b) Staff;
- c) Extraordinary expenses in the operation of wells;
- d) Cleaning from accidents;
- e) Decontamination from accidents; and
- f) Civil Liability for environmental damage.

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

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

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

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

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

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

CAPÍTULO V - GOVERNMENT CONTRIBUTIONS AND INVESTMENTS IN RESEARCH, DEVELOPMENT AND INNOVATION

CLAUSE TWENTY THREE CONTRIBUTIONS

Governmental and Third Parties Contributions

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

CLAUSE TWENTY FOUR RESOURCES FOR RESEARCH, DEVELOPMENT AND INNOVATION

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

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

24.4 The rest of the resources provided in subparagraph 24.1 24.1 could be for the activities of research and development and innovation, in lines of research or projects determined by the Concessionaire.

24.4.1 The resources mentioned in this paragraph may be spent on facilities of the own Concessionaire or through its affiliates, provided it is located in Brazil, or contracted by the companies based in Brazil, irrespective of the fact of these involve or be related to the operations of this Contract.

24.5 Eventual qualified expenses with Research, Development and Innovation carried out by the Concessionaire at amounts greater than the equivalent to 1% (one percent) of the Gross Amount of production may be compensated on behalf of the Concessionaire for the proof of this requirement in future periods of this Contract.

24.5.1 Such compensation is restricted to the field in which the applied resources exceeded the percentage of 1% (one percent).

24.6 A Technical-Scientific Committee, with responsibilities and composition as defined in a Resolution of ANP, should annually prepare and publish a list of priority areas, activities and projects of interest and relevant topics in research, development and innovation for the Oil, Natural Gas and Biofuel industry, as well as guidelines for the application of resources from the obligation set out in paragraphs 24.2 24.2 and 24.3.

CLAUSE TWENTY FIVE TAXES

Tax System

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

Certificates and Proof of Regularity

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

CLAUSE TWENTY SIX CURRENCY AND FOREIGN CURRENCIES

Currency

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

Foreign Currency

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

CLAUSE TWENTY SEVEN ACCOUNTING AND AUDITING

Accounting

27.1 The Concessionaire must, in accordance with the applicable law:

- a) Keep all documents, books, papers, records, and other parts;
- b) Keep corroborating documents needed for the measurement of Local Content and Governmental and Third Parties Share that may support the accounting records;
- c) perform the due journal entries;
- d) Submit the financial and accounting statements; and
- e) Submit to ANP quarterly expenses on exploration, development and production and the local investments report in exploration and development, in accordance with applicable law.

Audit

27.2 ANP may hold financial and accounting audit of this Contract and the calculation statements of the Government holdings, in accordance with applicable law.

- 27.2.1 ANP will audit directly or through agreements, according to the applicable legislation.
- 27.2.2 ANP shall notify the Concessionaire at least 30 (thirty) days in advance.
- 27.2.3 ANP will have broad access to documents, books, papers, records, and other parts, referred to in paragraph 27.1 27.1, including contracts and agreements signed by the Concessionaire and related to the acquisition of goods and services for the operations for the last five closed calendar years.
- 27.2.4 The Concessionaire is responsible for the information provided by third parties.
- 27.2.5 The Concessionaire must keep at the disposal of ANP certificates of Local Content, in addition to contracts, tax documents and other proving records corresponding to the good or service purchased, for a term of 10 (ten) calendar years.
- 27.2.6 ANP may require from the Concessionaire any documents necessary to resolve any doubts.
- 27.2.7 The holding or not of the audit does not exclude or reduce the responsibility of the Concessionaire for the faithful fulfillment of the obligations of this Contract.

CAPÍTULO VI - GENERAL PROVISIONS

CLAUSE TWENTY EIGHT ASSIGNMENT OF RIGHTS AND OBLIGATIONS

Assignment

- 28.1 The Concession Area may be the object of sale with the prior consent of ANP.
- 28.2 The assignment may result in changes to the Concessionaire or in the division of the Concession Area.
- 28.3 Assignment treatment will be given to the following assumptions:
- a) Total or partial transfer of ownership or rights and obligations arising from this Contract;
 - b) Merger, split and incorporation of a company part of the Concessionaire consortium;
 - c) Change of operator or guarantor;
 - d) Amendment of corporate composition, direct or indirect, that implies the transfer of the majority control of the Concessionaire (fifty percent plus one of the shares or shares of the total with the right to vote).
- 28.4 The transfer will only be allowed to companies that meet the technical, legal and economic requirements established by ANP in the form of art. 25 of Law no. 9,478/1997.
- 28.4.1 If the Assignment involves change of operator, ANP should require that the new operator meet the same requirements regarding the technical, financial and legal qualifications set forth in the Bidding Notice.

Undivided Share in the Rights and Obligations

- 28.5 The assignment in whole or in part of the area of the contract will be always an undivided share in the rights and obligations of the Concessionaire, respecting the joint responsibility between the transferor and the transferee in accordance with the applicable law.

Partial Area Transfer in the Exploration Phase

- 28.6 If ANP authorizes an Assignment of rights and obligations to result in the division of the Concession Area, the area to be transferred and the remaining area should be circumscribed, each one, for a single polygonal line mapped out according to the criteria established by ANP.
- 28.6.1 The resulting areas will be independent for all purposes, including for the calculation of Governmental and Third Parties Equity.
- 28.6.2 ANP may define an additional Minimum Exploratory Program for the areas to be divided.

- 28.6.3 Each of the divided areas should have a Minimum Exploratory Program associated with it; the sum of activities should be greater than that provided for in the original program.

Assignments of Areas in Production Phase

- 28.7 The assignment of rights and obligations of part of a field will not be allowed, except as an alternative to an unaccomplished agreement of production individualization, at the sole discretion of ANP.

Participation of the Concessionaire

- 28.8 Each one of the members of the Consortium, without prejudice to the provisions of paragraph 14.5 14.5 should hold, all the time, at least 5% (five percent) of participation in the Concession Area.

Documents Needed

- 28.9 The transferor must submit request for assignment to ANP, formally and in writing, adding to its request all documentation required by ANP.

Invalidity of the Assignment and the Need for Prior and Expressed Approval

- 28.10 Any assignment that does not comply with the provisions in this clause twenty-eight will be null in full right.

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

Approval of the Assignment

- 28.11 ANP will, within 90 (ninety) days from the date of receipt of the request and the documents referred to in paragraph 28.9 28.9, act in respect of the intended transfer based on reasoned and conclusive opinion.

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

- 28.11.2 Such modifications or requirements must be met within 30 (thirty) days from the request by ANP, giving back to this, after the submission of all documentation requested, the period referred to in paragraph 28.11 28.11.

- 28.11.3 The process of Assignment of rights and obligations will be archived when they are not complied with the requests of ANP within the given deadline.

- 28.12 The approval of the transfer of rights and obligations of a particular Concession Area by ANP will only happen in the hypothesis of transferor and transferee being in default with the Governmental and Third Parties Holdings, and will be conditioned to the regularity of other obligations to ANP, with the exception of paragraph 29.3.2 29.3.2.

Realization of the Assignment

28.13 After the approval of the Assignment by ANP, the Contract should be added so the Transfer may take place, with the exception provided for in paragraph 28.15 28.15.

28.14 Within 30 (thirty) days from the date of approval of the assignment, the Parties shall sign the amendment that will formalize the new composition of the contract and the indication of the operator.

28.14.1 The amendment signed by the Parties will be effective from the publication of its text in the Official Gazette.

28.14.2 Within 45 (forty five) days after the realization of the assignment, the Concessionaire must submit to ANP copies of the consortium contract or its amendment agreement, duly signed, and the publication of the archiving certificate in the competent trade record.

New Concession Contract

28.15 In the event of division of the Contract Area provided for in paragraph 28.3 28.3, a new Concession Contract must be signed for each area resulting from the division, while maintaining the same terms, obligations, schedules and deadlines of the original Contract.

28.15.1 After the approval of the assignment, ANP shall convene the Concessionaires to conclude the new Concession Contracts within 30 (thirty) days from the approval.

28.15.2 The new Concession Contracts signed by the Parties will be effective after the publication of its text in the Official Gazette.

29. CLAUSE TWENTY NINE NONCOMPLIANCE, PENALTIES AND REVOCATION OF THE CONTRACT

Sanctions

29.1 In the event of breach of the obligations laid down in this Contract or its fulfillment at a place, time or manner different from what was agreed, the Concessionaire will incur in specific sanctions provided for in this document, without prejudice of the accountability for any losses and damages arising from the non-fulfillment.

29.2 If the Applicable Legislation is not followed, the Contracted Party will incur in reasonable legal and administrative penalties, without prejudice to the application of contractual penalties provided for in paragraph 31.1.

Resolution

29.3 This contract will be resolved, taking into account the provisions in paragraph 29.6 29.6, in the following cases:

- a) Non-compliance, by the Concessionaire, of the contractual obligations within the time limit set by ANP, since it is not a case of full right extinction;
- b) Bankruptcy or request for judicial recovery by any Concessionaire.

- 29.3.1 To necessitate the termination of the Contract, the time limit referred to in line "a" may not be inferior to 90 (ninety) days, except in cases of extreme urgency or option for sanctions as provided for in paragraph 29.8.
- 29.3.2 The resolution shall take effect only with relation to the defaulter, and it may transfer its undivided share in rights and obligations of this Contract to other members of the consortium.
- 29.4 In any of the cases provided for in line "b", a period of 90 (ninety) days will be given after the date of such events, so the Concessionaire may transfer its undivided share in the rights and obligations of this Contract.
- 29.5 If the assignment is not performed, ANP will resolve this Contract with relation to the defaulter Concessionaire, without prejudice, as to such a resolution, of the rights and obligations of the other Concessionaires.
- 29.6 The resolution of this Contract in the manner of paragraph 29.3 29.3 should be preceded by the observation of the absolute non-fulfillment by the Concessionaire, through administrative process in which it is guaranteed the right to the audi alteram partem principle and full defense.
- 29.7 If this Contract is settled by ANP, the Concessionaire will respond for the losses and damages resulting from its defaults and the resolution, bearing all due reparations and compensation in the form of the law and this document, still taking into account the provisions in paragraphs 3.5 3.6 concerning the return of the Concession Area.

Option for Sanctions

- 29.8 ANP will not resolve this Contract and apply the penalties indicated in paragraphs 29.1 29.1 to 29.2 29.2 in the following cases:
- a) The non-fulfillment of the contract by the Concessionaire, at the discretion of ANP, is not serious, or repeated, or developer of incompetence, carelessness or contumacious negligence; or
 - b) It is proven there was a diligent action by the Concessionaire in order to correct the violation of the contract.

Extinction

- 29.9 This contract will be extinct:
- a) At any time, by common agreement between the Parties, without prejudice to the fulfillment of the obligations set out in Clause Five; and
 - b) Of full right, in the cases provided for in this document.
- 29.10 In the event of termination, the Concessionaire will not be entitled to any reimbursement.

CLAUSE THIRTY UNFORESEEABLE CIRCUMSTANCES, FORCE MAJEURE AND SIMILAR CAUSES

Total or Partial Exemption

30.1 The Parties will only no longer meet the obligations of this Contract in the chances of unforeseen circumstances, force majeure and similar causes to justify the failure, as the fact of the administration, the fact of the prince and the unforeseen interferences.

30.1.1 The exemption of the obligations of the debtor Concessionaire will take place only with regards to the obligations of this contract whose default becomes impossible because of the incidence of unforeseeable circumstances, force majeure or similar causes, recognized by ANP.

30.1.2 The decision of ANP that recognizes the occurrence of unforeseeable circumstances, force majeure or similar causes shall indicate the portion of the contract whose irregularity will be postponed or delayed.

30.1.3 Recognition of the incidence of unforeseeable circumstances, force majeure or similar causes does not exempt the Concessionaire from the payment of Governmental and Third Parties Holdings.

30.2 In the case of events that might be considered unforeseeable circumstances, force majeure or similar causes, the affected Party shall notify the other Party immediately, formally and in writing, specifying such circumstances, its causes and consequences. The assignment of the events should be similarly notified.

Modification and Termination of the Contract

30.3 Once the unforeseeable circumstances, the force majeure or similar causes are overcome, it is up to the Concessionaire to fulfill the affected obligations by extending the deadline for compliance with these obligations for the period corresponding to the duration of the event.

30.3.1 Depending on the extent and severity of the effects of unforeseeable circumstances, force majeure or similar causes, the Parties may agree to change the contract or its extinction.

30.3.2 Once the deadline is returned, the Concessionaire will have to comply with the obligations affected.

30.3.3 Depending on the extent and severity of the effects of unforeseeable circumstances, force majeure or similar causes, the Parties may agree to change the contract or its extinction.

Environmental Licensing

30.4 ANP may suspend the course of the contractual term if delays in the licensing procedure due to exclusive fault of the competent environmental bodies are proven.

30.4.1 The rejection in definitive character, by the competent environmental organization, of a licensing essential for the implementation of exploratory activities, due to the worsening of the rules and criteria for licensing subsequently to the signing of the Contract, may cause the contractual extinction without granting the Concessionaire the right to any type of compensation.

Losses

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

CLAUSE THIRTY ONE CONFIDENTIALITY

Obligation of the Concessionaire

31.1 Any and all data and information acquired, processed, produced or developed in any way, obtained as a result of the operations and of the contract, are strictly confidential and, therefore, may not be disclosed by the Concessionaire without prior formal and written permission of ANP, except:

- a) When the data and information are already public or become public through a third party authorized to disclose them;
- b) When there is no obligation of disclosure resulting from legal imposition or judicial determination;
- c) When the disclosure is performed in accordance with the rules and limits imposed by a stock exchange in which shares of the Concessionaire are negotiated;
- d) When the disclosure is directed to the affiliate, consultant or agent of the Concessionaire;
- e) When the disclosure is directed to the financial institution and the security company against which the Concessionaire is appealing or working as a consultant of;
- f) When the disclosure is directed to the possible transferee in good faith, affiliate or its consultant; and
- g) When the disclosure is directed to the Concessionaire or hired under another system of Oil and Natural Gas Exploration and Production of an adjacent area, the subsidiary or its consultant, aiming for signing an Agreement of Individualization of Production.

31.1.1 In the cases provided for in lines "d", "e", "f" and "g", the disclosure of data and information is subject to a formal agreement and prior written consent of confidentiality.

31.1.1.1 The agreement should provide that the third party mentioned in such points shall be obligated to comply with the provisions in paragraph 31.1 31.1 and, in the event of noncompliance, will be subject to the provisions of clause twenty-nine, without however having the benefit of the exceptions provided for in items (a) to (f) of paragraph 31.1 31.1 for the dissemination of data and information without prior consent of ANP.

31.1.2 The third party does not count with the benefit of the exceptions provided for in lines "a" to "g" for the dissemination of data and information without prior consent of ANP.

31.1.3 In the cases provided for in lines "a" to "g", the Concessionaire must send ANP notification, within 30 (thirty) days from the disclosure.

31.1.3.1 The notification must be accompanied by the data and/or information disclosed, the reasons for disclosure and the relationship of third parties who had access to such data and/or information.

31.1.3.2 In the cases provided for in lines "d" to "g", the notification must be accompanied, also, by a copy of the confidentiality agreement referred to in paragraph 31.1.1 31.1.1.

31.2 The provisions of paragraph 31.1 31.1 shall remain in force and will remain after the termination of this Contract.

Commitments of ANP

31.3 ANP commits itself not to disclose any data and information obtained as a result of the operations and related to areas held by the Concessionaire.

31.3.1 This provision does not apply where disclosure is necessary for compliance with the legal provisions which are applicable to it or for the purposes for which it was formed.

CLAUSE THIRTY TWO NOTIFICATIONS, REQUESTS, NOTICES AND REPORTS

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

32.1 The notifications, requests, forwarding of plans, programs, reports, as well as any other communications provided for in this Contract must be formal, written and delivered personally, by protocol, or sent via post or *courier*, with proof of receipt.

32.1.1 The acts and communications related to this contract must be written in Portuguese language and, with the exception of the initial communication of incident, signed by a legal representative of the Concessionaire or by an attorney with specific powers.

Addresses

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

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

Validity and Effectiveness

32.3 The notifications provided for in this Contract shall be deemed valid and effective on the date on which they are actually received.

Amendments to the Acts of Incorporation

32.4 The Concessionaire must notify ANP of any changes of its acts of incorporation, by-laws or articles of incorporation, by forwarding copies of these documents, the election documents of its administrators or evidence of the executive acting board.

- 32.4.1 After the realization of the change referred to in this paragraph the Party shall inform ANP within 30 (thirty) days.

CLAUSE THIRTY THREE LEGAL REGIME

Applicable Law

- 33.1 This contract will be executed, governed and interpreted according to the Brazilian laws.

Conciliation

- 33.2 The Parties commit themselves to make all efforts to resolve among themselves, amicably, all and any dispute or controversy arising from this Contract or related to it.
- 33.3 The Parties may, provided they enter into a formal and written agreement, appeal to an independent expert to obtain reasoned opinion that may lead to the end of the dispute or controversy.
- 33.3.1 If such an agreement is signed, the arbitration appeal may only be performed after the issuance of an opinion by an expert.

Suspension of Activities

- 33.4 ANP will decide on the suspension or not of the activities of the dispute or controversy.
- 33.4.1 The criterion to substantiate the decision should be the need to avoid personal or material risk of any nature, in particular as regards the operations.

Arbitration

- 33.5 If, at any moment, one of the Parties consider that there are no conditions for an amicable settlement of the dispute or controversy referred to in paragraph 33.2, such matter should be submitted to arbitration *ad hoc*, using as a parameter the rules laid down in the Regulation of Arbitration (Arbitration Rules) of the United Nations Commission on International Trade Law - UNCITRAL and in line with the following precepts:
- a) The choice of arbitrators shall follow the standard established in the Arbitration Rules of UNCITRAL;
 - b) Three arbitrators should be chosen. Each Party shall choose an arbitrator. The two arbitrators so appointed shall appoint the third arbitrator, who will act as president;
 - c) By agreement of the Parties a single arbitrator may be determined under the assumptions on which the involved amounts are not large.
 - d) The city of Rio de Janeiro, Brazil, will be the seat of arbitration and the place of delivery of the arbitral award;
 - e) The language to be used in the arbitration proceeding shall be the Portuguese language. The Parties may, however, instruct the process with

testimony or documents in any other language if the arbitrators so decide, without the need for official translation.

- f) All and every expenditure required for the installation and development of arbitration, such as costs and advance of arbitration and expert fees, shall be borne solely by the Concessionaire. ANP will only compensate such amounts in case of final conviction, in the form as decided by the arbitrators;
- g) In merit, the arbitrators shall decide on the basis of the Brazilian substantive laws;
- h) The arbitral award shall be final and its contents will oblige the Parties. Any amounts perhaps owed by ANP will be paid off through writ of payment, except in the case of official recognition of the application; and
- i) If there is a need for precautionary, preparatory or incidental measures, or other precaution measures before being introduced to arbitration, the concerned Party may require them directly to the judiciary, with background in the applicable legislation.

33.6 The Parties by common agreement, may choose to institutionalize the arbitration in the International Court of Arbitration of the International Chamber of Commerce or before another arbitration chamber notoriously recognized and of unblemished reputation, in line with the rules of the chosen chamber, provided the precepts laid down in items "b" to "i" of paragraph 33.6 are taken into account 33.5.

33.6.1 If the dispute or controversy involves exclusively members of the Federal Public Administration, the matter may be submitted to the Board of Conciliation and Arbitration of the Federal Administration - CCAF, Federal Attorney General.

Forum

33.7 For the provisions in item "i" and for the issues that do not focus on available patrimonial rights, in accordance with Law no. 9,307/96, the Parties elect the courts of Federal Justice - Judicial Section of Rio de Janeiro, Brazil, as the only competent one, with the express waiver of any other, no matter how privileged it may be.

Execution of the Contract

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

Justifications

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

Continued Application

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

CLAUSE THIRTYFOUR FINAL PROVISIONS

Modifications and Amendments

- 34.1 The omission or tolerance by any of the Parties to the requirement of compliance with the provisions of this Contract, as well as the acceptance of a different performance of the contractually required, does not imply novation and neither shall limit the right of such Party of, on subsequent occasions, impose the observance of those provisions or require a performance compatible with the contractually required.
- 34.2 Any modifications or amendments in this contract must comply with the applicable legislation and only have validity if carried out formally and in writing and signed by the representatives of the Parties.

Titles

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

Disclosing

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

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

Rio de Janeiro,.

Agência Nacional do Petróleo, Gás Natural e Biocombustíveis – ANP

Magda Maria de Regina Chambriard

General Director of ANP

(Concessionaire)

(Signatory)

(Job Title)

«Rep4»

«cargo4»

Witnesses:

Name:

Individual Taxpayer Register

Name:

Individual Taxpayer Register

ANNEX I – CONCESSION AREA

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

CARTOGRAPHIC PARAMETERS USED FOR THE COORDINATES.

Only for reference

ANNEX II - MINIMUM EXPLORATORY PROGRAM

The tables below should include the information of the Tender Protocol and the bids of Work Units for the purposes of compliance with the Minimum Exploratory Program for the Block mentioned in Annex I.

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

Minimum Exploratory Program and Financial Guarantees

Block	Block Area (km ²)	First Exploratory Period (Work Units) ¹	Second Exploratory Period (Exploratory Well) ²	Value of the Financial Guarantee of the First Period (R\$) ³	Amount of the Guarantee (in written)
			1		

Equivalence of the Work Units (UTs)

2D Seismic (UT/km)	3D Seismic (UT/km ²)	2D Reprocessing (UT/km)	3D Reprocessing (UT/km ²)	Grav(UT/km)	MAG (UT/km)	Gama-Spectrometry (UT/km)	Electromagnetic (UT/receptor)	Geochemistry (UT/Sample)

Exploratory Well	Exploratory Objective	Stratigraphic Objective

Duration of the Exploration Phase

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

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

2 - For the purpose of compliance with the Minimum Exploratory Program, the drilled wells should achieve the exploratory objective or, if it is the first, achieve the stratigraphic objective as provided in this Contract. ANP at its sole discretion may accept other objectives proposed by the Concessionaire with the proper technical justification.

3 - The amounts shown represent the amounts of the financial guarantees for the Minimum Exploratory Program offered for the first exploratory period. The amounts of the guarantees for the second exploratory period and for the extended exploratory periods shall be defined as prescribed in clause six.

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

For deduction of the Minimum Exploratory Program: Time to be considered between the date of purchase of the data and the date of completion of the data acquisition campaign. For the acquisition of non-exclusive reprocessed surveys it will be considered as the date of purchase of the reprocessed data and the date of completion of the reprocessing.	Reducing Factor*
0 – 1 year	1.0
1 – 2 years	0.9
2 – 3 years	0.8
3 – 4 years	0.7
4 – 5 years	0.6
5 – 6 years	0.5
6 – 7 years	0.4
7 – 8 years	0.3
8 – 9 years	0.2
9 -10 years	0.1
> 10 years	0

Note:* Only the non-exclusive surveys authorized by ANP will be accepted, provided the data acquisition companies have met all the data delivery requirements to the Exploration and Production Data Base (BDEP). For the purpose of counting the amount to be considered for compliance with the Minimum Exploratory Program of the first exploratory period, the amount of the UTs corresponding to the exploratory work performed shall be multiplied by the amount of the table, according to the time elapsed between the date of purchase of the data and the date of completion of the data acquisition campaign. For the acquisition of non-exclusive reprocessed surveys it will be considered as the date of purchase of the reprocessed data and the date of completion of the reprocessing.

**ANNEX III - FINANCIAL GUARANTEE FOR THE MINIMUM EXPLORATORY
PROGRAM**

(Attach a copy of the Financial Guarantee for the Minimum Exploratory Program).

Only for reference

ANNEX IV - PERFORMANCE GUARANTEE

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

Only for reference

ANNEX V - GOVERNMENTAL AND THIRD PARTIES HOLDINGS

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

- a) *Royalties* at the corresponding amount of 10% (ten percent) of the production of Oil and Natural Gas held in the Concession Area;
- b) Special Participation at the amount defined in Decree no. 2,705, of 3 August 1998;
- c) Payment for the Occupation or Retention of Area: i) in the Exploration Phase¹, at the amount of R\$ _____ (Text in written) per square kilometer or fraction of the Concession Area, with the anticipated increase in Decree no. 2,705, of August 3, 1998 in the case of extension; ii) in the period of the Development Phase of the Production Phase, at the amount of R\$ _____ (Text in written); and iii) in the Production Phase, at the amount of R\$ _____ (Text in written); and
- d) Payment to the owners of the land of participation equivalent to 1% (one percent) of Oil and Natural Gas production in accordance with the applicable legislation.

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

ANNEX VI - PAYMENT OF SIGNATURE BONUS

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

Only for reference

ANNEX VII - DESIGNATION OF OPERATOR

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

Only for reference

ANEXO VIII – ADDRESS

Agência Nacional do Petróleo, Gás Natural e Biocombustíveis – ANP

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

20090-004 – Rio de Janeiro, RJ

[Name of the Concessionaire]

Address _____

«Consórcio2»

«Epostal2»

«Consórcio3»

«Epostal3»

«Consórcio4»

«Epostal4»

Only for reference

ANNEX IX - COMMITMENT TO LOCAL CONTENT

Attach a copy of the commitment of local goods and services offered by the company winner of the bidding of the Block purpose of this Contract.

Only for reference

ANNEX X- General Instructions OF THE EXPLORATION PLAN AND EVALUATION PLAN OF NON-CONVENTIONAL RESOURCES

1. GENERAL CONSIDERATIONS

1.1. The Non-Conventional Resources Exploration and Assessment Plan define the purpose and content regarding its form of presentation to the National Agency of Petroleum, Natural Gas and Biofuels (ANP).

1.1.1. The Non-conventional Resources Exploration and Evaluation Plan should be forwarded as per the contractual provisions and the Applicable Legislation.

1.1.2. The Non-Conventional Resources Exploration and Evaluation Plan should cover the Pilot Project.

1.2. Once the Non-conventional Resources Exploration and Evaluation Plan is approved by ANP, the activities may be initiated, provided the contractual provisions and the Applicable Legislation are followed.

1.2.1. The Non-conventional Resources Exploration and Evaluation Plan should include, year after year, the activities planned by the Concessionaire within a maximum of 120 (one hundred and twenty) days after the date of Discovery.

1.2.2. ANP will have the time limit of 60 (sixty) days after receiving the Non-Conventional Resources Exploration and Assessment Plan to approve it or request from the Concessionaire the reasoned changes of such plan. If ANP requests such modifications, the Concessionaire should present them in a period of 30 (thirty) days after such request, thus repeating the procedure laid down in this paragraph.

1.3. Once the Non-conventional Resources Exploration and Evaluation Plan approved by ANP is fulfilled, according to the schedule presented for the its implementation, the Contractor shall submit to the ANP the Completion Report of the Exploration and Evaluation Plan of Unconventional Resources, within a maximum of 90 days.

1.3.1. The Completion Report should be delivered at the end of each Extended Exploratory Period or within the time approved by ANP for the completion of the exploratory and evaluation activities of the non-conventional resources. The Completion Report should be delivered even when the Non-conventional Resources Exploration and Evaluation Plan is not fully complied with.

1.3.1.1. Completion Report means a document describing the set of Operations employed for the Exploration and Evaluation of Non-Conventional Resources discovered with their quantitative/qualitative results and budgets.

1.4. The operations of the Non-conventional Resources Exploration and Evaluation Plan may only be initiated after obtaining the permits required by the Applicable Law, regardless of the presentation and approval of the Plan.

2. OBJECTIVE

2.1. The Non-conventional Resources Exploration and Evaluation Plan should be prepared in accordance with the instructions contained in this Annex and Applicable Legislation for its approval, in addition to containing sufficient information, in scope and detail, which are mandatory for its approval, having to:

- a) Allow ANP to know, monitor and supervise the exploratory activities and the Assessment of Non-Conventional Resources found;
- b) Allow ANP to analyze and adapt the plan to the proposed objectives;
- c) Allow ANP to review the schedule that consolidates the activities contained in the Non-conventional Resources Exploration and Evaluation Plan and forecasting budget that will be carried out each year based on the filling of Table 01.

3. GENERAL INSTRUCTION

3.1 The Non-conventional Resources Exploration and Evaluation Plan should be sent to ANP through a forwarding letter, which should contain:

- a) Name of the Concessionaires;
- b) Name of the Operator;
- c) Identification of the Area of the Contract;
- d) Name of sedimentary Basin;
- e) Contract number;
- f) Coordinates of the exploration and evaluation area of Non-Conventional Resources; and
- g) Schedule of the Exploration and Evaluation Plan of Non-Conventional Resources and its exploratory and evaluation activities and budgets provided year-to-year, based on Table 01; and

4. CONTENT OF THE EXPLORATION AND EVALUATION PLAN OF NON-CONVENTIONAL RESOURCES

4.1 The Non-conventional Resources Exploration and Evaluation Plan shall contain, at a minimum, an executive summary, which should include the following aspects:

- a) the geological context in which the Contract Area is inserted (including a location map) and the description of the exploratory and assessment activities provided, presenting their justifications;
- b) the consolidated timeline, according to Table 01, developed year by year, of the project of the Exploration Plan of the Contract Area, itemizing: i) geological surveys, geophysical and geochemical studies; (ii) processing of geophysical data; (iii) drilling, evaluation and completion of wells; iv) hydraulic fracturing and complementary studies; v) laboratory analysis and complementary studies (petrophysical, geochemistry, etc.); vi) interpretation of data; (vii) environmental licensing; (viii) elaboration of the Completion Report of the Exploration Plan.
- c) the budget forecasting year-to-year and the total investment required for the exploration, according to Table 01, broken down as: i) geological, geophysical and geochemical surveys; (ii) the processing of geophysical data; (iii) the drilling, evaluation and completion of wells; (iv) hydraulic fracturing and complementary studies; v) laboratory analysis and complementary studies (petrophysical and geochemistry, etc.); (vi) the interpretation of the data; (vii) the environmental licensing; (viii) the preparation of the Completion Report of the Exploration Plan;
- d) The estimates of the minimum Local Content percentage to be hired, as per Table 01.

5. COMPLETION REPORT OF THE EXPLORATION AND EVALUATION PLAN OF NON-CONVENTIONAL RESOURCES

5.1 After the Exploration or Evaluation is completed, the concessionaire should forward, in accordance with the established deadlines, the Completion Report of the Exploration and Evaluation Plan of Non-Conventional Resources to ANP by consolidating the exploratory and evaluation activities with their quantitative/qualitative results and expenditures, as well as the description of the activities carried out:

- a) the geophysical program, when performed, showing the desired and mapped objectives and the acquisition parameters;
- b) the drilling program, when carried out, showing the prospectuses of wells and rock sampling programs (witnessing or side sampling) and fluid, as well as profiling and formation test;
- c) hydraulic fracturing and studies and complementary activities (geochemical analysis, reinterpretations, description and analysis of testimonies, fluids and petrophysical analysis, etc.) when carried out;
- d) other methods or techniques undertaken during the Exploration (for example: seismic tomography, profiles of resonance, AVO analysis, etc.).

Table 01: Model provided in the Spreadsheet of the Unconventional Resources Exploration and Evaluation Plan.

DESCRIPTION			Unit	ACTIVITIES - PLAN					BUDGET - PLAN (Millions of R\$)					Forecast - Local Content
				YEAR					YEAR					
1- SURVEYS				First	Second	Third	Fourth		First	Second	Third	Fourth		
1.1- GEOPHYSICS														
1.1.1 - GRAVIMETRY														
ACQUISITION			km											
PROCESSING			hh											
INTERPRETATION			hh											
1.1.2 - MAGNETOMETRY														
ACQUISITION			km											
PROCESSING			hh											
INTERPRETATION			hh											
1.1.3 - OFFSHORE SEISMIC ACQUISITION	2 D	ACQUISITION	km											
		PROCESSING	hh											
		INTERPRETATION	hh											
	3 D	ACQUISITION	km ²											
		PROCESSING	hh											
		INTERPRETATION	hh											
1.1.4 - ONSHORE SEISMIC ACQUISITION	2 D	ACQUISITION	km											
		PROCESSING	hh											
		INTERPRETATION	hh											
	3 D	ACQUISITION	km ²											
		PROCESSING	hh											
		INTERPRETATION	hh											
1.1.5 - ELECTRO MAGNETIC														
ACQUISITION			km/recept or											
PROCESSING			hh											
INTERPRETATION			hh											
1.3 - GEOCHEMICAL (Specify)														

ACQUISITION																			
PROCESSING	hh																		
INTERPRETATION	hh																		
1.4 - OTHER SURVEYS (Specify)																			
ACQUISITION																			
PROCESSING	hh																		
INTERPRETATION	hh																		
2- (RE) PROCESSING (Specify)																			
	hh																		
3- INTERPRETATION (Specify)																			
	hh																		
4- STUDIES																			
5.1 - GEOPHYSICS (Specify)																			
5.2 - GEOLOGICAL (Specify)																			
5.3 - GEOCHEMICAL (Specify)																			
5 - OTHERS (Specify)																			
6- ENVIRONMENT																			
6.1 - Environmental Licensing	Units																		

CONTINUATION - Table 01: Model provided in the Spreadsheet of the Unconventional Resources Exploration and Evaluation Plan.

DESCRIPTION	Unit	ACTIVITIES - PLAN	BUDGET - PLAN (Millions of R\$)	Forecast - Local Content
-------------	------	-------------------	---------------------------------	--------------------------

7 - WELL		YEAR						YEAR						
		First	Second	Third	Fourth	Fifth	Sixth	First	Second	Third	Fourth	Fifth	Sixth	
Drilling														
7.1 Well Evaluation														
Hydraulic Fracturing														
Petrophysical Analysis														
Forming														
Formation Tests	Units													
8- ENVIRONM ENT														
8.1 - Environme ntal Licensing														

NOTES OF THE SPREADSHEET of the Non-conventional Resources Exploration and Evaluation Plan.

HEADLINE: YEAR: Indicate the year in which the program will be carried out; Contract Area: Indicate the area in which the program will be carried out; BASIN/STATE: Indicate the Sedimentary Basin and the State in which the area is located; OPERATOR: Indicate the name of the Operator Contract Area; NO. OF THE CONTRACT: Indicate the contract number; DATE OF ISSUANCE: Indicate the date on which the document will be delivered to the National Petroleum Agency (ANP).

DESCRIPTION OF ITEMS:

1. SURVEYS: 1.1- GEOPHYSICAL SURVEYS: The surveys needed for data acquisition by the gravimetric, magnetometric and seismic methods, either for surveys carried out onshore or offshore. The units of measurement for these works are the following: Gravimetric: km, Magnetometric: km, Seismic: 2D – km, 3D – km²; 1.2-GEOCHEMICAL SURVEYS: Are the surveys required for the acquisition of onshore or offshore geochemical data, in surface or subsurface (*Oil Slick, Piston Core*, etc.). The field for the unit of measurement of these works will be completed in accordance with the type of work performed; 1.4-OTHER SURVEYS relate to any other type of survey not specified in other items, such as: GPR (*Ground Penetrated Radar*), VSP (*Vertical Seismic Profile*), etc. The units will be those corresponding to each type of survey; ACQUISITION: When any one of the surveys cited above is purchased from a Data Acquisition Company (EAD), the so-called "Spec" data, they must be specified between brackets beside the specification of the survey.
2. PROCESSING: Indicate the data processing of geophysical, geological and geochemical surveys performed during the reference year, or in previous years. This item also includes any type of reprocessing. When this is the case, it must be specified. The processing or reprocessing measurement unit will be man-hour (hh).
3. INTERPRETATION: Refers to the interpretation of geophysical, geological and geochemical data already processed or reprocessed. The unit of measurement of interpretation will be man-hour (hh).
4. STUDIES: 5.1-GEOPHYSICAL - 5.2-GEOLOGICAL - 5.3-GEOCHEMICAL: Indicate whether there is no provision for any type of geological, geophysical and geochemical study such as: AVO, Seismic Modeling, Petrophysical, Analysis of Water Depth or Testimonies, Oil Analysis, etc. If there is, it should be specified. As this is a very large item, the unit will be completed in accordance with the type of study carried out.
5. OTHERS: This item will be used to specify any other type of service (PHYSICAL) that is not specified in previous items.

Administration fees, expenses with support staff, indirect costs, etc., SHOULD NOT be included in this item.

6. ENVIRONMENT: Environmental Licensing: Indicate the number of licenses that will be obtained from the environmental agency for the development of exploration activities.
7. WELL: Indicate the number of wells, or fraction to be drilled, indicating between parentheses the scheduled measurement to be drilled;

7.1 WELL EVALUATION: Indicate the quantity, types and the petrophysical analysis; indicate the quantity and types of profiles and the quantity and type of formation test.

BUDGET OF THE EXPLORATION PLAN: The BUDGET must contain the necessary investments for the implementation of the EXPLORATION PLAN. The amounts specified in the spreadsheet should be in Real (R\$). The exchange rate, for the purposes of converting Dollar into Real, should be the last working day of the month immediately preceding the month of delivery. USE THE SALE RATE OF THE CENTRAL BANK.

The LOCAL CONTENT OF THE EXPLORATION PLAN must contain the forecast, in percentage of local content of goods and services, to be acquired, directly or indirectly by the Concessionaire, related to investments concerning the Exploration and Assessment Operations in the Area of the Contract.

Only for reference

ANNEX XI - MINIMUM REQUIREMENTS FOR TECHNICAL, ECONOMIC, FINANCIAL AND LEGAL QUALIFICATION OF THE COMPANY FOR EXPLORATION AND PRODUCTION OF NON-CONVENTIONAL RESOURCES

General Instructions

The qualification of the companies for Exploration and Production of Non-Conventional Resources will be made by ANP based on the Tender Protocol most recently approved by the Executive Board of ANP containing rules on qualification for Exploration and Production of Unconventional Resources.

The company must submit the documentation required in the Tender Protocol observing that, for the economic and financial qualification, the Minimum Net Asset required for a company go on with the exploration and production of Unconventional Resources will be the amount stipulated in the Tender Protocol for the Operator C multiplied by 3 (three).

For the technical qualification, the company should submit to ANP the Technical Summary 04 referring to the experience of the very concessionaire or, alternatively, services providers hired for the Exploration and Production of Non-Conventional Resources.

TECHNICAL SUMMARY 04: TECHNICAL QUALIFICATION FOR EXPLORATION AND PRODUCTION OF NON-CONVENTIONAL RESOURCES

I. Concessionaire

--

II. Information for Technical Qualification

- a) Concessionaire(s) holding experience in exploration and production of Non-Conventional Resources.

--

- b) Description of the experience in exploration and production of Non-Conventional Resources, per Concessionaire.

--

- c) Information about the experience of the Services Provider hired in exploration and production activities of Unconventional Resources, when applicable.

--

I hereby certify under the penalties provided in the applicable legislation, the truthfulness, accuracy and fidelity of the information submitted in this form.

Yours Truly,

Signed by:

Job Title:

Venue and Date

Only for reference

**INSTRUCTIONS FOR COMPLETION OF TECHNICAL SUMMARY: "TECHNICAL
QUALIFICATION FOR EXPLORATION AND PRODUCTION OF NON-
CONVENTIONAL RESOURCES"**

1. Instructions

1.1 The Technical Summary must be delivered according to the model in Annex XI. Only the Technical Summaries presented in the form of the model mentioned above will be analyzed.

1.2 It will only be considered by ANP for the purposes of qualification, experience in activities of exploration and production of Non-Conventional Resources for a period equal to or greater than 5 years.

2 Completion of the items of the Technical Summary

2.1 Item "a": Inform the concessionaire(s) holding experience in exploration and production of Non-Conventional Resources.

2.2 Item "b": In this item it is necessary to describe the experience in activities of exploration and production of Unconventional Resources, per Concessionaire.

2.3 Item "c": In this item it is necessary to describe the experience of the Service Provider hired by the Concessionaire for the exploration and production activities of Non-Conventional Resources. If the concessionaire proves experience as a services providing company, it will be necessary to forward a copy of the Service Contract.

2.4 The experience must be informed by project carried out, where the following issues should be indicated:

2.4.1 Project;

2.4.2 Place;

2.4.3 Form of performance in the contract (if it works as an Operator, Non-Operator or Service Provider) where the project is carried out;

2.4.4 Time of experience with the activities with Unconventional Resources;

2.4.5 Experience in Fracturing for exploration and production of Unconventional Resources;

2.4.6 Experience in completion of wells for exploration and production of Unconventional Resources;

2.4.7 Experience in collection, use, treatment, reuse, and/or dispose of water.

2.4.8 Information and copies of relevant environmental licensing for exploration and production of Non-Conventional Resources;

2.4.9 Documents that may prove the involvement and awareness of civil society in the process of exploration and production of Unconventional Resources;

2.4.10 Copy of the Contract for the Provision of Services in exploration and production activities of Unconventional Resources, when applicable.