Timor Sea Designated Authority

for the Joint Petroleum Development Area

www.timorseada.org

Release of Petroleum Exploration areas

2005

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FOREWORD

The Timor Sea Designated Authority for the Joint Petroleum Development Area is pleased to announce the release of exploration acreage available for application. Production Sharing Contracts will be offered to successful applicants based on a Work Program bidding system. This is the first such release since the Timor Sea Treaty entered into force in April 2003.

The Joint Petroleum Development Area (JPDA), established under the Timor Sea Treaty, lies geologically in the Northern Bonaparte Basin which is a proven petroliferous province containing several major oil and gas fields. Within the JPDA, technically recoverable reserves of more than 5 trillion cubic feet of gas, and 500 million barrels of oil, condensate, and LPG's have been proven to exist, and the majority of these reserves are currently being developed.

Four Production Sharing Contract areas are being offered, ranging in approximate size from 3,770 square kilometres to 5,770 square kilometres, lying in water depths of 70 metres to 1,000 metres. Each of these areas is uniquely attractive. Two areas contain gas discoveries, one area lies near two oil fields currently proposed for development, and one area lies adjacent to a giant undeveloped gas field.

The Timor Sea Designated Authority invites petroleum explorers to apply for Production Sharing Contracts in any or all of the areas offered. Detailed information for applicants is available in the enclosed compact disk. In summary, the Timor Sea Designated Authority offers the following essentials : a petroliferous province, development infrastructure, and proven professional administration.

The closing date for applications is 5 PM on Friday 26th May, 2006.

We look forward to your participation.

126°00'E

128°00'E

10°00'S

Contracted Acreage

Proposed New Release Acreage

Plugged & Abandoned Exploration Well

Gas Discovery

Gas Condensate Discovery

Oil Discovery

Oilfield

Gasfield

N

0 50

KILOMETRES

JPDA 03-20

SUNRISE

Sunrise-2

Loxton Shoals-1

SUNSET

Sunrise-1

Sunset-1

Sunset West-1

Troubadour-1

Bard-1

Jura-1

TROUBADOUR

JPDA 06-104

JPDA 03-19

Kelp-1

Kelp Deep-1

JPDA 03-01

JPDA 06-103

Conch-1

Sikatan-1

Hydra-1

Thornton-1

Barnacle-1

Shearwater-1

CORALLINA

Claudia-1

Kuda Tasi-1

JPDA 03-21

Chuditch-1

Jahal-1

Capung-1A

Mandar-1

Naga-1

LAMINARIA

Buffalo-1

Coleraine-1

Minotaur-1

Krill-1

Squilla-1

Bogong-1

Basilisk-1A

JPDA 06-101

Bluff 1

Kakatua 1

Layang-1

Elang-1

Walleroo-1

ELANG

Buller-1

Sandang-1

Elang-1/ST

JPDA 03-16

Nabarlek-1

JPDA 03-12

Hingkip-1

Bayu 4

Wowo Wiwi-1

Fohn-1

Flamingo-1

Mistral-1

JPDA 06-102

Undan

JPDA 03-12

JPDA 03-13

Bayu 5

Trulek-1

Iris-1

Bayu 1

BAYU / UNDAN

Heifer-1

Dili

Com

EAST TIMOR

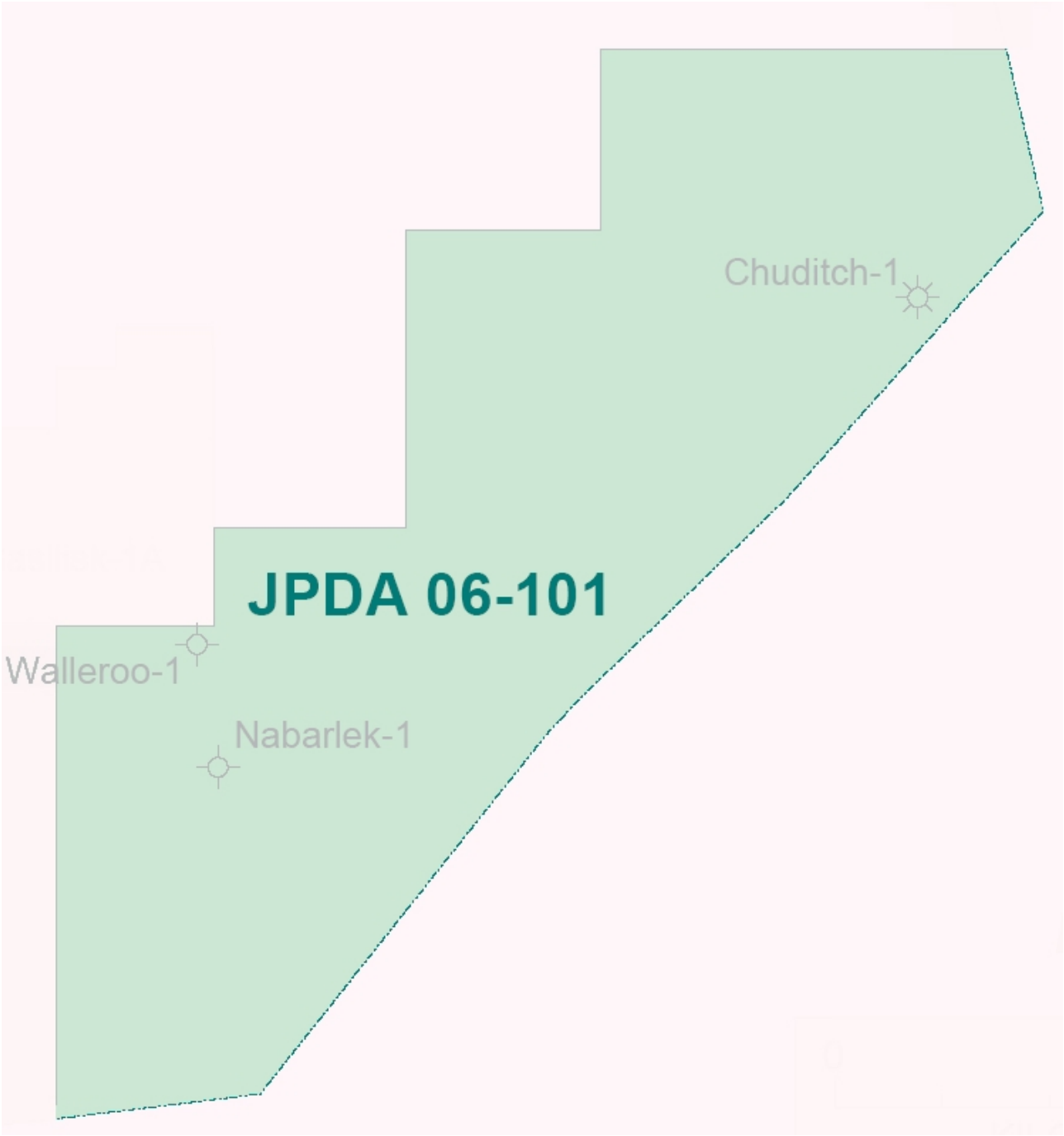
Suai

AUSTRALIA

JPDA

Darwin

JPDA 06-101 CONTRACT AREA



- Contains the Chuditch gas discovery (0.7 TCF of recoverable gas reserves, with some Carbon Dioxide contamination).
- Only three wells have been drilled in this area including Chuditch.
- Proven and potential Mesozoic and Permian plays.
- Untested structures likely to exist adjacent to Chuditch at depths of approximately 3,000 metres.
- Reasonably good, semi-detailed 2D seismic coverage across entire area.
- Excellent address – near the largest Gas/Condensate producing field, (including pipeline infrastructure), in the Timor Sea – the Bayu-Undan field.
- Water depths are generally less then 100 metres.

JPDA 06-101 CONTRACT AREA - DESCRIPTION

The JPDA 06-101 Contract Area is the area bounded by the line described as follows:

a) commencing at the point of Latitude 10° 21’ 00.00” South Longitude 127° 50’ 00.00” East (“Point K1”);

b) running thence east along that parallel of latitude to its intersection with the meridian of longitude 128° 10’ 29.64” East (“Point K2”);

c) thence south east along the geodesic to the point of Latitude 10° 29’ 17.00” South Longitude 128° 12’ 24.00” East (“Point K3”);

d) thence south west along the geodesic to the point of Latitude 10° 43’ 43.00” South Longitude 127° 59’ 16.00” East (“Point K4”);

e) thence south west along the geodesic to the point of Latitude 10° 53’ 42.00” South Longitude 127° 48’ 45.00” East (“Point K5”);

f) thence south west along the geodesic to the point of Latitude 10° 55’ 26.00” South Longitude 127° 47’ 04.00” East (“Point K6”);

g) thence south west along the geodesic to the point of Latitude 11° 14’ 24.00” South Longitude 127° 31’ 33.00” East (“Point K7”);

h) thence south west along the geodesic to the point of Latitude 11° 15’ 17.67” South Longitude 127° 22’ 00.00” East (“Point K8”);

i) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 50’ 00.00” South (“Point K9”);

j) thence east along that parallel of latitude to its intersection with the meridian of longitude 127° 30’ 00.00” East (“Point K10”);

k) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 45’ 00.00” South (“Point K11”);

l) thence east along that parallel of latitude to its intersection with the meridian of longitude 127° 40’ 00.00” East (“Point K12”);

m) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 30’ 00.00” South (“Point K13”);

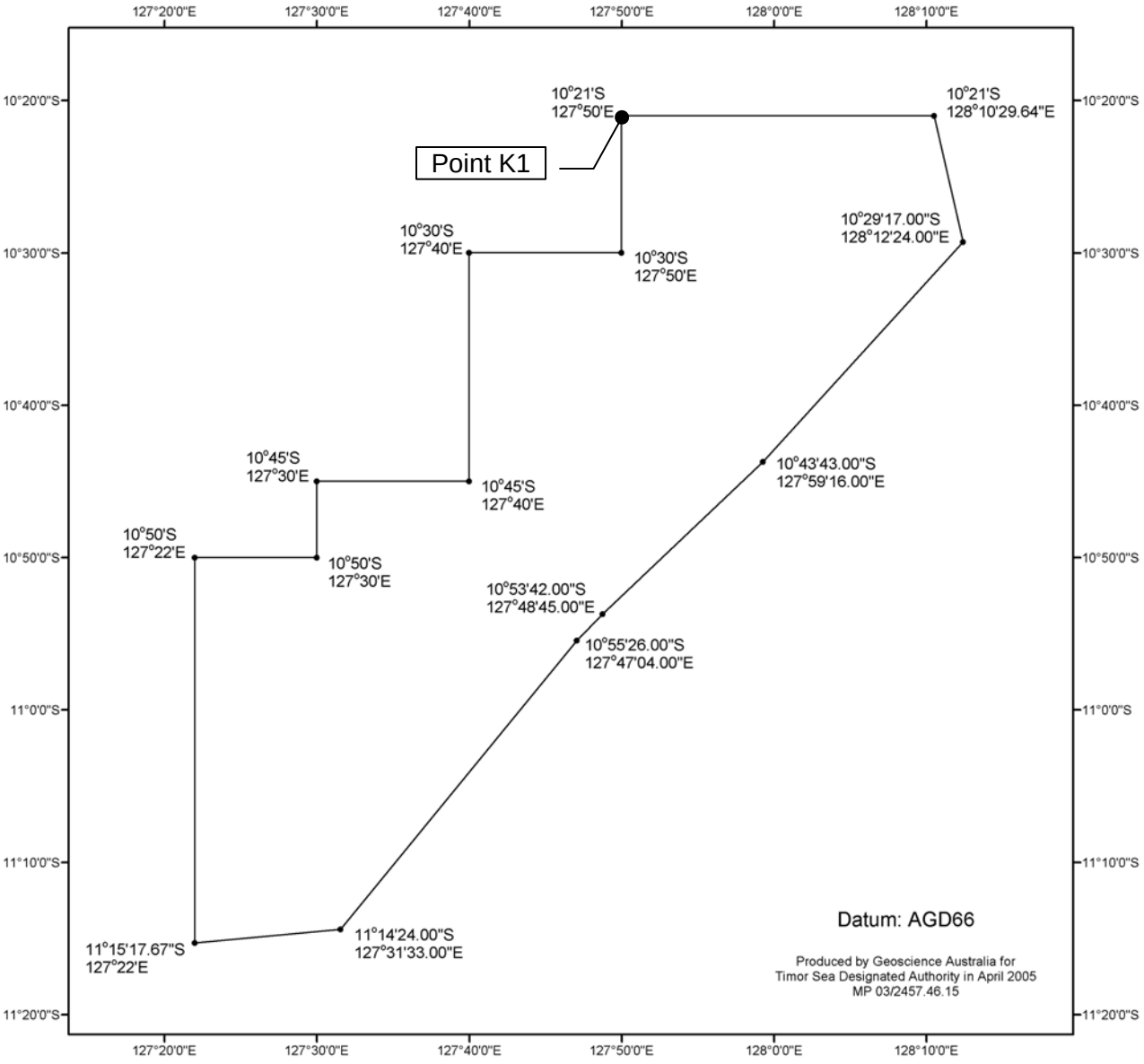
n) thence east along that parallel of latitude to its intersection with the meridian of longitude 127° 50’ 00.00” East (“Point K14”); and

o) thence north along that meridian of longitude to the point of commencement (“Point K1”).

The approximate total area of JPDA 06-101 is 3,956 square kilometres.

Note: The origin of the geographical coordinates used in this description is the Australian Geodetic Datum (AGD66).

JPDA 06-101 CONTRACT AREA - MAP

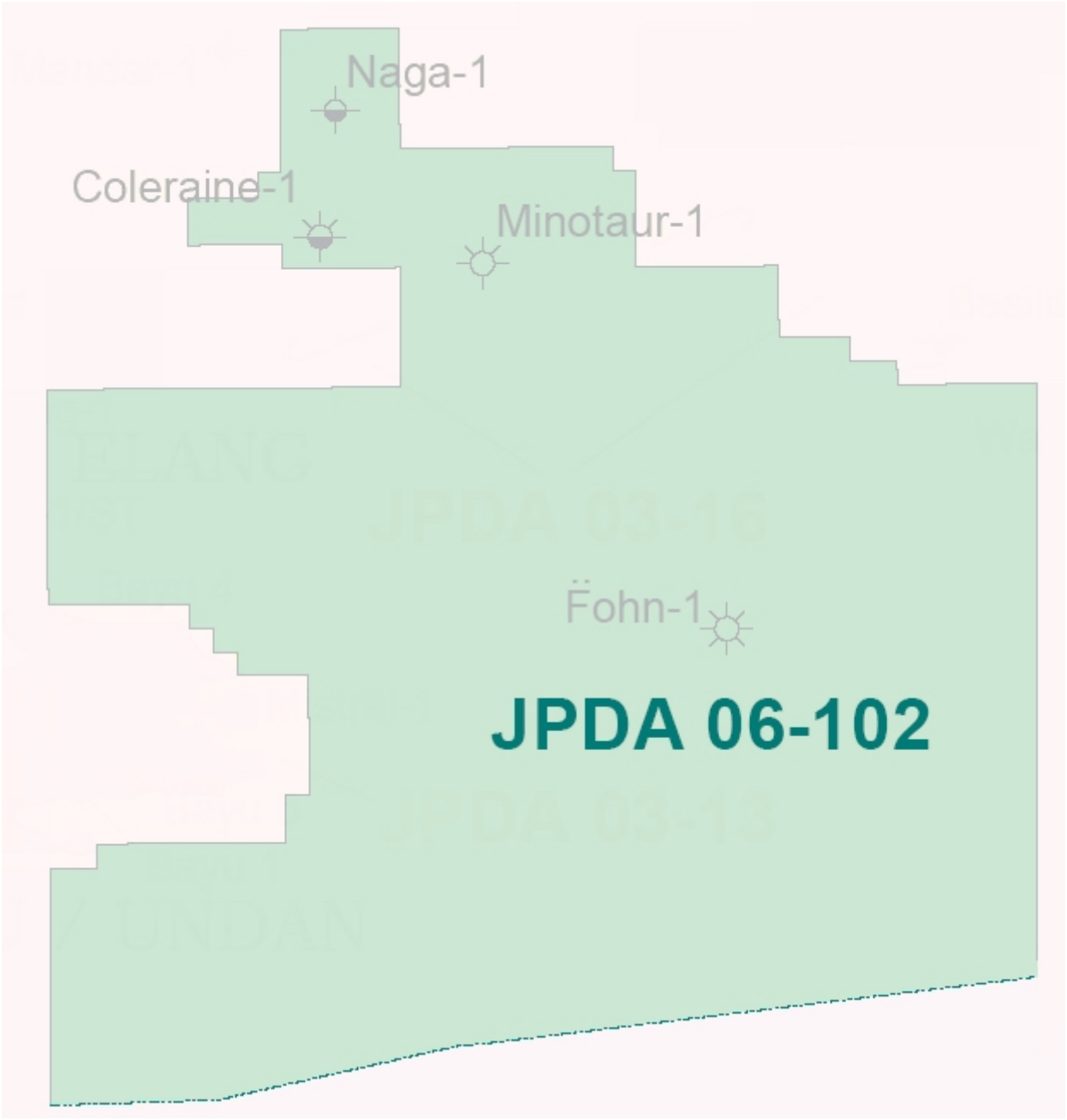


JPDA 06-101 CONTRACT AREA – COORDINATES IN WGS84

The point numbers in the following table correspond to the written description of contract area JPDA 06-101. The origin of the geographical coordinates in the following table is the World Geodetic System 1984 (WGS84). In the event of a discrepancy between the written description and the WGS84 coordinates tabulated below, the description takes precedence.

Point Number	Latitude	Longitude
K1	10° 20’ 54.86” South	127° 50’ 04.38” East
K2	10° 20’ 54.86” South	128° 10’ 34.01” East
K3	10° 29’ 11.85” South	128° 12’ 28.37” East
K4	10° 43’ 37.86” South	127° 59’ 20.38” East
K5	10° 53’ 36.86” South	127° 48’ 49.38” East
K6	10° 55’ 20.86” South	127° 47’ 08.39” East
K7	11° 14’ 18.86” South	127° 31’ 37.40” East
K8	11° 15’ 12.54” South	127° 22’ 04.40” East
K9	10° 49’ 54.87” South	127° 22’ 04.39” East
K10	10° 49’ 54.86” South	127° 30’ 04.39” East
K11	10° 44’ 54.86” South	127° 30’ 04.39” East
K12	10° 44’ 54.86” South	127° 40’ 04.39” East
K13	10° 29’ 54.86” South	127° 40’ 04.38” East
K14	10° 29’ 54.86” South	127° 50’ 04.38” East

JPDA 06-102 CONTRACT AREA



- Adjacent to the Bayu-Undan Gas/Condensate producing field.
- Proven Mesozoic oil and gas province. Possible Permian plays.
- Significant hydrocarbon shows from 4 wells drilled in the area.
- Depth to primary target zone generally less than 3,500 metres subsea.
- Good, semi-detailed 2D seismic coverage across entire area.
- Water depths are less than 120 metres.

JPDA 06-102 CONTRACT AREA - DESCRIPTION

The JPDA 06-102 Contract Area is the area bounded by the line described as follows:

a) commencing at the point of Latitude 10° 35’ 00.00” South Longitude 126° 50’ 00.00” East (“Point L1”);

b) running thence east along that parallel of latitude to its intersection with the meridian of longitude 126° 55’ 00.00” East (“Point L2”);

c) thence south along that meridian of longitude to its intersection with the parallel of latitude 10° 40’ 00.00” South (“Point L3”);

d) thence east along that parallel of latitude to its intersection with the meridian of longitude 127° 04’ 00.00” East (“Point L4”);

e) thence south along that meridian of longitude to its intersection with the parallel of latitude 10° 41’ 00.00” South (“Point L5”);

f) thence east along that parallel of latitude to its intersection with the meridian of longitude 127° 05’ 00.00” East (“Point L6”);

g) thence south along that meridian of longitude to its intersection with the parallel of latitude 10° 45’ 00.00” South (“Point L7”);

h) thence east along that parallel of latitude to its intersection with the meridian of longitude 127° 11’ 00.00” East (“Point L8”);

i) thence south along that meridian of longitude to its intersection with the parallel of latitude 10° 48’ 00.00” South (“Point L9”);

j) thence east along that parallel of latitude to its intersection with the meridian of longitude 127° 14’ 00.00” East (“Point L10”);

k) thence south along that meridian of longitude to its intersection with the parallel of latitude 10° 49’ 00.00” South (“Point L11”);

l) thence east along that parallel of latitude to its intersection with the meridian of longitude 127° 16’ 00.00” East (“Point L12”);

m) thence south along that meridian of longitude to its intersection with the parallel of latitude 10° 50’ 00.00” South (“Point L13”);

n) thence east along that parallel of latitude to its intersection with the meridian of longitude 127° 22’ 00.00” East (“Point L14”);

o) thence south along that meridian of longitude to its intersection with the parallel of latitude 11° 15’ 17.67” South (“Point L15”);

p) thence south west along the geodesic to the point of Latitude 11° 17’ 30.00” South Longitude 126° 58’ 13.00” East (“Point L16”);

q) thence south west along the geodesic to the point of Latitude 11° 17’ 36.00” South Longitude 126° 57’ 07.00” East (“Point L17”);

r) thence south west along the geodesic to the point of Latitude 11° 19’ 46.00” South Longitude 126° 47’ 04.00” East (“Point L18”);

s) thence south west along the geodesic to the point of Latitude 11° 19’ 56.35” South Longitude 126° 40’ 00.00” East (“Point L19”);

t) thence north along that meridian of longitude to its intersection with the parallel of latitude 11° 10’ 00.00” South (“Point L20”);

u) thence east along that parallel of latitude to its intersection with the meridian of longitude 126° 42’ 00.00” East (“Point L21”);

v) thence north along that meridian of longitude to its intersection with the parallel of latitude 11° 09’ 00.00” South (“Point L22”);

w) thence east along that parallel of latitude to its intersection with the meridian of longitude 126° 50’ 00.00” East (“Point L23”);

x) thence north along that meridian of longitude to its intersection with the parallel of latitude 11° 07’ 00.00” South (“Point L24”);

y) thence east along that parallel of latitude to its intersection with the meridian of longitude 126° 51’ 00.00” East (“Point L25”);

z) thence north along that meridian of longitude to its intersection with the parallel of latitude 11° 02’ 00.00” South (“Point L26”);

aa) thence west along that parallel of latitude to its intersection with the meridian of longitude 126° 48’ 00.00” East(“Point L27”);

ab) thence north along that meridian of longitude to its intersection with the parallel of latitude 11° 01’ 00.00” South (“Point L28”);

ac) thence west along that parallel of latitude to its intersection with the meridian of longitude 126° 47’ 00.00” East (“Point L29”);

ad) thence north along that meridian of longitude to its intersection with the parallel of latitude 11° 00’ 00.00” South (“Point L30”);

ae) thence west along that parallel of latitude to its intersection with the meridian of longitude 126° 46’ 00.00” East (“Point L31”);

af) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 59’ 00.00” South (“Point L32”);

ag) thence west along that parallel of latitude to its intersection with the meridian of longitude 126° 40’ 00.00” East (“Point L33”);

ah) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 50’ 00.00” South (“Point L34”);

ai) thence east along that parallel of latitude to its intersection with the meridian of longitude 126° 45’ 00.00” East (“Point L35”);

aj) thence east along that parallel of latitude to its intersection with the meridian of longitude 126° 55’ 00.00” East (“Point L36”);

ak) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 45’ 00.00” South (“Point L37”);

al) thence west along that parallel of latitude to its intersection with the meridian of longitude 126° 50’ 00.00” East (“Point L38”);

am) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 44’ 00.00” South (“Point L39”);

an) thence west along that parallel of latitude to its intersection with the meridian of longitude 126° 46’ 00.00” East (“Point L40”);

ao) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 42’ 00.00” South (“Point L41”);

ap) thence east along that parallel of latitude to its intersection with the meridian of longitude 126° 49’ 00.00” East (“Point L42”);

aq) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 41’ 00.00” South (“Point L43”);

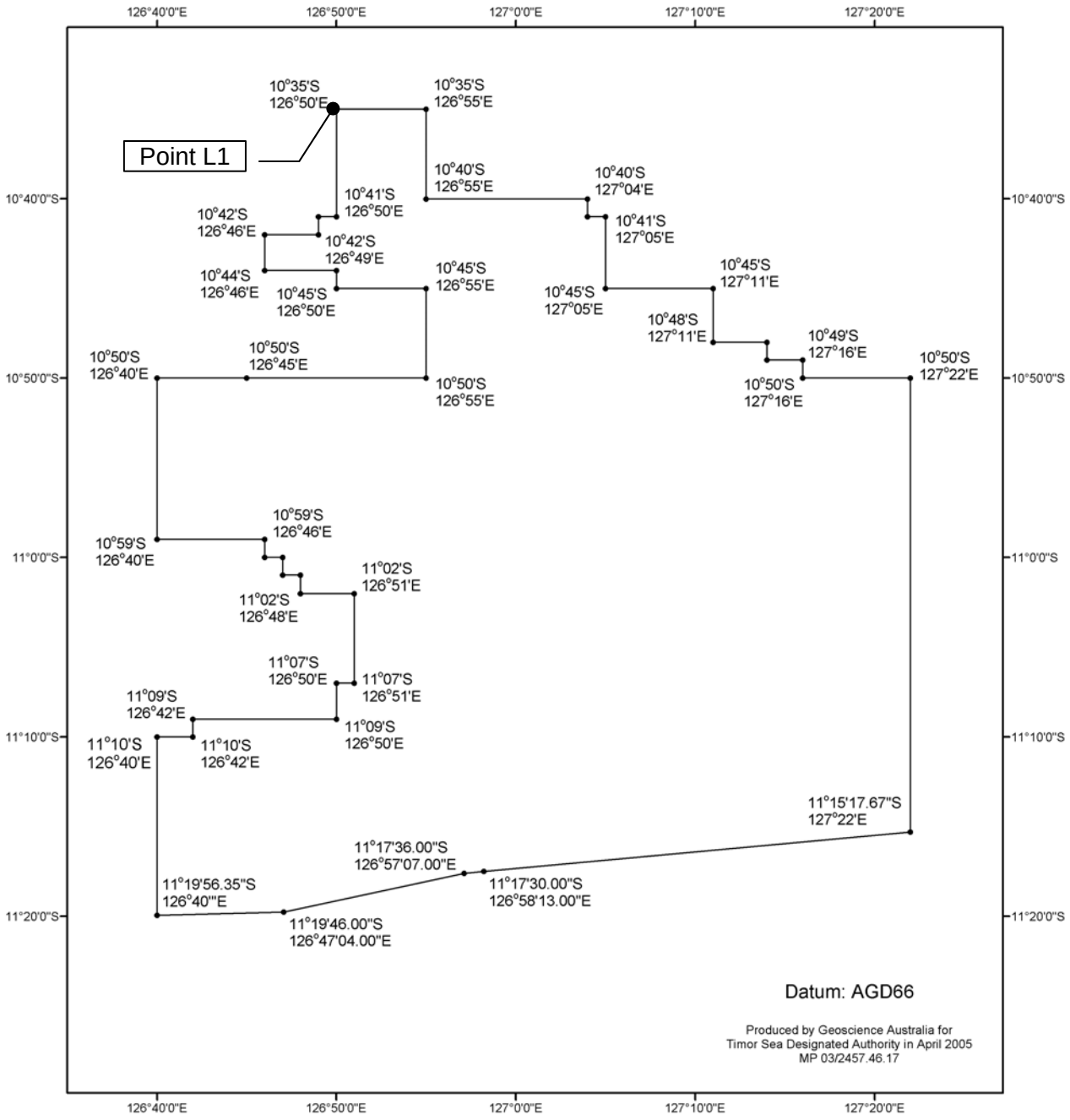
ar) thence east along that parallel of latitude to its intersection with the meridian of longitude 126° 50’ 00.00” East (“Point L44”); and

as) thence north along that meridian of longitude to the point of commencement (“Point L1”).

The approximate total area of JPDA 06-102 is 4,215 square kilometres.

Note: The origin of the geographical coordinates used in this area description is the Australian Geodetic Datum 1966 (AGD66).

JPDA 06-102 CONTRACT AREA - MAP



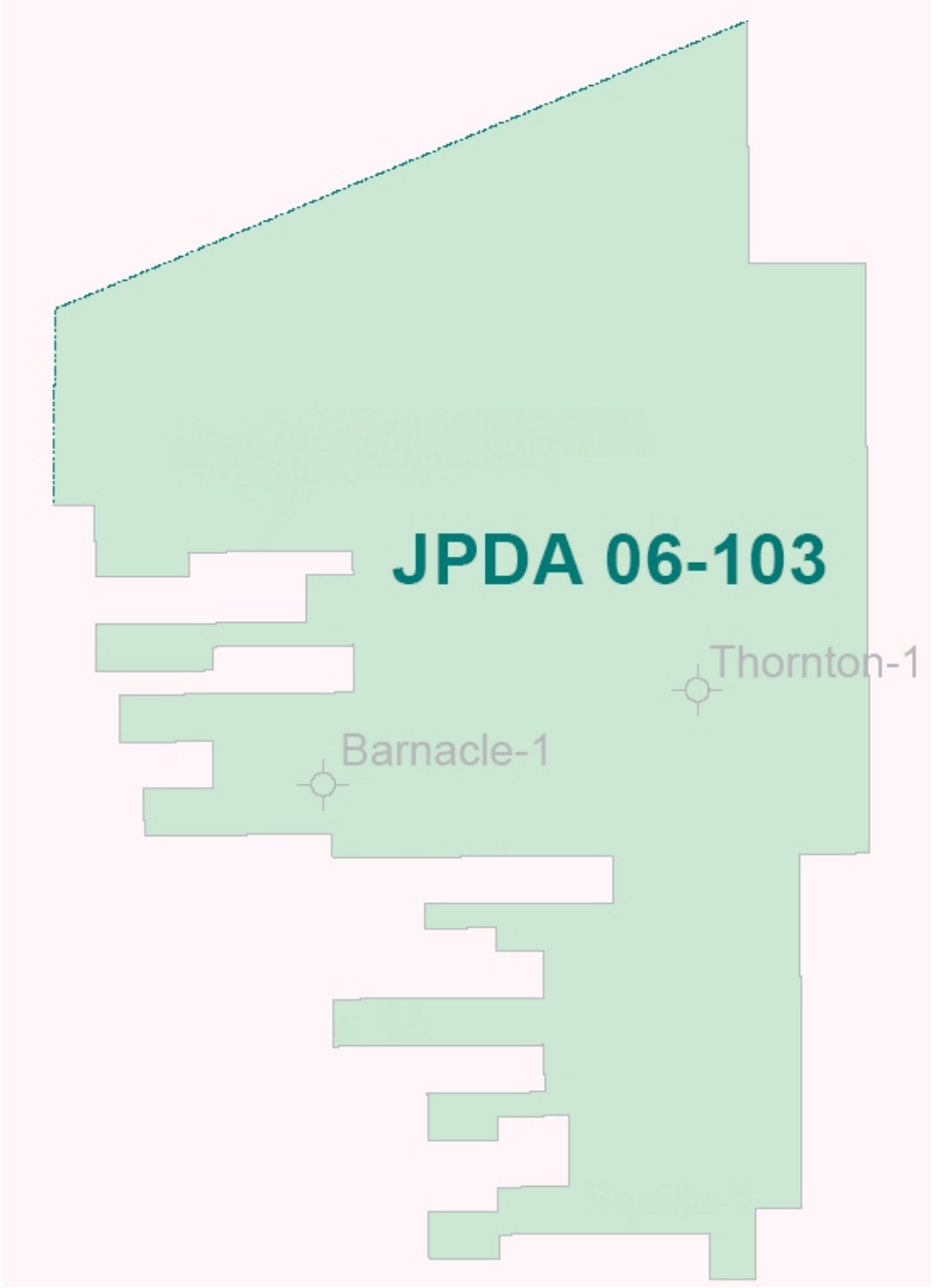
JPDA 06-102 CONTRACT AREA - COORDINATES IN WGS84

The point numbers in the following table correspond to the written description of contract area JPDA 06-102. The origin of the geographical coordinates in the following table is the World Geodetic System 1984 (WGS84). In the event of a discrepancy between the written description and the WGS84 coordinates tabulated below, the description takes precedence.

Point Number	Latitude	Longitude
L1	10° 34’ 54.88” South	126° 50’ 04.40” East
L2	10° 34’ 54.87” South	126° 55’ 04.40” East
L3	10° 39’ 54.87” South	126° 55’ 04.40” East
L4	10° 39’ 54.87” South	127° 04’ 04.40” East
L5	10° 40’ 54.87” South	127° 04’ 04.40” East
L6	10° 40’ 54.87” South	127° 05’ 04.40” East
L7	10° 44’ 54.87” South	127° 05’ 04.40” East
L8	10° 44’ 54.87” South	127° 11’ 04.39” East
L9	10° 47’ 54.87” South	127° 11’ 04.40” East
L10	10° 47’ 54.87” South	127° 14’ 04.39” East
L11	10° 48’ 54.87” South	127° 14’ 04.39” East
L12	10° 48’ 54.87” South	127° 16’ 04.39” East
L13	10° 49’ 54.87” South	127° 16’ 04.39” East
L14	10° 49’ 54.87” South	127° 22’ 04.39” East
L15	11° 15’ 12.54” South	127° 22’ 04.40” East
L16	11° 17’ 24.87” South	126° 58’ 17.41” East
L17	11° 17’ 30.87” South	126° 57’ 11.41” East
L18	11° 19’ 40.88” South	126° 47’ 08.41” East
L19	11° 19’ 51.23” South	126° 40’ 04.41” East
L20	11° 09’ 54.88” South	126° 40’ 04.41” East
L21	11° 09’ 54.88” South	126° 42’ 04.41” East
L22	11° 08’ 54.88” South	126° 42’ 04.41” East
L23	11° 08’ 54.87” South	126° 50’ 04.41” East
L24	11° 06’ 54.87” South	126° 50’ 04.41” East
L25	11° 06’ 54.87” South	126° 51’ 04.41” East
L26	11° 01’ 54.87” South	126° 51’ 04.41” East
L27	11° 01’ 54.88” South	126° 48’ 04.41” East
L28	11° 00’ 54.88” South	126° 48’ 04.41” East
L29	11° 00’ 54.88” South	126° 47’ 04.41” East

Point Number	Latitude	Longitude
L30	10° 59’ 54.88” South	126° 47’ 04.41” East
L31	10° 59’ 54.88” South	126° 46’ 04.41” East
L32	10° 58’ 54.88” South	126° 46’ 04.41” East
L33	10° 58’ 54.89” South	126° 40’ 04.41” East
L34	10° 49’ 54.88” South	126° 40’ 04.41” East
L35	10° 49’ 54.88” South	126° 45’ 04.40” East
L36	10° 49’ 54.87” South	126° 55’ 04.40” East
L37	10° 44’ 54.87” South	126° 55’ 04.40” East
L38	10° 44’ 54.88” South	126° 50’ 04.40” East
L39	10° 43’ 54.88” South	126° 50’ 04.40” East
L40	10° 43’ 54.88” South	126° 46’ 04.40” East
L41	10° 41’ 54.88” South	126° 46’ 04.40” East
L42	10° 41’ 54.88” South	126° 49’ 04.40” East
L43	10° 40’ 54.88” South	126° 49’ 04.40” East
L44	10° 40’ 54.88” South	126° 50’ 04.40” East

JPDA 06-103 CONTRACT AREA



- Located near major oil & gas production fields and infrastructures in the region (Laminaria, Corolina, Elang/Kakatua oil fields, and Bayu-Undan Gas/Condensate field.
- Proven petroleum province.
- Plays include Permian to Jurassic fault blocks, drape and stratigraphic traps, and fluvio-deltaic to marine-shelfal sandstone with a Cretaceous seal.
- Probable untested structures exist, with targets less than 3,500 metres subsea.
- Adjacent to the Jahal and Kuda Tasi oil fields which are currently proposed for development.
- Good, semi-detailed 2D seismic coverage across entire area.
- Water depths are generally 130 metres or deeper.

JPDA 06-103 CONTRACT AREA - DESCRIPTION

The JPDA 06-103 Contract Area is the area bounded by the line described as follows:

a) commencing at the point of Latitude 10° 06’ 40.00” South Longitude 126° 00’ 25.00” East (“Point M1”);

b) running thence north east along the geodesic to the point of Latitude 9° 54’ 46.88” South Longitude 126° 30’ 00.00” East (“Point M2”);

c) thence south along that meridian of longitude to its intersection with the parallel of latitude 10° 00’ 00.00” South (“Point M3”);

d) thence south along that meridian of longitude to its intersection with the parallel of latitude 10° 05’ 00.00” South (“Point M4”);

e) thence east along that parallel of latitude to its intersection with the meridian of longitude 126° 35’ 00.00” East (“Point M5”);

f) thence south along that meridian of longitude to its intersection with the parallel of latitude 10° 30’ 00.00” South (“Point M6”);

g) thence west along that parallel of latitude to its intersection with the meridian of longitude 126° 32’ 00.00” East (“Point M7”);

h) thence south along that meridian of longitude to its intersection with the parallel of latitude 10° 45’ 00.00” South (“Point M8”);

i) thence west along that parallel of latitude to its intersection with the meridian of longitude 126° 30’ 00.00” East (“Point M9”);

j) thence south along that meridian of longitude to its intersection with the parallel of latitude 10° 48’ 00.00” South (“Point M10”);

k) thence west along that parallel of latitude to its intersection with the meridian of longitude 126° 28’ 00.00” East (“Point M11”);

l) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 46’ 00.00” South (“Point M12”);

m) thence west along that parallel of latitude to its intersection with the meridian of longitude 126° 19’ 00.00” East (“Point M13”);

n) thence south along that meridian of longitude to its intersection with the parallel of latitude 10° 47’ 00.00” South (“Point M14”);

o) thence west along the that parallel of latitude to its intersection with the meridian of longitude 126° 16’ 00.00” East (“Point M15”);

p) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 45’ 00.00” South (“Point M16”);

q) thence east along that parallel of latitude to its intersection with the meridian of longitude 126° 19’ 00.00” East (“Point M17”);

r) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 44’ 00.00” South (“Point M18”);

s) thence east along that parallel of latitude to its intersection with the meridian of longitude 126° 22’ 00.00” East (“Point M19”);

t) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 41’ 00.00” South (“Point M20”);

u) thence west along that parallel of latitude to its intersection with the meridian of longitude 126° 19’ 00.00” East (“Point M21”);

v) thence south along that meridian of longitude to its intersection with the parallel of latitude 10° 42’ 00.00” South (“Point M22”);

w) thence west along that parallel of latitude to its intersection with the meridian of longitude 126° 16’ 00.00” East (“Point M23”);

x) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 40’ 00.00” South (“Point M24”);

y) thence east along that parallel of latitude to its intersection with the meridian of longitude 126° 21’ 00.00” East (“Point M25”);

z) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 38’ 00.00” South (“Point M26”);

aa) thence west along that parallel of latitude to its intersection with the meridian of longitude 126° 12’ 00.00” East (“Point M27”);

ab) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 36’ 00.00” South (“Point M28”);

ac) thence east along that parallel of latitude to its intersection with the meridian of longitude 126° 21’ 00.00” East (“Point M29”);

ad) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 34’ 00.00” South (“Point M30”);

ae) thence west along that parallel of latitude to its intersection with the meridian of longitude 126° 19’ 00.00” East (“Point M31”);

af) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 33’ 00.00” South (“Point M32”);

ag) thence west along that parallel of latitude to its intersection with the meridian of longitude 126° 16’ 00.00” East (“Point M33”);

ah) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 32’ 00.00” South (“Point M34”);

ai) thence east along that parallel of latitude to its intersection with the meridian of longitude 126° 24’ 00.00” East (“Point M35”);

aj) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 30’ 00.00” South (“Point M36”);

ak) thence west along that parallel of latitude to its intersection with the meridian of longitude 126° 15’ 00.00” East (“Point M37”);

al) thence west along that parallel of latitude to its intersection with the meridian of longitude 126° 12’ 00.00” East (“Point M38”);

am) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 29’ 00.00” South (“Point M39”);

an) thence west along that parallel of latitude to its intersection with the meridian of longitude 126° 04’ 00.00” East (“Point M40”);

ao) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 27’ 00.00” South (“Point M41”);

ap) thence east along that parallel of latitude to its intersection with the meridian of longitude 126° 07’ 00.00” East (“Point M42”);

aq) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 25’ 00.00” South (“Point M43”);

ar) thence west along that parallel of latitude to its intersection with the meridian of longitude 126° 03’ 00.00” East (“Point M44”);

as) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 23’ 00.00” South (“Point M45”);

at) thence east along that parallel of latitude to its intersection with the meridian of longitude 126° 13’ 00.00” East (“Point M46”);

au) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 21’ 00.00” South (“Point M47”);

av) thence west along that parallel of latitude to its intersection with the meridian of longitude 126° 07’ 00.00” East (“Point M48”);

aw) thence south along that meridian of longitude to its intersection with the parallel of latitude 10° 22’ 00.00” South (“Point M49”);

ax) thence west along that parallel of latitude to its intersection with the meridian of longitude 126° 02’ 00.00” East (“Point M50”);

ay) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 20’ 00.00” South (“Point M51”);

az) thence east along that parallel of latitude to its intersection with the meridian of longitude 126° 11’ 00.00” East (“Point M52”);

ba) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 18’ 00.00” South (“Point M53”);

bb) thence east along that parallel of latitude to its intersection with the meridian of longitude 126° 13’ 00.00” East (“Point M54”);

bc) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 17’ 00.00” South (“Point M55”);

bd) thence west along that parallel of latitude to its intersection with the meridian of longitude 126° 06’ 00.00” East (“Point M56”);

be) thence south along that meridian of longitude to its intersection with the parallel of latitude 10° 18’ 00.00” South (“Point M57”);

bf) thence west along that parallel of latitude to its intersection with the meridian of longitude 126° 02’ 00.00” East (“Point M58”);

bg) thence north along that meridian of longitude to its intersection with the parallel of latitude 10° 15’ 00.00” South (“Point M59”);

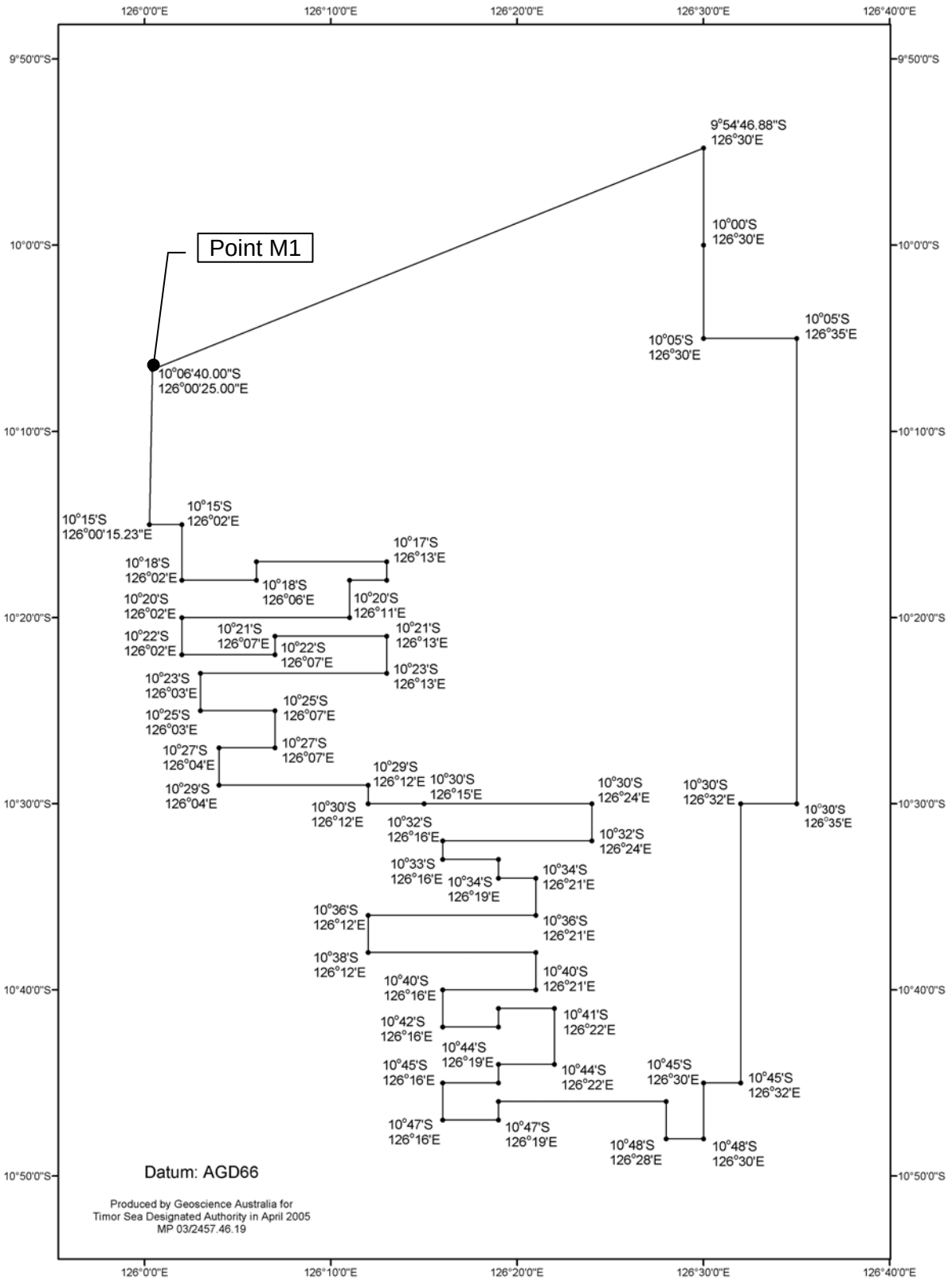
bh) thence west along that parallel of latitude to its intersection with the meridian of longitude 126° 00’ 15.23” East (“Point M60”); and

bi) thence north east along geodesic to the point of commencement (“Point M1”).

The approximate total area of JPDA 06-103 is 3,741 square kilometres.

Note: The origin of the geographical coordinates used in this area description is the Australian Geodetic Datum 1966 (AGD66).

JPDA 06-103 CONTRACT AREA - MAP



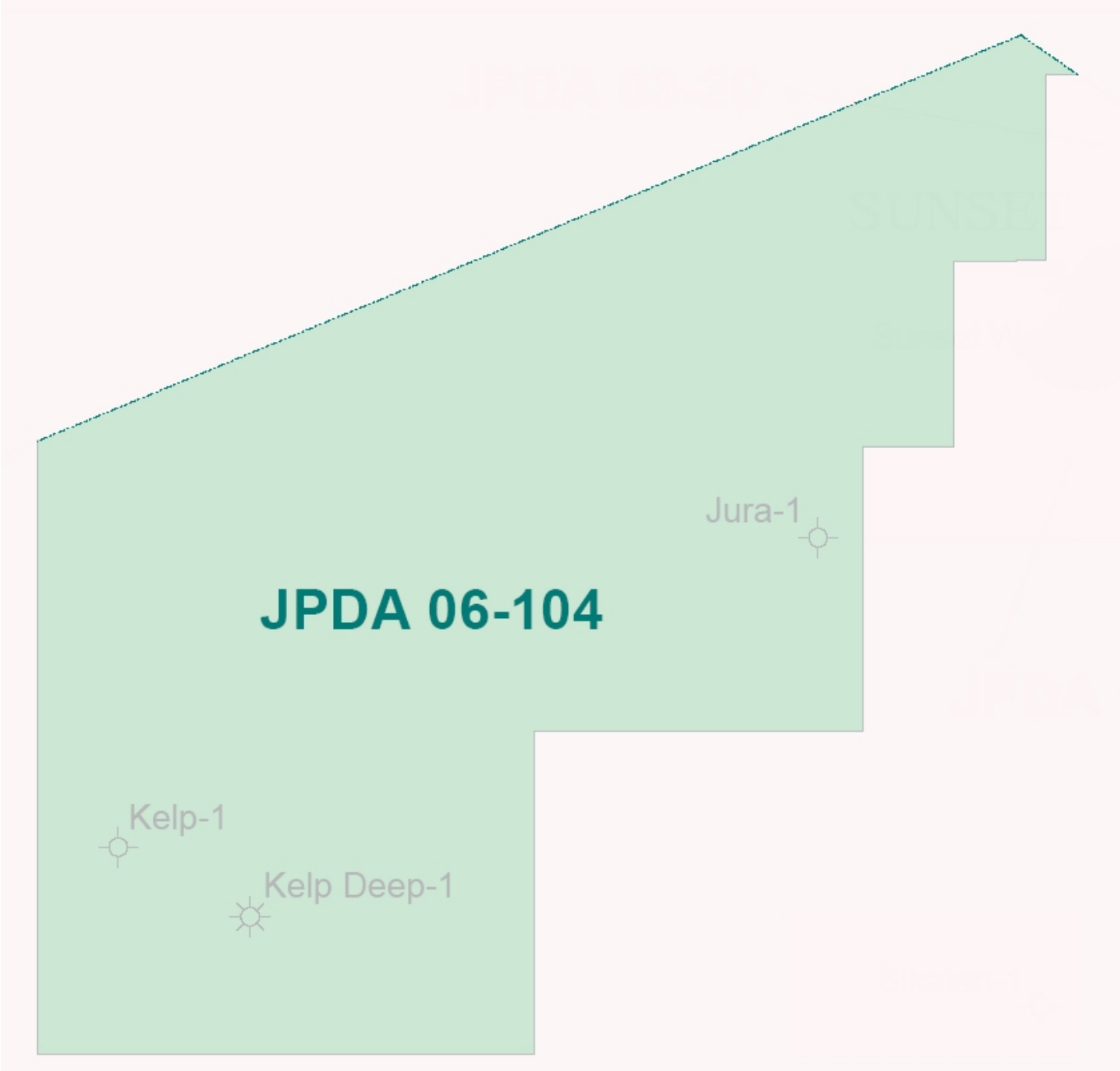
JPDA 06-103 CONTRACT AREA - COORDINATES IN WGS84

The point numbers in the following table correspond to the written description of contract area JPDA 06-103. The origin of the geographical coordinates in the following table is the World Geodetic System 1984 (WGS84). In the event of a discrepancy between the written description and the WGS84 coordinates tabulated below, the description takes precedence.

Point Number	Latitude	Longitude
M1	10° 06’ 34.89” South	126° 00’ 29.41” East
M2	9° 54’ 41.76” South	126° 30’ 04.39” East
M3	9° 59’ 54.88” South	126° 30’ 04.39” East
M4	10° 04’ 54.88” South	126° 30’ 04.40” East
M5	10° 04’ 54.88” South	126° 35’ 04.39” East
M6	10° 29’ 54.88” South	126° 35’ 04.40” East
M7	10° 29’ 54.88” South	126° 32’ 04.40” East
M8	10° 44’ 54.88” South	126° 32’ 04.41” East
M9	10° 44’ 54.88” South	126° 30’ 04.41” East
M10	10° 47’ 54.88” South	126° 30’ 04.41” East
M11	10° 47’ 54.88” South	126° 28’ 04.41” East
M12	10° 45’ 54.88” South	126° 28’ 04.41” East
M13	10° 45’ 54.88” South	126° 19’ 04.41” East
M14	10° 46’ 54.88” South	126° 19’ 04.41” East
M15	10° 46’ 54.88” South	126° 16’ 04.41” East
M16	10° 44’ 54.88” South	126° 16’ 04.41” East
M17	10° 44’ 54.88” South	126° 19’ 04.41” East
M18	10° 43’ 54.88” South	126° 19’ 04.41” East
M19	10° 43’ 54.88” South	126° 22’ 04.41” East
M20	10° 40’ 54.88” South	126° 22’ 04.41” East
M21	10° 40’ 54.88” South	126° 19’ 04.41” East
M22	10° 41’ 54.88” South	126° 19’ 04.41 “East
M23	10° 41’ 54.89” South	126° 16’ 04.41” East
M24	10° 39’ 54.89” South	126° 16’ 04.41” East
M25	10° 39’ 54.88” South	126° 21’ 04.41” East
M26	10° 37’ 54.88” South	126° 21’ 04.41” East
M27	10° 37’ 54.89” South	126° 12’ 04.41” East
M28	10° 35’ 54.89” South	126° 12’ 04.41” East
M29	10° 35’ 54.88” South	126° 21’ 04.41” East
M30	10° 33’ 54.88” South	126° 21’ 04.41” East

Point Number	Latitude	Longitude
M31	10° 33’ 54.88” South	126° 19’ 04.41” East
M32	10° 32’ 54.88” South	126° 19’ 04.41” East
M33	10° 32’ 54.89” South	126° 16’ 04.41” East
M34	10° 31’ 54.89” South	126° 16’ 04.41” East
M35	10° 31’ 54.88” South	126° 24’ 04.41” East
M36	10° 29’ 54.88” South	126° 24’ 04.40” East
M37	10° 29’ 54.89” South	126° 15’ 04.41” East
M38	10° 29’ 54.89” South	126° 12’ 04.41” East
M39	10° 28’ 54.89” South	126° 12’ 04.41” East
M40	10° 28’ 54.89” South	126° 04’ 04.41” East
M41	10° 26’ 54.89” South	126° 04’ 04.41” East
M42	10° 26’ 54.89” South	126° 07’ 04.41” East
M43	10° 24’ 54.89” South	126° 07’ 04.41” East
M44	10° 24’ 54.89” South	126° 03’ 04.41” East
M45	10° 22’ 54.89” South	126° 03’ 04.41” East
M46	10° 22’ 54.89”South	126° 13’ 04.41” East
M47	10° 20’ 54.89” South	126° 13’ 04.41” East
M48	10° 20’ 54.89” South	126° 07’ 04.41” East
M49	10° 21’ 54.89” South	126° 07’ 04.41” East
M50	10° 21’ 54.89” South	126° 02’ 04.41” East
M51	10° 19’ 54.89” South	126° 02’ 04.41” East
M52	10° 19’ 54.89” South	126° 11’ 04.41” East
M53	10° 17’ 54.89” South	126° 11’ 04.41” East
M54	10° 17’ 54.89” South	126° 13’ 04.40” East
M55	10° 16’ 54.89” South	126° 13’ 04.40” East
M56	10° 16’ 54.89” South	126° 06’ 04.41” East
M57	10° 17’ 54.89” South	126° 06’ 04.41” East
M58	10° 17’ 54.89” South	126° 02’ 04.41” East
M59	10° 14’ 54.89” South	126° 02’ 04.41” East
M60	10° 14’ 54.89” South	126° 00’ 19.64” East

JPDA 06-104 CONTRACT AREA



- Adjacent to the largest gas/condensate field in the Timor Sea, the Greater Sunrise Field (Recoverable Reserves of 7.6 TCF of gas and 300 MM barrels of condensate).
- Only three wells drilled in this area, including the Kelp Deep-1 Permian gas discovery.
- Significant hydrocarbon shows encountered in wells surrounding this area.
- Probable existence of untested structures.
- Play types include Permian to Jurassic fault blocks.
- The Aptian Unconformity is easily mapped, and is underlain by Jurassic Flamingo and Plover sandstones and overlain by Early Cretaceous seal.
- Depth to targets range from 2,050 – 5,000 m.
- Reasonable, semi-detailed 2D seismic coverage across entire area (including recent reconnaissance 2D).
- Water depths range from 200 to 1,000 metres.

JPDA 06-104 CONTRACT AREA - DESCRIPTION

The JPDA 06-104 Contract Area is the area bounded by the line described as follows:

a) commencing at the point of Latitude 9° 44’ 41.51” South Longitude 126° 55’ 00.00” East (“Point N1”);

b) running thence north east along the geodesic to the point of Latitude 9° 22’ 53.00” South Longitude 127° 48’ 42.00” East (“Point N2”);

c) thence south east along the geodesic to the point of Latitude 9° 25’ 00.00” South Longitude 127° 51’ 43.18” East (“Point N3”);

d) thence west along that parallel of latitude to its intersection with the meridian of longitude 127° 50’ 00.00” East (“Point N4”);

e) thence south along that meridian of longitude to its intersection with the parallel of latitude 9° 35’ 00.00” South (“Point N5”);

f) thence west along that parallel of latitude to its intersection with the meridian of longitude 127° 45’ 00.00” East (“Point N6”);

g) thence south along that meridian of longitude to its intersection with the parallel of latitude 9° 45’ 00.00” South (“Point N7”);

h) thence west along that parallel of latitude to its intersection with the meridian of longitude 127° 40’ 00.00” East (“Point N8”);

i) thence south along that meridian of longitude to its intersection with the parallel of latitude 10° 00’ 00.00” South (“Point N9”);

j) thence west along that parallel of latitude to its intersection with the meridian of longitude 127° 22’ 00.00” East (“Point N10”);

k) thence south along that meridian of longitude to its intersection with the parallel of latitude 10° 17’ 00.00” South (“Point N11”);

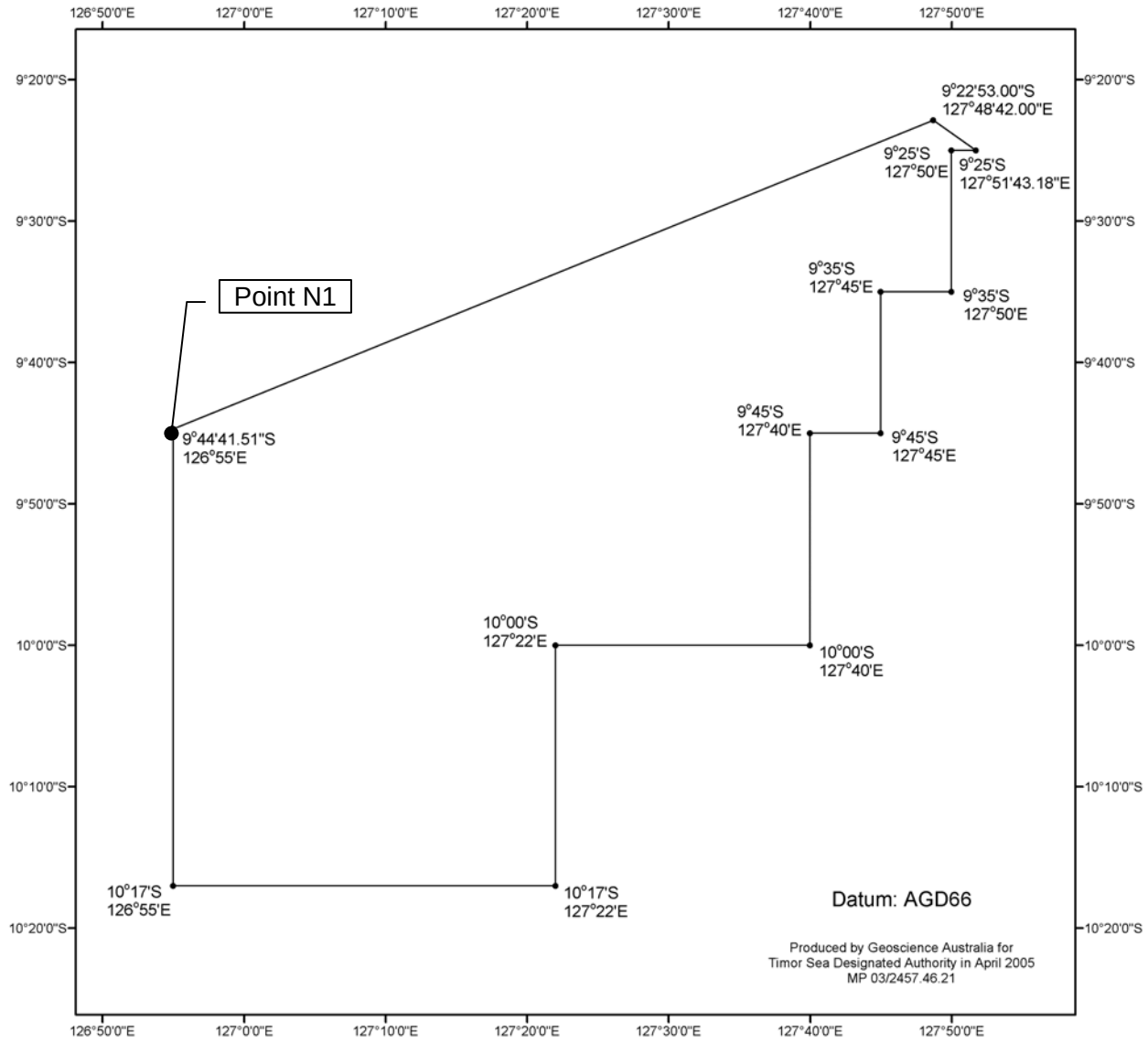
l) thence west along that parallel of latitude to its intersection with the meridian of longitude 126° 55’ 00.00” East (“Point N12”); and

m) thence north along that meridian of longitude to the point of commencement (“Point N1”).

The approximate total area of JPDA 06-104 is 5,777 square kilometres.

Note: The origin of the geographical coordinates used in this area description is the Australian Geodetic Datum 1966 (AGD66).

JPDA 06-104 CONTRACT AREA - MAP



JPDA 06-104 CONTRACT AREA - COORDINATES IN WGS84

The point numbers in the following table correspond to the written description of contract area JPDA 06-104. The origin of the geographical coordinates in the following table is the World Geodetic System 1984 (WGS84). In the event of a discrepancy between the written description and the WGS84 coordinates tabulated below, the description takes precedence.

Point Number	Latitude	Longitude
N1	9° 44’ 36.39” South	126° 55’ 04.38” East
N2	9° 22’ 47.87” South	127° 48’ 46.36” East
N3	9° 24’ 54.86” South	127° 51’ 47.54” East
N4	9° 24’ 54.87” South	127° 50’ 04.36” East
N5	9° 34’ 54.86” South	127° 50’ 04.36” East
N6	9° 34’ 54.87” South	127° 45’ 04.36” East
N7	9° 44’ 54.86” South	127° 45’ 04.37” East
N8	9° 44’ 54.87” South	127° 40’ 04.37” East
N9	9° 59’ 54.86” South	127° 40’ 04.37” East
N10	9° 59’ 54.87” South	127° 22’ 04.38” East
N11	10° 16’ 54.87” South	127° 22’ 04.38” East
N12	10° 16’ 54.88” South	126° 55’ 04.39” East

Geological Synopsis

The JPDA is located between Latitudes: 9 ^{o} 22 '53" S and 12 ^{o} 15 '28" S, and Longitudes: 126^{o} E and 128 ^{o} 29 '10" E (based on the 1966 Australian Geodetic Datum at the Johnston Station in the NT). It is anticipated that future location information will be referenced to the World Geodetic System (WGS 84). Water depths range from 60 metres to more then 1000 metres.

The JPDA overlies a significant portion of the Northern Bonaparte Basin that contains a thick Mesozoic and Cainozoic succession, underlain by Permian and older Palaeozoics. Two major Late Jurassic to Early Cretaceous depocentres are recognised in this region, namely, the northeast-trending Malita-Calder grabens, and the northwest-trending Sahul syncline (including its western extension, the Nancar Trough). These depocentres are flanked to the north by the Sahul Platform.

The stratigraphy and geologic history of the northern Bonaparte Basin has been described by many authors, and presented in a publication by Geoscience Australia compiled by Cadman and Temple (2004).

The present configuration of the Northern Bonaparte Basin (Enclosure 1), results from the intersection and superimposition of three cycles of rifting. The pre-existing Palaeozoic structural grain had considerable influence on the distribution and thickness of the Mesozoic and Tertiary succession on the western part of the Sahul Platform and is expressed in the southeast trend of both the Sahul and Flamingo synclines. This structural grain is cross-cut by a series of Jurassic faults, the strike of which varies from northeast-southwest in the area adjacent to the Londonderry High, through north northeast-south southwest at the western end of the Malita Graben, to east-west in the area of the Flamingo and Laminaria Highs. This Latter east-west trend is attributed to Tithonian tectonism.

Subsidence history and timing of tectonic events has influenced the distribution and preservation of potential reservoir and source rocks. Differences in subsidence history and in the thickness of the mid Cretaceous to Cainozoic succession had a major impact on the timing of hydrocarbon generation, and on the extent to which later episodes of faulting affected the integrity of Jurassic traps.

The stratigraphic relationship of the depositional elements in the Bonaparte Basin are shown in Enclosure 2, and the principal depositional elements in and adjacent to the JPDA (in the northern part of the basin), are summarised below.

Malita Graben

The Malita Graben contains a significant thickness of Late Palaeozoic, Triassic, Jurassic and Early Cretaceous sediments. The graben is bounded by large displacement, northeast to east-northeast trending faults. While no exploration well has penetrated the entire Mesozoic section in the central part of the graben, Mesozoic and Cainozoic sediments are probably up to 10 kilometres thick, and are underlain by a considerable section of Late Carboniferous-Permian sediments.

Sahul Syncline

The Sahul Syncline (and its western extension, the Nancar Trough) is a prominent Palaeozoic to Mesozoic northwest-trending trough located between the Londonderry and Flamingo Highs in the northern Bonaparte Basin. It is the primary source kitchen for petroleum accumulations discovered on the adjacent Laminaria and Flamingo Highs.

Subsidence in the Permian and Triassic led to the deposition of a thick sedimentary succession in the region between the Londonderry High and Sahul Platform (including the present day Sahul Syncline, Flamingo High and Flamingo Syncline. Tectonic compression in the late Triassic resulted in uplift and erosion of the Flamingo High, but deposition continued within the Sahul Syncline where a thick section

of the Plover Formation was deposited. Further subsidence resulting from minor Callovian and then more pronounced Tithonian extension controlled the deposition of Late Jurassic to Early Cretaceous clastic sequences (Elang/Laminaria Formation and Flamingo Group). The Plover and Elang/Laminaria units form good quality reservoirs on the Laminaria and Flamingo Highs. Following continental break-up in the Valanginian, a thick Cretaceous-Cainozoic thermal sag section was deposited across the Sahul Syncline.

Sahul Platform, Laminaria High and Flamingo High

The Sahul Platform is a large northeast-trending basement high that plunges to the southwest. It is an area of relatively shallow basement, with sediment thickness varying from 3km on the Troubadour High to more than 5km on the Kelp High. Permian, Triassic, Jurassic and Cretaceous sediments thin onto the platform. The platform probably formed during Late Palaeozoic rifting, with later rejuvenation and uplift during the Late Triassic and Jurassic. Late Miocene to Pliocene convergence of the Australian and Eurasian plates resulted in flexural downwarp of the Timor Trough to the north, and generation of the Troubadour and Kelp High faulted anticline structures.

The Sunrise/Troubadour High is a large culmination on the northeastern Sahul Platform. It was a prominent feature from Permo-Triassic through to Recent times, and contains the giant Sunrise/Troubadour gas field. The Sunrise/Troubador structure is a complex of large, east-west elongated fault blocks. The main phase of structural development at these fields occurred during the Pleistocene as a consequence of rapid subsidence of the Timor Trough.

The Laminaria High is an east-west orientated, drowned platform-remnant lying between the Sahul Syncline and Nancar Trough where depth to Palaeozoic basement is relatively shallow.

The Flamingo High is a major Late Triassic domal structure which lies between the Sahul and Flamingo Synclines, and has long been recognised as a potential hydrocarbon objective (Brooks et al, 1996). Palinspastic reconstructions of the Permian and Triassic units show that prior to the Late Triassic, the Flamingo High had no structural expression-the Sahul and Flamingo synclines constituted a single broad depocentre (McIntyre, 1995). Following the formation of the Flamingo High in the Late Triassic-Early Jurassic, localised, north-south faulting occurred on the Flamingo High and adjacent western Sahul Platform. Extensional faulting initiated during the Late Jurassic, especially during the Tithonian, resulted in the development of east-west trending tilted fault blocks, horsts and grabens across the Flamingo High and adjacent Sahul Platform.

Northern Bonaparte Basin – Relevance to Petroleum Accumulations (Sahul Syncline, Laminaria High, Flamingo High)

Twenty oil, gas, and oil and gas discoveries have been recorded in the Northern Bonaparte Basin. Commercial production in the JPDA has occurred in four from seven of these discoveries (Elang, Kakatua, Kakatua North, and Bayu/Undan), and a proposal is under review to develop the Jahal & Kuda-Tasi oil fields. The Greater Sunrise field (which includes the Troubadour, Sunrise, Loxton Shoals and Sunset gas discoveries) is expected to be developed as soon as boundaries and unitisation issues have been resolved.

The Elang structure is the crestal culmination on the ‘Elang Trend’ (an east-west oriented structural high, located on the northwest flank of the Flamingo High). Oil at Elang is trapped in Late Callovian to Early Oxfordian sandstones beneath the Frigate Shale. These sandstones have previously been regarded as a marine facies at the top of the Plover Formation now referred to as the Elang or Laminaria Formation.

The Kakatua-1 and Kakatua North-1 wells were drilled to the west of the Elang-1 oil discovery. Both wells recovered oil on test from the Elang/Laminaria Formation, and commercial oil production from the joint Elang/Kakatua/Kakatua North development commenced in 1998.

The Laminaria-1 well tested a faulted horst complex on the Laminaria High, and intersected a 102 metre gross oil column. As at Elang, the oil at Laminaria is trapped in transgressive, estuarine dominated delta sands of Callovian to Early Oxfordian age.

Corallina-1 was drilled on a separate horst complex immediately to the north of the Laminaria discovery. Oil and gas were recovered from the same reservoir sequence intersected by Laminaria-1. Commercial oil production commenced from a combined Laminaria/Corallina development in 1999.

Bayu-1 was drilled to test a crestal culmination on the Flamingo High. The well intersected a 155 metre gross gas/condensate column in Late Oxfordian to Early Callovian sandstones. Following Bayu, gas/condensate discovery well (Undan-1) was drilled on a separate culmination on an extension of the same feature in an adjacent contract area. Subsequent appraisal confirmed that the Bayu-1 and Undan-1 gas/condensate accumulations comprise a single, large gas/condensate field with an areal extent of more than 160 square kilometres. Commercial production from Bayu/Undan commenced in early 2004.

Besides the Buffalo Oilfield (now depleted and decommissioned), several petroleum discoveries have been made on the Sahul Platform (e.g. Krill, Kuda Tasi, Jahal, and Chuditch within the JPDA, and Bluff and Buller nearby). The discovery of gas within the Hyland Bay Formation at Kelp Deep-1 in 1997, however, established the Permian section as a tantalising exploration objective on the Kelp High. In the adjacent Malita-Calder Graben, a significant gas discovery was made at Evans Shoal, east of the JPDA.

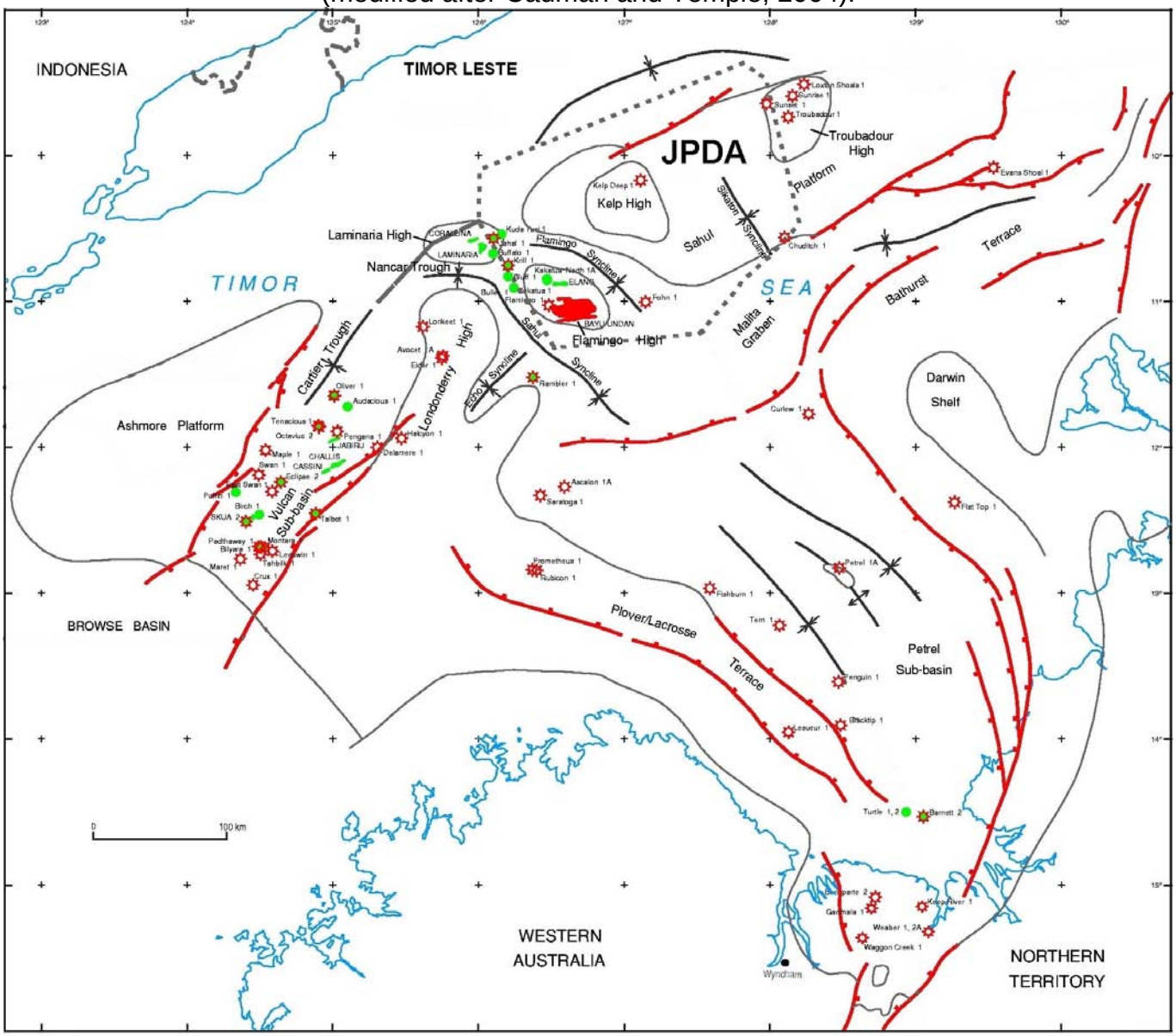
[The TSDA wishes to acknowledge the assistance of Geoscience Australia in providing updated published material and advice, for the above section]

References

Cadman, S.J. and Temple, P.R., (2004). Bonaparte Basin, NT, WA, AC & JPDA, Australian Petroleum Accumulation Report 5, 2nd Edition, Geoscience Australia, Canberra.

Enclosures

Enclosure 1. Tectonic elements and petroleum discoveries, Bonaparte Basin (modified after Cadman and Temple, 2004).



Enclosure 2. Chronostratigraphy and Tectonics, Bonaparte Basin (after Cadman and Temple, 2004).

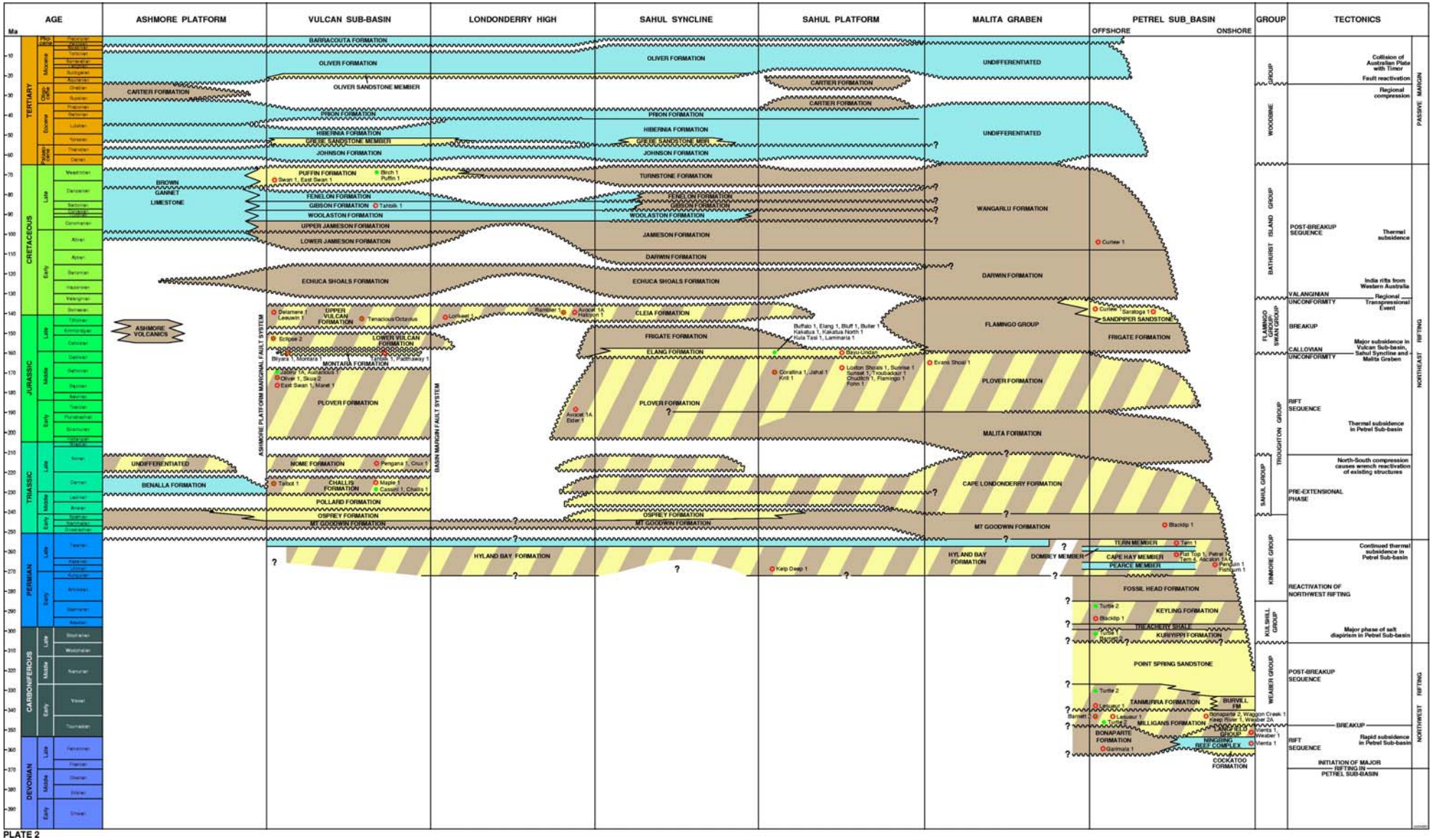


PLATE 2

JPDA WELL DATA

No.	Well Name	Location		Total Depth (mRT)	Seabed (mRT)	Start	Finish	Well Data Release	Status	Remarks	JPDA	Contract Operator
		Latitude	Longitude									
1	Hydra-1	10° 22' 36.900" S	126° 52' 59.900" E	2,685.0	121.1	07-Dec-92	08-Jan-93	08-Apr-95	P&A	Dry hole	91-11	Marathon
2	Basilisk-1/1A	10° 48' 14.350" S	127° 17' 53.680" E	3,030.0	109.0	10-Jan-93	26-Feb-93	26-May-95	P&A	Residual HC Column	91-10	Marathon
3	Naga-1	10° 38' 24.240" S	126° 52' 17.810" E	3,137.0	97.6	28-Feb-93	05-Apr-93	05-Jul-95	P&A	Residual HC Column	91-11	Marathon
4	Elang-1	10° 53' 03.657" S	126° 36' 01.473" E	3,192.0	104.0	09-Jan-94	22-Feb-94	22-May-96	P&S/T	Commercial Oil Discovery	91-12	BHPP
5	Mistral-1	11° 03' 27.076" S	126° 47' 30.622" E	3,231.0	98.0	09-Jan-94	14-Feb-94	14-May-96	P&A	Non-Commercial Gas/Condensate Discovery	91-13	Phillips
6	Kelp-1	10° 06' 16.072" S	126° 59' 34.957" E	2,712.0	346.0	17-Feb-94	25-Mar-94	25-Jun-96	P&A	Dry hole	91-04	Woodside
7	Mandar-1	10° 35' 52.900" S	126° 47' 41.000" E	3,172.0	114.0	23-Feb-94	26-Mar-94	26-Jun-96	P&A	Residual HC Column	91-12	BHPP
8	Squilla-1	10° 46' 44.360" S	126° 22' 20.030" E	3,499.0	130.0	27-Mar-94	04-May-94	04-Aug-96	P&A	Residual HC Column	91-01	BHPP
9	Nabarlek-1	10° 46' 44.360" S	127° 30' 06.000" E	3,157.0	90.0	28-Mar-94	10-May-94	10-Aug-96	P&A	Dry hole	91-14	Enterprise
10	Minotaur-1	10° 44' 50.500" S	126° 58' 28.800" E	3,406.0	94.0	05-May-94	17-Jul-94	17-Oct-96	P&A	Non-Commercial Gas/Condensate Discovery	91-11	Marathon
11	Fohn-1	11° 00' 12.062" S	127° 08' 44.047" E	3,814.0	103.0	11-May-94	06-Aug-94	06-Nov-96	P&A	Non-Commercial Gas/Condensate Discovery	91-13	Phillips
12	Elang-2	10° 52' 48.820" S	126° 35' 08.310" E	3,200.0	101.0	24-Sep-94	22-Nov-94	22-Feb-97	Producing	Commercial Oil Discovery	91-12	BHPP
13	Kakatua-1	10° 51' 15.170" S	126° 28' 11.510" E	3,290.0	116.0	23-Nov-94	21-Dec-94	21-Mar-97	Producing	Commercial Oil Discovery	91-12	BHPP
14	Sikatan-1	10° 15' 07.390" S	127° 49' 32.830" E	3,100.0	95.0	30-Oct-94	16-Dec-94	16-Mar-97	P&A	Dry hole	91-08	Sagasco
15	Barnacle-1	10° 26' 53.133" S	126° 11' 38.502" E	3,614.0	551.0	26-Dec-94	03-Feb-95	03-May-97	P&A	Dry hole	91-01	BHPP
16	Bayu-1	11° 05' 42.597" S	126° 40' 31.671" E	3,205.0	93.0	18-Dec-94	03-Mar-95	03-Jun-97	P&A	Commercial Gas/Condensate Discovery	91-13	Phillips
17	Elang West-1	10° 53' 00.534" S	126° 32' 10.254" E	3,166.0	112.0	09-Feb-95	13-Apr-95	13-Jul-97	Suspended	Commercial Oil Discovery/Potential Production Well	91-12	BHPP

JPDA WELL DATA

No.	Well Name	Location		Total Depth (mRT)	Seabed (mRT)	Start	Finish	Well Data Release	Status	Remarks	JPDA	Contract Operator
		Latitude	Longitude									
18	Elang-3	10° 52' 59.950" S	126° 37' 08.800" E	3,162.0	80.0	10-May-95	13-Jun-95	13-Sep-97	P&A	Dry hole	91-12	BHPP
19	Undan-1	11° 02' 34.200" S	126° 36' 15.900" E	3,322.0	80.0	15-Jun-95	13-Aug-95	13-Oct-97	Suspended	Comm.Gas/Cond Discovery	91-12	BHPP
20	Sandang-1	10° 55' 33.800" S	126° 30' 28.300" E	3,300.0	87.3	14-Aug-95	12-Sep-95	12-Dec-97	P&A	Residual HC Column	91-12	BHPP
21	Undan-2	11° 04' 33.830" S	126° 34' 20.140" E	3,300.0	87.0	16-Oct-95	25-Nov-95	25-Feb-98	Suspended	Commercial Gas/Condensate Discovery	91-12	BHPP
22	Undan-3	11° 04' 03.700" S	126° 38' 45.600" E	3,235.0	75.0	26-Nov-95	25-Dec-95	25-Mar-98	Suspended	Commercial Gas/Condensate Discovery	91-12	BHPP
23	Bayu-2	11° 02' 23.278" S	126° 41' 39.060" E	3,250.0	89.0	26-Dec-95	11-Feb-96	11-May-98	P&A	Commercial Gas/Condensate Discovery	91-13	Phillips
24	Wallaroo-1	10° 50' 56.400" S	127° 29' 05.900" E	3,084.0	75.0	05-Mar-96	13-Apr-96	13-Jul-98	P&A	No shows	91-14	Enterprise
25	Bayu-3	11° 03' 34.300" S	126° 44' 20.760" E	3,174.6	112.0	23-Mar-96	21-Apr-96	21-Jul-98	P&A	Commercial Gas/Condensate Discovery	91-13	Phillips
26	Jahal-1/st	10° 34' 07.700" S	126° 06' 41.240" E	3,440.0	405.0	23-Apr-96	10-May-96	10-Aug-98	P&A	Oil Discovery 23/04/96, 10/05/96 s'track	91-01	BHPP
27	Undan-4	11° 02' 44.500" S	126° 32' 55.200" E	3,290.0	87.0	05-May-96	08-Jun-96	08-Sep-98	Suspended	Commercial Gas/Condensate Discovery	91-12	BHPP
28	Bayu-4	11° 00' 38.344" S	126° 41' 51.157" E	3,308.0	110.0	04-Jun-96	14-Jul-96	14-Oct-98	P&A	Commercial Gas/Condensate Discovery	91-13	Phillips
29	Trulek-1	11° 06' 58.120" S	126° 35' 50.810" E	3,265.0	94.0	12-Nov-96	30-Nov-96	28-Feb-99	Suspended	Commercial Gas/Condensate Discovery	91-12	BHPP
30	Bayu-5	11° 05' 55.587" S	126° 44' 31.735" E	3,300.0	74.0	21-Dec-96	19-Jan-97	19-Apr-99	P&A	Commercial Gas/Condensate Discovery	91-13	Phillips

JPDA WELL DATA

No.	Well Name	Location		Total Depth (mRT)	Seabed (mRT)	Start	Finish	Well Data Release	Status	Remarks	JPDA	Contract Operator
		Latitude	Longitude									
31	Kakatua North-1A	10° 50' 32.000" S	126° 28' 11.000" E	3,315.0	95.0	21-Jan-97	20-Feb-97	20-May-99	Producing	Commercial Oil Discovery	91-12	BHPP
32	Thornton-1	10° 23' 01.710" S	126° 27' 41.790" E	3,978.0	480.0	28-Feb-97	16-Apr-97	16-Jul-99	P&A	Residual HC Column	91-02	Shell
33	Kelp Deep-1	10° 10' 05.406" S	127° 06' 40.544" E	5,122.0	223.0	19-Apr-97	04-Jan-98	04-Apr-00	P&A	Non-Commercial Gas Discovery	95-18	Mobil
34	Hingkip-1	10° 59' 01.800" S	126° 36' 41.400" E	3,139.0	97.0	07-Jun-97	29-Jun-97	29-Sep-99	Suspended	Volatile Oil Discovery	91-12	BHPP
35	Krill-1	10° 44' 54.521" S	126° 12' 06.739" E	3,640.0	268.0	30-Jun-97	27-Jul-97	27-Oct-99	P&A	Non-Commercial Gas Discovery	91-01	BHPP
36	Layang-1	10° 50' 59.700" S	126° 25' 21.500" E	3,353.0	101.5	29-Jul-97	22-Aug-97	22-Nov-99	P&A	Residual HC Column	91-12	BHPP
37	Sunset-1	09° 38' 38.590" S	127° 58' 35.310" E	2,420.0	238.0	22-Sep-97	06-Nov-97	06-Feb-00	P&A	Commercial Gas/Condensate Discovery	95-19	Shell
38	Conch-1	10° 17' 23.130" S	126° 41' 13.670" E	2,763.0	105.0	07-Jan-98	31-Jan-98	30-Apr-00	P&A	Dry hole	91-03	Woodside
39	Sunset West-1	09° 35' 52.530" S	127° 53' 30.570" E	2,472.0	322.0	07-Apr-98	17-May-98	17-Aug-00	P&A	Commercial Gas/Condensate Discovery	95-19	Woodside
40	Bard-1	09° 45' 38.951" S	128° 01' 42.049" E	2,164.0	78.0	20-Sep-98	12-Oct-98	12-Jan-01	P&A	Commercial Gas/Condensate Discovery	95-19	Woodside
41	Chuditch-1	10° 33' 39.710" S	128° 05' 52.450" E	3,040.0	60.0	16-Oct-98	14-Nov-98	14-Feb-01	P&A	Commercial Gas/Condensate Discovery	91-09	Shell
42	Jura-1/st	09° 49' 50.839" S	127° 37' 35.593" E	2,589.0	368.0	17-Jul-99	08-Aug-99	08-Nov-01	P&A	Dry hole	95-19	Woodside
43	Elang-1/st	10° 53' 03.657" S	126° 36' 01.473" E	3,192.0	104.0	21-Jan-00	02-Mar-00	02-Jun-02	Producing	Commercial Oil Discovery	91-12	Phillips
44	Coleraine 1	10° 43' 40.453" S	126° 51' 37.318" E	3,467.0	90.0	04-Oct-00	21-Nov-00	21-Feb-03	P&A	Oil & Gas Shows	96-16	Phillips
45	Kuda Tasi 1	10° 32' 17.179" S	126° 09' 26.033" E	3,535.0	430.0	07-Mar-01	22-Mar-01	22-Jun-03	P&A	Oil Discovery	91-01	Woodside
46	Kuda Tasi-2	10° 32' 23.940" S	126° 10' 05.430" E	3,550.0	425.1	18-Oct-03	22-Nov-03	22-Nov-05	Suspended	Oil Discovery	03-01	Woodside

JPDA GEOPHYSICAL / SEISMIC SURVEYS DATA

No.	Year	JPDA	Contract Operator	Survey Name/ID	Start	Finish	Survey, line-kms						Remarks Surveys	Status
							Committed	Actual	Eq.kms	Alf/Hram	Gravity	Total		
1	1992	91-13	Phillips	Zara	23-Jan-92	16-Mar-92	5,500.0	5,753.8	5,753.8			5,753.8		Openfile
2	1992	91-01	BHPP	HZ192	2-Apr-92	29-Apr-92	2,500.0	2,945.0	2,945.0			2,945.0		Openfile
3	1992	91-10	Marathon	Haries	2-Mar-92	4-May-92	3,500.0	3,905.0	3,905.0		3,892.0	7,797.0	3,892 km gravity	Openfile
4	1992	91-11	Marathon	Haries	2-Mar-92	4-May-92	3,500.0	3,719.0	3,719.0		3,719.0	7,438.0	3,719 km gravity	Openfile
5	1992	91-03	Woodside	Nautilus	25-Apr-92	10-Jun-92	2,000.0	2,295.0	2,295.0			2,295.0		Openfile
6	1992	91-04	Woodside	Cowrie	21-Apr-92	10-Jun-92	2,000.0	2,653.0	2,653.0			2,653.0		Openfile
7	1992	91-12	Petroz	Walet	16-Jul-92	27-Aug-92	4,000.0	4,085.5	4,085.5			4,085.5		Openfile
8	1992	91-08	Petroz	Camar	27-Aug-92	13-Sep-92	2,500.0	2,503.0	2,503.0			2,503.0		Openfile
9	1992	91-02	Shell	S92Z	22-Sep-92	11-Oct-92	2,000.0	2,459.0	2,459.0			2,459.0		Openfile
10	1992	91-14	Enterprise	92-SA-14-ZA	19-Oct-92	18-Nov-92	3,000.0	3,425.0	3,425.0			3,425.0		Openfile
Total in 1992							**30,500.0**	**33,743.3**	**33,743.3**		**7,611.0**	**41,354.3**		
11	1993	91-09	Enterprise	93-SA-09-ZA	3-Jul-93	2-Aug-93	3,000.0	3,014.0	3,014.0		3,014.0	6,028.0	2x infilled to 1x2km grid,inc gravity	Openfile
12	1993	91-14	Enterprise	93-SA-14-ZA	2-Aug-93	7-Aug-93	1,000.0	666.0	666.0		666.0	1,332.0		Openfile
13	1993	91-10	Marathon	Marabar	29-Jul-93	12-Aug-93	0.0	249.0	249.0			249.0		Openfile
14	1993	91-11	Marathon	Marabar	29-Jul-93	12-Aug-93	1,500.0	1,628.0	1,628.0			1,628.0		Openfile
15	1993	91-08	Petroz/Boral	Caladi	13-Aug-93	19-Aug-93	1,500.0	714.0	714.0			714.0		Openfile
16	1993	91-09	Enterprise	Arromagnetic	30-Dec-93	13-Jan-94		0.0	0.0	19,892.0		19,892.0		Openfile
17	1993	91-14	Enterprise	Arromagnetic	30-Dec-93	13-Jan-94		0.0	0.0	11,626.0		11,626.0		Openfile
Total in 1993							**7,000.0**	**6,271.0**	**6,271.0**	**31,518.0**	**3,680.0**	**41,469.0**		
18	1994	91-12	BHPP	HZ94 2D	26-Mar-94	29-Mar-94	300.0	310.0	310.0			310.0	Prospect & lead west of Elang	Openfile
19	1994	91-03	BHPP	HZ94 3D	12-May-94	15-Jun-94	400.0	404.0	27,347.0			27,347.0	Elang & Jalak Str. 3d - 2d = 67.69	Openfile
20	1994	91-09	Enterprise	94-SA-09-ZA	30-Jun-94	5-Jul-94	500.0	517.8	517.8			517.8		Openfile
20		91-08	Petroz/Boral				1,000.0	0.0	0.0			0.0		
Total in 1994							**2,200.0**	**1,231.8**	**28,174.8**	**0.0**	**0.0**	**28,174.8**		

JPDA GEOPHYSICAL / SEISMIC SURVEYS DATA

No.	Year	JPDA	Contract Operator	Survey Name/ID	Start	Finish	Survey, line-kms						Remarks Surveys	Status
							Committed	Actual	Eq.kms	Alf/Hram	Gravity	Total		
21	1995	91-02	Shell	95ZA2	20-Oct-95	30-Oct-95	500.0	900.7	900.7			900.7	30 lines	Openfile
22	1995	91-03	Woodside	Ammonite	27-Oct-95	31-Oct-95	0.0	398.0	398.0			398.0	16 lines	Openfile
23	1995	91-07	Shell	95ZA7	4-Nov-95	30-Nov-95	2,500.0	3,482.0	3,482.0			3,482.0	69 lines	Openfile
23		91-01	BHPP				1,500.0	0.0	0.0			0.0	Deferral to CY-5	
23		91-08	Petroz				1,000.0	0.0	0.0			0.0	Deferral to CY-5 (terminated)	
23		91-11	Marathon				1,000.0	0.0	0.0			0.0	Terminated in Nov 1995	
23		91-12	BHPP				2,000.0	0.0	0.0			0.0	Replaced by Ewest, E-3 & U-1 wells	
23		91-13	Phillips				2,000.0	0.0	0.0			0.0	Deferral to CY-5	
23		91-14	Enterprise				1,000.0	0.0	0.0			0.0	Deferral to CY-5	
Total in 1995							**11,500.0**	**4,780.7**	**4,780.7**	**0.0**	**0.0**	**4,780.7**		
24	1996	91-01	BHPP	HZ96A 2D	5-Feb-96	13-Feb-96	1,000.0	775.3	775.3			775.3	Detailed coverage advance leads CY-5	Openfile
25	1996	91-01	BHPP	HZI96 2D	13-Feb-96	13-Feb-96	0.0	67.3	67.3			67.3	4 lines to delineate Jahal-Knl-Elkhom	Openfile
26	1996	91-01	BHPP	HB96B 3D	8-Mar-96	17-May-96	0.0	47.5	6,054.0			6,054.0	WA260P ingress, 4318 prime, 1727infil km	Openfile
27	1996	91-12/13	BHPP	HB96B 3D	26-Oct-96	14-Oct-96	1,000.0	1,210.0	69,650.0			69,650.0	BU-3D 52955 prime, 16695 infill kms	Openfile
28	1996	91-03	Woodside	Ammonite 2D	27-Oct-96	31-Oct-96	300.0	388.0	388.0			388.0		
Total in 1996							**2,300.0**	**2,488.1**	**76,934.6**	**0.0**	**0.0**	**76,934.6**		
29	1997	94-07	Shell	ZA97-2D	14-Feb-97	21-Apr-97	620.0	701.0	701.0			701.0		
30	1997	94-09	Shell	ZA97-2D	14-Feb-97	21-Apr-97	250.0	444.0	444.0			444.0		
31	1997	95-19	Woodside	HZ97-2D	14-Feb-97	21-Apr-97	2,000.0	2,760.0	2,760.0			2,760.0	total 5202.82km	Openfile

JPDA GEOPHYSICAL / SEISMIC SURVEYS DATA

No.	Year	JPDA	Contract Operator	Survey Name/ID	Start	Finish	Survey, line-kms						Remarks Surveys	Status
							Committed	Actual	Eq.kms	Alf/Hram	Gravity	Total		
													comprising 145 lines	
32	1997	96-20	Woodside	HZ97-2D	14-Feb-97	21-Apr-97	1,300.0	1,298.0	1,298.0			1,298.0		Openfile
33	1997	95-15	BHPP	HZA97	12-Jun-97	21-Jun-97	400.0	413.0	413.0			413.0		Openfile
34	1997	95-17	BHPP	HZB97	12-Jun-97	21-Jun-97	500.0	517.0	517.0			517.0		Openfile
35	1997	91-12	BHPP	HZ97A	21-Jun-97	22-Jun-97	0.0	146.7	146.7			146.7	coverage wowo-wiwi prospect	Openfile
36	1997	95-15	BHPP	HZ97ALF	4-Oct-97	14-Oct-97	0.0	0.0	0.0	8,618.0		8,618.0		Openfile
37	1997	91-01	BHPP	HZ97ALF	4-Oct-97	15-Oct-97	0.0	0.0	0.0	2,400.0		2,400.0		Openfile
						Total in 1997	**5,070.0**	**6,279.7**	**6,279.7**	**11,018.0**	**0.0**	**17,297.7**		
38	1998	91-02	Shell	3D marine ss	25-Jan-98	8-Mar-98	600.0	908.0	47,268.5			47,268.5	908 km2, 39416.75 prime + 7851.75 infill kms	Openfile
39	1998	95-18	Mobil	Squid	8-May-98	6-Jun-98	2,100.0	2,279.0	2,279.0		2,279.0	4,558.0	Incl. 2279 km gravity	Openfile
40	1998	91-01	BHPP	HZI98	29-Sep-98	12-Oct-98	1,500.0	1,455.0	1,455.0			1,455.0		Openfile
						Total in 1998	**4,200.0**	**4,642.0**	**51,002.5**	**0.0**	**2,279.0**	**53,281.5**		
41	1999	96-16	NWENERGY	Portrush	5-Nov-99	15-Nov-99	1,500.0	1,452.0	1,452.0			1,452.0	908 km2, 39416.75 p. + 7851.75 infil	Openfile
						Total in 1999	**1,500.0**	**1,452.0**	**1,452.0**	**0.0**	**0.0**	**1,452.0**		
42	2000	95-19 & 96-20	Woodside	MESCAL 3D	12-Jul-00	1-Oct-00			3,200.0			3,200.0	Coverage whole Sunrise & Troub. Field	Jan-03
						Total in 2000								
43	2003	JPDA 03-01	Woodside	Sea Horse 2D	6-May-03	19-May-03		668.0	668.0				Jahal Kuda-Tasi & surrounding area	Aug-05
						Total in 2003	**N/A**	**668.0**	**668.0**					
						TOTAL UPDATE	**64,270.0**	**61,556.6**	**209,306.6**	**42,536.0**	**13,570.0**	**264,744.6**		

Timor Sea Designated Authority

for the Joint Petroleum Development Area

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JPDA Data Availability

Seismic and Drilling Data Sets are available from one or more of the following:

Geoscience Australia
GPO Box 378
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Australia 2601
PH: +61 2 6249 9111
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Fugro Multi Client Services Pty Ltd
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Timor Sea Treaty

THE GOVERNMENT OF AUSTRALIA
and
THE GOVERNMENT OF EAST TIMOR

CONSCIOUS of the importance of promoting East Timor's economic development;

AWARE of the need to maintain security of investment for existing and planned petroleum activities in an area of seabed between Australia and East Timor;

RECOGNISING the benefits that will flow to both Australia and East Timor by providing a continuing basis for petroleum activities in an area of seabed between Australia and East Timor to proceed as planned;

EMPHASISING the importance of developing petroleum resources in a way that minimizes damage to the natural environment, that is economically sustainable, promotes further investment and contributes to the long-term development of Australia and East Timor;

CONVINCED that the development of the resources in accordance with this Treaty will provide a firm foundation for continuing and strengthening the friendly relations between Australia and East Timor;

TAKING INTO ACCOUNT the United Nations Convention on the Law of the Sea done at Montego Bay on 10 December 1982, which provides in Article 83 that the delimitation of the continental shelf between States with opposite or adjacent coasts shall be effected by agreement on the basis of international law in order to achieve an equitable solution;

TAKING FURTHER INTO ACCOUNT, in the absence of delimitation, the further obligation for States to make every effort, in a spirit of understanding and co-operation, to enter into provisional arrangements of a practical nature which do not prejudice a final determination of the seabed delimitation;

NOTING the desirability of Australia and East Timor entering into a Treaty providing for the continued development of the petroleum resources in an area of seabed between Australia and East Timor;

HAVE AGREED as follows:

Article 1: Definitions

For the purposes of this Treaty:

(a) "Treaty" means this Treaty, including Annexes A-G and any Annexes subsequently agreed between Australia and East Timor.

(b) "contractor" means a corporation or corporations which enter into a contract with the Designated Authority and which is registered as a contractor under the Petroleum Mining Code".

(c) "criminal law" means any law in force in Australia and East Timor, whether substantive or procedural, that makes provision for or in relation to offences or for or in relation to the investigation or prosecution of offences or the punishment of offenders, including the carrying out of a penalty imposed by a court. For this purpose, "investigation" includes entry to an installation or structure in the JPDA, the exercise of powers of search and questioning and the apprehension of a suspected offender.

(d) "Designated Authority" means the Designated Authority established in Article 6 of this Treaty.

(e) "fiscal scheme" means a royalty, a Production Sharing Contract, or other scheme for determining Australia's and East Timor's share of petroleum or revenue from petroleum activities and does not include taxes referred to in Article 5 (b) of this Treaty.

(f) “initially processed” means processing of petroleum to a point where it is ready for off-take from the production facility and may include such processes as the removal of water, volatiles and other impurities.

(g) “Joint Commission” means the Australia-East Timor Joint Commission established in Article 6 of this Treaty.

(h) “JPDA” means the Joint Petroleum Development Area established in Article 3 of this Treaty.

(i) “Ministerial Council” means the Australia-East Timor Ministerial Council established in Article 6 of this Treaty.

(j) “petroleum” means:

i. any naturally occurring hydrocarbon, whether in a gaseous, liquid, or solid state;

ii. any naturally occurring mixture of hydrocarbons, whether in a gaseous, liquid or solid state; or

iii. any naturally occurring mixture of one or more hydrocarbons, whether in a gaseous, liquid or solid state, as well as other substances produced in association with such hydrocarbons;

and includes any petroleum as defined by sub-paragraphs (i), (ii) or (iii) that has been returned to a natural reservoir.

(k) “petroleum activities” means all activities undertaken to produce petroleum, authorised or contemplated under a contract, permit or licence, and includes exploration, development, initial processing, production, transportation and marketing, as well as the planning and preparation for such activities.

(l) “Petroleum Mining Code” means the Code referred to in Article 7 of this Treaty.

(m) “petroleum project” means petroleum activities taking place in a specified area within the JPDA.

(n) “petroleum produced” means initially processed petroleum extracted from a reservoir through petroleum activities.

(o) “Production Sharing Contract” means a contract between the Designated Authority and a limited liability corporation or entity with limited liability under which production from a specified area of the JPDA is shared between the parties to the contract.

(p) “reservoir” means an accumulation of petroleum in a geological unit limited by rock, water or other substances without pressure communication through liquid or gas to another accumulation of petroleum.

(q) “taxation code” means the code referred to in Article 13 (b) of this Treaty.

Article 2: Without prejudice

(a) This Treaty gives effect to international law as reflected in the United Nations Convention on the Law of the Sea done at Montego Bay on 10 December 1982 which under Article 83 requires States with opposite or adjacent coasts to make every effort to enter into provisional arrangements of a practical nature pending agreement on the final delimitation of the continental shelf between them in a manner consistent with international law. This Treaty is intended to adhere to such obligation.

(b) Nothing contained in this Treaty and no acts taking place while this Treaty is in force shall be interpreted as prejudicing or affecting Australia's or East Timor's position on or rights relating to a seabed delimitation or their respective seabed entitlements.

Article 3: Joint Petroleum Development Area

(a) The Joint Petroleum Development Area (JPDA) is established. It is the area in the Timor Sea contained within the lines described in Annex A.

(b) Australia and East Timor shall jointly control, manage and facilitate the exploration, development and exploitation of the petroleum resources of the JPDA for the benefit of the peoples of Australia and East Timor.

(c) Petroleum activities conducted in the JPDA shall be carried out pursuant to a contract between the Designated Authority and a limited liability corporation or entity with limited liability specifically established for the sole purpose of the contract. This provision shall also apply to the successors or assignees of such corporations.

(d) Australia and East Timor shall make it an offence for any person to conduct petroleum activities in the JPDA otherwise than in accordance with this Treaty.

Article 4: Sharing of petroleum production

(a) Australia and East Timor shall have title to all petroleum produced in the JPDA. Of the petroleum produced in the JPDA, ninety (90) percent shall belong to East Timor and ten (10) percent shall belong to Australia.

(b) To the extent that fees referred to in Article 6(b)(vi) and other income are inadequate to cover the expenditure of the Designated Authority in relation to this Treaty, that expenditure shall be borne in the same proportion as set out in paragraph (a).

Article 5: Fiscal arrangements and taxes

Fiscal arrangements and taxes shall be dealt with in the following manner:

(a) Unless a fiscal scheme is otherwise provided for in this Treaty:

i. Australia and East Timor shall make every possible effort to agree on a joint fiscal scheme for each petroleum project in the JPDA.

ii. If Australia and East Timor fail to reach agreement on a joint fiscal scheme referred to in sub-paragraph (i), they shall jointly appoint an independent expert to recommend an appropriate joint fiscal scheme to apply to the petroleum project concerned.

iii. If either Australia or East Timor does not agree to the joint fiscal scheme recommended by the independent expert, Australia and East Timor may each separately impose their own fiscal scheme on their proportion of the production of the project as calculated in accordance with the formula contained in Article 4 of this Treaty.

iv. If Australia and East Timor agree on a joint fiscal scheme pursuant to this Article, neither Australia nor East Timor may during the life of the project vary that scheme except by mutual agreement between Australia and East Timor.

(b) Consistent with the formula contained in Article 4 of this Treaty, Australia and East Timor may, in accordance with their respective laws and the taxation code, impose taxes on their share of the revenue from petroleum activities in the JPDA and relating to activities referred to in Article 13 of this Treaty.

Article 6: Regulatory bodies

(a) A three-tiered joint administrative structure consisting of a Designated Authority, a Joint Commission and a Ministerial Council is established.

(b) Designated Authority:

i. For the first three years after this Treaty enters into force, or for a different period of time if agreed to jointly by Australia and East Timor, the Joint Commission shall designate the Designated Authority.

ii. After the period specified in sub-paragraph (i), the Designated Authority shall be the East Timor Government Ministry responsible for petroleum activities or, if so decided by the Ministry, an East Timor statutory authority.

iii. For the period specified in sub-paragraph (i), the Designated Authority has juridical personality and such legal capacities under the law of both Australia and East Timor as are necessary for the exercise of its powers and the performance of its functions. In particular, the Designated Authority shall have the capacity to contract, to acquire and dispose of movable and immovable property and to institute and be party to legal proceedings.

iv. The Designated Authority shall be responsible to the Joint Commission and shall carry out the day-to-day regulation and management of petroleum activities.

v. A non-exclusive listing of more detailed powers and functions of the Designated Authority is set out in Annex C. The Annexes to this Treaty may identify other additional detailed powers and functions of the Designated Authority. The Designated Authority also has such other powers and functions as may be conferred upon it by the Joint Commission.

vi. The Designated Authority shall be financed from fees collected under the Petroleum Mining Code.

vii. For the period specified in sub-paragraph (i), the Designated Authority shall be exempt from the following existing taxes:

(1) in East Timor, the income tax imposed under the law of East Timor;

(2) in Australia, the income tax imposed under the federal law of Australia;

as well as any identical or substantially similar taxes which are imposed after the date of signature of this Treaty in addition to, or in place of, the existing taxes.

viii. For the period specified in sub-paragraph (i), personnel of the Designated Authority:

(1) shall be exempt from taxation of salaries, allowances and other emoluments paid to them by the Designated Authority in connection with their service with the Designated

Authority other than taxation under the law of Australia or East Timor in which they are deemed to be resident for taxation purposes; and

(2) shall, at the time of first taking up the post with the Designated Authority located in either Australia or East Timor in which they are not resident, be exempt from customs duties and other such charges (except payments for services) in respect of imports of furniture and other household and personal effects in their ownership or possession or already ordered by them and intended for their personal use or for their establishment; such goods shall be imported within six months of an officer's first entry but in exceptional circumstances an extension of time shall be granted by the Government of Australia or the Government of East Timor; goods which have been acquired or imported by officers and to which exemptions under this sub-paragraph apply shall not be given away, sold, lent or hired out, or otherwise disposed of except under conditions agreed in advance with the Government of Australia or the Government of East Timor depending on in which country the officer is located.

(c) Joint Commission:

i. The Joint Commission shall consist of commissioners appointed by Australia and East Timor. There shall be one more commissioner appointed by East Timor than by Australia. The Joint Commission shall establish policies and regulations relating to petroleum activities in the JPDA and shall oversee the work of the Designated Authority.

ii. A non-exclusive listing of more detailed powers and functions of the Joint Commission is set out in Annex D. The Annexes to this Treaty may identify other additional detailed powers and functions of the Joint Commission.

iii. Except as provided for in Article 8(c), the commissioners of either Australia or East Timor may at any time refer a matter to the Ministerial Council for resolution.

iv. The Joint Commission shall meet annually or as may be required. Its meetings shall be chaired by a member nominated by Australia and East Timor on an alternate basis.

(d) Ministerial Council:

i. The Ministerial Council shall consist of an equal number of Ministers from Australia and East Timor. It shall consider any matter relating to the operation of this Treaty that is referred to it by either Australia or East Timor. It shall also consider any matter referred to in sub-paragraph (c)(iii).

ii. In the event the Ministerial Council is unable to resolve a matter, either Australia or East Timor may invoke the dispute resolution procedure set out in Annex B.

iii. The Ministerial Council shall meet at the request of either Australia or East Timor or at the request of the Joint Commission.

iv. Unless otherwise agreed between Australia and East Timor, meetings of the Ministerial Council where at least one member representing Australia and one member representing East Timor are physically present shall be held alternately in Australia and East Timor. Its meetings shall be chaired by a representative of Australia or East Timor on an alternate basis.

v. The Ministerial Council may, if it so chooses, permit members to participate in a particular meeting, or all meetings, by telephone, closed-circuit television or any other means of electronic communication, and a member who so participates is to be regarded as being present at the meeting. A meeting may be held solely by means of electronic communication.

(e) Commissioners of the Joint Commission and personnel of the Designated Authority shall have no financial interest in any activity relating to exploration for and exploitation of petroleum resources in the JPDA.

Article 7: Petroleum Mining Code

(a) Australia and East Timor shall negotiate an agreed Petroleum Mining Code which shall govern the exploration, development and exploitation of petroleum within the JPDA, as well as the export of petroleum from the JPDA.

(b) In the event Australia and East Timor are unable to conclude a Petroleum Mining Code by the date of entry into force of this Treaty, the Joint Commission shall in its inaugural meeting adopt an interim code to remain in effect until a Petroleum Mining Code is adopted in accordance with paragraph (a).

Article 8: Pipelines

(a) The construction and operation of a pipeline within the JPDA for the purposes of exporting petroleum from the JPDA shall be subject to the approval of the Joint Commission. Australia and East Timor shall consult on the terms and conditions of pipelines exporting petroleum from the JPDA to the point of landing.

(b) A pipeline landing in East Timor shall be under the jurisdiction of East Timor. A pipeline landing in Australia shall be under the jurisdiction of Australia.

(c) In the event a pipeline is constructed from the JPDA to the territory of either Australia or East Timor, the country where the pipeline lands may not object to or impede decisions of the Joint Commission regarding a pipeline to the other country. Notwithstanding Article 6(c)(iii), the Ministerial Council may not review or change any such decisions.

(d) Paragraph (c) shall not apply where the effect of constructing a pipeline from the JPDA to the other country would cause the supply of gas to be withheld from a limited liability corporation or limited liability entity which has obtained consent under this Treaty to obtain gas from a project in the JPDA for contracts to supply gas for a specified period of time.

(e) Neither Australia nor East Timor may object to, nor in any way impede, a proposal to use floating gas to liquids processing and off-take in the JPDA on a commercial basis where such proposal shall produce higher revenues to Australia and East Timor from royalties and taxes earned from activities conducted within the JPDA than would be earned if gas were transported by pipeline.

(f) Paragraph (e) shall not apply where the effect of floating gas to liquids processing and off-take in the JPDA would cause the supply of gas to be withheld from a limited liability corporation or limited liability entity which has obtained consent under this Treaty to obtain gas from the JPDA for contracts to supply gas for a specified period of time.

(g) Petroleum from the JPDA and from fields which straddle the boundaries of the JPDA shall at all times have priority of carriage along any pipeline carrying petroleum from and within the JPDA.

(h) There shall be open access to pipelines for petroleum from the JPDA. The open access arrangements shall be in accordance with good international regulatory practice. If Australia has jurisdiction over the pipeline, it shall consult with East Timor over access to the pipeline. If East Timor has jurisdiction over the pipeline, it shall consult with Australia over access to the pipeline.

Article 9: Unitisation

(a) Any reservoir of petroleum that extends across the boundary of the JPDA shall be treated as a single entity for management and development purposes.

(b) Australia and East Timor shall work expeditiously and in good faith to reach agreement on the manner in which the deposit will be most effectively exploited and on the equitable sharing of the benefits arising from such exploitation.

Article 10: Marine environment

(a) Australia and East Timor shall co-operate to protect the marine environment of the JPDA so as to prevent and minimise pollution and other environmental harm from petroleum activities. Special efforts shall be made to protect marine animals including marine mammals, seabirds, fish and coral. Australia and East Timor shall consult as to the best means to protect the marine environment of the JPDA from the harmful consequences of petroleum activities.

(b) Where pollution of the marine environment occurring in the JPDA spreads beyond the JPDA, Australia and East Timor shall co-operate in taking action to prevent, mitigate and eliminate such pollution.

(c) The Designated Authority shall issue regulations to protect the marine environment in the JPDA. It shall establish a contingency plan for combating pollution from petroleum activities in the JPDA.

(d) Limited liability corporations or limited liability entities shall be liable for damage or expenses incurred as a result of pollution of the marine environment arising out of petroleum activities within the JPDA in accordance with:

i. their contract, licence or permit or other form of authority issued pursuant to this Treaty; and

ii. the law of the jurisdiction (Australia or East Timor) in which the claim is brought.

Article 11: Employment

(a) Australia and East Timor shall:

i. take appropriate measures with due regard to occupational health and safety requirements to ensure that preference is given in employment in the JPDA to nationals or permanent residents of East Timor; and

ii. facilitate, as a matter of priority, training and employment opportunities for East Timorese nationals and permanent residents.

(b) Australia shall expedite and facilitate processing of applications for visas through its Diplomatic Mission in Dili by East Timorese nationals and permanent residents employed by limited liability corporations or limited liability entities in Australia associated with petroleum activities in the JPDA.

Article 12: Health and safety for workers

The Designated Authority shall develop, and limited liability corporations or limited liability entities shall apply, occupational health and safety standards and procedures for persons employed on structures in the JPDA that are no less effective than those standards and procedures that would apply to persons employed on similar structures in Australia and East Timor. The Designated Authority may adopt, consistent with this Article, standards and procedures taking into account an existing system established under the law of either Australia or East Timor.

Article 13: Application of taxation law

(a) For the purposes of taxation law related directly or indirectly to:

i. the exploration for or the exploitation of petroleum in the JPDA; or

ii. acts, matters, circumstances and things touching, concerning arising out of or connected with such exploration and exploitation

the JPDA shall be deemed to be, and treated by, Australia and East Timor, as part of that country.

(b) The taxation code to provide relief from double taxation relating to petroleum activities is set out in Annex G.

(c) The taxation code contains its own dispute resolution mechanism. Article 23 of this Treaty shall not apply to disputes covered by that mechanism.

Article 14: Criminal jurisdiction

(a) A national or permanent resident of Australia or East Timor shall be subject to the criminal law of that country in respect of acts or omissions occurring in the JPDA connected with or arising out of exploration for and exploitation of petroleum resources, provided that a permanent resident of Australia or East Timor who is a national of the other country shall be subject to the criminal law of the latter country.

(b) Subject to paragraph (d), a national of a third state, not being a permanent resident of either Australia or East Timor, shall be subject to the criminal law of both Australia and East Timor in respect of acts or omissions occurring in the JPDA connected with or arising out of petroleum activities. Such a person shall not be subject to criminal proceedings under the law of either Australia or East Timor if he or she has already been tried and discharged or acquitted by a competent tribunal or already undergone punishment for the same act or omission under the law of the other country or where the competent authorities of one country, in accordance with its law, have decided in the public interest to refrain from prosecuting the person for that act or omission.

(c) In cases referred to in paragraph (b), Australia and East Timor shall, as and when necessary, consult each other to determine which criminal law is to be applied, taking into account the nationality of the victim and the interests of the country most affected by the alleged offence.

(d) The criminal law of the flag state shall apply in relation to acts or omissions on board vessels including seismic or drill vessels in, or aircraft in flight over, the JPDA.

(e) Australia and East Timor shall provide assistance to and co-operate with each other, including through agreements or arrangements as appropriate, for the purposes of enforcement of criminal law under this Article, including the obtaining of evidence and information.

(f) Both Australia and East Timor recognise the interest of the other country where a victim of an alleged offence is a national of that other country and shall keep that other country informed, to the extent permitted by its law, of action being taken with regard to the alleged offence.

(g) Australia and East Timor may make arrangements permitting officials of one country to assist in the enforcement of the criminal law of the other country. Where such assistance involves the detention of a person who under paragraph (a) is subject to the jurisdiction of the other country that detention may only continue until it is practicable to hand the person over to the relevant officials of that other country.

Article 15: Customs, quarantine and migration

(a) Australia and East Timor may, subject to paragraphs (c), (e), (f) and (g), apply customs, migration and quarantine laws to persons, equipment and goods entering its territory from, or leaving its territory for, the JPDA. Australia and East Timor may adopt arrangements to facilitate such entry and departure.

(b) Limited liability corporations or other limited liability entities shall ensure, unless otherwise authorised by Australia or East Timor, that persons, equipment and goods do not enter structures in the JPDA without first entering Australia or East Timor, and that their employees and the employees of their subcontractors are authorised by the Designated Authority to enter the JPDA.

(c) Either country may request consultations with the other country in relation to the entry of particular persons, equipment and goods to structures in the JPDA aimed at controlling the movement of such persons, equipment or goods.

(d) Nothing in this Article prejudices the right of either Australia or East Timor to apply customs, migration and quarantine controls to persons, equipment and goods entering the JPDA without the authority of either country. Australia and East Timor may adopt arrangements to co-ordinate the exercise of such rights.

(e) Goods and equipment entering the JPDA for purposes related to petroleum activities shall not be subject to customs duties.

(f) Goods and equipment leaving or in transit through either Australia or East Timor for the purpose of entering the JPDA for purposes related to petroleum activities shall not be subject to customs duties.

(g) Goods and equipment leaving the JPDA for the purpose of being permanently transferred to a part of either Australia or East Timor may be subject to customs duties of that country.

Article 16: Hydrographic and seismic surveys

(a) Australia and East Timor shall have the right to carry out hydrographic surveys to facilitate petroleum activities in the JPDA. Australia and East Timor shall co-operate on:

i. the conduct of such surveys, including the provision of necessary on-shore facilities; and

ii. exchanging hydrographic information relevant to petroleum activities in the JPDA.

(b) For the purposes of this Treaty, Australia and East Timor shall co-operate in facilitating the conduct of seismic surveys in the JPDA, including in the provision of necessary on-shore facilities.

Article 17: Petroleum industry vessel—safety, operating standards and crewing

Except as otherwise provided in this Treaty, vessels of the nationality of Australia or East Timor engaged in petroleum activities in the JPDA shall be subject to the law of their nationality in relation to safety and operating standards and crewing regulations. Vessels with the nationality of other countries shall apply the law of Australia or East Timor depending on whose ports they operate, in relation to safety and operating standards, and crewing regulations. Such vessels that enter the JPDA and do not operate out of either Australia or East Timor under the law of both Australia or East Timor shall be subject to the relevant international safety and operating standards.

Article 18: Surveillance

(a) For the purposes of this Treaty, Australia and East Timor shall have the right to carry out surveillance activities in the JPDA.

(b) Australia and East Timor shall co-operate on and co-ordinate any surveillance activities carried out in accordance with paragraph (a).

(c) Australia and East Timor shall exchange information derived from any surveillance activities carried out in accordance with paragraph (a).

Article 19: Security measures

(a) Australia and East Timor shall exchange information on likely threats to, or security incidents relating to, exploration for and exploitation of petroleum resources in the JPDA.

(b) Australia and East Timor shall make arrangements for responding to security incidents in the JPDA.

Article 20: Search and rescue

Australia and East Timor shall, at the request of the Designated Authority and consistent with this Treaty, co-operate on and assist with search and rescue operations in the JPDA taking into account generally accepted international rules, regulations and procedures established through competent international organisations.

Article 21: Air traffic services

Australia and East Timor shall, in consultation with the Designated Authority or at its request, and consistent with this Treaty, co-operate in relation to the operation of air services, the provision of air traffic services and air accident investigations, within the JPDA, in accordance with national laws applicable to flights to and within the JPDA, recognizing established international rules, regulations and procedures where these have been adopted by Australia and East Timor.

Article 22: Duration of the Treaty

This Treaty shall be in force until there is a permanent seabed delimitation between Australia and East Timor or for thirty years from the date of its entry into force, whichever is sooner. This Treaty may be renewed by agreement

between Australia and East Timor. Petroleum activities of limited liability corporations or other limited liability entities entered into under the terms of the Treaty shall continue even if the Treaty is no longer in force under conditions equivalent to those in place under the Treaty.

Article 23: Settlement of Disputes

(a) With the exception of disputes falling within the scope of the taxation code referred to in Article 13(b) of this Treaty and which shall be settled in accordance with that code, any dispute concerning the interpretation or application of this Treaty shall, as far as possible, be settled by consultation or negotiation.

(b) Any dispute which is not settled in the manner set out in paragraph (a) and any unresolved matter relating to the operation of this Treaty under Article 6(d)(ii) shall, at the request of either Australia or East Timor, be submitted to an arbitral tribunal in accordance with the procedure set out in Annex B.

Article 24: Amendment

This Treaty may be amended at any time by written agreement between Australia and East Timor.

Article 25: Entry into force

(a) This Treaty shall enter into force upon the day on which Australia and East Timor have notified each other in writing that their respective requirements for entry into force of this Treaty have been complied with.

(b) Upon entry into force, the Treaty will be taken to have effect and all of its provisions will apply and be taken to have applied on and from the date of signature.

IN WITNESS WHEREOF the undersigned, being duly authorised thereto by their respective Governments, have signed this Treaty.

DONE at Dili, on this twentieth day of May, Two thousand and two in two originals in the English language.

For the Government of Australia

John Howard (Prime Minister)
[Signature omitted]

For the Government of East Timor

Mari Alkatiri (Prime Minister)
[Signature omitted]

Annex A under Article 3 of this Treaty
Designation and Description of the JPDA

NOTE

Where for the purposes of the Treaty it is necessary to determine the position on the surface of the Earth of a point, line or area, that position shall be determined by reference to the Australian Geodetic Datum, that is to say, by reference to a spheroid having its centre at the centre of the Earth and a major (equatorial) radius of 6 378 160 metres and a flattening of 1/298.25 and by reference to the position of the Johnston Geodetic Station in the Northern Territory of Australia. That station shall be taken to be situated at Latitude 25°56'54.5515" South and at Longitude 133°12'30.0771" East and to have a ground level of 571.2 metres above the spheroid referred to above.

THE AREA
The area bounded by the line-
(a) commencing at the point of Latitude 9deg. 22' 53" South, Longitude 127deg. 48' 42" East;
(b) running thence south-westerly along the geodesic to the point of Latitude 10deg. 06' 40" South, Longitude 126deg. 00' 25" East;

(c) thence south-westerly along the geodesic to the point of Latitude 10deg. 28' 00" South, Longitude 126deg. 00' 00" East;

(d) thence south-easterly along the geodesic to the point of Latitude 11deg. 20' 08" South, Longitude 126deg. 31' 54" East;

(e) thence north-easterly along the geodesic to the point of Latitude 11deg. 19' 46" South, Longitude 126deg. 47' 04" East;

(f) thence north-easterly along the geodesic to the point of Latitude 11deg. 17' 36" South, Longitude 126deg. 57' 07" East;

(g) thence north-easterly along the geodesic to the point of Latitude 11deg. 17' 30" South, Longitude 126deg. 58' 13" East;

(h) thence north-easterly along the geodesic to the point of Latitude 11deg. 14' 24" South, Longitude 127deg. 31' 33" East;

(i) thence north-easterly along the geodesic to the point of Latitude 10deg. 55' 26" South, Longitude 127deg. 47' 04" East;

(j) thence north-easterly along the geodesic to the point of Latitude 10deg. 53' 42" South, Longitude 127deg. 48' 45" East;

(k) thence north-easterly along the geodesic to the point of Latitude 10deg. 43' 43" South, Longitude 127deg. 59' 16" East;

(l) thence north-easterly along the geodesic to the point of Latitude 10deg. 29' 17" South, Longitude 128deg. 12' 24" East;

(m) thence north-westerly along the geodesic to the point of Latitude 9deg. 29' 57" South, Longitude 127deg. 58' 47" East;

(n) thence north-westerly along the geodesic to the point of Latitude 9deg. 28' 00" South, Longitude 127deg. 56' 00" East; and

(o) thence north-westerly along the geodesic to the point of commencement.

Annex B under Article 23 of this Treaty
Dispute Resolution Procedure

(a) An arbitral tribunal to which a dispute is submitted pursuant to Article 23 (b), shall consist of three persons appointed as follows:

i. Australia and East Timor shall each appoint one arbitrator;

ii. the arbitrators appointed by Australia and East Timor shall, within sixty (60) days of the appointment of the second of them, by agreement, select a third arbitrator who shall be a citizen, or permanent resident of a third country which has diplomatic relations with both Australia and East Timor;

iii. Australia and East Timor shall, within sixty (60) days of the selection of the third arbitrator, approve the selection of that arbitrator who shall act as Chairman of the Tribunal.

(b) Arbitration proceedings shall be instituted upon notice being given through the diplomatic channel by the country instituting such proceedings to the other country. Such notice shall contain a statement setting forth in summary form the grounds of the claim, the nature of the relief sought, and the name of the arbitrator appointed by the country instituting such proceedings. Within sixty (60) days after the giving of such notice the respondent country shall notify the country instituting proceedings of the name of the arbitrator appointed by the respondent country.

(c) If, within the time limits provided for in sub-paragraphs (a) (ii) and (iii) and paragraph (b) of this Annex, the required appointment has not been made or the required approval has not been given, Australia or East Timor may request the President of the International Court of Justice to make the necessary appointment. If the President is a citizen or permanent resident of Australia or East Timor or is otherwise unable to act, the Vice-President shall be invited to make the appointment. If the Vice-President is a citizen, or permanent resident of Australia or East Timor or is otherwise unable to act, the Member of the International Court of Justice next in seniority who is not a citizen or permanent resident of Australia or East Timor shall be invited to make the appointment.

(d) In case any arbitrator appointed as provided for in this Annex shall resign or become unable to act, a successor arbitrator shall be appointed in the same manner as prescribed for the appointment of the original arbitrator and the successor shall have all the powers and duties of the original arbitrator.

(e) The Arbitral Tribunal shall convene at such time and place as shall be fixed by the Chairman of the Tribunal. Thereafter, the Arbitral Tribunal shall determine where and when it shall sit.

(f) The Arbitral Tribunal shall decide all questions relating to its competence and shall, subject to any agreement between Australia and East Timor, determine its own procedure.

(g) Before the Arbitral Tribunal makes a decision, it may at any stage of the proceedings propose to Australia and East Timor that the dispute be settled amicably. The Arbitral Tribunal shall reach its award by majority vote taking into account the provisions of this Treaty and relevant international law.

(h) Australia and East Timor shall each bear the costs of its appointed arbitrator and its own costs in preparing and presenting cases. The cost of the Chairman of the Tribunal and the expenses associated with the conduct of the arbitration shall be borne in equal parts by Australia and East Timor.

(i) The Arbitral Tribunal shall afford to Australia and East Timor a fair hearing. It may render an award on the default of either Australia or East Timor. In any case, the Arbitral Tribunal shall render its award within six (6) months from the date it is convened by the Chairman of the Tribunal. Any award shall be rendered in writing and shall state its legal basis. A signed counterpart of the award shall be transmitted to Australia and East Timor.

(j) An award shall be final and binding on Australia and East Timor.

Annex C under Article 6(b)(v) of this Treaty
Powers and Functions of the Designated Authority

The powers and functions of the Designated Authority shall include:

(a) day-to-day management and regulation of petroleum activities in accordance with this Treaty and any instruments made or entered into under this Treaty, including directions given by the Joint Commission;

(b) preparation of annual estimates of income and expenditure of the Designated Authority for submission to the Joint Commission. Any expenditure shall only be made in accordance with estimates approved by the Joint Commission or otherwise in accordance with regulations and procedures approved by the Joint Commission;

(c) preparation of annual reports for submission to the Joint Commission;

(d) requesting assistance from the appropriate Australian and East Timor authorities consistent with this Treaty

i. for search and rescue operations in the JPDA;
ii. in the event of a terrorist threat to the vessels and structures engaged in petroleum operations in the JPDA; and
iii. for air traffic services in the JPDA;

(e) requesting assistance with pollution prevention measures, equipment and procedures from the appropriate Australian and East Timor authorities or other bodies or persons;

(f) establishment of safety zones and restricted zones, consistent with international law, to ensure the safety of navigation and petroleum operations;

(g) controlling movements into, within and out of the JPDA of vessels, aircraft, structures and other equipment employed in exploration for and exploitation of petroleum resources in a manner consistent with international law; and, subject to Article 15, authorising the entry of employees of contractors and their subcontractors and other persons into the JPDA;

(h) issuing regulations and giving directions under this Treaty on all matters related to the supervision and control of petroleum activities including on health, safety, environmental protection and assessments and work practices, pursuant to the Petroleum Mining Code; and

(i) such other powers and functions as may be identified in other Annexes to this Treaty or as may be conferred on it by the Joint Commission.

Annex D under Article 6(c)(ii) of this Treaty
Powers and Functions of the Joint Commission

1. The powers and functions of the Joint Commission shall include:

(a) giving directions to the Designated Authority on the discharge of its powers and functions;

(b) conferring additional powers and functions on the Designated Authority;

(c) adopting an interim Petroleum Mining Code pursuant to Article 7(b) of the Treaty, if necessary;

(d) approving financial estimates of income and expenditure of the Designated Authority;

(e) approving rules, regulations and procedures for the effective functioning of the Designated Authority;

(f) designating the Designated Authority for the period referred to in Article 6(b)(i);

(g) at the request of a member of the Joint Commission inspecting and auditing the Designated Authority's books and accounts or arranging for such an audit and inspection;

(h) approving the result of inspections and audits of contractors' books and accounts conducted by the Joint Commission;

(i) considering and adopting the annual report of the Designated Authority;

(j) of its own volition or on recommendation by the Designated Authority, in a manner not inconsistent with the objectives of this Treaty amending the Petroleum Mining Code to facilitate petroleum activities in the JPDA;

2. The Joint Commission shall exercise its powers and functions for the benefit of the peoples of Australia and East Timor having regard to good oilfield, processing, transport and environmental practice.

Annex E under Article 9(b) of this Treaty
Unitisation of Greater Sunrise

(a) Australia and East Timor agree to unitise the Sunrise and Troubadour deposits (collectively known as ‘Greater Sunrise’) on the basis that 20.1% of Greater Sunrise lies within the JPDA. Production from Greater Sunrise shall be distributed on the basis that 20.1% is attributed to the JPDA and 79.9% is attributed to Australia.

(b) Either Australia or East Timor may request a review of the production sharing formula. Following such a review, the production sharing formula may be altered by agreement between Australia and East Timor.

(c) The unitisation agreement referred to in paragraph (a) shall be without prejudice to a permanent delimitation of the seabed between Australia and East Timor.

(d) In the event of a permanent delimitation of the seabed, Australia and East Timor shall reconsider the terms of the unitisation agreement referred to in paragraph (a). Any new agreement shall preserve the terms of any production sharing contract, licence or permit which is based on the agreement in paragraph (a).

Annex F under Article 5(a) of this Treaty
Fiscal Scheme for Certain Petroleum Deposits

Contracts shall be offered to those corporations holding, immediately before entry into force of the Treaty, contracts numbered 91-12, 91-13, 95-19, and 96-20 in the same terms as those contracts, modified to take into account the administrative structure under this Treaty, or as otherwise agreed by Australia and East Timor.

Annex G under Article 13 (b) of this Treaty
Taxation Code for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion in Respect of Activities Connected with the Joint Petroleum Development Area

Article 1: General definitions

1. In this Taxation Code, unless the context otherwise requires:

(a) the term “Australian tax” means tax imposed by Australia, other than any penalty or interest, being tax to which this Taxation Code applies;

(b) the term “company” means any body corporate or any entity which is treated as a company or body corporate for tax purposes;

(c) the term “competent authority” means, in the case of Australia, the Commissioner of Taxation or an authorised representative of the Commissioner and, in the case of East Timor, the Minister for Finance or an authorised representative of the Minister;

(d) the term “East Timor tax” means tax imposed by East Timor, other than any penalty or interest, being tax to which this Taxation Code applies;

(e) the term “framework percentage” means, in the case of Australia, ten (10) percent and, in the case of East Timor, ninety (90) percent;

(f) the term “law of a Contracting State” means the law from time to time in force in that Contracting State relating to the taxes to which this Taxation Code applies;

(g) the term “person” includes an individual, a company and any other body of persons;

(h) the term “reduction percentage” means, in the case of Australia, ninety (90) percent and, in the case of East Timor, ten (10) percent;

(i) the terms “tax” or “taxation” mean Australian tax or East Timor tax, as the context requires; and

(j) the term “year” means, in Australia, any year of income and, in East Timor, any tax year.

2. In the application of this Taxation Code at any time by a Contracting State any term not defined in this Taxation Code or elsewhere in the Treaty shall, unless the context otherwise requires, have the meaning which it has at that time under the law of that Contracting State for the purposes of the taxes to which this Taxation Code applies, any meaning under the applicable tax law of that State prevailing over a meaning given to the term under other law of that State.

Article 2: Personal scope

The provisions of this Taxation Code shall apply to persons who are residents of one or both of the Contracting States as well as in respect of persons who are not residents of either of the Contracting States, but only for taxation purposes related directly or indirectly to:

(a) the exploration for or the exploitation of petroleum in the JPDA; or

(b) acts, matters, circumstances and things touching, concerning, arising out of or connected with any such exploration or exploitation.

Article 3: Resident

1. For the purposes of this Taxation Code, resident of a Contracting State means:

(a) in the case of Australia, a person who is liable to tax in Australia by reason of being a resident of Australia under the tax law of Australia; and

(b) in the case of East Timor, a person who is liable to tax in East Timor by reason of being a resident of East Timor under the tax law of East Timor,

but does not include any person who is liable to tax in that Contracting State in respect only of income from sources in that Contracting State.

2. Where by reason of the provisions of paragraph 1 of this Article, an individual is a resident of both Contracting States, then the status of the person shall be determined as follows:

(a) the person shall be deemed to be a resident solely of the Contracting State in which a permanent home is available to the person;

(b) if a permanent home is available to the person in both Contracting States, or in neither of them, the person shall be deemed to be a resident solely of the Contracting State in which the person has an habitual abode;

(c) if the person has an habitual abode in both Contracting States, or if the person does not have an habitual abode in either of them, the person shall be deemed to be a resident solely of the Contracting State with which the person’s personal and economic relations are the closer. For the purposes of this subparagraph, an individual’s nationality or citizenship of one of the Contracting States shall be a factor in determining the degree of the individual’s personal and economic relations with that Contracting State;

(d) if it cannot be determined with which Contracting State the person’s personal and economic relations are the closer, the competent authorities of the Contracting States shall consult with a view to settling the question by mutual agreement.

3. Where by reason of the provisions of paragraph 1 of this Article, a person other than an individual is a resident of both Contracting States, then it shall be deemed to be a resident solely of the Contracting State in which its place of effective management is situated.

Article 4: Taxes covered

1. The existing taxes to which this Taxation Code shall apply are:

(a) in Australia:

(i) the income tax, but excluding the petroleum resource rent tax;

(ii) the fringe benefits tax;

(iii) the goods and services tax; and

(iv) the superannuation guarantee charge,

imposed under the federal law of Australia;

(b) in East Timor:

(i) the income tax, including either the tax on profits after income tax or the additional profits tax, as applicable to a specified petroleum project or part of a project;

(ii) the value added tax and sales tax on luxury goods ("value added tax"); and

(iii) the sales tax,

imposed under the law of East Timor.

2. The provisions of this Taxation Code shall also apply to any identical or substantially similar taxes which are imposed after the date of signature of this Treaty in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall notify each other of any relevant changes which have been made in their respective taxation law as soon as possible after such changes.

3. A Contracting State shall not impose a tax not covered by the provisions of the Taxation Code in respect of or applicable to:

(a) the exploration for or exploitation of petroleum in the JPDA; or

(b) any petroleum exploration or exploitation related activity carried on in the JPDA,

unless the other Contracting State consents to the imposition of that tax.

4. Nothing in paragraph 3 of this Article shall be taken to prevent a Contracting State from imposing, in accordance with its law, penalty or interest charges relating to the taxes covered by this Taxation Code.

Article 5: Business profits

1. For the purposes of the taxation law of each Contracting State, the business profits or losses of a person, other than an individual, derived from, or incurred in, the JPDA in a year shall be reduced by the reduction percentage.

2. (a) Business profits or losses derived from the JPDA in a year by an individual who is a resident of a Contracting State may be taxed in both Contracting States as reduced by the reduction percentage.

(b) Notwithstanding subparagraph 2(a), the Contracting State of which the individual is a resident may tax those profits or recognise those losses without such reduction. In such a case, that Contracting State shall provide a tax offset against the tax payable on those profits by the individual in that State for the tax paid in the other Contracting State.

3. Business profits derived from the JPDA in a year by an individual who is not a resident of either Contracting State may be taxed in both Contracting States but subject to a rebate entitlement against the tax payable in each Contracting State of the reduction percentage of the gross tax payable on those profits in that Contracting State.

4. Business losses, incurred in the JPDA in a year by an individual who is not a resident of either Contracting State, that are eligible under the law of a Contracting State to be carried forward for deduction against future income shall, for the purposes of that law, be reduced by the reduction percentage.

5. Where losses are brought forward from prior years as a deduction, those losses may not also be taken into account when calculating the business profits or business losses for the year in which they are brought forward as a deduction.

6. Where profits include items of income which are dealt with separately in other Articles of this Taxation Code or where losses are dealt with separately in other Articles of this Taxation Code, then the provisions of those Articles shall not be affected by the provisions of this Article.

7. In establishing whether business profits are derived from the JPDA for the purposes of this Article, regard is to be had to internationally accepted principles on the source of business profits, particularly taking into consideration the extent to which activities in the JPDA, or assets located in the JPDA, rather than elsewhere, contributed to those business profits. In applying such internationally accepted principles special regard shall be had to the location of:

(a) any activities or functions contributing to the business profits;

(b) any assets relevant to the derivation of the business profits; and

(c) any business and financial risks assumed by an entity and which relate to the business profits.

8. For the purposes of paragraph 7, particular account should be had to the terms of any relevant unitisation agreement to the extent to which they do not conflict with the internationally accepted principles referred to in that paragraph.

9. In determining whether business losses are incurred in the JPDA, regard is to be had to internationally accepted principles as to where business losses are incurred, with a view to an approach consistent with paragraphs 7 and 8 of this Article.

10. Where particular business profits are derived wholly or principally from the JPDA, or particular business losses are incurred wholly or principally in the JPDA, then such profits or losses shall be treated as fully derived from or fully incurred in, as the case may be, the JPDA. In other cases, the relevant proportion should be attributed to the JPDA. In the application of this paragraph the Contracting States shall seek a consistent approach, including as between the treatment of profits and losses, and should consult if necessary to this end.

11. For the purposes of this Taxation Code, the East Timor additional profits tax shall be regarded as a tax on business profits.

Article 6: Shipping and air transport

1. Profits from all shipping and air transport, where the transport of the relevant goods or persons commences at a place in the JPDA to any other place, whether inside or outside the JPDA, shall in their entirety be regarded as business profits derived from the JPDA.

2. Profits from all shipping and air transport internal to the JPDA, shall in their entirety be regarded as business profits derived from the JPDA.

3. Profits from all shipping and air transport, where the transport of the relevant goods or persons commences outside the JPDA, and ends in the JPDA, shall not be regarded as derived from the JPDA.

Article 7: Petroleum Valuation

The value of petroleum shall for all purposes under the taxation law of both Contracting States be the value as determined in accordance with internationally accepted arm's length principles having due regard to functions performed, assets used and risks assumed.

Article 8: Dividends

1. Dividends paid or credited by a company which is a resident of a Contracting State wholly or mainly out of profits, income or gains derived from sources in the JPDA, and which are beneficially owned by a resident of the other Contracting State, may be taxed in that other Contracting State. However, such dividends may also be taxed in the first-mentioned Contracting State and according to the law of that State, but the tax so charged shall not exceed fifteen (15) per cent of the gross amount of the dividends.

2. Dividends paid or credited by a company which is a resident of a Contracting State wholly or mainly out of profits, income or gains derived from sources in the JPDA, and which are beneficially owned by a resident of that Contracting State, shall be taxable only in that State.

3. Dividends paid or credited by a company which is a resident of a Contracting State wholly or mainly out of profits, income or gains derived from sources in the JPDA, and which are beneficially owned by a person who is not a resident of either Contracting State, may be taxed in both Contracting States but the taxable amount of any such dividends shall be an amount equivalent to the framework percentage of the amount that would be the taxable amount but for this paragraph.

4. The term "dividends" as used in this Article means income from shares or other rights participating in profits and not relating to debt claims, as well as other income which is subjected to the same taxation treatment as income from shares by the law of the Contracting State of which the company making the distribution is a resident.

5. Notwithstanding any other provisions of this Taxation Code, where a company which is a resident of a Contracting State derives profits, income or gains from the JPDA, such profits, income or gains may be subject in the other Contracting State to a tax on profits after income tax in accordance with its law, but such tax shall not exceed fifteen (15) per cent of the gross amount of such profits, income or gains after deducting from those profits, income or gains the income tax imposed on them in that other State. Such tax shall be imposed upon the amount equivalent to the framework percentage of the amount that would be taxed but for this paragraph.

6. For the purposes of this Article, "derived from" has the same meaning as expressed in Article 5.

Article 9: Interest

1. Interest paid or credited by a contractor, being interest to which a resident of a Contracting State is beneficially entitled, may be taxed in that Contracting State.

2. Such interest may also be taxed in the other Contracting State, but the tax so charged shall not exceed ten (10) per cent of the gross amount of the interest.

3. Interest paid or credited by a contractor, being interest to which a person who is not a resident of either Contracting State is beneficially entitled, may be taxed in both Contracting States but the taxable amount of any such interest shall be an amount equivalent to the framework percentage of the amount that would be the taxable amount but for this paragraph.

4. The term “interest” in this Taxation Code, includes interest from bonds or debentures, whether or not secured by mortgage and whether or not carrying a right to participate in profits, interest from any form of indebtedness and all other income assimilated to income from money lent by law, relating to tax, of the Contracting State in which the income arises.

Article 10: Royalties

1. Royalties paid or credited by a contractor, being royalties to which a resident of a Contracting State is beneficially entitled, may be taxed in that Contracting State.

2. Such royalties may also be taxed in the other Contracting State, but the tax so charged shall not exceed ten (10) per cent of the gross amount of the royalties.

3. Royalties paid or credited by a contractor, being royalties to which a person who is not a resident of either Contracting State is beneficially entitled, may be taxed in both Contracting States but the taxable amount of any such royalties shall be an amount equivalent to the framework percentage of the amount that would be the taxable amount but for this paragraph.

4. The term “royalties” in this Article means payments or credits, whether periodical or not, and however described or computed, to the extent to which they are made as consideration for:

(a) the use of, or the right to use, any copyright, patent, design or model, plan, secret formula or process, trademark or other like property or right;

(b) the use of, or the right to use, any industrial, commercial or scientific equipment;

(c) the supply of scientific, technical, industrial or commercial knowledge or information;

(d) the supply of any assistance that is ancillary and subsidiary to, and is furnished as a means of enabling the application or enjoyment of, any such property or right as is mentioned in subparagraph (a), any such equipment as is mentioned in subparagraph (b) or any such knowledge or information as is mentioned in subparagraph (c); or

(e) total or partial forbearance in respect of the use or supply of any property or right referred to in this paragraph.

Article 11: Alienation of property

1. Where a gain or loss of a capital nature accrues to or is incurred by a person, other than an individual who is a resident of a Contracting State, from the alienation of property situated in the JPDA or of shares or comparable interests in a company, the assets of which consist (directly or indirectly, including for example through a chain of companies), wholly or principally of property situated in the JPDA, the amount of gain or loss shall, for the

purposes of the law of a Contracting State, be an amount equivalent to the framework percentage of the amount that would be the gain or loss but for this paragraph.

2. When a gain or loss of a capital nature accrues to or is incurred by an individual who is a resident of a Contracting State, from the alienation of property situated in the JPDA or of shares or comparable interests in a company, the assets of which consist (directly or indirectly, including for example through a chain of companies), wholly or mainly of property situated in the JPDA, the amount of the gain or loss may, for the purposes of the law of a Contracting State, be an amount equivalent to the reduction percentage of the amount that would be the gain or loss but for this paragraph.

3. Notwithstanding paragraph 2, the Contracting State of which the individual is a resident may tax that gain or recognise that loss of a capital nature without such reduction. In such a case, that Contracting State shall provide a tax offset against the tax payable on that gain by the individual in that other Contracting State.

Article 12: Independent personal services

1. Income derived by an individual who is a resident of a Contracting State in respect of professional services, or other independent activities of a similar character, performed in the JPDA may be taxed in both Contracting States as reduced by the reduction percentage.

2. Notwithstanding paragraph (1), the Contracting State of which the individual is a resident may tax such income without such reduction. In such a case, that Contracting State shall provide a tax offset against the tax payable on that income by the individual in that State for the tax paid in the other Contracting State.

3. Income derived by an individual who is not a resident of either Contracting State in respect of professional services, or other independent activities of a similar character, performed in the JPDA may be taxed in both Contracting States but subject to a rebate entitlement against the tax payable in each Contracting State of the reduction percentage of the gross tax payable in that Contracting State on income referred to in this paragraph.

Article 13: Dependent personal services

1. Salaries, wages and other similar remuneration derived by an individual who is a resident of a Contracting State in respect of employment exercised in the JPDA may be taxed in both Contracting States as reduced by the reduction percentage.

2. Notwithstanding paragraph (1), the Contracting State in which the individual is a resident may tax such remuneration without such reduction. In such a case, that State shall provide a tax offset against the tax payable on such remuneration by the individual in that Contracting State for the tax paid in the other Contracting State.

3. Remuneration derived by an individual who is not a resident of either Contracting State in respect of employment exercised in the JPDA may be taxed in both Contracting States but subject to a rebate entitlement against the tax payable in each Contracting State of the reduction percentage of the gross tax payable in that Contracting State on the income referred to in this paragraph.

Article 14: Other income

1. Items of income of a resident of a Contracting State other than an individual, derived from sources in the JPDA and not dealt with in the foregoing Articles of this Taxation Code, shall be reduced by the reduction percentage.

2. Items of income of a resident individual of a Contacting State derived from sources in the JPDA and not dealt with in the foregoing Articles of this Taxation Code, may be taxed in both Contracting States as reduced by the reduction percentage.

3. Notwithstanding paragraph (2), the Contracting State in which the individual is a resident may tax such items of income without such reduction. In such a case, that State shall provide a tax offset against the tax payable on those items of income by the individual in that State for the tax paid in the other Contracting State.

4. Items of income of a person who is not a resident of either Contracting State, derived from sources in the JPDA and not dealt with in the foregoing Articles of this Taxation Code may be taxed in both Contracting States but subject to a rebate entitlement against the tax payable in each Contracting State of the reduction percentage of the gross tax payable in that Contracting State on the income referred to in this paragraph.

5. For the purposes of this Article, “derived from” has the same meaning as expressed in Article 5.

Article 15: Fringe benefits

For the purposes of the taxation law of Australia, the amount of Australian fringe benefits tax payable in relation to fringe benefits provided to employees in a year, in respect of employment exercised in the JPDA, shall be:

(a) in the case of such employees who are residents of Australia, the fringe benefits tax may be applied without reduction;

(b) in respect of employees who are residents of East Timor, the fringe benefits tax shall not be applied; and

(c) in respect of employees who are not residents of either Contracting State, the amount payable shall be reduced by the reduction percentage.

Article 16: Superannuation guarantee charge

The superannuation guarantee charge imposed by Australia in respect of employment exercised in the JPDA in a year may be applied only in so far as it relates to employees who are residents of Australia, in which case it may be applied without reduction.

Article 17: Miscellaneous

In any case where income, profits or gains are not derived from the JPDA as that term is used in Article 5, for the purposes of this Code, neither Contracting State shall tax those income, profits or gains on a basis, in effect, of their source in the JPDA.

Article 18: Indirect taxes

Goods introduced into the JPDA, whether or not from a Contracting State, and services provided to a person in the JPDA, may, at or following introduction, be taxed in both Contracting States in accordance with applicable Australian goods and services tax law or the East Timor value added tax or sales tax law as the case may be, but the taxable amount in relation to such goods and services shall be an amount equivalent to the framework percentage of the amount that would be the taxable amount but for this paragraph.

Article 19: Avoidance of double taxation

1. In the case of Australia, subject to the provisions of the law of Australia from time to time in force which relate to the allowance of a credit against Australian tax of tax paid in a country outside Australia (which shall not affect the general principle of this Article), East Timor tax paid under the law of East Timor and in accordance with this Taxation Code, whether directly or by deduction, in respect of income derived by a person who is a resident of Australia of the following types:

(a) dividends paid wholly or mainly out of profits, income or gains as referred to in paragraph 1 of Article 8;

(b) interest paid by a contractor as referred to in paragraph 2 of Article 9;

(c) royalties paid by a contractor as referred to in paragraph 2 of Article 10; or

(d) profits, income or gains after income tax as referred to in paragraph 5 of Article 8,

shall be allowed as a credit against Australian tax payable in respect of that income.

2. In the case of East Timor, subject to the provisions of the law of East Timor from time to time in force which relate to the allowance of a credit against East Timor tax of tax paid in a country outside East Timor (which shall not affect the general principle of this Article), Australian tax paid under the law of Australia and in accordance with this Taxation Code, whether directly or by deduction, in respect of income derived by a person who is a resident of East Timor of the following types:

(a) dividends paid wholly or mainly out of profits, income or gains as referred to in paragraph 1 of Article 8;

(b) interest paid by a contractor as referred to in paragraph 2 of Article 9;

(c) royalties paid by a contractor as referred to in paragraph 2 of Article 10; or

(d) profits, income or gains after income tax as referred to in paragraph 5 of Article 8,

shall be allowed as a credit against East Timor tax payable in respect of that income.

3. The dividends, interest or royalties taxed by a Contracting State in accordance with the provisions of this Taxation Code and referred to in this Article shall for the purposes of determining a foreign tax credit entitlement under the law of the other Contracting State, be deemed to be income derived from sources in the first-mentioned Contracting State.

Article 20: Mutual agreement procedure

1. Where a person considers that the actions of the competent authority of one or both of the Contracting States result or will result for the person in taxation not in accordance with the provisions of this Taxation Code,

the person may, irrespective of the remedies provided by the domestic law of the Contracting States, present a case to the competent authority of the Contracting State of which the person is a resident, or to either competent authority in the case of persons who are not residents of either Contracting State. The case must be presented within thirty-six (36) months from the first notification of the action resulting in taxation not in accordance with the provisions of the Taxation Code.

2. The competent authority shall endeavour, if the claim appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation which is not in accordance with the provisions of this Taxation Code. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting States.

3. In considering whether the actions of a Contracting State are or are not in accordance with the provisions of this Taxation Code for the purposes of this Article, particular regard is to be had to the objects and purposes of this Taxation Code, including especially that of the avoidance of double taxation.

4. The competent authorities of the Contracting States shall jointly endeavour to resolve any difficulties or doubts arising as to the interpretation or application of this Taxation Code. The competent authorities of the Contracting States may meet from time to time or otherwise communicate for the purposes of discussing the operation and application of this Taxation Code. They may also consult together in relation to juridical or economic double taxation in cases not specifically provided for in this Taxation Code.

5. For the purposes of paragraph 3 of Article XXII (Consultation) of the General Agreement on Trade in Services, the Contracting States agree that, notwithstanding that paragraph, any dispute between them as to whether a measure falls within the scope of this Taxation Code may be brought before the Council for Trade in Services, as provided by that paragraph, only with the consent of both Contracting States. Any doubt as to the interpretation of this paragraph shall be resolved under paragraph 4 of this Article or, failing agreement under that procedure, pursuant to any other procedure agreed to by both Contracting States.

Article 21: Exchange of information

1. The competent authorities of the Contracting States shall exchange such information as is necessary for carrying out the provisions of this Taxation Code or of the domestic law of the Contracting States concerning taxes covered by this Taxation Code, insofar as the taxation thereunder is not contrary to this Taxation Code, in particular for the prevention of avoidance or evasion of such taxes. Any information received by the competent authority of a Contracting State shall be treated as secret in the same manner as information obtained under the domestic law of that Contracting State and shall be disclosed only to persons or authorities (including courts and administrative bodies) involved in the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes covered by this Taxation Code and shall be used only for such purposes. Such persons or authorities may disclose the information in public courts or tribunal proceedings or in judicial or tribunal decisions relating to taxes covered by this Taxation Code.

2. In no case shall the provisions of paragraph 1 of this Article be construed so as to impose on the competent authority of a Contracting State the obligation:

(a) to carry out administrative measures at variance with the law or the administrative practice of that or of the other Contracting State;

(b) to supply information which is not obtainable under the law or in the normal course of the administration of that or of the other Contracting State; or

(c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or to supply information the disclosure of which would be contrary to public policy.

Article 22: Interaction with other taxation arrangements

Nothing in this Taxation Code is intended to limit the operation of a taxation arrangement concluded by either Contracting State with a third country or territory unless so provided for in such treaty.

Article 23: Transitional provisions

1. Business losses incurred in the JPDA by a person in a year previous to the year in which this Taxation Code enters into force and business losses apportionable in accordance with paragraph 2 to that part of the year prior to the date that this Taxation Code enters into domestic law effect, may, for the purposes of the taxation law of a Contracting State and in accordance with the provisions of that law, be carried forward for deduction against income which is subject to the provisions of this Taxation Code, in accordance with the provisions of this Taxation Code.

2. In the year in which this Taxation Code enters into force the Contracting States shall only apply the framework percentage or reduction percentage to that proportion of income, losses and other items addressed by this Taxation Code which corresponds to that portion of the period from the date of entry into domestic law effect to the end of the year.

Article 24: Review mechanism

At the request of either of the Contracting States, the Contracting States shall review the terms and operations of this Taxation Code with a view to amending the Taxation Code, if considered necessary.

Article 25: Entry into force

This Taxation Code shall enter into force at the same time as the Treaty to which it forms part.

PETROLEUM MINING CODE

FOR THE

JOINT PETROLEUM DEVELOPMENT AREA

[Insert Date]

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JPDA PETROLEUM MINING CODE
PREAMBLE

In accordance with Article 7(a) of the Timor Sea Treaty, and subject to the terms of that Treaty, the following Petroleum Mining Code is adopted to govern the exploration, development and exploitation of Petroleum within the JPDA, as well as the export of Petroleum from the JPDA.

PART I
PRELIMINARY

Section 1 Interpretation

1.1 Definitions

In this Code:

"Access Authorisation" means an authorisation granted pursuant to Section 9.1;

"Affiliate" means, in respect of an Authorised Person, (or, if more than one person, in respect of each such person), a person that Controls, is Controlled by, or is under common Control with, the Authorised Person or any such person, as the case may be;

"Authorisation" means an Access Authorisation, a Production Sharing Contract or a Prospecting Authorisation, or an agreement (if any) made in respect of such an Authorisation or Production Sharing Contract;

"Authorised Activities" means the activities authorised by an Authorisation;

"Authorised Area" means the area from time to time the subject of an Authorisation;

"Authorised Person" means:

(a) in respect of a Production Sharing Contract, the Contractor; and

(b) in respect of any other Authorisation, the person to whom the Authorisation has been granted;

"Block" has the meaning in sub-Section 2.2;

"Calendar Year" means a period of twelve months commencing on January 1 and ending on the following December 31, according to the Gregorian calendar;

"Code" means this Petroleum Mining Code, as amended, modified or replaced from time to time, and regulations made and directions given under it;

"Commencement Date" means the date upon which the Joint Commission adopts this Code;

"Contract Area" means the Authorised Area from time to time the subject of a Production Sharing Contract;

"Contractor" means a person with whom the Designated Authority has made a Production Sharing Contract;

"Control" means, in relation to a person, the power of another person to secure:

(a) by means of the holding of shares or the possession of voting power, in or in relation to the first person or any other person; or

(b) by virtue of any power conferred by the articles of association of, or any other document regulating, the first person or any other person,

that the affairs of the first person are conducted in accordance with the wishes or directions of that other person;

"Crude Oil" means crude mineral oil and all liquid hydrocarbons in their natural state or obtained from Wet Gas by condensation or extraction;

"Designated Authority" means the Timor Sea Designated Authority for the JPDA established pursuant to Article 6 of the Treaty;

"Field Export Point" means:

(a) in circumstances where petroleum has gone through field level separation, is made ready for sale, further processing, or transportation and exported from the Contract Area by tanker - the point of tanker loading;

(b) in circumstances where petroleum has gone through field level separation, is made ready for sale, further processing, or transportation and exported from the Contract Area by pipeline - the inlet flange of the export pipeline;

(c) in circumstances where petroleum is processed beyond field level separation within the Contract Area - no later than the point at which the petroleum is input to such further processing; or

(d) such other point within the JPDA as approved in a development plan in accordance with an Authorisation;

"Good Oil Field Practice" means such practices and procedures employed in the petroleum industry worldwide by prudent and diligent operators under conditions and circumstances similar to those experienced in connection with the relevant aspect or aspects of the Petroleum Operations, having regard to relevant factors including:

(a) conservation of petroleum and gas resources, which includes the utilization of methods and processes to maximise the recovery of hydrocarbons in a technically and economically efficient manner, and to minimize losses at the surface;

(b) operational safety, which entails the use of methods and processes aimed at preventing major accident events and occupational health and safety incidents; and

(c) environmental protection, that calls for the adoption of methods and processes which minimize the impact of the Operations on the environment;

"Infrastructure Provider" has the meaning in sub-paragraph 9.1(a)(iii);

"Insolvency Event" means:

(a) the Authorised Person is insolvent, is adjudged bankrupt or makes any assignment for the benefit of its creditors, or is adjudged to be unable to pay its debts as the same fall due;

(b) an application (other than a vexatious or frivolous application) to, or order is made by, a court having jurisdiction or, an effective resolution is made for the dissolution, liquidation or winding up of the Authorised Person and in the case of an application to a court, the application is not withdrawn or dismissed within thirty (30) days;

(c) a receiver is appointed or an encumbrancer or security holder takes possession of a majority of the assets or undertaking of the Authorised Person;

(d) the Authorised Person ceases or threatens to cease to carry on its business or execution is forced against all or a majority of the Authorised Person's property and is not discharged or set aside within fourteen (14) days;

(e) an administrator is appointed or a resolution that an administrator be appointed to the Authorised Person is passed or any formal steps are taken to appoint an administrator to the Authorised Person; or

(f) the Authorised Person, without the consent of the Designated Authority, enters into, or resolves to enter into, an arrangement, compromise, or composition with any of, or any class of its creditors or members or process is filed in a court seeking approval of such arrangement, compromise or composition where the proposed arrangement, compromise or composition could, in the opinion of the Designated Authority, materially affect the ability of the Authorised Person to discharge its obligations under its Authorisation.

"Inspector" has the meaning in sub-Section 15.2;

"Interim Petroleum Mining Code" means the interim code governing the exploration, development and exploitation of petroleum within the JPDA, and adopted by the Joint Commission on 2 April 2003 pursuant to Article 7(b) of the Treaty;

"Joint Commission" means the Joint Commission for the JPDA established pursuant to Article 6 of the Treaty;

"Joint Operating Agreement" means any agreement or contract, among all of the Contractors with respect to their respective rights and obligations under a Production Sharing Contract;

"JPDA" means the Joint Petroleum Development Area established pursuant to Article 3 of the Treaty;

"Natural Gas" means all gaseous hydrocarbons and inerts, including wet mineral gas, dry mineral gas, casing head gas and residue gas remaining after the extraction of liquid hydrocarbons from Wet Gas;

"Operator" means the person appointed from time to time to organise and supervise Authorised Activities;

"Petroleum" means:

(a) any naturally occurring hydrocarbon, whether in a gaseous, liquid, or solid state;

(b) any naturally occurring mixture of hydrocarbons, whether in a gaseous, liquid or solid state; or

(c) any naturally occurring mixture of one or more hydrocarbons, whether in a gaseous, liquid or solid state, as well as other substances produced in association with such hydrocarbons;

and includes any petroleum as defined by paragraphs (a), (b) or (c) that has been returned to a Reservoir;

"Petroleum Operations" means any activity authorised by the Designated Authority, and includes:

(a) the exploration for, development and exploitation of Petroleum in the Contract Area, and the export of that Petroleum from the Contract Area;

(b) the construction, installation and operation of structures, facilities, installations, equipment and other property, and the carrying out of other works, necessary for the purposes mentioned in paragraph (a) above;

(c) Decommissioning, including removal of items referred to in paragraph (b) above;

(d) the marketing of that Petroleum; and

(e) planning and preparation for the activities mentioned in paragraphs (a), (b), (c) and (d) above;

"Pipeline" means a pipe or system of pipes, and associated equipment, for exporting Petroleum from the JPDA, but not a field gathering or flow line;

"Production Sharing Contract" means a contract between the Designated Authority and a limited liability corporation or entity with limited liability under which production from a specified area of the JPDA is shared between the parties to the contract;

"Prospecting Authorisation" means an authorisation granted pursuant to Section 8;

"Reservoir" means a porous and permeable underground formation containing an individual and separate natural accumulation of producible hydrocarbons (oil and/or gas) that is confined by impermeable rock and/or water barriers and is characterized by a single natural pressure system;

"Sub-Block" has the meaning in sub-Section 2.2;

"Treaty" means the Timor Sea Treaty between the Government of Timor-Leste and the Government of Australia signed on 20th May 2002; and

"Wet Gas" means a mixture of hydrocarbons, inerts and impurities that is recoverable from a Reservoir and is gaseous at the conditions which its volume is measured or estimated.

1.2 Headings

As used herein, headings are for convenience and do not form a part of, and shall not affect the interpretation of, this Code.

1.3 Further Interpretation

In this Code, unless the contrary intention appears:

(a) the words "including" and "in particular" shall be construed as being by way of illustration or emphasis only, and shall not be construed as, nor shall they take effect as, limiting the generality of any preceding words;

(b) a reference to a Section, sub-Section, paragraph and sub-paragraph, is to a Section, sub-Section, paragraph and sub-paragraph of this Code;

(c) a reference to an agreement or instrument is to the same as amended, varied, novated, modified or replaced from time to time;

(d) an agreement includes an arrangement, whether or not having the force of law;

(e) a reference to the consent or approval of the Designated Authority means the consent or approval, in writing, of the Designated Authority and in accordance with the conditions of that consent or approval;

(f) "person" includes a corporation or other legal entity;

(g) the singular includes the plural, and vice versa;

(h) any gender includes the other; and

(i) where a word or expression is defined, cognate words and expressions shall be construed accordingly.

1.4 Exercise by the Designated Authority of its Powers and Functions

(a) The Designated Authority shall exercise its powers and discharge its functions under the Treaty, the Code and Authorisations in accordance with Good Oil Field Practice with a view to contributing to further investment in the JPDA and to the long-term development of Timor-Leste and Australia.

(b) Unless otherwise provided in this Code, before exercising any such power or discharging any such function, the Designated Authority shall, subject to paragraph 1.4(c):

(i) give opportunity to Authorised Persons, and others reasonably likely to be affected by the exercise of the power or by the discharge of the function to make representations to it; and

(ii) give consideration to representations received by it.

(c) The Designated Authority may exercise a power or discharge a function referred to in paragraph 1.4(a) without complying with the requirements of paragraph 1.4(c) where the Designated Authority considers that there are compelling reasons for doing so. Where the Designated Authority does exercise a power or discharge a function under this paragraph, it shall notify the Joint Commission within fourteen (14) days of doing so.

(d) The forgoing provisions of this sub-Section 1.4 are without prejudice to the power of the Joint Commission, in Annex D of the Treaty, to give directions to the Designated Authority on the discharge of its powers and functions.

Section 2 Graticulation of the Joint Petroleum Development Area

2.1 Sections and sub-Sections

For the purposes of this Code:

(a) the surface of the Earth shall be divided:

(iii) by the meridian of Greenwich and by meridians that are at a distance from that meridian of five (5) minutes, or a multiple of five (5) minutes, of longitude; and

(iv) the equator and by parallels of latitude that are at a distance from the equator of five (5) minutes, or a multiple of five (5) minutes, of latitude;

into sections, each of which is bounded:

(v) by portions of two (2) of those meridians that are at a distance from each other of five (5) minutes of longitude; and

(vi) by portions of two (2) of those parallels of latitude that are at a distance from each other of five (5) minutes of latitude; and

(b) the surface of the Earth shall further be divided:

(i) by the meridian of Greenwich and by meridians that are at a distance from that meridian of one (1) minute, or a multiple of one (1) minute, of longitude; and

(ii) the equator and by parallels of latitude that are at a distance from the equator of one (1) minute, or a multiple of one (1) minute, of latitude;

into sub-sections, each of which is bounded:

(iii) by portions of two (2) of those meridians that are at a distance from each other of one (1) minute of longitude; and

(iv) by portions of two (2) of those parallels of latitude that are at a distance from each other of one (1) minute of latitude.

2.2 Blocks and Sub-Blocks

A section that is wholly or partly within the JPDA is a Block. A sub-section that is wholly or partly within the JPDA is a Sub-Block. The Designated Authority shall allocate an identifying number to each Block and Sub-Block. Where a Sub-Block is divided by depth, the Designated Authority shall allocate an identifying letter to each part.

Section 3 Geodetic Datum

3.1 Determining a position of a point in the JPDA

Whenever it is necessary to determine the position of a point in the JPDA, that position shall be determined by reference to a spheroid having its centre at the centre of the Earth and a major (equatorial) radius of 6378160 metres and a flattening of 100/29825 and by reference to the position of the Johnson Geodetic Station in the Northern Territory of Australia. The Johnson Geodetic Station shall be taken to be situated at 133 degrees, 12 minutes and 30.0771 seconds of East Longitude and at 25 degrees, 56 minutes and 54.5515 seconds of South Latitude and to have a ground level of 571.2 metres above the spheroid referred to above.

3.2 Using the World Geodetic System 84

For reasons of practicality, positions in the JPDA may be expressed by reference to the spheroid World Geodetic System 84 (WGS 84), which has its centre at the centre of the Earth and a major (equatorial) radius of 6378137 metres and a flattening of 100/29825.7223563. To transform geographic coordinates from the reference system mentioned in the previous paragraph to WGS 84, the Designated Authority shall resort to internationally recognised datum transformation parameters.

PART II
AUTHORISATION OF ACTIVITIES

Section 4 General Provisions

4.1 Prohibited without Authorisation

(a) Except pursuant to an Authorisation, a person shall not explore for, develop or exploit Petroleum within the JPDA, nor export Petroleum from the JPDA.

(b) Paragraph 4.1(a) includes the construction, installation and operation of any structure, facility, installation, equipment or other property, and the carrying out of any other works, in the JPDA.

4.2 Acquisition of Title to Petroleum

A person shall not acquire title to Petroleum before it has been recovered from a Reservoir and delivered at the Field Export Point.

4.3 Joint and Several Liability

If there is more than one Authorised Person in respect of a particular Authorisation, the obligations and liabilities of the Authorised Person under an Authorisation are the obligations and liabilities of them all, jointly and severally.

4.4 Joint Operating and Other Agreements

(a) Except with the consent in writing of the Designated Authority and unless in accordance with the conditions of the consent, where any agreement (whether an agreement commonly referred to as a Joint Operating Agreement, or otherwise) is made by and between any two or more persons with respect to any share of:

(i) the rights, interests, benefits, obligations and liabilities of the Authorised Person under the Authorisation; or

(ii) any Petroleum, or any proceeds of sale of any Petroleum, which, at the time the agreement is made, has not been, but might be, produced from the Authorised Area,

the Designated Authority may terminate the Authorisation.

(b) Paragraph 4.4(a) does not apply to an agreement for the sale or exchange of Crude Oil where the sale or exchange occurs after title thereto has passed to the Authorised Person.

(c) A consent by the Designated Authority under this sub-Section 4.4 is without prejudice to sub-Section 4.3.

4.5 Approval of Operator

(a) The appointment of an Operator shall be subject to the prior approval of the Designated Authority where:

(i) there is more than one Authorised Person in respect of a particular Authorisation and the person appointed as Operator is one of those Authorised Persons, and

(ii) the person appointed as Operator is not an Authorised Person.

(b) Any change in Operator shall be subject to the prior approval of the Designated Authority.

(c) Where the Designated Authority determines that an Operator is no longer competent to be an Operator, the Designated Authority, with the approval of the Joint Commission, may, by written notice to the Operator and to the Authorised Person, revoke its approval.

4.6 Change in Control

(a) All changes in Control of an Authorised Person shall be subject to the prior approval of the Designated Authority.

(b) Where a change in Control occurs without the prior approval of the Designated Authority, the Designated Authority may terminate the applicable Authorisation.

(c) Paragraph 4.6(a) does not apply if the change in Control is the direct result of an acquisition of shares or other securities listed on a recognised stock exchange.

(d) For the purposes of this sub-Section 4.6, "change in Control" includes a person ceasing to be in Control (whether or not another person becomes in Control), and a person obtaining Control (whether or not another person was in Control).

4.7 Restrictions on Assignment

(a) Except with the consent in writing of the Designated Authority, and unless in accordance with the conditions of the consent, where an assignment or other dealing occurs in respect of an Authorisation by an Authorised Person the Designated Authority may terminate the Authorisation.

(b) Paragraph 4.7(a) includes any assignment, transfer, conveyance, novation, merger, encumbering or other dealing in any manner whatsoever or howsoever (whether legally, beneficially or otherwise, and whether conditionally or not) by an Authorised Person with:

(i) an Authorisation, or all or any part of its rights, interests, benefits, obligations and liabilities under it;

(ii) Petroleum which has not then been, but might be, recovered in the Contract Area, or any proceeds of sale of such Petroleum; and

(iii) anything whereby the Authorisation, that Petroleum or any of those rights, interests and benefits would, but for this sub-Section 4.7, be held for the benefit of, or be exercisable by or for the benefit of, any other person.

(c) Sub-paragraph 4.7(b)(ii) does not apply to an agreement for the sale or exchange of Crude Oil where the sale or exchange occurs after title thereto has passed to the Authorised Person.

(d) The Designated Authority may not consent to a dealing which would result in a person other than a limited liability corporation, or an entity with limited liability, specifically established for the sole purposes of the Production Sharing Contract, becoming a Contractor, and any consent otherwise is of no force or effect.

(e) For the purposes of paragraph 4.7(b), encumbrance includes any mortgage, charge, pledge, hypothecation, lien, assignment by way of security, title retention, option, right to acquire, right of pre-emption, right of set off, counterclaim, trust arrangement, overriding royalty, net profits interest, or any other security, preferential right, equity or restriction, any agreement to give or to create any of the forgoing and any transaction which, in legal terms, is not a secured borrowing but which has an economic or financial effect similar to that of a secured borrowing.

4.8 Indemnification of Designated Authority and Joint Commission

An Authorised Person shall:

(a) at all times defend, keep effectually indemnified and hold harmless the Designated Authority and the members of the Joint Commission against all actions, suits, proceedings, costs, charges, claims and demands whatsoever (including for economic loss) which may be made or brought against the Designated Authority and/or the members of the Joint Commission wheresoever by any third party in relation to or in connection with its Authorisation or resulting, directly or indirectly, from Authorised Activities under its Authorisation or any other matter or thing done or purported to be done in pursuance of that Authorisation or in the conduct of those Authorised Activities, notwithstanding that the Designated Authority and/or the members of the Joint Commission may have approved in any manner or form whatsoever thereof or that such may have been permitted or required by the terms of the Treaty, the Code (including any regulation made or direction given thereunder) or that Authorisation, or that the Designated Authority and/or the members of the Joint Commission could have exercised, but did not exercise, any power, function, right or authority to prohibit the same;

(b) unless the Designated Authority is satisfied from time to time, after consultation with the Authorised Person, that the potential liability under paragraph 4.8(a)can be covered by other means, including self-insurance, maintain insurance in respect thereof for such amount and on such terms as the Designated Authority requires from time to time; and

(c) take out and maintain insurance in respect of such other matters as the Designated Authority requires (including in respect of pollution), for such amounts as the Designated Authority requires from time to time and otherwise as required by Good Oil Field Practice, unless the Designated Authority is satisfied from time to time, after consultation with the Authorised Person, that the potential liability can be covered by other means, including self-insurance.

Section 5 Applications

5.1 Invitation

(a) The Designated Authority shall, by notice in official Timor-Leste and Australian Government gazettes, and in such other manner, if any, as it decides, from time to time invite applications to enter into an Authorisation.

(b) Notwithstanding paragraph 5.1 (a), the Designated Authority may, with the approval of the Joint Commission, elect to award Authorisations without issuing such invitations:

(i) in the case of Access Authorisations; or

(ii) in the case of all other Authorisations, where it is in the public interest to do so.

(c) if the Designated Authority grants an Authorisation without inviting applications, it shall publish a brief explanation of its reasons in a convenient manner.

5.2 Content of Invitation

An invitation mentioned in sub-Section 5.1 shall specify:

(a) the area concerned, and the activities the Designated Authority proposes to authorise in respect of it;

(b) the criteria upon which applications will be assessed;

(c) the time by which (not to be less than four (4) weeks), and the manner in which, applications may be made;

(d) the fees, if any, which are to accompany the application; and

(e) such other matters as the Designated Authority considers material or convenient to specify.

Unless the invitation specifically so states, the Designated Authority is not obliged to grant an Authorisation to any applicant.

5.3 Applicant's Proposals in respect of Health, Safety and the Environment

(a) An application for an Authorisation shall include proposals:

(i) for securing the health, safety and welfare of persons in or about the Authorised Activities; and

(ii) for protecting the natural and marine environment, and for preventing, minimising and remedying pollution and other environmental harm from the Authorised Activities.

(b) An Authorisation awarded to an applicant obliges it to comply with its proposals as mentioned in paragraph 5.3(a), but without prejudice to its obligation to comply with more stringent requirements (if any) in the Treaty, the Code, the Authorisation or Good Oil Field Practice.

5.4 Applicant's Proposals in respect of Training and Employment, and Local Goods and Services

An application for an Authorisation shall include proposals for:

(a) training, and, with due regard to occupational health and safety requirements, giving preference in employment in the Authorised Activities to nationals and permanent residents of Timor-Leste; and

(b) the acquisition of goods and services from persons based in Timor-Leste.

5.5 Designated Authority to Consider Applications

The Designated Authority may not grant an Authorisation in respect of an area to the extent to which applications in respect of that area have been invited, until all applications submitted in compliance with the terms of such invitation have finally been considered.

5.6 False or Misleading Information in an Application

The knowing or reckless giving of information that is false or misleading in a material respect in, or in connection with, any application under the Code, shall be grounds on which the Designated Authority may terminate any Authorisation granted as a result of that application.

Section 6 Making of Production Sharing Contracts

6.1 Power of Designated Authority

The Designated Authority may, with the approval of the Joint Commission:

(a) subject to sub-Sections 6.2 and 5.5; and

(b) in respect of all or any part of the JPDA (subject to any other Production Sharing Contract authorising activities in that area);

make a Production Sharing Contract with any person.

6.2 Restrictions on Choice of a Contractor

(a) The Designated Authority may only make a Production Sharing Contract with a person, or group of persons, which:

(i) it is satisfied has, or has access to, the financial capability, and the technical knowledge and ability, to carry on the Petroleum Operations in a manner wholly consistent with the Treaty, the Code and the Production Sharing Contract; and

(ii) does not have a record of non-compliance with principles of good corporate citizenship; and

(iii) if a group, has made an agreement of a kind which, if the Production Sharing Contract were made with it, would be an agreement of the kind mentioned in sub-Section 4.4, and the Designated Authority has given its consent to the agreement and the group has agreed to act (and has acted and is acting) in accordance with the conditions (if any) of the consent.

(b) A Production Sharing Contract may only be made with a person which is a limited liability corporation or entity with limited liability, or with persons who are limited liability corporations or entities with limited liability, specifically established for the sole purpose of the Production Sharing Contract. A Production Sharing Contract

made other than with such a person or persons, as the case may be, is of no force or effect.

(c) If a Contractor engages in a business other than the Authorised Activity, the Designated Authority may terminate the Production Sharing Contract.

Section 7 Rights and Obligations Conferred by Production Sharing Contract

7.1 Principal Rights and Exclusivity

(a) Subject to this Code, a Production Sharing Contract authorises the Contractor exclusively to explore for, develop and exploit Petroleum in the Contract Area, and to export that Petroleum from the JPDA.

(b) Paragraph 7.1(a) includes:

(i) the construction, installation and operation of structures, facilities, installations, equipment and other property, and the carrying out of other works, necessary for the purposes mentioned in it, in the Contract Area; and

(ii) the marketing of that Petroleum.

(c) Without limiting the generality of the forgoing provisions of this sub-Section 7.1, the Petroleum Operations may be limited to Crude Oil, Natural Gas or other constituents of Petroleum, and the Contract Area may be delineated vertically as well as horizontally.

7.2 Mandatory Provisions

A Production Sharing Contract obliges the Contractor to comply with its obligations under the Treaty and the Code. Subject thereto, the Production Sharing Contract shall:

(a) oblige the Contractor to fund the Petroleum Operations;

(b) oblige the Contractor to carry on the Petroleum Operations in accordance with programmes and budgets approved by the Designated Authority;

(c) oblige the Contractor periodically to submit to the Designated Authority, in respect of the Petroleum Operations, data, information, reports, assessments and plans;

(d) provide for the Contractor to share Petroleum from the Contract Area with the Designated Authority;

(e) permit the Contractor to lift, dispose of and export from the Contract Area, its share of Petroleum from the Contract Area, and (without prejudice to its obligations under the Treaty, the Code and the Contract) to retain the proceeds from the sale thereof;

(f) subject to sub-Section 4.2, specify the point or points at which title to the Contractor's share of Petroleum from the Contract Area will pass to it;

(g) oblige the Contractor, at the request of the Designated Authority, to lift, dispose of and export from the Contract Area, all or a portion of the Designated Authority's share of Petroleum on terms no less favourable to the Designated Authority than those which the Contractor receives for its own share, and to account to the Designated Authority for the value thereof;

(h) require the Contractor to provide for third party access to structures, facilities, installations, equipment and other property, and other works, constructed, installed or operated in the course of the Petroleum Operations on reasonable terms and conditions; and

(i) provide for disputes between the Designated Authority and the Contractor to be resolved by an independent tribunal.

7.3 Other Provisions

A Production Sharing Contract may:

(a) oblige the Contractor to carry out specified minimum levels of work and expenditure;

(b) provide for the periodic relinquishment of parts of the Contract Area;

(c) provide for the Contractor to maintain insurances in addition to those mentioned in sub-Section 4.8;

(d) provide for the consequences of a failure of the Contractor to fulfil its obligations under the Production Sharing Contract;

(e) oblige the Contractor to provide security for the funding and performance of its obligations under the Production Sharing Contract, including in respect of decommissioning;

(f) specify the actions, in addition to those mentioned in sub-Section 7.4, to be taken by the Designated Authority and the Contractor, on the discovery of Petroleum;

(g) oblige the Contractor to transfer title, to the Designated Authority, to structures, facilities, installations, equipment and other property, and to other works, constructed, installed or operated in the course of Petroleum Operations;

(h) provide that the Contract is a commercial agreement and that both the Designated Authority and the Contractor waive any claim to sovereign immunity which they may have, both as to process and execution; and

(i) provide for such other matters as may be convenient.

7.4 Discovery of Petroleum

A Contractor shall notify the Designated Authority in writing within twenty four (24) hours whenever any Petroleum is discovered in its Authorised Area, and shall provide such information in regard thereto as the Designated Authority may request, including details in

writing of the chemical composition and physical properties of the Petroleum, and the nature of the sub-soil in which the Petroleum occurs.

Section 8 Prospecting Authorisation

8.1 Grant

(a) The Designated Authority may grant a Prospecting Authorisation to any person, subject to such conditions as the Designated Authority specifies in the Authorisation.

(b) Notwithstanding paragraph 8.1(a), a Prospecting Authorisation does not enable the holder of the Prospecting Authorisation to enter any part of the JPDA that is the subject of a Production Sharing Contract, without the written agreement of the Contractor, and such agreement shall not be unreasonably withheld.

(c) A Prospecting Authorisation, while it remains in force, authorises the holder to acquire data and other information for the purposes of exploration, in the area specified in the Prospecting Authorisation.

(d) Nothing in a Prospecting Authorisation authorises the holder to drill a well or to have any preference or right to make a Production Sharing Contract.

8.2 Notice to Other Persons

Where:

(a) a person holds a Prospecting Authorisation in respect of an area; and

(b) a Prospecting Authorisation is granted to another person in respect of that area;

the Designated Authority shall, by written notice served on each of those persons, inform them of:

(c) the Authorised Activities of the other; and

(d) the conditions to which the Prospecting Authorisation granted to the other is subject.

8.3 Surrender and Cancellation

A Prospecting Authorisation:

(a) may be surrendered by the holder at any time by instrument in writing served on the Designated Authority, provided that the Authorised Person has fulfilled all its obligations thereunder; and

(b) may, if the holder has not complied with a condition to which the Prospecting Authorisation is subject, be cancelled by the Designated Authority by instrument in writing served on the holder.

Section 9 Access Authorisation

9.1 Grant

(a) The Designated Authority may grant:

(i) a person wishing to undertake a survey to facilitate the, development or exploitation of Petroleum within the JPDA, or the export of Petroleum from the JPDA (in respect of all or a part of the JPDA);

(ii) with the approval of the Joint Commission in the case of a Contractor wishing to drill a well into a Reservoir that is within the Contract Area under its Production Sharing Contract, a Contractor (in respect of a part of the JPDA which is not within its Contract Area);

(iii) with the approval of the Joint Commission if in regard to a Pipeline, a person (an "Infrastructure Provider"), not being a Contractor, wishing to construct, install or operate, in the JPDA, structures, facilities, installations, equipment or other property, or carry out other works, development or exploitation of Petroleum within the JPDA, or the export of Petroleum from the JPDA (in respect of a part of the JPDA); or

(iv) an Access Authorisation, subject to such conditions as the Designated Authority thinks fit and specifies in the Access Authorisation;

(b) An Access Authorisation authorises the holder:

(i) if a Contractor, to carry on, in the area specified in the Access Authorisation, and in relation to the Petroleum Operations authorised by its Production Sharing Contract, the operations so specified (including the construction, installation and operation of structures, facilities, installation, equipment and other property, and the carrying out of other works);

(ii) if a person undertaking a survey, to carry on, in the area specified in the Access Authorisation, and in relation to the matters mentioned in sub-paragraph 9.1(a)(i), the operations so specified; and

(iii) if an Infrastructure Provider, to carry on, in the area specified in the Access Authorisation, and in relation to the matters mentioned in sub-paragraph 9.1(a)(iii), the operations so specified.

(c) Except in relation to a Contractor wishing to drill a well into a Reservoir that is within its Contract Area, nothing in an Access Authorisation authorises the holder to drill a well.

9.2 Notice to Other Persons

The Designated Authority may not grant an Access Authorisation with any person in respect of an area that is the subject of a Production Sharing Contract with, or a Prospecting Authorisation held by, another person, or vary an Access Authorisation in force in respect of such an area, unless:

(a) it has, by instrument in writing served on that other person, given not less than one (1) month's notice of its intention to grant, or vary, as the case may be, the Access Authorisation;

(b) it has served a copy of the instrument:

(i) on such other persons as it thinks fit; and

(ii) in a case where it intends to vary an Access Authorisation, on the holder of the Access Authorisation;

(c) it has, in the instrument:

(i) given particulars of the Access Authorisation proposed to be granted, or of the variation proposed to be made, as the case may be; and

(ii) specified a date on or before which a person on whom the instrument, or a copy of the instrument, is served may, by instrument in writing served on the Designated Authority, submit any matters that it wishes the Designated Authority to consider; and

(d) it has taken into account any matters so submitted to it on or before the specified date by such a person in such a way that there is no undue interference with the rights and obligations of that other person, and the terms are not inconsistent with general commercial practice in similar circumstances.

9.3 Surrender and Cancellation

(a) An Access Authorisation:

(i) may be surrendered by the holder at any time by instrument in writing served on the Designated Authority, provided that the Authorised Person has fulfilled all its obligations thereunder; and

(ii) may, if the holder has not complied with a condition to which the Access Authorisation is subject, be cancelled by the Designated Authority by instrument in writing served on the holder.

(b) The Designated Authority shall serve a copy of the instrument concerned on any Contractor or holder of a Prospecting Authorisation in whose Authorised Area operations were authorised to be carried on by the Access Authorisation concerned.

9.4 Reports to Other Persons

An Access Authorisation in respect of an area that is the subject of a Production Sharing Contract shall,

(a) to the extent that the Designated Authority is satisfied that it is right and proper to do so having regard to the operations authorised by the Access Authorisation and to the rights, interests, benefits, obligations and liabilities of the Contractor under the Production Sharing Contract, and

(b) having taking into account any matters submitted to it by the Contractor and those other persons mentioned in sub-Section 9.2,

require that the holder of the Access Authorisation furnish to the Contractor, at such times and in such manner as are specified in the Access Authorisation, such data, information and reports as are so specified.

9.5 Third Party Access

(a) The conditions to which an Access Authorisation granted to a Contractor or to an Infrastructure Provider are subject shall include conditions as to third party access to the structures, facilities, installations, equipment and other property, and other works concerned.

(b) Third-party access shall be on commercial terms and in accordance with Good Oil Field Practice.

9.6 Directions

The Designated Authority may give directions to the holders of Access Authorisations and to other Authorised Persons, regarding the coordination of their respective operations.

Section 10 Unitisation

10.1 Power of Designated Authority to Require Unitisation

(a) Where a Reservoir is partly within a Contract Area and partly within another Contract Area, but wholly within the JPDA, the Designated Authority may require by written notice the Contractors to enter into a unitisation agreement for the purpose of securing the more effective recovery of Petroleum from the Reservoir.

(b) If no agreement has been reached within a period of eighteen (18) months from receipt of written notice as required in paragraph 10.1(a), the Designated Authority shall, with the approval of the Joint Commission, determine the terms of the unitisation agreement.

(c) Where a Reservoir is partly within a Contract Area and partly within an area not the subject of a Production Sharing Contract, but wholly within the JPDA, the Designated Authority, with the approval of the Joint Commission, may require by written notice the Contractor to enter into a unitisation agreement with the Designated Authority for the purpose of securing the more effective recovery of Petroleum from the Reservoir. The unitisation agreement is subject to the approval of the Joint Commission.

(d) If no agreement has been reached within a period of eighteen (18) months from receipt of written notice as required in paragraph 10.1(c), an independent expert approved by the Contractor and the Designated Authority shall determine the terms of the unitisation agreement. In the absence of agreement on the choice of the

independent expert within thirty (30) days, an expert shall be appointed by the Joint Commission at the request of either party.

10.2 Timing

Approvals for the development or exploitation of the Reservoir shall not be granted by the Designated Authority before the terms of the unitisation agreement are agreed or determined.

10.3 Changes to Unitisation

Any changes to the unitisation agreement shall be subject to the prior approval of the Designated Authority with the approval of the Joint Commission.

Section 11 Additional Powers

11.1 Agreements with Other Persons

The Designated Authority may make an agreement with a person with respect to any matter incidental to or connected with an Authorisation, including assurances to providers of finance to the Contractor regarding the exercise of the Designated Authority's power and functions in regard to assignments, termination and rates of production of Petroleum, as requested and agreed to by the Contractor.

11.2 Exemptions by the Designated Authority

Subject to sub-Section 11.3, the Designated Authority may, at the request of an Authorised Person, exempt that Authorised Person from complying with the conditions of its Authorisation, and may also agree to vary or suspend those conditions, either with or without conditions and either temporarily or permanently, except insofar as this would be inconsistent with the Treaty and this Code.

11.3 Approval of Joint Commission

The Designated Authority may not, without the approval of the Joint Commission, exempt an Authorised Person from complying with, or vary or suspend:

(a) any condition of a Production Sharing Contract; or

(b) any condition of an Authorisation in respect of a Pipeline.

PART III
CONDUCT OF AUTHORISED ACTIVITIES

Section 12 Work Practices

12.1 Proper and Workmanlike Manner

An Authorised Person shall carry out Authorised Activities in a proper, efficient and workmanlike manner, and in accordance with the Treaty and the Code, its Authorisation and Good Oil Field Practice.

12.2 Particular Obligations

In particular, an Authorised Person shall carry out Authorised Activities in such a manner as is required by sub-Section 12.1 to:

(a) protect the environment in and about the Authorised Area, ensure that Authorised Activities result in minimum ecological damage or destruction, and clean up pollution;

(b) ensure the health, safety and welfare of persons in or about the Authorised Activities;

(c) maintain in safe and good condition and repair, the Authorised Area and all structures, facilities, installations, equipment and other property, and other works, used or to be used, in Authorised Activities;

(d) manage the resources in a way that promotes further investment and contributes to the long term development of Timor-Leste and Australia;

(e) on the earlier of:

(i) termination of the Authorisation; and

(ii) when no longer required for Authorised Activities;

and, in either case:

(iii) except with the consent in writing of the Designated Authority and in accordance with the conditions of the consent; or

(iv) unless the Authorisation otherwise provides,

abandon, decommission, transfer, remove and/or dispose of all structures, facilities, installations, equipment and other property, clean up the Authorised Area and make it good and safe, and protect the environment, to the satisfaction of the Designated Authority.

PART IV
INFORMATION AND INVESTIGATION

Section 13 Data and Information

13.1 Ownership of Data

(a) The Designated Authority shall have title to all technical data and information acquired in the course of, or as a result of, Authorised Activities.

(b) Paragraph 13.1(a) includes all raw data and information (including cores, cuttings, samples, and all other geological, geophysical, geochemical, drilling, well, production and engineering data and information) that the Authorised Person collects and compiles through Petroleum Operations. It does not include data obtained from special studies carried out by or for the Authorised Person that uses special proprietary software or procedures. It also does not include interpretations that have particular commercial or regional significance to a Contractor (over and above that which is necessary for the commercial evaluation and development of a Contract Area) and in respect of which the eligible recoverable cost attributable to the Contract Area is a small proportion of the total cost of the interpretations.

13.2 Records and Reporting to the Designated Authority

An Authorised Person shall, unless otherwise required by law:

(a) keep such financial, commercial, legal, operational, technical and other data, information and records relating to Authorised Activities (including the sale or other disposition of Petroleum, and the data and information mentioned in sub-Section 13.1) in such manner and at such place;

(b) make available to the Designated Authority such data, information and records in such manner and at such time and at such place; and

(c) provide the Designated Authority with such reports in respect thereof and otherwise in respect of Authorised Activities,

as the Designated Authority specifies.

Section 14 Release of Information and Data

14.1 Use of Data and Information

(a) The Designated Authority may make such use as it wishes of the data and information mentioned in Section 13, and nothing in sub-Sections 14.2 or 14.3 prevents the Designated Authority using data and information for the purposes of general statistical and other general reporting (publicly or otherwise) on its activities.

(b) Except with the consent in writing of the Designated Authority and in accordance with the conditions (if any) of the consent, the Authorised Person may only use the data and information mentioned in sub-Section 13.1 for its Authorised Activities or for an application for an Authorisation or for reporting information to its Affiliates provided that the Authorised Person first procures that any such Affiliates agree to be bound by this paragraph 14.1(b).

14.2 Confidentiality of Data and Information

(a) Except as otherwise provided in the Authorisation or with the consent of the Authorised Person, the Designated Authority shall not publicly disclose or, other than for the purpose of the administration of the Treaty or the Code, or as otherwise required by the Treaty or the Code, make available to any person, any data or information mentioned in sub-Section 13.1 until the earlier of:

(i) five (5) years after the data or information was acquired by the Authorised Person; and

(ii) the Authorisation under which the data or information was acquired ceasing to apply;

(b) Except with the consent of the Designated Authority, and in accordance with the conditions (if any) of the consent, an Authorised Person shall not disclose the data or information mentioned in sub-Section 13.1 other than:

(i) to its employees, agents, contractors and Affiliates to the extent necessary for the proper and efficient carrying on of its Authorised Activities;

(ii) as required by law;

(iii) for the purpose of the resolution of disputes under its Authorisation; or

(iv) as required by a recognised stock exchange.

(c) The Authorised Person shall procure that a person mentioned in sub-paragraph 14.2(b)(i) maintains the data and information disclosed to it confidential in the terms of this sub-Section 14.2.

14.3 Trade Secrets

(a) Except as otherwise provided in the Authorisation or with the consent of the Authorised Person, and notwithstanding sub-Sections 14.1 and 14.2, the Designated Authority shall not publicly disclose or, other than for the purpose of the administration of the Treaty or the Code, or as otherwise required by the Treaty or the Code, make available to any person, any data or information submitted to it by an Authorised Person which:

(i) is a trade secret of, or other data and information the disclosure of which would, or could reasonably be expected to, adversely affect, the Authorised Person in respect of its lawful business, commercial or financial affairs; and

(ii) was clearly marked as such when it was submitted to the Designated Authority.

(b) Without prejudice to sub-paragraph 14.3(a)(i):

(i) the Designated Authority may, at any time and from time to time, serve notice on an Authorised Person requiring it to show cause, within the time specified for the purpose in the notice, why information which it has marked pursuant to sub-paragraph 14.3(a)(ii) above should still be considered a trade secret or other information as mentioned in that sub-paragraph 14.3(a)(ii); and

(ii) if the Authorised Person does not show cause within that time, the data and information shall no longer be a trade secret or other such information for the purposes of this sub-Section 14.3.

14.4 Speculative Seismic Surveys

The Designated Authority may, in an agreement of a type as is mentioned in sub-Section 11.1, agree longer periods of confidentiality with a person wishing to engage in a speculative seismic survey where it is the intention of that person to sell the data and information acquired on a non-exclusive basis.

14.5 Public Announcement

Except with the consent of the Designated Authority and in accordance with the conditions (if any) of the consent, subject to law and/or the rules of an established stock exchange, an Authorised Person shall not make any public statement about its Authorisation or the results of its Authorised Activities. In no event shall such a public statement state or imply that the Designated Authority approves or agrees with its contents.

Section 15 Inspections

15.1 Power of Appointment

(a) The Designated Authority may, by instrument in writing, appoint a person to be an inspector for the purposes of the Code.

(b) An inspector must possess qualifications and experience that are appropriate to the areas of duty of that Inspector.

(c) An inspector is required to be bound by strict confidentiality provisions and must have no conflicts of interest in respect of duties undertaken.

15.2 Powers of Inspector

A person so appointed may, at all reasonable times and on production of the appropriate credentials:

(a) enter any area, structure, vehicle, vessel, aircraft or building in the JPDA that, in their opinion, has been, is being or is to be used for or in connection with the Authorised Activities or the furnishing of information mentioned in sub-Section 17.1 or in which, in their opinion, there may be documents or records relating to such activities;

(b) inspect and test any machinery or equipment that has been, is being, or is to be, used in Petroleum Operations in the JPDA;

(c) within the JPDA, take or remove, for the purpose of analysis or testing, or for use in evidence, samples of Petroleum, water or other substances;

(d) inspect, take extracts from and make copies of, any document, book or other record relating to, or which in his opinion might relate to, such activities or matters; and

(e) make inquiries concerning compliance with the provisions of the Code and Authorisation, and any direction issued, restrictions imposed or orders made under the Code.

15.3 Powers of the Designated Authority

The Designated Authority may;

(a) with respect to the health, safety and welfare of persons in or about such activities in the JPDA, issue directions to, and impose restrictions on, the Authorised Person or any person so engaged;

(b) order, by instrument in writing:

(i) the cessation of operations on or in, and the withdrawal of any person from, any area, structure, facility, installation or other works in the JPDA that is being used in connection with such activities; or

(ii) the discontinuance of the use of any machinery or equipment in the JPDA;

which it considers unsafe, unless and until such action as is necessary for safety and specified in the instrument is taken and completed.

15.4 Provision of Facilities

An Authorised Person and any person who is the occupier or person in charge of any structure, facility, installation, works or place, or the person in charge of any vehicle, vessel, aircraft, machinery or equipment referred to in sub-Section 15.2 shall provide an inspector with all reasonable facilities and assistance (including, if an Authorised Person and the inspector requires access to its offshore facilities, the provision of necessary means of transport) that the inspector requests for the effective exercise of his powers.

15.5 Complaints

(a) A person aggrieved by an action of an inspector under Section 15 may complain in writing to the Designated Authority, which shall as soon as practicable consider the complaint.

(b) The Designated Authority may take such reasonable action as is necessary in response to the complaint.

15.6 Inspector may be Accompanied

An inspector may be accompanied by any person who has written authorisation from the Designated Authority and who the Designated Authority believes has special or expert knowledge of any matter being investigated, tested or examined.

15.7 Inspector not to be Hindered

An Authorised Person shall not:

(a) hinder an inspector in the exercise of their powers under this Code;

(b) make a statement or produce a document that is false or misleading in a material aspect to an inspector engaged in carrying out his duties and functions; or

(c) withhold any information from an inspector without lawful excuse.

Section 16 Auditing

16.1 Audit

An Authorised Person's books and accounts shall be audited at such times and in such manner as may be provided in this Code and its Authorisation.

16.2 Independent Audit

Notwithstanding sub-Section 16.1, at the written request of the Designated Authority, an Authorised Person shall arrange for, and pay for, an independent audit of its activities under its Authorisation. There shall be a period of at least twelve (12) months between independent audits except in the case of manifest error or fraud.

Section 17 Investigations

17.1 Power of Designated Authority

Where the Designated Authority has reason to believe that an Authorised Person in the JPDA, Australia or Timor-Leste is capable of giving information or producing or making

available documents or records relating to Authorised Activities which have been, or are being, carried on, it may, by instrument in writing served on that Authorised Person, give to that person a direction:

(a) to furnish to it in writing, within the period and in the manner specified in the instrument, any such information;

(b) requiring a senior representative of the Authorised Person, with decision making authority in relation to the issue under investigation, to meet with it, or with any person specified in the instrument, at such time and place as is so specified and there to answer questions and discuss issues relating to those matters; or

(c) to make available to it or a person specified in the instrument, at such time and place as is so specified, such documents or records.

17.2 Self-Incrimination no Excuse

An Authorised Person shall not be excused from furnishing information on the grounds that the information might tend to incriminate that person unless the information is likely to be admissible in evidence against that person in criminal proceedings in Australia.

17.3 Right to copy

Where documents or records are made available pursuant to a requirement under this Section 17, the Designated Authority or the inspector may make copies of, or take extracts from, them.

17.4 Misleading Information

An Authorised Person who, in purported compliance with a direction under sub-Section 17.1, provides or permits to be provided any information which is false or misleading in a material respect shall have failed to comply with that direction.

PART V
SAFETY ZONES

Section 18 Safety Zones

To promote the safety of navigation and Authorised Activities, the Designated Authority may, consistent with international law, declare safety zones around structures, installations equipment and other property, and other works, in the JPDA. The Designated Authority may also require the installation, maintenance and provision of such navigation, fog and illumination lighting, acoustic and other devices and equipment as it considers necessary for the safety of Authorised Activities.

PART VI
PUBLIC INFORMATION

Section 19 Publication of Details of Authorisations

The Designated Authority shall publish, in official Australian and Timor-Leste Government gazettes, summary details of Authorisations made or terminated in part or in whole.

Section 20 Public Information

20.1 Authorisations and Other Documents

(a) The Designated Authority shall make available to the public copies of all Authorisations and amendments thereto, whether or not terminated within thirty (30) days of their conclusion.

(b) The Designated Authority shall make available to the public, within a reasonable period of time of a request having been made therefor, summary details of:

(i) an approved Development Plan;

(ii) the original Authorised Area and all changes thereto;

(iii) the original Authorised Person (and, if a group, the undivided participating interest of each member of the group) and the identity of the Operator, and all changes thereto;

(iv) subject to commercial confidence as to the commercial terms, all assignments and other dealings consented to in respect thereof; and

(v) all unitisation agreements and determinations.

20.2 Decision-Making

Within ten (10) business days of a request having been made, the Designated Authority shall publish brief reasons for:

(a) granting an Authorisation subsequent to an invitation, as contemplated at paragraph 5.1(a);

(b) granting an Authorisation without inviting applications, as contemplated at paragraph 5.1(b);

(c) approving a Development Plan;

(d) granting an exemption from, or agreeing to a variation or suspension of, the conditions of an Authorisation under sub-Section 11.2; and

(e) making any decision or granting any approval that, under an Authorisation, requires publication.

20.3 Compliance Reports

(a) Authorised Persons shall report on their compliance with requirements under the Code and Authorisations in such manner and detail as required by their Authorisation and as provided by regulation.

(b) The Designated Authority shall make available such reports to the public.

20.4 Publication of Payments

The Designated Authority shall, in such a manner and detail as prescribed, publish payments made to the Designated Authority under an Authorisation.

20.5 Public Access

The information contemplated in this Section 20 shall be available to any person at all convenient times and the Designated Authority may require payment of a fee therefor.

PART VIII
TERMINATION

Section 21 Termination of Authorisations

21.1 Grounds for Termination

(a) Where an Authorised Person:

(i) has not complied with a condition or term to which an Authorisation is subject;

(ii) has not complied with this Code;

(iii) has knowingly provided false information to the Designated Authority in connection with an Authorisation;

(iv) has not paid any amount payable by it under this Code or under an Authorisation within a period of three (3) months after the day on which the amount became payable; or

(v) is subject to or commits an Insolvency Event,

the Designated Authority may, with the approval of the Joint Commission, on that ground, by instrument in writing served on the Authorised Person terminate the Authorisation.

(b) The Designated Authority shall not terminate the Authorisation due to one or more of the relevant grounds identified in sub-paragraphs 21.1(a)(i) –(iv) unless there has been a material breach by the Authorised Person of one of those grounds.

(c) Where this Code or an Authorisation expressly grants the Designated Authority a right to terminate an Authorisation, that right shall be exercised in compliance with the requirements of this Section 21.

21.2 Designated Authority to give Notice

Except in relation to an Insolvency Event, in which case the Designated Authority may terminate an Authorisation forthwith, the Designated Authority shall not terminate an Authorisation unless:

(a) it has, by instrument in writing served on the Authorised Person, given not less than thirty (30) days notice of its intention to so cancel the Authorisation;

(b) it has, in the instrument, specified a date on or before which the Authorised Person may submit in writing to the Designated Authority any matters that it wishes to be considered; and

(c) it has taken into account any information provided under paragraph 21.2(b) and any action taken by the Authorised Person or other parties to remove that ground or to prevent the recurrence of similar grounds.

21.3 Generally

Termination of an Authorisation for any reason (including the passage of time) is without prejudice to rights and obligations expressed in the Code or the Authorisation to survive termination, or to rights and obligations accrued thereunder prior to termination, and all provisions of an Authorisation reasonably necessary for the full enjoyment and enforcement of those rights and obligations survive termination for the period necessary.

21.4 Partial Termination

If the Authorised Person is more than one Authorised Person in respect of a particular Authorisation and circumstances arise in which the Designated Authority may terminate an Authorisation, the Designated Authority may:

(a) elect to terminate an Authorisation only in respect of those Authorised Persons whose acts or omissions (or in relation to whom acts, omissions or events have occurred which) have led to such circumstances, and shall so notify the remaining Authorised Persons; or

(b) allow other Authorised Persons to remedy the breach of the defaulter to the satisfaction of the Designated Authority.

PART IX
MISCELLANEOUS

Section 22 Regulations

22.1 Provisions in Regulations

(a) The Designated Authority, with the approval of the Joint Commission, may make regulations prescribing all matters that by the Code are required or permitted to be prescribed or are necessary or convenient to be prescribed for carrying out or giving effect to the Code.

(b) Without limiting the generality of paragraph 22.1(a), the regulations may make provision for all or any of the following matters:

(i) the exploration for Petroleum and the carrying on of operations, and the execution of works, for that purpose;

(ii) the production of Petroleum (including the rate at which it is recovered) and the carrying on of operations, and the execution of works, for that purpose;

(iii) the measurement and sale or disposal of the Designated Authority's and a Contractor's Petroleum, and the carrying on of operations for that purpose;

(iv) the conservation, and prevention of the waste, of natural resources, whether Petroleum or otherwise;

(v) the construction, erection, maintenance, operation, use, inspection, certification and re-certification of structures, facilities, installations, other works, equipment and other property;

(vi) the control of the flow or discharge, and the prevention of the escape, of Petroleum, water or drilling fluid, or a mixture of water and drilling fluid with Petroleum or any other matter;

(vii) the clean-up or other remedying of the effects of the escape of Petroleum;

(viii) the prevention of damage to Petroleum-bearing strata;

(ix) the prevention of waste or escape of Petroleum;

(x) the abandonment, decommissioning, removal and disposal of structures, facilities, installations, equipment and other property, and of other works, used or held for use in Authorised Activities and the cleaning up of Authorised Areas, including steps required to prevent hazard to human life, property and the environment;

(xi) the carrying on of Authorised Activities in a safe and environmentally sound manner;

(xii) the preparation of assessments of the impact of Authorised Activities on the environment;

(xiii) the authorisation by the Designated Authority of entry into the JPDA by the employees of Authorised Persons and the employees of their sub-contractors;

(xiv) the control of movement into, within and out of the JPDA of vessels, aircraft, structures, facilities, installations, equipment and other property used or held for use in Authorised Activities;

(xv) the actions, in addition to those mentioned in sub-Section 7.4, to be taken by the Designated Authority and the Contractor on the discovery of Petroleum;

(xvi) the content and information to be provided in respect of programmes and budgets requiring the prior approval of the Designated Authority;

(xvii) the control of tariffs charged for the use of structures, facilities, installations and other works, and the conditions of such use;

(xviii) the auditing of an Authorised Person and of its accounts and records;

(xix) reporting by Authorised Persons on compliance with proposals set out in this Code and Authorisations, including in relation to

(aa) the training and employment of Timor-Leste nationals,

(bb) procurement of Timor-Leste goods and services,

(cc) occupational health and safety, and

(dd) environmental protection.

(xx) fees, to be paid to the Designated Authority, in order to cover the costs of its activities (any changes in fees shall not be made to apply retrospectively). These include fees to be paid by:

(aa) applicants for Authorisations;

(bb) Authorised Persons; and

(cc) persons wishing to inspect the register mentioned in sub-Section 20.1;

(xxi) the publication of payments made by an Authorised Person to the Designated Authority under an Authorisation; and

(xxii) any other matters relating to the Code.

(c) The power under this Section 22 to make regulations may be exercised:

(i) either in relation to all cases to which the power extends, or in relation to all of those cases subject to specified exceptions, or in relation to any specified cases or classes of cases; and

(ii) so as to make, as respects the cases in relation to which it is exercised:

(aa) the same provision for all those cases, a different provision for different cases or classes of cases, or different provisions as respects the same case or classes of case for different purposes of the Code; or

(bb) any such provision either unconditionally or subject to any specified condition.

(d) The Designated Authority may, by instrument in writing served on a person or a class of person, make a regulation on a matter consistent with the forgoing provisions of this sub-Section 22.1 to apply to that person or class of persons.

22.2 Failure to Comply

(a) Where a person fails or neglects to comply with a regulation, the Designated Authority may cause to be done all or any of the things required by the regulation to be done.

(b) Costs and expenses incurred by the Designated Authority under paragraph 22.2(a) shall be a debt due to the Designated Authority by the person to whom the regulation was given and may be recovered in a court of competent jurisdiction.

Section 23 Directions

23.1 Issue Directions

(a) The Designated Authority may, by instrument in writing served on an Authorised Person, give to that person a direction as to any matter with respect to which regulations may be made under Section 22, or as otherwise provided in the Code.

(b) Directions given by the Designated Authority under sub-Section 23.1 are subject to any regulations made under Section 22.

23.2 Failure to Comply

(a) Where a person fails or neglects to comply with a direction given to it under sub-Section 23.1, the Designated Authority may cause to be done all or any of the things required by the direction to be done.

(b) Costs and expenses incurred by the Designated Authority under sub-Section 23.1 in relation to a direction shall be a debt due to the Designated Authority by the person to whom the direction was given and may be recovered in a court of competent jurisdiction.

Section 24 Removal of Property

(a) Without prejudice to the generality of sub-Section 23.2, where an Authorised Person fails or neglects to comply with a direction to remove and dispose of property from an Authorised Area, the Designated Authority may remove all or any of the

property, and dispose of all or any of it in any manner it thinks fit (including by sale, whether at public auction or otherwise).

(b) The Designated Authority may deduct from the proceeds of any sale of any such property all or any part of any costs and expenses incurred by it under sub-Sections 22.2 and 23.2 in relation to that property and any other amounts owed to the Designated Authority by the Authorised Person pursuant to the Treaty, the Code or an Authorisation.

Section 25 Arbitration

25.1 Settlement of Disputes

(a) Any dispute between Timor-Leste and Australia concerning the interpretation or application of the Code shall, as far as practicable, be settled by consultation or negotiation.

(b) Any dispute which is not settled in the manner set out in paragraph 25.1(a) shall, at the request or Timor-Leste or Australia, be submitted to an arbitral panel in accordance with the procedure set out in Annex B to the Treaty.

Section 26 Transitional Provision

26.1 Interim Petroleum Mining Code

(a) This Code shall commence on, and the Interim Petroleum Mining Code shall be repealed from, the Commencement Date.

(b) Notwithstanding paragraph 26.1(a), the Interim Petroleum Mining Code, as in force immediately before the Commencement Date, continues to apply in relation to production sharing contracts numbered 03-12, 03-13, 03-19 and 03-20.

PRODUCTION SHARING CONTRACT

FOR THE

JOINT PETROLEUM DEVELOPMENT AREA

[Insert Date]

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PRODUCTION SHARING CONTRACT

[Dated]

This Agreement, which has been approved by the Joint Commission, is a Production Sharing Contract and is subject to the Treaty and the Petroleum Mining Code

BETWEEN

the **Timor Sea Designated Authority**;

AND

[●] and **[●]** (collectively, the "Contractor")

(both referred to individually as a "Party" or collectively as the "Parties").

Whereas:

A. petroleum existing within the Joint Petroleum Development Area is a resource to be exploited jointly by Timor-Leste and Australia;

B. the Designated Authority, with the Joint Commission's approval, has the power to enter into Production Sharing Contracts;

C. the Designated Authority wishes to promote Petroleum Operations in the Contract Area and the Contractor desires to join and assist the Designated Authority in exploring for, developing and exploiting Petroleum in the Contract Area for the benefit of the people of Timor-Leste and Australia; and

D. the Contractor has the financial capability, and the technical knowledge and technical ability, to carry on the Petroleum Operations in a manner wholly consistent with the Treaty, the Code and this Agreement, and has a record of compliance with principles of good corporate citizenship.

NOW, THEREFORE, it is agreed:

Article 1 Interpretation

1.1 Definitions

In this Agreement:

"Accounting Records" has the meaning given in Clause 1.2 of Annex C;

"Agreement" means this Production Sharing Contract;

"Appraisal" means any appraisal activities, including appraisal wells, the purpose of which at the time such activity is commenced is to appraise and evaluate the extent, volume or the quality of Petroleum reserves contained in a Discovery (including the commerciality of them), and all related activities;

"Appraisal Costs" has the meaning given in Clause 2.2 of Annex C;

"Approved Contract" means a contract made by the Contractor and approved by the Designated Authority as a part of a Development Plan;

"Associated Gas" means Natural Gas, commonly known as gas-cap gas, which overlies and is in contact with significant quantities of Crude Oil in a Reservoir, and solution gas dissolved in Crude Oil in a Reservoir;

"Capital Costs" has the meaning given in Clause 2.3 of Annex C;

"Code" means the Petroleum Mining Code agreed and adopted by Timor-Leste and Australia pursuant to Article 7(a) of the Treaty, as amended, varied, modified or replaced from time to time, and regulations made and directions given under it;

"Commercial Discovery" means a discovery of Petroleum that the Contractor declares commercial as contemplated in sub-Article 4.10;

"Commercial Production" commences when commissioning and test production having been concluded, the first day of the first period of thirty (30) consecutive days during which the average level of regular production delivered for sale on the twenty five (25) highest production days in the thirty-day period reaches a level of regular production delivered for sale determined by the Designated Authority;

"Committee" has the meaning given in sub-Article 14.1;

"Contract Area" means the area specified in Annexes A and B, but not any part of it which has been relinquished under Article 3;

"Contract Year" means a period commencing on the Effective Date, or on any anniversary of it, and ending immediately before the next anniversary of it;

"Cost Recovery Statement" has the meaning given in Clause 7 of Annex C;

"Crude Oil Field" means:

(a) a single Reservoir; or

(b) multiple Reservoirs all grouped on, or related to, the same geological structure, or stratigraphic conditions,

which contain hydrocarbons in a liquid state in the Reservoir with or without Associated Gas and from which Crude Oil and Associated Gas may be produced;

"Decommission" means, in respect of the Contract Area or a part of it, as the case may be, to abandon, decommission, transfer, remove and/or dispose of structures, facilities, installations, equipment and other property, and other works, used in Petroleum Operations in the area, to clean up the area and make it good and safe, and to protect the environment;

"Decommissioning Costs Reserve" means the cumulative amount of monies provided in each Calendar Year for the funding of the Decommissioning Plan pursuant to paragraph 4.14(d);

"Decommissioning Plan" means a plan of works, and an estimate of expenditures therefor, for Decommissioning, including environmental, engineering and feasibility studies in support of the plan;

"Decommissioning Security Agreement" means an agreement between the Designated Authority and the Contractor as mentioned in sub-Article 4.15;

"Development" means operations designed to recover Petroleum from a Reservoir for commercial purposes and includes design, construction, installation, drilling (but excludes drilling for the purposes of Exploration or Appraisal), and all related activities;

"Development Work Programme and Budget" has the meaning in sub-Article 4.12;

"Development Area" has the meaning given in sub-Article 4.10;

"Development Plan" means a development plan for a Development Area, as referred to in sub-Article 4.11;

"Discovery" means a discovery of Petroleum in a Reservoir in which Petroleum has not previously been found that is recoverable at the surface in a flow measurable by conventional petroleum industry testing methods;

"Effective Date" has the meaning given in sub-Article 2.3;

"Exploration" means, any exploration activities, including geological, geophysical, geochemical and other surveys, investigations and tests, and the drilling of, core holes, stratigraphic tests, exploration wells and other drilling and testing operations for the purpose of making a Discovery, and all related activities;

"Exploration Costs" has the meaning given in Clause 2.1 of Annex C;

"Exploration Work Programme and Budget" has the meaning in sub-Articles 4.1, 4.2 and 4.3;

"Field" means a Gas Field or a Crude Oil Field from which Petroleum may be produced;

"Force Majeure" has the meaning given in Article 18;

"Gas Retention Area" has the meaning given in sub-Article 3.5;

"ICC" means the International Chamber of Commerce;

"Ineligible Costs" has the meaning given in Clause 2.8 of Annex C;

"Loan Facility" means any overdraft, loan or other financial facility or accommodation (including any acceptance credit, bond, note, bill of exchange or commercial paper, finance lease, hire purchase agreement, trade bill, forward sale or purchase agreement, or conditional sale agreement, or other transaction having the commercial effect of a borrowing);

"Miscellaneous Receipts" has the meaning given in Clause 2.7 of Annex C;

"Natural Gas Field" means:

(a) a single Reservoir; or

(b) multiple Reservoirs grouped on, or related to, the same geological structure, or stratigraphic conditions;

in which Non-Associated Gas exists naturally under Reservoir conditions of temperature and pressure;

"Non-Associated Gas" means Natural Gas which is not Associated Gas;

"Operating Costs" has the meaning given in Clause 2.4 of Annex C;

"Production" means any Petroleum exploitation or export activities, but not Development;

"Production Statement" has the meaning given in Clause 5.1 of Annex C;

"Quarter" means a period of three months beginning on January 1, April 1, July 1 or October 1 of each Calendar Year;

"Recoverable Costs" has the meaning given in Article 6;

"Security" means:

(a) a standby letter of credit issued by a bank;

(b) an on-demand bond issued by a surety corporation;

(c) a corporate guarantee; or

(d) any other financial security acceptable to the Designated Authority,

and issued by a bank, surety or corporation acceptable to the Designated Authority and having a credit rating indicating that it has sufficient worth to pay its obligations in all reasonably foreseeable circumstances;

"Treaty" means the Timor Sea Treaty between the Government of Timor-Leste and the Government of Australia signed on 20th May 2002;

"United States Dollars" means the lawful currency of the United States of America;

"Uplift" has the meaning given in Clause 2.6 of Annex C;

"Value of Production and Pricing Statement" has the meaning given in Clause 6 of Annex C; and

"Work Programme and Budget" means a work programme for Petroleum Operations and budget therefor approved in accordance with this Agreement.

1.2 Headings

As used herein, headings are for convenience and do not form a part of, and shall not affect the interpretation of, this Agreement.

1.3 Further Interpretation

In this Agreement, unless the contrary intention appears:

(a) the words "including" and "in particular" shall be construed as being by way of illustration or emphasis only, and shall not be construed as, nor shall they take effect as, limiting the generality of any preceding words;

(b) a reference to an Article, sub-Article, paragraph, sub-paragraph or to a Clause or an Annex, is to an Article, sub-Article, paragraph, sub-paragraph of or to a Clause or an Annex to this Agreement;

(c) a reference to an agreement (including this Agreement) or instrument, is to the same as amended, varied, novated, modified or replaced from time to time;

(d) "person" includes a corporation or other legal entity;

(e) the singular includes the plural, and vice versa;

(f) any gender includes the other;

(g) an agreement includes an arrangement, whether or not having the force of law;

(h) a reference to the consent or approval of the Designated Authority means the consent or approval, in writing, of the Designated Authority and in accordance with the conditions of that consent or approval;

(i) "law" includes the Treaty and the Code;

(j) reference to any English legal concept, term, action, remedy, method of judicial proceeding, legal document, legal status, court or official is, in any jurisdiction other than England and Wales, a reference to what most nearly approximates in that jurisdiction to that reference;

(k) "contiguous area" means a Sub-Block, or a number of Sub-Blocks each having a point in common with another such Sub-Block;

(l) where a word or expression is defined, cognate words and expressions shall be construed accordingly;

(m) terms have the meaning defined in the Code;

and this Agreement shall inure to the benefit and burden of the Parties, their respective successors and permitted assigns.

1.4 Annexes

If there is a conflict, the main body of this Agreement prevails over an Annex.

1.5 Joint and Several Liability

If the Contractor is more than one person, the obligations and liabilities of the Contractor under this Agreement are the obligations and liabilities of them all, jointly and severally.

1.6 Operator

(a) The appointment of an Operator by the Contractor shall be subject to prior approval by the Designated Authority where:

(i) there is more than one Authorised Person in respect of a particular Authorisation and the person appointed as Operator is one of those Authorised Persons; or

(ii) the person appointed as Operator is not an Authorised Person.

(b) Except with the prior approval of the Designated Authority as required under paragraph 1.6(a), the Contractor shall not permit any person to exercise any function of an Operator.

(c) For all purposes of this Agreement, the Operator shall represent the Contractor, and the Designated Authority may deal with, and rely on, the Operator. The obligations, liabilities, acts and omissions of the Operator are, additionally, the obligations, liabilities, acts and omissions of the Contractor.

(d) The Operator shall establish its head operations office in Timor-Leste.

(e) Any change in Operator shall be subject to the prior approval of the Designated Authority.

(f) Where the Designated Authority determines that an Operator is no longer competent to be an Operator, the Designated Authority, with the approval of the Joint Commission, may, by written notice to the Operator and to the Contractor, revoke its approval.

Article 2 Scope and Term

2.1 Scope

(a) This Agreement, and the rights, interests and benefits of the Contractor, and the obligations and liabilities of the Designated Authority, under it, are subject to the Treaty and the Code. The Contractor and the Designated Authority shall comply

with the terms of the Treaty, the Code, Regulations and Directions made in accordance with the Code, and this Agreement.

(b) Subject to this Agreement, the Contractor:

(i) shall, and has the exclusive right to, carry on Petroleum Operations at its sole cost, risk and expense;

(ii) shall provide all human, financial and technical resources therefor; and

(iii) shall, as further provided in this Agreement, share in Petroleum from the Contract Area.

(c) The Contractor is not authorised to carry on Petroleum Operations in any part of the JPDA outside the Contract Area, other than in accordance with an Access Authorisation granted to it by the Designated Authority under Article 9 of the Code.

(d) This Agreement does not authorise the Contractor to process Petroleum beyond the Field Export Point, and no expenditure in respect of further processing shall be a Recoverable Cost.

2.2 Conditions Precedent

(a) This Agreement is conditional on:

(i) the appointment of an Operator in accordance with sub-Section 4.5 of the Code;

(ii) if the Contractor is more than one person, the conclusion of a Joint Operating Agreement, and such agreement coming into full force and effect (subject only to satisfaction of this condition);

(iii) the Contractor providing the Designated Authority with a Security (in form and content satisfactory to the Designated Authority) for the performance of the Contractor's minimum work and expenditure obligations in accordance with sub-Articles 4.1, 4.2 and 4.3; and

(iv) the Contractor demonstrating, to the satisfaction of the Designated Authority, that it has complied with its obligations under sub-Article 17.2 in regard to insurance.

(b) If the conditions mentioned in paragraph 2.2(a) are not fulfilled before the sixtieth (60^{th}) day after the date of this Agreement, this Agreement shall terminate and be of no further force or effect.

2.3 Effective Date and Term

(a) The effective date of this Agreement is the date on which all of the conditions precedent set out at sub-Article 2.2 have been satisfied (“Effective Date”). The Designated Authority shall notify the Contractor in writing that the conditions precedent have been satisfied.

(b) This Agreement shall terminate on the first to occur of:

(i) all of the Contract Area being relinquished pursuant to Article 3;

(ii) the Parties so agreeing;

(iii) termination pursuant to sub-Article 2.4; or

(iv) the Treaty ceasing to be in force.

2.4 Grounds for Termination

(a) Where a Contractor:

(i) has not complied with any plan, approval, condition or term to which this Agreement is subject;

(ii) has not complied with the Code;

(iii) has knowingly provided false information to the Designated Authority in connection with this Agreement;

(iv) has not paid any amount payable by it under the Code or under this Agreement within a period of three (3) months after the day on which the amount became payable; or

(v) is subject to or commits an Insolvency Event,

the Designated Authority may, with the approval of the Joint Commission, on that ground, by instrument in writing served on the Contractor terminate this Agreement.

(b) The Designated Authority shall not terminate this Agreement due to one or more of the relevant grounds identified in sub-paragraphs 2.4(a)(i)-(iv) unless there has been a material breach by the Authorised Person of one of those grounds.

(c) Where this Agreement expressly grants the Designated Authority a right to terminate this Agreement, that right shall be exercised in accordance with the requirements of sub-Articles 2.4 and 2.5.

2.5 Designated Authority to give Notice

Except in relation to an Insolvency Event, in which case the Designated Authority may terminate this Agreement forthwith, the Designated Authority shall not terminate this Agreement unless:

(a) it has, by instrument in writing served on the Contractor, given not less than thirty (30) days notice of its intention to so terminate this Agreement;

(b) it has, in the instrument, specified a date on or before which the Contractor may submit in writing to the Designated Authority any matters that it wishes to be considered; and

(c) it has taken into account any information provided under paragraph 2.5 (b) and any action taken by the Contractor or other parties to remove that ground or to prevent the recurrence of similar grounds.

2.6 Surviving Obligations

(a) Termination of this Agreement for any reason (including the passage of time), in whole or in part, shall be without prejudice to rights and obligations expressed in the Code or this Agreement to survive termination, or to rights and obligations accrued thereunder prior to termination, including Decommissioning, and all provisions of this Agreement reasonably necessary for the full enjoyment and enforcement of those rights and obligations shall survive termination for the period so necessary.

(b) If the Contractor is more than one person and circumstances arise in which the Designated Authority may terminate an Authorisation, the Designated Authority may, on such conditions as it may decide, elect to terminate this Agreement only in respect of those persons whose acts or omissions (or in relation to whom acts, omissions or events have occurred which) have led to such circumstances arising, if:

(i) it is satisfied that the other persons did not connive in such acts, omissions or events, and could not reasonably have been expected to prevent them occurring; and

(ii) it is satisfied that it is fair and reasonable to do so in all the circumstances,

and the other persons agree (including as to such conditions).

Article 3 Relinquishment of Blocks

3.1 Periodic Relinquishment of Exploration Area

(a) The Contractor shall relinquish:

(i) at the end of the third (3^{rd}) Contract Year, not less than twenty five (25) percent of the Sub-Blocks in the original Contract Area; and

(ii) at the end of the fifth (5^{th}) Contract Year, not less than a further twenty five (25) percent of the Sub-Blocks in the original Contract Area.

(b) At the end of any Contract Year, and subject to paragraph 3.1(e), the Contractor may relinquish some or all, of the Sub-Blocks in the Contract Area. Any Sub-Blocks so relinquished will be credited against the next relinquishment obligation of the Contractor under paragraph 3.1(a).

(c) The Contractor shall consult with and give not less than thirty (30) days notice to the Designated Authority of the Sub-Blocks which, at any time, it wishes to relinquish. Except with the consent of the Designated Authority:

(i) those Sub-Blocks must form one discrete area; and

(ii) the Sub-Blocks not relinquished must form one or more discrete areas,

all of sufficient size and convenient shape to enable Petroleum Operations to be conducted thereon.

(d) If the Contractor does not relinquish Sub-Blocks at the time and in the manner required by this sub-Article 3.1, all of the Contract Area shall be deemed relinquished at the end of the Contract Year concerned.

(e) Without the consent of the Designated Authority, and notwithstanding sub-Article 3.1, the Contractor may not relinquish all of the Sub-Blocks in the Contract Area if it has not then fulfilled its obligations under sub-Articles 4.1, 4.2 and 4.3, or is then in breach of any provision of this Agreement.

3.2 Final Relinquishment of Exploration Area

(a) At the end of the seventh (7th) Contract Year, the Contractor shall relinquish all of the Contract Area other than such part thereof as is a Development Area.

(b) If, at the end of the seventh (7th) Contract Year, a Discovery has been made but there has been insufficient time for the Contractor (acting, and having acted, in accordance with this Agreement) to Appraise it, the obligation of the Contractor under sub-Article 3.2 shall be postponed:

(i) for such Sub-Blocks, and to such depths as the Designated Authority may determine to be reasonably necessary to encompass the Field, plus a reserve margin sufficient to cover the probable extent of the field;

(ii) for such period as is reasonably necessary to permit the Contractor to Appraise (or to complete the Appraisal of) the Discovery; and

(iii) as a consequence of that Appraisal, for the Contractor to decide whether to declare a Commercial Discovery and, if it does so, for the Designated Authority to declare a Development Area in respect of it.

3.3 Relinquishment of Development Area

(a) Except with the consent of the Designated Authority and subject to paragraph 3.3(b) below, a Development Area shall be deemed to be relinquished on the first to occur of:

(i) production from the Development Area ceasing permanently or for a continuous period of twelve (12) months (or, if because of Force Majeure, as is determined by the Designated Authority in consultation with the Contractor under sub-Article 18.2); and

(ii) the twenty fifth (25^{th}) anniversary of the date on which the first (1^{st}) Development Plan in respect of the Development Area was approved by the Designated Authority.

(b) Where the Contractor has entered into contracts for the sale of Natural Gas, which have been approved as part of a Development Plan, then relinquishment shall be no earlier than the expiry date of those contracts.

(c) Without the consent of the Designated Authority, the Contractor may not otherwise relinquish all or any part of a Development Area.

3.4 Termination of Agreement and Continuing Obligations in respect of Relinquished Area

(a) This Agreement shall terminate in respect of a part of the Contract Area which is relinquished.

(b) Relinquishment of all or a part, of the Contract Area is without prejudice to the obligations of the Contractor to Decommission.

3.5 Gas Retention Area

(a) If the Appraisal of a Discovery of Non-Associated Gas demonstrates that the Discovery, although substantial, is not then, either alone or in combination with other Discoveries, commercially viable, but is likely to become so within five (5) years, the Designated Authority may, at the request of the Contractor, declare a Gas Retention Area in respect of it for that period. On request of the Contractor, and after demonstration that the grant of an extended period is likely to result in the declaration of a Commercial Discovery, the Designated Authority may extend the period of the Gas Retention Area for such longer period, and on such conditions, as is considered appropriate by the Designated Authority.

(b) This Article 3 (but not sub-Article 3.3) applies to and in respect of a Gas Retention Area as it does to and in respect of a Development Area for as long as, during that period, the Contractor diligently seeks to make it commercially viable, and demonstrates to the Designated Authority that it is doing so.

(c) The Gas Retention Area consists of those Sub-Blocks (forming a single contiguous area) that encompass the Gas Field, plus a reserve margin sufficient to cover the probable and possible extent of it, but the Designated Authority may exclude deeper formations in which no Discovery has been made. The Designated Authority, at any time and from time to time, and whether of its own volition or at the request of the Contractor, may:

(i) add Sub-Blocks then in the Contract Area to;

(ii) remove Sub-Blocks from; or

(iii) vary by depth within the Contract Area,

a Gas Retention Area as may be required to ensure that it encompasses the Gas Field. The Contractor shall relinquish any part of the Contract Area removed from a Gas Retention Area as a consequence of such removal or other variation if it occurs after the time for the relinquishment provided for in paragraph 3.2(a).

(d) The Gas Retention Area shall be deemed to have been relinquished on the earlier of:

(i) expiry of the period mentioned in paragraph 3.5 (a);

(ii) the Contractor ceasing to meet its obligations under paragraph 3.5 (b); and

(iii) the Contractor declaring a Commercial Discovery in respect of it and the Designated Authority declaring a Development Area as a consequence thereof.

3.6 Oil Retention Area

If the Appraisal of a Discovery of a Crude Oil Field demonstrates that the Discovery, although substantial, is not then, either alone or in combination with other Discoveries, commercially viable, but is likely to become so within five (5) years, the Designated Authority may in its absolute discretion, at the request of the Contractor, declare an Oil Retention Area in respect of it, or any part thereof, for that period on such terms and conditions as the Designated Authority considers appropriate.

Article 4 Work Programmes and Budget

4.1 Commitment in Initial Period

In each Contract Year mentioned below, the Contractor shall carry out an Exploration Work Programme and Budget of not less than the amount of work specified for that Contract Year:

Contract Year	Data Evaluation	Surveys	Wells
1	[●]	[●]	[●]
2	[●]	[●]	[●]
3	[●]	[●]	[●]

4.2 Commitment in Second Period

In each Contract Year mentioned below, and unless the Contractor has relinquished all of the Contract Area (not being a Development Area, Oil Retention Area or a Gas Retention Area) before the start of the fourth (4^{th}) Contract Year, the Contractor shall carry out an Exploration Work Programme and Budget of not less than the amount of work specified for that Contract Year:

Contract Year	Data Evaluation	Surveys	Wells
4	[●]	[●]	[●]
5	[●]	[●]	[●]

4.3 Commitment in Third Period

In each of the sixth (6^{th}) and seventh (7^{th}) Contract Years, and unless the Contractor has relinquished all of the Contract Area (not being a Development Area, Oil Retention Area or a Gas Retention Area) before the start of the Contract Year concerned, the Contractor shall carry out such Exploration Work Programme and Budget of not less than the amount of work specified for that Contract Year:

Contract Year	Data Evaluation	Surveys	Wells
6	[●]	[●]	[●]
7	[●]	[●]	[●]

4.4 Performance of Exploration Work Programme and Budget

(a) If any well forming part of the Exploration Work Programme and Budget provided for in this Article 4 is abandoned for any reason other than a reason specified in paragraph 4.4 (b) before reaching the defined objectives of such well, the Contractor shall drill a substitute well. In this event, the First, Second or Third Exploration Period, as the case may be, shall be extended by a period of time equal in length to the time spent in preparing for and drilling the substitute well, including mobilisation and demobilisation of the drilling rig, if applicable.

(b) Unless otherwise agreed by the Designated Authority, any well which forms part of the Exploration Work Programme and Budget provided for in this Article 4 shall be drilled to such depth as is necessary for the evaluation of the geological formation established by the available data as the target formation and which Good Oil Field Practices would require the Contractor to attain, unless before reaching such depth:

(i) a formation stratigraphically older than the deepest target formation is encountered;

(ii) basement is encountered;

(iii) further drilling would present an obvious danger, such as but not limited to the presence of abnormal pressure or excessive losses of drilling mud;

(iv) impenetrable formations are encountered;

(v) Petroleum bearing formations are encountered which require protecting, thereby preventing planned depths from being reached;

(vi) the Contractor and the Designated Authority agree to terminate the drilling operation; or

(vii) the Designated Authority confirms that the drilling obligation has been fulfilled.

In such circumstances the drilling of any such well may be terminated at a lesser depth and shall be deemed to have satisfied the Contractor's obligations in respect of that well.

(c) Where a well which forms part of the Exploration Work Programme and Budget provided for in this Article 4 results in a Discovery and the Contractor informs the Designated Authority pursuant to sub-Article 4.9 that the Discovery merits Appraisal, that well will be deemed to have met its objective and to have satisfied the Contractor's obligations in respect of that well.

4.5 Consequences of Non-Performance

(a) If, in a Contract Year, the Contractor carries out less Exploration than is required of it under the Exploration Work Programme and Budget, the Designated Authority may:

(i) require that the shortfall be added to the Exploration to be carried out in the next Contract Year;

(ii) require payment of the estimated cost of the Exploration not carried out in that Contract Year; or

(iii) terminate this Agreement and require payment of the estimated cost of the Exploration not carried out in that Contract Year.

(b) If, in a Contract Year, the Contractor carries out more Exploration than is required of it, the excess shall be credited against Exploration to be carried out in the following Contract Year and, to the extent in excess of that Exploration, shall be further carried forward.

(c) For the purposes of the foregoing provisions of this Article 4, and of Article 6 and Annex C and except with the consent of the Designated Authority, no work in a Development Area will be regarded as Exploration except to the extent in respect of a formation deeper than the Field concerned and in which no Discovery has been made.

4.6 Work Programmes and Budgets

Subject to sub-Article 4.7, the Contractor shall carry out Petroleum Operations substantially in accordance with Work Programmes and Budgets approved by the Designated Authority. Such an approval by the Designated Authority is without prejudice to any other obligation or liability of the Contractor under this Agreement.

4.7 Emergency and Other Expenditures Outside Work Programmes and Budgets

(a) Without further approval by the Designated Authority, the Contractor may overexpend, by ten percent (10%) on any line item in an approved Work Programme and Budget for a Contract Year.

(b) Without further approval by the Designated Authority, the total of all over-expenditures under paragraph 4.7(a) under that Work Programme and Budget for that Contract Year shall not exceed ten percent (10%) of the total expenditures in that Work Programme and Budget.

(c) The Contractor shall promptly inform the Designated Authority if it anticipates (or should reasonably anticipate) that any such limit in paragraph 4.7(b) will be exceeded and seek, in the manner provided in this Article 4, an amendment to the appropriate Work Programme and Budget.

(d) In determining whether to approve the over-expenditures contemplated at paragraphs 4.7(a) and (b), the Designated Authority shall consider whether such increases are necessary to complete the programme of works, provided that such increase is not the result of any failure of the Contractor to fulfill its obligations under this Agreement.

(e) Nothing in sub-Article 4.6 or paragraph 4.7(a) precludes or excuses the Contractor from taking all necessary and proper measures for the protection of life, health, the environment and property if there is an emergency (including a significant fire, explosion, Petroleum release, or sabotage; incident involving loss of life, serious injury to an employee, contractor or third party, or serious property damage; strikes and riots; or evacuation of the Operator's personnel). As soon as reasonably

practicable, the Operator will inform the Designated Authority of the details of the emergency and of the actions it has taken and intends to take.

4.8 Exploration

(a) The Contractor shall submit, for the approval of the Designated Authority, an Exploration Work Programme and Budget for each Calendar Year.

(b) From time to time, the Contractor may submit, for the approval of the Designated Authority, amendments to the Exploration Work Programme and Budget.

(c) The Contractor is not obliged to carry out more Exploration in a Contract Year than is required by sub-Articles 4.1, 4.2 and 4.3.

4.9 Discovery and Appraisal

(a) The Contractor shall notify the Designated Authority of a Discovery and shall provide the Designated Authority with such information in respect of it as the Code requires.

(b) As soon as reasonably practicable after a Discovery is made, the Contractor shall advise the Designated Authority whether or not, having regard to paragraph 4.9(e), the Discovery merits Appraisal.

(c) At such time and in such manner as the Designated Authority requires, the Contractor shall submit, for the approval of the Designated Authority, an Appraisal Work Programme and Budget for each Calendar Year.

(d) From time to time, the Contractor may submit, for the approval of the Designated Authority, amendments to the Appraisal Work Programme and Budget.

(e) An Appraisal Work Programme and Budget for a Calendar Year will be such as would be undertaken by a person seeking diligently to Appraise (in accordance with this Agreement) a Discovery with a view to determining if it is, either alone or in combination with other Discoveries, a Commercial Discovery.

4.10 Commercial Discovery

(a) The Contractor may, at any time and having regard to paragraph 4.10(b), declare that a Commercial Discovery has been made.

(b) The declaration is to be made in such manner, and be accompanied by such supporting data and information, as the Designated Authority requires, including the Contractor's proposal as to that part of the Contract Area to be declared a Development Area.

(c) The Designated Authority shall declare those Sub-Blocks which encompass the Field in which the Commercial Discovery has been made plus a reserve margin sufficient to cover the probable extent of the Field, to be a Development Area, but may exclude deeper formations in which no Discovery has been made. The Designated Authority, at any time and from time to time, of its own volition or that of the Contractor, may:

(i) add Sub-Blocks then in the Contract Area to;

(ii) remove Sub-Blocks from; or

(iii) vary by depth within the Contract Area,

a Development Area as may be required to ensure that it encompasses the Field concerned, but not, unless the Designated Authority and the Contractor otherwise agree, after the first Development Plan in respect of the Development Area has been approved. The Contractor shall relinquish any part of the Contract Area removed from a Development Area as a consequence of such removal or other variation, if it occurs after the time for the relinquishment provided for in paragraph 3.2(a).

4.11 Development Plan

(a) Not more than twelve (12) months after the declaration of a Development Area, and in the manner required by the Designated Authority, the Contractor shall submit, for the approval of the Designated Authority, a Development Plan for the Development Area.

(b) From time to time, the Contractor may submit, for the approval of the Designated Authority, amendments to the Development Plan.

(c) A Development Plan will be assessed on the basis of whether it would be undertaken by a person seeking diligently to develop and exploit (in accordance with this Agreement) the Petroleum in the Development Area in accordance with Good Oil Field Practice and in a way that promotes further investment and contributes to the long term development of Timor-Leste and Australia.

(d) Except with the consent of the Designated Authority, and without prejudice to the generality of paragraph 4.11(a), a Development Plan shall include:

(i) a description of the proposed reservoir development and management programme;

(ii) details of:

(aa) the geological and the reservoir work done, together with the production profiles simulated, in order to reach the best depletion alternative;

(bb) the production, treatment and transportation facilities to be located in the JPDA;

(cc) facilities for transporting the Petroleum from the Contract Area and the JPDA; and

(dd) facilities, wherever located ,which are connected to any facilities mentioned in sub-paragraphs (bb) and (cc) above and which (or the operation of which) might affect the integrity, management or operation thereof;

(iii) the production profiles for all hydrocarbon products including possible injections for the life of the Development including the commencement of Production and the specific rates of Petroleum production;

(iv) the projected start of Commercial Production;

(v) the Decommissioning Plan, in such detail as the Designated Authority requires, including a calculation of the Decommissioning costs, the annual contribution to the Decommissioning Cost Reserve, and the Contractor's proposal for the Decommissioning Security Agreement;

(vi) an environmental impact statement and proposals for environmental management covering the life of the Development;

(vii) a Contractor's proposal for ensuring the safety, health and welfare of persons in or about the proposed Petroleum Operations;

(viii) the Contractor's proposals for:

(aa) the use of Timor-Leste goods and services;

(bb) training and employment of nationals and permanent residents of Timor-Leste; having regard to occupational health and safety requirements; and

(cc) processing Petroleum;

(ix) the estimated capital expenditure covering the feasibility, fabrication, installation, commissioning and pre-production stages of the Development;

(x) an evaluation of the commerciality of the Development, including a full economic evaluation;

(xi) the Contractor's (and if more than one person, each such person's) proposals for financing;

(xii) summary details and copies of:

(aa) all contracts and arrangements made or to be made by the Contractor for the sale of Natural Gas;

(bb) (for information purposes only) all contracts and arrangements made or to be made by persons in respect of that Natural Gas downstream of the point at which it is to be sold by the Contractor and which are relevant to the price at which (and other terms on which) it is to be sold by the Contractor or are otherwise relevant to the determination of the value of it for the purposes of this Agreement, but not beyond the point at which it is first disposed of in an arm's length transaction; and

(cc) all contracts and arrangements made or to be made by the Contractor in respect of facilities downstream of the Field Export Point for transporting, processing, liquefying, storing, handling and delivering that Natural Gas; and

(xiii) such other data and information (including in respect of insurance to be obtained by the Contractor, and buyers and shippers of Petroleum) as the Code requires and as the Designated Authority otherwise requires and is relevant to the Development Plan.

(e) The Designated Authority shall not approve a Development Plan, or an amendment to it unless:

(i) a Decommissioning Security Agreement has been concluded in respect of the Development Area; and

(ii) the Designated Authority has consulted with the Joint Commission in relation to the Development Plan or amendment.

4.12 Development Work Programmes and Budgets

(a) At such time and in such manner as the Code requires, and as the Designated Authority otherwise requires, the Contractor shall submit, for the approval of the Designated Authority, a Development Work Programme and Budget for each Development Area for each Calendar Year. At any time and from time to time, the Contractor may submit, for that approval, amendments to it.

(b) A Development Work Programme and Budget for a Calendar Year shall be substantially in accordance with the Development Plan for the Development Area.

(c) The Designated Authority may not unreasonably withhold its approval of a Development Work Programme and Budget properly submitted by the Contractor.

4.13 Approved Contracts

(a) The Contractor may not sell or otherwise dispose of, Natural Gas from the Contract Area other than pursuant to an Approved Contract or as otherwise may be provided in the Development Plan or in this Agreement.

(b) The Contractor may not use any facilities downstream of the Field Export Point for transporting, processing, treating, liquefying, storing, handling or delivering Petroleum other than under the terms of an Approved Contract.

(c) The Contractor may not amend, waive, or fail to enforce, any provision of an Approved Contract without the approval of the Designated Authority.

4.14 Decommissioning

(a) The Contractor shall submit to the Designated Authority, for its approval, pursuant to sub-paragraph 4.11(d)(v), a Decommissioning Plan for the Development Area and a schedule of provisions for the Decommissioning Costs Reserve.

(b) The Decommissioning Plan shall be revised and resubmitted to the Designated Authority for its approval at such times as are reasonable having regard to the likelihood that the Decommissioning Plan (including cost estimates thereunder) may need to be revised.

(c) The Contractor shall carry out the Decommissioning Plan substantially in accordance with its terms.

(d) Estimates of the monies required for the funding of the Decommissioning Plan shall be charged as Recoverable Costs beginning in the Calendar Year following the Calendar Year in which Commercial Production first occurs. The amount charged in each Calendar Year shall be calculated as follows:

(i) The total Decommissioning costs at the expected date of Decommissioning shall first be calculated.

(ii) There shall be deducted from such total Decommissioning costs the additions made to the Decommissioning Costs Reserve made, and taken as Recoverable Costs, in all previous Calendar Years together with interest on such Recoverable Costs calculated to the approved date of Decommissioning at the actual or forecast rate of Uplift (whichever is applicable).

(iii) The residual Decommissioning costs, resulting from the calculations under sub-paragraph 4.14(d)(i) and (ii), shall then be discounted to the Calendar Year in question at the forecast rate of Uplift for each Calendar Year remaining until the Calendar Year of Decommissioning.

(iv) The discounted total of residual Decommissioning costs shall then be divided by the total number of Calendar Years remaining prior to the Calendar Year of Decommissioning itself, including the Calendar Year in question.

(v) The resultant amount shall be the addition to the Decommissioning Costs Reserve for the Calendar Year in question.

(vi) It is the intention of this provision that the total accumulated provision allowed, including interest calculated to the Calendar Year of Decommissioning at the rate of Uplift, will equal the total Decommissioning costs.

(vii) If the amount in sub-paragraph 4.14(d)(v) is a negative amount, then such amount shall be treated as a reduction of Recoverable Costs for the Calendar Year in question.

4.15 Decommissioning Security

(a) Prior to Decommissioning, Security pursuant to the Decommissioning Security Agreement shall be provided by the Contractor in an amount equal to the sum of provisions made to the Decommissioning Costs Reserve, and taken as Recoverable Costs, in all previous years together with interest on such Recoverable Costs calculated to the end of the previous Calendar Year at the actual rate of Uplift.

(b) After Decommissioning commences, the Designated Authority shall at the end of each Calendar Year review the amount of Security required for the outstanding Decommissioning and shall take into consideration any Decommissioning costs that have already been incurred.

(c) Failure of the Contractor to provide Security and otherwise to fulfill its obligations under the Decommissioning Security Agreement, shall be a breach of this Agreement.

Article 5 Conduct of Work

5.1 Proper and Workmanlike Manner

(a) The Contractor shall carry out Petroleum Operations, and shall procure that they are carried out, in a proper, efficient and workmanlike manner, and in accordance with the Code, this Agreement and Good Oil Field Practice.

(b) In particular, the Contractor shall carry out Petroleum Operations, and procure that they are carried out, in such a manner as is required by paragraph 5.1(a) to:

(i) protect the environment, ensure that Petroleum Operations result in minimum ecological damage or destruction, and clean up pollution;

(ii) ensure the safety, health and welfare of persons in or about the Petroleum Operations;

(iii) maintain in safe and good condition and repair all structures, facilities, installations, equipment and other property, and other works, used or to be used in Petroleum Operations;

(iv) on the earlier of:

(aa) termination of this Agreement; and

(bb) when no longer required for Petroleum Operations;

and, in either case:

(cc) except with the consent of the Designated Authority; or

(dd) unless this Agreement otherwise provides,

abandon, decommission, transfer, remove and/or dispose of all structures, facilities, installations, equipment and other property, clean up the Contract Area and make it good and safe, and protect the environment, to the satisfaction of the Designated Authority.

(v) control the flow and prevent the waste or escape of Petroleum, water or any product used in or derived by processing Petroleum;

(vi) prevent the escape of any mixture of water or drilling fluid with Petroleum or any other matter;

(vii) prevent damage to Petroleum-bearing strata in or outside the Contract Area;

(viii) except with the consent of the Designated Authority, keep separate:

(aa) each Reservoir discovered in the Contract Area; and

(bb) such of the sources of water discovered in the Contract Area as the Designated Authority directs;

(ix) prevent water or any other matter entering any Reservoir through wells in the Contract Area, except when required by, and in accordance with, the Development Plan and Good Oil Field Practice;

(x) minimise interference with navigation and fishing; and

(xi) remedy in a timely fashion any damage caused to the environment.

5.2 Access to Contract Area

Subject to law and to this Agreement, the Contractor may enter and leave the Contract Area at any time for the purposes of Petroleum Operations.

5.3 Health, Safety and the Environment

(a) Within three (3) months of the Effective Date, the Contractor shall submit to the Designated Authority, for its approval, plans in regard to:

(i) the health, safety and welfare of persons in or affected by Petroleum Operations; and

(ii) the protection of the environment (including the marine environment and the atmosphere and the prevention of pollution),

in order to reduce the risks to the personnel and the environment so they are as low as reasonably practicable. The plans shall be reviewed annually and amended from time to time as may be necessary to ensure its continuing compliance with Good Oil Field Practice.

(b) Notwithstanding anything elsewhere contained in this Agreement, the Contractor shall clean up pollution resulting from Petroleum Operations to the satisfaction of the Designated Authority, and meet the costs of so doing to the extent done by anyone else (including the Designated Authority).

5.4 Goods, Services, Training and Employment

The Contractor shall take reasonable steps to comply with the proposals which accompanied its application under sub-Section 5.4 of the Code for this Agreement in respect of training, employment and the acquisition of goods and services, and shall:

(a) give persons based in Timor-Leste a real opportunity to compete for delivery of goods and services, provided they are offered on competitive terms and conditions;

(b) with due regard to occupational health and safety requirements, give preference in employment in Petroleum Operations to nationals and permanent residents of Timor-Leste; and

(c) within thirty (30) days of the end of each calendar year, submit to the Designated Authority a report demonstrating compliance with the above obligations.

5.5 Flaring

Except with the consent of the Designated Authority, or in an emergency, the Contractor shall not flare Petroleum.

5.6 Operator and its Sub-Contractors

The Operator, and only the Operator, may carry out Petroleum Operations, and may do so by itself, its agents and sub-contractors. This sub-Article 5.6 does not relieve the Contractor of any obligation or liability under this Agreement; and the carrying out of Petroleum Operations by its agents or contractors does not relieve the Operator (or the Contractor) of any obligation or liability under this Agreement.

Article 6 Recoverable Costs

6.1 Generally

(a) The Contractor's accounts shall be prepared and maintained in accordance with Annex C.

(b) Only costs and expenses incurred by the Operator in carrying on Petroleum Operations, including additions to the Decommissioning Costs Reserve, and (unless the Contractor is only one person and the Contractor and the Operator are that person) properly charged to the Contractor under an agreement made between them and consented to by the Designated Authority, are Recoverable Costs, but without prejudice to any other provision of this Agreement which would result in any such cost or expense not being a Recoverable Cost.

6.2 Recoverable Costs

In any Calendar Year, Recoverable Costs are, subject as further provided in Annex C, the sum of those of the following that are not ineligible costs:

(a) the sum of:

(i) Recoverable Exploration Costs;

(ii) Recoverable Appraisal Costs;

(iii) Recoverable Capital Costs; and

(iv) Recoverable Operating Costs;

(b) additions to the Decommissioning Costs Reserve, if any, allowable in that Year;

(c) Recoverable Costs in the previous Calendar Year, to the extent in excess of the value of the Contractor's share of Petroleum under sub-paragraph 7.1(b)(i) in that previous Calendar Year; plus

(d) a Quarterly amount equal to the product of the rate of Uplift and the Quarterly balance of outstanding Recoverable Costs;

less Miscellaneous Receipts and less any deductions pursuant to paragraph 7.4(a).

Article 7 Sharing Of Petroleum

7.1 Determination of Shares

In each Calendar Year, the Parties shall take and receive the following shares of every grade and quality of Petroleum as and when it is delivered at the Field Export Point:

(a) the Designated Authority:

(i) five (5) percent; plus

(ii) its share of any balance as mentioned in paragraph 7.1(c);

(b) the Contractor:

(i) ninety five (95) percent but not more than is equal in value to Recoverable Costs for the Calendar Year concerned; plus

(ii) its share of any balance as mentioned in paragraph 7.1(c);

(c) any Petroleum not taken by the Contractor under sub-paragraph 7.1(b)(i) shall be shared as to forty (40) percent by the Designated Authority and as to sixty (60) percent by the Contractor.

7.2 Option of Designated Authority

(a) Unless the Designated Authority elects otherwise as per paragraph 7.2(b), the Contractor shall take and receive, and dispose of, in common stream with its own share and on terms no less favourable to the Designated Authority than the Contractor receives for its own share, the Designated Authority's entire share of Petroleum.

(b) The Designated Authority may make an election to take and separately dispose of the Designated Authority's share of Petroleum. Unless the Contractor otherwise agrees, which agreement will not be unreasonably withheld, the Designated Authority may not so elect other than:

(i) in respect of all, or the same percentage of all, of the Designated Authority's shares of Crude Oil for and throughout each Calendar Year, on not less than ninety (90) days prior written notice to the Contractor before the start of the Calendar Year concerned; and

(ii) in respect of the Designated Authority's share of Natural Gas, in connection with its approval of Approved Contracts.

7.3 Lifting

(a) Subject to this Agreement, the Contractor may lift, dispose of and export from the JPDA its share of Petroleum and retain the proceeds from the sale or other disposition of that share.

(b) The Contractor and the Designated Authority shall, from time to time, make such agreements between them as are reasonably necessary, in accordance with Good Oil Field Practice and the commercial practices of the international petroleum industry, for the separate lifting of their shares of Petroleum.

7.4 Title and Risk

(a) Petroleum shall be at the risk of the Contractor until it is delivered at the Field Export Point. Without prejudice to any obligation or liability of the Contractor as a consequence of a failure of the Contractor to comply with its obligations under the Code and this Agreement (including sub-Article 5.1), Petroleum which is lost after it is recovered at the well-head, and before it is delivered at the Field Export Point, shall be deducted from the Contractor's Recoverable Costs under sub-Article 6.2.

(b) Title in the Contractor's share of Petroleum shall pass to it when (and risk therein shall remain with the Contractor after) it is delivered at the Field Export Point.

(c) Title in the Designated Authority's share of Petroleum taken by the Contractor pursuant to sub-Article 7.2 shall pass to the Contractor when (and risk therein shall remain with the Contractor after) it is delivered at the Field Export Point.

(d) The Contractor shall defend, indemnify and hold harmless the Designated Authority and/or the members of the Joint Commission from all claims and demands asserted in respect of Petroleum wherein the risk is with the Contractor.

7.5 Payment on Account

(a) Unless the Designated Authority has made an election under paragraph 7.2(b), the Contractor shall pay to the Designated Authority an amount equal to the Designated Authority's share of all amounts received by the Contractor for the Petroleum within thirty six (36) hours of receipt.

(b) In the event that the Contractor has not received payment for Petroleum within sixty (60) days of production, it nonetheless will make a provisional payment to the Designated Authority of the estimated value of the Designated Authority's share of such Petroleum.

Article 8 Valuation of Petroleum

8.1 Point and type of Valuation

Petroleum shall be valued as if it were sold in an arm's length transaction f.o.b. (or equivalent) at the Field Export Point.

8.2 Value of Crude Oil

The value of Crude Oil

(a) Sold f.o.b. (or equivalent) at the Field Export Point in an arm's length transaction is the price payable for it;

(b) Sold in an arm's length transaction other than f.o.b. (or equivalent) at the Field Export Point is the price payable for it, less such fair and reasonable proportion of such price that relates to the transportation, processing and delivery of the petroleum downstream of the Field Export Point up to the actual point of sale; or

(c) Sold other than as mentioned in paragraphs 8.2(a) and (b) shall be the fair and reasonable market price thereof having regard to all relevant circumstances.

8.3 Value of Natural Gas

The value of Natural Gas shall be the price payable under the Approved Contract or as otherwise may be provided in the Development Plan or in this Agreement, with such fair and reasonable adjustments as required to reflect the point and type of valuation in sub-Article 8.1, or where a Contractor enters into a sale other than at arm's-length.

8.4 Price Payable

In this Article 8, the price payable is the price that is (or would be) payable by the buyer if the Petroleum were delivered by the Contractor and taken by the buyer, without set off, counterclaim or other withholding of any nature.

Article 9 Payments

9.1 Fees

The Contractor shall pay to the Designated Authority fees and other payments as provided for in the Code.

9.2 Payment Mechanism

All payments under this Agreement shall be made in United States Dollars, unless otherwise agreed, and within ten (10) days after the end of the month in which the obligation to make the payment is incurred to a bank specified by the Party to whom the payment is due.

9.3 Late Payment

Any amount not paid in full when due shall bear interest, compounded on a monthly basis, at a rate per annum equal to one month term, London Interbank Offer Rate (LIBOR) for United States Dollar deposits, as published in London by the Financial Times or, if not so published, then as published in New York by The Wall Street Journal, current from day to day, plus five percentage points, on and from the due date for payment until the amount, together with interest thereon, is paid in full.

9.4 Minimum Payment

If this Agreement is terminated for any reason before the end of the third Contract Year, the Contractor shall, on such termination, pay, to the Designated Authority, those fees which it would have paid under sub-Article 9.1 if termination had not occurred until the end of the third Contract Year.

Article 10 Provision of Goods and Services

10.1 Notice

(a) Except with the consent of the Designated Authority, the Contractor shall draw to the attention of suppliers based in Timor-Leste and Australia, in such manner as the Designated Authority agrees, all opportunities for the provision of goods and services for Petroleum Operations.

(b) Subject to sub-Article 10.2, the Contractor shall, before awarding any contract for goods or services, obtain the written approval of the Designated Authority. Approval from the Designated Authority shall be deemed thirty (30) days after written notice of an award is given by the Contractor, unless otherwise notified in writing to the Contractor.

10.2 Contracts Not Requiring Designated Authority's Approval

The Contractor may make contracts for goods and services for Petroleum Operations without the Designated Authority's consent (but not if for property to be leased to the Contractor) where:

(a) the contract (or related series of contracts) is expected to involve expenditure of less than two million (2,000,000) United States Dollars or such higher amount that may be specified by regulation; or

(b) the contract (or related series of contracts) is expected to involve expenditure of less than five million (5,000,000) United States Dollars or such other amount that may be specified by regulation and the goods or services are required in respect of a Development Plan, the cost of which is expected to exceed one hundred million (100,000,000) United States Dollars or such higher amount that may be specified by regulation.

10.3 Tender Invitations

(a) All invitations to tender made for the purpose of procuring goods and services shall be published in two (2) of the newspapers with broadest circulation in Timor-Leste and Australia or as agreed with the Designated Authority.

(b) Notwithstanding sub-Article 10.2, and except with the consent of the Designated Authority, all goods and services shall be procured on an arm's length basis by competitive tendering, and the Contractor, before inviting any tender for goods or services, shall consult with the Designated Authority, in respect of:

(i) the list of bidders which the Contractor proposes to invite to tender; and

(ii) the bid package to accompany the invitation, which shall include:

(aa) a draft contract;

(bb) the scope of work;

(cc) a technical proposal form;

(dd) a commercial proposal form;

(ee) the use of Timor-Leste content; and

(ff) the basis upon which bids will be evaluated.

In addition, the Contractor shall submit a statement to the Designated Authority regarding the need for the goods or services concerned, and their relationship to the approved Programme and Budget, the estimated value of the contract and the contracting schedule.

(c) If the Designated Authority grants an exception to the obligation at paragraph 10.3(b), it shall publish its reasons for doing so.

(d) Costs for goods and services procured on other than an arm's length basis, the price payable for which is in excess of one hundred thousand (100,000) United States Dollars, shall be established in accordance with the provisions of Annex C.

10.4 Emergencies

The foregoing provisions of this Article 10 do not apply in the circumstances mentioned in paragraph 4.7(e) to the extent they would hinder the Contractor from taking all necessary and proper measures as therein mentioned.

10.5 Other Information to be Provided

(a) The Contractor shall submit to the Designated Authority copies of all contracts for the supply of goods and services for use in relation to Petroleum Operations promptly after their execution.

(b) The Contractor shall, promptly after awarding a contract for the supply of goods and services in relation to Petroleum Operations following a tender as mentioned in sub-

Article 10.3, provide the Designated Authority with a detailed report on the reasons for the award.

(c) From time to time, if requested by the Designated Authority, the Contractor shall, upon completion of a specific contract relating to the provision of goods and services in relation to Petroleum Operations, the price payable under which is in excess of one hundred thousand dollars (100,000) United States Dollars, submit to the Designated Authority an appraisal and completion report covering details of the actual expenditures made, and of the manpower, goods and services utilised, in the performance of the contract.

(d) From time to time, if requested by the Designated Authority, the Contractor shall, within sixty (60) days after such request, submit to the Designated Authority, details of goods and services actually procured both from suppliers based inside and outside Timor-Leste and Australia.

Article 11 Title to Equipment

11.1 Property

(a) Subject to sub-Article 11.2, all structures, facilities, installations, equipment and other property, and other works, used or to be used in Petroleum Operations, shall be and remain the property of the Contractor while so used or held for use, unless Contractor requests and obtains approval from the Designated Authority for an alternative arrangement.

(b) Paragraph 11.1(a) does not apply to property leased to the Contractor, or leased by or belonging to third parties providing services.

11.2 Retention

(a) The Designated Authority may, upon termination of this Agreement in respect of all or a part of the Contract Area, elect to acquire any property or other works as mentioned in paragraph 11.1(a) installed on, or used exclusively in respect of, that area, by giving the Contractor a notice to that effect.

(b) The Contractor shall have no further obligation or liability in respect of any property or other works acquired by the Designated Authority pursuant to paragraph 11.2(a) (but without prejudice to obligations and liabilities accrued prior thereto), and will repay, to the Designated Authority, all amounts included in the Decommissioning Costs Reserve claimed by the Contractor under Article 6 in respect of it before the acquisition, and shall, subject to paragraph 11.2(c), claim no further such amounts in respect of it.

(c) In respect of any property which has not been fully cost recovered, the Designated Authority shall upon electing to acquire such property pursuant to this sub-Article pay, to the Contractor, an amount equal to the un-recovered costs of the property, including Uplift, calculated at the date of the election. For the purposes of this sub-Article it is assumed that costs are recovered in the order in which they were incurred.

Article 12 Consultation and Arbitration

12.1 Arbitration

(a) If a dispute arises between the Designated Authority and the Contractor relating to the interpretation and performance of this Agreement and relevant provisions of the Treaty and the Code, the parties shall attempt to resolve that dispute by means of negotiation.

(b) If such a dispute cannot be resolved by negotiation within a period of ninety (90) days of notification by either party of a dispute, either party may submit that dispute to arbitration in accordance with the terms set out in this Article 12.

12.2 Procedure

(a) Arbitration shall be conducted in accordance with the Rules of Arbitration of the International Chamber of Commerce (ICC).

(b) The Designated Authority and the Contractor shall each appoint one arbitrator and those two arbitrators shall appoint a third. If either Party fails to appoint an arbitrator within thirty (30) days after receipt of a written request to do so, such arbitrator shall, at the other Party's request, if the Parties do not otherwise agree, be appointed upon application to ICC. If the first two arbitrators appointed fail to agree on a third within thirty (30) days of the second arbitrator being appointed, the third arbitrator shall, if the Parties do not otherwise agree, be appointed, at the request of either Party, upon application to ICC. If an arbitrator fails or is unable to act, that arbitrator's successor shall be appointed in the same manner as the arbitrator who is replaced.

(c) The majority decision of the arbitrators shall be final and binding on the Parties. An award made may be enforced in any court having jurisdiction for the purpose.

12.3 Location and Language

The place of arbitration shall be Singapore. The language of the arbitration shall be English.

12.4 Commercial Arrangement: Waiver of Sovereign Immunity

(a) This Agreement is a commercial agreement.

(b) Both the Designated Authority and the Contractor waive any claim to sovereign immunity which they may have, both as to process and execution.

12.5 Obligations Continue During Arbitration

The obligations of the Parties under the Agreement shall continue pending the resolution of any matter submitted to arbitration.

Article 13 Financial and Technical Data, Records and Reports

13.1 Ownership

(a) The Designated Authority shall have title to all technical data and information acquired in respect of:

(i) the sea bed or subsoil in the JPDA;

(ii) Petroleum therein; and

(iii) the superjacent waters,

in the course of, or as a result, of Petroleum Operations.

(b) Paragraph 13.1(a) includes all raw data and information (including cores, cuttings, samples, and all geological, geophysical, geochemical, drilling, well, production and engineering data and information) that the Contractor collects and compiles through Petroleum Operations. It does not include data obtained from special studies carried out by or for the Contractor that uses special proprietary software or procedures. It also does not include interpretations that have particular commercial or regional significance to a Contractor (over and above that which is necessary for the commercial evaluation and development of a Contract Area) and in respect of which the eligible recoverable cost attributable to the Contract Area is a small proportion of the total cost of the interpretations.

13.2 Records, Storage, Retrieval and Submission

(a) The Contractor shall keep full, complete and accurate books, accounts and other records of Petroleum Operations and of the sale or other disposition of Petroleum, of the data and information mentioned in sub-Article 13.1 and of all other financial, commercial, legal, operational, technical and other data and information acquired or generated for, or resulting, directly or indirectly, from, Petroleum Operations (including that relating to marketing and otherwise to the sale of Petroleum).

(b) The Contractor shall make the originals or copies of all such data, information and records available to the Designated Authority (or as it shall direct) at reasonable times at the Operator's offices in Timor-Leste, and shall promptly deliver the same to the Designated Authority (or as it directs) as and when, and in such manner as, the Designated Authority specifies.

(c) Without prejudice to paragraph 13.2(b), the Contractor shall store all such data and information as the Designated Authority, after consultation with the Contractor, reasonably directs, and otherwise in accordance with Good Oil Field Practice.

(d) The Contractor may retain copies of all such data and information and records delivered to the Designated Authority for use in or in relation to Petroleum Operations and its complying with obligations under law, but not otherwise without the consent of the Designated Authority.

(e) Except with the consent of the Designated Authority, or as required by law or the rules of a recognised stock exchange, the Contractor may not sell or disclose any

such data, information and records without the consent of the Designated Authority or as otherwise provided in this Agreement.

13.3 Reports

The Contractor shall provide the Designated Authority with such reports as are mentioned in Annex C and as the Designated Authority directs.

13.4 Export of Data and Information

No such data, information and records shall be taken out of, or transmitted from or stored outside, Timor-Leste or Australia without the consent of the Designated Authority, which consent shall not be withheld if resources for the processing, interpretation or analysis thereof are not available in Timor-Leste, if the data, information and records are promptly returned to Timor-Leste or Australia and accurate copies (or useable and representative samples) are retained in Timor-Leste or Australia.

13.5 Use of Data and Information

(a) The Designated Authority may make such use as it wishes of the data and information mentioned in this Article 13, and nothing in sub-Articles 13.6 or 13.7 prevents the Designated Authority using data and information for the purposes of general statistical and other general reporting (publicly or otherwise) on its activities.

(b) Except with the consent of the Designated Authority, the Contractor may only use the data and information mentioned in sub-Article 13.1 for its Petroleum Operations or for an application for an Authorisation or for reporting information to its Affiliates provided that the Authorised Person first procures that any such Affiliates agree to be bound by this paragraph 13.5(b).

13.6 Confidentiality of Data and Information

(a) Except as otherwise provided in this Agreement or with the consent of the Contractor, the Designated Authority shall not publicly disclose or, other than for the purpose of the administration of the Treaty or the Code, or as otherwise required by the Treaty or the Code or for the purpose of the resolution of disputes under this Agreement, make available to any person, any data or information mentioned in sub-Article 13.1 until the earlier of:

(i) five (5) years after the data or information was acquired by the Contractor; and

(ii) this Agreement ceasing to apply;

(b) Except with the consent of the Designated Authority, and in accordance with the conditions (if any) of the consent, the Contractor shall not disclose the data or information mentioned in sub-Article 13.1 other than:

(i) to its employees, agents, contractors and Affiliates to the extent necessary for the proper and efficient carrying on of Petroleum Operations;

(ii) as required by law;

(iii) for the purpose of the resolution of disputes under this Agreement; or

(iv) as required by a recognised stock exchange.

The Contractor shall procure that a person mentioned in sub-paragraph 13.6(b)(i) maintains the data and information disclosed to it confidential in the terms of this Article 13.

13.7 Trade Secrets

(a) Except with the consent of the Contractor, and notwithstanding sub-Article 13.6, the Designated Authority shall not publicly disclose or, other than for the purpose of the administration of the Treaty or the Code, or as otherwise required by the Treaty or the Code or for the purpose of the resolution of disputes under this Agreement, make available to any person, any data or information submitted to it by the Contractor which:

(i) is a trade secret of, or other data and information the disclosure of which would, or could reasonably be expected to, adversely affect, the Contractor in respect of its lawful business, commercial or financial affairs; and

(ii) was clearly marked as such when it was submitted to the Designated Authority.

(b) Without prejudice to sub-paragraph 13.7(a)(i):

(i) the Designated Authority may, at any time and from time to time, serve notice on a Contractor requiring it to show cause, within the time specified for the purpose in the notice, why information which it has marked pursuant to sub-paragraph 13.7(a)(ii) should still be considered a trade secret or other information as mentioned in that paragraph; and

(ii) if the Contractor does not show cause within that time, the data and information shall no longer be a trade secret or other such information for the purposes of this sub-Article 13.7.

Article 14 Management of Operations

14.1 Constitution of Committee

For the purpose of this Agreement there will be a committee consisting of [•] representatives of the Designated Authority, one of whom shall be the chairperson, and the same number of representatives of the Contractor, as nominated by the Designated Authority and the Contractor respectively. For each of its representatives, the Designated Authority and the Contractor may nominate an alternate to act in the absence of the representative.

14.2 Meetings

(a) The Committee will meet at least twice in each year in the Designated Authority's offices or such other place as the Designated Authority may advise upon the chairperson giving thirty (30) days notice thereof. There shall be at least one meeting of the Committee for each of the following purposes:

(i) examining the Work Programmes and Budgets for the following year which the Contractor is required to submit under Article 14; and

(ii) reviewing any proposed or agreed amendments to a Work Programme and Budget; reviewing the progress of Petroleum Operations under the current Work Programmes and Budgets; and discussing any other matter relating to Petroleum Operations.

(b) The Contractor or the Designated Authority may request a meeting of the Committee at any time by giving written notice to the chairperson. Such notice shall include a full description of the purpose of the meeting. The chairperson shall thereupon give notice and call such a meeting.

Article 15 Third Party Access

15.1 Third Party Access

(a) The Contractor shall provide for third party access to the structures, facilities, installations, equipment and other property within the Contract Area on reasonable terms and conditions.

(b) The Contractor shall use all reasonable efforts to negotiate a satisfactory agreement for third party access, and where mutual agreement can not be reached, the Designated Authority after consultation with the Joint Commission, shall set the terms for such third party access after taking into account internationally accepted principles, Good Oil Field Practice and operational requirements and standards.

Article 16 Audit

16.1 Independent Audit

The Designated Authority may require, at the Contractor's cost, an independent audit (starting, except in the case of manifest error or fraud, within twenty four (24) months after the end of the Calendar Year, and concluding within twelve (12) months of this start) of the Contractor's books and accounts relating to this Agreement for any Calendar Year. The Contractor shall forward a copy of the independent auditor's report to the Designated Authority within sixty (60) days following the completion of the audit. There shall be a period of at least twelve (12) months between independent audits except in the case of manifest error or fraud.

16.2 Designated Authority Audit

The Designated Authority may inspect and audit (by itself or as it directs), and at its own cost, the Contractor's books and accounts relating to this Agreement for any Calendar Year (starting within twenty four (24) months after the end of the Year, and concluding within twelve (12) months of this start).

16.3 Exceptions

(a) All audit exceptions shall be raised by the Designated Authority within six (6) months after receipt of the independent auditor's report by the Designated Authority or completion of the audit by the Designated Authority (or as it directed), as the case may be, failing which the Contractor's books and accounts shall be conclusively deemed correct except in the case of manifest error or fraud.

(b) The Contractor shall fully respond to an audit exception within sixty (60) days of its being raised, failing which the exception shall be deemed accepted.

(c) Adjustments required among the Parties as a consequence of an audit shall be made promptly.

16.4 Contractor to Assist

The Contractor shall fully and expeditiously assist and cooperate with audits.

16.5 Affiliates

The foregoing provisions of sub-Article 16.1 apply in respect of Affiliates of the Contractor. The Contractor shall use its best endeavours to procure that its Affiliates comply with them.

Article 17 Indemnity and Insurance

17.1 Indemnity

The Contractor shall at all times defend, keep effectually indemnified and hold harmless the Designated Authority and the members of the Joint Commission against all actions, suits, proceedings, costs charges, claims and demands whatsoever (including for economic loss) which may be made or brought against the Designated Authority and/or the members of the Joint Commission wheresoever by any third party in relation to or in connection with this Agreement or resulting, directly or indirectly, from Petroleum Operations under this Agreement or any other matter or thing done or purported to be done in pursuance of this Agreement or in the conduct of Petroleum Operations, notwithstanding that the Designated Authority and/or the members of the Joint Commission may have approved in any manner or form whatsoever thereof or that such may have been permitted or required by the terms of the Treaty, the Code (including any regulation made or direction given thereunder) or this Agreement, or that the Designated Authority and/or the members of the Joint Commission could have exercised, but did not exercise, any power, function, right or authority to prohibit the same. The Designated Authority and/or the members of the Joint Commission shall give

the Contractor prompt notice of any such claim and shall not settle it without the prior consent of the Contractor.

17.2 Insurance

(a) The Contractor shall:

(i) unless the Designated Authority is satisfied from time to time, after consultation with the Contractor, that the potential liability under sub-Article 17.1 can be covered by other means, including self-insurance, maintain insurance in respect thereof for such amount and on such terms as the Designated Authority requires from time to time; and

(ii) take out and maintain insurance in respect of such other matters as the Designated Authority requires (including in respect of pollution), for such amounts as the Designated Authority requires from time to time and otherwise as required by Good Oil Field Practice, unless the Designated Authority is satisfied from time to time, after consultation with the Contractor, that the potential liability can be covered by other means, including self-insurance.

(b) All such insurances shall name the Designated Authority and the members of the Joint Commission as co-insured, and shall waive all rights of subrogation against the Designated Authority and the members of the Joint Commission.

Article 18 Force Majeure

18.1 Force Majeure Relief

(a) Subject to the further provisions of this Article 18, a Party shall not be liable for any failure to perform an obligation under this Agreement to the extent such performance is prevented, hindered or delayed by events or circumstances which are beyond its reasonable control and the effects of which could not (including by reasonable anticipation) and cannot reasonably be avoided or overcome by it ("Force Majeure").

(b) Notwithstanding paragraph 18.1(a), the following shall not be Force Majeure:

(i) failure to pay money;

(ii) in the case of the Contractor, the law, or any action or inaction of the government, of a place other than Timor-Leste or Australia (or of a political subdivision thereof);

(iii) in the case of the Designated Authority, the law, or any action or inaction of the government, of Timor-Leste or Australia;

(iv) in the case of the Contractor, any failure to deliver and maintain a Security or to obtain and maintain insurance as required by this Agreement; and

(v) in the case of the Contractor, strikes, lockouts and other industrial disturbances of the Operator's (or of its agents' and sub-contractors')

employees and not part of a wider industrial dispute materially affecting other employers.

18.2 Procedure

A Party claiming Force Majeure shall:

(a) notify the other Party as soon as reasonably practicable of the event or circumstance concerned, and of the extent to which performance of its obligations is prevented, hindered or delayed thereby;

(b) keep the other Party fully informed as to the actions taken, or to be taken, by it to overcome the effects thereof, and, from time to time, provide it with such information and permit it such access, as it may reasonably require for the purpose of assessing such effects and the actions taken or to be taken; and

(c) resume performance of its obligations as soon as reasonably practicable after the event or circumstance no longer exists.

18.3 Consultation

The Parties shall consult with each other and take all reasonable steps to minimise the losses of either Party and to minimise any overall delay or prejudice to Petroleum Operations as a result of Force Majeure.

18.4 Third Parties

Where a Party enters into an agreement in relation to this Agreement with a third party, a failure by the third party to perform an obligation under that agreement shall be Force Majeure affecting that Party only if performance of that obligation was prevented, hindered or delayed by events or circumstances which (if the third party were party to this Agreement in the capacity of the Party concerned) would (in accordance with the provisions of this Article 18) be Force Majeure affecting it.

18.5 Extension of Time

If Force Majeure materially prevents, hinders or delays Petroleum Operations for more than one (1) month, the Parties shall discuss, in good faith, amendments regarding the term of, and the periods of time in which Petroleum Operations are to be carried out, under this Agreement.

Article 19 Restrictions on Assignment and Change in Control

19.1 Assignment

(a) Except with the consent in writing of the Designated Authority, and unless in accordance with the conditions of the consent, where the Contractor assigns or

otherwise deals with this Agreement, the Designated Authority may terminate this Agreement.

(b) Paragraph 19.1(a) includes any assignment, transfer, conveyance, novation, merger, encumbering or other dealing in any manner whatsoever or howsoever (whether legally, beneficially or otherwise, and whether conditionally or not) by a Contractor with:

(i) this Agreement, or all or any part of its rights, interests, benefits, obligations and liabilities under it;

(ii) Petroleum which has not then been, but might be, recovered in the Contract Area, or any proceeds of sale of such Petroleum; and

(iii) anything whereby this Agreement, that Petroleum or any of those rights, interests and benefits would, but for this sub-Article 19.1, be held for the benefit of, or be exercisable by or for the benefit of, any other person.

(c) Paragraph 19.1(a) does not apply to an agreement for the sale or exchange of Crude Oil where the sale or exchange occurs after title thereto has passed to the Contractor.

(d) If, notwithstanding paragraphs 19.1(a) and (b), any assignment or other dealing is effective by the laws of Timor-Leste, Australia or any other place without that consent, the Designated Authority may terminate this Agreement.

(e) The Designated Authority may not consent to a dealing which would result in a person other than a limited liability corporation, or an entity with limited liability, specifically established for the sole purposes of this Agreement, becoming a Contractor, and any consent otherwise is of no force or effect.

(f) For the purposes of the foregoing, encumbrance includes any mortgage, charge, pledge, hypothecation, lien, assignment by way of security, title retention, option, right to acquire, right of pre-emption, right of set off, counterclaim, trust arrangement, overriding royalty, net profits interest, or any other security, preferential right, equity or restriction, any agreement to give or to create any of the foregoing and any transaction which, in legal terms, is not a secured borrowing but which has an economic or financial effect similar to that of a secured borrowing.

19.2 Change in Control

(a) Except with the consent of the Designated Authority, if:

(i) there is a Change in Control of the Contractor (or, if more than one person, any such person);

(ii) within thirty (30) days after the Contractor has advised the Designated Authority in reasonable detail of the Change in Control, the Designated Authority serves notice on the Contractor that it will terminate this Agreement unless such a further Change in Control of the Contractor as is specified in the notice takes place within the period specified in the notice; and

(iii) that further Change in Control does not take place within that period,

the Designated Authority may terminate this Agreement.

(b) Paragraph 19.2((a) does not apply if the Change in Control is the direct result of an acquisition of shares or other securities listed on a recognised stock exchange.

(c) For the purposes of paragraph 19.2(a), "Change in Control" includes a person ceasing to be in Control (whether or not another person becomes in Control), and a person obtaining Control (whether or not another person was in Control).

Article 20 Other Provisions

20.1 Notices

(a) Any notices required to be given by any Party to another Party shall be served in accordance with the Code.

(b) All notices to be served on the Contractor shall be addressed to its office in Timor - Leste.

20.2 Applicable Law

This Agreement shall be governed by and construed in accordance with the laws of England.

20.3 Third Party Rights

Unless specifically provided in this Agreement, the Parties do not intend that any term of this Agreement be enforceable solely by virtue of the Contracts (Rights of Third Parties) Act 1999 (UK) by any person who is not a Party to this Agreement.

20.4 Amendments/Modification

This Agreement shall not be amended or modified in any respect, unless the Parties agree in writing.

20.5 Entire Agreement

This Agreement in conjunction with the provisions of the Treaty and the Code sets out the entire agreement and understanding of the Parties in connection with the subject matter of this Agreement and supersedes any other prior agreements, understanding or arrangements whether written or otherwise relating thereto.

IN WITNESS WHEREOF, the Parties have executed this Agreement.

The Designated Authority

BY: _____

-

BY: _____

-

BY: _____

[CONTRACTOR]

Annex A Contract Area Description

Annex B Map of The Contract Area

Annex C Accounting Procedure

Clause 1 General Provisions

1.1 Purpose and Definitions

(a) The purpose of this Annex C is to further define the manner in which the costs and expenses of Petroleum Operations will be recorded, Recoverable Costs will be determined, and the Contractor's books and accounts will be prepared and maintained, and ancillary matters.

(b) A reference to a Clause or paragraph is to a clause or paragraph of this Annex C unless the contrary is stated.

(c) A reference to an Article is to an article of the Agreement to which this Annex C is attached.

1.2 Accounting Records

(a) The Contractor shall maintain complete accounts, books and records, on an accruals basis, of all costs, expenses and revenues of, or relating to, Petroleum Operations, and the sale or other disposition of Petroleum, on an accurate basis and in accordance with generally accepted accounting procedures and standards of the international petroleum industry and in accordance with the charts of accounts mentioned in paragraph 1.2(b).

(b) Within sixty (60) days after the Effective Date, the Contractor shall submit to the Designated Authority, for its approval, an outline of charts of accounts, books, records and reports to be used for the purposes of paragraph 1.2(a) and for reporting to the Designated Authority thereon.

1.3 Language and Units of Account

(a) Metric units and barrels shall be employed for measurements and quantities under this Agreement.

(b) The Accounting Records, and all reports to the Designated Authority, will be in English.

(c) The Accounting Records, and all reports to the Designated Authority, will be in United States Dollars. Costs and revenues in another currency will be translated at the exchange rate set on the day the cost is incurred or the revenue realised at a time and by a financial institution designated by the Contractor and approved by the Designated Authority.

(d) Exchange gains or losses will be credited or charged to the Accounting Records.

Clause 2 Classification and Allocation

2.1 Exploration Costs

Exploration Costs are those costs, whether of a capital or operating nature, which directly relate to Exploration and are incurred in respect of activities carried out substantially in accordance with an approved Exploration Work Programme and Budget, but without prejudice to sub-Article 4.7 of this Agreement, including costs of:

(a) drilling wells (and related abandonment and site remediation thereof);

(b) surveys, including labour, materials and services (including desk studies and analysis of survey data) used in aerial, geological, geochemical, geophysical and seismic surveys, and core hole drilling;

(c) auxiliary or temporary facilities;

(d) workshops, power and water facilities, warehouses, site offices, access and communication facilities;

(e) floating craft, automotive equipment, furniture and office equipment; and

(f) if approved by the Designated Authority, employee and welfare housing, recreational, educational, health and meals facilities, and other similar costs necessary for Exploration.

2.2 Appraisal Costs

Appraisal Costs are those Exploration Costs that directly relate to Appraisal.

2.3 Capital Costs

Capital Costs are:

(a) in respect of a Development Area, and before the start of Commercial Production from it, those costs, whether of a capital or operating nature, which directly relate to the Development of it; and

(b) in respect of a Development Area, and after the start of Commercial Production from it, those costs of a capital nature which directly relate to the Development of it, or to the production of Petroleum from it,

and are incurred in respect of activities carried out substantially in accordance with an approved Development Work Programme and Budget, but without prejudice to sub-Article 4.7 of this Agreement, including costs of:

(a) workshops, power and water facilities, warehouses, site offices, access and communication facilities;

(b) production facilities including offshore platforms (including the costs of labour, fuel hauling and supplies for both the offsite fabrication and onsite installation of platforms, and other construction costs in erecting platforms), wellhead production

tubing, sucker rods, surface pumps, flow lines, gathering equipment, storage facilities, all other equipment, facilities and modules on platforms, treating plants and equipment, and secondary recovery systems;

(c) pipelines and other facilities for transporting Petroleum produced in the Contract Area to the Field Export Point;

(d) movable assets and subsurface drilling and production tools, equipment and instruments, and miscellaneous equipment;

(e) floating craft, automotive equipment, furniture and office equipment; and

(f) if approved by the Designated Authority, employee and welfare housing, recreational, educational, health and meals facilities, and other similar costs necessary for the Development.

2.4 Operating Costs

Operating Costs are, in respect of a Development Area and after the start of Commercial Production from it, those costs of an operating nature which directly relate to the Development thereof, or to the production of Petroleum therefrom, and are incurred in respect of activities carried out substantially in accordance with an approved Development and Production Work Programme and Budget, but without prejudice to sub-Article 4.7 of this Agreement.

2.5 Decommissioning Costs Reserve

Decommissioning Costs Reserve is the amount determined in accordance with paragraph 4.14(d).

2.6 Uplift

Uplift is the amount which, when compounded Quarterly, is equal to the average for the business days of the Quarter of the annual yield on long-term United States Treasury Bonds (thirty-year (30) bonds) plus an annual margin of eleven (11) percentage points.

2.7 Miscellaneous Receipts

Miscellaneous Receipts are:

(a) all monies received by the Contractor, other than for the sale or other disposal of Petroleum from a Development Area, which are directly related to the conduct of Petroleum Operations, including:

(i) amounts received from the sale or other disposal of Petroleum from production testing activities undertaken in Exploration and Appraisal wells;

(ii) amounts received for the disposal, loss, or destruction of property, the cost of which is a Recoverable Cost;

(iii) amounts received by the Contractor under an insurance policy, the premiums of which are Recoverable Costs, in respect of damage to or loss of property;

(iv) amounts received as insurance (the premiums of which are Recoverable Costs), compensation or indemnity in respect of Petroleum lost or destroyed prior to the Field Export Point;

(v) amounts received from the hiring or leasing of property, the cost of which is a Recoverable Cost;

(vi) amounts received from supplying information obtained from Petroleum Operations;

(vii) amounts received as charges for the use of employee amenities, the costs of which are Recoverable Costs; and

(viii) amounts received in respect of expenditures which are Recoverable Costs, by way of indemnity or compensation for the incurring of the expenditure, refund of the expenditure, or rebate, discount or commission in respect of the expenditure; and

(b) the value of property as determined by the Designated Authority, the cost of which is a Recoverable Cost, when that property ceases to be used in Petroleum Operations.

2.8 Ineligible Costs

Ineligible Costs are:

(a) interest (or any payment in the nature of, in lieu of, or having the commercial effect of, interest) or other cost under, or in respect of, a Loan Facility;

(b) Foreign exchange and currency hedging costs;

(c) costs relating to formation of corporations or of any partnerships or joint venture arrangements, other than in respect of a unitisation as required by the Code;

(d) payments of dividends or the cost of issuing shares;

(e) repayments of equity or loan capital;

(f) payments of private override royalties, net profits interests and the like;

(g) all expenditure (including professional fees, publicity and out-of-pocket expenses) incurred in connection with the negotiation, signature or ratification of this Agreement and payments associated with the acquisition of an interest under this Agreement;

(h) payments of taxes under the taxation law of either Timor-Leste or Australia made in accordance with Article 5 of the Treaty and Annex G of the Treaty, and all other taxes on income, profit or gain wherever arising;

(i) payments of administrative accounting costs, and other costs indirectly associated with Petroleum Operations;

(j) except with the consent of the Designated Authority, costs incurred in respect of Petroleum after it has passed the Field Export Point;

(k) costs incurred as a result of non-compliance by the Contractor with the law or this Agreement, including costs incurred as a result of any negligent act or omission, or willful misconduct, of the Contractor, its agents and sub-contractors, including any amount paid in settlement of any claim alleging negligence or willful misconduct whether or not negligence or misconduct is admitted or whether such sum is stated to be paid on an ex-gratia or similar basis;

(l) payment of compensation or damages under this Agreement;

(m) costs relating to the settlement of disputes, which are not approved in advance by the Designated Authority, including all costs and expenses of arbitration or litigation proceedings under this Agreement;

(n) Decommissioning costs actually incurred which have been taken into account for the purposes of determining the Decommissioning Costs Reserve;

(o) payments, if any, under Article 9 of this Agreement;

(p) audit fees and accounting fees (excluding fees and expenses incurred for the conduct of audit and accounting services required by this Agreement) incurred pursuant to the auditing and accounting requirements of any law and all costs and expenses incurred in connection with intragroup corporate reporting requirements (whether or not required by law);

(q) except with the consent of the Designated Authority and in accordance with the conditions of the consent, any expenditure in respect of the hiring or leasing of structures, facilities, installations; equipment or other property, or of other works;

(r) except with the consent of the Designated Authority, costs, including donations, relating to public relations or enhancement of the Contractor's corporate image and interests;

(s) costs associated with local offices and local administration, including staff benefits, which are excessive;

(t) costs which are not adequately supported and documented;

(u) except with the consent of the Designated Authority, but subject to sub-Article 4.7 of this Agreement, costs not included in a Budget for the relevant Year; and

(v) costs not falling within any of the above items which are stated elsewhere in this Agreement not to be recoverable (including in paragraph 2.1(d) of Article 2), or costs incurred without the consent or approval of the Designated Authority (where such is required).

2.9 Other Matters

(a) The methods mentioned in this 2.9 will be used to calculate Recoverable Costs.

(b) Depreciation is not a Recoverable Cost.

(c) The method for the allocation of general and administration costs, other than direct charges, allocable to Petroleum Operations proposed by the Contractor shall be

subject to approval by the Designated Authority, and shall be applied each Calendar Year consistently.

(d) Inventory levels shall be in accordance with Good Oil Field Practice. The value of inventory items not used in Petroleum Operations, or sold, the cost of which has been recovered as an Operating Cost, shall be treated as Miscellaneous Receipts. The cost of an item purchased for inventory shall be a Recoverable Cost.

(e) Where the cost of anything, or a receipt (or value) in respect of anything, relates only partially to the carrying out of Petroleum Operations, only that portion of the cost or the receipt (or value) which relates to the carrying out of Petroleum Operations will be a Recoverable Cost or assessed as a Miscellaneous Receipt. Where any cost or related receipt (or value) relates to more than one of Exploration, Appraisal, Capital and Operating Costs, or to more than one Development Area, the cost or related receipt (or value) will be apportioned in an equitable manner.

Clause 3 Costs, Expenses and Credits

Subject as otherwise provided in this Agreement, the following costs, charges and credits shall be included in the determination of Recoverable Costs:

3.1 Surface Rights

All direct costs necessary for the acquisition, renewal or relinquishment of surface rights acquired and maintained in force for the purposes of the Agreement.

3.2 Labour and Associated Labour Costs

(a) The Contractor's locally recruited employees based in Timor-Leste or Australia: Costs of all locally recruited employees who are directly engaged in the conduct of Petroleum Operations in the JPDA, Timor-Leste or Australia. Such costs shall include the costs of employee benefits and state benefits for employees and levies imposed on the Contractor as an employer, transportation and relocation costs within Timor-Leste and Australia of the employee and such members of the employee's family (limited to spouse and dependent children) as required by law or customary practice therein. If such employees are also engaged in other activities, the cost of such employees shall be apportioned on a time sheet basis according to sound and acceptable accounting principles.

(b) Assigned Personnel: Costs of salaries and wages including bonuses of the Contractor's employees directly and necessarily engaged in the conduct of the Petroleum Operations, whether temporarily or permanently assigned, irrespective of the location of such employees, it being understood that in the case of those personnel only a portion of whose time is wholly dedicated to Petroleum Operations under the Agreement, only that pro-rata portion of applicable salaries, wages, and other costs as delineated in paragraphs 3.2(c), 3.2(d), 3.2(e), 3.2(f) and 3.2(g) shall be charged and the basis of such pro-rata allocation shall be specified.

(c) The Contractor's costs regarding holiday, vacation, sickness and disability benefits and living and housing and other customary allowances applicable to the salaries and wages chargeable under paragraph 3.2(b).

(d) Expenses or contributions made pursuant to assessments or obligations imposed under the laws of Timor-Leste or Australia which are applicable to the Contractor's cost of salaries and wages chargeable under paragraph 3.2(b).

(e) The Contractor's cost of established plans for employees' group life insurance, hospitalisation, pension, stock purchases, savings, bonus and other benefit plans of a like nature customarily granted to the Contractor's employees, provided however that such costs are in accordance with generally accepted standards in the international petroleum industry, applicable to salaries and wages chargeable to Petroleum Operations under paragraph 3.2(b).

(f) Reasonable transportation and travel expenses of employees of the Contractor, including those made for travel and relocation of the expatriate employees, including their families and personal effects, assigned to Timor-Leste or Australia whose salaries and wages are chargeable to Petroleum Operations under paragraph 3.2(b).

Actual transportation expenses of expatriate personnel transferred to Petroleum Operations from their country of origin shall be charged to the Petroleum Operations. Transportation expenses of personnel transferred from Petroleum Operations to a country other than the country of their origin shall not be charged to the Petroleum Operations. Transportation cost as used in this section shall mean the cost of freight and passenger service, meals, hotels, insurance and other expenditures related to vacation and transfer travel and authorised under the Contractor's standard personnel policies. The Contractor shall ensure that all expenditures related to transportation costs are equitably allocated to the activities which have benefited from the personnel concerned.

(g) Reasonable personal expenses of personnel whose salaries and wages are chargeable to Petroleum Operations under paragraph 3.2(b) and for which expenses such personnel reimbursed under the Contractor's standard personnel policies. In the event such expenses are not wholly attributable to Petroleum Operations, the Petroleum Operations shall be charged with only the applicable portion thereof, which shall be determined on an equitable basis.

3.3 Transportation and Employee Relocation Costs

The cost of transportation of employees, equipment, materials and supplies other than as provided in 3.2 necessary for the conduct of the Petroleum Operations along with other related costs, including import duties, customs fees, unloading charges, dock fees, and inland and ocean freight charges.

3.4 Charges for Services

For purposes of this Clause 3.4, Affiliates which are not wholly owned by the Contractor or the Contractor's ultimate holding company shall be considered third parties.

(a) Third Parties

The actual costs of contract services, services of professional consultants, utilities, and other services necessary for the conduct of the Petroleum Operations performed by third parties other than an Affiliate of the Contractor.

(b) Affiliates of the Contractor

(i) Professional and Administrative Services Expenses: cost of professional and administrative services provided by any Affiliates of the Contractor for the direct benefit of Petroleum Operations, including services provided by the production, exploration, legal, financial, insurance, accounting and computer services divisions other than those covered by sub-paragraph 3.4(b)(ii) or Clause 3.6 or paragraph 3.8(b) which the Contractor may use in lieu of having its own employees. Charges shall reflect the cost of providing their services and shall not include any element of profit and shall be no less favourable than similar charges for other operations carried on by the Contractor and its Affiliates. The chargeout rate shall include all costs incidental to the employment of such personnel. Where the work is performed outside the home office base of such personnel, the daily rate shall be charged from the date such personnel leave the home office base where they usually work up to their return thereto, including days which are not working days in the location where the work is performed, excluding any holiday entitlements derived by such personnel from their employment at their home office base.

(ii) Scientific or Technical Personnel: cost of scientific or technical personnel services provided by any Affiliate of the Contractor for the direct benefit of Petroleum Operations, which cost shall be charged on a cost of service basis and shall not include any element of profit. Unless the work to be done by such personnel is covered by an approved Programme and Budget, the Contractor shall not authorise work by such personnel.

(iii) Equipment and facilities: use of equipment and facilities owned and furnished by the Contractor's Affiliates, at rates commensurate with the cost of ownership and operation; provided, however, that such rates shall not exceed those currently prevailing for the supply of like equipment and facilities on comparable terms in the area where the Petroleum Operations are being conducted. The equipment and facilities referred to herein shall exclude major investment items such as (but not limited to) drilling rigs, producing platforms, oil treating facilities, oil and gas loading and transportation systems, storage and terminal facilities and other major facilities, rates for which shall be subject to separate agreement with the Designated Authority.

3.5 Communications

Costs of acquiring, leasing, installing, operating, repairing and maintaining communication systems including radio and microwave facilities between the Contract Area and the Contractor's base facility.

3.6 Office , Storage and Miscellaneous Facilities

Net cost to the Contractor of establishing, maintaining and operating any office, sub-office, warehouse, data storage, housing or other facility in Timor-Leste directly serving the Petroleum Operations.

3.7 Ecological and Environment

(a) Costs incurred in the Contract Area as a result of legislation for archaeological and geophysical surveys relating to identification and protection of cultural sites or resources.

(b) Costs incurred in environmental or ecological surveys required by this Agreement or regulatory authorities.

(c) Costs to provide or have available pollution containment and removal equipment.

(d) Costs of actual control and cleanup of oil spills, and of such further responsibilities resulting therefrom as may be required by applicable laws and regulations.

(e) Costs of restoration of the operating environment.

3.8 Material Costs

Costs of materials and supplies, equipment, machines, tools and any other goods of a similar nature used or consumed in Petroleum Operations subject to the following.

(a) Acquisition – the Contractor shall only supply or purchase materials for use in Petroleum Operations that may be used in the foreseeable future. The accumulation of surplus stocks and inventory shall be avoided so far as is reasonably practical and consistent with efficient and economical operations. Inventory levels shall, however, take into account the time lag for replacement, emergency needs, weather conditions affecting operations and similar considerations.

(b) Components of costs, arm's length transactions – except as otherwise provided in paragraph 3.8(d), material purchased by the Contractor in arm's length transactions in the open market for use in the Petroleum Operations shall be valued to include invoice price less trade and cash discounts, purchase and procurement fees plus freight and forwarding charges between point of supply and point of shipment, freight to port of destination, insurance, taxes, customs duties, consular fees, excise taxes, other items chargeable against imported materials and, where applicable, handling and transportation expenses from point of importation to warehouse or operating site. Where an Affiliate of the Contractor has arranged the purchase, coordinated the forwarding and expediting effort, a fee equal to four (4) per cent of the value of the materials may be added to the cost of the materials purchased.

(c) Accounting – such material costs shall be charged to the Accounting Records and books in accordance with the "First in, First out" (FIFO) method.

(d) Material purchased from or sold to Affiliates of the Contractor or transferred from other activities of the Contractor to or from Petroleum Operations shall be valued and charged or credited at the prices specified in sub-paragraphs 3.8(d)(i), 3.8(d)(ii) and 3.8(d)(iii).

(i) New material, including used new material moved from inventory (Condition "A"), shall be valued at the current international net price which shall not exceed the price prevailing in normal arm's length transactions in the open market.

(ii) Used material (Conditions "B", "C" and "D"):

(aa) Material which is in sound and serviceable condition and is suitable for re-use without reconditioning shall be classified as Condition "B" and priced at seventy-five per cent (75%) of the current price of new material defined in sub-paragraph 3.8(d)(i).

(bb) Materials which cannot be classified as Condition “B” but which are reconditioning will be further serviceable for its original function shall be classified as Condition "C" and priced at not more than fifty per cent (50%) of the current price of new material as defined in sub-paragraph 3.8(d)(i). The cost of reconditioning shall be charged to the reconditioned material provided that the value of Condition "C" material plus the cost of reconditioning does not exceed the value of Condition "B" material.

(cc) Material which cannot be classified as Condition "B" or Condition "C" shall be classified as Condition "D" and priced at a value commensurate with its use by the Contractor. If material is not fit for use by the Contractor it shall be disposed of as junk.

(iii) Material involving erection costs shall be charged at the applicable condition percentage of the current knocked-down price of new material as defined in sub-paragraph 3.8(d)(i).

(iv) When the use of material is temporary and its service to the Petroleum Operations does not justify the reduction in price as provided for in sub-paragraph 3.8(d)(ii)(bb), such material shall be priced on a basis that will result in a net charge to the accounts under this Agreement consistent with the value of the service rendered.

(v) Premium prices – whenever material is not readily obtainable at published or listed prices because of national emergencies, strikes or other unusual causes over which the Contractor has no control, the Contractor may charge Petroleum Operations for the required material at the Contractor's actual cost incurred in providing such material, in making it suitable for use, and in moving it to the Contract Area; provided notice in writing is furnished to the Designated Authority of the proposed charge prior to charging Petroleum Operations for such material and the Designated Authority shall have the right to challenge the transaction on audit.

(vi) Warranty of material furnished by the Contractor – the Contractor does not warrant the material furnished. In case of defective material, credit shall not be passed to Petroleum Operations until adjustment has been received by the Contractor from the manufacturers of the material or their agents.

3.9 Rentals, Duties and Other Assessments

All rentals, levies, charges, fees, contributions and other charges of every kind and nature levied by any Timor-Leste or Australian governmental authority in connection with the Petroleum Operations and paid directly by the Contractor (save where the contrary is expressly provided in this Agreement).

3.10 Insurance and Losses

Insurance premiums and costs incurred for insurance provided that such insurance is customary, affords prudent protection against risk and is at a premium no higher than that charged on a competitive basis by insurance companies which are not Affiliates of the Contractor. Except in cases of failure to insure where insurance coverage is required pursuant to this Agreement, actual costs and losses incurred shall be allowable to the extent not made good by insurance. Such costs may include repair and replacement of property resulting from damages or losses incurred by fire, flood, storm, theft, accident or other cause.

3.11 Legal Expenses

All reasonable costs and expenses resulting from the handling, investigating, asserting, defending, or settling of any claim or legal action necessary or expedient for the procuring, perfecting, retention and protection of the Contract Area, and in defending or prosecuting lawsuits involving the Contract Area or any third party claim arising out of the Petroleum Operations, or sums paid in respect of legal services necessary for the protection of the joint interest of the Designated Authority and the Contractor shall be allowable. Such expenditures shall include, attorney's fees, court costs, costs of investigation, and procurement of evidence and amounts paid in settlement or satisfaction of any such litigation and claims. Where legal services are rendered in such matters by salaried or regularly retained lawyers of the Contractor or an Affiliate of the Contractor, such compensation shall be included instead under Clause 3.4(b) as applicable.

3.12 Claims

Expenditures made in the settlement or satisfaction of any loss, claim, damage, judgement or other expense arising out of or relating to Petroleum Operations.

3.13 Training Costs

All costs and expenses incurred by the Contractor in the training of its employees engaged in Petroleum Operations, and such other training as is required by this Agreement.

3.14 General and Administrative Costs

The costs described in Clause 2.9(c).

3.15 Other Expenditures

Other reasonable expenditures not covered or dealt with in the foregoing provisions of this Clause 3 which are necessarily incurred by the Contractor for the proper, economical and efficient conduct of Petroleum Operations.

3.16 Duplication

There shall be no duplication of charges and credits.

Clause 4 Inventories

Inventories of property in use in Petroleum Operations shall be taken at reasonable intervals but at least once a year with respect to movable assets and once every three (3) years with respect to immovable assets. The Contractor shall give the Designated Authority at least thirty (30) days written notice of its intention to take such inventory and the Designated Authority shall have the right to be represented when such inventory is taken. The Contractor shall clearly state the principles upon which valuation of the inventory has been based. The Contractor shall make every effort to provide to the Designated Authority a full report on such inventory within thirty (30) days of the taking of the inventory. When an assignment of rights under this Agreement takes place, the Contractor may, at the request of the assignee, take a special inventory provided that the costs of such inventory are borne by the assignee.

Clause 5 Production Statement

5.1 Production Information

From the start of production from the Contract Area, the Contractor shall submit a monthly Production Statement to the Designated Authority showing the following information separately for each producing Development Area and in aggregate for the Contract Area:

(a) the quantity of Crude Oil produced and saved;

(b) the quality characteristics of such Crude Oil produced and saved;

(c) the quantity of Natural Gas produced and saved;

(d) the quality characteristics of such Natural Gas produced and saved;

(e) the quantities of Crude Oil and Natural Gas used for the purposes of carrying on drilling and production operations and pumping to field storage;

(f) the quantities of Crude Oil and Natural Gas unavoidably lost;

(g) the quantities of Natural Gas flared and vented;

(h) the size of Petroleum stocks held at the beginning of the month in question;

(i) the size of Petroleum stocks held at the end of the month in question;

(j) the quantities of Natural Gas re-injected into the Reservoirs; and

(k) in respect of the Contract Area as a whole, the quantities of Petroleum transferred at the Field Export Point.

All quantities shown in this statement shall be expressed in both volumetric terms (barrels of Crude Oil and cubic meters of Natural Gas) and in weight (metric tonnes).

5.2 Submission of Production Statement

The Production Statement for each month shall be submitted to the Designated Authority no later than ten (10) days after the end of such month.

Clause 6 Value of Production and Pricing Statement

6.1 Value of Production and Pricing Statement Information

The Contractor shall, for the purposes of Article 7 of the Agreement, prepare a Value of Production and Pricing Statement providing calculations of the value of Crude Oil and Natural Gas produced and saved during each Quarter. This Value of Production and Pricing Statement shall contain the following information:

(a) the quantities and the price payable therefor by the Contractor in respect of sales of Natural Gas and Crude Oil delivered to third parties during the Quarter in question; and

(b) the quantities and price payable in respect of sales of Natural Gas and Crude Oil delivered during the Quarter in question, other than to third parties.

6.2 Submission of Value of Production and Pricing Statement

The Value of Production and Pricing Statement for each Quarter shall be submitted to the Designated Authority not later than twenty one (21) days after the end of such Quarter.

Clause 7 Cost Recovery Statement

7.1 Quarterly Statement

The Contractor shall prepare with respect to each Quarter a Cost Recovery Statement containing the following information:

(a) Recoverable Costs carried forward from the previous Quarter;

(b) Recoverable Costs for the Quarter in question;

(c) Credits under the Agreement for the Quarter in question;

(d) Total Recoverable Costs for the Quarter in question (paragraphs 7.1(a) plus 7.1(b) less 7.1(c);

(e) quantity and value of the Contractor's share of Petroleum under Article 7 of the Agreement in the Quarter in question; and

(f) amount of Recoverable Costs to be carried forward into the next Quarter (paragraph 7.1(d) less paragraph 7.1(e).

7.2 Preparation and Submission of Cost Recovery Statements

Quarterly Cost Recovery Statements shall be submitted within fifteen (15) working days after the end of the Quarter in question.

7.3 Annual Statement

An Annual Cost Recovery Statement shall be submitted within ninety (90) days after the end of each Year. The Annual Statement shall contain the categories of information listed in Clause 7.1 for the Year in question, separated into the Quarters of the Year in question, and showing the cumulative positions at the end of the Year in question.

Clause 8 Statements of Expenditure and Receipt

8.1 Quarterly Statement

The Contractor shall prepare with respect to each Quarter a Statement of Expenditure and Receipts. The Statement will distinguish between Exploration, Appraisal, Capital and Operating Costs and will identify major items within these categories. The Statement will show the following:

(a) actual expenditures and receipts for the Quarter in question;

(b) cumulative expenditure and receipts for the Year in question;

(c) latest forecast cumulative expenditures at the Year end;

(d) variations between budget forecast and latest forecast and explanations thereof.

The Statement of Expenditure and Receipts of each Quarter shall be submitted to the Designated Authority no later than fifteen (15) days after the end of such Quarter.

8.2 Annual Statement

The Contractor shall prepare a Final End-of-Year Statement. The Statement will contain information as provided in the Production Statement, Value of Production and Pricing Statement, Cost Recovery Statement and Statement of Expenditure and Receipts, but will be based on actual quantities of Petroleum produced and costs incurred. This Statement will be used to make any adjustments that are necessary to the payments made by the Contractor under this Agreement. The Final End-of-Year Statement of each Calendar Year shall be submitted to the Designated Authority within ninety (90) days of the end of such Calendar Year.