

SPA

Dated _____ 200

(1) [_____]

(2) [_____]

AGREEMENT

for the sale and purchase of assets

in relation to the [_____] Field

***Stamp Duty Agreement and SPA to be signed at the same time**

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THIS AGREEMENT is made this _____ day of _____ 200

BETWEEN:

(1) [_____] incorporated in [_____] (Company Number[_____]) and having its registered office at [_____] (the “Seller”); and

(2) [_____] incorporated in [_____] (Company Number [_____]) and having its registered office at [_____] (the “Purchaser”); and

WHEREAS:

- (A) The Seller wishes to sell and the Purchaser wishes to purchase the Asset (as hereinafter defined);
- (B) The Parties wish to set out herein the terms and conditions upon which the aforesaid sale and purchase shall take place;

NOW IT IS HEREBY AGREED:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Agreement, the following expressions shall, except where the context otherwise requires, have the following meanings:

“Accrual Basis of Accounting” means the basis of accounting under which costs and benefits are regarded as applicable to the period in which the liability to the cost is incurred or the right to the benefit arises regardless of when invoiced, paid or received;

“Affiliate” means:

- (a) in the case of a Party which is a Shell Company, any other Shell Company.

For the purpose of this definition a Shell Company means:

- (i) N.V. Koninklijke Nederlandsche Petroleum Maatschappij (a Dutch company);
- (ii) The “Shell” Transport and Trading Company, p.l.c. (an English company); and
- (iii) any company (wherever registered) which for the time being is directly or indirectly affiliated with either or both of the companies mentioned in (i) or (ii) above.

For the purposes of this paragraph (a):

- (A) a company is directly affiliated with another company or companies if the latter is (are) beneficial owner(s) of shares (or their equivalent) controlling more than fifty percent (50%) of votes exercisable at a general meeting (or its equivalent) of such company; and
 - (B) a company is indirectly affiliated with a company or companies (“the parent or parents”) if a series of companies can be specified beginning with the parent(s) and ending with the particular company, so related that each company or companies except the parent(s) is directly affiliated with one or more companies in the series.
- (b) in the case of a Party which is not a Shell Company:
- (i) if the Party is a subsidiary of another company the Party's ultimate holding company and any subsidiary (other than the Party itself) of the Party's ultimate holding company, or

- (ii) if the Party is not a subsidiary of another company any subsidiary of the Party.

For the purpose of this paragraph (b) “holding company” and “subsidiary” shall have the meanings given to those expressions in Section 736 of the Companies Act 1985, as amended by Section 144 of the Companies Act 1989.

“Asset” means:-

- (a) an undivided legal interest in the Licence(s); and
- (b) the Seller's entire undivided beneficial right, title and interest in and under the following:-
 - (i) the Licence(s) to the extent relating to the [] Field;
 - (ii) the Operating Agreement (such right, title and interest as of the date hereof being []%);
 - [(iii) the Unit Agreement (such right, title and interest as of the date hereof being []%);]
 - (iv) the Asset Documents;
 - (v) the Asset Property;
 - (vi) the Asset Data;

“Asset Data” means all data held by the Seller (excluding Traded Data) directly relating to Block [] whether in hard copy or in original form (where available) including but not limited to geoscientific and engineering data and logs;

“Consideration” means the consideration payable by the Purchaser to the Seller for the Asset in accordance with Clause 3 hereof;

“Data Room Documents” means the documents relating to the Asset made available for the Purchaser's inspection in the data room located at the Seller's offices at [] from [] to [], together with such other documents as the Seller may have notified to the Purchaser in writing prior to the date hereof and as specified in the Disclosure Letter and, in the event that Completion takes place, such other documents as the Seller may have notified to the Purchaser in writing during the Interim Period and, where context so admits, any one or more of such documents, an inventory of which is contained in Schedule 4 to this Agreement;

[“Decommissioning Agreement” means the [] Agreement dated [] and being the [] Amendment to the Operating Agreement;]

“Decommissioning Liabilities” means any costs, charges, expenses, liabilities and obligations incurred in abandoning and/or decommissioning any Asset Property (including but not limited to wells and facilities) whether such loss, charges, expenses, liabilities and obligations are incurred pursuant to any statutory, common law or other obligation [and regardless of negligence on the part of the Seller];

“Deed of Indemnity” means a deed of indemnity in substantially the form contained in Schedule 6 to this Agreement;

“Disclosure Letter” means the disclosure letter from the Seller to the Purchaser in which disclosure is made against certain specific warranties dated of even date herewith and delivered to the Purchaser immediately prior to the signature of this Agreement;

“Economic Date” means 00.01 hours on [];

“Effective Date” means 23:59 hours on[];

“Environmental Liabilities” means all costs, charges, expenses, liabilities and obligations (other than Decommissioning Liabilities) incurred in respect of the Asset in relation to cleaning up, removing debris or any Asset Property from and for reinstating any area of land, foreshore or seabed, wherever situated, whether such costs, charges, expenses, liabilities and obligations are incurred pursuant to any statutory, common law or other obligation and regardless of negligence on the part of the Seller;

“[] Field” means the hydrocarbon accumulation known as the [] Field underlying Blocks [] and [] of the United Kingdom Continental Shelf;

“Interim Period” means the period from the Economic Date until the Effective Date;

“the Licence(s)” means United Kingdom Petroleum Production Licence No. P.[];

“Operating Agreement” means the [operating agreement] dated [] relating to the Licence(s);

“Operator” means the operator of the [] Field from time to time;

“Party” means , the Seller or the Purchaser and “Parties” means both of them;

“Pre-Economic Date Benefits” means all benefits, credits and other value attributable to the Asset to the extent applicable on an Accrual Basis of Accounting to the period prior to the Economic Date;

“Pre-Economic Date Costs” means all costs, charges, expenses, liabilities and obligations in respect of the Asset to the extent applicable on an Accrual Basis of Accounting to the period prior to the Economic Date;

“Post-Economic Date Benefits” means all benefits, credits and other value attributable to the Asset to the extent applicable on an Accrual Basis of Accounting to the period after the Economic Date;

“Post-Economic Date Costs” means all costs, charges, expenses, liabilities and obligations in respect of the Asset to the extent applicable on an Accrual Basis of Accounting to the period after the Economic Date;

“Reference Interest Rate” means [];

“Secretary of State” means the Secretary of State for Trade and Industry or any other person for the time being responsible for carrying out the functions at present carried out by her in relation to the Asset;

“Secretary of State Consents” means the approval of the Secretary of State to the transactions contemplated by this Agreement and the Completion Documents, the consent of the Secretary of State to the assignment of the Licence(s) and the agreement of the Secretary of State to the substitution of the Purchaser for the Seller as the operator under the Licence and as a designated owner in relation to the [] Field under the Petroleum Act 1987;

“Traded Data” means, with respect to Block [], data which relates to an area outside such Block and which has been acquired by trade, purchase or otherwise by and on behalf of the Seller (either alone or in conjunction with other parties) as a licensee of the Licence(s), from a third party or parties, where such data cannot be provided to the Purchaser because such transfer is prohibited by the agreement under which they were acquired;

[“Unit Agreement” means the [Unit Operating Agreement] dated [] relating to the [] Field;]

“the Seller's Account” means Account Number [] (Ref: []) Account Name: [] at: [];

“Warranties” means the representations and warranties given under Clause 6;

“Warranty Claim” means any claim by the Purchaser in relation to any breach by the Seller of the Warranties.

- 1.2 All references to Clauses, recitals and Schedules are, unless otherwise expressly stated, references to clauses of and recitals and schedules to this Agreement.
- 1.3 The headings in this Agreement are inserted for convenience only and shall be ignored in construing this Agreement.
- 1.4 Save in respect of the foregoing definition of “Affiliates,” any reference to any statute or statutory instrument in this Agreement shall be a reference to the same as amended, supplemented or re-enacted from time to time.
- 1.5 Unless the context otherwise requires, reference to the singular shall include the plural and vice versa, reference to any gender shall include all genders, and references to persons shall include natural persons, bodies corporate, unincorporated associations and partnerships.

2. SALE AND PURCHASE

- 2.1 Subject as herein provided the Seller as legal and beneficial owner hereby agrees to sell the Asset free from all liens, charges, mortgages, pledges, encumbrances or security interests whatsoever relating thereto [(other than as described in the Disclosure Letter)] to the Purchaser for the Consideration and the Purchaser agrees to accept the Asset all as at Completion.
- 2.2 The obligations of the Parties under Clause 2.1 are conditional on the satisfaction of the following conditions (the “Conditions Precedent”):

- [2.2.1 the Purchaser having entered into agreements with the Seller to acquire the Seller's interest in the [], [] and [] Fields and completion of such transactions occurring simultaneously with Completion in accordance with the provisions of this Agreement];
- [2.2.2 receipt by the Seller of a waiver in writing by the Co-Venturers of their rights pursuant to the provisions of Clause [] of the Operating Agreement or satisfaction of such provisions without any Co-Venturer attempting to acquire the Asset in accordance with such provisions;]
- [2.2.3 confirmation from all other parties to the Operating Agreement that:
- (a) they are satisfied with the form of letter of credit to be forwarded by the Purchaser under Clause [] hereof; and
 - (b) that the other parties to the [Operating Agreement] - [Unit Agreement] shall release the Seller from the security provided by the Seller pursuant to the Decommissioning Agreement;]
- [2.2.4 the Seller having confirmed in writing to the best of its knowledge and belief there has not occurred prior to the Completion Date any substantial loss of or physical damage to the Asset Property which would materially and adversely affect the value of the Asset];[or see 4.1 and 4.5]
- 2.2.5 the Secretary of State Consents having been duly obtained by the Seller; and
- 2.2.6 the due execution by the signatory parties (other than the Parties) of the Completion Documents and the receipt by the Parties from the other parties to the Completion Documents of all requisite consents and approvals to the transactions contemplated by this Agreement.

2.3 The Parties shall use all reasonable endeavours to ensure that the Conditions Precedent are satisfied as soon as reasonably practicable.

2.4 If any of the Conditions Precedent have not been satisfied or waived on or before [] this Agreement shall terminate and cease to have any effect and no Party shall have any liability to another under this Agreement except in respect of Clause 13 and any breach of the terms hereof committed before such date.

3. CONSIDERATION

3.1 In consideration of the sale and transfer of the Asset by the Seller to the Purchaser, the Purchaser shall pay the sum of [] together with such sum as shall be payable in accordance with the provisions of Clause 7 of this Agreement to be apportioned as follows:-

[(a) to plant, machinery, industrial buildings and other fixed assets included in the Asset Property, the sum of [] ; and

(b) to the remainder of the Asset:-

(i) the sum of [] ; and

(ii) [such sum as shall be payable in accordance with the provision of Clause 7 of this Agreement;]

or to be apportioned on such other basis as the Parties may agree.]

3.2 [The Purchaser shall pay simple interest on the Consideration calculated on a daily basis at the rate of two per cent (2%) above the Reference Interest Rate from the Effective Date until the Completion Date.]

4. COMPLETION

4.1 Subject to the satisfaction or waiver of the Conditions Precedent [and Clause 4.5] completion of the sale and purchase of the Asset shall take place on the Completion Date at the Completion Venue when the following shall take place in the following order:-

(a) the Seller shall:-

- (i) deliver to the Purchaser copies of the Secretary of State Consents;
- (ii) deliver to the Purchaser the Completion Documents duly executed by all of the parties thereto other than the Secretary of State and the Purchaser;
- (iii) deliver to the Purchaser a copy, certified as a true copy (in accordance with section 3 of the Powers of Attorney Act 1971) of the Power of Attorney authorising the execution of the Completion Documents on behalf of the Seller; and
- [(iv) deliver written confirmation that the Condition Precedent referred to at Clause 2.2.4 has been fulfilled.]

(b) the Purchaser shall:-

- (i) pay to the Seller the Consideration together [with interest accrued pursuant to Clause 3.2] by means of a direct transfer in cleared readily available funds to the Seller's Account no later than close of business London time, on the Completion Date;
- (ii) execute all the Completion Documents to which it is to be party and deliver copies thereof, certified as true copies, to the Seller;

- (iii) deliver to the Seller a copy, certified as a true copy [(in accordance with section 3 of the Powers of Attorney Act 1971) of the Power of Attorney] authorising the execution of the Completion Documents on behalf of the Purchaser;
- (iv) [deliver to the Operator a letter of credit in the form and amount agreed with the Operator to the Purchaser's liability pursuant to the Decommissioning Agreement]; and
- (v) deliver to the Seller the Deed of Indemnity, duly executed by the Purchaser and [].

4.2 Each of the Parties shall, and shall procure that its respective Affiliates shall, execute such other documents and do all such other acts and things as may reasonably be required in order to effect the disposal of the Asset to the Purchaser and otherwise carry out the true intent of this Agreement.

4.3 The Seller shall deliver to the Purchaser the Asset Data, the Asset Documents, the Data Room Documents and such other documentation relevant to the Asset as the Purchaser may reasonably request as soon as practicable following the Completion Date but no later than 30 days following the Completion Date.

[4.4 If Completion does not take place on or before 2400 hours on [], either Party may terminate this Agreement by written notice to the other, to be without prejudice to rights and obligation accrued prior to termination.]

4.5 [If, prior to Completion, material loss or damage is sustained to any of the Asset Property, the Purchaser shall not be obliged to complete the sale and purchase of the Asset and shall have the right by notice in writing to the Seller to terminate this Agreement without prejudice to rights and obligations accrued prior to termination.] [See 2.2.4].

4.6 [Completion under this Agreement and completion under the Connected Agreement shall take place simultaneously.]

5. PRE & POST ECONOMIC DATE COSTS AND BENEFITS

5.1 The rights and obligations in this Clause 5 shall not come into effect unless and until Completion takes place.

5.2 (a) The Seller agrees to indemnify, keep indemnified and hold harmless the Purchaser against Pre-Economic Date Costs which are paid by the Purchaser.

(b) Subject to Clause 5.4, the Purchaser shall pay to the Seller an amount equal to the Pre-Economic Date Benefits received by the Purchaser.

5.3 (a) The Purchaser agrees to indemnify, keep indemnified and hold harmless the Seller against any Post-Economic Date Costs which are paid by the Seller; provided that the payment of the sums required to be paid under Clause 7 shall wholly satisfy such obligation to indemnify in respect of Post Economic Date Cost applicable on an Accrual Basis of Accounting to the period prior to the Effective Date.

(b) Without prejudice to the generality of the foregoing, the Purchaser agrees to indemnify, keep indemnified and hold harmless the Seller harmless against any Decommissioning Liabilities and any Environmental Liabilities of whatsoever nature and howsoever arising before or after the Post Economic Date.

(c) Subject to Clause 5.4, the Seller shall pay to the Purchaser an amount equal to the Post-Economic Date Benefits received by the Seller.

5.4 Joint account insurance proceeds shall be paid to the Party who (save and except for its receipt of such insurance proceeds) would ultimately bear the

relevant insured loss. If each of the Parties suffered part of such loss, payment of a portion of the insurance proceeds shall be made to each Party equal to the proportion of the relevant insured loss ultimately borne by it.

6. REPRESENTATIONS AND WARRANTIES

6.1 (a) Subject to the provisions of this Clause 6, the Seller represents and warrants to the Purchaser that, except insofar as described in the Disclosure Letter or disclosed prior to Completion pursuant to the provisions of Clauses 6.7 and 6.8, the representations made in Schedule 1(A) to this Agreement are true and accurate [in all material respects] [and the Purchaser admits that it has not entered into this Agreement in reliance upon any representation or promise other than those incorporated in the Disclosure Letter or this Agreement].

(b) The Purchaser represents and warrants to the Seller that the representation made in Schedule 1(B) to this Agreement are true and accurate

6.2 The Warranties referred to in Clause 6.1 shall be deemed to be repeated immediately prior to Completion.

6.3 Save only as and to the extent set forth in this Clause 6, the Seller makes no representations or warranties in respect of any matter or thing and disclaims all liability and responsibility for any representation, warranty, statement, opinion or information made or communicated (orally or in writing) to the Purchaser in connection with the transaction contemplated hereby and the Purchaser acknowledges and affirms that it has not relied upon any such representation, warranty, statement, opinion or information in entering into and carrying out the transaction contemplated by this Agreement. Without limiting the generality of the foregoing, the Seller makes no forecasts or evaluations.

- 6.4 The provisions of this Clause shall operate to limit the liability of the Seller under or in connection with the Warranties and the Disclosure Letter and references to ‘such liabilities’ shall be construed accordingly. The Parties agree as follows:
- (a) no liability shall attach to the Seller unless the aggregate amount of such liabilities shall exceed the total sum of £[] or [5% of the Consideration] but if such liabilities shall exceed that sum the Seller shall (subject to the other provisions hereof) be liable for the whole of such liabilities and not merely the excess;
 - (b) the aggregate amount of such liabilities shall not exceed £[] [the Consideration];
 - (c) claims against the Seller shall be wholly barred and unenforceable unless written particulars thereof (giving reasonable details of the specific matter or claim in respect of which such claim is made so far as then known to the Purchaser) shall have been given to the Seller within a period of [twenty-four (24) months] from the Completion Date.
- 6.5 If any amount is paid to the Purchaser pursuant to a Warranty Claim and an amount which is referable to that Warranty Claim is subsequently recovered by the Purchaser from a third party, so much of the amount paid as does not exceed the amount recovered from the third party (less all reasonable costs, charges and expenses incurred in obtaining such payment and in recovering such amount from the third party) shall be repaid to the Seller forthwith.
- 6.6 The Seller shall not do any act or thing, or authorise any act or thing to be done over which it has control or which it can otherwise by the exercise of any right or power prevent from being done, which would prevent any of the Warranties from being true and accurate if repeated immediately prior to Completion. If, notwithstanding the foregoing provisions of this Clause 6.6, any matter or thing occurs after the date hereof but prior to Completion which would be inconsistent with the Warranties being true and accurate [in all

material respects] on Completion, the Seller shall give notice in writing to the Purchaser as soon as reasonably practicable and in any event prior to Completion stating such matter or thing and that it is disclosed pursuant to this Clause 6.6.

6.7 In the event of any material matter or thing inconsistent with any of the Warranties given by the Seller becoming known or being notified to the Purchaser on or before Completion Date and such matter or thing continuing to be so inconsistent at the Completion Date, the Purchaser shall not be bound to complete the acquisition of the Asset and the Purchaser may, by notice in writing to the Seller prior to Completion, terminate this Agreement, without prejudice to rights and obligations accrued prior to termination.

6.8 [The Seller shall not be liable under any Warranty Claim in respect of any matter(s) of which the Purchaser or its agents or those for whom it is otherwise responsible have knowledge (actual or constructive) whether as the result of its/their investigation of the Asset (including access to the Data Room Documents for that purpose) or otherwise.]

6.9 [The Purchaser warrants to and agrees and undertakes with the Seller that there are no circumstances (save as the disclosed in the Disclosure Letter) within the actual knowledge of the Purchaser or its agents or those for whom it is otherwise responsible at the date hereof and no circumstances will exist at Completion which will (or might) entitle the Purchaser to make any Warranty Claim against the Seller and, insofar as there are any such circumstances, the Purchaser shall not be entitled to make any Warranty Claim in respect thereof.]

[NOTE: Additional Sellers or Purchasers warranties may be included in Schedule 1(A) or (B)]

7. **WORKING CAPITAL**

- 7.1 The Purchaser shall pay to the Seller or the Seller shall pay to the Purchaser (as the case may be) a sum to reflect the monetary value of working capital attributable to the Asset as set out in [Schedule 4]. The said sum shall be set out in a statement to be prepared and given by the Seller to the Purchaser within [ninety (90) days] after the Completion Date. Such statement shall be a statement of working capital and a statement of adjustments made pursuant to [Schedule 4].
- 7.2 The Purchaser shall have the right to verify the statement referred to in Clause 7.1 by reference to the figures derived from the statements of the relevant operator. The Seller shall endeavour to provide such supporting data to the Purchaser as can reasonably be obtained. The Purchaser shall be obliged to complete its verification within [ninety (90)] days of receipt of the said statement and either : (a) the Purchaser shall be obliged to pay to the Seller the sum specified as due to the Seller in the said statement or, as the case may be (b) the Seller shall be obliged to pay to the Purchaser the sum specified as due to the Purchaser in the said statement; (all as varied by any adjustment agreed between the Seller and the Purchaser) and whether or not the Purchaser has agreed such statement within the said [ninety (90)] day period. In the event that the said statement cannot be agreed the provisions of Clause 7.3 shall apply.
- 7.3 In the event that the Seller and the Purchaser cannot agree the statement referred to in Clause 7.1, the same shall be referred for resolution to an independent chartered accountant appointed by the Seller and the Purchaser or in the event of the Seller and the Purchaser differing as to such appointment by the President for the time being of the Institute of Chartered Accountants of England and Wales. The decision of the chartered accountant so appointed shall, in the absence of manifest error, be final and binding on the Seller and the Purchaser, and settlement of any outstanding amount due to or by either the Seller or the Purchaser shall be made within [five (5) Business Days] of such decision. The costs of the independent chartered accountant shall be borne equally by the Seller and Purchaser and such chartered accountant shall be deemed to be acting as an expert and not as an arbitrator.

- 7.4 In the event of late payment, the Purchaser shall pay to the Seller or the Seller shall pay to the Purchaser (as the case may be) interest on such further sums as may be payable pursuant to Clauses 7.1, 7.2 and/or 7.3 from the date such sums are due to be paid to the date and sums are paid (both dates inclusive) at a rate per annum [five per cent (5%)] above the Reference Interest Rate calculated on a daily basis using simple interest.
- 7.5 In the event that the Seller makes any payments, or receives any receipts, in respect of the period between the Economic Date and the Completion Date, in respect of the Asset, the Purchaser will pay to the Seller or the Seller will pay to the Purchaser (as the case may be) the amounts involved within [twenty (20) Business Days] of the Completion Date, or of the date of such payment or receipt, whichever is the later. For the purpose of this Clause, payments will include, inter alia, cash calls for capital and operating costs and tariffs and receipts will include, inter alia, actual proceeds from the sale of Petroleum produced after the Economic Date.
- 7.6 Any and all amounts to be paid pursuant to this Agreement shall be paid in same day funds, in the case of payments to the Seller to the Seller's Account and in the case of payments to the Purchaser to such bank account as the Purchaser shall nominate in writing.

8. TAXATION

- 8.1 Each Party shall deliver to the Board of Inland Revenue (the "Revenue") in a timely fashion a notice in accordance with paragraph 3 of Schedule 17 to the Finance Act 1980 [and shall not make an application under paragraph 4 of the said Schedule for the provision of Parts II and III of the said Schedule not to apply to the transfer of the Asset pursuant hereto.]
- 8.2 The Parties acknowledge that in the periods up to [] the Seller will have incurred expenditure in relation to the Field which can be claimed for Petroleum Revenue Tax purposes under either Schedule 5 or 6 to the Oil

Taxation Act 1975. The Seller shall take all actions and do all things reasonably in its power to ensure that such expenditure is claimed and, in particular, the Seller shall prepare and sign all Schedule 6 claims in respect of such expenditure and provide copies of the same to the Purchaser on or before [].

8.3 The Seller and the Purchaser agree that the allocation with respect to the Asset set out in Clause 3 is a just apportionment of the Consideration. The Seller and the Purchaser agree that they will each present their returns for tax purposes on the basis of the said allocation and that they will use all reasonable endeavours to agree with the Oil Taxation Office (“OTO”) the figures so presented. No part of the Consideration attributed to the Balance of Asset allocation pursuant to [Schedule 2] shall be treated as a reimbursement of expenditure which the Seller has incurred whether comprising tangible drilling expenditure or otherwise.

8.4 (a) The Purchaser warrants that it is registered for VAT in the U.K. and that it intends to use the Asset for its own trade of exploration/exploitation.

(b) The Seller warrants that it is registered for VAT in the U.K.

(c) The Purchaser undertakes that it will use the Asset acquired as part of its going concern for a sufficient period to comply with the requirements of Article 5 of the Value Added Tax (Special Provisions) Order 1995, so that the transfer thereof is neither a supply of goods nor a supply of services for VAT purposes.

(d) The Parties believe that the transfer hereunder is a transaction which is outside the scope of Value Added Tax by virtue of Article 5 of the Value Added Tax (Special Provisions) Order 1995. However, if the Seller is advised in writing by HM Customs and Excise that such transaction is subject to Value Added Tax, the Purchaser undertakes to pay to the Purchaser, on presentation of a Value Added Tax invoice,

any amounts due in respect of Value Added Tax within thirty (30) days of demand.

- (e) The Parties agree that the Seller shall make application to the HM Customs and Excise under Section 49(1)(b) Value Added Tax Act 1994 for a direction that the records relating to the interests which under paragraph 6 Schedule 11 Value Added Tax Act 1994 have been maintained by the Seller should be preserved by the Seller notwithstanding the provisions of the said section. The Seller shall forthwith upon receipt thereof provide Purchaser with a copy of any such direction, and Purchaser shall retain access at all reasonable times during business hours to all books and records retained by the Seller or its Affiliates in relation to value added tax matters concerning the interests, and the Seller covenants to retain such records as required by paragraph 6 Schedule 11 Value Added Tax Act 1994.

8.5 The Parties shall indemnify each other in respect of any amounts paid by the Parties with respect to the Asset pursuant to any notice issued under paragraph 4 of Schedule 15 to the Finance Act 1973 received by the Parties after the date hereof, provided that the income which gave rise to such assessment was in respect of work performed in relation to the Asset or any part thereof prior to Completion. Notwithstanding anything else in this Agreement, the Parties agree to pay any tax required to be paid pursuant to any such notice of assessment which is received on or after the date hereof, and which relates to the Asset.

8.6 The Seller acknowledges and agrees that the notice under paragraph 3 of Schedule 17 to the Finance Act 1980 (PRT80) in respect of the transactions contemplated by this agreement will be completed and filed by the Seller.

[8.7 For the avoidance of doubt, the Parties agree the date of transfer of the Asset for all purposes (including without limitation Petroleum Revenue Tax and Corporation Tax purposes) shall be deemed to be the Economic Date and not the Completion Date.]

- 8.8 If any liability for or right to repayment of PRT in connection with the Asset which relates to the period of ownership prior to the Economic Date arises after the Economic Date and the adjustment giving rise to such liability or right is in respect of income and expenditure of the Seller during such period of ownership then the liability or repayment shall be the responsibility or entitlement of the Seller. Any repayment of PRT in connection with the Asset arising otherwise in respect of the Seller's period of ownership shall be the entitlement of the Purchaser.
- 8.9 The Seller undertakes to submit Statements of Value in connection with payment of Royalty in relation to the Asset to the Department of Trade and Industry (“DTI”) for the period [] to []. To the extent that the final liability of the Seller to make payment of Royalty for such periods differs from payments on account already made by the Seller to the DTI in that respect, the Seller shall be responsible for settlement of any additional amount due together with interest thereon for such periods and shall also be entitled to any repayment due together with interest thereon for such periods.]

9. INTERIM PERIOD OPERATIONS

- 9.1 Between the date hereof and Completion, the Seller shall (to the extent it is able so to do having regard to the provisions of the Operating Agreement [Unit Agreement]):-
- (a) continue to carry on its activities in relation to the Asset in the ordinary and usual course so as to protect and maintain the same [in accordance with good oil field practice] and comply with previously agreed decisions of the Operating Committee in relation to the Assets;
 - (b) consult with the Purchaser with regard to the Asset and co-operate with the Purchaser so as to ensure an efficient handover of the Asset on Completion and use its reasonable endeavours to protect or procure the protection of the Asset for the benefit of the Purchaser;

- (c) insofar as reasonably practicable, keep the Purchaser fully informed in a timely manner on any and all matters (not of a routine nature) relating to the Asset; and
- (d) not to do or omit to do anything which would result in a breach of any of the Warranties given by it.

[NOTE: additional provisions may be required]

9.2 The Seller shall:

- (a) not, except with the prior written approval of the Purchaser (such approval not to be unreasonably withheld or delayed) amend or agree to amend any of the Asset Documents in any respect in so far as such amendment or agreement to amend relates to or affects the Asset or waive or agree to waive any of its rights or remedies thereunder or arising therefrom in so far as such rights and remedies relate to or affect the Asset;
- (b) If it considers in good faith that a particular matter or proposal is of a nature which may have an adverse effect on the value of the Asset, notify the Purchaser in writing, consult (to the extent reasonably practicable) with the Purchaser in relation to that matter or proposal, take account of any representation which the Purchaser may make and, provided always that such action shall not be prejudicial to any of the Seller's other business interest and the Seller shall not be in breach of any contractual, legal, statutory or regulatory requirement whatsoever by doing so, carry out the wishes of the Purchaser in so far as it is reasonably practicable to do so following such consultation; and
- (c) As soon as reasonably practicable provide the Purchaser (to the extent it is contractually and legally permitted to do so) with details of any matter relating to or affecting the Asset on which the Seller is entitled to vote (a

“Voting Matter”) and, prior to exercising its vote on a Voting Matter, consult (to the extent reasonably practicable) with the Purchaser in relation to the Voting Matter, take account of any representations which the Purchaser may make and provided always that such action shall not be prejudicial to any of the Seller’s other business interests and the Seller shall not be in breach of any contractual, legal, statutory or regulatory requirement whatsoever by doing so, exercise its voting rights in a manner which is not inconsistent with the Purchasers’ representations.

10. ASSIGNMENT

No Party shall have the right to assign, transfer or otherwise dispose of its rights and/or obligations under this Agreement without the consent of the other Party, which consent shall not be unreasonably withheld.

11. INTEREST

Where, in this Agreement, any date is specified as being the due date for payment and payment is not made on that date, simple interest shall be paid on the amount outstanding on a daily basis (after as well as before any judgement) from the start of the due date to the end of the day preceding the date of actual payment at the rate of five per cent (5%) above the Reference Interest Rate.

12. COSTS

The Parties shall pay their own costs and expenses in connection with this Agreement and the documents executed pursuant hereto.

13. CONFIDENTIALITY

This Agreement shall be held confidential by the Parties and shall not be divulged in any way to any third party by one Party without the prior written approval of the other Parties; provided that any Party may, without such approval, disclose such terms to:-

- (a) any Affiliate of it provided the disclosing Party procures that such Affiliate maintains such terms confidential; or
- (b) any outside professional consultants or other professional advisers consulted in connection with the terms of this Agreement, provided the disclosing Party obtains a similar undertaking of confidentiality (but excluding this proviso) from such consultants; or
- (c) any bank or financial institution from whom such Party is seeking or obtaining finance, provided the disclosing Party obtains a similar undertaking of confidentiality (but excluding this proviso) from such bank or institution; or
- (d) the extent required by any applicable laws, the Licence, or the requirements of any recognised stock exchange in compliance with its rules and regulations; or
- (e) any Government agency lawfully compelling such terms; or
- (f) any Court of competent jurisdiction acting in pursuance of its powers; or
- (g) the extent that the terms of this Agreement become public knowledge or for any other reason ceases to be confidential otherwise than through breach of this undertaking.

14. **ANNOUNCEMENTS**

Neither Party shall make a public announcement or statement regarding the execution of this Agreement, the Completion Documents or Completion without the prior agreement of the other Party, such agreement not to be unreasonably withheld. [Where otherwise required to make a public announcement by law or in accordance with the directions of any governmental or regulatory authority, the Parties shall

consult together and shall together take such steps as may be necessary to comply with all legal or regulatory requirements].

15. MISCELLANEOUS

15.1 Except insofar as any term or provision of this Agreement is satisfied on Completion, this Agreement shall remain in full force and effect after Completion.

15.2 No waiver by either Party of any breach of a provision of this Agreement shall be binding unless made expressly in writing. Any such waiver shall relate only to the breach to which it expressly relates and shall not apply to any subsequent or other breach.

15.3 This Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the Parties.

15.4 This Agreement represents the entire agreement between the Parties and supersedes all warranties and representations previously made and all prior negotiations, proposals, statements of intent, understandings and agreements relating to the subject matter hereof. Each of the Parties agrees that it will have no remedy in respect of any untrue representations or statement made by the other Party or its advisers (unless made fraudulently) and upon which it relied in entering into this Agreement.

15.5 To the extent that there is an inconsistency between this Agreement and any of the Completion Documents, this Agreement shall prevail as between the Parties.

15.6 [Unless expressly stated, no term this Agreement is intended to be enforceable by third parties under the Contracts (Rights of Third Parties) Act 1999 and, where an obligation is expressly stated to be enforceable by a third party, the consent of that third party will not be required to rescind or vary the relevant term.]

15.7 [If the Connected Agreement is terminated prior to Completion of this Agreement and completion under the Connected Agreement, either Party may terminate this Agreement.]

16. NOTICES

16.1 Any notices given pursuant to this Agreement shall be in writing and may be given by hand at, or sent by pre-paid first class post or facsimile to, the appropriate address stated in Clause 16.3 (or such other address as may be given for the purposes of this Agreement by notice to the other Parties).

16.2 Any such notice given as aforesaid shall be deemed to have been given at the time of delivery if delivered by hand on a Business Day or the first Business Day following the day of delivery by hand if delivery did not take place on a Business Day or following the day of sending it if sent by facsimile or the second Business Day following the day of sending if sent by pre-paid first class post.

16.3 The respective addresses for service are:

Seller: []

Fax: []

Attention: []

Purchaser: []

Fax:

Attention:

17. GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by and construed in accordance with the laws of England and each of the Parties hereby submits to the exclusive jurisdiction of the English courts.

IN WITNESS WHEREOF this Agreement has been duly executed on the day and year first above written.

Signed for and on behalf of

[

.....

Signed for and on behalf of

[

]

.....

SCHEDULE 1 (A)

SELLER'S WARRANTIES

1. Licence and Asset Documents

- 1.1 The Seller is the legal and beneficial owner of the Asset and is a licensee of the Licence(s).
- 1.2 The Licence(s), and the other Asset Documents, and all rights and interests thereunder or deriving therefrom of the Seller are in full force and effect and no act or omission of the Seller has occurred which would or might entitle the Secretary of State to revoke the Licence or any part thereof and no notice has been given to the Seller by the Secretary of State of any intention to revoke the Licence or any part thereof.
- 1.3 All accrued obligations and liabilities imposed by the Licence(s) (including without limitation, work obligations) have been duly fulfilled and discharged and there are no outstanding work obligations to be fulfilled under the Licence(s) and the Secretary of State has not given notice to the Seller of any intention to require further works to be conducted (whether in relation to exploration or development) or to call for the submission of or impose a development programme or abandonment programme.
- 1.4 The Seller:-
- (a) has not committed any **[material]** breach of any Asset Document; and
 - (b) has not received any notice that any of the other parties thereto has committed any breach of, or is in default under, any Asset Document.
- 1.5 The Asset Documents are the only deeds, agreement, arrangements or documents affecting the Asset (other than operational agreements entered into by the Operator for and on behalf of []).

1.6 The copies of the Asset Documents which have been made available by the Seller or its representatives to the Purchaser or its representatives are true copies of the originals.

1.7 To the best of the Seller's knowledge and belief all data, information or documents that have been supplied or made available to the Purchaser or to its advisers which originates from the Seller (save to the extent that this has been produced or taken from data, information or documents originating from another source) (i) was correct in all material respects at the time that it was created, to the extent that it is factual in content and (ii) was produced in good faith at the time that it was created, to the extent that it is interpretative in content.

2. Charges

No mortgage, charge (whether fixed or floating), pledge, lien, encumbrance or other security or net profit or royalty interest has been created over the Asset other than those arising under the Licence and the Asset Documents nor, subject as aforesaid, is there in effect any agreement or commitment to create the same.

3. Litigation

The Seller is not a party to any [material] litigation or arbitration or administrative proceedings or to any dispute in relation to the Asset and so far as the Seller is aware no such litigation, arbitration or administrative proceedings are threatened or pending or likely either by or against the Seller.

4. Seller

4.1 The Seller is duly incorporated with limited liability and validly exists under the laws of [England].

4.2 The Seller has the corporate power and has taken all necessary corporate and all other action to enter into and complete this Agreement, which Agreement will constitute legally binding obligations on the Seller and not cause the Seller to violate any

applicable law, judgement, order, permit, or any other agreement, consent or instrument binding upon the Seller.

4.3 Upon execution by all relevant parties of the Completion Documents, neither the signing and delivery of this Agreement nor the performance of any of the transactions contemplated by this Agreement shall:-

- (a) contravene or constitute a default under any provision contained in any agreement, instrument, law, judgement, order, licence, permit or consent by which the Seller or any of its Assets is further affected; or(b) causes any limitation on it or the powers of its Directors, whether imposed by or contained in any document which contains or establishes its constitution or in any law, order, judgement, agreement, instrument or otherwise, to be exceeded

which in either case is material in the context of this Agreement.

SCHEDULE 1 (B)

1 Subject to the provisions of this Clause [] the Purchaser hereby represents and warrants to the Seller as follows:

1.1 the documents which contain or establish the Purchaser's constitution incorporate provisions which authorise, and all necessary corporate action has been taken to authorise, the Purchaser to execute and deliver this Agreement and perform the transactions contemplated hereby;

1.2 subject to fulfilment of the conditions set out in Clauses [], the signing and delivery of this Agreement and the performance of the transactions contemplated by this Agreement, will not contravene or constitute a default under any provision contained in any agreement, instrument, law, judgment, order, licence, permit or consent by which the Purchaser or any of its Affiliates or any of their respective assets is bound or affected and which would result in the Purchaser being unable to perform its obligations under this Agreement;

1.3 no litigation, arbitration, administrative proceeding, dispute or judgement against the Purchaser (or its Affiliates) or to which the Purchaser (or its Affiliates) is a party which might by itself or together with any other such proceedings have a material adverse effect on the Purchaser's business, assets or condition and which would materially and adversely affect its ability to observe or perform its obligations under this Agreement and the transactions contemplated hereby, is subsisting or, so far as the Purchaser is aware, threatened or pending against the Purchaser or any of its assets or against its Affiliates; and

1.4 the Purchaser is duly incorporated with limited liability and validly existing under the laws of [England/Scotland/].

SCHEDULE 2

ASSET DOCUMENTS

SCHEDULE 3

DATA ROOM DOCUMENTS

SCHEDULE 4

WORKING CAPITAL

SCHEDULE 5

COMPLETION DOCUMENTS

1. Working Interest Assignment
2. [Deed of Licence Assignment]
3. [Novations]