**FEDERATIVE REPUBLIC OF BRAZIL**

**MINISTRY OF MINES AND ENERGY**



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

**No. \_\_\_\_\_\_**

**SIGNED BETWEEN**

**THE FEDERAL GOVERNMENT**

**and**

**BRAZIL**

**YEAR**

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PRODUCTION SHARING CONTRACT FOR EXPLORATION AND PRODUCTION OF OIL AND NATURAL GAS

Agreed and signed between:

As Contractor,

The **FEDERAL GOVERNMENT**, in the exercise of the powers conferred upon it by Article 177, § 1 (2) of the Federal Constitution, through the **MINISTRY OF MINES AND ENERGY - MME** , in accordance with Law no. 12,351, of December 22, 2010, enrolled in the National Corporate Taxpayer Registry (CNPJ/MF) under no. 37.115.383/0001-53, with its headquarters at Esplanada dos Ministerios, Bloco "U", CEP 70065-900, Brasilia, Distrito Federal, represented by the Minister of State for Mines and Energy (name);

As Regulatory and Supervisor,

THE **NATIONAL AGENCY OF PETROLEUM, NATURAL GAS AND BIOFUEL - ANP**, special organization created by Law no. 9,478, August 06, 1997, part of the Federal Indirect administration linked to the Ministry of Mines and Energy, with headquarters at SGAN Quadra 603, Módulo I, 3º andar, Brasília, DF and Central Office at Avenida Rio Branco, nº 65, Rio de Janeiro, hereby represented by its General Director, (name)

As Manager,

Empresa Brasileira de Administração de Petróleo e Gás Natural S.A. - **PRÉ-SAL PETRÓLEO S.A. (PPSA)**, a company incorporated under the laws of Brazil, with headquarters and venue in Brasilia and central office at xxxx, xx, xxx, Rio de janeiro, RJ, CEP xxxx, entered in the National Corporate Taxpayer Registry (CNPJ/MF) u nder no. xxxx, as Manager of this Contract in accordance with Law no. 12,304, of August 2, 2010, hereby represented by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and

and as Contracted Party,

**PETRÓLEO BRASILEIRO S.A. - PETROBRAS**, a company incorporated under the laws of Brazil, with headquarters at Av. República do Chile, 65, Centro, Rio de Janeiro, RJ, CEP 20031-912, entered in the National Corporate Taxpayer Registry (CNPJ/MF) under no. 33.000.167/0001-01, hereby represented by (name), Director of Exploration and Production;

and

\_\_\_\_\_\_, a company incorporated under the laws of Brazil, with headquarters at \_\_\_\_\_\_ entered in the National Corporate Taxpayer Registry (CNPJ/MF) under no. \_\_\_\_\_\_, hereby represented by \_\_\_\_\_\_, \_\_\_\_\_\_;



**WHEREAS**

that, in accordance with articles 20, Sections V and IX of the Federal Constitution of the Federative Republic of Brazil (Federal Constitution) and article 3 of Law no. 9,478/1997, the Deposits of Oil, Natural Gas existing in the national territory, on the continental shelf and in the exclusive economic zone belong to the Central Federal Government;

That, in accordance with article 177, paragraph I of the Federal Constitution and article 4 of Law no. 9,478 /1997, the Mining and Exploration work of the Petroleum and Natural Gas Reserves existing in the national territory, on the continental shelf and in the exclusive economic zone are monopoly of the Central Federal Government;

That, in accordance with the first paragraph of article 177 of the Federal Constitution, the Central Federal Government may allow state or private companies, incorporated under Brazilian laws, with headquarters and administration in Brazil, to carry out Exploration and Production of Oil and Natural Gas activities;

That, in accordance with Article 3 of Law no. 12,351/2010, the Exploration and Production of Oil and Natural Gas and in the Pre-Salt or Strategic Areas will be hired by the Federal Government under the Regime of Production Sharing;

That, in accordance with Article 11 of Law no. 12,351/12,351 and art. 8 of Law no. 9,478/1997, it is incumbent upon ANP the regulation and supervision of the activities carried out under the regime of Production Sharing;

That, in accordance with article 21 of Law no. 9,478 /1997, all rights of Exploration and Production of Oil, Natural Gas in the national territory, on the continental shelf and in the exclusive economic zone, belong to the Central Federal Government, while its administration is made by ANP, subject to the powers of other organizations and entities expressly established by law;

That, in accordance with Article 8 of Law no. 12,351/2010, it is incumbent upon the Ministry of Mines and Energy - MME, representing the Federal Government, sign with the Contracted Party Production Sharing Contracts as the provisions laid down in this Law;

That, in accordance with articles 8 and 45 of Law no. 12,351/2010 and Article 2 of Law no. 12,304/2010, it is incumbent upon the Managing Party, representing the interests of the Federal Government, the management of the Production Sharing Contracts signed by the MME and the management of contracts for marketing of Petroleum and Natural Gas intended for the Federal Government;

That, in accordance with paragraph II of Article 42 of Law no. 12,351/2010, the Contracted Party paid the signature bonus in the amount of the provisions laid down in Annex V – Government Revenue.

This Production Sharing Contract for Exploration and Production of Oil and Natural Gas to the Area identified in Annex I - Area of the Contract, in accordance with the following terms and conditions is signed between the Federal Government, through the MME, and the Contracted Party.

1. Basic provisions
   1. First Clause - Definitions

Legal Definitions

* + 1. The definitions contained in article 6 of Law no. 9,478/1997 and in article 2 of Law no. 12,351/2010 and in Article 3 of Decree no. 2,705/1998, are hereby incorporated into this Contract and, in consequence, valid for all its purposes and effects whenever they are used here, either in singular or plural, male or female.
    2. For the purpose of management, regulation and supervision of this contract, it is valid, for alternative use, the E&P catalog published by ANP on its website in the Internet.

Contractual Definitions

* + 1. Also for the purposes of this Contract, the definitions contained in this paragraph will be additionally valid, whenever the following words and expressions are used here , in singular or plural, male or female:
       1. **Production Provision Agreement**: agreement between the Consortium Members to regulate and provide the volumes of Oil and Natural Gas produced to originating owners.
       2. **Production Individualization Agreement**: agreement signed between the rights holders of Exploration and Production, after the Declaration of Commerciality, for the unified Development and Production of Deposits that extend beyond the Contract Area, containing the individualized Development Plan and established according to the procedures laid down in articles 33 to 41 of Law no. 12,351/2010 and the Applicable Legislation.
       3. **Affiliate**: any controlled or controlling company, in accordance with article 1,098 to 1,100 of the Brazilian Civil Code, as well as the companies directly or indirectly controlled by the same company.
       4. **Contract Area**: Block whose superficial projection is bounded by the polygon defined in Annex I -Contract Area of this Contract or the plots of the Block remaining under this Contract after the partial returns contained therein are made.
       5. **Development Area**: any portion of the Contract Area retained for the Development Stage in accordance with paragraph 15.3.
       6. **Authorization of Expenditure:** Authorization prepared by the Operator and submitted to the Operating Committee, in the form of paragraphs 3.32 to 3.39 of Annex XI – Rules of the Consortium, for the expenditures necessary for the Exploration and Production Area of the Contract.
       7. **Evaluation**: set of operations that, as part of the Exploration, are intended to check the commerciality of a Discovery or set of Discoveries of Oil and Natural Gas in the Contract Area.
       8. **Well Evaluation**: logging and formation test activities carried out between the End of Drilling and Well Completion, combined with other activities previously carried out at the well, will allow the verification of the occurrence of areas of interest for the presentation of possible Discovery Evaluation Plan.
       9. **Field:** has the same meaning as Field of Oil or Natural Gas defined in Law no. 9,478/1997.
       10. **E&P Catalog**: set of documents that contain guidelines, procedures and forms to guide the relation between the Consortium Members and ANP.
       11. **Assignment**: sale, disposition, transfer or any other form of transmission by any means, in whole or in part, of the indivisible rights and obligations of the Contracted Party under this Contract.
       12. **Operating Committee**: administrating entity of the Consortium composed of representatives of the Managing Body and the other Consortium Members, in the form of Section I - Operating Committee of Annex XI – Rules of this Consortium of this Contract.
       13. **Production Individualization Commitment**: a document signed after the Declaration of Commerciality that formalizes the allocation of Production of a Mine that extends by different Concession Areas, whose rights of Exploration and Production belong to the same Consortium Members.
       14. **Well Completion**: beginning of demobilization of the drilling rig, after Drilling End and Well Assessment.
       15. **Consortium**: consortium formed by the Managing Party, by Petrobras and, where appropriate, by other companies, in accordance with articles 19 to 26 of Law no. 12,351/2010.
       16. **Consortium Members**: members of the Consortium
       17. **Contracted Party:** Consortium Members, except the Managing Party.
       18. **Contract**: main part of this document and its Annexes.
       19. **Consortium Contract**: contractual document signed between the Managing Party and the Contractors, in accordance with Annex X –Rules of the Consortium Contract.
       20. **Declaration of Commerciality**: formal and in writing notification of the Consortium Members to ANP declaring one or more Mines as Commercial Discovery in the Contract Area, in accordance with Thirteenth Clause - Declaration of Commerciality.
       21. **Discovery**: any occurrence of Petroleum, Natural Gas, minerals and other natural resources in the Area of the Contract, regardless of the quantity, quality or commerciality, verified by at least two detection or evaluation methods.
       22. **Expenses Qualified as Research and Development and Innovation**: expenditure on research and development and innovation activities which have as their purpose foster the development of the sector of Petroleum, Natural Gas and Biofuels, in accordance with the provisions of Seventh Clause - Expenses Qualified as Research and Development and Innovation.
       23. **Distribution:** activities designed to ensure the movement of the fluids produced by a Reservoir since its separation up to submarine terminals or processing and treatment facilities or liquefaction units.
       24. **Development Stage**: contractual stage started with the approval, by ANP, of the Development Plan and which continues during the Production Phase while investments in wells, equipment and facilities are necessary for the production of Oil and Natural Gas in accordance with the Best Practices of the Oil Industry.
       25. **Extraction of the First Oil**: date at which the first measurement of volumes of Oil and Natural Gas takes place in one of the Production Measuring Points in each Module of the Development Stage.
       26. **Exploration Phase**: contractual period in which the Exploration and Assessment must take place.
       27. **Production Phase**: contractual period in which the Development and Production Phase must take place.
       28. **Brazilian Supplier**: any manufacturer or supplier of goods produced or a service rendered in Brazil through companies incorporated under Brazilian laws or those that use manufactured goods in the country under special customs regimes and tax incentives applicable to the Oil and Natural Gas Industry.
       29. **Applicable Law**:The set of all laws, decrees, regulations, resolutions, ordinances, normative instructions or any other normative acts that impose or which will focus on the Parties and other signatories, or on the activities of Exploration, Evaluation, Development and Production of Oil and Natural Gas, as well as on the decommissioning of the facilities.
       30. **Best Practices of the Oil Industry**: practices and procedures generally employed in the Oil Industry all over the world, by prudent and diligent Operators, subject to conditions and circumstances similar to those experienced with regard to appearance or relevant aspects of the Operations, aiming mainly to guarantee: (a) application of the best world Exploration and Production techniques in force; (b) conservation of oil and gas reserves, which implies the use of methods and procedures appropriate to maximize the recovery of hydrocarbons in a technical, economic and environmentally sustainable way, with the corresponding control of the decline of reserves and the minimization of losses on the surface; (c) operational safety, which requires the employment of methods and processes that ensure the safety of Operations, contributing to the prevention of incidents; (d) preservation of the environment and respect to the people, which determines the adoption of technologies and procedures associated with the prevention and mitigation of environmental damage, as well as the control and environmental monitoring of the Operations of Oil and Natural Gas Exploration and Production.
       31. **Module of the Stage of Development**: individualized module, composed of facilities and infrastructure for Production of Oil and Natural Gas from one or more Deposits of certain Field, according to the Development Plan approved by ANP.
       32. **New Reserve**: occurrence of new accumulations of Oil and Natural Gas in distinct horizons of those which already produce or are under Evaluation.
       33. **Operation**: any and all activities of Exploration, Evaluation, Development, Production, disabling or abandonment, carried out in sequence, together, or separately by the Consortium Members for the purposes of this Contract.
       34. **Operations with Exclusive Risks**: Operations carried out without the participation of all the Contractors, in accordance with the Operations with Exclusive Risks of Annex XI Consortium Rules.
       35. **Emergency Operations**:Operations that require immediate actions aiming at the conservation of petroleum resources, and other natural resources, as well as the protection of human life, properties and environment.
       36. **Party**: Federal Government or the Contracted Party.
       37. **Parties**: Federal Government and the Contracted Party.
       38. **Discovery Evaluation Plan**: document that specifies the work schedule and respective investments necessary for the Evaluation of a Discovery or set of Discoveries of Oil or Natural Gas in the Contract Area, in accordance with Twelfth Clause - Discovery and Evaluation.
       39. **Development Plan**: document that specifies the work schedule and respective investments necessary for the Development of a Discovery or set of Discoveries of Oil or Natural Gas in the Contract Area.
       40. **Exploitation Plan**: a document containing the description and the physical-financial planning of all the exploratory activities to be carried out in the Area of the Contract during the Exploration Phase and should include, compulsorily, the Minimum Exploratory Program.
       41. **No Gain No Loss Principle**: principle to be observed by the Consortium of which the Operator will not earn profit or undergo loss with the other Consortium Members, when it leads and performs Operations on behalf of the Consortium, according to the Best Practices of the Oil Industry.
       42. **Production**: Coordinated operations for extraction of Oil and Natural Gas, according to the definition contained in Law no. 9,478/97, or a volume of Oil and Natural Gas produced as the text shows in each case.
       43. **Annual Production Program**: program which discriminates the forecasts for production and handling of Petroleum, Natural Gas, water, special fluids and wastes from the production process of each field.
       44. **Annual Work and Budget Program**: program which specifies the set of activities to be performed by the Consortium Members during a calendar year, including the detailing of investments necessary to carry out such activities.
       45. **Program of Decommissioning of Facilities**: program which specifies the set of operations for the abandonment of wells, including their eventual flattening, and removal operation, and adequate final destination of the facilities and recovery of the areas where these facilities are located.
       46. **Minimum Exploratory Program**: work schedule provided for in Annex II - Minimum Exploratory Program to be mandatorily met during the Exploration Phase.
       47. **Final Report of Discovery Evaluation**: document which describes the set of Operations used for the Evaluation of Oil and Natural Gas Discovery, the results of this Evaluation and, possibly, the area intended to be retained for Development.
       48. **Drilling End:** moment at which the progress of the drill into the well is definitively ceased.
       49. **Long Duration Test**: well test carried out during the exploration phase, with the sole purpose of obtaining data and information about the Reservoirs, with a total flow time of more than seventy-two (72) hours.
       50. **Gross Value of Production:** The monetary term, in Real, of the Surveyed Production Volume, calculated in accordance with Annex VII- Procedures for Determination of the Cost and Profit Oil.
  1. Second Clause - Purpose

Operations

* + 1. The purpose of this Contract is the execution, at the sole cost and expense of the Contractor, in the Area of Contract:
       1. of Operations for Exploration involved in the Minimum Exploratory Program or additional to it, in accordance with a Plan of Operation approved by ANP;
       2. of Discovery Evaluation activities in the case of a Discovery, at the discretion of the Consortium Members, in accordance with a Discovery Evaluation Plan approved by ANP;
       3. of Production Operations of Petroleum and Natural Gas, if the Commerciality of the Discovery in the Area of the Contract is realized by the Consortium Members, in accordance with a Development Plan approved by ANP.

Exclusivity and Costs

* + 1. The Contractor shall have the exclusive right to carry out operations in the Area of the Contract, being obliged, at its sole expenses and risk, to bear the investments and afford the necessary expenditures, including the equipment, machinery, personnel, services and appropriate technology.
    2. If there is one or more Commercial Discoveries in the Area of the Contract, it may be appropriated in it, as Cost Oil, any expenses incurred in exploration failures within the Area of the Contract.

Costs, Losses and Responsibilities Associated with the Execution of the Operations

* + 1. The Contractor assumes the joint and objective liability for losses and damages directly or indirectly caused to a third party, the Contractor, ANP or Manager by the execution of the Operations, further undertakes to reimburse such entities for all and any action, resource, demand or judicial appeal, arbitrary reasoning, audit, inspection, investigation or dispute of any kind, as well as for any severance payments, compensation, punishments, fines or penalties of any nature, related or arising from such losses and damages.
    2. The Contractor must bear all losses it may incur, including those resulting from unforeseen circumstances or force majeure and accidents or events of nature that affect the Oil and Natural Gas Exploration and Production in the Contract Area.
    3. The Contractor will not be entitled to any payment, compensation, refund, reimbursement or compensation in the event of exploratory failure or absence of commerciality of any Discoveries in the Contract Area.
    4. The Federal Government, the Managing Party and ANP will not assume any risks or operating losses, nor respond to costs, investments and damages associated with the execution of operations and its consequences, except, in relation to the Federal Government, the case provided by sole paragraph of art. 6 of Law no. 12,351/2010.

Ownership of the Oil and/or Natural Gas

* + 1. The deposits of Petroleum and Natural Gas existing in the national territory, on the continental shelf and in the exclusive economic zone belong to the Federal Government, in accordance with article 20, section V and IX of the Federal Constitution of Brazil.
       1. To the Contracted Party, in the event of Commercial Discovery, it will be incumbent upon the original ownership of the volume corresponding to the Cost Oil and the due and paid Royalties, as well as the portion of the Profit Oil, in the proportion and conditions and deadlines set out in the Tender Protocol and in this Contract, being indifferent to this purpose the location of the Measurement Point and the Sharing Point.

Other Natural Resources

* + 1. The Consortium Members may not use, enjoy or dispose in any way or for any purpose, total or partially, of any other natural resources that may exist in the Contract Area that are not Oil and Natural Gas, except when duly authorized, in accordance with the Applicable Law.
       1. The possible Discovery of natural resources other than Oil or Natural Gas shall be notified to ANP within a maximum deadline of seventy-two (72) hours.
       2. The Consortium Members must comply with the instructions and allow the implementation of relevant measures determined by ANP or other competent authorities.
       3. Until such instructions are not submitted to it, the Consortium Members must refrain from any action that may involve risk or in any way harm to the natural resources discovered.
       4. The Consortium Members will not be obliged to suspend their activities, except in cases where they put at risk the natural resources discovered or the Operations.
  1. Third Clause - Contract Area

Identification

* + 1. The Operations will be carried out exclusively in the Area of the Contract, described and defined in Annex I - Area of the Contract.

Restitutions

* + 1. In addition to the compulsory restitutions on the remaining areas of one or more Discovery Evaluation Plans or one or more Development Areas, the Consortium Members may make, at any time during the Exploration Phase, voluntary restitutions of areas part of the Contract Area.
       1. The restitutions shall not remit the Consortium Members from the obligation of compliance with the Minimum Exploratory Program.
       2. Once the Exploration Phase is completed, the Consortium Members may hold only the Development Areas as Contract Area.

Restitution by Termination of the Contract

* + 1. The termination of this Contract, for any cause or reason, will force the Consortium Members to immediately return to ANP the whole Contract Area.

**Conditions for the Restitution**

* + 1. All and any return of areas or Fields part of the Contract Area, as well as the consequent reversion of assets, will be definitive and will be made by the Contracted Party without burden of any nature for the Contracting Party, Managing Party or ANP, in accordance with articles 29, line XV, and 32, §§ 1 and 2 of Law no. 12,351/2010.

Provision by the Federal Government of the Returned Areas,

* + 1. The Federal Government, from the date on which the areas are returned by the Consortium Members, may have these at its sole discretion, including for the purposes of new tenders.

Surveys of Data in Non-Exclusive Bases

* + 1. ANP may, at its sole discretion, authorize third parties to run, in the Contract Area, services of geology, geochemistry, geophysics and other works of the same nature aimed at the survey of technical data for commercialization in non-exclusive bases, in accordance with article 8, section III, of Law no. 9,478/1997.
       1. The implementation of these services should not, unless in exceptional circumstances approved by ANP, affect the normal course of the Operations.
       2. The Consortium shall have no responsibility in respect of the execution of such services.
  1. Forth Clause Duration

Duration

* + 1. This Contract, with a duration of 35 (thirty five) years, shall enter into force on the date of its signature and shall be divided into two phases, namely:

1. Exploration Phase, for the entire Contract Area, with the expectation of duration set in Annex II - Minimum Exploratory Program, and
2. Production Phase, for each Field, with the term provided for in paragraph 14.1.
3. PRODUCTION SHARING REGIME
   1. Fifth Clause - Cost Recovery in Oil

Right to Cost Oil

* + 1. Only in the event of Commercial Discovery, the Contractor will be entitled to receive, as Cost Oil, a portion of the Production of Oil and Natural Gas produced, within the deadlines, criteria and conditions laid down in Annex VII- Procedures for Determination of the Cost and Profit Oil.

Calculating the Cost Oil

* + 1. The expenditures that can be recovered by the Contracted Party as Cost Oil will be those necessarily approved within the framework of the Operating Committee and recognized by the Managing Party in accordance with this Contract, according to the methodology and procedures set out in Annex VII- Procedures for Determination of the Cost and Profit Oil.

The Cost Oil

* + 1. The expenditures approved by the Operating Committee and subsequently recognized by the Managing Party as Cost Oil will be registered in their own account, whose balance will be controlled by the Managing Party.
       1. The balance of the account Cost Oil, when positive, will represent credit to the Contractor.
    2. The Contractor, each month, may recover the Cost Oil referred to in paragraph 5.3, respecting the limit of 50% (fifty per cent) of the Gross Amount of Production in the first two years of Production and 30% (thirty percent) of the Gross Amount of Production in the following years.
       1. After the start of Production, if the expenditures registered as Cost Oil are not recovered within a period of 2 (two) years from the date of its recognition as a credit to the Contractor, the limit provided in the *caput* will be increased, in the subsequent period, for up to 50% (fifty per cent), at the discretion of the Managing Party, until the respective costs are recovered.
    3. The management of the counting, recognition and recovery process of the Cost Oil will be under the exclusive competence of the Managing Party, which will manage even the account Cost Oil referred to in paragraph 5.3.
    4. There will be no monetary or financial update or readjustment of the balance of the account Cost Oil.
    5. An eventual positive balance of the account Cost Oil at the end of the contractual term does not generate right to severance payments or refunds paid to Contractors.
  1. Sixth Clause - Royalties
     1. The Royalties provided for in item I of article 42 of Law no. 12,351/2010 are a financial compensation owed by the Contractor arising from the Production of Oil and Natural Gas and will be paid on a monthly basis with respect to each Field as of the month the Production is initiated.
     2. The amount of the Royalties owed each month in respect of each Field will be determined by multiplying the equivalent of 15% (fifteen percent) of the Total Volume of Production of Oil and Natural Gas in the Field during that month by their respective reference prices, defined in the form of Annex VII- Procedures for Determination of the Cost and Profit Oil.
     3. The Contractor will be entitled to the Production volume corresponding to the Royalties payable after its payment, being forbidden, in any event, the compensation in cash.
     4. The Contractor may make the payment of the Royalties in advance, based on the Production expected for the subsequent month.
        1. In the hypothesis of the *caput*, any differences will be compensated in the subsequent month.
     5. The Contractor will not be exempt from the payment of the Royalties from Oil and Natural Gas Production occurred in Long-Term Tests.
  2. Seventh Clause - Expenses Qualified as Research and Development and Innovation
     1. The Contractor will be obliged to allocate resources for research and development activities and innovation in areas of interest and topics relevant to the sector of Petroleum, Natural Gas and Biofuels, at an amount equivalent to, at the very least, 1.0% (one per cent) of the Gross Amount of the annual Production of Petroleum and Natural Gas.
        1. The amount referred to in this paragraph is owed for each Field originated from the Contract Area.
        2. The Contractor will have up to the 30th June of the year following the calculating calendar year of the Gross Production Revenue to employ the application of these funds.
        3. The Contractor shall provide ANP with a full report of the expenditures qualified as Research, Development and Innovation, in the deadlines and formats defined in the Applicable Legislation.
     2. At least 50% (fifty percent) of the resources provided in paragraph 7.1should be intended for the hiring of universities or research and development institutions accredited by ANP for implementation of activities and projects of interest in relevant subjects or priority areas, defined in accordance with paragraph 7.4.
        1. The hiring provided in the *caput* may involve goods and services supplying companies headquartered in Brazil, regardless of whether they are related to the Operations of this Contract, intended for projects to obtain products or processes with technological innovation that may result in development and training of Brazilian Suppliers, aiming to increase the capacity of the industries for the purposes of Local Content.
     3. At least ten percent (10%) of the resources mentioned in paragraph 7.1 must be intended for the hiring of activities of research, development and innovation which may result in products or processes with technological innovation with Brazilian Suppliers, in order to increase the ability of the industries for the purposes of Local Content.
     4. A Technical-Scientific Committee should annually prepare and publish a list of priority areas, activities and projects of interest and relevant themes in research and development and innovation for the industry of Petroleum, Natural Gas and Biofuels, as well as guidelines for the application, by the Contractor, of the resources coming from the obligations set out in paragraphs 7.2 and 7.3.
        1. The Expenditures Qualified as Research, Development and Innovation provided for in paragraphs 7.2 and 7.3 may be counted as recoverable in the Cost Oil, limited to an amount equivalent to, at most, 1.0% (one per cent) of the Gross Amount of the annual Production of Petroleum and Natural Gas.
        2. The Expenditures referred to in paragraphs 7.2 and 7.3may not be intended for the hiring of activities carried out in the premises of the Contractor or its Affiliates.
     5. The rest of the resources provided in paragraph 7.1 could be for the activities of research and development and innovation, in lines of research or projects determined by the Contractor.
        1. The resources mentioned in the *caput* may be spent on facilities of the own Contractor or through its Affiliates, provided it is located in Brazil, or hired by companies based in Brazil, irrespective of the fact of these being involved or related to the Operations of this Contract.
        2. The resources provided in the *caput* will not be counted as recoverable in the Cost Oil.
     6. Eventual Expenses Qualified as Research, Development and Innovation carried out by the Contractor at amounts greater than 1.0% (one percent) of the Production Gross Amount may be compensated on behalf of the Contractor for the proof of such obligation in future periods of this Contract.
        1. Such compensation is restricted to the Field in which the expenditures exceeded the percentage of 1.0% (one percent).
     7. If the Contractor does not fully allocate the resources provided for in paragraph 7.1 7.1 up to 30 June of a given year, the missing amount should be allocated in the following year, plus 30%.
  3. Eighth Clause - Taxes

Tax System

* + 1. The income taxes, as well as the taxes borne by purchases and that generate credits utilizable by the Contractor do not integrate the Cost Oil.
    2. It is regarded as utilizable by the Contracted Party credits arising from non-cumulative nature aiming at the recovery of the tax burden in the previous stage, except the credits that should be canceled or reversed as a result of the Applicable Legislation.
    3. It is incumbent upon the Contractor to demonstrate the amounts of taxes owed and paid and non-utilizable credits so they may integrate the Cost Oil.

Certificates and Proof of Regularity

* + 1. When requested by the Contractor or ANP, the Contracted Party must submit the originals or certified copies of all certificates, acts of registration, permits, proof of registration in taxpayer’s records, evidence of tax regularity, evidence of regular position in the performance of social burdens imposed by law, registrations in entities or professional associations, and any other similar documents or certificates.
  1. Ninth Clause - Sharing of the Profit Oil

Sharing of the Profit Oil

* + 1. The Contractor and the Contracted Party will share on monthly basis the volume of Oil and Natural Gas produced in the Contract Area corresponding to the Profit Oil.
    2. The share of the Profit Oil fitting the Contractor will be variable depending on the average price of Brent type Petroleum and the average daily Production per producing well per Field, established for the period of calculation of Profit Oil according to the conditions set out in the following table:



|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Federal Government's Sharing of the Profit Oil** | | | | |
| **Production by**  **Producing Well**  **(bbl/d)**🡺  **Price per barrel**  **(US$/bbl)**🡻 | **<Prod1** | **Between Prod1 and Prod2** | **Between Prod3 and Prod4** | **> Prod4** | |
| **< P1** |  |  |  |  | |
| **Between P1 and P2** |  |  |  |  | |
| **Between P2 and P3** |  |  |  |  | |
| **Between P3 and P4** |  |  |  |  | |
| **>P4** |  |  |  |  | |

* + - 1. Wells with production constrained by technical and operational issues not consistent with Industry Best Practices and below the average of production of other wells will not be considered for the calculation of the average Production per Producing Well.
    1. The measurement and delivery of the volume of Oil and Natural Gas corresponding to the Profit Oil will be carried out in accordance with the guidelines in Annex VII- Procedures for Determination of the Cost and Profit Oil, and Seventeenth Clause - Measurement and Availability of the Production Sharing.

Demonstration of the Calculation of the Profit Oil

* + 1. During the Production Phase, or during Long-Term Tests in the Evaluation stage, the Contractor must forward to the Managing Party the Demonstration of the Calculation of the Profit Oil, in accordance with the conditions laid down in Annex VII- Procedures for Determination of the Cost and Profit Oil, in the format and frequency determined by the Managing Party.

Pricing Update

* + 1. The amounts in the table presented in paragraph 9.2 will be updated by the following formula:

Updated price= Baseprice\* (Im / I0)

Whereas:

Updatedprice =Price updated in American Dollars;

Baseprice = Price contained in the tender protocol, in American Dollars;

Im = Index Number of the "*Consumer Prices Index*" published by the *U. S. Department of Labor, Bureau of Labor Statistics*, corresponding to the month of the update of the amounts of prices;

I0 = Index Number of the "*Consumer Prices Index*" published by the *U. S. Department of Labor, Bureau of Labor Statistics*, corresponding to the month of the signature of the Contract;

* + - 1. The first update of the amounts of the prices of the Tender Protocol will be held in the month prior to the Extraction of First Oil, with the last index number published.
      2. The following updates will be carried out with a frequency of 36 (thirty six) months, counted after the month of the last update.
      3. To perform the calculations set forth in this paragraph shall be adopted 3 (three) accurate decimals places, disregarding the other digits even from the fourth place on.
      4. The updated amounts of prices should be rounded to the nearest whole number.
      5. The table with the amounts of prices updated from the publication of the index numbers required for the calculations will be adopted.
      6. If there is an extinction of the "*Consumer Prices Index*", another official index will be adopted to replace it, and, in the absence of this, another with similar function, as determined by the Contractor.

1. EXPLORATION
   1. Tenth Clause - Exploration Phase

Duration

* + 1. The Exploration Phase will begin on the date of signature of the Contract and will have a duration of 4 (four) years.
       1. The Exploration Phase will consist of a single period.
    2. The Exploration Phase may be extended, at the discretion of the Contractor, provided ANP is heard, or in other cases provided for in this Contract.
       1. As a counterpart to the extent of the Exploration Phase, it may be required from the Consortium Members the implementation of exploratory activities additional to the Minimum Exploratory Program.
       2. The Consortium Members should propose, with a minimum advance of 120 (one hundred and twenty) days after the end of the Exploration Phase, a revision of the Exploration Plan in which the exploratory activities additional to the Minimum Exploratory Program required by ANP as a counterpart to the extent of the Exploration Phase are explained and justified.
       3. ANP will have a period of 60 (sixty) days to evaluate and respond on the proposal or suggestions made by the Consortium Members.
       4. If the revision of the Exploration Plan referred to in paragraph 10.2.2 is not approved, the Exploration Phase will be closed without the extension.
       5. If the proposal for implementation of exploratory activities additional to the Minimum Exploratory Program as a counterpart to the prolongation of the Exploration Phase is approved, the Contracted Party shall submit the corresponding financial guarantees, in the form set in Eleventh Clause - Financial Guarantee of Exploratory Activities.
    3. The Consortium may end the Exploration Phase at any time by means of a notification to ANP.

Exploration Plan

* + 1. The Operational Committee shall define the Exploration Plan and its revisions to be submitted, by the Consortium Members, for the examination and approval of ANP.
    2. The Exploration Plan should include all exploratory activities to be carried out in the Area of the Contract throughout its duration, and will consider, compulsorily, the fulfillment of the Local Content.
       1. The Minimum Exploratory Program must be mandatorily included in the Exploration Plan.
    3. ANP will analyze and approve the Exploration Plan and its revisions.
    4. The Exploration Plan should be formulated and forwarded to ANP in accordance with the procedures and criteria set out in Annex VI - General Instructions for the Exploration Plan and in the Applicable Legislation.
    5. The Consortium Members shall have a period of 120 (one hundred and twenty) days from the date of constitution of the Operational Committee to forward the Exploration Plan to ANP.
    6. ANP will have the time limit of 60 (sixty) days after receiving the Exploration Plan to approve it or request from the Consortium Members the changes it deems appropriate. If ANP requests such modifications, the Consortium Members should present them in a period of 60 (sixty) days after such request, thus repeating the procedure laid down in this paragraph. At this time, the execution of the Exploration activities already initiated may be interrupted, if rightly demanded by ANP.
    7. After the completion of the work of the Exploration Plan, the Consortium Members may, upon written notification to ANP, consider the Exploration Phase as terminated, retaining only possible areas for Evaluation of Discovery or Development, in which case all other areas will be returned immediately to ANP.
       1. If there have not been Discoveries that justify investments in Evaluation of Discovery, the Consortium Members will return all the Area of the Contract.

Minimum Exploratory Program

* + 1. During the Exploration Phase, the Consortium Members should fully implement the Minimum Exploratory Program, as established in Annex II – Minimum Exploratory Program.
       1. For the purposes of compliance with the Minimum Exploratory Program, the drilled wells should achieve the stratigraphic objective at a depth sufficient to establish its potential in Petroleum and Natural Gas, as defined in Annex II - Minimum Exploratory Program. ANP may accept other stratigraphic objectives with Prospectuses through a technical justification.
       2. For the purpose of compliance with the Minimum Exploratory Program, exclusive and non-exclusive data may be used considering only the data collected within the Area of the Contract.
       3. For the purposes of compliance with the Minimum Exploratory Program, only surveys that meet the criteria laid down in Annex II Annex II - Minimum Exploratory Program and whose data have been delivered according to the procedures and requirements established by ANP will be accepted.
    2. The partial or complete noncompliance of the Minimum Exploratory Program implies the full right termination of the Contract, without prejudice to the implementation of the financial guarantees of exploratory activities and the implementation of feasible sanctions.
       1. The exception to the provision above is the Development Areas eventually retained by the Contracted Party.
    3. For the acquisition of unique data, the Contractor may hire data acquisition companies (EAD), provided they are previously complied with the requirements set out in regulatory standards edited by ANP, and that these companies are duly registered and settled with the Agency.
    4. For the purposes of compliance with the Minimum Exploratory Program only data whose acquisition and formatting have attended to all the requirements defined in technical standards established by the Agency will be considered.

Options after the Conclusion of the Exploration Phase

* + 1. After the Exploration Phase is over and the activities related to the Minimum Exploratory Program are carried out, the Consortium Members may:

1. Retain area under Development or Evaluation of Discovery.
2. Fully return the Area of the Contract.

Extension of the Exploration Phase

* + 1. The Exploration Phase may be extended in the following cases:

1. If at the end of the Exploration Phase the Consortium Members have initiated the drilling of a last exploratory well provided in the Exploration Plan without having completed the Evaluation of the Well, the Exploratory Phase will be extended until the date of completion of the well, with an increase of 60 (sixty) days for the submission of any proposal of Discovery Evaluation Plan.
   1. The possibility provided for in item (i) should be communicated by the Consortium Members to ANP until the end of the Exploration Phase.
2. If the Consortium Members make a Discovery during the Exploration Phase in time such that it has not been possible to carry out the Discovery Evaluation before the end of this phase, the Exploration Phase may, at the discretion of ANP, be extended for the period necessary for the execution of evaluation phase and eventual Declaration of Commerciality according to Discovery Evaluation Plan approved by ANP.
   1. The extension provided in line (ii) is limited exclusively to the area covered by the Discovery Evaluation Plan. Approved by ANP.
   2. As a condition for the Exploration Phase to be extended in the form of line (ii) of paragraph 10.15, the time elapsed between the notification of Discovery provided in paragraph 12.1 and the presentation, by Consortium Members, of the Discovery Evaluation Plan proposal to ANP may not exceed 6 (six) months, unless there are exceptional cases previously authorized by the Contractor, after ANP is heard.

Return of the Contract Area in the Exploration Phase

* + 1. Within a period of up to 60 (sixty) days after the end of the Exploration Phase, the Consortium Members must send ANP a report for the return of areas, prepared according to the applicable legislation.
    2. The delivery of the plan to return areas does not imply any kind of recognition or discharge by ANP, nor absolves the Consortium Members from the compliance with the Minimum Exploratory Program.
  1. Eleventh Clause - Financial Guarantee of Exploratory Activities

Provision of Financial Guarantee

* + 1. Until the date of signature of the Contract, the Contracted Party must provide financial guarantees for the Minimum Exploratory Program.
    2. If ANP approves the implementation of additional activities to the Minimum Exploratory Program as a counterpart to an extension of the Exploration Phase, as provided for in paragraph 10.2.1, the Contracted Party shall provide financial guarantees corresponding to estimate of the amount of such activities.

Form of the Financial Guarantees

* + 1. The Contracted Party will be able to provide ANP with the following documents as financial guarantees of the Minimum Exploratory Programs:
    2. Irrevocable Letter of Credit
    3. Guarantee Insurance; or
    4. Contract for a pledge of Petroleum.
    5. The financial guarantees should follow the form specified in the Bidding Notice.
    6. The financial guarantees will be valid for a period exceeding in at least 180 (one hundred and eighty) days the date set for the conclusion of the Exploration Phase.
       1. The financial guarantees should be renewed, where necessary, to cover a period not inferior to 180 (one hundred and eighty) days.
       2. In case of suspension of the Exploration Phase, the upgrade or renewal of the financial guarantees should cover a term not inferior to 1 (one) year.

Reduction of the Guaranteed Amount

* + 1. As the Consortium Members perform the activities relating to the Minimum Exploratory Program, they may request ANP to reduce the amount of the collateral deposited.
       1. The reduction of the amount of the financial guarantee of the Minimum Exploratory Program may not take place with a frequency inferior to 3 (three) months.
       2. The reduction of the amount of the financial guarantee of the Minimum Exploratory Program may not be inferior to an amount that, once converted, may correspond to 20% (twenty percent) of the total of committed exploratory activities.
       3. The Drilling operations may only involve reduction of the amount of the financial guarantees of the Minimum Exploratory Program of the first Exploratory Period when:
       4. The well has reached the stratigraphic objective;
       5. The well has been completed; and
       6. The conformity of the data and information with ANP standards has been duly attested.
       7. Operations for the acquisition of seismic and geochemical data or potential methods may only involve reducing the amount of the financial guarantees of the Minimum Exploratory Program as they are delivered to ANP and have their conformity to the standards of the Agency duly attested.
       8. The financial guarantees of the Minimum Exploratory Program will be returned to the Contracted Party after the issuance by ANP of the completion certificate of the Minimum Exploratory Program.
       9. If there are no outstanding issues, ANP shall issue the completion certificate of the Minimum Exploratory Program in up to thirty days after its conclusion.
    2. If the Contracted Party does not provide the adequate financial guarantees, the Contract will be terminated in its full right, with the protection of any already retained Development Areas.

Readjustment and Updating of the Financial Guarantees

* + 1. Provided it is properly motivated, ANP may readjust the expected amount of the Minimum Exploratory Program object of the guarantee documents submitted by the Contracted Party.
       1. ANP shall notify the Contracted Party to update the amount of the already provided guarantees, explaining the reasons for the adjustment.
       2. The Contracted Party will have up to 60 (sixty) days after receiving the notification referred to in the preceding paragraph to update its financial guarantees with ANP.
       3. ANP may not promote increases in intervals of less than 1 (one) year.

Execution of the Financial Guarantees

* + 1. If the Consortium Members do not comply with the Minimum Exploratory Program, ANP will execute the respective financial guarantees.
       1. The execution of the financial guarantees does not absolve the Contracted Party from the fulfillment of the obligations arising from the Contract.
       2. The execution of the financial guarantees does not affect the right of ANP to seek for other repairs and apply eventual proper penalties.
       3. The implementation of financial guarantees involves the extinction of the full rights of this Contract, with the protection of any already retained development areas.
       4. The implementation of the financial guarantees may be replaced by the financial contribution of an equivalent amount, however, also applying to this case, the provision of paragraph 11.9.3
  1. Twelfth Clause - Discovery and Evaluation

Notification of Discovery

* + 1. Any Discovery of Oil or Natural Gas in the Contract Area must be notified by the Consortium Members to ANP, on an exclusive basis and in writing, within a maximum deadline of seventy-two (72) hours.
       1. The discovery notification must be accompanied by all relevant data and information available.

Evaluation, Discovery Evaluation Plan and Discovery Evaluation Final Report

* + 1. The Consortium Members may, at their discretion, evaluate a Discovery of Oil or Natural Gas, at any time during the Exploration Phase.
       1. The Discovery Evaluation should be carried out during the Exploration Phase.
    2. If the Consortium Members decide to evaluate the Discovery, they must submit a Discovery Evaluation Plan proposal to the approval of ANP.
    3. ANP will have a term of up to 60 (sixty) days after receiving the Discovery Evaluation Plan to approve it or, quite rightly, notify the Consortium Members to make modifications.
       1. The Consortium Members will have a period of 30 (thirty) days after the notification referred to above to submit the modifications to ANP, thus repeating the procedure laid down herein.
       2. Any changes suggested by the Consortium Members should be communicated in a formal way and in writing to ANP, applying, to these amendments, the procedure provided for in this paragraph.
    4. The Final Report of Discovery Evaluation submitted to ANP by the Consortium Members should identify and justify the retention proposal of the Development Area of the Commercial Discovery.
    5. The Consortium Members will be allowed to start the implementation of the Discovery Evaluation Plan after its approval or upon authorization from ANP.

Assessment of New Reservoir

* + 1. The Consortium Members will be able to evaluate a Discovery of Oil or Natural Gas into a New Reservoir at any time during the term of the Contract, taking into account, *mutatis mutandis*, the procedure of this Clause.

Discovery Assessment through Long-Term Test

* + 1. If the Discovery Evaluation Plan includes a long-term test, the Consortium Members will have to request a specific authorization to perform it from ANP.
    2. When there is a Discovery Evaluation by means of a Long-Term Test, the corresponding Production will be shared in accordance with the terms of this Contract, without considering the cost recovery in Oil.
       1. The Cost Oil for the Long-Term Test can only be recovered in the Production Phase.
    3. The execution of the Long Duration Test without the utilization or reinjection of the Natural Gas will be limited to a period of 180 (one hundred and eighty) days, except in exceptional cases, at the exclusive discretion of ANP.
  1. Thirteenth Clause - Declaration of Commerciality

Option of the Consortium

* + 1. Before the end of the Exploration Phase, the Consortium Members, by means of formal and written notification to ANP, may, at its sole discretion, make the Declaration of Commerciality of the Discovery, provided the Discovery Evaluation Plan approved by ANP is fulfilled.
       1. The Consortium Members, on behalf of the Operating Committee, should take the necessary measures to notify the Declaration of Commerciality to ANP.
       2. If it has not been submitted to ANP yet, the Final Discovery Assessment Report should accompany the Declaration of Commerciality.
       3. The Declaration of Commerciality will only be effective after the approval of the Final Report for the Evaluation of Discovery by ANP.

Return of the Discovery Area

* + 1. The non-submission of the Declaration of Commerciality in a timely manner by the Consortium Members involves the full right termination of the Contract in relation to the respective area retained for Discovery Evaluation.

Continuity of Exploration and/or Evaluation

* + 1. The fact of the Operational Committee performs one or more Declarations of Commerciality does not exempt the Consortium Members from fulfilling the Minimum Exploratory Program.

1. DEVELOPMENT AND PRODUCTION
   1. Fourteenth Clause - Production Phase

Beginning and Duration

* + 1. The Production Phase of each Field will begin on the date of the presentation, by the Consortium Members to ANP, of the respective Statement of Commerciality and will have its duration limited to the term of this Contract.

Return of the Field

* + 1. Once the Production Phase is completed, the Field will be returned to the Federal Government.
    2. For each of the Fields in the Area of the Contract, up to 36 (thirty six) months before the end date of the period of validity of the Contract or the estimate of exhaustion of the commercially extractable volumes, whichever occurs first, the Contracted Party should notify and submit to the Contractor and ANP a report which should contain information on:
       1. Mechanic situation of the wells;
       2. Lines of distribution;
       3. Production plants;
       4. Equipment and other assets;
       5. Prospect of additional production;
       6. Prospect of the exhaustion of the field;
       7. Existing contracts with suppliers; and
       8. Other relevant considerations.
    3. Within a period of no less than 180 (one hundred and eighty) days before the end of production, the Consortium Members must submit to ANP a facility shutdown schedule, describing in detail all the necessary actions for the deactivation of the premises.
    4. ANP will take the time limit of 60 (sixty) days, after receiving the facility shutdown schedule to approve it or request the Consortium Members the changes it deems appropriate.
       1. If ANP requests modifications, the Consortium Members will have sixty (60) days after receiving the notification, to present them, thus repeating the procedure provided for in this paragraph.
    5. ANP may determine the Contracted Party not to make the flattening of certain wells or not to disable or remove certain facilities and equipment.
       1. ANP will be liable for such wells, facilities and equipment after the departure of the Consortium Members.
    6. The beginning of the implementation of the facility shutdown schedule may not occur before 180 (one hundred and eighty) days from the date of its presentation, except when expressly authorized by ANP.
    7. The termination of this Contract on a given Development Area or Field will only occur after the completion of the respective facility shutdown schedule approved by ANP, with the immediate return of the corresponding area.
    8. If the facility shutdown schedule indicates the prospect of additional Production after the end of the duration of the Contract and the Contractor, after ANP is heard, determines actions in order to ensure the continuity of the Production Operations, the Consortium Members should propose to the Operating Committee a plan of operational continuity.
       1. The Operational Continuity Plan must take into account:
          1. The assignment of contracts with providers of the Contracted Party;
          2. The possibility of acquisition of goods whose shelf life extends after the term of the Contract;
    9. The costs arising from the operational continuity plan will be recoverable in Cost Oil not submitting themselves to the limits of paragraph 5.4.
  1. Fifteenth Clause -  
     Development Plan

Content

* + 1. The Development Plan must take into account:

1. The rationalization of production;
2. Control of the decline of the reserves;
3. The minimization of the burning of Natural Gas and emissions of greenhouse gases to the atmosphere;
4. Reuse system or reinjection of the associated Natural Gas, noting that only the burning of Natural Gas in *flares* for reasons of safety, emergency, and commissioning will be admitted, in the form of the Applicable Legislation; and
5. The appropriate treatment to the contaminants and natural resources resulting from the activities of production, avoiding their disposal into the environment.

**Deadlines**

* + 1. The Development Plan must be submitted to ANP by the Consortium Members within 180 (one hundred and eighty) days after the Declaration of Commerciality.

Development Area

* + 1. The development area should cover the entire Deposits to be produced.
       1. The Development Area shall be delimited on the basis of the data and information obtained during the implementation of the Exploration and Discovery Evaluation Phase and in accordance with the Best Practices of the Oil Industry.
       2. The Development Area should be limited by a single line as per the Applicable Legislation, covering, besides all the mine, a maximum of 1 (one) kilometer in width in a surrounding range of technical security, except for exceptional situations at the sole discretion of ANP.
       3. During the Development Phase, the Consortium may request in a formal and written way to ANP the modification of the Development Area in order to incorporate other plots of the Concession Area in it, provided:

1. It is found that one or more deposits go beyond the development area.
2. The plots intended to incorporate have not been returned by the Consortium in compliance with the provisions of the Contract.
   * 1. The Development Area to be retained shall be that contained in the Final Discovery Evaluation Plan Report approved by ANP.
     2. The Consortium Members shall retain, from the Development Area, only the area of the field that may result from it, immediately returning the remaining parts to ANP.
        1. The area of each Field referred to in paragraph 15.5 should be limited by a single closed polygonal line, drawn in accordance with the Applicable Legislation.

Adoption and Implementation of the Development Plan

* + 1. ANP will have the time limit of 180 (one hundred eighty) days, after receiving the Development Plan to approve it or request from the Consortium Members the changes it deems appropriate.
       1. If ANP does not respond within this period, the development plan shall be deemed approved.
       2. If ANP requests modifications, the Consortium Members will have the time limit of sixty (60) days after receiving the notification, to present them to ANP, thus repeating the procedure provided for in this paragraph.
       3. The non-approval of the Development Plan by ANP, taking into account the provisions of this paragraph, means the full right termination of the Contract in relation to the respective Development Area.
       4. The untimely delivery of the Development Plan subjects the Consortium Members to the application of sanctions provided in Clause Twenty-Nine - Accounting and Auditing and in the Applicable Law.
          1. Once the non-delivery of the Development Plan is found within the deadline established in this paragraph, ANP shall notify the Consortium Members to present it in a maximum period of ten (10) days, after which the Contract will be terminated in full right in relation to the respective Development Area.
    2. Until the Development Plan is approved, the Consortium may only carry out any work or lead any operation in the area of the field with the prior approval of ANP.
       1. The anticipation of the Production should be requested in a reasoned, formal and written form, in which the precepts for the conservation of petroleum resources should be taken into account, ensuring the operational safety and environmental preservation.
    3. The Contracted Party, during the production phase, will carry out all operations in accordance with the development plan approved by ANP.
    4. Any Discovery of a New Reserve of Oil or Natural Gas must be notified by the Consortium to ANP, on an exclusive basis, formal and in writing, within a maximum deadline of seventy-two (72) hours. The notification must be accompanied by all relevant data and information available.
       1. If the Consortium Members hold interest to incorporating the discovery of the new reservoir to the field, they must submit a Discovery Evaluation Plan to the approval of ANP.
    5. The Commercial Discovery will only be incorporated into the system of production of the field after approval by ANP, of the Final Discovery Assessment Report and review of the Field Development Plan, except when expressly authorized by ANP.

Revisions and Amendments

* + 1. The Development Plan should be revised or amended in the following assumptions:

1. By requirement of ANP or by request of the Consortium Members if, at any time, it no longer meets the applicable legislation and the Best Practices of the oil industry; and
2. By request of the Consortium Members, if changes occur in the technical or economic conditions assumed in its preparation.
   * + 1. The Consortium Members should formulate reasoned request, formal and in writing for revision or amendment of the Development Plan.
     1. To the revisions of the Development Plan shall be applied, *mutatis mutandis*, the provisions contained in paragraph 15.6, including the non-approval of the revisions by ANP.

Buildings, Facilities and Equipment

* + 1. The Contracted Party will be responsible for all buildings and facilities and for the supply of equipment for the extraction, processing, collection, storage, measurement and transfer of production.
       1. The definition by the Consortium Members of actions related to the *caput* of this paragraph, including with respect to the required financial resources, will be mandatory for the characterization of the Commerciality and the Development of the Discovery.
  1. Sixteenth Clause - Date of Commencement of Production and Annual Production Schedules

Date of Commencement of Production

* + 1. The date of commencement of production of each field must occur within a maximum time limit of 5 (five) years, which may be extended at the discretion of the Contractor after ANP is heard, from the date of submission of the Declaration of Commerciality.
       1. The Consortium Members will keep ANP informed on the provisions as for the date of commencement of production of each field.
       2. The Consortium Members must inform ANP the date of commencement of Production, within at most 24 (twenty four) hours after its occurrence.
       3. The Production of the Field can only be initiated when the system of utilization or reinjection of Natural Gas is able to operate.

Annual Production Schedule

* + 1. The Annual Production Schedule should include reasoning about variation equal or greater than 10% (ten percent) in total annual amount of production therein informed, in relation to that laid down in the Development Plan.
    2. Until the 31st October of each calendar year, the Consortium Members must deliver to ANP, for each field, the Annual Production Schedule of the subsequent year.
    3. The Annual Production Schedule for the calendar year in which the production has begun should be delivered by the Consortium Members to ANP with a minimum notice of 60 (sixty) days after the date of commencement of the planned production.
    4. If ANP approves the continuity of production, without interruption, after a test of long duration, the revision of the Annual Production Schedule must be submitted with a minimum antecedence of 60 (sixty) days after the expected end of such test.

Approval of the Annual Production Schedule

* + 1. ANP will have the time limit of 30 (thirty) days after receiving the Annual Production Schedule to approve it or request from the Consortium Members the changes it deems appropriate.
       1. If ANP request modifications, the Consortium Members must resubmit the Annual Production Schedule including such changes.
          1. The Schedule should be resubmitted within 30 (thirty) days from the requested date.
       2. If the Consortium Members disagree with the proposed changes, they may discuss with ANP aiming to adjust the changes to be implemented in the Annual Production Schedule.
    2. If, at the beginning of the period to which a particular Annual Production Schedule refers to, the Consortium Members are in conflict due to the application of the provisions in paragraph 16.6, the lowest production level among those proposed by the Concessionaire and ANP will be used in any month and up to the solution of this conflict.

Review

* + 1. ANP and the Consortium Members may agree, at any time, on the review of an annual ongoing production schedule, provided such review meets the provisions provided for in paragraph 16.2 to 16.5.
       1. When the review is proposed by ANP, the Contracted Party will have 30 (thirty) days after receiving the notification to discuss it with ANP and present a revised Annual Production Schedule.

Authorized Variation

* + 1. The volume produced in each field, each month, may not undergo variation greater than 15% (fifteen percent) in relation to the volume of the level of production scheduled for the corresponding month in the Annual Production Schedule.
       1. A variation greater than this percentage that results from technical reasons, unforeseen circumstances or force majeure, to be assessed by ANP will be allowed.
    2. The Consortium must present a justification, in a formal and written way to ANP until the 15th (fifteenth) day of the following month.

Temporary Production Interruption

* + 1. The Consortium Members may request ANP to approve, upon prior and expressed request, the interruption of Production of a Field for a maximum period of one year, except in cases of emergency, unforeseeable circumstances, force majeure or similar causes, in which the interruption will be notified immediately.

16.13 ANP will assess the request within 60 (sixty) days, or may request clarification to the Consortium Members.

* + - 1. The deadline for assessment may be renewed for the same period.
    1. The interruption of production does not involve the suspension of the term of the Contract.
  1. Seventeenth Clause - Measurement and Availability of Production Sharing

Measurement

* + 1. From the date of commencement of production of each field, the Consortium Members must, on periodic and regular basis, measure the volume and quality of Oil and Natural Gas produced at the measurement point. The methods, equipment and measuring instruments provided for in the Development Plan and according to the applicable legislation should be used.

Sharing Point

* + 1. The Sharing Points of Petroleum and Natural Gas will be defined in the design of each Module of the Stage of Development and will coincide with the location where the Consortium will physically provide the plot of Production corresponding to each Consortium Member or to whom he indicates
    2. Any difference in volume that might occur between the Measuring Point and the Sharing Point will be considered as operating loss of sole responsibility of the Contracted Party, without right to recovery in the Cost Oil.

Monthly Bulletins

* + 1. The Consortium Members must submit to ANP a monthly bulletin of production of each field.
       1. The bulletin should be submitted until the 15th (fifteenth) day of each month following the month of the date of commencement of production of each field.

Availability of Production

* + 1. The ownership of the measured volumes of Oil and Natural Gas pursuant to paragraph 17.1 will be given to the Contracted Party at the production sharing point.
    2. Taking into account the provisions in paragraph 17.8, it is ensured to the Contracted Party the free provision of the volumes of Oil and Natural Gas it is granted with.
    3. The availability of the volume of Oil and Natural Gas produced will be carried out in accordance with the guidelines in Annex VII- Procedures for Determination of the Cost and Profit Oil, and in accordance with the Agreement for Provision of Production to be signed between the Consortium Members before the start of any production.
       1. While the agreement provided in the caput is not signed, the principles set out in Annex XI – Rules of Consortium will be applied.

Supply to the Domestic Market

* + 1. In emergency situations that might put at risk the national supply of oil and Natural Gas, as well as their derivatives, ANP may determine the Contracted Party to limit its exports of these hydrocarbons.
       1. It is considered as emergency situation that thus decreed by the President of the Republic.
       2. The share of production with limited export should be directed to the supply of the Brazilian market or the composition of strategic inventory for the country.
       3. ANP will formally notify the Contracted Party regarding the limitation of exports with a minimum notice of 30 (thirty) days.
       4. The share of production related to the restriction on the free provision will, every month, be determined in relation to the share proportion by the Contracted Party on the national production of Oil and Natural Gas in the immediately preceding month.

Consumption in Operations

* + 1. The Consortium Members may use as fuel in the implementation of operations, Oil and Natural Gas produced in the concession area, provided it is done so in reasonable quantities.
       1. The Consortium Members must inform ANP, upon reasoned notification, formal and in writing, the quantity of Oil and Natural Gas consumed in the operations and the purpose of their use.
       2. The Consortium Members should include such information in the monthly production bulletin.
       3. The volumes of Oil and Natural Gas consumed in the operations shall be calculated for the purposes of calculating the Royalties provided for in Sixth Clause - Royalties.

Production of Test

* + 1. The results, raw data and the interpretations of formation or long duration tests during the execution of the Operations of this Contract should be informed to ANP immediately after their completion.
       1. The information should also include the volumes of Oil, Natural Gas and water produced.
       2. In the case of tests of long duration, the information should be sent to ANP in accordance with the frequency established in the approved Discovery Assessment Plans.
    2. The productions and movements from tests of long duration should be reported via the Monthly Production Bulletin.
       1. The volume of Oil and Natural Gas obtained during these tests will be fully considered as Profit Oil.
       2. The Cost Oil concerning the Long-Term Test will be recovered in the Production Phase.
       3. The Contracted Party will not be exempt from any of the Royalties payments due to the Production enjoyed during the test period.
    3. The ownership, by the Contracted Party, of the production volume corresponding to owed and paid Royalties, in the case of Long Duration Tests, will take place, if it is the case, at the Production Stage.

Losses of Petroleum and Natural Gas and burning of the Natural Gas

* + 1. Any loss of Oil or Natural Gas that have occurred under the responsibility of the Contracted Party, as well as the burning of the Natural Gas, shall be deducted from the share of the Profit Oil granted to the Contracted Party after the Sharing of Production.
  1. Eighteenth Clause - Individualization of Production

Procedure

* + 1. The procedure of individualization of production of Oil and Natural Gas should be instituted if it is identified the mine extends beyond the Contract Area.
    2. The agreement of individualization of production and the commitment of individualization of production shall be prepared in accordance with applicable law, as recommended by art. 34 of Law no. 12,351/2010.

1. IMPLEMENTATION OF THE OPERATIONS
   1. Nineteenth Clause - Implementation by the Consortium Members

Diligence in Conducting the Operations

* + 1. The Consortium Members must plan, prepare, implement and control the operations in a diligent, efficient and appropriate way, always respecting the provisions of this Contract and not practicing any act that may define or configure breach of the economic order.
    2. The Consortium Members must, in all operations:

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

Licenses, Permits and Permissions

* + 1. The Consortium Members should obtain all licenses, permits and permissions required in accordance with the Applicable Law.
       1. If the licenses, permits and permissions and rights mentioned in the *caput* dependent on agreement with third parties, the negotiation and implementation of such agreements shall be the exclusive responsibility of the Consortium Members, and the Contractor and ANP may provide the assistance described in paragraph 20.3.
    2. The Contracted Party will respond for the infringement of the right of use of materials and execution processes protected by trademarks, patents or other rights, at his own expenses the payment of any obligations, burden, commissions, indemnifications or other expenses resulting from the infringement, including the judicial ones.

Free Access to the Contract Area

* + 1. For the duration of this Contract the Consortium Members will have free access to the Contract Area and its facilities located therein.

Drilling and Abandonment of Wells

* + 1. The Consortium Members shall previously notify ANP in a formal and in writing way, of the drilling starting of any well in the Contract Area.
       1. Together with the notification, the Consortium must submit to ANP a work schedule with detailed information about the drilling operations, equipment and materials to be used.
    2. The Consortium may interrupt the drilling of a well and abandon it before reaching the predicted stratigraphic objective, taking into account the applicable legislation and in accordance with the Best Practices of the oil industry.
       1. If the well is part of the Minimum Exploratory Program and does not reach the stratigraphic objective established in Annex II - Minimum Exploratory Program, its drilling will not be calculated for the purposes of fulfilling the Minimum Exploratory Program, unless ANP, at its sole discretion, so decides.

Programs for Additional Work

* + 1. The Consortium Members may, at any time, propose the implementation of additional work in the Area of the Contract, which should be provided for in the Plan of Operation.

Acquisition of Data out of the Contract Area

* + 1. Upon formally and in writing request of the Consortium Members, ANP may authorize the acquisition of geological, geophysical and geochemical data outside the limits of the Area of the Contract.
    2. Activities performed outside the limits of the Area of the Contract shall not be considered for the purpose of compliance with the Minimum Exploratory Program, but may be recognized as Cost Oil.
    3. The data acquired from outside the limits of the Contract Area will be classified as public immediately after their acquisition.
    4. The data and studies acquired and/or performed by Contracted Parties referred to in paragraph 19.9 shall meet the criteria established by the regulatory standards edited by ANP and will be stored in the Database for the Exploration and Production - BDEP, of ANP.
  1. Twentieth Clause - Control of Operations and Assistance by ANP and the Contractor

Follow Up and Monitoring by ANP

* + 1. ANP, directly or through arrangements with bodies of the Federal Government or States or the Federal District, shall perform the monitoring and permanent supervision of the operations.
       1. The action or omission of the monitoring and supervision mentioned in no way shall exclude or reduce the responsibility of the Contracted Party for the faithful fulfillment of its obligations.

Follow up by the Contractor

* + 1. The Contractor, at any time, may exercise the follow up of the Operations.

Access and Control

* + - 1. The Contractor and ANP shall have free access to the Contract Area and ongoing Operations, equipment and facilities as well as to all records, studies and technical data available.
      2. The Contracted Party must provide the representatives of ANP and the Contractor with transport, food and accommodation in the facilities on equal terms to those supplied to its own staff.

Assistance to the Contracted Party

* + 1. The Contractor and ANP, when requested, may provide assistance to the Contracted Party in obtaining licenses, permits, permissions and rights referred to in paragraph 19.3.

Exemption of Liability of the Contractor and ANP

* + 1. The Contracted Party, at its own expenses and risk, is fully responsible for the execution of operations, not lying with ANP any liability as a result of the assistance requested and possibly provided.
  1. Twenty-First Clause -  
     Annual Work and Budget Schedule

Correspondence Between the Content and Other Plans and Schedules

* + 1. The Annual Work and Budget Schedules should keep strict agreement with the other required and approved plans and schedules of work and investment.

Deadlines

* + 1. The Consortium Members must submit to ANP, the Annual Work and Budget Schedule up to 31 (thirty one) October of each year.
       1. The first Annual Work and Budget Schedule should cover the remainder of the current year and must be presented by the Contracted Party within 60 (sixty) days after the signing of this Contract.
       2. In the case of missing less than 90 (ninety) days to the end of the current year, the first Annual Work and Budget Schedule will also include, separately, the immediately following year.

Revisions and Amendments

* + 1. ANP will have the time limit of 30 (thirty) days, after receiving the Annual Work and Budget Schedule to approve it or request from the Consortium Members the changes it deems appropriate.
       1. If ANP requests such modifications, the Contracted Party will have 30 (thirty) days after the date of such request submitted for the Annual Work and Budget Schedule with the requested changes, thus repeating the procedure laid down in paragraph 21.3.
  1. Twenty-Second Clause - Data and Information

Supply by the Contracted Party

* + 1. The Consortium Members must keep ANP informed about the progress, results and deadlines of the operations.
       1. The Consortium Members will send ANP copies of maps, sections, profiles, acquired data, studies and geological, geophysical and geochemical reports, including interpretations, data from wells and tests, in addition to reports or any other documents defined in specific regulations and obtained as a result of operations and from this Contract containing information necessary for the characterization of the progress of the work and the geological knowledge of the Contract Area.
       2. In accordance with art. 22 of Law no. 9,478/197, the technical collection consists of the technical data and information on the Brazilian sedimentary basins and an integral part of the national petroleum resources, and such data and information, including those relating to the geology, geophysics and geochemistry of the contract area, are to be delivered by the Consortium Members to the administration of ANP.
       3. ANP must ensure compliance with the periods of confidentiality, in accordance with the applicable legislation.
    2. The quality of the copies and reproductions of other data and information mentioned in this paragraph shall save absolute fidelity and standard equivalent to the originals, including the color, size, readability, clarity, compatibility and other relevant characteristics.

Abroad Processing or Analysis

* + 1. The Consortium Members may send abroad samples of rocks and fluids, or data of geology, geophysics and geochemistry.
       1. The sending will only be allowed if aimed at the analysis, test, or the processing of data.
       2. The sending is subject to the prior and express authorization of ANP.
       3. The Consortium Members must send to ANP a formal request in writing, containing, in relation to samples or data:

1. The justification on the need of the sending abroad.
2. Detailed information, as well as indication of their equivalent kept in the country;
3. Detailed information on the analyzes, tests and processes that will be submitted, emphasizing the tests of destructive nature, if provided for;
4. Data about the institution of destination;
5. The estimated date for completion of the analysis, tests and processes; and
6. The estimated date of return to the country;
   * + 1. The Consortium Members should:
7. Keep copy of information or data or equivalent of the sample in the national territory;
8. Return the samples, information or data to the country, after the analysis, test or processing;
9. Provide ANP with the results obtained with carried out analyzes, tests and processing, meeting the deadlines of the applicable legislation.
   1. Twenty Third Clause - Goods

Goods, Equipment, Facilities and Materials

* + 1. The Contracted Party must provide directly, buy, rent, lease or in any other way obtain, at its own expenses and risk, all goods, movable and immovable estates, including, but not limited to, facilities, buildings, systems, equipment, machines, materials and supplies, which are necessary for the execution of the operations.
       1. The purchase, rent, lease or obtainment may be carried out in Brazil and abroad, provided the applicable legislation is respected.

Facilities or Equipment out of the Contract Area

* + 1. ANP may authorize the positioning or the construction of facilities or equipment in a place outside the Contract Area, aiming for complementing or optimizing the logistic structure related to the operations.
       1. The Consortium must submit to ANP a justified, formal and written request for the positioning of facilities or equipment outside the limits of the Contract Area.
       2. The rationale should include technical and economic aspects, as well as the project of positioning or construction, as the case may be.

Return of Areas and Reversion of Property

* + 1. If the Contracted Party uses wells or pre-existing infrastructure, it shall, in relation to these, bear the responsibilities laid down in the Contract and the Applicable Legislation.
    2. When it is a Field, the planning of decommissioning and abandonment and the mechanisms to make the necessary funds available will be provided in the respective Development Plan and periodically reviewed throughout the Production Phase.
       1. The cost of Operations of decommissioning and abandonment of a Field will be established so as to cover the activities of definitive abandonment of wells, disabling and removing of lines and installations and rehabilitation of areas.

Guarantees of Decommissioning and Abandonment

* + 1. The Contracted Party shall submit a guarantee of decommissioning and abandonment, through insurance, letter of credit, provisioning fund or other forms of collateral accepted by ANP.
    2. The amount of the field decommissioning and abandonment guarantee will be reviewed by request of ANP whenever there are events that may change the cost of abandonment and decommissioning operations.
    3. ANP may audit the accounting procedures used by the Consortium Members.
    4. If the guarantee of decommissioning and abandonment is formed through fund of provisioning, the balance found after the completion of all of the necessary decommissioning and abandonment operations of the field will be of exclusive right of the Federal Government.
    5. The presentation of the decommissioning and abandonment guarantee does not relieve the Consortium Members from holding all the operations necessary for the decommissioning and abandonment of the field.

Goods to be Reverted

* + 1. The general regime of goods used by the Consortium Members in the implementation of operations purpose of this contract is the reversal of these goods to the Federal Government.
    2. In accordance with articles 29, line XV, and 32, §§ 1 and 2 of Law no. 12,351/2010, all and any movable and immovable property, main and accessories, members of the Area of the Contract, and that, at the sole discretion of the Contractor, after ANP is heard, are necessary to allow the continuity of the Operations or whose use is considered of public interest, will revert to the possession and ownership of the Contractor and the administration of ANP in the case of termination of this Contract or return of the plots of the Contract Area.
       1. The goods under contract for rent, lease or chartering used in the Operations, whose shelf life does not exceed the duration of the Contract will not be reverted to the possession and ownership of the Contractor or the administration of ANP.
       2. In relation to assets whose shelf life exceeds the duration of the Contract, the Contracted Party must include in the freight, rental or lease contract, a clause that would allow its sale or renewal with a future Contracted Party, aiming for ensuring the continuity of the Operations, as set out in paragraph 14.9.
    3. If there is sharing of goods for the operations of two or more fields in a same contract area, the Consortium Members may retain such assets until the closure of all operations.

Removal of Goods Not Reverted

* + 1. The goods that are not reversed, including the unserviceable ones, shall be removed and disposed of in a proper manner by the Consortium Members.
  1. Twenty Fourth Clause - Staff, Services and Subcontracts

Staff

* + 1. The Contracted Party, directly or by any other form should recruit and hire, on his own expenses and risk, and, for all purposes, the sole and exclusive employer, all labor required for the execution of the operations.
       1. The recruitment and hiring may be carried out in Brazil or abroad and according to selection criterion of the Contracted Party, provided the Applicable Law is respected, even with respect to the minimum percentage of Brazilian labor used.
    2. The Contracted Party will be solely and fully responsible, in Brazil and abroad, for arrangements relating to the entrance, exit and stay in the country of its foreign staff.
    3. The Contracted Party must take into account, regarding the hiring, retention and release of staff, work accidents, industrial safety, what the applicable legislation disposes of, being exclusive and fully responsible for the declaration and payment of social security contributions, labor, pension and other charges and relevant additional, owed for any reason, in the form of the Brazilian law.
    4. The Contracted Party should provide food and proper accommodation to its staff when on duty or in displacement, specifically in terms of quantity, quality, hygiene, safety, and health care, taking the applicable legislation into account.
    5. The Contracted Party shall provide, at any time, the removal or replacement of any of its technicians or staff members due to improper conduct, technical failure or poor health conditions.

Services

* + 1. The recruitment and hiring of the services may be carried out in Brazil or abroad, provided the Applicable Law is respected, even with respect to the minimum percentage of Brazilian labor used.
    2. If it hires from its affiliates the provision of services, the prices, time, quality and other terms adjusted should be competitive and compatible with the market practices, complied with the provisions of the Twentieth Clause - Control of the Operations and Assistance by ANP and the Contractor.
    3. The Contracted Party must assert for all its subcontractors and suppliers the provisions of this Contract and the applicable legislation.
    4. The Contracted Party will respond, fully and objectively, for the activities of its subcontractors that may result, directly or indirectly, in damage or injury to ANP or the Federal Government.
    5. The Contracted Party must keep the inventory and the records of all the services referred to in paragraphs 24.1 and 24.6 updated, taking into account the applicable legislation.
  1. Twenty-First Clause - Local Content

Commitment of the Contracted Party to the Local Content

* + 1. The Contracted Party must:
       1. Meet the Local Content disposed in Annex IX - Commitment to Local Content.
       2. Ensure preference to hiring Brazilian suppliers, whenever their offers present good conditions of price, time and quality that are more favorable, or equivalent to those of non-Brazilian suppliers.
    2. The processes of acquisition or hiring of goods and services targeted to the fulfillment of the object of this Contract shall:
       1. Include Brazilian suppliers among the suppliers invited to submit proposals.
       2. Provide the specifications of hiring also in Portuguese language;
       3. Accept equivalent specifications, provided the Best Practices of the oil industry are met.
       4. The acquisition of goods and services provided by Affiliates is also subject to the specifications of this Clause.

Benchmarking of Local Content

* + 1. For the purposes of benchmarking, the Local Content of goods and services should be expressed in percentages in relation to the amount of the good or service purchased or hired.
       1. The Local Content of goods and services should be proven to ANP through the presentation of certificates of their Local Content.
       2. The goods and services whose Local Content is inferior to 10% (ten percent) will be considered as aliens in the computation of Local Content for the fulfillment of the contractual obligations.
       3. Notwithstanding the above provision, the Local Content on the purchase of drills, as well as the maritime projects of seismic data acquisition and chartering of drilling rigs, will still be considered even if its Local Content is inferior to 10% (ten percent).
    2. The Local Content of Long Duration Tests will not be included for the purposes of compliance with the Local Content of the Exploration Phase.
    3. For the determination of the percentage of Local Content, the monetary amounts corresponding to the purchases of goods and services will be updated for the month and year in which the verification of compliance with the provisions in this clause is accomplished, using the General Market Price Index (IGP-M) of Getulio Vargas Foundation.
    4. The measure milestones by ANP for the Local Content will be:

1. The closure of the exploration phase; and
2. Closure of the Development Phase for the purposes of Local Content.

Development Phase for the Purposes of Local Content

* + 1. For the purposes of benchmarking of the Local Content, the development phase will begin on the date of submission of the Declaration of Commerciality and will close, for each module of the development phase, with the first among the following occurrences:

1. The course of five years after the extraction of the first oil;
2. The abandonment of the development of the module of the development phase; or
3. The achievement of the investments foreseen in the Development Plan.

Exemption from the Obligation of Compliance with the Local Content

* + 1. ANP may, in exceptional character and upon request of the Contracted Party, exempt it from the compliance with the Local Content percentage with which it is committed in relation to the recruitment of a specific good or service when:

1. There is no Brazilian supplier for the purchased product or contracted service;
2. All proposals received from Brazilian suppliers present an excessive delivery limit in relation to non-Brazilian counterparts;
3. All proposals received from Brazilian suppliers present an excessive delivery price in relation to non-Brazilian counterparts; or
4. There is no replacement of a given technology for which there is no offer with Local Content. In this case the exemption from the compliance with the Local Content only applies to goods and services replaced by the new technology.
   * + 1. The exemption from the requirement of compliance with the Local Content does not extend to the overall percentage of Local Content, not distracting, therefore, any deduction of amount.
       2. The request must be made in a reasoned way and presented to ANP during the duration of the phase or step in which the exemption is intended.
       3. If ANP has granted the exemption mentioned in the caput of this paragraph due to the conditions provided in lines “a”, “b”, “c” or “d”, the Contracted Party is obliged to prove the accomplishment of the alleged conditions for the granting of the exemption.
       4. The exemption from the obligation of compliance with the Local Content does not apply to items of basic and detailed engineering

Adjustments in the Committed Local Content

* + 1. The Contracted Party may request from ANP the adjustment of the Local Content with which it has committed itself to.
       1. The request for reduction of the Local Content should be made in relation to the supply lines of the Table of Local Content, whereas the Local Content for the other items.
       2. The adjustments in the committed Local Content do not extend to the overall Local Content.
       3. The request must be made in such a way as detailed, formal, written and presented to ANP during the duration of the phase or stage for which the adjustment is requested.
       4. The items associated with the basic and detailed engineering may not be reviewed.

Surplus of Local Content

* + 1. If the Contracted Party exceeds the Local Content it undertook, either at the exploration phase or in a module of the development phase, the surplus amount, in Real, may be transferred to the module of the development phase to be implanted thereafter.
    2. The surplus of Local Content transferred may not be used in the compensation of items and sub-items associated with the basic and detailed engineering.
    3. The amount of the investment surplus of Local Content originated from items and sub-items associated with the basic and detailed engineering will be transferred multiplied by 2 (two).
    4. The transfer of the Local Content surplus should be directed to the modules of the development phase in the order of their deployment.
    5. The transfer of Local Content surplus amounts:

1. Is bound to previous authorization by ANP;
2. Should be directed to specific items, indicated by the Contracted Party at the time of its transfer request; and
3. Does not relieve the Contracted Party from the compliance with the overall percentage of Local Content.

Fine for Noncompliance with the Local Content

* + 1. The noncompliance of Local Content is to subdue the Contracted Party to a fine.
       1. The amount of the fine will be calculated on the non-complied monetary amount, subject to the following percentages:

1. If the noncompliance of Local Content is equal to or greater than 65% (sixty-five percent): , in which NR is the Non-Performed Local Content; and
2. If the noncompliance of Local Content is inferior to 65% (sixty-five percent): 60% (sixty percent).
   * 1. If there is a noncompliance simultaneously to more than one item of Local Content, the amount of the fine shall correspond to the sum of the fines for each item.
     2. In the event of non-compliance with the global and Local Content for the items specified in the table of Annex IX - Commitment of Local Content, the amount of the fine to be applied to the items will be deducted from the amount of the fine to be imposed for non-compliance with the overall Local Content.
     3. In the event of non-compliance with the Local Content for items and their related sub-items specified in the table of Annex IX - Commitment of Local Content, the amount of the fine to be applied to the sub-items will be deducted from the amount of the fine to be imposed for non-compliance with the Local Content for the items.
   1. Twenty Sixth Clause - Operational Safety and Environment

Environmental Control

* + 1. The Consortium Members must have a safety and environment management system that meets the Best Practices of the oil industry and the applicable legislation.
    2. The Consortium Members should, among other obligations:

1. Ensure the preservation of an ecologically balanced environment;
2. Minimize impacts and/or damage to the environment;
3. Ensure the safety of operations in order to protect human life and the environment;
4. Ensure the protection of the Brazilian historical and cultural heritage;
5. Repair the degraded environment in accordance with the technical solution required by the competent environmental organization.
   * 1. If there is an environmental licensing process which the competent organization deems necessary for the achievement of Public Hearing, the Consortium Members must send ANP copy of studies designed to obtain licenses at an earlier date of the Hearing.
     2. The Consortium Members must submit to ANP copy of the environmental permits and their respective renewals within 30 (thirty) days after its acquisition, or, before that, when necessary to instruct authorization procedure that requires such documents.
     3. The Consortium Members must immediately inform ANP and the competent authorities of any occurrence, due to fact or act either intentional or accidental, involving risk or damage to the environment or human health, material damage to its own assets or of third parties, fatalities or serious injuries for the personnel or to third parties or unscheduled interruptions of the operations, according to the applicable legislation.
     4. The Consortium Members shall inform the competent authorities immediately about the occurrence of any spill or loss of Petroleum and Natural Gas and other incidents, as well as the measures already taken to solve the problem.
        1. During the term of this Contract, the Consortium Members shall send, to the Contractor and ANP, up to 31 May of each year, the inventory of greenhouse gas emissions, broken down by type of source including the destination of such gases.
        2. The Consortium Members shall submit to ANP and other competent bodies the contingency plan concerning the accidents caused by leakage of Petroleum and Natural Gas and its derivatives.
        3. The Consortium Members undertake to carry out an environmental audit of the entire operational process of withdrawal and distribution Petroleum and Natural Gas coming from the Area of the Contract, presenting their results to the Contractor, ANP and other competent bodies.
   1. Twenty-Second Clause - Insurances

Insurances

* + 1. The Contracted Party must provide and maintain in force during the entire duration of the Contract, without restrictions of its responsibility under this Contract, insurance coverage for all cases required by applicable law.
       1. The coverage of such insurance should cover:

1. Goods;
2. Staff;
3. Extraordinary expenses in the operation of wells;
4. Cleaning from accidents;
5. Decontamination from accidents; and
6. Civil Liability for environmental damage.
   * + 1. The Contracted Party should include ANP as co-insuree in policies, when applicable, which will not jeopardize the right of the Contractor and ANP of full compensation for damages and losses that exceed the compensation received due to the coverage provided for in the policy.
     1. The self-insurance is admitted, provided it is previously authorized by ANP.
     2. The insurance through affiliates is admitted where provided by a company authorized to perform this activity by the Superintendence of Private Insurance (SUSEP) and previously approved by ANP.
     3. The insurance through affiliates is admitted where provided by a company authorized to perform this activity by the Superintendence of Private Insurance (SUSEP) and previously approved by ANP.
     4. The policies and global insurance programs of the Contracted Party may be used for the purposes of this clause, provided it is previously authorized by ANP.
7. GENERAL PROVISIONS
   1. Twenty Eighth Clause - Currency

Currency

* + 1. The monetary unit, for all the purposes and effects of this Contract, will be the Real.
  1. Twenty-Ninth Clause - Accounting and Auditing

Accounting

* + 1. The Contracted Party must, in accordance with the applicable law:

1. Keep all documents, books, papers, records, and other parts;
2. Keep corroborating documents needed for the measurement of Local Content and Governmental and Third Parties Share that may support the accounting records;
3. perform the due journal entries;
4. Submit the financial and accounting statements; and
   * + 1. Submit to ANP a quarterly expenses report for the expenses on exploration, development and production and the local investments report in exploration and development, in accordance with applicable law.

Audit

* + 1. The Managing Party and ANP may perform accounting and financial auditing of this Contract and the statements of Governmental Participations, in accordance with Article 4, sections "d" and "e", of Law no. 12,304/2010, and Article 43, section VII, of Law no. 9,478/1997.
       1. The audits may be carried out directly or through arrangements.
       2. The performance of the audits should be notified with a minimum advance notice of 30 (thirty) days.
       3. The Managing Party and ANP will have broad access to documents, books, papers, records, and other parts, including contracts and agreements signed by the Contractor and related to the acquisition of goods and services for the operations related to the last five years.
       4. The Contracted Party is responsible for the information provided by third parties.
       5. The Contracted Party must keep at the disposal of ANP the respective certificates of Local Content, in addition to contracts, tax documents and other proving records corresponding to the good or service purchased, for a term of 10 (ten) years.
       6. The holding or not of the audit will not exclude or reduce the responsibility of the Contracted Party for the faithful fulfillment of the obligations of this Contract.
  1. Thirtieth Clause – Assignment of Rights and Obligations

Assignment

* + 1. The Contract Area may be the object of assignment with the prior consent of the Contractor after ANP is heard. ANP.
       1. The assignment may result in changes to the Consortium or in the division of the Contract Area.
       2. In the event of any assignment, the right of preference given to other Contracted Parties, as set out in Annex XI – Rules of the Consortium should be taken into account.
       3. Any Contracted Party can perform the withdrawal of the Consortium in accordance with Annex XI – Rules of Consortium, which should occur without cost to the other Contracted Parties.
    2. Assignment treatment will be given to the following assumptions:

1. Merger, split and incorporation of a company part of the Consortium;
2. Amendment of corporate composition, direct or indirect, that implies the transfer of the majority control of the Contracted Party or of most of its capital; or
3. Withdrawal in accordance with Annex XI – Rules of Consortium.
   * 1. Only the Assignment of rights and obligations for companies that meet the technical, legal and economic requirements established by the Contractor, after ANP is heard, will be allowed.
     2. Petrobras can only sell the portion of its rights and obligations that fall into a percentage higher than its minimum mandatory share.

Undivided Share in the Rights and Obligations

* + 1. The assignment in whole or in part of the area of the contract will be always an undivided share in the rights and obligations of the Consortium Members, respecting the joint responsibility between the transferor and the transferee in accordance with the applicable law and the disposals of paragraph 30.4.

Partial Areas Transfer in the Exploration Phase

* + 1. If the Contractor, after ANP is heard, authorizes an Assignment of rights and obligations to result in the division of the Contract Area, the area to be transferred and the remaining area should be circumscribed, each one, for a single polygonal line mapped out according to the criteria established by ANP.
       1. The resulting areas will be independent for all purposes, even for the calculation of the Governmental Revenues.
       2. ANP may define an additional Minimum Exploratory Program for the areas to be divided.

Assignments of Areas in Production Phase

* + 1. The assignment of rights and obligations of part of a field will not be allowed, except as an alternative to an unaccomplished agreement of production individualization, at the sole discretion of the Contractor, after ANP is heard.
    2. The consortium must always contain, at most, 7 (seven) members.

Documents Needed

* + 1. The requests for Assignment of rights and obligations should be forwarded to ANP, which will examine the relevant documentation and shall deliver its opinion to the Contractor.
    2. The documents that prove the compliance, per each one of the transferees, with the technical, legal and economic requirements required by the Contractor, after ANP is heard, will not be requested when the transferee has already been qualified in the same modality required for this Contract, provided the documentation is updated.

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

* + 1. Any Assignment of rights and obligations that do not comply with the provisions of this Clause shall be null for full duty.
       1. The assignment of this Contract, by any means, without prior and express approval of the Contractor, after ANP is heard, shall be considered null and constitutes a punishable infraction, as provided for in Clause Twenty-Nine - Non fulfillment Concerning Penalties of this Contract and in the Applicable Law.

Approval of the Assignment

* + 1. ANP will have a deadline of 90 (ninety) days, after receiving the request and the documents referred to in paragraph 30.9 to forward its opinion to the MME in respect of the intended Transfer.
       1. ANP may require changes or demand additional documents to support the analysis.
       2. Such modifications or requirements must be met within 30 (thirty) days from the request by ANP, giving back to this, after the submission of all documentation requested, the period referred to in paragraph 30.12.
       3. After receiving the opinion of ANP, the MME will respond on the request for Transfer within a period of 60 (sixty) days.
       4. The process of Assignment of rights and obligations will be archived when they are not complied with the requests of ANP within the given deadline.
    2. Within a period of up to 30 (thirty) days after the effectuation of the Assignment of rights and obligations, the Contracted Party must deliver to ANP copies of the Consortium Contract or agreement of amendment of the Consortium Contract, duly signed, as well as the publication of their archiving certificate in the competent Commercial Registry.
    3. The approval of the Assignment of rights and obligations of a certain Area of the Contract by the Contractor, after ANP is heard, is only to take place if the transferor and transferee are fully up with the Government Revenues, and will be conditioned to regularity of other obligations before ANP, with the exception of paragraph 32.4.2.

Realization of the Assignment

* + 1. After the approval of the Assignment of rights and obligations by the MME, after ANP is heard, the Contract should be added so the Transfer may take place, with the exception provided for in paragraph 30.17.
    2. No later than 30 (thirty) days after the date of approval of the Transfer, the Consortium Members shall sign the respective amendment, which will formalize the new composition of the Consortium.
       1. The amendment signed by the Parties will be effective after the publication of its text in the Official Gazette.

New Production Sharing Contract

* + 1. In the event of division of the Contract Area provided for in paragraph 30.6, a new Production Sharing Contract must be signed for each area resulting from the division, while maintaining the same terms, obligations, schedules and deadlines of the original Contract.
    2. After the approval of the Assignment of rights and obligations, ANP shall convene the Contracted Parties to sign the new Production Sharing Contracts within a period of 30 (thirty) days.
    3. The new Production Sharing Contracts signed by the Parties will be effective after the publication of its text in the Official Gazette.
  1. Clause Thirty One - Relative Non Fulfillment and Penalties

Legal and Contractual Sanctions

* + 1. In the event of breach of the obligations laid down in this Contract or its fulfillment at a place, time or manner different from what was agreed, the Contracted Party will incur in specific sanctions provided for in this document, without prejudice of the accountability for any losses and damages arising from the non-fulfillment.
    2. If the Applicable Legislation is not followed, the Contracted Party will incur in reasonable legal and administrative penalties, without prejudice to the application of contractual penalties provided for in paragraph 31.1.
  1. Clause Thirty Two - Termination and Resolution of the Contract

Full Right Termination

* + 1. This Contract shall be terminated in full right:
  1. Through the course of the period of validity foreseen in Fourth Clause - Duration.
  2. At the end of the Exploration Phase, without having met the Minimum Exploratory Program.
  3. At the end of the Exploration Phase if there has not been any Commercial Discovery.
  4. If the Contracted Party exercises its right of withdrawal during the Exploration Phase.
  5. Total or partially, by the refusal of the Contracted Party to sign the Production Individualization Agreement after decision of ANP.
  6. In the other cases provided for in the Contract.

Termination by Agreement among the Parties: Rescission

* + 1. This Contract may be terminated at any time, by mutual agreement between the Parties, without prejudice to the obligations provided for in Tenth Clause - Exploration Phase.

**Rescission in the Production Phase**

* + 1. At any time during the production phase the Consortium Members may rescind this Contract in respect of all fields or any of these, through formal notification in writing to the Contractor.
       1. The Consortium Members may not interrupt or suspend the Production committed in the production programs of the concerned fields during the minimum period of 180 (one hundred and eighty) days after the date of the notice of the intent to rescind.

Termination by Absolute Non Fulfillment: Resolution

* + 1. This Contract may be solved, in cases of:
       1. Non-compliance, by the Consortium Members, of the contractual obligations within the time limit set by ANP, if it is not a case of full right termination;
       2. Bankruptcy, insolvency or request for judicial recovery by a hired company other than the Operator.
       3. To necessitate the termination of the Contract, the time limit referred to in line "a" may not be inferior to 90 (ninety) days, except in cases of extreme urgency or option for sanctions as provided for in paragraph 32.9.
       4. The resolution will take effect only with respect to the defaulter Contracted Party, and it may transfer its undivided share on the rights and obligations of this Contract to other Contracted Parties, in accordance with the terms of Thirtieth Clause Thirtieth Clause – Assignment of Rights and Obligations.
       5. In any of the cases provided for in lien "b", will be given a period of 90 (ninety) days after the date of such events, so the Contracted Party may transfer its undivided share in the rights and obligations of this Contract.
    2. The resolution shall take effect only with relation to the defaulter, and it may transfer its undivided share in rights and obligations of this Contract.
       1. If the assignment is not performed, the Contractor, after ANP is heard, will resolve this Contract with relation to the defaulter Contracted Party, without prejudice of the rights and obligations of the other Contracted Parties.
    3. The resolution of this Contract, as provided in paragraph 32.4, should be preceded by the checking of the absolute default of the Contracted Party in administrative proceedings in which it is guaranteed the right to fully defend itself.

Consequences of the Resolution

* + 1. Once this Contract is resolved by the Contractor, after ANP is heard, the Contracted Party will respond for losses and damages resulting from its default and resolution, bearing the costs of all indemnifications and reasonable compensations.
    2. In any chance of termination or of resolution provided for in this Thirty Second Clause - Termination and Resolution of the Contract, the Contracted Party shall not be entitled to any compensation.

Option for Sanctions

* + 1. The Contractor will not resolve this Contract and shall propose to ANP the application of the sanctions listed in Thirty First Clause - Relative Default and Penalties when:
       1. The non-fulfillment of this Contract by the Consortium Members, at the discretion of the Contractor, after ANP is heard, is not serious, or repeated, or developer of usual deceit, incompetence, recklessness or negligence, or
       2. It is observed there was diligent action in order to correct the noncompliance.
  1. Thirty-Third Clause - Unforeseeable Circumstances, Force Majeure and Similar Causes

Total or Partial Exemption

* + 1. The Parties will only no longer meet the obligations of this Contract in the chances of unforeseen circumstances, force majeure and similar causes to justify the failure, as the fact of the administration, the fact of the prince and the unforeseen interferences.
       1. The exemption of the obligations of the debtor Consortium Members will take place only with regards to the obligations of this contract whose default becomes impossible because of the incidence of unforeseeable circumstances, force majeure or similar causes, recognized by the Contractor after ANP is heard.
       2. The decision of the Contractor, after ANP is heard, that recognizes the occurrence of unforeseeable circumstances, force majeure or similar causes shall indicate the portion of the contract whose default will be postponed or delayed.
       3. The recognition of the incidence of unforeseeable circumstances, force majeure or similar causes does not exempt the Contracted Party from the payment of Governmental Revenues.
    2. In the case of events that might be considered unforeseeable circumstances, force majeure or similar causes, the affected Party shall notify the other Party immediately, formally and in writing, specifying such circumstances, its causes and consequences. The assignment of the events should be similarly notified.

Suspension of the Course of the Term of this Contract

* + 1. The Contractor, after ANP is heard, by request of the Contracted Party, may, exceptionally, suspend the course of the contractual term if the unforeseeable circumstances, force majeure and similar causes are proven before ANP. The suspension will be equivalent to proven period.

Modification and Termination of the Contract

* + 1. Once the unforeseeable circumstances, the force majeure or similar causes are overcome, it is up to the Consortium Members to fulfill the affected obligations by extending the deadline for compliance with these obligations for the period corresponding to the duration of the event.
       1. Depending on the extent and severity of the effects of unforeseeable circumstances, force majeure or similar causes, the Parties may agree to change the contract or its extinction.

Environmental Licensing

* + 1. ANP may suspend the course of the contractual term if delays in the licensing procedure due to exclusive fault of the competent environmental bodies are proven.
       1. The definitive rejection, by the competent environmental organization, of a licensing essential for the implementation of exploratory activities, due to the worsening of the rules and criteria for licensing subsequently to the signing of the Contract, may cause the contractual termination without granting the Consortium Members the right to any type of compensation.

Losses

* + 1. The Contracted Party will take, individually and exclusively, all losses arising from the situation of unforeseeable circumstances, force majeure or similar causes.
  1. Thirty-Fourth Clause - Confidentiality

Obligation of the Contracted Party

* + 1. Any and all data and information acquired, processed, produced or developed in any way, obtained as a result of the operations and of the contract, are strictly confidential and, therefore, may not be disclosed by the Consortium Members without prior formal and written permission of ANP, except:

1. If the data and information are already public or become public through a third party authorized to disclose them;
2. If there is no obligation of disclosure resulting from legal imposition or judicial determination;
3. If the disclosure is performed in accordance with the rules and limits imposed by a stock exchange in which shares of the Contracted Parties are negotiated;
4. If the disclosure is directed to the affiliate, consultant or agent of the Contracted Party;
5. If the disclosure is directed to the financial institution and the security company against which the Contracted Party is appealing or working as a consultant of;
6. If the disclosure is directed to the possible transferee in good faith, affiliate or its consultant; and
7. If the disclosure is directed to a Concessionaire or Contracted Party under another exploration regime of Oil and Natural Gas Exploration and Production of an adjacent area, the subsidiary or its consultant, aiming for signing a Production Individualization Agreement.
   * + 1. In the cases provided for in lines "d", "e", "f" and "g", the disclosure of data and information is subject to a formal agreement and prior written consent of confidentiality.
          1. The agreement should provide that the third party mentioned in such lines shall be obligated to comply with the provisions in paragraph 34.1 and, in the event of noncompliance, will be subject to the provisions of Clause Thirty-One - Relative Noncompliance and Penalties, without however having the benefit of the exceptions provided for in items (a) to (f) of paragraph 34.1 for the dissemination of data and information without prior consent of ANP.
       2. The third party will not be granted with the benefit of the exceptions provided for in lines "a" to "g" for the dissemination of data and information without prior consent of the Contractor, after ANP is heard.
       3. In the cases provided for in lines "a" to "g", the Consortium must send the Contractor notification within 30 (thirty) days after the disclosure.
          1. The notification must be accompanied by the data and/or information disclosed, the reasons for disclosure and the relationship of third parties who had access to such data and/or information.
          2. In the cases provided for in lines "d" to "g", the notification must be accompanied, also, by a copy of the confidentiality agreement referred to in paragraph 34.1.1.
     1. The provisions of paragraph 34.1 shall remain in force and will remain after the termination of this Contract.

Liability of the Contractor and ANP

* + 1. The Contractor and ANP commit themselves not to disclose any data and information obtained as a result of the operations and related to areas held by the Consortium Members.
       1. Such provision does not apply if the disclosure is necessary for compliance with the legal provisions applicable to it or for the purposes it was incorporated for.
  1. Clause Thirty Five – Notifications, Requests, Communications and Reports

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

* + 1. The notifications, requests, forwarding of plans, programs, reports, as well as any other communications provided for in this Contract must be formal, written and delivered personally, by protocol, or sent via post or *courier*, with proof of receipt.
       1. The acts and communications related to this contract must be written in Portuguese language and, with the exception of the notice of commencement of drilling and the initial communication of incident, signed by a legal representative of the Contracted Party or by an attorney with specific powers.

**Addresses**

* + 1. The addresses of the signatories are in Annex VIII - Address.
       1. In the event of a change of address, the signatory commits itself to notify the other signatories the new address with a minimum notice of 30 (thirty) days after the change.

Validity and Effectiveness

* + 1. The notifications provided for in this Contract shall be deemed valid and effective on the date on which they are actually received.

Amendments to the Acts of Incorporation

* + 1. The Consortium Members must notify ANP, in up to 30 (thirty) days after its realization, of any changes of its acts of incorporation, by-laws or articles of incorporation by forwarding copies of these documents, the election documents of its administrators or evidence of the executive acting board.
  1. Clause Thirty Six - Legal Regime

Applicable Law

* + 1. This contract will be executed, governed and interpreted according to the Brazilian laws.

Conciliation

* + 1. The Parties and other signatories to this Contract commit themselves to make all efforts to resolve among themselves, amicably, all and any dispute or controversy arising from this Contract or related to it.
       1. The Parties and other signatories may, provided they enter into a formal and written agreement, appeal to an independent expert to obtain reasoned opinion that may lead to the end of the dispute or controversy.
       2. If such an agreement is signed, the arbitration appeal may only be performed after the issuance of an opinion by an expert.

Suspension of Activities

* + 1. ANP will decide on the suspension or not of the activities of the dispute or controversy.
       1. The criterion to substantiate the decision should be the need to avoid personal or material risk of any nature, in particular as regards the operations.

Arbitration

* + 1. If, at any moment, one of the Parties considers that there are no conditions for an amicable settlement of the dispute or controversy referred to in paragraph, such matter or controversy should be submitted to arbitration *ad hoc*, using as parameter the rules laid down in the Regulation of Arbitration (*Arbitration Rules*) of the *United Nations Commission on International Trade Law* - UNCITRAL and in line with the following precepts:
    2. The choice of arbitrators shall follow the standard established in the Arbitration Rules of UNCITRAL.
    3. Three arbitrators should be chosen. Each interested party shall choose an arbitrator. The two arbitrators so appointed shall appoint the third arbitrator, who will act as president.
    4. By agreement of the interested parties, a single arbitrator may be determined under the assumptions on which the involved amounts are not large.
    5. The city of Rio de Janeiro, Brazil, will be the seat of arbitration and the place of delivery of the arbitral award. The language to be used in the arbitration proceeding shall be the Portuguese. The interested parties may, however, instruct the process with testimony or documents in any other language if the arbitrators so decide, without the need for official translation.
    6. All and every expenditure required for the installation and development of arbitration, such as costs and advance of arbitration and expert fees, shall be borne solely by the Contracted Party. The Contractor will only compensate such amounts in case of final conviction, in the form as decided by the arbitrators;
    7. In merit, the arbitrators shall decide on the basis of the Brazilian substantive laws.
    8. The arbitral award shall be final and its contents will oblige the interested parties. Any amounts perhaps owed by the Contractor or ANP will be paid off through writ of payment, except in the event of administrative recognition of the request.
    9. If there is a need for precautionary, preparatory or incidental measures, or other precaution measures before being introduced to arbitration, the concerned party may require them directly to the judiciary, with background in the applicable legislation.
    10. The interested parties, in common agreement, may choose to establish the arbitration in the an International Court of Arbitration of the International Chamber of Commerce or another Arbitration Chamber notoriously recognized and of unblemished reputation, in line with the precepts laid down in items b) to h) of paragraph 36.4.
        1. If the dispute or controversy involves exclusively members of the Federal Public Administration, the matter may be submitted to the Board of Conciliation and Arbitration of the Federal Administration - CCAF, of the Federal Attorney General.

Forum

* + 1. For the provisions in item "i" of paragraph 36.4 and for the issues that do not focus on available patrimonial rights, in accordance with Law no. 9,307/96, the Parties elect the courts of Federal Justice - Judicial Section of Brasília, Federal District, as the only competent one, with the express waiver of any other, no matter how privileged it may be.

Execution of the Contract

* + 1. The Contracted Party must keep, throughout the execution of the contract, in compatibility with the obligations undertaken by it, all the conditions of skills and qualifications required in the tender.

Continued Application

* + 1. The provisions of this clause shall remain in force and will replace the termination of this Contract.
  1. Clause Thirty Six - Final Provisions

Modifications and Amendments

* + 1. The omission or tolerance by any of the Parties to the requirement of compliance with the provisions of this Contract, as well as the acceptance of a different performance of the contractually required, does not imply novation and neither shall limit the right of such Party of, on subsequent occasions, impose the observance of those provisions or require a performance compatible with the contractually required.
    2. Any modifications or amendments in this contract must comply with the applicable legislation and only have validity if carried out formally and in writing and signed by the representatives of the Parties.

Titles

* + 1. The titles of paragraphs, chapters and clauses used in this Contract have the purpose of identification and reference and will not be taken into account for the purposes of interpretation of the rights and obligations of the Parties.

Disclosing

* + 1. The Contractor will publish in the Official Gazette of the Federal Government, the full text or extract of the terms of this Contract for its validity *erga omnes*.

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

Date, Location, Signatories

1. - Contract Area

Cartographic Parameters Used for the Coordinates.

(Add information of Sedimentary Basin and Exploratory Block, following the pattern of the Grid of ANP)

1. - Minimum Exploratory Program

**Minimum Exploratory Program and its Financial Guarantees**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Designation of the Area | Area (km2) |  | | | | Amount of the Financial Guarantee for the First Period (R$)2 |
| Exploratory Well3 | Minimum Depth of the well (age)3 | 2D Seismic (km)4 | 3D Seismic (km2)4 |
|  |  |  |  |  |  |  |
| Amount of the Guarantee per activity (in written) | |  | | | | |

**Exploration Phase**

|  |
| --- |
| Exploration Phase  Duration (years) |
| 4 (four) years |

1. For the purposes of compliance with the Minimum Exploratory Program, the time elapsed between the date of purchase of the data and the date of completion of the data acquisition campaign should be up to 5 (five) years. The contracted party may replace 5 linear km of non-exclusive 2D seismic surveys per 1 km² of non-exclusive 3D seismic surveys.
2. - Financial Guarantee for the Exploratory Activities

Financial guarantees shall be used for the Minimum Exploratory Program in the form of irrevocable letters of credit, insurance guarantee, pledge contract of oil and in the form and conditions set forth in the Tender Protocol of the Area of this Production Sharing Contract.

Copies of the financial guarantee delivered, referring to the Minimum Exploratory Program are seen next.

1. - Performance Guarantee

Copy of the documents delivered as performance guarantee, according to the Tender Protocol, if applicable, are seen next.

1. - Government Revenues

In accordance with Law no. 12,351/2010, the Contracted Party shall pay the following Government Revenues:

1. Signature Bonus paid by the Contracted Party, as per the Tender Protocol, at the amounts below:

|  |  |  |
| --- | --- | --- |
| Signature Bonus paid by the Contracted Party | | |
| Area | Amount paid | Amount paid (in written) |
| \_\_\_\_\_\_ | \_\_\_\_\_\_ | \_\_\_\_\_\_ Real |
| Total paid in the Contract | \_\_\_\_\_\_ | \_\_\_\_\_\_ Real |

1. Royalties at an amount corresponding to 15% (fifteen percent) of the Total Volume of Production of Petroleum and Natural Gas held in the Area of the Contract.
2. – GENERAL INSTRUCTIONS for Exploration Plan
3. **GENERAL CONSIDERATIONS**
   1. The General Instructions for the Exploration Plan define the purpose, content and determine the procedures regarding its form of presentation to the National Agency of Petroleum, Natural Gas and Biofuels (ANP).
      1. The Exploration Plan should cover, at least, the Minimum Exploratory Program.
      2. The implementation of the activities of the Minimum Exploratory Program may be initiated before the adoption of the Exploration Plan, provided ANP is notified in advance.
      3. The first Exploration Plan should be submitted by the Contracted Party within a maximum of 120 (one hundred and twenty) days after the date stipulated in the Contract for the constitution of the Operating Committee.
      4. If the Contracted Party holds interest in performing additional exploratory activities to the Minimum Exploratory Program, it must submit to ANP, the revised Exploration Plan with a minimum advance notice of 120 (one hundred and twenty) days after the commencement of such activities.
      5. The additional activities of the Minimum Exploratory Program should be initiated after the approval of the Exploration Plan.
      6. At its sole discretion, ANP may authorize the commencement of additional activities to the Minimum Exploratory Program before the adoption of the Exploration Plan.
      7. ANP will have 60 (sixty) days after receiving the Exploration Plan to approve it or request changes from the Contracted Party. If ANP requests such modifications, the Contracted Party should present them in a period of 60 (sixty) days after such request, thus repeating the procedure laid down in this paragraph. The execution of the Exploration activities already initiated may be interrupted, if rightly demanded by ANP.
4. **OBJECTIVE**
   1. The Exploration Plan must:
   2. Be prepared according to the instructions contained in this Annex for its approval;
   3. Contain comprehensive and detailed information enough for its approval, and
   4. Allow ANP to know, monitor and supervise the exploratory activities contained in it.
5. **CONTENTS OF EXPLORATION PLAN**
   1. The Exploration Plan must contain:

Name of the Consortium Members;

Name of the Operator;

Identification of the Area of the Contract;

Name of sedimentary Basin;

Contract number;

Schedule of the exploratory activities of the Exploration Plan and budgets provided year after year, based on the attached spreadsheet; and

The estimates of the minimum Local Content percentage to be hired.

* + 1. An executive summary, which should take into account the geological context of the Area of the Contract (including the location map) and the description of the planned exploratory activities by presenting its justifications;
  1. The approval of the Exploration Plan by ANP does not imply the automatic recovery of the costs provided in it.

1. **CHANGES OF THE EXPLORATION PLAN**
   1. Any change in the Exploration Plan should be formally notified to ANP and accompanied by the technical justifications that motivated it.
   2. ANP will have 60 days to evaluate and, if appropriate, approve the proposed amendments to the Exploration Plan.
   3. ANP may at any time request the additional information it deems relevant, as well as oral exposure of the Exploration Plan and its revisions.
   4. Amendments to the Exploration Plan do not disclaim the Contracted Party to fully comply with the Minimum Exploratory Program.
   5. The approval of the Completion Report of the Exploration Plan by ANP does not imply the automatic recovery of the costs provided in it.

Table 01: Model of the Exploration Plan Spreadsheet

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **DESCRIPTION** | | | **Unit** | **ACTIVITIES - EXPLORATION PLAN** | | | | | | **BUDGET - EXPLORATION PLAN (Millions of R$)** | | | | | | **Forecast - Local Content** |
| **YEAR** | | | | | | **YEAR** | | | | | |
| **1- SURVEYS** | | | **First** | **Second** | **Third** | **Fourth** |  |  | **First** | **Second** | **Third** | **Fourth** |  |  |
| **1.1- GEOPHYSICS** | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1.1.1 - GRAVIMETRY | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ACQUISITION | | | km |  |  |  |  |  |  |  |  |  |  |  |  |  |
| PROCESSING | | | hh |  |  |  |  |  |  |  |  |  |  |  |  |  |
| INTERPRETATION | | | hh |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1.1.2 - MAGNETOMETRY | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ACQUISITION | | | km |  |  |  |  |  |  |  |  |  |  |  |  |  |
| PROCESSING | | | hh |  |  |  |  |  |  |  |  |  |  |  |  |  |
| INTERPRETATION | | | hh |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1.1.3 - OFFSHORE SEISMIC ACQUISITION | 2D | ACQUISITION | km |  |  |  |  |  |  |  |  |  |  |  |  |  |
| PROCESSING | hh |  |  |  |  |  |  |  |  |  |  |  |  |  |
| INTERPRETATION | hh |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 3D | ACQUISITION | km2 |  |  |  |  |  |  |  |  |  |  |  |  |  |
| PROCESSING | hh |  |  |  |  |  |  |  |  |  |  |  |  |  |
| INTERPRETATION | hh |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1.1.4 - ONSHORE SEISMIC ACQUISITION | 2D | ACQUISITION | km |  |  |  |  |  |  |  |  |  |  |  |  |  |
| PROCESSING | hh |  |  |  |  |  |  |  |  |  |  |  |  |  |
| INTERPRETATION | hh |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 3D | ACQUISITION | km2 |  |  |  |  |  |  |  |  |  |  |  |  |  |
| PROCESSING | hh |  |  |  |  |  |  |  |  |  |  |  |  |  |
| INTERPRETATION | hh |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1.1.5 - ELECTRO MAGNETIC | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ACQUISITION | | | km/receptor |  |  |  |  |  |  |  |  |  |  |  |  |  |
| PROCESSING | | | hh |  |  |  |  |  |  |  |  |  |  |  |  |  |
| INTERPRETATION | | | hh |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **1.3 - GEOCHEMICAL (Specify)** | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ACQUISITION | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| PROCESSING | | | hh |  |  |  |  |  |  |  |  |  |  |  |  |  |
| INTERPRETATION | | | hh |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **1.4 - OTHER SURVEYS (Specify)** | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ACQUISITION | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| PROCESSING | | | hh |  |  |  |  |  |  |  |  |  |  |  |  |  |
| INTERPRETATION | | | hh |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **2- (RE) PROCESSING (Specify)** | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | hh |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **3- INTERPRETATION (Specify)** | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | hh |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **4- STUDIES** | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 5.1 - GEOPHYSICS (Specify) | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 5.2 - GEOLOGICAL (Specify) | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 5.3 - GEOCHEMICAL (Specify) | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **5 - OTHERS (Specify)** | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **6- ENVIRONMENT** | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 6.1 - Environmental Licensing | | | Units |  |  |  |  |  |  |  |  |  |  |  |  |  |

CONTINUATION - Table XX: Model of the Exploration Plan Spreadsheet

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **DESCRIPTION** | | **Unit** | **ACTIVITIES - EXPLORATION PLAN** | | | | | | **BUDGET - EXPLORATION PLAN (Millions of R$)** | | | | | | **Forecast - Local Content** |
| **YEAR** | | | | | | **YEAR** | | | | | |
| **7 - WELL** | | **First** | **Second** | **Third** | **Fourth** | **Fifth** | **Sixth** | **First** | **Second** | **Third** | **Fourth** | **Fifth** | **Sixth** |
|  | Drilling |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Well Evaluation** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Petrophysical Analysis |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Forming |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Formation Tests |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **8- ENVIRONMENT** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **7.1 - Environmental Licensing** | | Units |  |  |  |  |  |  |  |  |  |  |  |  |  |

Notes of the Exploration Plan Spreadsheet

HEADLINE: YEAR: Indicate the year in which the program will be carried out; Contract Area: Indicate the area in which the program will be carried out; BASIN/STATE: Indicate the Sedimentary Basin and the State in which the area is located; OPERATOR: Indicate the name of the Operator Contract Area; N0. OF THE CONTRACT: Indicate the contract number; DATE OF ISSUANCE: Indicate the date on which the document will be delivered to the National Petroleum Agency (ANP).

DESCRIPTION OF ITEMS:

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

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

* + 1. 6-ENVIRONMENT: Environmental Licensing: Indicate the number of licenses that will be obtained from the environmental agency for the development of exploration activities.
    2. 7-WELL: 7.1- EXPLORATORY: Indicate the number of wells that will be drilled, indicating between parentheses the intended depth; 7.2 - EVALUATION OF THE WELL: Indicate the quantity, types, and the petrophysical analysis; indicate the quantity and types of profiles and the quantity and type of formation test.

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

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

1. - Procedures for Determination of the Cost and Profit Oil
   1. Section i - Preliminary Provisions
      1. This Annex sets out the procedures for calculating the Cost Oil and the Profit Oil, as defined in sections II and III of Article 2 of Law no. 12,351/2010.
      2. The Federal Government does not incur any operating losses, being the volume of the portion of Production of Petroleum, Natural Gas and other hydrocarbon fluids of the Federal Government set out at the Point of Measurement.
      3. In the event of more than one Declaration of Commerciality, the account balance of the Cost Oil should be divided between the respective Fields, as deliberated by Managing Party.
         1. The Cost Oil of the Production Phase will be calculated for each Field contained in the Area of the Contract.
         2. The Profit Oil will be calculated for each Field contained in the Area of the Contract.
      4. The expenses relating to premises and equipment shared with Fields that are not related to this Contract, and whose ownership cannot be performed directly, shall be divided according to the following criteria:
         1. Expenditures on Exploration activities: by the area of each contract;
         2. Expenses related to production units, collection systems and systems for disposal of production: production volume of the Field moved by installation;
         3. All other expenses shall be divided by the volume of production realized for each Field.
   2. Section ii - Calculation of the Gross Production Amount

Gross Production Amount

* + 1. The Gross Production Amount from which the Profit Oil is defined will be calculated for each Field according to the following formula:



Whereas:

**VBPm**: Gross Production Amount of the month “m”;

**VPFp,m**= Volume of Supervised Production of petroleum for the month "m", in cubic meters.

**PRp,m**= Reference Price of Petroleum in the month "m";

**VPFg,m**: Volume of Production Supervised for natural gas in the month "m" in cubic meters

**PRg,m**: Reference Price of natural gas produced in the area of the contract in the month "m".

Reference Price of Petroleum

* + 1. The reference price to be applied to each month to oil produced in each field during the same month, in the default condition of measurement, will be equal to the weighted average sales prices charged by each Consortium Member, under normal market conditions, or to its minimum price established by ANP, whichever is greater.
       1. The minimum price of oil will be calculated using the methodology established in ANP Decree no. 206, of august 30, 2000.
    2. The prices of sale shall be tax free on the sale and, in the case of shipped petroleum, free on board.
    3. Until the fifth business day of each month, following the month in which occurs the date of commencement of production of oil for each field, each Consortium Member shall inform the Managing Party and ANP the quantities sold, the selling prices in the previous month and the amount of the weighted average referred to in paragraph 2.2 2.2 of this Annex, in addition to the sales invoices.
    4. The selling prices of petroleum, when expressed in foreign currency will be converted into the national currency by the average monthly amount of the official daily exchange rates for the purchase of foreign currency, set by the Central Bank of Brazil for the month in which the sale occurred.
    5. ANP will publish, every month, a consolidation of the minimum price of oil extracted from each field in the previous month.

Reference Prices for Natural Gas

* + 1. The price to be applied to each month to natural gas produced during that month, in each field, in the default condition of measurement, will be equal to the weighted average of the prices for the sale of natural gas, free of taxes levied on the sale, agreed upon in the contracts for the sale of natural gas produced in the field, deducted from the fees relating to the transport of natural gas up to the points of delivery to buyers, when applicable.
    2. Until the fifth business day of each month, following the month in which occurs the first date of commencement of production of natural gas in the Field, the Contracted Party shall inform the Operating Committee and ANP, in relation to the previous month, the quantities sold, the selling prices, the cost of transportation of Natural Gas produced and the calculated amount of the reference price of Natural Gas.
    3. The prices for the sale of natural gas provided for in this item, when expressed in foreign currency will be converted into the national currency by the average monthly amount of the official daily exchange rates for the purchase of foreign currency, set by the Central Bank of Brazil for the month in which the sale occurred.
    4. If there are no sale contracts for the natural gas produced in the field, the price to be applied to the Natural Gas will be calculated using the methodology established in Resolution ANP no. 40, of December 18, 2009.
    5. If the Contracted Party stops submitting the information required by ANP to set the reference price of natural gas, or when the sale prices informed do not reflect the normal conditions of the national market, the reference price of natural gas for each field will be set by ANP based on Resolution no. 40, of December 18, 2009.
  1. Section III - Calculation of the Cost Oil

General Provisions of the Cost Oil

* + 1. The Cost Oil comprises the expenditures made by the Contracted Parties in the Contract Area, approved in the Operating Committee and recognized by the Managing Party relating to activities of:
       1. Exploration and Evaluation;
       2. Development;
       3. Production;
       4. Deactivation of the installations, and
       5. Research and Development and Innovation Hired under the terms of paragraphs 7.2 and 7.3 of Clause Seventh - Expenditure Qualified as Research and Development and Innovation of the Contract.
    2. Provided they are related to the activities listed in paragraph 3.1 the following expenses, among others, will be liable to recognition as Cost Oil:
       1. Purchase of inputs consumed in the Operations;
       2. Rentals, chartering and leasing of goods and equipment used in the Operations;
       3. Acquisition, processing and interpretation of data from geology, geophysics and geochemistry;
       4. Value of goods incorporated to fixed assets acquired and used in the Operations;
       5. Maintenance and repair of goods, equipment, facilities and refitting of goods or equipment lost by the Contractor in the execution of the Operations in accordance with the Best Practices of the Oil Industry, except for the provisions of paragraph 3.19.10;
       6. Purchase and maintenance of insurances approved by the Operating Committee;
       7. Operations of vessels and aircraft;
       8. Inspection, storage, handling and transportation of materials and equipment;
       9. Obtaining permissions, easements and expropriation of immovable property and suchlike;
       10. Personnel directly related with the activities purpose of the Contract, namely: salaries, wages, commissions, bonuses, gratuities, holidays, 13th salary, Severance Indemnity Fund, medical insurance, life insurance, public and/or private social security contribution and other taxes on payroll, housing aid, transport aid;
           1. The expenses listed in the heading of this clause will be appropriate upon attendance hours of the personnel of the Operator and on the basis of the average cost per employee calculated for each category and work regime and reviewed annually.
           2. During the audit process of Managing Party, the Operator shall provide a demonstration that the average amount corresponds exclusively to the costs incurred, not including any element of profit or duplication of costs, should the Operator present calculating memory concerning to each one of the costs in detail and format defined by the Managing Party.
       11. Training approved by the Operating Committee.
       12. The costs incurred by the Operator which (i) are not easily identifiable, (ii) are not directly associated with the Operations will also be recovered. Such expenses will be estimated by the following percentages of the Cost Oil:
       13. In relation to expenditures of Exploration:
           1. 3% (three percent) when the expenses vary from 0 up to R$ 5 million;
           2. 2% (two percent) when the expenses vary from 5 up to R$ 15 million;
           3. 1% (one percent) when the expenses are higher than the R$ 15 million;
       14. In relation to expenditures on Development;
           1. 1% of the expenses on Production.

Exploration and Evaluation Activities

* + 1. The Exploration and Evaluation Activities include:,
       1. Survey, processing, reprocessing and interpretation of geology and geophysics data;
       2. Drilling, completion and abandonment of exploratory wells;
       3. Execution of formation and production tests for the Evaluation of Discovery;
       4. Deployment of facilities used to support the goals above, including civil engineering services and works.

Development Activities

* + 1. The development activities include:
       1. Studies and projects for deployment of facilities;
       2. Drilling and completion of production and injection wells;
       3. Installation of equipment and vessels of extraction, collection, treatment, storage and transfer of petroleum and natural gas;

1. Such facilities include: rigs, piping, treatment units of petroleum and natural gas, equipment and facilities for the measurement of the supervised production, wellhead equipment, production pipes, flow lines, tanks and other facilities exclusively intended for the extraction, as well as oil and gas pipelines directly linked to disposal of production, and their respective compression and pumping stations.
2. Secondary distribution branches that do not have the purpose of disposing production should not be considered as development activity;

Production Activities

* + 1. The production activities include:
       1. Routine production operations including the Production of Petroleum and Natural Gas, both by natural and artificial lifting, treatment, compression, transfer, control, measurement, testing, collection, storage and transfer of petroleum, natural gas or both;
       2. Interventions in production and injection wells and the maintenance and repair of equipment and production facilities in general.

Activities of Decommissioning of Facilities

* + 1. The expenditures intended for the decommissioning of facilities will be recognized as recoverable in the Cost Oil in each month.
    2. The expenses with the abandonment and environmental restoration include the expenditures with the splint, cementing and other operations necessary to secure the closure of wells, as well as the disconnection and removal of the lines and the withdrawal of the stationary and floating production units.
    3. If there is fund for the obligations of abandonment, a possible positive balance at the end of the Contract of the account or investment fund referred to in the previous item, will be reverted to the Federal Government.

Rentals, Charters and Leases

* + 1. Expenses on rentals and charters, as well as the installments paid or credited by the Contracted Party due to a lease contract of goods will be recognized as recoverable Cost Oil.
    2. In calculating the Cost Oil, expenses on rentals, charters and leases will only be accounted for in the period in which the good or right is used in the field.

Payments to Affiliated Companies

* + 1. If the expenses made by the Contracted Party in transactions with Affiliates exceed the prices charged in the national and international markets for the same goods and services, in conditions of free competition, one of the following methods will be applied for determining the permissible amount for recognition in the Cost Oil:
       1. Method of Independent Compares Prices - PIC: is defined as the arithmetic average of the prices of goods, services or rights, identical or similar, established in Brazil or other countries, in purchase and sale transactions, in similar conditions of payment;
       2. Resale Price Method less Profit - PRL: is defined as the arithmetic average of resale prices of the assets or rights, minus:
          1. The unconditional discounts granted;
          2. The taxes and contributions incidents on sales;
          3. Commissions and brokerage paid;
          4. The profit share of 20 per cent, calculated on the resale price.
       3. Method of Production Cost plus Profit - CPL: is defined as the average cost of production of goods, services or rights, identical or similar, in the country where they have been originally produced, plus taxes and fees levied by the said country in exports and profit margin of 20 per cent, calculated on the ascertained cost.
    2. The arithmetic averages of prices provided for in paragraphs 3.11.1 and 3.11.2, and the average cost of production provided for in paragraph 3.18, will be calculated considering the prices charged and the expenses incurred during the entire calculating period of the Cost Oil to which the expenses, costs, expenses or fees relate.
    3. For the purpose of calculating the arithmetic average of the prices referred to in paragraph 3.11.1 3.11.1only purchase and sale operations carried out between non-affiliated buyers and sellers will be considered.
    4. For the purpose of calculating the arithmetic average of the prices referred to in paragraph 3.11.2 3.11.2only the prices of the contracted party with non-affiliated buyers will be considered.
    5. If the amounts calculated according to the methods mentioned in this item are superior to the effectively disbursed one contained in the respective documents, the inclusion in the Cost Oil will be limited to the amount of the latter.
    6. In the event of the use of more than one price determining method, the lower amount found in the inclusion of the Cost Oil will be considered, provided the provisions of the preceding paragraph are taken into account.
    7. The share of expenses that exceed the amount determined in accordance with this article may not be included for recognition by means of the Cost Oil.

Items that do not incorporate the Cost Oil

* + 1. The following items will not be recognized as Cost Oil:
       1. Royalties.
       2. Signature Bonus.
       3. The commercial royalties paid to Affiliates;
       4. Additional Information obtained in accordance with paragraph 2.6 of Annex XI – Rules of Consortium.
       5. The financial charges and write off of loans and financing.
       6. Research and Development and Innovation Hired under the terms of paragraphs 7.5 of Clause Seventh - Expenditure Qualified as Research and Development and Innovation of the Contract.
       7. Spending on fixed assets that are not directly related to the activities set out in paragraph 3.1 of this Annex.
       8. The expenses related to legal and extra judicial costs, conciliation, arbitration, examinations, attorneys' fees, any amounts resulting from losses and indemnities arising from judicial decision or arbitration, even if merely confirming judicial agreement, as well as extra judicial agreement.
       9. The fines, sanctions and penalties of any kind.
       10. The expenses with the refitting of goods, equipment and inputs that are lost, damaged or destroyed due to unforeseeable circumstances, force majeure or similar causes and third party factor, as well as deceit, incompetence, negligence, or recklessness on the part of the Operator, its representatives, contractors, affiliates or associates.
       11. The income taxes, as well as the taxes borne by purchases and that generate credits utilizable by the Contracted Party.
       12. The expenses with marketing or transportation of Petroleum and Natural Gas, except all expenditures related to the Flow of Production.
       13. Items covered by the percentage specified in paragraph 3.2.12.
       14. The tax credits utilizable Contracted Parties arising from non-cumulative nature aiming at the recovery of the tax burden in the previous stage, except the credits that should be canceled or reversed.
  1. Section Iv - Register of Assets
     1. The Contracted Party must maintain at the Managing Party a register of all assets employed in the activities listed in paragraph 3.1
        1. The content of such a register will be defined by the Managing Party through the manual of the Management System of Production Sharing Expenses - SGPP.
  2. Section V - Register of Contracts
     1. The Contracted Party must maintain at the Managing Party a register of all contracts signed to perform Operations purpose of this contract
        1. The content of such a register will be defined by the Managing Party through the manual of the Management System of Production Sharing Expenses - SGPP.
  3. Section VII - Systematization of the Cost Oil
     1. The control of the Cost Oil will be carried out by means of an information system, managed and designed by the Managing Party and loaded by the Operator, to be named Management System of Production Sharing Expenses - SGPP.
     2. Such a system should also be the system used for the management of the compliance with the Local Content by the Contracted Party.
     3. The Operator must load the SGPP in the detailed format and frequency determined by the Managing Party, with all expenses incurred in the immediately preceding period.
        1. The frequency provided for in the *caput* should be, at most, monthly.
     4. The Operator must load the SGPP with those registrations up to the 25th (twenty-fifth day) of the month following the occurrence of the registrations.
     5. The monetary data loaded by the Operator in SGPP should be in domestic currency.
     6. For the conversion of foreign currencies, the official purchase exchange rates set by the Central Bank of Brazil on the date of completion of the expense should be used.
     7. The Managing Party shall have 15 days after receiving the consolidated database to request additional information to the Operator.
        1. The entries that are not questioned within 15 days by the Managing Party will be recognized as a Cost Oil.
        2. Once the requested information is received, the Company will have 15 days to comment on the non-agreement by means of detailed report.
        3. The non-agreement with the clarifications will result in non-recognition of the expenses as Cost Oil.
        4. The lack of response by the Managing Party within a period of 15 days will entail the recognition of the expenses as Cost Oil.
     8. At any time the Managing Party may request additional information of expenditures already recognized as Cost Oil.
        1. The Operator shall have 30 days after receiving the request to provide the due clarifications.
        2. The non-provision of the requested information within the time limit shall entail the charge back of the expenditures previously recognized as Cost Oil.
        3. The non-agreement of the Managing Party with the clarifications provided shall give rise to the reimbursement of the expenses previously recognized as Cost Oil.
     9. The acts of the Managing Party in recognizing or not any expenses will only become definitive after the Limitation period or its verification by audit.
     10. The Operator shall keep at the disposal of the Managing Party and ANP, for 10 (ten) years after the end of the duration of the Contract, all records substantiating the amounts loaded into the system.

Determination of the Profit Oil of the Federal Government

* + 1. The Operator must load the SGPP monthly, up to the fifth business day of each month, with the following data regarding the immediately preceding month, among others:
       1. Production Volume;
       2. Reference prices for petroleum and natural gas;
       3. The effectively paid Royalties amounts;
       4. The production of each producing well, highlighting the wells that showed restriction in production
       5. The average daily productivity of the wells of the Contract Area, as well as the specification of the producing wells, excluding the wells with production constrained by technical and operational issues that do not meet the Industry Best Practices and below the average production as compared to other wells.
    2. Up to the last working day of each month, the Managing Party, by means of the SGPP, will provide the Contracted Parties with the Calculating Report of the Profit Oil of the Federal Government of the month "m", containing the following information:

1. COm-1= accumulated balance of the account Cost Oil up to the end of the immediately preceding month.
2. Roym-1= total royalties paid by the Contracted Parties in the immediately preceding month.
3. VBPm-1= Gross Production amount in the immediately preceding month.
4. EOm-1= Profit Oil, equivalent to:

VBPm-1 – Roym-1 – LOWER [COm-1;NN%\*VBPm-1]

1. Alim-1= share rate of the Profit Oil, calculated on the basis of the table contained in paragraph 9.2referring to the immediately preceding month.
2. NN = monthly limit for the Cost Oil recovery.
3. EOUm-1= Profit Oil of the Federal Government = Alim-1 \* EOm-1.
4. Sharem+1= percentage of the oil produced in the month "m+1" to be delivered to the company contracted to sell the oil of the Federal Government, equivalent to:

EOUm-1 / VPBm-1

* + 1. Every month, the oil produced in the area of the contract will be shared in the ratio defined in the Report of the Profit Oil of the Federal Government of the immediately preceding month, and this rule should be included in the agreement on production availability to be signed between the Consortium Members.

1. - Address

Ministério de Minas e Energia - MME

Esplanada dos Ministérios Bloco U – Zona Cívica – 70.065-900 – Brasília, DF

Pré-Sal Petróleo S.A - PPSA

Agência Nacional do Petróleo, Gás Natural e Biocombustíveis - ANP

Avenida Rio Branco nº 65 – 18º andar – Centro – 20090-004 – Rio de Janeiro, RJ

Petróleo Brasileiro S.A. - Petrobras

[name of the Contracted Party]

Address\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

«Consórcio2»

«Epostal2»

«Consórcio3»

«Epostal3»

«Consórcio4»

«Epostal4»

1. - Commitment to Local Content

The Contracted Party undertakes to comply with the following minimum percentage of Local Content in the acquisition or procurement of goods and services aimed for fulfilling the purpose of this Contract:

|  |  |  |  |
| --- | --- | --- | --- |
| **Exploration Phase** | | | |
| **Subsystem** | **Item** | **Minimum Local Content item (%)** | **Minimum Local Content - Exploration Phase (%)** |
| Operational Support | Logistical Support (Sea/Air/Base) (Note 1) | 50 | **37** |
| Geology and Geophysics | Acquisition | 5 |
| Interpretation and Processing | 85 |
| Drilling, Assessment and Completion | Deep- Water Drill | 29 |
| Drilling + Completion (Note 2) | 45 |
| Auxiliary Systems (obs. 3) | 54 |
| Long Duration Test | (note 4) | 15 | |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Production Development Phase - modules with first oil up to 2021** | | | | | |
| **Subsystem** | **Item** | | | **Minimum Local Content item (%)** | **Minimum Local Content - modules of the Development Phase (%)** |
| Drilling, Assessment and Completion | Deep- Water Drill | | | 50 | **55** |
| Logistical Support (Sea/Air/Base) (Note 1) | | | 50 |
| Christmas Tree | | | 70 |
| Drilling + Completion (Note 2) | | | 37 |
| Auxiliary Systems (obs 3) | | | 58 |
| Production Collection System | Distribution Lines | | Flexible | 40 |
| Rigid | 80 |
| Basic Engineering | | | 90 |
| Detailed Engineering | | | 90 |
| Management, Construction and Assembly | | | 34 |
| Flexible Production/Injection Lines (Flowlines, Risers) | | | 56 |
| Rigid Production/Injection Lines | | | 50 |
| Manifolds | | | 70 |
| Subsea Control System | | | 20 |
| Umbilical | | | 55 |
| UEP | Hull | Basic Engineering | | 90 |
| Detailed Engineering | | 90 |
| Management | | 90 |
| Construction and Assembly | | 75 |
| Commissioning | | 90 |
| Systems and Equipment | | 40 |
| Naval Systems | | 50 |
| Materials | | 80 |
| Plants (note 5) | Basic Engineering | | 90 |
| Detailed Engineering | | 90 |
| Management | | 90 |
| Construction and Assembly | | 75 |
| Commissioning | | 90 |
| Systems and Equipment (note 5.1) | | 57 |
| Materials | | 80 |
| Installation and Integration of Modules | Basic Engineering | | 90 |
| Detailed Engineering | | 90 |
| Management | | 80 |
| Construction and Assembly | | 75 |
| Naval Means | | 10 |
| Commissioning | | 75 |
| Materials | | 75 |
| Anchoring | Pre-Installation and Hook-up of lines | | 40 |
|  | Anchoring Systems | | 85 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Production Development Phase - modules with first oil as of 2022** | | | | | |
| **Subsystem** | **Item** | | | **Minimum Local Content item (%)** | **Minimum Local Content - modules of the Development Phase (%)** |
| Drilling, Assessment and Completion | Deep- Water Drill | | | 65 | **59** |
| Logistical Support (Sea/Air/Base) (Note 1) | | | 60 |
| Christmas Tree | | | 70 |
| Drilling + Completion (Note 2) | | | 37 |
| Auxiliary Systems (obs 3) | | | 58 |
| Production Collection System | Distribution Lines | | Flexible | 40 |
| Rigid | 80 |
| Basic Engineering | | | 90 |
| Detailed Engineering | | | 90 |
| Management, Construction and Assembly | | | 34 |
| Flexible Production/Injection Lines (Flowlines, Risers) | | | 56 |
| Rigid Production/Injection Lines | | | 50 |
| Manifolds | | | 70 |
| Subsea Control System | | | 20 |
| Umbilical | | | 55 |
| UEP | Hull | Basic Engineering | | 90 |
| Detailed Engineering | | 90 |
| Management | | 90 |
| Construction and Assembly | | 80 |
| Commissioning | | 90 |
| Systems and Equipment | | 40 |
| Naval Systems | | 50 |
| Materials | | 80 |
| Plants (note 5) | Basic Engineering | | 90 |
| Detailed Engineering | | 90 |
| Management | | 90 |
| Construction and Assembly | | 80 |
| Commissioning | | 90 |
| Systems and Equipment (note 5.2) | | 58 |
| Materials | | 80 |
| Installation and Integration of Modules | Basic Engineering | | 90 |
| Detailed Engineering | | 90 |
| Management | | 85 |
| Construction and Assembly | | 80 |
| Naval Means | | 10 |
| Commissioning | | 80 |
| Materials | | 75 |
| Anchoring | Pre-Installation and Hook-up of lines | | 50 |
|  | Anchoring Systems | | 85 |

**Observations**

(1) In the composition of the local content measured for the logistical support, in the Exploration Phase and in the Production Development Phase, the following specific contents should be considered:

|  |  |  |  |
| --- | --- | --- | --- |
| **Sub-items** | **Exploratory Phase** | **Production Development Phase up to 2021** | **Production Development Phase as of 2022** |
| Marine Support | 50 | 50 | 50 |
| Air Support | 50 | 50 | 50 |
| Terrestrial Support | 80 | 80 | 80 |

(2) In the composition of the local content measured for drilling, evaluation and completion, in the Exploration Phase and in the Production Development Phase, the following specific contents should be considered:

|  |  |  |  |
| --- | --- | --- | --- |
| **Sub-items** | **Exploratory Phase** | **Production Development Phase up to 2021** | **Production Development Phase as of 2022** |
| Drills | 5 | 5 | 5 |
| Wellhead | 60 | 60 | 60 |
| Production Columns | 24 | 32 | 32 |
| Well Equipment | 50 | 50 | 50 |
| Lining | 73 | 73 | 73 |

(3) In the composition of the auxiliary systems the following sub-items should be considered:

|  |  |  |  |
| --- | --- | --- | --- |
| **Sub-items** | **Exploratory Phase** | **Production Development Phase up to 2021** | **Production Development Phase as of 2022** |
| Field Tools | 40 | 40 | 40 |
| Automation System | 60 | 75 | 80 |
| Tax Measurement System | 60 | 60 | 60 |
| Telecommunication System | 40 | 40 | 40 |
| Electrical System | 70 | 70 | 70 |

(4) This item is highlighted for the Exploration Phase, so both the investments as the CL related indexes should be treated separately from the investments and indexes referring to the Exploration Phase. Includes the sum of expenses with chartering and production unit operation or deep see drilling, services, materials and production equipment used in the wells for the TLD (production column, ANM and others), lines and *risers* of production, *offloading* , support logistics to the production system and services for the incorporation of the acquired data.

(5) This item is composed of: processing plant, gas moving and water injection plant.

(5.1)

|  |  |  |
| --- | --- | --- |
| **Production Development Phase - modules with first oil up to 2021** | | |
| **Equipment** | | **Minimum Local Content (%)** |
| Boiler Forge | Ovens | 80 |
| Tanks | 83 |
| Pressure Vessels | 70 |
| Field Tools | | 40 |
| Static Mechanics | Filters | 80 |
| Cathodic Protection | 90 |
| Burners | 14 |
| Valves (up to 24") | 58 |
| Rotating Mechanics | Pumps | 70 |
| Rotating Mechanics - Alternative Air Compressors | 70 |
| Rotating Mechanics - Screw Air Compressors | 70 |
| Rotating Mechanics - Diesel Engines (up to 600 hp) | 65 |
| Rotating Mechanics - Gas Turbines | 35 |
| Rotating Mechanics - Steam Turbines | 80 |
| Automation System | | 75 |
| Tax Measurement System | | 60 |
| Telecommunication System | | 40 |
| Electrical System | | 70 |
| Processing Tower | | 75 |
| Cooling Tower | | 85 |
| Heat Exchangers | | 50 |

(5.2)

|  |  |  |
| --- | --- | --- |
| **Production Development Phase - modules with first oil as of 2022** | | |
| **Equipment** | | **Minimum Local Content (%)** |
| Boiler Forge | Ovens | 80 |
| Tanks | 83 |
| Pressure Vessels | 70 |
| Field Tools | | 40 |
| Static Mechanics | Filters | 80 |
| Cathodic Protection | 90 |
| Burners | 14 |
| Valves (up to 24") | 68 |
| Rotating Mechanics | Pumps | 75 |
| Rotating Mechanics - Alternative Air Compressors | 70 |
| Rotating Mechanics - Screw Air Compressors | 70 |
| Rotating Mechanics - Diesel Engines (up to 600 hp) | 70 |
| Rotating Mechanics - Gas Turbines | 35 |
| Rotating Mechanics - Steam Turbines | 80 |
| Automation System | | 80 |
| Tax Measurement System | | 60 |
| Telecommunication System | | 40 |
| Electrical System | | 70 |
| Processing Tower | | 80 |
| Cooling Tower | | 85 |
| Heat Exchangers | | 55 |

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1. - Consortium Contract

**CONSORTIUM CONTRACT**

**[name]**

**ON THE PRODUCTION SHARING CONTRACT**

**No. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**[areas covered by the consortium]**

**BASIN \_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Between**

Empresa Brasileira de Administração de Petróleo e Gás Natural S.A. - Pré-Sal Petróleo S.A. – PPSA,

**Petróleo Brasileiro S.A. – PETROBRAS**

and

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Brasília - DF**

**\_\_\_\_\_\_\_\_\_\_\_\_ 20\_\_**

**CONSORTIUM CONTRACT**

**PARTIES**

The Parties to this Consortium Contract, hereafter called Parties or Consortium Members, when in conjunction, or Part or Consortium Member, when referred to individually, are

**EMPRESA BRASILEIRA DE ADMINISTRAÇÃO DE PETRÓLEO E GÁS NATURAL S.A. –PRÉ-SAL PETRÓLEO S.A. -PPSA**, a company incorporated under the laws of Brazil, with headquarters at xxxx, xx, xxx, Rio de janeiro, RJ, CEP xxxx, entered in the National Corporate Taxpayer Registry (CNPJ/MF) under no. xxxx, as Manager of the Production Sharing Contract in accordance with article 2 of Law no. 12,304/2010, hereby referred to as Managing Party,

The Contracted Parties,

**PETRÓLEO BRASILEIRO S.A. - Petrobras**, a company incorporated under the laws of Brazil, with headquarters at Av. República do Chile, 65, Centro, Rio de Janeiro, RJ, CEP 20031-912, entered in the National Corporate Taxpayer Registry (CNPJ/MF) under no. 33.000.167/0001-01, hereby represented by \_\_\_\_\_\_\_\_, holding an office at Av. República do Chile 330, 33º andar, Rio de Janeiro, Rio de Janeiro State; and

\_\_\_\_\_\_, a company incorporated under the laws of Brazil, with headquarters at \_\_\_\_\_\_ entered in the National Corporate Taxpayer Registry (CNPJ/MF) under no. \_\_\_\_\_\_, hereby represented by \_\_\_\_\_\_, \_\_\_\_\_\_;

1. CLAUSE FIRST - NAME OF THE CONSORTIUM
   1. The Consortium will be referred to as "Consortium \_\_\_\_\_\_\_\_\_\_".
2. THE SECOND CLAUSE - PURPOSE OF THE CONSORTIUM
   1. The purpose of this Consortium Contract is the association of Parties to comply with the Production Sharing Contract for Exploration and Production of Oil and Natural Gas no. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ hereinafter referred to as Production Sharing Contract.
   2. The Consortium Members have established and will establish, in specific documents, without prejudice to documents and commitments made in the Production Sharing Contract, rules and special conditions to internally regulate the individual relations, considering their condition of Consortium Members, as well as the accomplishment of the Operations of the Consortium.
3. THIRD CLAUSE - CONSTITUTION OF CONSORTIUM
   1. The Consortium shall have its headquarters in the city of (Brasilia-DF or Rio de janeiro-RJ), Brazil.
   2. The Consortium, as well as the implementation of the purpose of the Consortium Contract and the use of the Common Assets, is not to be considered as a company between the Parties.
4. CLAUSE FOURTH - OPERATIONAL ADMINISTRATION - OPERATOR AND OPERATING COMMITTEE
   1. In accordance with Law no. 12,351/2010, Petrobras is the Operator and leader of the Consortium.
   2. The Operator, in turn, accepts to act as such and if it is incumbent upon the conduction and implementation of the Operations, negotiating legal transactions and representing the Consortium before ANP, Federal, State and Municipal Governments, as well as third parties, as of the date of entry into force of this Consortium Contract.
   3. It will be up to the Operating Committee to deliberate on the administration of the Consortium, whose training, competence, powers, areas of operation, composition, frequency of meetings, voting procedures and materials specifically subject to its deliberation will be defined in specific documents to be signed between the Parties, provided they do not oppose to the terms of the Production Sharing Contract.
   4. The decisions of the Consortium shall be approved by vote as set forth in Annex XI of the Production Sharing Contract, and in accordance with criteria, forms and procedures to be established in specific documents, provided they do not oppose to the terms of the Production Sharing Contract and its Annexes.
5. CLAUSE FIFTH - SHARES AND CONTRIBUTIONS OF THE CONSORTIUM MEMBERS
   1. The Consortium Members will be granted with undivided shares over the rights and obligations arising from the Production Sharing Contract according to the proportions set out below (hereinafter referred to as Proportional Share):

|  |  |
| --- | --- |
| **PPSA** | **0%** |
| **PETROBRAS** | **\_\_%** (minimum of 30%) |
| **\_\_\_\_\_\_\_\_** | **\_\_%** |

* + 1. It is up to the Consortium Members to agree on the distinct percentages of above the mentioned in the case of Transactions with Unique Risks.
    2. The Consortium Members will keep their own accounting records and financial statements, with explicit reference to their Proportional Shares.
  1. The Common Asset shall be used exclusively and/or consumed in the Operations of the Consortium
  2. The Managing Party will have 0% (zero percent) of undivided share over the rights and obligations of the Consortium and 50% (fifty per cent) of the votes in the Operational Committee's deliberations, in addition to casting vote and veto power, as provided in the Production Sharing Contract and its Annexes.
     1. The votes of the representatives of other Consortium Members will weight as 50% of the decision, so that each Consortium Member will have a voting share corresponding to half of its proportional share, as follows:

|  |  |
| --- | --- |
| **PPSA** | **50%** |
| **PETROBRAS** | **\_\_%** (minimum of 15%) |
| **\_\_\_\_\_\_\_\_** | **\_\_%** |

1. CLAUSE SIXTH - AUDIT AND ACCOUNTING RECORDS
   1. The Operator shall maintain, in an autonomous and identified manner, accounting records relating to the activities of the Consortium, which will follow the accounting principles commonly accepted by the practices of the international petroleum industry, as per the specific documents signed between the Parties. The accounting principles should not conflict with the Brazilian legislation. Unless legal or contractual provision provide otherwise, the financial statements of the Consortium shall be drawn up for each calendar year.
   2. Each Consortium Member will maintain its own accounting records for accounting and tax purposes in relation to their Proportional Share. The Consortium Members should write in their respective accounting books the results accomplished with the consortium activity, including the shares of amortization/depreciation relating to capital costs incurred, in accordance with their respective Proportional Shares.
   3. Each Consortium Member will be entitled, at its own expense, to examine, audit and check the documentation that supports the entries and the books of the Operator related to the Operation and functioning of the Consortium, in accordance with the applicable legal regulations and specific documents signed by the Parties.
2. CLAUSE SEVENTH - OWNERSHIP OF THE PETROLEUM AND NATURAL GAS
   1. The volumes of Oil and Natural Gas obtained at the Measuring Point shall be distributed to the Federal Government and the Contracted Parties as per the percentages of Profit Oil laid down in the Production Sharing Contract. The portion of the Profit Oil in the Production of Petroleum and Natural Gas, added to the volumes relating to the refund of the Cost Oil and the volume corresponding to the royalties payable to each Consortium Member, will be distributed in accordance with the shares of the Consortium Members, as indicated in this Consortium Contract.
   2. Each Consortium Member will be responsible for marketing its share in Oil and Natural Gas produced. Each Consortium Member has the freedom to sell its share in Production by the price, terms and conditions it understands are appropriate, provided the provisions of the Production Sharing Contract and the Applicable Legislation are taken into account.
3. CLAUSE EIGHTH - DURATION
   1. This Consortium Contract shall enter into force on the date of its signature, thus remaining for 40 years or until the termination of all the obligations arising from the Production Sharing Contract. It is up to the Consortium Members terminate it, provided they have come to an agreement beforehand and fulfilled their obligations in the Production Sharing Contract. When the work is completed, the Common Asset shall be settled by the Operator in an orderly manner, with the proceeds obtained from the sale of the Common Assets that are not reverted to ANP, in accordance with the Production Sharing Contract, will be divided between the Consortium Members according to their share. Likewise, with the termination, the Parties will file with the competent Commercial Registry, a termination declaration of this Consortium Contract.
4. CLAUSE NINTH - FORCE MAJEURE
   1. If any acts or implementation provided for in this Consortium Contract are delayed, reduced or prevented by reason of unforeseeable circumstances or force majeure, the noncompliance by the affected Consortium Member will only be revealed if the unforeseeable circumstances or force majeure is recognized and declared in accordance with the Production Sharing Contract.
5. CLAUSE TENTH - ASSIGNMENT AND TRANSFER
   1. The terms and conditions of this Consortium Contract shall oblige the Parties, successors and permitted assignees. The rights and obligations provided for in this Consortium Contract may not be transferred or sold, total or partially, except when provided in specific documents and upon prior and express consent of the MME, after ANP is heard, in accordance with the Production Sharing Contract of Law no. 12,351/2010 and Law no. 9,478/1997.
   2. In any Assignment, the other Contracted Parties will be granted with the Right of Preference provided for in Section VI of Annex XI - Right of Preference of this Contract.
   3. Any Contracted Party may leave the Consortium, in accordance with Section V of Annex XI - Right of Withdrawal, which does not entail costs for the other Contracted Parties.
   4. In the event of bankruptcy, insolvency or request for judicial or extra judicial recovery by the Non-Operator Consortium Member, the shares in the Consortium and in the rights and obligations of the Production Sharing Contract shall be distributed in a manner proportional to the shares of the other Consortium Members.
6. CLAUSE ELEVENTH - DEFAULT, ARBITRATION AND APPLICABLE LAW
   1. In the event of default of any Consortium Member, the Operator will promptly forward a notification of default to the Party in breach and each of the other Parties.
   2. If the Operator defaults, any compliant Consortium Member may notify the default.
   3. The default period starts after the fifth business day following the receiving date of the default notice, which will terminate only when the defaulting party resolves the default upon the payment of the owed amount or by fulfilling the pending obligation.
   4. Except as otherwise agreed between the Parties, the Party in breach shall not be entitled, during the period of delinquency, to:
      * + 1. Convene or attend the meetings of the Operating Committee or subcommittees, except when the defaulting Party is the Operator;
          2. Vote in the Operating Committee or any subcommittee;
          3. Have access to data or information relating to the Operations or to this Consortium Contract, except when the defaulting Party is the Operator;
          4. Agree with or reject any Assignment of rights and obligations, or otherwise exercise any right in respect of the said Assignment;
          5. Receive its share of the Profit Oil;
          6. Recover its share of the Cost Oil; and
          7. Be transferee of any percentage of undivided shares belonging to another Party.
      1. During the period of default, the share of the Profit Oil of a defaulting Party will be allocated and belong to the compliant Parties, in accordance with their respective proportional shares. The amount concerning to such share of the Profit Oil will be deducted from the total owed by the defaulting Party.
      2. During the period of default, the defaulting Party may not transfer all or part of its proportional share, except for the compliant Parties.
      3. Notwithstanding any other provision in this Agreement, during the period of default:
7. The defaulting Party will not vote on D type decisions1; and
8. The defaulting Party shall be considered as having approved, and will join the compliant Parties in making any other measure voted during the Default Period.
   * 1. The notification of default sent to the compliant Parties will contain the amount each compliant Party, in a period of 10 days will assume from the amount owed by the Party in breach, during the period of default.
     2. The defaulting Party shall still be responsible, in its participation share, for any pending obligation assumed from the Production Sharing Contract until this possible Assignment of rights and obligations of the Party in breach is approved and that there is the addition of the Consortium Contract. In that case, the Party in breach will practice all the acts necessary for the Assignment of its share in the Production Sharing Contract and this Consortium Contract.
     3. Any dispute, controversy, or demand arising from or relating to this Consortium Contract, including any question regarding its existence, validity or termination, shall be dealt with according to Clause Thirty-Sixth - Legal Regime, of the Production Sharing Contract.
     4. Applicable Law - The law applicable to this Contract of Consortium is the Brazilian law.
9. CLAUSE TWELFTH - OBLIGATIONS AND RESPONSIBILITIES OF THE CONSORTIUM MEMBERS
   * 1. The Consortium Members undertake to provide the Operator for the benefit of the Consortium, in the proportion to their shares, with the resources necessary to meet the objectives of this Consortium Contract.
     2. The Operator will lead the Operations of the Consortium with fidelity to the objectives of the Production Sharing Contract and Consortium now signed, without earning gains and incurring in losses when and due to acting as Operator. The activities performed by the Operator, as such, for the benefit of the Consortium, at any time and for any purpose of law are to be had as provision of services, business management of third parties or employment relationship of employees or representatives of any Consortium Members in relation to one another.
     3. The Consortium Members are jointly and severally liable for the obligations arising from this Consortium Contract before ANP, the Federal Government and third parties.
10. CLAUSE THIRTEENTH - SUPPLEMENTARY PROVISIONS
    1. The Operator will be responsible for the registration, calculation and payment of the taxes derived from the Operations of the Consortium, and the other Consortium Members must contribute with the financial resources for such disbursements according to procedures to be established in specific documents entered into by the Parties, as per the share percentages set out in clause 5.1 of this contract.
       1. The Operator will be responsible for providing statements of the taxes capable of utilization, accompanied by the respective tax documents, so as to enable the Consortium Members to utilize tax credits in accordance with the provisions of Clause Eighth - Taxes, of the Production Sharing Contract.
11. CLAUSE FOURTEENTH - NOTIFICATIONS
    1. The notifications and communications shall be in writing and may be sent by fax or mailed to the addresses listed below. The notifications and communications are to be made when delivered by hand, or, in the case of notifications by fax, on the first working day after the confirmation of its receipt. Any Party has the right to change its address at any time and/or designate that copies of such notifications should be directed to another person at any other address, provided it is communicated in writing to all other Parties.

**Pré-Sal Petróleo S.A. (COMPANY INFORMATION)**

**Petróleo Brasileiro S.A. - PETROBRAS**

Avenida República do Chile, 65, Sala 1704

20031-912 – Rio de Janeiro – RJ, Brasil

Attention: General Manager of New Business

1. Phone: (55-21) 3224-3000
2. Fax: (55-21) 3224-2670/3026

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\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_ – Rio de Janeiro – RJ, Brasil

Attention: \_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Phone: (55-21) \_\_\_\_\_\_\_\_

Fax: (55-21) \_\_\_\_\_\_\_\_\_\_\_\_\_

In witness whereof, the Parties have signed this Agreement, through their legal representatives, on the date below, within three (......) counterparts of equal form and content for the same purpose, together with the undersigned witnesses.

Brasília or Rio de Janeiro, \_\_ \_\_\_\_\_\_\_\_\_\_\_ 20\_\_.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Representative of Pré-Sal Petróleo S.A.

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|  | Name |
| Executive Manager of Corporate E&P | Job Title |
| Petróleo Brasileiro S.A. – PETROBRAS | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

Witnesses:

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| --- | --- |
| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Name: | Name: |
| Identification Card: | Identification Card: |
| Individual Taxpayer Register | Individual Taxpayer Register |

1. - Rules of Consortium
2. **Operational Committee**
   1. The Operational Committee, administrative and decision-making body of the Consortium, will be formed by representatives of the Managing Party, Operator and the other Consortium Members.
      1. The Operational Committee will be chaired by the representative of the Managing Party.
      2. It will be up to the Operational Committee, in addition to deliberating on the issues listed in the Table of Deliberations, ensuring full compliance with the terms of this Contract and supervise the Operations carried out.
      3. It will be up to the Operational Committee to decide, in accordance with paragraph 1.10, on the plans, schedules, reports, projects and other issues necessary to the development of the Operations purpose of this Contract.
      4. It will be up to the Operational Committee, without prejudice to the powers provided for in paragraphs 1.1.2 and 1.1.3, to ensure the compliance with the percentage of Local Content Contracted in accordance with Clause Twenty-Fifth - Local Content of the Contract, in addition to the provisions laid down in the following paragraphs and in Annex X – Consortium Contract.
      5. Except in the cases expressly provided for in the Contract, or those explained by the Managing Party in the Operational Committee, the expenditure approved by the Operational Committee will be liable for recognition as Cost Oil.
      6. The performance of the Managing Party in the Operational Committee will be governed by the principles of legality, morality, reasonableness and proportionality and impersonality, in line with the Best Practices of the Oil Industry. In addition, its acts will be duly motivated and formalized in writing.
3. **Deadline for Establishment**
   1. The Operational Committee will be established by the Consortium Members in a period of up to 60 (sixty) days after the date of signature of this Contract.
      1. The Operational Committee will be considered as installed after the opening meeting.
   2. The failure to install the Operational Committee within the prescribed time limit does not imply an extension of the time limits set forth in this Contract.
4. **Composition**
   1. The Operational Committee will be composed of 1 (one) member holder of each Consortium Member.
   2. Each holding member may be replaced by 1 (a) alternate member.
   3. Any Consortium Member may indicate or replace their holding and alternate representatives in the Operational Committee at any time and in writing.
   4. Each holding member shall have the right to be accompanied by technical consultants and other advisors for any meeting of the Operational Committee.
5. **Meetings**
   1. The Operational Committee shall meet ordinarily on the date, time and place set out in the form of the Internal Rules.
      1. The frequency of the meetings of the Operational Committee shall be defined in the Internal Rules.
   2. Extraordinary meetings may be requested at any time, at the initiative of any member of the Operational Committee, after the president is notified, in accordance with the Internal Rules.
   3. The discussions and deliberations that occurred in the meetings of the Operational Committee shall be recorded in minutes of meeting and in records of votes, signed by the members present at the meeting, or their respective alternates, when exercising the ownership, in accordance with the Internal Rules.
      1. The meeting minutes and records of votes should be maintained by the Committee for the term of the Contract.
   4. After the termination of the Contract, the archives of the meeting minutes and records of votes will be delivered to the custody of the Managing Party.
   5. In all meetings, the chairman of the Operating Committee, among other assignments, will be responsible for:
      1. set , convene, prepare and distribute the agenda of the meetings;
      2. coordinate and guide the meetings;
      3. coordinate, when this is the case, the vote by mail provided in paragraphs 1.26 to 1.30;
   6. It will be up to the Operator to appoint an executive secretary, without the right to vote, with, among others, the following assignments:
   7. Prepare the meeting minutes and records of votes;
   8. Prepare and distribute the minutes of meeting;
   9. Consolidate the meeting minutes after receiving comments.
   10. Prepare the record of votes;
   11. Provide the members of the Operational Committee with a copy of the meeting minutes and the record of votes.
6. **Quorum for the meeting to be held**
   1. The attendance of the president of the Committee, or his substitute, is mandatory at the meetings.
   2. Provided the provisions of clause 1.12are complied with, the meetings of the Operational Committee may be held with any quorum.
7. **Right to vote at meetings and its weight in the deliberations**
   1. Each Consortium Member shall be entitled to 1 (one) vote exercised by its representative, at the Operational Committee.
   2. The vote of the representative of the Managing Party will weight in 50% of the decision, and the remaining 50% will be divided between the other members present at the meeting, at the proportion to the share of each company in the Consortium.
      1. If any member of the Operational Committee present at the meeting decides for abstention in consideration of certain matters, its share will be divided between the other members present at the meeting, at the proportion to the share of each company in the Consortium.
   3. The Consortium Member which remains in default after 5 (five) days after the default notification issued by the chairman of the Operational Committee, will lose its right to vote.
   4. As long as the default lasts, the share of the defaulting Consortium Member will be divided between the compliant members present at the meeting, at the proportion to the share of each company in the Consortium.
8. **Deliberations**
   1. The proposals for deliberation are forwarded by the Operator to the Operational Committee.
      1. Any issue related to the Consortium may be aroused by another member of the Committee.
   2. The information necessary for the deliberation on the issue should be sent to the other Parties within a period of no less than 15 (fifteen) days after the date of the meeting. The topics listed in the Table of Powers and Deliberations shall be defined in relation to its approval from the quorum of Consortium Members with right to vote present at meetings, except for the provisions in paragraph 1.14. The percentages to be achieved for that matter to be considered as approved, within the framework of the Consortium, shall be calculated in accordance with the following procedures.
      1. Deliberations for which the column of decisions is marked with "D1" will be the percentage of decision equal to 91%.
      2. Deliberations for which the column of decisions is marked with "D2" will be the percentage of decision equal to 82.5%.
      3. Deliberations for which the column of decisions is marked with "D3" will be the percentage of decision equal to 32.5%, but the Managing Party does not have the right to vote.
      4. In the deliberation on the Declaration of Commerciality, for which the column of decisions is marked with "D4", the deliberation will be as follows:
9. If there is vote in favor of the Operator, the Operational Committee shall declare the Commerciality of the Mine.
10. The Operational Committee may declare the Commerciality of the Mine in absentia of the Operator, provided the Managing Party and one member of the Consortium, qualified as "Level A Operator" in the manner required by ANP, vote in favor.
11. If the Declaration of Commerciality is proposed before the end scheduled for the Discovery Evaluation phase, the decision regarding the Declaration of Commerciality should be a type D1 decision.

|  |  |  |
| --- | --- | --- |
| **Table of Competences and Deliberations** | | |
| **Item** | **Deliberations** | **Decision** |
| 1 | Commerciality of the Mine | D4 |
| 2 | Development Plan and its revisions | D1 |
| 3 | Agreement of Individualization of Production | D1 |
| 4 | Canceling of the Production Sharing Contract | D1 |
| 5 | Production Availability Agreement | D1 |
| 6 | Annual Work and Budget Schedules | D2 |
| 7 | Annual Production | D2 |
| 8 | Facilities Decommissioning Schedule | D2 |
| 9 | Accounting of expenditures | D2 |
| 10 | Authorization of Expenditure | D2 |
| 11 | Procurement of goods and services | D2\* |
| 12 | Establishment of subcommittees | D2 |
| 13 | Drafting and Amendment of the Internal Rules | D2 |
| 14 | Other matters of its competence | D2 |
| 15 | Early Closure of the Exploration Phase | D3, D2\*\* |
| 16 | Discovery Evaluation Plan and its revisions | D3, D2\*\* |
| 17 | Exploration Plan and its revisions | D3, D2\*\* |
| 18 | Acquisition of geologic and geophysical data | D3, D2\*\* |
| 19 | Partial return of contract areas, including evaluation of the respective return report | D3, D2\*\* |
| 20 | Request for extension of the term of the Exploration Phase | D3, D2\*\* |
| 21 | Other issues related to the Exploration Phase that will be deliberated also up to the submission of a Discovery Evaluation Plan | D3 |

\* If the procurement of goods and services is done by following Procedure A, the Operational Committee will be informed of the recruitment, which imparts its approval, except when it is with an Affiliate. The procurement of goods and services by following Procedure B or A in the case of an affiliate, should be deliberates in accordance with the Procedure D2.

\*\* Matters that when occur at the Exploration Phase even up to the submission of a Discovery Evaluation Plan to the Operational Committee, must have its percentage of definition calculated according to Methodology D3 and, when they occur after a Discovery Evaluation Plan is submitted to the Operational Committee according to Methodology D2.

* 1. In the deliberations during the Exploration Phase, according to methodology D3 explained in paragraph 1.21.3, the chairman of the Operational Committee may exercise the power of veto from the moment a Discovery Evaluation Plan is submitted to the Operational Committee.
  2. If the veto power is exercised the president of the Operational Committee, a new meeting should be convened, in accordance with the Internal Rules, for a new deliberation about the vetoed matter.
  3. In any type of decision, the Consortium Members who voted contrary to the approval of the matter must submit to the others, within up to 5 (five) days, a report explaining the reasons that motivated their vote.
  4. When the proposals do not obtain the minimum percentage of deliberation for approval as part of the Consortium, the Operator should prepare a new proposal considering in its drafting, necessarily, the weights of the Consortium Members who voted contrary to the original proposal. This new proposal should be available to the Consortium Members in 15 days after the date of the disapproval of the matter and should be voted within 15 days after the date of the respective availability.
     1. The deadline for availability and voting on the new proposal may be revised by the Operational Committee.
     2. If the new proposal does not get a minimum percentage of deliberation either, the Exploration Directors, or equivalent, of each Consortium Member, should be brought together, within 10 (ten) days after the last voting, to consider the matter, aiming at the identification of solutions and agreement around a conciliatory proposal.
     3. If the new proposal does not get minimum percentage of deliberation either, the matter may:
        + 1. Be considered as rejected;
          2. Be submitted as Operation with Sole Risk, provided it meets the provisions laid down in paragraph 4.2 of this Annex XI; or
          3. Be submitted to the procedure provided for in Clause Thirty-Sixth - Legal Regime of the Contract.

1. **Voting by mail**
   1. In cases where the determination needs to be performed quickly, provided the Best Practices of the Oil Industry are taken into account, without enough time for the achievement of a meeting, the decision be taken may be done so by mail, as per notification to be sent by the chairman of the Operational Committee to other Consortium Members.
      1. It is also understood as mail means such as facsimile and electronic mail, provided the security of information and the subsequent sending of any material by registered letter is guaranteed.
   2. The cases in which decisions will be allowed by means of voting by mail and the turnaround time for deliberation by the members should be provided for in the Internal Rules of the Operational Committee.
   3. Any member of the Operational Committee may, rightly, request vote by mail, and the request should be forwarded to the other members.
   4. The request for a vote by mail should compulsorily contain a detailed description of the subject, with technical and financial information necessary for its adequate analysis and deliberation.
   5. The vote of the member that does not follow the time defined in the Internal Rules will be considered as abstention.
2. **Effects of the voting**
   1. The deliberations of the Operational Committee oblige the Consortium Members, exception in cases where a certain proposal not approved by the Operational Committee is assumed by the Contracted Party at its own expenses and risks, in terms of Operations with Exclusive Risks.
3. **Convening of technical experts and Creation of Subcommittees**
   1. The Operational Committee may create subcommittees, in accordance with the Internal Rules, with the function of subsidizing the decisions to be taken.
   2. The Operational Committee may convene technical experts, in accordance with the Internal Rules and without the right to vote, to express themselves in an advisory nature.
4. **Internal Rules of the Operational Committee**
   1. The members of the Operational Committee shall establish its Rules of Procedure in accordance with the provisions of this Section I - Operational Committee Error! Reference Source not found and Law no. 12,351, of December 22, 2010.
5. **Operating Expenses of the Operational Committee**
   1. The expenses related to the operation of the Operational Committee shall be borne by the Consortium Members, at the proportion to their share in the Consortium, except the Managing Party.
      1. The Managing Party should bear the costs on travel and per diem for their representatives in the Operational Committee.
6. **Emergency Operations**
   1. In cases of Emergency Operations, the Operator is authorized to perform any activity required to protect the human life, the environment and properties, regardless of prior approval of the Operational Committee.
      1. The expenses incurred in connection with such activities may be recognized as Cost Oil, leaving the Operator obliged to immediately inform the emergency situation to the Operational Committee and, in 10 days, report the work performed and the expenses incurred with the Emergency Operations.
7. **Operator**
   1. Petroleo Brasileiro S.A. - Petrobras, for the whole duration of this Contract, will be the Operator and, as such, the only one responsible, on behalf of the Consortium, for leading and carrying out all activities of Exploration, Evaluation, Development, Production and decommissioning of facilities within the Contract.
      1. The Operator is the only member of the Consortium which, on its behalf and within the limits defined by the Operational Committee, may sign contracts, carry out or make commitments of expenditure and other actions related to the exercise of the activities of Exploration and Production of Oil and Natural Gas in the Area of the Contract.
      2. The Operator shall be responsible for representing the Consortium before regulatory bodies and supervisors and other external entities.
      3. The Operator of this Contract will hold, at a minimum, a 30% (thirty percent) share over the rights and obligations of the Consortium in the Area of the Contract.
   2. The Operator must:
      1. Act in accordance with this Agreement, the Applicable Legislation and the determinations of the Operational Committee.
      2. Conduct operations in a diligent, efficient and secure way in accordance with the Best Practices of the Oil Industry, taking into account the No Gain No Loss Principle due to its condition as Operator.
      3. Notify the Operational Committee and ANP of any Discovery within the Area of the Contract, as per Clause Twelfth - Discovery and Evaluation;
      4. Perform operations with Exclusive Risks as per the Operations with Exclusive Risks;
      5. Prepare the Work and Budget Schedules and other documents to be submitted for the consideration of the Operational Committee, according to Section I - Operational Committee, of this Contract;
      6. Prepare and send ANP, after definition of the Operational Committee, plans, schedules and reports required by the regulatory body;
      7. Sign, on behalf of the Contracted Party, any Production Individualization Agreements;
      8. Issue Authorization of Expenditure for the implementation of activities approved by the Operational Committee on the Annual Work Plan and get funds to make payment of the costs of the Consortium;
      9. Make the accountability for the Consortium, as set forth in this Contract and by the Operational Committee;
      10. Obtain the appropriate licenses and legal permissions necessary for carrying out the operations in the Area of the Contract;
      11. Provide the non-Operator Consortium Member with access to premises and records of the Transactions, upon prior request;
      12. Represent the non-Operator Consortium Member in contacts with ANP;
      13. In case of emergency, take the measures necessary for the protection of life, environment, facilities and equipment;
      14. Keep the non-Operator Consortium Members informed of ongoing activities arising from the execution of this Contract.
      15. Propose to the Operational Committee the affairs of Table of Competences and Deliberation.
8. **Information provided by the Operator**
   1. The Operator shall provide the other Consortium Members with the following data and reports as they are produced or compiled on the basis of the implementation of the Operations:
      1. Copies of all records or surveys, even in digital format, if any;
      2. Daily drilling reports;
      3. Copies of all tests and essential data and analysis reports;
      4. Final drilling report;
      5. Copies of the lines interconnection reports;
      6. Final copies of geological and geophysical maps, seismic sections and objectives;
      7. Engineering studies, development projects and reports on the progress of the development projects;
      8. Daily bulletin on the production of oil and natural gas with records of production losses and burns;
      9. Field data and also the performance reports, including studies of reservoir and the estimates of reserves;
      10. Copies of all reports relating to material of Operations in the Area of the Contract or provided by the Operator to ANP,
      11. Copies of engineering projects for each well, including any revisions;
      12. Periodic reports with indicators of safety, health and environment, referring to the Operations; and
      13. Other studies and reports determined by the Operational Committee.
   2. The Operator shall promptly notify the Consortium Members administrative complaints and relevant judicial actions that have any reference to the Operations. The Operator shall represent the Consortium Members either judicial or extra judicially.
      1. The Operator shall provide the Consortium Members with quarterly reports with updates of administrative complaints and legal actions relating to the Operations.
      2. Additional Information arising from the implementation of the Operations in the Area of the Contract may be requested at any time to the Operator by the Consortium Members, at its own expense.
   3. The Managing Party will receive the additional information without cost.
   4. The amounts provided in the caput will not be recovered in the Cost Oil.
9. **Limit of the Operator's Responsibilities**
   1. The members of the Consortium, except the Managing Party, as per paragraph 2.7 2.7 of the Contract, are jointly and severally liable for any losses and damages incurred in the execution of the Operations, except when the Operator, at its management-level (General Manager of the Operational Unit or Executive Manager) commits fraud, direct or eventual, or serious misconduct, assumptions on which it should afford alone for all the losses, damages, costs, expenses and liabilities resulting from such behavior.
10. **Planning and Implementation of Activities within the Consortium**
11. **Work and Budget Schedule for the 1st Year of the Contract**
    1. Within 30 (thirty) days after the date of establishment of the Operational Committee, the Operator shall deliver to the members of the Committee, the proposed Work and Budget Schedule detailing the Operations to be performed for the remainder of the current calendar year and, if necessary, for the following year.
       1. Within 30 (thirty) days after delivery, the Operational Committee should meet to discuss and decide on the Work and Budget Schedule.
12. **Work and Budget Schedule for the following years**
    1. Up to the 1st day of September of each calendar year, the Operator shall deliver to the Consortium Members a proposal for a Work and Budget Schedule detailing the operations to be performed in the following year.
       1. Within 30 (thirty) days after delivery of such schedule, the Operational Committee should meet to discuss and decide on the Work and Budget Schedule.
    2. If the Operational Committee does not approve certain Operations contained in the Work and Budget Schedule proposed, any Contracted Party may subsequently propose accomplishing it as an Operation with Exclusive Risks as provided for the Operations with Exclusive Risks.
    3. If the Work and Budget Schedule is approved by Operational Committee, the Operator must take the measures necessary to submit it to ANP.
    4. If ANP requires changes to the Work and Budget Schedule, the matter should be again submitted to the Operational Committee for further examination, following the procedures and deadlines set out in the preceding paragraphs.
    5. The Work and Budget Schedules in the Exploration Phase should include, at least, part of the obligations of the Minimum Exploratory Program, which must be carried out during the current calendar year, in accordance with the Contract.
    6. Any Work and Budget Schedule approved may be revised by the Operational Committee when deemed convenient.
       1. To the extent that such revisions are approved by the Operational Committee, the Work and Budget Schedule should be amended and the Operator, when this occurs, prepare and submit such amendments to ANP, as required in this Contract.
13. **Exploration Plan**
    1. In up to 60 (sixty) days after the date of establishment of the Operational Committee, the Operator shall deliver the proposed Exploration Plan to the other Consortium Members.
       1. In up to 30 (thirty) days after the date of submission of the proposal, the Operational Committee should examine and decide on the Exploration Plan.
    2. If the Exploration Plan is defined by the Operational Committee, the Operator must take the necessary measures to submit it for review and approval of ANP.
    3. If ANP requires changes to the Exploration Plan, the matter should be again submitted to the Operational Committee for further examination, following the procedures and deadlines set out in the preceding paragraphs.
14. **Notification of Discovery**
    1. Any Discovery in the Contract Area must be formally notified by the Operator to the Consortium Members and ANP within a maximum deadline of seventy-two (72) hours. The notification must be accompanied by all relevant data and information available.
15. **Evaluation Plan**
    1. If the Operational Committee deems a Discovery deserves to be evaluated, the Operator, within 60 (sixty) days shall submit to the other Consortium Members a detailed Discovery Evaluation Plan proposal.
    2. Within 30 (thirty) days after the submission of this proposal, the Operational Committee should meet to discuss and decide on the Discovery Evaluation Plan proposed.
    3. If the Evaluation Plan is defined by the Operational Committee, the Operator must take the necessary measures to submit it for review and approval of ANP.
    4. If ANP requires changes to the Evaluation Plan, the matter should be again submitted to the Operational Committee for further examination, following the procedures and deadlines set out in the preceding paragraphs.
16. **Development**
    1. If the Operational Committee declares the commerciality of a Discovery, the Operator must, as soon as possible, submit to the other Consortium Members, a Development Plan in accordance with Clause Twelfth - Discovery and Assessment of the Contract, and as per regulations of ANP, together with a Work and Multiannual Budget Schedule, according to paragraph 3.19, covering the entire development period of the discovery.
    2. After the receipt of the Development Plan and before any applicable deadline in accordance with the Contract, the Operational Committee should meet to discuss and define the Development Plan and the respective Work and Multiannual Budget Schedule for the Development of the Discovery.
       1. If ANP requires changes to the Development Plan, the matter should be again submitted to the Operational Committee for further examination.
    3. If the Development Plan is approved by ANP, the proposed activities will be incorporated and will become part of the Annual Work and Budgets Schedules, and the Operator, up to the 1st day of September of each calendar year, will submit a Work and Budgets Schedule for the Area of the Contract concerning the following year.
       1. Without prejudice to the provisions laid down in paragraph 3.19 (Multiannual Plan), within a period of up to 30 (thirty) days after the submission by the Operator, the Operational Committee should meet to discuss and decide on the Work and Budgets Schedule, including any necessary or appropriate revisions of such Schedule for the Development Plan approved.
17. **Production**
    1. Up to the 1st day of September of each calendar year, the Operator shall deliver to the Consortium Members a proposal for a Work Schedule and Production Budget detailing the Operations to be carried out in the Area of the Contract and the Production schedule planned for the following year
       1. Within 30 (thirty) days after the submission by the Operator, the Operational Committee should meet to discuss and decide on the Work and Budget Schedule.
    2. If the Work and Budget Schedule is defined by the Operational Committee, the Operator must take the measures necessary to submit it to ANP.
    3. If ANP requires changes to the Work and Budget Schedule, the matter should be again submitted to the Operational Committee for further examination, following the procedures and deadlines set out in the preceding paragraphs.
18. **Annual Production**
    1. The Operator, up to the 1st day of September of each calendar year, shall deliver to the other Consortium Members, the detailed proposal of the Annual Production Schedule of each Field of the Area of the Contract, which should subsequently be submitted to review and approval of ANP, in compliance with the terms of Clause Sixteenth - Date of Commencement of Production and Annual Production Schedules of the Contract.
       1. Within 30 (thirty) days after the presentation of the Annual Production Schedule or before, if necessary to meet any applicable deadline in accordance with the Contract, the Operational Committee should meet to discuss and deliberate on the revision of the Annual Production Schedule.
    2. If the Annual Production Schedule is defined by the Operational Committee, the Operator must take the necessary measures to submit it for review and approval of ANP.
    3. If ANP requires changes to the Annual Production Schedule, the matter should be again submitted to the Operational Committee for further examination, following the procedures and deadlines set out in the preceding paragraphs.
19. **Facilities Decommissioning Schedule**
    1. The Operator, in the year preceding the plan to start the activities of Facilities Decommissioning, should submit to the other Consortium Members a proposal for a Facilities Decommissioning Schedule, detailing the Operations to be carried out in the Area of the Contract and the physical-financial forecast for the following year.
       1. Within 30 (thirty) days after the submission, the Operational Committee should meet to discuss and decide on the Facilities Decommissioning Schedule.
    2. If the Facilities Decommissioning Schedule is defined by the Operational Committee, the Operator must take the necessary measures to submit it for review and approval of ANP.
    3. If ANP requires changes to the Facilities Decommissioning Schedule, the matter should be again submitted to the Operational Committee for further examination, following the procedures and deadlines set out in the preceding paragraphs.
20. **Multiannual Work and Budget Schedule**
    1. Any work that cannot be efficiently carried out within a single calendar year may be proposed in the form of a Multiannual Work and Budget Schedule. After its definition by the Operational Committee, the Work and Budget Schedule should: (I) remain in force between the Consortium Members until the completion of the work, and (ii) be reflected in each Annual Work and Budget Schedule.
21. **Procurement of Goods and Services**
    1. In accordance with this Contract, the Operator shall employ the goods and services of the Operations the following form (the amounts are indicated in Real):

|  |  |  |
| --- | --- | --- |
|  | Procedure A | Procedure B |
| Exploration and Evaluation Operations | R$ 0 to R$ 5 Million | > R$ 5 Million |
| Development Operations | R$ 0 to R$ 20 Million | > R$ 20 Million |
| Production Operations | R$ 0 to R$ 10 Million | > R$ 10 Million |

* + 1. The amounts listed in the table of the caput can be revised by the Operational Committee.
  1. Procedure A: The Operator may contract the supplier of goods and services along with the contractor capable to produce the best proposal, considering the cost and the ability to implement, and the Operational Committee should be informed of the recruitment, which does not require its approval.
     1. When the Operator enters into contracts with one of its Affiliates or with Affiliate of another Consortium Member, it necessary to be approved the Operational Committee, as per the Table of Competences and Deliberations.
     2. In any event, the Operator should survey on prices with at least three qualified suppliers.
  2. Procedure B: The Operator must:
     1. In any situation, obtain the approval of the Operational Committee for the beginning of the hiring process by means of a procedure that may ensure the advantage of the winning proposal.
     2. Provide the other Consortium Members with a list of the suppliers to be invited to submit a bid for the said process;
     3. Add to this list any supplier by request of any Consortium Member within 14 (fourteen) days after receiving the said list;
     4. Show the Consortium Members a competitive analysis of the hiring procedure, indicating the reasons for the choice made.
     5. Complete the hiring process after approval by the Operational Committee;
     6. At the request of any Consortium Member, provide a copy of the final version of the contract.

1. **Authorization of Expenditure**
   1. Before making commitments of expenditure, as provided for in the previously approved Work and Budget Schedule, the Operator must issue an Authorization of Expenditure to the Operational Committee if the amounts involved are greater than the limits established by the Operational Committee, according to the following table:

|  |  |
| --- | --- |
|  | Amount (R$) |
| Exploration Phase | R$ 20 Million |
| Development Phase | R$ 20 Million |
| Production Phase | R$ 20 Million |

* 1. It is exclusively up to the Operator to elaborate the Authorization of Expenditure.
  2. The Operational Committee may approve or reject the Authorization of Expenditure, being the decision made in accordance with the criteria defined in the table of judgments of Section I - Operational Committee.
     1. If the Operational Committee rejects the Authorization of Expenditure proposed by the Operator, it must set a deadline for the Operator to review the said Authorization of Expenditure.
  3. The deliberations on the Authorization of Expenditure may be carried out in ordinary and extraordinary meetings of the Operational Committee or by means of voting by mail, as laid down in the Internal Rules of the Operational Committee.
  4. The drafting of the Authorization of Expenditure should be based on the Work and Budget Schedule previously defined by the Operational Committee, being required to issue an additional authorization of expenditure if the total amount exceeds 5% of the approved budget.
     1. If the amount of any item exceeds 10% of the initially authorized amount, it will be necessary to issue a new Authorization of Expenditure.
  5. The approval by the Operational Committee of the Authorization of Expenditure does not limit the holding of audits by the Managing Party, just as it does not exclude the liability of the Operator for the costs accounting.
  6. The Operator is not obliged to issue an Authorization of Expenditure relating to general and administrative expenses that are listed as separate items of the Work and Budget Schedule approved.
  7. Each Authorization of Expenditure proposed by the Operator should:
     1. Identify the Operation to be carried out within the relevant heading in the Work and Budget Schedule;
     2. Describe the Operation in detail;
     3. Contain the best estimate of the Operator of the total resources needed to perform the operation;
     4. Outline the physical-financial schedule proposed;
     5. Contain additional information to support the deliberation of the Operational Committee.

1. **Expenditure above Expectations**
   1. For the expenditure of any item of the Work and Budget Schedule approved, the Operator will have the right to incur, without the need for a new approval of the Operational Committee, in an additional spending for each item of up to ten per cent (10 %) of the approved amount, provided the cumulative total of all expenditures above the expected for the current calendar year does not exceed five per cent (5 %) of the total of the Work and Budget Schedule in question.
      1. If the Operator foresees the set limits may be exceeded, a revision of the Work and Budget Schedule should be submitted to the Operational Committee.
   2. The restrictions of paragraph 3.32 will occur without prejudice to the obligation of the Operator to make expenditures arising from Emergency Operations without the prior approval of the Operational Committee.
2. **Operations with Exclusive Risks**
3. **Limitation of Applicability**
   1. The Operations with Exclusive Risks may be proposed by any Contracted Party, provided the interested party or stakeholders assume all risks, responding for costs, investments and being responsible for any damages related to the execution of the Operations and its consequences.
      1. Petrobras, as single Operator of this Contract, shall perform any Operation with Exclusive Risks approved, following the Best Practices of the Oil Industry and following theNo Gain No Loss Principle.
      2. When Petrobras participate in the Operation with Sole Risk, the participants will compensate it for all expenses incurred with the implementation of the said Operations.
      3. Petrobras, when performing an Operation with Exclusive Risks it is not part of, may require advance payment of costs related to this Operation, and will not be forced to start or continue the Operation with Exclusive Risks until such advances have been paid.
      4. The Managing Party may not propose Operation with Exclusive Risks.
      5. The Contracted Parties which choose not to participate in an Operation with Exclusive Risks will not assume risks, nor will respond for costs, investments nor will be held accountable for any damage associated with the execution of the Operation and its consequences.
   2. The following Operations, whereas the paragraph 3.3 3.3 of this Annex, may be proposed and carried out as Transactions with Exclusive Risks:
      1. Drilling and or test of exploratory wells and evaluation wells, except the Operations required to fulfill the obligations of the Minimum Exploratory Program;
      2. Continuation of the Exploration Phase after decision of early closure of this Phase by the Operational Committee;
      3. Deepening, lateral deviation, secondary cementation and or re-completion of wells;
      4. Acquisition of geological and geophysical data, with the exception of Operations required to meet the obligations of the Minimum Exploratory Program;
   3. No other type of Operation may be proposed or carried out in the form of Operation with Exclusive Risks.
4. **Procedure to propose Operations with Exclusive Risks**
   1. Following the provisions of paragraphs 4.1 and 4.2 of this Annex, if any Contracted Party proposes to carry out an Operation with Exclusive Risks to be conducted by the Operator, it shall submit such proposal to the approval of the Managing Party, who may only refuse it if its implementation would result in delay in the Work and Budget Schedule approved, or present some risk to the other Operations under this Contract.
      1. Such notification shall specify the exclusive nature of the Operation and include the work to be performed, the location, the objectives and their estimated cost.
      2. After approval by the Managing Party, the proponent Contracted Party must immediately notify the other Contracted Parties for manifestation of accession or not to the proposal of Operation with Exclusive Risk
      3. The Contractors who wish to join the Operation with Exclusive Risks should notify the applicant Contracted Party and the Operator within 10 (ten) days after receiving the notification proposing the Operation with Exclusive Risks.
   2. The silence of Contracted Party in relation to a proposed Operation with Exclusive Risks until the end of the period laid down in paragraph 4.4.3 shall be interpreted as refusal to participate.
5. **Costs of Operation with Exclusive Risks**
   1. The costs and risks of Operations with Exclusive Risks will be undertaken by the Contracted Parties or anyone joining them at the proportion to their share in the Consortium or as agreed by the Contracted Parties participants of such Operation.
   2. The Contracted Parties should previously set the premium to be paid by the non-participants of the Operation with Exclusive Risks in the event of proven success of the Exclusive Operation resulting in expansion of the recoverable volume of hydrocarbons in the Area of the Contract or that may result in reduction of expenses for the Consortium.
      1. The Managing Party will not bear with any premium to be paid.
      2. The costs of the Operation with Exclusive Risks, in the event of proven success, measured in expansion of the recoverable volume or in reduction of expenses, may be regarded as recoverable costs in Oil, at the discretion of the Managing Party, exclusively for the participants of the Transaction with Exclusive Risks.
      3. The premium to be paid by the Contracted Parties which later join the Operation with Exclusive Risks will not be considered as recoverable in the Cost Oil.
6. **Other Conditions of Operations with Exclusive Risks**
   1. The proposal and schedule for implementation of the Operations with Exclusive Risks should be submitted for approval of the Operational Committee.
      1. The other conditions of Operations with Exclusive Risks will be handled by the Contracted Parties in their own document.
7. **Withdrawal**
   1. With the exception of the Operator in relation to its Minimum Mandatory Share, any compliant Consortium Member may, at its own expenses, leave the Consortium and, consequently, the Contract, and, for that, notify the other Parties of its decision. Such notification will be unconditionally and irrevocably guaranteed when submitted, as per the provisions in item 5.2.
      1. The Operator will only be entitled to Withdraw as for the shares obtained through a tender.
      2. The Operator may make the notification of Withdrawal, even in relation to the Minimum Mandatory Share, only if all the other Contracted Parties realize the option of Withdrawal, case in which the canceling proposal of the Contract should be sent to the Operational Committee.
   2. If all Contracted Parties choose to withdraw, the canceling of the Contract should be proposed as part of the Operational Committee and, if approved, sent to the Contractor. The Canceling of the Contract shall take effect as of the time it is formalized.
8. **Right of Preference**
   1. Any total or partial Transfer of the rights and obligations arising out of this Contract, except the transactions considered as Assignment for the purpose of lines b), c) and d) of paragraph 30.2 of Clause Thirty, will be subject to the following procedure.
   2. Once the final terms and conditions of as Assignment have been duly negotiated by the transferor, it will disclose the final commercial terms and conditions that are relevant to the acquisition of the share (and, if applicable, the determination of the amount of money to purchase the share) by means of a notification to the other Contracted Parties, whose notification will be accompanied by a copy of all documents establishing such terms and conditions.
   3. Each Contracted Party will have the right to acquire the shares of the transferor as per the final commercial terms and conditions described in the notification provided for in paragraph 6.2 if, within 30 (thirty) days after the notification of the transferor, such Party delivers to all the other Contracted Parties a counter-notification that it accepts these terms and conditions without reservations or conditions.
   4. If no Contracted Party delivers such counter-notification, the Transfer between the transferor and the transferee described in the notification referred to in paragraph 6.2 may be completed, subject to other provisions of Clause 30 of this Contract, under terms and conditions no more favorable to the transferee than those arranged in the notification of paragraph 6.2 for the Contracted Parties, provided the Transfer is completed within 180 (one hundred and eighty) days after the date of notification.
   5. No Contracted Party will have the right or will be forced to buy any asset other than the rights and obligations of the transferor in relation to this Contract and the shares of the transferor in the Consortium, regardless of other transactions being included in the Assignment.
9. **Production Availability Principles**
   1. The Production Availability Agreement of the Oil Production will dispose, at least, on:
   2. The right and the obligation of each Consortium Member in removing and disposing of its share of Oil produced in the Field.
   3. The responsibility of each Consortium Member for all payments and costs related to chartering and/or use of a vessel qualified for the loading of Oil that will be effected by this Consortium Member.
   4. Sharing Point
   5. The allocation of each type of Oil between the Consortium Members in accordance with the Contract, whereas the volumes corresponding to the Cost Oil, the Profit Oil and the Royalties paid.
   6. The obligation of the Operator to:
      1. Plan and coordinate the removal of Petroleum through the UEP;
      2. Periodically notify the estimates of the volume of Production, and
      3. Send to other Consortium Members, on monthly basis, a report of Production and stock, stating the total volume, the share of each Consortium Member and the volumes surveyed by each Consortium Member, including situations of sub-loading and over-loading.
   7. The surveys should consider:
10. That, with at least 60 days after the date of the First Oil Extraction, or the beginning of the Production in Long-Duration Tests, the Operator should start the process for the determination of the ownership.
11. At the beginning of each month, the Operator should inform the other Consortium Members the expectation of Production for the five subsequent months, together with supporting data including the daily Production, as well as the surveys and adjustments of inventory that occurred in the previous month.
12. The sending, by the Operator to the Consortium Members, in month M-2 of the provisional schedule of withdrawals for the month M, specifying the size, sequence and deadline for submission of the vessels for each one of the loads to be lifted.
13. That each Consortium Members will have three days after receiving the provisional schedule to propose changes to the surveys of Month M.
14. That the Operator, in the elaboration of final loading schedules, shall consider the relevant technical and operational issues (production rate of UEP, storage capacity of the UEP, right of possession of each Consortium Member, the sub-surveys and over-surveys of each Consortium Member, etc.), in order to avoid possible impairments or reductions of Production, as well as the requests for amendment made by the Consortium Members to the provisional loading schedule.
15. That the Operator must notify the other Consortium Members of the final surveys schedule for the Month M, within three days after receiving the proposed amendment to the provisional surveys schedule. The final loading schedule should specify the size, sequence and deadline for submission of vessels for each one of the loads to be loaded in Month M.
16. That, if there is insufficient volume of Oil to meet the total nominations made by each one of the Consortium Members, or there is a conflict with respect to the time limits for submission of the vessel, or there is the need for the loading to avoid impairment or reduction of Production, the Operator, whereas the relevant technical and operational issues, shall adopt the following rule of priority, respecting the order below:
    * + 1. The Consortium Member that has been named a volume considering only its own loading right, without considering any over-loading on the first day of the deadline for the submission of the vessel;
        2. The Consortium Member holding the greatest right to load on the first day of the deadline for submission of the ship.
17. Forms of treatment of cases of Production sub-loading and over-loading.
    * 1. The Consortium Members shall have the right to over-load, provided such over-load does not affect the appointment of another Consortium Member that does not require an over-load and has named a loading volume it has the right to.
18. Forms of prior confirmation, by Managing Party and each Contracted Party, of the acceptance of their respective Production volumes available for loading.
19. Logistical criteria for the transfer of Production, including criteria for the acceptance of tankers and forms of treatment of risks related to delays and over-stay.
20. Criteria for the distribution of all types and qualities of Petroleum in order to ensure the Managing Party and each one of Contracted Parties may receive the volumes of each type and quality of Petroleum in accordance with their respective shares and percentages, as described in this Contract.
21. Criteria for periodic adjustments if the distribution of Production in accordance with the terms recommended in item f) of this paragraph is impossible or impracticable due to the availability of facilities or requirements of minimum volumes.
22. The authority the Operator will have for, in situations in which the Consortium Member fails in naming the ship which will make the loading, or fails to notify the Operator of the availability of the vessel for removal, or refuses to remove, take all needed attitudes to avoid the downtime or reduction of Production.
23. The loading criteria by the Operator of the volumes of Production of the Consortium Member that does not make the effective loading of its respective share, case in which the Operator shall undertake the sale of the loaded volumes and will deliver the revenue arising from the sale to the Consortium Member that ceased from carrying out the loading after all expenses incurred by the Operator with the loading activities and sale of the share in question are deducted.

Natural Gas Production Availability Principles

* 1. The Natural Gas Production Availability Agreement, if necessary will dispose, at least, on:
  2. The right and the obligation of each Contracted Party and the Managing Party to remove and dispose of its share of Natural Gas produced in the Field.
  3. The responsibility of each Contracted Party and the Managing Party for all payments and costs related to the distribution of Natural Gas up to the Sharing Point.
  4. Sharing Point
  5. The regular notification by the Operator in respect of the Production volumes available in past and future periods, including the properties of Natural Gas and the definition of the shares belonging to the Managing Party and each one of the Contracted Parties, to be sent to the Managing Party and each of the Contracted Parties as soon as possible in order to allow the planning of loading activities by the Operator and other Parties involved.
  6. The loading criteria by the Operator of the volumes of Production of the Consortium Member that does not make the effective loading of its respective share, case in which the Operator shall undertake the sale of the loaded volumes and will deliver the revenue arising from the sale to the Consortium Member after all expenses incurred by the Operator with the loading activities and sale of the share in question are deducted.
  7. Criteria for periodic adjustments that take into account changes in reserves and adjustments of Production in line with the Development Plans, as well as ways of balancing the loadings in order to allow:

1. The failure of a Consortium Member in loading its share not to affect the present or future loadings of other Consortium Members.
2. The loading right of additional volumes by the Consortium Member that chose not to receive the entirety of its share in previous loadings to be limited by the availability of Production after taking into consideration any delivery commitments assumed by other Parties.
3. The commitment of the Consortium Member that has received more than its share of Production to repay the remaining Consortium Members for the Production not received, with a particular frequency and at the market value.

Production Availability Agreement

* 1. In accordance with paragraph 9.3 of the Contract, the provision of the volume of petroleum, natural gas or other hydrocarbon fluids produced will be carried out in accordance with the Production Availability Agreement to be signed between the Contracted Parties and the Managing Party prior to the start of any production.
     1. The Oil Production Availability Agreement and the Natural Gas Production Availability Agreement will dispose, at least, on the principles listed in the preceding paragraphs of this section.
  2. Once the negotiations around the terms of the Oil and Natural Gas Production Availability Agreement are completed, they shall be submitted by the Contracted Party to the formal approval of the Operational Committee.
  3. If the Production of Oil or Natural Gas has started without the Production Availability Agreement having been completed, approved by the Operational Committee and signed, the Managing Party and the Contracted Party shall follow the previously described principles until the agreement is finally signed, without harming the sharing of the Cost Oil, the Profit Oil and the volume corresponding to the Royalties paid between the Consortium Members.
     1. The Managing Party and each Contracted Party will negotiate in good faith, shall complete and sign, up to 6 (six) months before the Date of Commencement of Production, the terms of a Production Availability Agreement both for Petroleum and Natural Gas produced.