

ADVISOR

August 2005 | No. 257

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Dear Colleagues,

The AIPN puts on many events around the world that you have likely attended and undoubtedly enjoyed. Its largest and most significant events are its annual conferences which keep our VP of Conferences (Brett Butterfield last year and Tim West this year) extremely busy. They are one of the primary benefits the AIPN provides to its members. AIPN conferences serve a number of purposes:

- They provide ongoing education with up to date, relevant information on important topics for our industry.
- They allow members to hear from and meet with the most significant players in the business.
- They provide tremendous networking opportunities.
- They promote positive interaction between government officials and industry personnel in a neutral forum.
- They allow you to visit far flung parts of the globe where you can do business in an educational setting.
- They provide first rate social, touring and entertainment events that allow you to experience the local culture and sights.
- They provide an opportunity for AIPN members to participate as conference committee members or speakers and expand their contacts.
- They provide our companies and firms an opportunity to develop their business and gain recognition as event sponsors.
- They reward our long suffering spouses who support our globetrotting in the pursuit of business.
- And it does all of this for an extremely reasonable cost.

There are two major AIPN Conferences each year: the Spring Conference and the International Conference. The Spring Conference was the first to be held by the AIPN in Houston in 1985. It has continued

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AIPN 2005 Calendar of Events

- August 25** **AAPRC Recional Chapter Meeting**
“Strategies for Developing and Optimal Sole Risk Decision Making Structure”
Singapore, Singapore
- August 25** **Annual Summer Cocktail Reception**
Maggiano’s Restaurant, Houston, Texas, USA
- September 7** **US Chapter Luncheon Meeting**
The Omni Hotel, 4 Riverway, Houston, Texas, USA
- September 18 - 21** **AIPN International Conference**
“Russia/CIS Meets the World: Opportunities & Challenges”
Marriott Grand Hotel, Moscow, Russia
- September 26 - 30** **Rocky Mountain Mineral Law Foundation**
“Short Course” - Week I
J.W. Marriott Hotel, Houston, Texas, USA
- September 28** **EAMC Regional Chapter Meeting**
“The Changing Relationship Between IOC’s and NOC’s: Evolution or Revolution?”
Dubai, UAE
- October 3 - 7** **Rocky Mountain Mineral Law Foundation**
“Short Course” - Week II
J.W. Marriott Hotel, Houston, Texas, USA
- October 4** **EAMC Chapter Meeting**
Almaty, Kazakhstan
- October 19** **US Chapter Luncheon Meeting**
The Omni Hotel, 4 Riverway, Houston, Texas, USA
- November 7-8** **First Negotiation Skills Workshop**
Thistle Tower Hotel, London, United Kingdom
- November 9** **US Chapter Luncheon Meeting**
The Omni Hotel, 4 Riverway, Houston, Texas, USA
- November 18** **US Chapter Fall Reception**
Houston, Texas, USA
- December 14** **US Chapter Meeting**
The Omni Hotel, 4 Riverway, Houston, Texas, USA

President's Message (Continued from Page 1)

to be held in Texas every year since. The name of the conference naturally derives from the season of the year in Texas when it is held, i.e., spring, which is usually March or April. Besides Houston, it has been held in San Antonio, Galveston, Montgomery and the Woodlands (the last three locations are in the Houston area). Here's a listing of the past AIPN Spring Conferences:

Year	Venue	Theme	Co-Chair(s)
1985	The Woodlands	Opec and Non-Opec Producers: The Changing Relationships	Walter Mosgovoy
1986	The Woodlands	International Petroleum Negotiations	Walter Mosgovoy
1987	The Woodlands	Innovative Approaches to Exploration in the Economic Climate of Today	Claude Masters
1988	Montgomery	International Exploration – The Future	Alfred Boulos
1989	Montgomery	Annual Meeting & Education Seminar	John Elliot
1990	Montgomery	Annual Meeting & Education Seminar	Timothy Sands
1991	Montgomery	Annual Meeting & Education Seminar	Mike Coffield
1992	Montgomery	Annual Meeting & Education Seminar	John Gaskins
1993	The Woodlands	The Changing Role of the Negotiator	Mike Foley
1994	The Woodlands	Cultural Dimension of International Negotiations	Mick Jarvis
1995	San Antonio	Reserve Addition Strategies & AIPN Model JOA	Sean Murphy
1996	San Antonio	Expanding Horizons – Evolving Issues for International Negotiator	John Campion
1997	San Antonio	Spring Conference	Marty Forté
1998	San Antonio	Spring Conference	Casey Olson & John Lindemood
1999	San Antonio	Dealing with the Downturn	Frederik Dekker & James Barnes
2000	San Antonio	The Future of the Industry in the 21st Century	Skip Maryan, Doak Bishop, Chris Tytanic & Bill Dixon
2001	San Antonio	The Promise and Challenge of Globalization	Chris Tytanic & Bill Lafferrandre
2002	San Antonio	Where to Play and How Much to Pay	John Bowman & Ray Manning
2003	Galveston	How To Succeed In Business, When We're All Really Trying	Tim West & Jay Cuclis
2004	The Woodlands	Consolidation, Turmoil and Constant Change – Catalysts for Opportunity	Frank Cascio & John Pollio
2005	The Woodlands	Cross Border Gas: How Difficult Can It Be?	Jim Andrew & Ned Crady

President's Message (Continued from Page 3)

Over the last several years the focus of the Spring Conference has changed as the needs of AIPN members and the organization itself have changed. There is now more of an emphasis on emerging (and even cutting edge trends) in the industry to allow AIPN members to see what the future will hold. We have also structured the Spring Conference to include the annual general meeting and to hi-lite the change in the President, Officers and Board of Directors that occurs at that time of year. It provides an opportunity for the outgoing AIPN President and the incoming AIPN President to share with members their retrospective on the past year and their vision for the year ahead.

The AIPN provides scholarships for university students in energy related programs to attend the Spring Conference as part of its student outreach program. Over the past five years, approximately 80 students from 6 universities have attended. The Spring Conference attracts between 125 to 150 delegates each year and is very aptly named since it starts the new AIPN year with a fresh Board.

The AIPN Board decided to make a major switch in venues for the 2006 Spring Conference. The Spring Conference is leaving Texas and is going to Washington, D.C. We are all quite excited about this change since it will provide the opportunity for the AIPN to plug into policy makers, think tanks, multilateral agencies and trend setters. These groups will provide us with some extremely interesting speakers. It still makes a great deal of sense to have the Spring Conference in the United States since that is where the largest group of our members reside and US energy policy is still the driving force in the world of oil and gas. We strongly believe this venue expands the AIPN's horizons and will provide a tremendous educational forum and networking venue for our members. If you plan on attending the Washington conference, please mark your calendar for March 29-31, 2006. We thank Alisa Newman Hood and Greg Saunders for co-chairing this conference and bringing it to Washington.

The International Conference is held in either September or October of each year in a region of the world that has significant industry activity. It used to be called the Fall Conference, but a number of years ago we started holding it in cities in the Southern Hemisphere and the reference to the season of the year no longer made any sense. In addition, the venues and themes of this conference were becoming increasingly international in every sense of the word, so the name change was adopted by the AIPN Board. The theme and topics of this conference invariably focus on oil and gas activities in the part of the world where it is located. Key government and industry people from that region are invited to talk about what is happening in their respective jurisdictions and portfolios. In recent years, the AIPN has introduced a number of innovations into its conference program such as sponsoring students from the region to attend the event (along with the winners of our annual student writing competition), providing venues for host governments to describe opportunities in their countries and including cultural tours and events. Here are the past International Conferences organized by the AIPN:

Year	Venue	Theme	Chair(s)
1993	London, England	Europe in the Next Decade – The Energy Challenge	Mick Jarvis
1994	Dallas, Texas	Finding Common Ground in Turbulent Times	Casey Olson
1995	Rome, Italy	Fall Conference	John Champion
1996	Banff, Canada	Managing Risk in the Next Millenium	Tim Martin & Sean Murphy
1997	Kuala Lumpur, Malaysia	Oil & Gas in Asia Pacific Market: Risk & Opportunities	Belle Toren
1998	London, England	Recognizing Accomplishments of Past in order to Seize Opportunities of Future	Dana Rudd & Mick Jarvis
1999	Washington, D.C.	Financing and Investments: The International Energy Industry Comes of Age	Dave Asmus & Andy Derman
2000	Cape Town, South Africa	Africa: In Search of Big Game	Steve Mills
2001	Calgary, Canada	Changes Influencing International Negotiations New Opportunities for Success	Bill MacGillivray & Nolan Rempel
2002	Paris, France	Crossroads of Cultures and Energy	Terry Todd, Toufic Nassif & Stephane Brabant
2003	Dubai, UAE	The Middle East and World Energy	Curt Satre & Gavin
2004	Buenos Aires, Argentina	Investing in Latin American – Opportunities & Challenges	Pablo Alliani & Justo Norman

President's Message (Continued from Page 4)

This year's International Conference will be held in Moscow between September 18-21, 2005. It is co-chaired by Jennifer Josefson & Andrei Sapozhnikov with the theme of *Russia & the CIS Meet the World: Opportunities & Challenges*. Next year's conference will be in Perth, Australia between October 15-18, 2006 and will be co-chaired by Hans Hirschmanner & Mike Arruda. The both promise to be fantastic events, so you should start planning to get there. The AIPN has recently started the selection process for the 2007 International Conference and expects to make its decision in October of this year. We already have a number of candidates expressing strong interest and we are quite excited about the potential venues and themes that they can present to AIPN members. If you are interested in submitting a proposal for hosting the 2007 International Conference, please contact Tim West by September at the latest.

As you can see by the many cities where the AIPN annual conferences have been held over the years, this is truly an international organization. The variety of topics discussed at our conferences attest to the high level contacts, in depth insight and wide ranging knowledge of the industry that resides within the AIPN membership.

We are extremely pleased to be able to present these terrific events to you each year. You can rest assured that the AIPN will continue to maintain these high standards so that you will automatically mark these conferences on your calendar as the "must attend" events of the year.

Sincerely,

Tim Martin,





AIPN 2005 International Conference, Moscow

Marriott Grand Hotel
Moscow, Russia

“Russia and the CIS Meet the World: Opportunities and Challenges”

NEW - NEW - NEW
REGISTRATION DEADLINE FOR
OPTIONAL TOURS HAS BEEN
EXTENDED TO AUGUST 31st!
REGISTRATION FOR THE HOTEL
BOOKINGS IS NOW AUGUST 22nd!
DON'T MISS THIS EVENT!



September 18-21, 2005

Sessions include:

- *State Policy & State Players*
 - *What's At Stake: Russia & CIS Countries' Reserves, Production, Exports, Fiscal Regimes*
 - *Caspian Region Spotlight: Other Countries*
 - *Other Regional Players: China, Japan, India Weigh in on CIS Hydrocarbons*
 - *Round Table: The Practical Side – Industry Meets the Regulators*
 - *Gas Development and Marketing*
 - *Russian LNG to World Market*
 - *Bringing CIS Oil to Market*
 - *Case Studies I: Notable Development Projects – Independents*
 - *Russian Companies' Perspective: At Home and Reaching Abroad*
 - *Case Studies II: Offshore Projects*
-

Click below for a full color brochure and programme information.

[2005 International Conference Brochure](#)

For registration information and further details, see our Conferences pages on our website:

www.aipn.org

OIL AND GAS ADVENTURE STORIES

Fear of Flying

Between 1996 and 2000 I was regularly flying between Baku, Azerbaijan and Tbilisi, Georgia as part of my responsibilities relating to the Baku-Supsa early oil pipeline. The flights were on various commercial and private carriers.

On one of my earliest trips, I had to travel via Moscow on Aeroflot to get to Tbilisi. These were the days of the old Baku airport and security was very lax. The plane was full of merchants who were headed to Moscow to buy goods in order to bring back what they could to sell in Baku. Many of the passengers also had bundles of food either to be eaten on the flight or to be delivered to relatives in Moscow. There were actually two passengers with chicken coups, albeit small ones, with chickens inside. It seemed rather commonplace to be transporting chickens on a flight, as if we were on a country bus.

As I was buckling up before take-off the Azerbaijani gentlemen next to me had a surprised look. "What are you doing?" he asked. "Fastening my seat belt" I said. "Oh, you don't have to do that, they are Russians, you don't have to listen to them." Of course I kept my seat belt fastened. I realized that to the Azerbaijanis this was a way of defying the many years of being subject to Russian and Soviet rule. During the flight I began talking to the gentlemen next to me and told him that I was also an Azerbaijani but born and raised abroad. This was all that was needed for the gentlemen to warm up to me and call for a small celebration. On a plane where we did not expect any lunch or sandwiches, he quickly produced a cloth bundle, with bread baked fresh that morning, feta cheese, walnuts, some salami and fruit. He also produced a bottle of vodka. He then very casually brought what I would call a carving knife and began to cut chunks of cheese, salami and bread. How he had managed to get that knife on board I don't know. We had our fill of the food and when we ran out of vodka my host somehow managed to buy us what remained of another passenger's bottle of vodka. By the time we arrived he had finished most of the vodka, with me taking several shots myself and we had both eaten heartily. It took me the rest of the trip to Tbilisi before I recovered from the morning's festivities.

En route from Tbilisi to Baku, the lone stewardess had just collected what remained of the meager snacks and soft drinks and was preparing what looked like a proper lunch of cold cuts, bread, soft drinks and other goodies for the crew. The Yak-40 airplanes used for such flights were usually only half full so the crew would gather at the back of the plane to have their lunch on occasions when they had not yet eaten before the flight. When the airplane had settled into cruising altitude the crew members began coming out of the cockpit one by one to go aft and get some food. What looked like the co-pilot emerged last and before locking the cockpit door fiddled with it in some way as if to ensure that it was left slightly ajar. With the plane on auto pilot, the entire crew was in the back of the plane having their lunch. About 10 minutes later, the captain returned and those of us in the front of the cabin realized that he was having difficulty getting back into the cockpit. The stewardess joined him, but she couldn't do anything either in getting the cockpit door open. The other crew members joined in and each had a try to no avail. Then the captain returned to the back of the plane and came back out with a small axe with which he proceeded to hack at the cockpit lock until it was broken open. The flight continued and we arrived without further incident. No one but I seemed to have been alarmed by the situation or to have thought the situation through to its possibly tragic conclusion.

On another trip between Baku and Tbilisi, we were waiting on the tarmac for the pilots to arrive before boarding. When the pilots did arrive, they began wandering about the plane without looking down at the tarmac. My colleague, who was a former US Air Force navigator, initially thought that the pilot and co-pilot were doing the pre-flight check of the aircraft. But as the pilot and co-pilot wandered further from the airplane looking intently at the tarmac and not the plane itself, we soon realized that they were actually looking for something on the ground and not going through any kind of pre-flight check. My colleague joked that perhaps they were looking for keys to the airplane. In fact, they were. The co-pilot finally picked up what looked like a wire of sorts. He walked it over to the captain who then went to the back of the plane and inserted the wire into an opening in the airplane. To our surprise the staircase opening mechanism was triggered allowing the passengers to board. We just hoped that the staircase would not open as easily in flight as it had on the ground. Luckily it did not.

Masoud Javadi is an attorney with BP America Inc. in Houston and worked for BP in Baku, Azerbaijan and the Caspian Region from 1996-2003.



The articles appearing in this column reflect the experiences and opinions of their authors only, and the AIPN Advisor hereby disclaims any knowledge of their factual accuracy or inaccuracy.

OIL AND GAS ADVENTURE STORIES

We have all had experiences in the oil business that we enjoy sharing with our colleagues. Perhaps you would like to share yours with a wider audience.

If so, send your story to Gordon Barrows at gbarrows@barrowscompany.com or Norman Nadorff at nadorfnj@bp.com. The preferred story length is 1000 words or less.

Last month, we have added a section "Short Takes". You are invited to send in any short tales or anecdotes such as the above, that you may want to share.

The AIPN may select some stories and short 'snippets' for publication in the *AIPN Advisor*. Stories will be published anonymously if the author prefers. If industry interest warrants, Barrows Company may eventually publish a compilation of such stories (perhaps expanded versions). Feel free to submit *ideas* for stories as well, for purposes of gauging interest in, and the feasibility of this project.

REQUEST FOR PROPOSALS AIPN 2007 INTERNATIONAL CONFERENCE

The AIPN Board requests interested members of the AIPN to submit a proposal for the 2007 International Conference venue to be held in September or October, 2007. The Board will consider the following criteria in making its choice:

- Location has strong connection to international energy industry
- Selection of world class hotels and conference infrastructure available
- Committed AIPN members willing to organize conference
- New venues will be given favorable consideration

Initially, only a simple expression of interest needs to be submitted. Interested candidates will then be provided the AIPN's conference template to use for a complete proposal package consisting of the following:

- Conference Proposal Document
- Draft Program
- Draft Budget
- Past AIPN Conference Material

The timetable for the selection of the 2007 International Conference venue is:

Friday, August 12, 2005	Submit Expression of Interest to VP Conferences
Wednesday, August 31, 2005	AIPN Board reviews Expressions of Interest
Monday, September 12, 2005	Final Date for submitting full Conference Proposal to VP Conferences
Wednesday, October 19, 2005	AIPN Board decides upon venue for 2007 International Conference

For further details on how to submit a proposal and to receive a copy of the AIPN Conference Proposal package, please contact:

Tim West
VP Conferences & Programs
tim.west@dvn.com

AIPN RESEARCH GRANT RECIPIENTS NAMED, CALL FOR NEW RESEARCH TOPICS

The AIPN Board has approved the issuance of two grants in the amount of \$10,000 each to Dr. Peter Cameron and Dr. A.F.M. (Munir) Maniruzzaman to conduct research and produce independent papers on the topic, “*Stabilization in Investment Contracts and Change of Rules by Host Countries: Tools for Oil and Gas Investors*”. Dr. Cameron is the professor of International Energy Law and Policy and Director of Research at the Centre for Energy, Petroleum and Mineral Law and Policy (CEPMLP) at the University of Dundee, UK. He is the author of a previous AIPN research paper, “*Decommissioning of Oil and Gas Installations: The Legal and Contractual Issues*”. Dr. Maniruzzaman is Professor of International and Business Law and Director of Postgraduate Studies and Research in Law at the University of Portsmouth, UK, and the author of prior articles relating to stabilization.

The proposals submitted by Drs. Cameron and Maniruzzaman were selected from a number of excellent proposals submitted to the AIPN by academics and thank tanks from around the world. The research papers, which will be available in May 2006, are intended to provide practical tools for AIPN members both at the contract negotiation phase and the dispute resolution phase. The topic is a very timely one since high oil prices have recently resulted in a number of governments trying to make unilateral changes in their contracts with international oil companies.

Production of research papers addressing issues of current interest is one of the services the AIPN provides to its members. In addition to the paper on decommissioning, there are two other research papers available on the AIPN web site, www.aipn.org: “*Cross-border Oil and Gas Pipelines*” by Dr. Sergei Vinogradov of the University of Dundee and “*International Unitization of Oil and Gas Fields: The Legal Framework of International Law, National Laws, and Private Contracts*” by Jacqueline Weaver of the University of Houston Law Center; David Asmus of Baker Botts; Thomas Walde, Salim Mahmud, Adaeze Ifesi and Elizabeth Bastida of the University of Dundee; and James Ross of Ross Petroleum Limited.

The AIPN will be announcing a request for proposals for a research paper on another topic in the next few months. Please provide your thoughts on possible topics of interest to Pat Allison at pallison@allshoe.com.

US Regional Chapter Summer Cocktail Party

**Please join us for a great opportunity
to spend a relaxing evening with your colleagues
and meet new AIPN members!!**

Thursday August 25, 2005

6:00pm – 8:00pm

Maggiano’s Italian Restaurant

2019 Post Oak Boulevard

Houston, Texas 77056

\$25.00 per person

Includes Appetizers, Hors d’Oeuvres, and your choice of beverage.

Suggested attire: Business Casual

**To register for this event, go to www.aipn.org or click the link herebelow
Conferences Luncheons and Other Events**

For more details, contact Jennifer O’Neal at Jennifer@aipn.org

or 281-558-7715 ext. 105

We hope to see you and your spouse/guest on August 25th!

Model Contracts workshop 2005: a brief review

In the June 2005 Advisor, Tim Martin, the President of the AIPN, wrote:

“The primary forum for the development of the AIPN’s model contracts is its annual Model Contracts Workshop... It provides the annual focus and discipline needed to significantly advance and complete the complex task of drafting these models. It is also one of the best learning experiences for the understanding of international oil and gas agreements.”

From the comments we received from the delegates, this year’s workshop in Artimino met and exceeded these goals. This feedback was summarized by one delegate who writes:

“... this first class contract workshop (which) was of an excellent quality by the standards of the presentations, and the in-depth knowledge of both the speakers and the audience. All this coupled with a charming environment and a relaxed atmosphere”.

Many thanks to the members of the drafting teams who made it happen.

A key measure of success of a Model Contracts Workshop is the level of participation, the goal being to attract participants from a wide range of legal frameworks and cultural backgrounds, so that the model contracts will undergo the scrutiny from, and eventually be used in, as many oil patches of the world as possible.

This year’s participation was exceptional, with delegates & speakers coming from North America (USA, Canada), South America (Brazil, Argentina, Ecuador), Europe (England, Norway, Denmark, the Netherlands, France, Italy), Africa (Nigeria, Tunisia), Mid East (Qatar), FSU (Russia, Kazakhstan) and Australia.

Many thanks to the delegates who, through their participation, contributed to the success of the workshop.



The cocktail party took place in front of the monumental Villa Medicea



In between sessions...

The AIPN Board of Directors has decided to return to Artimino, Tuscany, Italy next year. The Co-chairs for the 2006 Model Contracts Workshop will be Marco Bollini (Eni, Milan) and Bertrand Montembault (Herbert Smith, Paris). Marco and Bertrand are now working with the hotel and conference center to confirm the dates and organize the venue for the workshop.

Details will be provided in coming issues of the Advisor and on the website.



LIBERIA

Model Petroleum Production Sharing Contract 2004 (Extract) (Contributed by Barrows Company)

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PRODUCTION SHARING CONTRACT

BETWEEN

The Republic of Liberia, (STATE) represented for the purposes of this Contract by the National Oil Company of Liberia (NOCAL), a company incorporated under the laws of Liberia;

AND, (“the Contractor”).

ARTICLE 1 DEFINITIONS

The following terms used in this Contract shall have the following meaning:

- 1.1. **CALENDAR YEAR** means a period of twelve (12) consecutive months beginning on January first (1st) and ending on the following December thirty-first (31st), according to the Gregorian Calendar.
- 1.15. **PETROLEUM** means Crude Oil and Natural Gas.

ARTICLE 2 SCOPE OF THE CONTRACT

- 2.1. This Contract is a Production Sharing Contract and includes all the provisions of the agreement between NOCAL and the Contractor.
- 2.2. NOCAL authorizes the Contractor to be the Operator pursuant to the terms set forth herein and to carry out the useful and necessary Petroleum Operations in the Delimited Area, on an exclusive basis.
- 2.3. The Contractor undertakes, for all the work necessary for carrying out the Petroleum Operations provided for hereunder, to comply with good international petroleum industry practice and to be subject to the laws and regulations in force in Liberia unless otherwise provided under this Contract.
- 2.4. The Contractor shall supply all financial and technical means necessary for the proper performance of the Petroleum Operations.
- 2.5. The Contractor shall bear alone the financial risk associated with the performance of the Petroleum Operations. The Petroleum Costs related thereto shall be recoverable by the Contractor in accordance with the provisions of Article 16.2.

ARTICLE 3 DURATION OF EXPLORATION PERIODS AND SURRENDERS

- 3.1. The exclusive exploration authorization is hereby granted to the Contractor for a first period of _____ (____) Contractual Years in respect of the entire Delimited Area.
- 3.2. If during the first exploration period set forth above the Contractor has fulfilled the exploration work commitments defined in Article 4, as ascertained by the Government, the exclusive exploration authorization shall, at the Contractor’s request, be renewed for a second exploration period of _____ (____) Contractual Years.
- 3.3. If, at the end of such second exploration period and provided that it has fulfilled its work commitments as set forth above, the Contractor so requests, a third exploration period shall be authorized for _____ (____) Contractual Years.
- 3.4. The applications referred to in Articles 3.2 and 3.3 shall be made at least sixty (60) days prior to the expiration of the current exploration period.

- 3.5. The Contractor shall surrender at least the following surfaces:
- (a) twenty-five percent (25%) of the initial surface of the Delimited Area at the expiration of the first exploration period.
 - (b) twenty-five percent (25%) of the initial surface of the Delimited Area at the expiration of the second exploration period.
- 3.6. During any exploration period, the Contractor may, at any time, notify NOCAL that it surrenders on the whole or any part of the Delimited Area the rights granted to it by giving sixty (60) days' notice to that effect. No surrender during or at the expiration of any exploration period shall reduce the work commitments and the investment obligations set forth in Article 4 for the current exploration period.

ARTICLE 4 EXPLORATION WORK COMMITMENTS

- 4.1. The Contractor shall commence the geological and seismic work within three months from the Effective Date.
- 4.2. The Contractor, during the first exploration period defined in Article 3.1, shall carry out the following minimum work:
- ? _____ kilometers of seismic survey and
 - ? _____ exploratory wells.
- 4.3. The Contractor, during the second exploration period defined in Article 3.2, shall carry out the following minimum work:
- ? _____ exploratory wells.
- 4.4. The Contractor, during the third exploration period defined in Article 3.3, shall carry out the following minimum work:
- ? _____ exploratory wells.
- 4.5. Each of the exploratory wells referred to above shall be drilled to a minimum depth of _____ meters, after deduction of the water depth, or to a lesser depth if the continuation of drilling performed in accordance with good international petroleum industry practice is prevented for any of the following reasons:
- (a) the basement is encountered at a lesser depth than the minimum contractual depth;
 - (b) continuation of drilling presents an obvious danger due to the existence of abnormal formation pressure;
 - (c) rock formations are encountered the hardness of which prevents, in practice, the continuation of drilling by the use of appropriate equipment;
 - (d) petroleum formations are encountered the crossing of which requires, for their protection, the laying of casings preventing the minimum contractual depth from being reached.
- 4.6. In order to carry out the exploration work defined in Articles 4.2 to 4.4 in the best technical conditions in accordance with good international petroleum industry practice, the Contractor undertakes to spend the following minimum amounts determined with minimum expenditure of _____ million Dollars per well:
- (e) _____ million Dollars during the first exploration period defined in Article 3.1;
 - (f) _____ million Dollars during the second exploration period defined in Article 3.2;
 - (g) _____ million Dollars during the third exploration period defined in Article 3.3.

ARTICLE 5 ESTABLISHMENT AND APPROVAL OF ANNUAL WORK PROGRAMS AND BUDGETS

- 5.1. At least three (3) months before the beginning of each Calendar Year, or for the first year, within one (1) month from the Effective Date, the Contractor shall prepare and submit for approval to NOCAL an Annual Work Program together with the related Budget for the entire Delimited Area, specifying the Petroleum Operations that the Contractor proposes to perform during that Calendar Year and their cost.

ARTICLE 6 CONTRACTOR'S OBLIGATIONS IN RESPECT OF THE EXPLORATION PERIODS

- 6.1. The Contractor shall provide all the necessary funds and purchase or hire all the equipment, facilities and materials required to carry out the Petroleum Operations.
- 6.2. The Contractor shall provide all technical assistance, including the personnel required to carry out the Petroleum Operations.

- 6.3. The Contractor shall be responsible for the preparation and performance of the Annual Work Programs which shall be carried out in the most appropriate manner in observance of good international petroleum industry practice.

**ARTICLE 7
CONTRACTOR'S RIGHTS IN RESPECT OF THE EXPLORATION PERIODS**

- 7.1. Without prejudice to the provisions hereof, the Contractor shall have the right to carry out the Petroleum Operations within the Delimited area. Such right includes, inter alia;
- (a) full responsibility for, management of and control over all the Petroleum Operations;
 - (b) authority to exercise any of the rights conferred hereby through agents and independent contractors, and to pay accordingly any of their expenses and costs in the place and in the currency chosen by the Contractor.

**ARTICLE 8
ACTIVITY REPORTS DURING THE EXPLORATION PERIODS
AND SUPERVISION OF PETROLEUM OPERATIONS**

- 8.1. NOCAL shall own and may freely use all the original data and documents relating to the Petroleum Operations such as, but without limitation, records, samples, geological, geophysical, petrophysical, drilling and operating reports.
- 8.2. The Contractor undertakes to furnish NOCAL with the following periodic reports:
- (a) daily reports on drilling operations;
 - (b) weekly reports on seismic operations;
 - (c) within thirty (30) days after each Calendar quarter, a report on the Petroleum Operations carried out together with a detailed statement on Petroleum Costs in respect of the preceding quarter;
 - (d) prior to the end of February of each Calendar Year, an annual report on the Petroleum Operations carried out together with a detailed statement on Petroleum Costs in respect of the preceding Calendar Year.

**ARTICLE 9
OCCUPATION OF LAND**

- 9.1. The STATE shall make available to the Contractor, and only for the purposes of the Petroleum Operations, any land which it owns and which is necessary for said operations. The Contractor shall have the right to build and the obligation to maintain, above and below the ground, the facilities necessary for the Petroleum Operations.

**ARTICLE 10
USE OF FACILITIES**

- 10.1. For the purposes of the Petroleum Operations, the Contractor shall have the right to use, in accordance with the applicable laws, any railroad, tramway, road, airport, landing strip, canal, river, bridge, waterway and any telephone or telegraph network in Liberia whether owned by the STATE or by any private enterprise, subject to the payment of fees then in effect or mutually agreed upon which will not be in excess of the prices and tariffs charged to Third Parties for similar services.

**ARTICLE 11
APPRAISAL OF A PETROLEUM DISCOVERY**

- 11.1. In the event the Contractor discovers Petroleum, it shall, as promptly as possible, notify NOCAL thereof and submit to it, within thirty (30) days after the date of the temporary plugging or abandonment of the discovery well, a report including all information relating to said discovery.

- 11.2.** If the Contractor wishes to undertake appraisal work relating to the above-mentioned Petroleum discovery, it shall submit for approval to NOCAL, within six (6) months after the date of notification of said discovery, the appraisal work program and the estimate of the related Budget.
The provisions of Article 5 shall be applicable, mutatis mutandis, to said program as regards its approval and performance, it being understood that the submitted program shall comply with good international petroleum industry practice.
- 11.3.** If the Contractor meets the conditions referred to in Article 11.2 and on request to NOCAL, the latter shall grant to it an exclusive appraisal authorization for a duration of two (2) years from the date of approval of the appraisal work program and the related Budget, in respect of the Appraisal Perimeter specified in said program. Except otherwise provided by this Article, the Contractor shall, during the term of said exclusive appraisal authorization, be subject to the same regime as that applicable to the exclusive exploration authorization.
- 11.3.4.** The commercial nature of one or more Petroleum Fields shall be determined by the Contractor, provided that it shall, at the end of appraisal work, submit to NOCAL the economic study referred to in Article 11.3.3.(e) demonstrating the commercial nature of said Field or Fields.

ARTICLE 12
GRANT OF AN EXCLUSIVE EXPLOITATION
AUTHORIZATION

- 12.1.** A commercial Petroleum discovery shall entitle the Contractor to an exclusive right, if it so requests pursuant to the conditions set forth in Article 11.3.3., to obtain, in respect of the Field concerned, an exclusive exploitation authorization covering the related Exploitation Perimeter. Said authorization shall be granted by NOCAL as soon as possible.
- 12.2.** If the Contractor makes several commercial discoveries in the Delimited Area, each such discovery shall, in accordance with the provisions of Article 12.1 give rise to an exclusive exploitation authorization each corresponding to an Exploitation Perimeter. The number of exclusive exploitation authorizations and related Exploitation Perimeters within the Delimited Area shall not be limited.

ARTICLE 13
DURATION OF THE EXPLOITATION PERIOD

- 13.1.** The duration of an exclusive exploitation authorization during which the Contractor is authorized to carry out the exploitation of a Field declared commercial is set at twenty-five (25) years from its date of issue.
If upon expiration of the exploitation period of twenty-five (25) years above-defined, a commercial exploitation of a Field remains possible NOCAL may authorize the Contractor, at the latter's request submitted at least twelve (12) months prior to said expiration, to continue under this Contract the exploitation of said Field during an additional period of no more than ten (10) years, provided that the Contractor has fulfilled all its obligations during the current exploitation period.
If, upon expiration of that additional exploitation period, a commercial exploitation of said Field remains possible, the Contractor may request NOCAL, at least twelve (12) months prior to said expiration that it be authorized to continue the exploitation of said Field under this Contract, during an additional period to be agreed upon.

ARTICLE 14
EXPLOITATION OBLIGATION

- 14.1.** For any Field in respect of which an exclusive exploitation authorization has been granted, the Contractor undertakes to perform, at its sole cost and its own financial risk, all the Petroleum Operations useful and necessary for the exploitation of said Field.

**ARTICLE 15
CONTRACTOR'S OBLIGATIONS AND RIGHTS
IN RESPECT OF EXCLUSIVE EXPLOITATION AUTHORIZATIONS**

- 15.3.** The Contractor shall have the right to build, use, operate and maintain all the Petroleum storage and transportation facilities which are necessary for the production transportation and sale of Petroleum produced, pursuant to the conditions specified in this Contract.
The Contractor may determine the route and location of any pipeline inside Liberia which is necessary for the Petroleum Operations, provided that it shall submit plans to NOCAL for approval prior to the commencement of work; any pipeline crossing or running alongside roads or passageways (other than those used exclusively by the Contractor) shall be built so as not to hinder the passage on those roads or passageways.
- 15.9.** The Contractor shall measure, in a point mutually agreed between the Parties, all Petroleum produced and not used for the requirements of the Petroleum Operations, and excluding unavoidable losses, after extraction of water and sediments, by using the measurement appliances and procedures customarily used in the international petroleum industry.

**ARTICLE 16
RECOVERY OF PETROLEUM COSTS AND PRODUCTION SHARING**

- 16.1.** From the commencement of regular production of Crude Oil, the Contractor shall market all the production of Crude Oil obtained from the Delimited Area, in accordance with the provisions hereinafter defined.
- 16.2.** For the purposes of recovery of the Petroleum Costs, the Contractor may freely take each Calendar Year a portion of the production in no event greater than ____ percent (____%) of the Total Production of Crude Oil from the Delimited Area, or only any lesser percentage which would be necessary and sufficient.
If during a Calendar Year the Petroleum Costs not yet recovered by the Contractor under the provisions of this Article 16.2 exceed the equivalent in value of ____ percent (____%) of the Total Production of Crude Oil from the Delimited Area, as calculated above, the balance of the Petroleum Costs which cannot be recovered in that Calendar Year shall be carried forward in the following Calendar Year or Years until full recovery of the Petroleum Costs or until the expiration of this Contract.
- 16.3.** The quantity of Crude Oil from the Delimited Area remaining during each Calendar Year after the Contractor has taken from the Total Production the portion necessary for the recovery of the Petroleum Costs, hereinafter referred to as "Remaining Production," shall be shared between NOCAL and the Contractor as follows:
The Remaining Production shall be shared according to the daily Total Production from the Delimited Area:

Increments of daily Total Production (in Barrels per day)	NOCAL's Share	Contractor's Share
from 0 to 15,000	____%	____%
from 15,000 to 30,000	____%	____%
from 30,000 to 50,000	____%	____%
over 50,000	____%	____%

For the purpose of this Article, the daily Total Production shall be the average rate of Total Production during the calendar quarter in question.

For the purposes of the tax legislation of the Republic of Liberia, the quantity of Crude Oil that NOCAL will receive during each Calendar Year pursuant to this Article 16.3 shall include the portion necessary to pay any tax(es) of the Contractor in Liberia which will be assessed on its incomes. NOCAL agrees to pay from this portion any income tax on behalf and in the name of the Contractor and to deliver to the latter official receipts of such payments.

**ARTICLE 17
TAXATION**

17.1. Unless otherwise provided for in this Contract the Contractor shall, in respect of its Petroleum Operations, be subject to the laws generally applicable and the regulations in force in Liberia concerning taxes which are or may be levied on incomes, or determined thereto.

It is specifically acknowledged that the provisions of this Article shall apply individually to any entity comprising the Contractor under this Contract.

The Contractor shall keep separate accounts for each Fiscal Year in respect of the Petroleum Operations, in accordance with the regulations in force in Liberia, enabling in particular the establishment of a profit and loss account as well as a balance sheet showing both the results of said Petroleum Operations and the asset and liability items allocated or related thereto.

17.2. For the purposes of Article 17.1 the Contractor shall in respect of its net profit arising from Petroleum Operations, be liable to an income tax under the laws and regulations in force in Liberia.

In accordance with the provisions of Article 16.3 under which NOCAL shall pay Contractor's income tax from NOCAL's share of crude oil, the Contractor shall not be liable for any payment to the STATE with respect to said tax. As regards the tax authorities of Liberia, the share of Crude Oil of Total Production, which the Contractor is entitled to receive under the provisions of Article 16.3 is considered as representing the net profit obtained by the Contractor.

17.7. Except for the income tax defined in this Article and the bonuses provided for in Article 19, the Contractor shall be exempt from all other levies, duties, taxes or contributions of any nature whatsoever arising from the Petroleum Operations and any revenues related thereto or, more generally, on Contractor's property, activities or actions, including its establishment and its operation hereunder.

In particular, the Contractor, its suppliers, subcontractors and Affiliated Companies shall be exempt from the taxes or turnover (value added taxes and taxes on services) which would be payable in connection with sales made by, work performed for and services rendered to the Contractor under this Contract.

17.8. Assignments of any kind between the companies signing this Contract and their Affiliated Companies as well as any assignment made in accordance with this Agreement shall be exempt from any duties or taxes payable in such respect.

17.9. Surface rentals shall be payable to NOCAL per square kilometer of the area remaining at the beginning of each Calendar Year as part of the Delimited Area, in the amounts as set out below:

Phase of Operation	Surface Rentals Per Annum
First Exploration Period	\$ 30 per sq. km.
Second Exploration Period	\$ 50 per sq. km.
Third Exploration Period	\$ 75 per sq. km.
Development & Exploitation Area	\$100 per sq. km.

**ARTICLE 18
VALUATION OF PETROLEUM**

18.1. For the purposes of this Contract, the Crude Oil price shall be the F.O.B. "Market Price" at the Delivery Point, expressed in Dollars per Barrel and payable within thirty (30) days after the date of the bill of lading, as determined hereinafter for each quarter.

A Market Price shall be determined for each type of Crude Oil or Crude Oil mix.

18.2. The Market Price applicable to liftings of Crude Oil made during a calendar quarter shall be calculated at the end of said quarter and shall be equal to the weighted average of the prices obtained for Crude Oil from the Delimited Area during said quarter by the Contractor and by NOCAL from independent purchasers, as adjusted to take into account the differences in quality and gravity as well as in F.O.B. delivery terms and payment conditions.

18.3. In the event such sales are not made, the Market Price shall be determined on the basis of the prices obtained on the international market during said quarter between independent buyers and sellers for sales of crude oils of quality similar to the Crude Oil from the Delimited Area in the same markets as those in which the Liberian Crude Oil would normally be sold, as adjusted to take into account the differences in quality, gravity, transportation as well as in sales and payment conditions.

**ARTICLE 19
BONUSES**

- 19.1.** The Contractor shall pay to NOCAL the following bonuses:
- (a) _____ million Dollars when the Total Production of Crude Oil from the Delimited Area first reaches the average rate of thirty thousand (30,000) Barrels per day during a period of thirty (30) consecutive days.
 - (b) _____ million Dollars when the Total Production of Crude Oil from the Delimited Area first reaches the average rate of fifty thousand (50,000) Barrels per day during a period of thirty (30) consecutive days.
 - (c) _____ million Dollars when the Total Production of Crude Oil from the Delimited Area first reaches the average rate of one hundred thousand (100,000) Barrels per day during a period of thirty (30) consecutive days.
- 19.2.** The payments referred to in Article 19.1 be recoverable and, therefore, shall be considered as Petroleum Costs.

**ARTICLE 20
OWNERSHIP AND ABANDONMENT OF ASSETS**

- 20.1.** Upon expiration, surrender or termination of this Contract, whatever the reason thereof, in respect of all or part of the Delimited Area, or at the end of exploitation of a Field, the Contractor shall transfer at no cost to NOCAL the ownership of assets, movables and immovables, used for the requirements of the Petroleum Operations carried out in the area so surrendered, located whether inside or outside the Delimited Area, such as wells and their equipment, buildings, warehouses, docks, lands, offices, plants, machinery and equipment, bases, harbors, wharfs, jetties, buoys, platforms, pipelines, roads, bridges, railroads and other facilities.
Such transfer of ownership shall cause the automatic cancellation of any security or surety concerning those assets, or which those assets constitute.
However, the Contractor may continue to use those assets beyond the date referred to in the first paragraph, for the requirements of its Petroleum Operations in Liberia governed by other contracts.
- 20.2.** If NOCAL decides not to accept, for all or part of the assets, the transfer of ownership provided for in Article 20.1, it may, not later than ninety (90) days following the date specified in said Article, require the Contractor, in accordance with good international petroleum industry practice, to perform abandonment operations and to remove, at the cost of the Contractor, the facilities relating to the surrendered area.

**ARTICLE 21
NATURAL GAS**

- 21.1. Non-Associated Natural Gas**
- 21.1.1.** In the event of a Non-Associated Natural Gas discovery, the Contractor shall engage in discussions with NOCAL with a view to determining whether the appraisal and exploitation of said discovery have a potentially commercial nature.
- 21.1.2.** If the Contractor, after the above-mentioned discussions, considers that the appraisal of such Non-Associated Natural Gas discovery is justified, it shall undertake the appraisal work program for said discovery.
The Contractor shall have the right, for the purposes of evaluating the commerciality of the Non-Associated Natural Gas discovery, if it so requests at least thirty (30) days prior to the expiration of the third exploration period set forth in Article 3.3 to be granted an exclusive appraisal authorization concerning the Appraisal Perimeter of the above-mentioned discovery, for a term of two (2) years.
- 21.1.4.** If the Contractor considers that the appraisal of the Non-Associated Natural Gas discovery concerned is not justified, NOCAL may, by giving twelve (12) months prior notice which may be reduced either with NOCAL's consent or automatically in the event the exclusive exploration authorization expires earlier, require the Contractor to surrender its rights in respect of the area encompassing said discovery.

21.2 ASSOCIATED NATURAL GAS

21.2.1. In the event of a commercial discovery of Crude Oil, the Contractor shall state if it considers that the production of Associated Natural Gas is likely to exceed the quantities necessary for the requirements of the Petroleum Operations related to the production of Crude Oil (including reinjection operations), and if it considers that such excess is capable of being produced in commercial quantities. In the event the Contractor shall have informed NOCAL of such an excess, the Parties shall jointly evaluate the possible outlets for that excess of Natural Gas, both on the local market and for export (including the possibility of joint marketing of their shares of production of that excess of Natural Gas in the event such excess would not otherwise be commercially exploitable), together with the means necessary for its marketing.

In the event the Parties should decide that the development of the excess of Natural Gas is justified, or in the event the Contractor would wish to develop and produce that excess for export, the Contractor shall indicate in the development and production program referred to in Article 11.3.3 the additional facilities necessary for the development and exploitation of that excess and its estimate of the costs related thereto.

The Contractor shall then have the right to proceed with the development and exploitation of that excess in accordance with the development and production program approved by NOCAL under the terms provided by Article 11.3.6., and the provisions of the Contract applicable to Crude Oil shall apply, mutatis mutandis, to the excess of Natural Gas, unless otherwise specifically provided by Article 21.3.

A similar procedure shall be applicable if the sale or marketing of Associated Natural Gas is decided during the exploitation of a Field.

21.3 Provisions common to Associated and Non-Associated Gas

21.3.1. In order to encourage the exploitation of Natural Gas, NOCAL may grant to the Contractor specific benefits when they are duly justified concerning, inter alia, the recovery of the Petroleum Costs relating to Natural Gas.

21.3.2. The Contractor shall have the right to dispose of its share of production of Natural Gas, in accordance with the provisions of this Contract. It shall also have the right to proceed with the separation of liquids from all Natural Gas produced, and to transport, store as well as sell on the local market or for export its share of liquid Petroleum so separated which will be considered as Crude Oil for the purposes of their sharing between the Parties under Article 16.

21.3.3. For the purposes of this Contract, the Natural Gas price, expressed in Dollars per million BTU, shall be equal to:

- (a) with respect to Natural Gas export sales to Third Parties, the price obtained from purchasers;
- (b) with respect to sales on the local market of Natural Gas as a fuel, the equivalent of _____ percent (_____%) of the price of high sulfur heavy fuel oil (expressed in Dollars per million BTU) exported from or imported into Liberia, or such other price as NOCAL (or the national entity that the STATE would set up for the distribution of Natural Gas on the local market) and the Contractor would mutually agree upon.

ARTICLE 22

FOREIGN EXCHANGE CONTROL

22.1. The Contractor shall comply with the foreign exchange control regulations, subject to the provisions of this Article.

ARTICLE 23

APPLICABLE LAW

The laws and regulations in force in the Republic of Liberia and the provisions of international law as may be applicable to international oil and gas activities shall apply to the Contractor, to this Contract and to the Operations which are the purpose thereof, unless otherwise provided by the Contract.

**ARTICLE 24
MONETARY UNIT**

- 24.1.** The registers and accounting books relating to this Contract shall be maintained and recorded in Dollars. Said registers and accounting books shall be used to determine the Petroleum Costs, gross income, exploitation costs and net profits for the purpose of the preparation of the Contractor's tax return; they shall contain, inter alia, Contractor's accounts showing the sales of Petroleum under this Contract.

**ARTICLE 25
ACCOUNTING METHOD AND AUDITS**

- 25.1.** The Contractor shall maintain its accounts in accordance with the regulations in force and with the provisions of the Accounting Procedure set out in Appendix 2 attached hereto forming an Integral part of this Contract.

**ARTICLE 26
IMPORT AND EXPORT**

- 26.1.** (a) The Contractor shall have the right to import into Liberia, in its own name or on behalf of its contractors and subcontractors, all the technical equipment, materials, machinery and tools, goods and supplies necessary in the Contractor's opinion for the proper conduct and achievements of the Petroleum Operations; such imports include but are not limited to, drilling, exploration, development, production, transportation, sales and marketing, equipment, pipelines, tanks, geological and geophysical tools, boats, ships, launches, drilling barges, ships and platforms, production platforms, civil engineering and telecommunication equipment, power plants and all related equipment, aircraft, automotive equipment and other vehicles, instruments, tools, spare parts, alloys and additives, camping equipment, protective clothing and equipment, medical, surgical and sanitary equipment, supplies and instruments necessary for the installation and operation of hospitals and dispensaries, documentation equipment, construction materials of all types, lumber, office furniture and equipment, automobiles, explosives, chemicals, fuels, ship supplies, pharmaceutical products, medicines.
- (b) The Contractor shall have the right to import into Liberia, in its own name or on behalf of its contractors or subcontractors, the furniture, clothing, household appliances and all personal effects for all the foreign employees and their families assigned to work in Liberia for the Contractor or its contractors or subcontractors.
- (c) However, the Contractor, its agents, contractors and subcontractors undertake not to proceed with the imports mentioned in Article 26.1.(a) insofar as such items are available in Liberia under equivalent conditions of quantity, quality, price, delivery and terms of payment, unless specific requirements or technical emergencies are presented by the Contractor.
- (d) The Contractor, its agents, contractors and subcontractors shall have the right to re-export from Liberia, free of all duties and taxes and at any time, all the items imported under Article 26.1.(a) and (b) which are no longer necessary for the Petroleum Operations except the items which have become the property of the State under the provisions of Article 20.
- 26.2.** All the technical materials, machinery and tools, goods and supplies specified in Article 26.1 which the Contractor, its agents, contractors and subcontractors, their foreign employees and their families will have the right to import in one or more shipments to Liberia, shall be fully exempt of all duties and taxes payable as a result of the importation ("entry duties and taxes").
- 26.4.** During the term of this Contract, the Contractor, its customers and their carriers shall have the right to export freely at the export point selected for that purpose, free of all duties and taxes and at any time, the portion of Petroleum to which the Contractor is entitled in accordance with the provisions of this Contract, after deduction of all deliveries made to the STATE.

**ARTICLE 27
DISPOSAL OF PRODUCTION**

- 27.1.** Each Calendar Year, up to a total of ten percent (10%) of the share of Crude Oil Production to which the Contractor is entitled, shall be sold to NOCAL by the Contractor for the purpose of satisfying the needs of the domestic market of Liberia. Such contribution of the Contractor shall be in proportion to its share of production, in the total Crude Oil Production in Liberia.
The quantity of Crude Oil the Contractor shall be obligated to sell to NOCAL shall be notified to it by NOCAL at least three (3) months prior to the beginning of each calendar quarter.
- 27.2.** The price of the Crude Oil sold to NOCAL under Article 28.1 for the needs of the domestic market shall be the Market Price defined in Article 18.
That Crude Oil price shall be payable to the Contractor in Dollars two (2) months after receipt of the invoice unless otherwise agreed between the Parties.
- 27.3.** The transfer of title to, and risk of, the share of Petroleum production to which each party is entitled shall be made at the Delivery Point, or at any other transfer point agreed between the Parties.
- 27.4.** Each of the Parties shall have the right and obligation, to dispose of and lift the share of Petroleum to which it is entitled under this Contract.

**ARTICLE 28
PROTECTION OF RIGHTS**

- 28.1.** The Contractor shall take all necessary steps to achieve the objectives of this Contract in its conduct of Petroleum Operations.

**ARTICLE 29
PERSONNEL AND TRAINING**

- 29.1.** The Contractor shall, for the purposes of the Petroleum Operations, employ Liberian personnel whenever qualified for requirements of the employment.
Managers, technicians, engineers, accountants, geologists, geophysicists, scientists, chemists, drillers, foremen, mechanics, skilled workers, secretaries and executive employees may be hired outside Liberia if similarly qualified specialists cannot be hired in Liberia.
- 29.2.** Upon commencement of the Petroleum Operations, the Contractor shall organize a training program for Liberian nationals. For that purpose the Contractor shall devote a minimum annual training Budget of:
- (a) _____ Dollars during each year of the exploration periods;
 - (b) _____ Dollars during each year of the exploitation periods.
- The training expenses borne by the Contractor shall be included in the recoverable Petroleum Costs.

**ARTICLE 30
ACTIVITY REPORTS IN RESPECT OF
EXCLUSIVE EXPLOITATION AUTHORIZATIONS**

- 30.1.** The provisions of Article 12 shall apply, mutatis mutandis, to any exclusive exploitation authorizations. In addition, the following periodic activity reports shall, inter alia, be furnished in respect of each Field:
- (a) daily production reports;
 - (b) monthly reports stating the quantities of Petroleum produced and those sold during the previous month together with information on such sales.
- Unless the Contractor gives its written consent, the information relating to a Field under exploitation, except statistical data about activity, shall be considered as confidential by the Parties during the term of this Contract.

**ARTICLE 31
ARBITRATION**

31.1. In the event of any dispute between the STATE or NOCAL and the Contractor relating to, or arising out of, the interpretation or execution of the provisions of this Contract, the Parties shall make their best efforts to settle such dispute amicably.

If within three (3) months from the date of notice of such dispute by either Party to the other, the Parties have not reached settlement, the dispute shall, at the request of the most diligent Party, be referred for arbitration to the International Chamber of Commerce in accordance with its rules and regulations.

**ARTICLE 32
FORCE MAJEURE**

32.1. No delay or default of a Party in performing any of the obligations resulting from this Contract shall be considered as a breach of this Contract if such

**ARTICLE 33
JOINT AND SEVERAL OBLIGATIONS AND GUARANTEES**

33.1. All the clauses, conditions and provisions of this Contract shall be binding on the Parties and their respective successors and assignees. This Contract constitutes the only agreement between the Parties and no previous communication, promise or agreement, whether oral or written, between the Parties, related to the purpose of this Contract may be asserted to amend the clauses hereof.

**ARTICLE 34
RIGHTS OF ASSIGNMENT**

34.1. All or part of the rights and obligations arising from this Contract may be assigned by any of the entities constituting the Contractor to Third Parties whose technical and financial reputation is well established; the assignees with the other entities constituting the Contractor shall thereafter be jointly and severally liable for the obligations arising from this Contract.

The terms of any assignment shall be subject to the prior approval of NOCAL, which approval shall not be unreasonably withheld.

**ARTICLE 35
STABILITY OF CONDITIONS**

35.1. This Contract is executed between the Parties in accordance with the laws and regulations in force at the date of its signing and on the basis of the provisions of said laws and regulations, as regards, inter alia, the economic, fiscal and financial provisions of this Contract.

35.2. Consequently, should new laws or regulations modify the provisions of the laws and regulations in force at the date of signing of this Contract and should those modifications bring about a material change in the respective economic situation of the Parties resulting from the original provisions of said Contract, the Parties shall in good faith enter into an agreement with a view to modifying those provisions in order to restore the economic balance of the Contract as intended at the signing thereof.

**ARTICLE 36
IMPLEMENTATION OF THE CONTRACT**

36.1. The Parties agree to cooperate in every possible manner to achieve the objectives of this Contract.

**ARTICLE 37
EFFECTIVE DATE**

Upon execution by the Parties and when promulgated as the law of the Republic of Liberia, this Contract shall become effective, the date of execution being referred to as the Effective Date, and said Contract shall become binding on the Parties.

APPENDIX 1

Attached to and made part of this Contract between the Republic of Liberia and the Contractor.

DELIMITED AREA

On the Effective Date, the Delimited Area, designated as _____ Block, is formed by the area included inside the perimeter constituted by the points indicated _____ on the map attached thereto.

The geographical coordinates of those points are the following, with reference to the Greenwich meridian:

Point	Latitude	Longitude
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Those coordinates are only given for purposes of illustration and shall not be considered as the boundaries of the national jurisdiction of Liberia.

The surface of the Delimited Area above-defined is deemed to be equal to about _____ sq. km.

APPENDIX 2

Attached to and made part of this Contract between the Republic of Liberia and the Contractor.

ACCOUNTING PROCEDURE

Article I – General Provisions

I.1. Object

This Accounting Procedure shall be followed and observed in the performance of the obligations under the Contract to which this Appendix is attached.

II.2.2 Overhead costs in Liberia

Wages and salaries of the Contractor's personnel directly engaged in the Petroleum Operations in the Republic of Liberia, whose work time is not directly allocated to the programs, as well as costs of maintaining and operating in Liberia a main and administrative office and sub-offices necessary for the Petroleum Operations.

II.2.3. Overhead costs abroad

The Contractor shall add a reasonable amount as overhead paid abroad, connected to the carrying out of the Petroleum Operations by the Contractor or its Affiliated Companies, such amounts representing the estimated cost of services directly rendered for the benefit of the said Petroleum Operations.

The amounts charged shall be provisional amounts established on the basis of the experience of the Contractor, and shall be annually adjusted according to the actual costs borne by the Contractor.

However, overhead costs paid abroad shall be charged only within the following limits:

- (a) prior to the grant of an exclusive exploitation authorization _____ percent (____%) of the expenses charged to the Petroleum Costs Account excluding overhead costs for the year in question;
- (b) from the grant of the first exclusive exploitation authorization _____ percent (____%) of expenses charged to the Petroleum Costs Account excluding overhead costs for the year in question.

Liberia: Model Petroleum Production Sharing Contract 2004 (Extract)

II.3. Expenses not chargeable to the Petroleum Costs Account

The expenses which are not directly necessary for the performance of the Petroleum Operations, and the expenses excluded by the provisions of the Contract or this Accounting Procedure as well as by the regulations in force in Liberia, are not chargeable to the Petroleum Costs Account and shall therefore not be recoverable.

Such expenses shall include, without limitation:

- (a) expenses relating to the period before the Effective Date;
- (b) any expenses relating to the operations carried out beyond the Delivery Point, such as transportation and marketing costs;
- (c) financial costs relating to the financing of exploration Petroleum Operations, and those relating to the share of financing of development Petroleum Operations;
- (d) bonuses defined in Article 19 of the Contract;
- (e) exchange losses.

Article III – Cost Evaluation Basis For Services, Materials and Equipment Used in the Petroleum Operations

III.1. Technical services

A reasonable rate shall be charged for the technical services rendered by the Contractor or its Affiliated Companies for the direct benefit of the Petroleum Operations carried out under the Contract, such as gas, water, core analyses and any other analyses and tests, provided that such charges shall not exceed those normally charged by independent technical service companies and laboratories for similar services.

Article V – Financial and Accounting Statements

The Contractor shall furnish the STATE and NOCAL with all the reports, records and statements provided by the provisions of the Contract and the applicable regulations and, inter alia, the following financial and accounting statements:

V.1. Statement of exploration work obligations

Such annual statement shall be submitted not later than one (1) month after the end of each Contractual Year in respect of the exploration periods.

It shall present with details the exploration work and expenditures carried out by the Contractor to fulfill its obligations set forth in Article 4 of the Contract, excluding specifically appraisal wells and related appraisal expenditures as well as development expenditures, exploitation expenses, overhead costs and bonuses.

V.2. Statement of recovery of Petroleum Costs

A quarterly statement shall be submitted not later than one (1) month after the end of each Calendar Quarter. It shall present the following items of the Petroleum Costs Account:

- (a) the amount of Petroleum Costs which remain to be recovered at the beginning of the quarter;
- (b) the amount of Petroleum Costs in respect of that quarter and recoverable under the provisions of the Contract;
- (c) the quantity and the value of the production of Petroleum taken by the Contractor during the quarter for the purpose of recovery of the Petroleum Costs;
- (d) the amount of incomes or proceeds credited for the purpose of Article II.5.(b) above during the quarter;
- (e) the amount of Petroleum Costs which remain to be recovered at the end of the quarter.

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EAMC Chapter FIRST LAGOS EVENT IS BIG SUCCESS

The inaugural meeting of the AIPN/EAMC in Lagos, Nigeria was held on 20 July. It was organized with great enthusiasm and efficiency by Mrs. Jumoke Akinjide-Balogun of Newman Legal who hosted the event.

The response was overwhelming: more than 200 people signed up for the meeting! Unfortunately we could accommodate only 100 delegates so we had to disappoint many. Nevertheless, on the day of the meeting many unregistered people turned up, ready to stand and even forfeit lunch for an opportunity to participate! Delegates came from London, Brazil, the U.S., Africa and different parts of Nigeria. There was a good mix of participants from the IOCs, NNPC, service companies, law firms and government agencies.

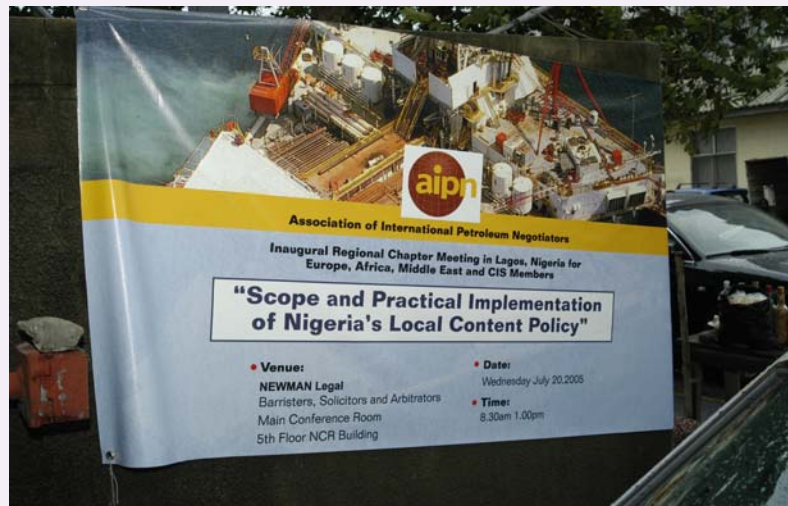
The topic of the meeting “*Scope and Practical Implementation of Nigeria’s Local Content Policy*” generated a lot of interest. The NNPC’s Group General Manager, Nigerian Content Division, Engr. J.A Akande, was a very engaging speaker. The highlight of his speech was the pronouncement of the Government’s Nigerian Content target of 45% by 2006. He went further to say that of the 9 Billion US Dollars to be spent annually in the petroleum industry in Nigeria at least 4 Billion US Dollars is expected to be spent locally.

Mr. Bruno Goncalves, the Brazilian lawyer from Thompson and Knight’s Rio de Janeiro office, presented a brief road map of how Brazil achieved close to 80% local content in its petroleum sector. His speech demonstrated to the NNPC that their target was achievable and realistic, provided the necessary building blocks are put in place.

The AIPN meeting received a lot of press coverage from the national and industry press. The meeting included a presentation on the activities and services provided by the AIPN and we hope to receive a deluge of membership applications from Nigeria.

We look forward to building upon this good start with another programme in Nigeria before the end of this year or early next year.

Our thanks go to Elf Petroleum Nigeria Limited (a subsidiary of TOTAL Group, Lagos) for their generous sponsorship of the event.



The venue for the inaugural meeting was clearly indicated



Mr. Abdullahi Sani and Mrs. Jumoke Akinjide-Balogun



Mr Bruno Goncalves during his speech

EAMC

Upcoming Regional Chapter Meetings

Regional Chapter Meeting in Dubai

“The Changing Relationship between IOC’s and NOC’s: Evolution or Revolution?”

**September 28, 2005
2:00 p.m.**

Programme consists of a Luncheon, Panel consisting of 4 speakers followed by Q & A and a Cocktail Reception.

Full details to follow shortly

AIPN’s First Negotiation Skills Workshop

**November 7-8, 2005
Thistle Tower Hotel
London**

Come hear exciting AIPN speakers who can help you to develop, enhance and broaden your negotiation skills

A Programme and further details on this Workshop are to be found elsewhere in this Advisor!

Special hotel rates for this event.

For more information, contact:

Yvonne Holm at

yvonne.holm@wintershall.de

or Harry Sullivan at

Harry.W.Sullivan@conocophillips.com

Regional Chapter Meeting in Almaty, Kazakhstan

“E&P Project Regime in Kazakhstan: What’s New ?”

**October, 4, 2005
4:30 p.m.**

**Hyatt Regency Almaty
Rakhat Palace Hotel
29/6 Ac. Satpayev Avenue
Almaty, Kazakhstan**

Programme consists of a commercial/legal presentation panel and open discussion followed by a cocktail reception.

Detailed conference speaker list and agenda will follow in the September issue of the Advisor and check the AIPN website in upcoming weeks.

Generously sponsored by LeBoeuf, Lamb, Greene & MacRae L.L.P.

LAST CALL !!
PLEASE REGISTER ASAP
AS THERE ARE ONLY
A FEW SEATS LEFT!
DON'T MISS THIS EVENT!



**Association of International Petroleum Negotiators
Australia and Asia Pacific Chapter
Regional Chapter Meeting**

Thursday, August 25, 2005 at 6:00 p.m.

**Brewerkz Singapore
30 Merchant Road
#01-05 Riverside Point (Trophy Room)
Singapore, Singapore**

**“Strategies for developing an optimal sole risk
decision making structure”**

**Speaker:
Hans Hirschmanner
Woodside Energy Ltd., Australia**

Efficient decision making processes are the cornerstone of modern oil and gas joint venture agreements. Although these processes are well defined for routine matters, decision making and operations by parties considering operations which are not minimum work obligations and do not have unanimity are often poorly planned and tax ineffective. The sole risk clause is one of the most complex areas of Joint Operating Agreements.

We will examine strategies and techniques to increase your understanding of sole risk, identify pitfalls to avoid and practical tips on how to develop an effective sole risk regime. If you are involved in joint venture negotiations or decision making, you will benefit from Hans' insight.

As facilities are limited, reservations are required.
To reserve, contact either:

Brad Roach bradroach@skadden.com Phone: +(65) 6434 2936

or

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Association of International Petroleum Negotiators

NEGOTIATION SKILLS WORKSHOP

NOVEMBER 7 - 8, 2005

**THISTLE TOWER HOTEL
LONDON, ENGLAND**

Following topics will be covered :

- ❖ Effective Negotiations - *The Negotiator's Toolbox*
- ❖ International Negotiations: *Dealing with the Cultural Factor*
- ❖ Ethics, Integrity and Principled Negotiations
- ❖ Handling the Internal Negotiation - *While Staying Empowered at the Table*
- ❖ Types and Styles of Negotiation
- ❖ International Petroleum Negotiations - *Perspectives (panel discussion)*
- ❖ Avoiding Common Negotiator Pitfalls
- ❖ Introduction to the Workshop's Negotiation Problems (exercise)
- ❖ Dealing with the Difficult Negotiation/Negotiator

Take a look at the agenda on the next page!

For registration information and further details,
see our 'Conferences and Events' pages on the website www.aipn.org

Negotiation Skills Workshop

November 7-8, 2005

Thistle Tower Hotel - London

Preliminary Program

CONFIRMED SPEAKERS:

Kate Ash - BakerBotts, London; David Bishopp - BG, Thailand; Tim Blackford - Burlington Resources, London; Guy Dayvault - Marathon, Houston; Yvonne Holm - Wintershall AG, Mick Jarvis* - Wham Energy Ltd., London; Toufic Nassif - BP, London; Deborah Resley - Galway Group LP, Houston; Peter Roberts - Jones Day, London; Meb Somani - Harrison Lovegrove, London; Harry Sullivan - ConocoPhillips, Houston; Hassan Yassine - Thompson & Knight, Algiers

* *to be confirmed*

November 7 - Day One

<u>Time</u>	<u>Topic</u>	<u>Speakers</u>
7:30-8:30	Registration	
7:30-9:00	Continental Breakfast	
9:00-9:15	Introduction and Overview	Yvonne Holm Harry Sullivan
9:15-10:45	<u>Effective Negotiations - <i>The Negotiator's Toolbox</i></u> Since preparation is often the key to a successful negotiation, this session will examine the 'tools' available to the Negotiator, including economic analysis, Model Agreements, research assistance, heads of agreements, exclusive right to negotiate etc. in preparation for a negotiation.	Kate Ash David Bishopp Yvonne Holm
10:45-11:00	<i>Break</i>	
11:00-12:30	<u>International Negotiations : <i>Dealing with the Cultural Factor</i></u> This interactive session will examine the cultural differences which arise and must be dealt with in all international negotiations.	Yvonne Holm Toufic Nassif Hassan Yassine
12:30-14:00	Lunch (provided) Lunch Speaker – Experiences from Negotiations – <i>Real Life Tales that are Stranger than Fiction</i> – Norman Nadorff BP	
14:00-15:30	<u>Ethics, Integrity and Principled Negotiations</u> This interactive session will examine the ethical pressures, including corruption, which confront the negotiator in international negotiations. In addition to reviewing legal ethic considerations, the session will review the need for a negotiator to maintain a high degree of integrity and to engage in principled negotiations. Techniques to deal with real or perceived corruption or lapses in ethics or integrity will be discussed.	Kate Ash Yvonne Holm Harry Sullivan
15:30-15:45	<i>Break</i>	
15:45-16:45	<u>Handling the Internal Negotiation - <i>While Staying Empowered at the Table</i></u> Too often we find that we spend days 'negotiating with ourselves' rather than negotiating across the table. This session will discuss tools that permit the Negotiator to effectively deal with the internal negotiation within his/her organization.	Tim Blackford Guy Dayvault
16:45-17:45	<u>Types and Styles of Negotiation</u> The session will examine some of the negotiating styles frequently encountered and discuss effective tactics for dealing with such styles. This session will also examine the importance of non-verbal communication matters or 'body language'.	David Bishopp Harry Sullivan
20:00	<u>Networking Dinner (provided)</u>	

Negotiation Skills Workshop
November 7-8, 2005
Thistle Tower Hotel - London
Preliminary Program - continued

November 8 - Day Two

Time	Topic	Speakers
7:30-9:00	Continental Breakfast	
9:00-9:10	Review of Day One – Objectives of Day Two	Yvonne Holm
9:10-11:45	International Petroleum Negotiations – <i>Perspectives</i> This session will consist of a panel discussion examining: (a) the International Oil Company’s perspective and expectations (b) the Government’s perspective and expectations (c) the National Oil Company’s perspective and expectations (d) the Negotiation Consultant/Adviser’s role	David Bishopp Mick Jarvis* Deborah Resley Hassan Yassine Deborah Resley
11:45-11:30	<i>Break</i>	
11:30-12:30	<u>Avoiding Common Negotiator Pitfalls</u> This interactive session will examine some of the common mistakes made by Negotiators and make suggestions for overcoming these pitfalls.	Guy Dayvault Peter Roberts Tim Blackford
12:30-13:30	Lunch (provided) Lunch Speaker – Meb Somani (Harrison Lovegrove) Update on Oil and Gas Opportunities	
13:30-14:00	<u>Introduction to the Workshop’s Negotiation Problems</u> Several common Negotiation Problems will be presented and provided for resolution in small breakout groups.	Yvonne Holm Deborah Resley Other Speakers
14:00-15:00	<u>Breakout Groups to Work Negotiation Problems</u> Small breakout groups (including one speaker in each group) will be formed to work and report on each Negotiation Problem.	Yvonne Holm Deborah Resley Other Speakers
15:00-15:15	<i>Break</i>	
15:15-16:00	<u>Reports from Breakout Groups</u> Each breakout group will report on its assigned Negotiation Problem.	Breakout Groups
16:00-16:45	<u>Dealing with the Difficult Negotiation/Negotiator</u> This session will examine and explore strategies for dealing with difficult negotiation situations or the difficult negotiator. and a commentary on two particular problems which often emerge once the negotiation is underway	Mick Jarvis Peter Roberts
16:45-17:00	Review of Workshop	Yvonne Holm
17:00	Workshop Concluded	



WORLD BID ROUNDS

List of E&P Bid Invitations around the World - August 2005

Contributed by Barrows Company

Asia & Australia

Brunei (Blocks L & M onshore)
Cambodia
China (Offshore) (10 blocks)
Indonesia (27 Blocks)
New Zealand (Offshore Taranaki: Dec. 05)
Pakistan (Block 2467-11)
Sri Lanka (Model PSC available)
Thailand (19th Round, mid-2005)
Timor (East) (2006)
Vietnam (Offshore Pha Khanb Basin)

Europe

Denmark (Nov. '05) (6th Round)
Latvia (Liepaja District)
Norway (Closes Sept. 2005) (19th Round)
United Kingdom (1,329 blocks North Sea)

Middle East

Bahrain (Blocks 1, 2 & 3)
Iran (Buy-back Contracts)
Iraq (17 blocks) (To be announced)
Jordan
Oman (10% Block 6)
Syria (5th Round) (9 blocks)
Turkey (gas)

Russia & NIS

Kazakhstan (Caspian)
Russia (2 blocks)
Arctic (IOCs permitted)
W. Siberia (30 blocks, (end 05) Irkutsk and
Yakutsk, plus two in Krasnoyresk)
Berents Sea 4
Okhotsk Sea

Ukraine

Central America & Caribbean

Nicaragua
Trinidad (4th Qtr. 05)

South America

Argentina (Mendoza)
Brazil (7th Round Oct.2005)
Chile (LNG)
Colombia (Heavy Crude)
Ecuador (Marginal Fields)
Venezuela (Gulf of Venez, Sept. 05)

North Africa

Algeria (GTL)
Libya (second round) (44 blocks)

South & Central Africa

Angola
Congo (Republic)
Guinea Bissau
Liberia (Offshore)
Madagascar
Nigeria (63 blocks-onshore & offshore)
(Awards Aug. 24, 05)
Sao Tome
Sierra Leone (Blocks 1, 2 & 3 offshore)
Sudan (Blocks 12, 13 & 15)
The Gambia (6 blocks, Offshore)
Togo & Benin
Western Sahara

North America

Canada (Newfoundland & Lab. Offshore)

* Governments may use the following email to convey international notices of bid rounds.
Companies may also use the email for bid round information: advisoreandpoil@oillibrary.org

Welcome!
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Admitted July 2005

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Admitted July 2005

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U.S CHAPTER MEMBERS ENJOY YACHT TRIP DONATED BY SKIP MARYAN TO AIPN CHARITY AUCTION

Skip Maryan, long-time AIPN member and supporter, treated Tim and Elene West, Bob and Jan La Raia and Pat and Bill Allison to a delightful, day-long trip on his yacht on Sunday, July 19, 2005. Tim, Bob and Pat were the successful bidders for this trip at last year's holiday party auction sponsored by the U.S. Chapter. Skip and his wife Caroline were the generous donors of this yacht trip. They provided a tour of Galveston Bay (Texas) and served a delicious breakfast and lunch aboard the yacht along with Skip's trademark, humorous commentary.

Last year, numerous AIPN members and their companies donated items for the charity auction. Attendees at the party made bids on many sought-after items such as art, trips, jewelry, gift baskets and sports memorabilia and raised approximately \$6000 for the two designated charities, *Medical Bridges* and *Casa Argentina de Houston*.

You will have a chance to donate and bid again this year at the U.S. Chapter's holiday party, scheduled to be held at the home of Gene Van Dyke in Houston, Texas on Friday evening, November 18, 2005. If you would like to donate an item to the auction or help on this year's holiday party committee, please contact Jennifer O'Neal at Jennifer@aipn.org.

IN EVERY ISSUE:

All Model Agreements are available at no charge to AIPN members. For a complete listing, visit our website at:
www.aipn.org

For a listing of the current AIPN Board of Directors:
[2005- 2006 AIPN Board of Directors](#)

Please send your comments or contributions
to the AIPN Advisor via email to:
aipn@aipn.org.

