

02 - Norwegian Oil and Gas
Recommended Model Agreement
for sale and purchase of participating
interests in licenses on the Norwegian
continental shelf



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Preface

This model agreement have been prepared by a work group for revision of the NOROG Sales and Purchase Agreement and approved by NOROG's Legal Committee.

The work group has been composed of the following members:

Sjur Christian Berggraf, Norske Shell
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Eirik Tveit has chaired the workgroup with Oluf Bjørndal as the representative from the NOROG administration.

Responsible manager in NOROG is Oluf Bjørndal, e-mail address: ob@norog.no and telephone 0047 51678173.

This model agreement express a joint solution negotiated between the member companies.

This NOROG model agreement has been prepared with the broad-based participation of interested parties in the Norwegian petroleum industry, and is owned by the Norwegian petroleum industry, represented by the Norwegian Oil Industry Association (NOROG). NOROG is responsible for administration of this model agreement.

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INTRODUCTION

1. General

The following agreement is a model agreement for sale and purchase of participating interests in production licences in the Exploration phase on the Norwegian Continental Shelf. The exploration is in this context understood as the period between the award of a production licence and up to a concrete evaluation is made of a commercial exploitation of a deposit (beslutning om konkretisering – BOK), ref. the Joint Operating Agreement Article 15.1.

Although the principles in the agreement are widely used in the industry, it is emphasized that no companies have made a binding obligation to use this agreement in their transactions. Variations often occur, as several of the clauses are of a commercial nature and/or special considerations in the relevant transactions might impact the model regulations.

2. The establishment of the model agreement

The model agreement was developed by a working group, reporting to the OLF's (now NOROG) Legal Committee, consisting of Catherine M. Støle (Statoil), Ellen Bru Solberg (ConocoPhillips), Vidar Nedrebø (Talisman) and Eirik Tveit (BP). Catherine M. Støle chaired the work group, with Oluf Bjørndal as the representative from the OLF (now NOROG) administration. The Legal Committee approved this model agreement and the preface to the agreement in February 2006.

3. The first revision

The Legal Committee decided on 26 November 2009 that a revision of the agreement was necessary. A work group was established consisting of Eirik Tveit (Total), Audun Våge (ExxonMobil), Egil Takle (Shell), Hanne Grinaker Halvorsen (Statoil), Sindre Aase (Talisman), Carsten Tolderlund (Noreco), Cecilie Bjelland (GDF SUEZ), Morten Berg (Eni) and Ellen Solberg (ConocoPhillips). Ellen Bru Solberg chaired the work group, with Oluf Bjørndal as the representative from the OLF (now NOROG) administration. The Legal Committee approved this revised model agreement and the preface to the agreement in June 2010.

Other than for minor technical updates, the two main elements for revision was the tax language which had been updated for new legislation being introduced in the summer of 2009 and the warranties/representation clause with a sole remedy regime for breaches.

The work group discussed seismic agreements but elected not to address these in the agreement as the content of such seismic agreements varies greatly. Also the agreement does not address

regulations for carry, swap or other alternative arrangements as these may be addressed separately on a case by case basis.

4. The second revision

On 26 February 2015 the Legal Committee decided that a new revision of the agreement was necessary. A work group was established consisting of Sjur Bergraf (Norske Shell), Tine Harstad Eggen (Engie), Hans Erik Haukaas (Centrica), Catherine Hetland (Dea Norge), Andreas Slettvoll (Lukoil), Tina Stornes (Wintershall), Eirik Tveit (Total), Jesper Vogt-Lorentsen (Statoil) and Audun Våge (replaced by Rolf Evensen) (ExxonMobil). Eirik Tveit chaired the work group, with Oluf Bjørndal as the representative from the NOROG administration. The Legal Committee approved this revised model agreement and the preface to the agreement in April 2016.

The work group has done an extensive review of the agreement. The main focus in this review has been to update in accordance with the industry's current use of the agreement, adjust issues of uncertainty with the regulations, and adjust according to provisions used in other NOROG model agreements. The latter includes inter alia updated wording of Article 11 Confidentiality and the inclusion of Article 15 Conduct of the Parties.

The work group has also discussed whether it would be relevant to provide regulations for carry and/or swap arrangements. The work group concluded that such arrangements vary greatly and therefore that it was not appropriate to provide such regulations. Thus, the agreement is still based on cash payment only. The work group also discussed whether to include regulations related to seismic contracts, but for similar reasons decided not to include such regulations.

As "assignment" of operatorship often includes a more extensive contractual arrangement, including a transfer of operator agreement, the work group has decided to delete any previous references to such assignments. The agreement is therefore now solely regulating the assignment of participating interests, and the issue of operatorship would need to be managed on a case by case basis.

The agreement now provides a new arrangement between the Parties for managing risk related to the Production Licence, thus making a fundamental change from the previous regulations of Article 8.1 and 8.2. The previous Articles 8.1 and 8.2 contained provisions reflecting the so-called "watershed-principle". The new Article 8.1, however, contains a "clean cut" arrangement whereby Buyer assumes all risk for liabilities and claims (whether such risk is deemed as known or unknown) associated with the Assigned Interest, regardless of whether the risk relates the period before or after the Effective Date.

The new risk allocation under Article 8.1 does not, however, impact (i) the ordinary pro and contra cash settlement mechanism connected to the Effective Date as set out in Articles 4.1 and 4.2, or (ii) the warranties given by Seller in Article 9. When it comes to adjustments under

Articles 4.1 and 4.2, it should be noted that it is limited to cash calls in the interim period, adjustments in the working capital assets/liabilities and cash over-/under-calls as per the Joint Accounting Agreement Article 1.2.1. When it comes to Seller's warranties in Article 9, it should be noted that the warranty catalogue has been expanded to include a warranty relating to the data room, see Article 9.1 (h).

There could be the potential of cost / income not being covered by the operator's cash calls and billings up to the Effective Date, but which nevertheless according to the Joint Accounting Agreement should have been allocated to the period prior to the Effective Date. Since the relevance of a special management of such cost / income is mainly related to the nature of the Production Licence (for example the execution of a drilling operation before the Effective Date), a special regulation whereby Seller shall carry such cost / income has been included as an optional regulation in Article 4.8. The Parties may also specifically identify the type of costs which shall be covered by this regulation. It is noted that Article 4.8 seeks only to regulate such adjustments based on the Joint Accounting Agreement and such a regulation should not impact the general risk allocation principles of Article 8.1 for new liabilities and claims that materialize after the Effective Date.

The work group has split the earlier regulation of Article 9 into two separate regulations; Article 9 governing the Parties' representations and warranties, and Article 10 governing inter partes liability for breach of contract. In addition to adjusting some of the earlier remedies, the work group has now included full regulations of all remedies.

The work group assumes that Article 3.1 c) also covers the entry of new Associated Agreement and substantial amendments to any of the Associated Agreements. Therefore no special regulation of the management of such agreements has been included in Article 3.1.

Article 3.1 e) has been adjusted to ensure a more general application in accordance with the general requirements of a licensee. Furthermore, the work group has included a special regulation in Article 8.4 to take into account the fact that Seller will have insurances in place during the Interim Period and that it would be reasonable to utilize such insurances. The alternative mechanism in item b) is intended to facilitate for Seller's option not to utilize such insurances.

The work group has discussed whether Article 11.3 should include a separate regulation to specify that Confidential Information may be retained if a termination is disputed. However, in the work group's opinion in such a case the agreement would not be legally terminated until a decision to this effect is made by an arbitration panel or the other party otherwise nevertheless accepts such a termination. Consequently Confidential Information may implicitly in accordance with the current regulation be maintained until such a conclusion of the issue.

With regard to the Associated Agreements it is noted that such agreements could potentially include regulations requiring consent in case of assignments. However, the work group assumes

that this is generally not relevant for agreements typically entered into during the Exploration phase, and hence no special regulations to this effect (such as a Statement of Accession) has been included.

In general the work group has avoided including model regulations or other references to issues which are deemed to be of a pure commercial nature, such as potential caps on liability.

The work group would like to draw the reader's attention to the foot notes and to the importance of these. Useful information for each transaction may be found in the foot notes and these should therefore not be ignored.

AGREEMENT

between

[Seller]

and

[Buyer]

regarding

assignment of a participating interest

in PL [XXX]

on the

Norwegian Continental Shelf

Norwegian Oil and Gas - Recommended Model Agreement for sale and purchase of participating interests in licenses on the Norwegian Continental Shelf

No.: 02 Date effective: 01.03.06 Revision no: 3 Date revised: 07.04.16 Page: 9

This Agreement is made and entered into on the date hereof by and between:

[Seller], a company organised and incorporated under the laws of [country] with organisation No. [number], having its registered office at [registered address], hereinafter referred to as the "Seller"; and

[Buyer], a company organised and incorporated under the laws of [country] with organisation No. [number], having its registered office at [registered address], hereinafter referred to as the "Buyer",

both hereinafter also referred to individually as a "Party" or collectively as the "Parties".

WHEREAS, Seller holds a participating interest of [YY] percent ([YY] %) in PL [XXX] on the Norwegian Continental Shelf; and

WHEREAS, Seller wishes to sell a [yy] percent ([yy] %) participating interest in PL [XXX], and Buyer wishes to acquire a [yy] percent ([yy] %) participating interest in PL [XXX] from Seller.

NOW, THEREFORE, the Parties have agreed as follows:

1. DEFINITIONS

- 1.1 **“Affiliate”** shall in respect of a Party mean any enterprise:
- (a) which owns or holds directly or indirectly more than fifty percent (50 %) of the share capital or the votes, or in any other way directly or indirectly exercises a controlling interest in a Party; or
 - (b) in which a Party owns or holds directly or indirectly more than fifty percent (50 %) of the share capital or the votes, or in any other way directly or indirectly exercises a controlling interest; or
 - (c) of which more than fifty percent (50 %) of the share capital or votes are owned or held directly or indirectly or which in any other way directly or indirectly is controlled by one or more enterprise(s) which owns or holds directly or indirectly more than fifty percent (50 %) of the share capital or the votes or in any other way exercise directly or indirectly a controlling interest in a Party.
- 1.2 **“Agreement”** shall mean this agreement together with its Appendices attached hereto as amended from time to time.
- 1.3 **“Assigned Interest”** shall mean the [yy] percent ([yy] %) undivided interest of Seller in PL [XXX] assigned to Buyer under this Agreement, together with Seller's corresponding rights, interests, obligations and entitlements under the Associated Agreements.
- 1.4 **“Associated Agreements”** shall mean the agreements referred to in Appendix A.
- 1.5 **“Completion Date”** shall mean the last Working Day of the month if the Notification Date is ten (10) Working Days or more prior to the last day of the month of notification, or the last Working Day of the succeeding month if the Notification Date is less than ten (10) Working Days prior to the last day of the month of notification, or any other Working Day to be agreed between the Parties following Notification Date. [If Notification Date occurs before Effective Date, the Completion Date shall be [dd.mm.yyyy].]¹
- 1.6 **“Completion Statement”** shall mean such statement as referred to in Article 4.4.
- 1.7 **“Confidential Information”** shall mean any and all commercial, technical and other information and data which is either directly or indirectly and in whatever form disclosed to a Party by the other Party pursuant to and subject to this Agreement, and

¹ Optional regulation.

may include but is not limited to economic models, engineering studies, maps, plots, drawings, documents, minutes of meetings, agreements and interpretations.

- 1.8 **“Consideration”** shall mean the amount(s) payable by Buyer to Seller as set forth in Article 2.
- 1.9 **“Effective Date”** shall mean [dd.mm.yyyy].
- 1.10 **“EURIBOR”** shall mean the European Interbank Offered Rate as published electronically by Global Rate Set Systems Ltd (GRSS). At the time of signing this Agreement the relevant Thomas Reuters page is EURIBOR01.
- 1.11 **“Interim Period”** means the period of time commencing on the date of this Agreement up to and including the Completion Date.
- 1.12 **“Joint Account”** shall mean the account maintained by the Operator to record all charges and credits related to all activities carried out under the provisions of the Joint Operating Agreement.
- 1.13 **“Joint Operating Agreement”** shall mean the agreement concerning petroleum activities pursuant to PL [XXX], dated [dd.mm.yyyy], including Attachment A – Joint Operating Agreement and Attachment B – Accounting Agreement.
- 1.14 **“LIBOR”** shall mean the London Interbank Offered Rate as published electronically by ICE BENCHMARK ADMINISTRATION LIMITED. At the date of this Agreement the relevant Thomson Reuters page is LIBOR01.
- 1.15 **“Longstop Date”** shall mean [dd.mm.yyyy].
- 1.16 **“NIBOR”** shall mean the Norwegian Interbank Offered Rate as published daily and electronically by Oslo Børs.
- 1.17 **“Notification Date”** shall mean the date when the notifications from both Parties have been given and received as described in Article 6.
- 1.18 **“PL [XXX]”** shall mean production licence [XXX] on the Norwegian Continental Shelf granted on [dd.mm.yyyy].
- 1.19 **“Section 10 Regulation”** shall mean Regulation FOR 2009-07-01 no. 956 relating to consent to the transfer of licence and ownership interests according to the Petroleum Taxation Act Section 10, as amended from time to time.

1.20 [“**Well**” or “**Wells**” shall mean all exploration and appraisal well bores, both abandoned and un-abandoned, including any wells to be kept for any production purposes.]²

1.21 “**Working Day**” shall mean any day except Saturday and Sunday on which banks are open in Norway for the transaction of normal banking business.

2. ASSIGNMENT OF INTEREST AND CONSIDERATION

2.1 On the Completion Date and subject to the terms and conditions of this Agreement, Seller shall assign to Buyer and Buyer shall accept the assignment of the Assigned Interest. The assignment shall have economic effect from and including the Effective Date.

2.2 In Consideration of the assignment described under Article 2.1 above, Buyer shall pay to Seller a post tax amount of NOK [zz] ([zz]), ref. Article 5. An interest shall be calculated on the Consideration for the period starting on and including the Effective Date and ending on, but excluding the Completion Date. Interest shall accrue at an annual rate equal to the average of the daily quotations of the three (3) month NIBOR in the preceding month in the period. Compound interest shall not be calculated.

3. INTERIM PERIOD³

3.1 During the Interim Period Seller shall:

- (a) subject to the provisions of Article 4, continue to meet all expenditures including the payment of cash calls, and receive all income relating to the Assigned Interest in accordance with the provisions of the Associated Agreements; and
- (b) not without the prior written consent of Buyer (such consent not to be unreasonably withheld or delayed) agree to amend or terminate the Associated Agreements, relinquish all or any part of any areas held under or specified in PL [XXX]; and
- (c) consult in due time with Buyer regarding matters of importance relating to the Assigned Interest;⁴ and

² Applicable in case of use of the alternative regulations in Article 9.1.2, item (e).

³ To be adjusted dependent on whether Seller sells parts or whole of its interest.

⁴ May be adjusted to include certain specific elements.

- (d) not do or omit to do anything which would amount to a waiver of any of its rights under or a breach of the terms of PL [XXX] or any of the Associated Agreements without the prior written consent of Buyer (which consent shall not be unreasonably withheld or delayed) and in particular, but without prejudice to the generality of the foregoing, not sell, dispose of, transfer, assign, grant any option or right over, or encumber, charge, mortgage or pledge in any manner whatsoever all or any part of the Assigned Interest, or purport or seek to do any of the same; and
- (e) insure all liabilities, assets and facilities relating to the Assigned Interest in accordance with the requirements of applicable laws and regulations, the Joint Operating Agreement, and good petroleum industry practice; and
- (f) continue to carry out all activities in the relation to the Assigned Interest in accordance with good petroleum industry practice. [; and
- (g) upon Buyer's request seek to obtain approval from the licensees of PL [XXX] of a right for Buyer to attend as an observer in the PL [XXX] management committee meetings and other relevant licence committees meetings, and read access to applicable licence information sharing systems].⁵

4. SETTLEMENT

- 4.1 All payments made by Seller concerning cash calls and billings attributable to the Assigned Interest from and including the Effective Date and up to and including the Completion Date, shall be separately recorded by Seller and paid from Buyer to Seller in the currency in which they have been incurred in accordance with the provisions of this Article 4. This shall also include any working capital assets and cash over-calls as per the Joint Accounts as of the Effective Date. In addition Seller shall record and Buyer shall pay all insurance costs of Seller attributable to the Assigned Interest during such period as allocated in accordance with good petroleum industry practice.
- 4.2 All refunds received by Seller from the operator of PL [XXX] concerning cash calls and billings attributable to the Assigned Interest from and including the Effective Date and up to and including the Completion Date, shall be separately recorded by Seller and be paid by Seller to Buyer in the currency in which they have been incurred in accordance with the provisions of this Article 4. This shall also include any working capital liabilities and cash under-calls as per the Joint Accounts as of the Effective Date. Such refunds shall also include insurance proceeds received pursuant to the insurance mentioned in the preceding paragraph and referring to occurrences for the

⁵ Optional text may be negotiated.

period from and including the Effective Date and up to and including the Completion Date.

4.3 Interest on the individual payments stipulated in Articles 4.1 and 4.2 shall be calculated for the period starting on the date of the individual payment and ending on, but excluding the due date of payment hereunder. Interest for each month for NOK shall be calculated on the basis on an annual rate equal to the average of the daily quotations of the three month NIBOR in the preceding month, plus zero point five (0.5) percentage points. Interest for each month for currencies within the Economic Monetary Union shall be calculated on the basis on an annual rate equal to the average of the daily quotations of the three month EURIBOR in the preceding month, plus zero point five (0.5) percentage points. Interest for each month for other currencies shall be calculated on the basis of an annual rate equal to the average of the daily quotations of the three month LIBOR in the preceding month, plus zero point five (0.5) percentage points. The interest calculation method used for NIBOR, EURIBOR and LIBOR is actual/360. Compound interest shall not be calculated.

4.4 Seller shall, within five [(5)]⁶ Working Days following the Notification Date, submit to Buyer a statement in accordance with the provisions set out in Articles 2 and 4 (the “Completion Statement”) setting out the amount to be paid on the Completion Date.

In the absence of manifest error, the Parties agree that Buyer shall be obligated to pay the amount specified in the Completion Statement on the Completion Date and that any dispute or disagreement related to the Completion Statement shall be settled between the Parties after completion.

Seller shall, within two (2) months following the Completion Date, submit to Buyer a revised statement of the amounts calculated and payments to be made according to this Article 4. Any amounts to be paid in accordance with such revised statement, shall be paid within thirty (30) days after the submission of such statement.

4.5 The foregoing shall be without prejudice to Seller's right to provide further reconciliation statements if and when necessary. Such further reconciliation statements must be submitted to Buyer not later than twenty-four (24) months after Completion Date. Articles 4.1 to 4.4 shall apply mutatis mutandis for such reconciliation statements. Any amounts to be paid in accordance with such reconciliation statement, shall be paid within thirty (30) days after the submittal of such statement.

⁶ Please note the number of days corresponds with the number of days identified in Article 1.5, definition of Completion Date. Thus, if the period of days is extended, the period under Article 1.5 may be adjusted correspondingly.

[There shall be no reconciliation payment under this Article 4.5 unless the amounts payable hereunder are greater than [zz].]⁷

- 4.6 Within a twenty-four (24) month period following the Completion Date, or within two (2) months following the date when the last reconciliation statement is received by Buyer, whichever is the latest, Buyer shall have the right to audit the Completion Statement and any reconciliation statements prepared in accordance with Article 4.5, and Seller shall provide Buyer with copies of and access to such documents and information in respect of such Completion Statement and/or reconciliation statements as Buyer reasonably requests.

Buyer shall give at least fifteen (15) Working Days written notice before any such audit is planned to start. Following the audit, a written report shall be submitted to Seller within thirty (30) days and Seller shall give its written reply to the report within thirty (30) days from the receipt of such report.

Any claims arising from such audits, shall be submitted within thirty (30) days after receipt of Seller's written reply. The Parties shall use reasonable endeavours to resolve any claims arising from such audits.

[There shall be no audit claims under this Article 4.6 unless the amounts payable hereunder are higher than [zz].]⁸

- 4.7 If the amounts stipulated in Articles 2 and 4 are not received by Buyer and/or Seller on or before the relevant due dates, the outstanding balances shall bear interest for the period starting on the due date for the payment and ending on, but excluding the actual date for the payment. Interest shall accrue at an annual rate equal to the average of the daily quotations of the previous month of the three (3) month EURIBOR, NIBOR and LIBOR, respectively, plus three (3) percentage points.

- 4.8 Without prejudice to Article 8.1, all payments or refunds concerning cash calls and billings attributable to the Assigned Interest which in accordance with the Joint Operating Agreement should have been allocated to the period prior to or after the Effective Date shall be paid by/to Seller as applicable, based on the participating interest before or after (whichever is applicable) the assignment under this Agreement.

This Article 4.8 shall apply for a period of twenty-four (24) months after the

⁷ Optional text may be negotiated.

⁸ Optional text may be negotiated

Completion Date. Articles 4.3 and 4.7 regarding interest shall apply for amounts paid according to this Article 4.8.⁹

5. TAXATION

- 5.1 For the purpose of Norwegian income tax the Consideration shall not be taxable income for Seller and Buyer will not claim any deduction against such tax with respect to the Consideration.
- 5.2 Seller undertakes, in close cooperation with Buyer, to prepare a joint notification to the Ministry of Finance in accordance with the Section 10 Regulation. Such submission shall be submitted within ten (10) Working Days following the signing of this Agreement.¹⁰
- 5.3 All settlements referred to in Article 4 shall be treated in accordance with Section 3 (8) of the Section 10 Regulation.

6. CONDITIONS PRECEDENT TO COMPLETION

- 6.1 Completion of this Agreement is subject to and conditional upon the fulfilment of the conditions set forth below:
- (a) receipt of written consent by the Ministry of Petroleum and Energy pursuant to section 10-12 of the Petroleum Act of 29 November 1996 on terms reasonably acceptable to Seller and Buyer;¹¹ and
 - (b) submission of the notification set out in Article 5.2; [receipt of written consent from the Ministry of Finance pursuant to the Petroleum Taxation Act Section 10) on terms reasonably acceptable to Seller and Buyer;]¹² and
 - (c) no pre-emption rights being executed; and

⁹ This Article is an optional regulation depending on the nature of the Production Licence's activities and how the Parties want to manage any late cost / income.

¹⁰ In case the transaction is not in accordance with Regulation FOR 2009-07-01 no. 956, then an application to the Ministry of Finance is necessary.

¹¹ With reference to the Section 10 Regulation, the assumption of this regulation is that the MPE's approval is issued at the latest in the year of the Effective Date.

¹² Alternative regulation; in case the transaction is not in accordance with the Section 10 Regulation, then consent from the Ministry of Finance is also necessary.

- (d) approval by the PL [XXX] management committee, if so required according to the Joint Operating Agreement. [; and
- (e) necessary internal corporate approval of the Parties.]¹³

6.2 Each of the Parties shall execute such documents and carry out such acts, as may be necessary or desirable to procure, so that the conditions set out in Article 6.1 are satisfied and keep the other Party reasonably informed about any matter relevant for achieving completion of this Agreement. In addition, each of the Parties shall provide reasonable assistance to the other Party that may be necessary or desirable so that full force and effect is given to the provisions of this Agreement, so that as from the Completion Date the right, title and interest of Buyer in and to the Assigned Interest is perfected.

Seller undertakes, in close cooperation with Buyer, to prepare and file the application to the Ministry of Petroleum and Energy in accordance with Section 10-12 of the Norwegian Petroleum Act of 29 November 1996. Such application shall be submitted within ten (10) Working Days following the signing of this Agreement.

- 6.3 Seller and Buyer undertake as soon as possible to give each other written notice of the fulfilment of the conditions precedent referred to in Article 6.1 and the later of the dates shall be the Notification Date.
- 6.4 If the Notification Date has not occurred before the Longstop Date, the Parties shall meet in good faith to consider solutions acceptable to both Parties. If no acceptable solution is agreed within ten (10) Working Days following such meeting, then, except as stated in Article 6.5, either Party may terminate this Agreement by notice to the other Party. A Party shall have no further claims against the other Party under this Agreement as result of termination pursuant to this Article 6.4.
- 6.5 If the Notification Date has not occurred within the Longstop Date due to a Party's breach of any of its obligations under Article 6.2; then (i) the defaulting Party shall not be entitled to terminate this Agreement pursuant to Article 6.4; and (ii) the non-defaulting Party has the right to (a) require that the defaulting Party remedies such default and complies with its obligations under this Agreement or (b) regardless of whether the defaulting Party has initiated remedial actions, terminate this Agreement and claim damages for direct loss. For the purpose of this provision only, in relation to Buyer's liability, direct loss shall include loss of profit related to such breach.

¹³ Optional text if required.

7. COMPLETION

- 7.1 Subject to Buyer's payment of the amounts of money referred to in the Completion Statement, the assignment of the Assigned Interest shall take place on the Completion Date, whereupon Buyer shall become a party to all the Associated Agreements with all rights and obligations.
- 7.2 The payment of the amounts set out in Article 7.1 shall take place by wire of immediately available funds to a bank account, the details of which shall be provided by Seller to Buyer no later than three (3) Working Days prior to Completion Date.
- 7.3 On Completion Date, subject to Buyer's fulfilment of its obligations under Article 7.1 above, Seller shall deliver the following to Buyer:
- (a) a copy of the bill of sale ("Skjøte") in the form set out by the Norwegian Petroleum Register, duly executed by Seller; and
 - (b) an updated original or certified copy of Seller's Norwegian corporate register certificate (firmaattest). [; and
 - (c) a certified true copy of the powers of attorney or written resolutions of Seller's board of directors authorising execution of the documents relative to the transfer of the Assigned Interest.]¹⁴
- 7.4 On Completion Date, or as soon as possible thereafter, Seller shall send the bill of sale to the Norwegian Petroleum Register for registration of the assignment.
- 7.5 On Completion Date, or as soon as possible thereafter, Seller shall notify the management committee of PL [XXX] and any and all third parties, where such notification is required under the Associated Agreements, of completion of the assignment to Buyer of the Assigned Interest.
- 7.6 Within thirty (30) days following the Completion Date, Seller shall provide Buyer with all relevant documents, information and data that are kept by Seller pertaining to the Assigned Interest, including the Associated Agreements and all other agreements, as agreed between the Parties, which Buyer is not already in possession of as participant in PL [XXX] or electronically through access to the applicable licence information sharing system(s). This shall include, but not be limited to, geoscientific¹⁵ and engineering data and logs, but shall exclude any information or data prepared by Seller

¹⁴ Applicable if the execution documents are not signed by signatories according to the Company certificate.

¹⁵ This is deemed to include only data owned / licensed by the Joint Venture group as such.

for internal purposes only. Originals to be provided from Seller, where available and Seller is no longer a participant in PL [XXX].

8. RISKS AND INSURANCES

8.1 Except as set out in Articles 4 and 10, Buyer shall be responsible for, and shall indemnify, defend and hold Seller harmless from and against all liabilities and claims in respect of the Assigned Interests irrespective of whether such liabilities and claims arise before, on or after the Effective Date and regardless of whether resulting from any acts or omissions, negligence or breach of duty, whether statutory or otherwise.

8.2 With effect from the Completion Date, Buyer shall, at his own cost and expense, insure or provide equivalent coverage for all liabilities, assets and facilities relating to the Assigned Interest in accordance with the requirements of applicable laws and regulations, the Joint Operating Agreement, and good petroleum industry practice, and no insurance coverage shall be provided under Seller's insurances with effect there from.

8.3 Notwithstanding Article 8.1, Joint Account insurance proceeds shall be paid to whichever of the Parties that ultimately bore the relevant insured loss (and if each of the Parties suffered part of such loss, payment shall be made to each of the Parties in proportion to such part ultimately borne by it).

8.4 Insurance payments

If Seller prior to the Completion Date becomes aware that Seller has or may have a claim under its insurance policies for occurrence(s) arising prior to the Completion Date related to the Assigned Interest, Seller shall either:

- a) make a claim to its insurers and pay any net insurance proceeds resulting from such claim received by Seller to Buyer; or
- b) if Seller does not make a claim to its insurers, indemnify Buyer for the same net amount that otherwise would have been recoverable under Seller's insurances, as established by an appointed loss adjuster, had he made a claim,

but only in the event and to the extent Buyer ultimately bears the relevant loss.

Seller shall handle all claims (submitted or otherwise recoverable) with respect to any of Seller's insurance policies under this Article 8.3 at Buyer's cost and expense. Buyer shall reimburse Seller's reasonable direct expenses in relation to such claims and cover

any deductible under such insurance. Seller shall use reasonable endeavours to ensure that any insurance claims are settled without undue delay.

Any payment(s) shall be made not later than twenty (20) Working Days after Seller has been paid such insurance proceeds from the relevant insurer(s), or if Seller does not make a claim to its insurers, Seller shall indemnify Buyer within ten (10) Working Days after the net amounts of the claim (otherwise recoverable) have been established by the appointed loss adjuster.

9. REPRESENTATIONS AND WARRANTIES¹⁶

9.1 Seller's representations and warranties

9.1.1 Seller represents and warrants that, except as provided for in this Agreement or disclosed in the data room:

- (a) at the date of this Agreement and on the Completion Date, the Assigned Interest is free of all mortgages, liens or other encumbrances, other than as set out in the Associated Agreements, any statutory enactment of regulation and the obligation and payments due under the terms of PL [XXX]; and
- (b) at the date of this Agreement and on the Completion Date, Seller has the title to and is the legal and beneficial owner of the Assigned Interest; and
- (c) at the date of this Agreement and on the Completion Date, to the best of its knowledge, Seller is not aware of any act or omission occurred which would entitle the Ministry of Petroleum and Energy to revoke the PL [XXX]; and
- (d) on the Completion Date only, Seller has complied with its obligations pursuant to Article 3.1; and
- (e) at the date of this Agreement only, there are, to the best of Seller's knowledge, no pending or threatening litigation, action, claims or suits against Seller related to PL [XXX]; and
- (f) at the date of this Agreement and as of the Completion Date, there are no bankruptcy or receivership proceedings pending against Seller, or, to the best of Seller's knowledge, threatened against Seller; and

¹⁶ List of representations and warranties to be updated as applicable based on the specific elements of the transaction / the Assigned Interest.

- (g) at the date of this Agreement only, to the best of Seller's knowledge, there are no defaults under any of the Associated Agreements that have a material adverse effect on the value of the Assigned Interest; and
- (h) the data room information has been collected and prepared in good faith by Seller and at the date of this Agreement only, to the best of Seller's knowledge (i) the information provided in the data room is correct and complete in all material respects, and (ii) Seller has not withheld any information relating to the Assigned Interest which is likely to have a material impact on the value of the Assigned Interest.

9.1.2 Except as expressly stated in Article 9.1.1, Seller makes no warranties or representations, express or implied, by operation of law or otherwise with respect to the Assigned Interest.

Notwithstanding Article 9.1.1, Seller makes no representation or warranty as to:

- (a) the amounts, quality or deliverability of reserves of hydrocarbons attributable to the Assigned Interest; and
- (b) any geological, geophysical, engineering, economic or other interpretations, forecasts or evaluations; and
- (c) any forecast of expenditures, budgets or financial projections; and
- (d) any geological formation, drilling prospect or hydrocarbon reserve.[]; and
- (e) the state, condition and fitness for purpose of any of the physical assets, including Wells and facilities related to all or any of the Assigned Interests and/or to operations under all or any of the Associated Agreements.]¹⁷

9.2 Buyer's representations and warranties

9.2.1 Buyer represents and warrants that at the date of this Agreement and as of the Completion Date:

- (a) there are no bankruptcy or receivership proceedings pending against Buyer, or, to the best of Buyer's knowledge, threatened against Buyer; and

¹⁷ Applicable in the event of Wells or facilities are present.

(b) Buyer is familiar with and capable of complying with all relevant rules, legislation and obligations applicable for a licensee on the Norwegian Continental Shelf relating to the Assigned Interest.

9.2.2 Except as expressly stated in Article 9.2.1, Buyer makes no warranties or representations, express or implied, by operation of law or otherwise with respect to this Agreement.

10. LIABILITIES

10.1 Seller's liability prior to Completion Date

If between the date of this Agreement and Completion Date Seller is in material breach of any of the sub-articles in Article 9.1 above and/or in material breach of any of its other obligations pursuant to this Agreement, Buyer shall have the right to terminate this Agreement and claim damages for direct loss if Seller cannot remedy such breach within Completion Date.

10.2 Seller's liability after Completion Date

If:

(a) it is established after Completion Date that Seller was in breach of any of (i) the sub-articles in Article 9.1 above on Completion Date, and/or (ii) its other obligations pursuant to this Agreement; and/or

(b) after Completion Date Seller is in breach of any of its other obligations pursuant to this Agreement,

Buyer shall have the right to claim damages for direct loss resulting from such breach unless Seller has remedied such breach within a reasonable period of time having regard to the nature of the relevant breach.

10.3 Buyer's liability prior to Completion Date

If between the date of this Agreement and Completion Date, Buyer is in material breach of Article 9.2 above and/or if Buyer is in material breach of any of its other obligations pursuant to this Agreement, Seller has the right to terminate this Agreement and claim damages for direct loss if Buyer cannot remedy such breach within Completion Date. For the purpose of this provision only direct loss shall include loss of profit related to such breach.

10.4 Buyer's liability after Completion Date

If Buyer after Completion Date is in breach of its obligations pursuant to this Agreement, Seller shall have the right to claim damages for direct loss resulting from such breach unless Buyer has remedied such breach within a reasonable period of time having regard to the nature of the relevant breach.

10.5 Except as provided for in Article 6.5, the rights pursuant to Article 10 shall be the sole remedies of Buyer and Seller in respect of any claim for breach of contract under this Agreement and excludes any other remedies which may be available under Norwegian law.

10.6 With respect to this Article 10, a Party shall not be liable in any way for facts and circumstances which the other Party had or could reasonably be expected to have knowledge of through the conduct of a due diligence or otherwise prior to the date of this Agreement.

10.7 Buyer hereby confirms that he has:

- (a) evaluated the Assigned Interest to its satisfaction and has made an informed decision, as a prudent and knowledgeable buyer, to acquire the Assigned Interest; and
- (b) been provided with information relevant to the Assigned Interest in a data room and otherwise; and
- (c) conducted a due diligence process to its satisfaction prior to the execution of this Agreement; and
- (d) relied solely on the basis of its own independent investigations, analysis and evaluation of the Assigned Interests, including without limitation Buyer's review of the information provided by Seller as referenced above; Buyer's own estimate and appraisal of the extent and value of the petroleum reserves, developed and undeveloped properties, production and other operations, prospects, financial condition, estimated decommissioning costs, environmental obligations, and other circumstances and conditions whatsoever associated with the Assigned Interest; and public records searches and/or other means of enquiry.

10.8 No Party shall have any liability against the other (for indemnification or otherwise) with respect to any representation or warranty made in or pursuant to this Article 10 unless the Party has been informed by the other Party about the claim in writing

without unreasonable delay and in any event no later than on or before [twelve (12)] months following Completion Date.

- 10.9 Neither Party shall have any liability for any indirect or consequential loss or damage in connection with, or otherwise arising out of this Agreement. The exclusion of liability set out above shall not diminish or otherwise affect any indemnity given by one Party to the other under Article 8.1 of this Agreement.
- 10.10 Notwithstanding anything to the contrary in this Agreement, the defence, limitation, indemnity and hold harmless provisions in this Agreement shall not apply to protect a Party to the extent the loss or damage or other event giving rise to liability of the Party has arisen from the gross negligence or wilful misconduct of the managerial or supervisory personnel of that Party.

11. CONFIDENTIALITY

11.1 The Party receiving Confidential Information undertakes:

- a) to hold the Confidential Information in confidence and agrees that in the handling and storage of the Confidential Information it will employ controls, protections and safeguards at least as stringent as such Party would employ in the handling and storage of its own proprietary data and information; and
- b) not to use any Confidential Information for any purpose other than the execution of this Agreement; and
- c) not to disclose in any way, either directly or indirectly, any part of the Confidential Information to any person, legal or natural, without the prior written consent of the Party disclosing such Confidential Information, except (and subject to such persons being made aware of the obligations of secrecy and confidentiality attaching to the Confidential Information prior to disclosure):
 - i) to those employees, officers and/or directors of the Party and its Affiliates who reasonably require the same in connection with the execution of this Agreement; and/or
 - ii) to such of the Party's contractors, consultants and/or professional advisers who need to have access to the same in connection with the execution of this Agreement. The Party undertakes that each such contractor, consultant or professional adviser, prior to the Party's disclosure, undertakes written confidentiality obligations at least as

restrictive as herein contained but excluding the exceptions set out in this Article 11, and the Party shall thereafter take all reasonable precautions to observe that such contractors, consultants and/or professional advisers comply with the obligations provided therein; and/or

- iii) to any governmental department or governmental authority exercising its statutory right to require the same and to such competent authorities, courts or any relevant stock exchange where pursuant to applicable law, order, decree or regulation there is a requirement to do so binding upon the Party or its Affiliate(s) (in which case written notice shall be given to the other Party prior to such disclosure); and/or
- iv) where disclosure of such information is reasonably required in connection with the borrowing of funds, obtaining of insurance or sale of securities.

The Party receiving Confidential Information shall be responsible for ensuring that all persons, to whom the Confidential Information is disclosed, are bound by confidentiality obligations at least as stringent as the obligations of confidentiality set forth herein.

11.2 The obligations under this Article 11 shall not apply to information which;

- a) at the time of entering into this Agreement is lawfully in the possession of the Party receiving Confidential Information or its Affiliate(s) under no obligation of confidentiality; or
- b) subsequently and lawfully comes into the possession of the Party receiving Confidential Information or its Affiliate(s); or
- c) is independently developed by the Party receiving Confidential Information and not based on the Confidential Information; or
- d) at the time of entering into this Agreement is in the public domain or thereafter comes into the public domain other than by breach of this Agreement.

11.3 If this Agreement is terminated then upon the other Party's written request, the Party receiving Confidential Information shall take all reasonable practical steps to return within ten (10) Working Days all tangible or electronic Confidential Information, if any, including any copies thereof in any format, tracings, notes and extracts of such information, or destroy the same (except that any Confidential Information that is retained by the Party's computer backup system will be destroyed in accordance with the Party's regular ongoing retention process) and within ten (10) Working Days notify

in writing the other Party thereof. This obligation shall not apply to Confidential Information which pursuant to applicable law, order, decree, regulation or rule may not be returned or destroyed, or Confidential Information contained in any material prepared for or by the supervisory bodies of the Party or its Affiliate(s), provided however, that the obligations of Article 11.1 shall remain.

- 11.4 The confidentiality undertakings pursuant to this Article 11 shall apply to all Confidential Information disclosed by the Parties whether this has happened before or after the date of signature.
- 11.5 The Parties agree that this Agreement and the related discussions concerning the purpose of this Agreement shall be held strictly confidential.
- 11.6 In the event that any person or organisation to whom the Party discloses Confidential Information in accordance with any above paragraphs breaches the obligations set out under this Article 11 the Party will be liable for such breaches as if it had committed the breach itself.
- 11.7 The provisions of this Article 11 shall survive:
- a) for a period of five (5) years from the termination of this Agreement for any part of the Confidential Information not covered by the Joint Operating Agreement; and
 - b) any termination of this Agreement for any part of the Confidential Information covered by the Joint Operating Agreement.

12. ANNOUNCEMENT

- 12.1 Public announcement or publication of any information with respect to this Agreement may only be made with the prior written approval of the other Party, unless required by applicable law, rules or regulations. Such approval shall not be unreasonably delayed or withheld. If a public announcement or publication is required by applicable law, rules or regulations, the relevant Party shall use reasonable endeavours to consult, and always notify the other Party, prior to making such public announcement or publication.

13. NOTICES

- 13.1 Notices pursuant to this Agreement shall be sent in writing. Notices may be communicated by delivery, mail, or electronic mail. Any such notice, given as aforesaid, shall be deemed to have been given or received at:
- (a) the time of delivery if delivered by hand; or
 - (b) the first Working Day following the day of sending, or the Working Day at which confirmation of successful delivery is received by sender from recipient whichever is earlier if sent by electronic mail; or
 - (c) the fifth Working Day following the day of sending if sent by prepaid first class post.
- 13.2 The use of electronic mail for the transfer of documents shall at all times be in accordance with internationally recognised standards. The chosen standard shall enable the use of digital signatures or similar electronic safety device, encryption as well as filing and retrieving.
- 13.3 Notices and other communications shall be given in English or Norwegian, and shall be dispatched to the most recently stated business addresses of the other Party and/or electronic mail addresses.
- 13.4 Initial addresses for notices are:
- a) [Seller]:
Address:
Attention:
Email:
 - b) [Buyer]:
Address:
Attention:
Email:

The above addresses may be revised by either Party by giving not less than five (5) Working Days' notice.

14. MISCELLANEOUS

- 14.1 Amendments, waivers or termination of this Agreement shall be made in writing.
- 14.2 [In case pre-emption rights are exercised, Seller shall be under no obligation to sell the Assigned Interest.]¹⁸

15. CONDUCT OF THE PARTIES

- 15.1 The Parties shall conduct and procure that their Affiliates conduct, their activities under this Agreement in accordance with all applicable laws, rules, regulations and decrees of any governmental or regulatory body having jurisdiction over this Agreement. This shall include any applicable laws, rules and regulations relating to bribery, corruption, money laundering, fraud or similar activities.
- 15.2 No Party or any person associated with a Party, shall make, give or accept, either directly or indirectly, any improper payments of either money or anything of value to/from any party whatsoever (including another Party, private individuals, commercial organizations, government officials, political parties or officials thereof, or any candidate for political office) in connection with this Agreement. The Parties expressly prohibit payment of bribes (including facilitation payments) to any such party in relation to this Agreement.
- 15.3 Each Party shall ensure that it (i) has policies and procedures in place designed to prevent corruption, fraud, money laundering, bribery and other crimes in accordance with the applicable laws, and requiring high standards of business ethics and conduct, and (ii) maintains accurate and complete books and records and internal controls, consistent with applicable law and internationally recognized accounting principles and practices.
- 15.4 A Party agrees to notify the other Party promptly upon discovery of any instance where it or any of its Affiliates, fails to comply with any of the provisions of this Article, to promptly take mitigating measures to minimize any adverse effect on the other Party, and such Party shall in any event indemnify and hold harmless the other Party and their Affiliates from and against any losses, damages and claims arising from such breach of this Article. This indemnity shall survive termination of this Agreement.

¹⁸ Optional text, ref article 24.3, third paragraph of the standard JOA.

16. GOVERNING LAW AND DISPUTES

16.1 This Agreement shall be governed by Norwegian Law.

16.2 Without prejudice to the Parties' rights to take interim legal measures, such as injunctions etc., any controversy or dispute that may arise in connection with or as a result of the Agreement and which cannot be resolved by mutual agreement between the Parties shall be finally decided by arbitration in Stavanger in accordance with the provisions of the Norwegian Arbitration Act (Act no.25/2004), as subsequently amended or replaced. The District Court of Stavanger shall be the proper legal venue under the Norwegian Arbitration Act, Section 6. Unless otherwise agreed, the arbitration proceedings carried out and awards delivered pursuant to this Article 16.2 are confidential in accordance with the confidential provisions in Article 11.

Documents and statements in Norwegian and English shall be allowed in any arbitration procedure. Translation thereof shall be at the expense of the Party requesting such translation.

* * *

This Agreement is entered into and signed in two originals, one for each Party, on this day of [dd.mm.yyyy]

for and on behalf of

[Seller]

[Buyer]

Name: _____

Name: _____

Signature: _____

Signature: _____

APPENDIX A

The listing of Associated Agreements for PL [XXX] comprises all existing and effective¹⁹ agreements, as amended, modified, varied or replaced from time to time, relating to the Assigned Interest in capacity of being participant in PL [XXX].

All agreements entered into by the operator on behalf of PL [XXX] shall, for the purpose of this Agreement, be considered as Associated Agreements even if not listed herein.

Without prejudice to the generality of the aforesaid, the Associated Agreements include, but are not limited to:²⁰

Agreement concerning petroleum activities for Production Licence [XXX] including its attachments

[to be completed]

¹⁹ Necessary to specify if certain agreements are entered into but not yet effective.

²⁰ Seismic data agreements should be regulated on an individual basis.