

GUYANA

REGULATIONS

MADE UNDER

THE PETROLEUM ORDINANCE,

(Chapter 199).

UNDER SECTION 4(1) OF THE PETROLEUM ORDINANCE
AND BY VIRTUE AND IN EXERCISE OF ALL OTHER
POWERS ENABLING HIM IN THAT BEHALF THE FOL-
LOWING REGULATIONS HAVE BEEN MADE BY THE
GOVERNOR-GENERAL :—

PART I — APPLICATIONS FOR LICENCES AND LEASES

1. These Regulations may be cited as the Petroleum ^{Short title.}
(Prospecting and Winning) Regulations, 1967.

2. In these Regulations, and in every licence and lease issued <sup>Interpreta-
tion.</sup>
hereunder, the following terms shall respectively have the meanings
assigned to them except in so far as repugnant to or inconsistent with
anything in the context, or unless expressly varied in such licence or
lease —

“casinghead petroleum spirit” means any liquid hydro-
carbons obtained from natural gas (before the crude oil
from which it is derived has been measured for royalty)
by separation or by any chemical or physical process;

“Commissioner” means the Commissioner of Lands and
Mines;

“crude oil” means oil in its natural state before the same
has been refined or otherwise treated but excluding
water and foreign substances;

“foreshore” means that part of the shore of the sea and of
tidal navigable rivers which is covered by the medium
high tide between the spring tides and the neap tides;

“lessee” means a person to whom a lease under these
Regulations is granted, his successors in title and the
persons deriving title under him;

“licensee” means a person to whom a licence under these
Regulations is granted, his successors in title and the
persons deriving title under him;

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town, Guyana.

“natural gas” means gas obtained from boreholes and wells and consisting primarily of hydrocarbons;

“person” shall be deemed to include any company, corporation, society, syndicate or other body of persons, whether corporate or unincorporate;

“petroleum” includes any mineral oil, or relative hydrocarbon and natural gas existing in its natural condition in strata, but does not include coal or bituminous shales or other stratified deposits from which oil can be extracted by destructive distillation;

“the submarine area” means the foreshore of Guyana, all tidal navigable river beds thereof and so much of the sea bed contiguous to the said foreshore and river beds as is within the boundaries established by the British Guiana (Alteration of Boundaries) Order in Council, 1954; and

“mainland area” shall be construed as a collective reference to the remaining areas of the islands and all the other territory of Guyana.

Authority
necessary to
prospect for
or to win
petroleum.

3.
tions for

Any person may apply in accordance with these Regulations

- (a) an oil exploration licence;
- (b) an oil prospecting licence;
- (c) an oil mining lease,

over any area of Guyana.

Manner in
which appli-
cation shall
be made.
First
schedule.

4. (1) Every application for the grant of an oil exploration licence, an oil prospecting licence, or an oil mining lease, shall be made in writing on the form set out in the first schedule hereto and delivered to the Commissioner.

(2) The application shall state —

- (a) in the case of an application by an individual, his address, nationality and occupation;
- (b) in the case of an application by a company, the nature of and the principal place of business of, the company; (and if the principal place of business is outside Guyana, the name and address of a duly authorised agent in Guyana) the names and nationalities of all the directors thereof, and the names and holdings of the principal shareholders.

(3) In the case of an applicant who is not a citizen of Guyana or is a company incorporated outside Guyana, the application shall contain in addition to the matters specified in paragraph (2) of this regulation, full particulars of the company to be incorporated or registered in accordance with regulation 9 for the purpose of receiving the grant of and exploiting any licence or lease which may be granted in pursuance of the application.

(4) With the application there shall be sent the prescribed fee, that is to say —

for an oil exploration licence, 200 dollars;
for an oil prospecting licence, 400 dollars;
for an oil mining lease, 500 dollars.

If the application is refused the applicant shall be refunded one-half of the fee thus paid.

(5) To the application there shall be attached two copies of a sketch plan on a suitable scale upon which shall be delineated the boundaries of the area in respect of which the application for a licence or lease is made.

(6) The applicant shall with his application furnish evidence as to his financial and technical qualifications, and as to his ability to comply with any terms and conditions contained in the model clauses set out in the second schedule hereto relating to the licence or lease for which application is made, and in the case of an applicant who is not a citizen of Guyana or is a company incorporated outside Guyana, the like evidence in relation to the company to be incorporated or registered in accordance with regulation 9 for the purpose of receiving the grant of and exploiting any licence or lease which may be granted in pursuance of the application. The applicant shall, upon any request in that behalf being communicated to him by the Commissioner, furnish further evidence relating to such matters, and if such further evidence shall not have been furnished to the satisfaction of the Commissioner within three months of the request therefor, the application shall, unless the Governor-General otherwise directs, be void.

Second
schedule.

(7) All information comprised in, or furnished in pursuance of, an application made in accordance with these Regulations shall be treated by every person having any official function in connection therewith as confidential.

5. Where an applicant requires a licence or lease for two or more separate areas, a separate application shall be made in respect of each such area.

Separate
application
to be made
for each area.

6. Nothing in these Regulations shall prevent more than one licence or lease being granted to the same person.

Grant of
more than
one licence
or lease to
the same
person.

7. A licence or lease shall not be assigned without the previous consent in writing of the Governor-General.

Licence or
lease not
assignable
without
consent.

8. An application by a licensee or lessee for the assignment of a licence or lease shall be made in writing and delivered to the Commissioner and shall be accompanied by a fee of fifty dollars. With the application the applicant shall furnish the like particulars in respect of the proposed assignee as are required to be furnished in the case of applicants for licences and leases under regulation 4.

Method of
making
application
for assign-
ment.

Application
by a company
incorporated
outside
Guyana.

9. In the case of an application for a licence or lease by a person who is not a citizen of Guyana or is a company incorporated outside Guyana, or in the case of an application by a licensee or lessee for consent to the assignment of a license or lease to a person who is not a citizen of Guyana or is a company incorporated outside Guyana, such licence or lease shall only be granted or assigned to a company incorporated or registered in Guyana for the purpose of receiving and exploiting such licence or lease.

Lapse of right
to licence or
lease.

10. If a licence or lease is not executed within 6 months after approval of the application therefor, the right of the applicant to such licence or lease shall lapse, unless the Governor-General deems the delay not to be attributable to the fault of the applicant.

Publication.

11. As soon as may be after the grant, surrender, determination or assignment of any licence or lease under these Regulations notice thereof stating the name of the licensee or lessee or assignee and the situation of the area concerned shall be published in the Gazette.

Model clauses
and bond.

Second
schedule.

12. Every oil exploration licence and oil prospecting licence and oil mining lease shall incorporate the appropriate model clauses set out in Parts I, II and III of the second schedule hereto, respectively, subject to such modifications or exclusions of any of those clauses, except paragraphs (1) and (2) of clause 3 in Part II and of clause 2 of Annex D in Part III aforesaid in so far as to affect the amount of any royalty arising under the licence, or lease, as the case may be, and without prejudice to the addition of such clauses covering any ancillary matters, as the Governor-General may deem meet in any particular case.

Bond to be
executed be-
fore licence
or lease
granted.
Second
schedule.

13. Before the grant of any such licence or lease a bond shall be executed in the form appropriate to such licence or lease and set out in the second schedule hereto.

PART II — OIL EXPLORATION LICENCES.

Governor-
General may
grant oil ex-
ploration
licence.

14. An oil exploration licence may be granted subject to the payment by the licensee of a fee of 2,600 dollars for every 1,000 square miles or part thereof comprised in the licensed area, provided that the fee payable shall not be less than 2,600 dollars.

Area:

15. An oil exploration licence shall not be granted in respect of any area of less than 8 square miles.

Period.

16. The initial term of an oil exploration licence shall not exceed two years.

Renewal.

17. The Governor-General may, on application by the licensee on three months notice in writing delivered to the Commissioner grant a renewal of an oil exploration licence in respect of the whole of the licensed area, or any part thereof which complies with regulation 15, for a further term of 12 months.

PART III — OIL PROSPECTING LICENCES

18. An oil prospecting licence may be granted upon application therefor, whether or not the applicant has been the holder of an oil exploration licence, under these Regulations. Subject to the rights of an applicant who is the holder of a valid oil exploration licence, the granting of an oil prospecting licence shall be discretionary.

Governor-General may grant oil prospecting licence.

19. An oil prospecting licence shall not be granted in respect of an area of —

Size of area.

- (a) more than 200 square miles, or
- (b) less than 8 square miles save in cases where special exemption is granted by the Governor-General:

Provided that paragraph (a) of this regulation shall not apply in relation to a grant in respect of any area covered by an oil exploration licence in the submarine area.

20. Subject to the provisions of regulation 5, a comprehensive oil prospecting licence may be granted in respect of two or more separate areas provided they are situated reasonably close together and provided further that their aggregate area conforms, as if they were not separate, to the provisions of the preceding regulation.

Comprehensive oil prospecting licence.

21. Each separate area in respect of which an oil prospecting licence is granted, shall be, so far as possible, compact and shall either be limited by well marked permanent physical boundaries or be bounded by straight lines. The greatest length of any area for which an oil prospecting licence is granted shall not be more than three times the average width in the case of an area of 8 square miles, or more than 6 times the average width in the case of an area of 200 or more square miles, in the case of an area of intermediate size such maximum ratio shall vary between 3 and 6 in proportion to the size of the area.

Shape of area.

22. The initial term of an oil prospecting licence shall not exceed 5 years.

Period.

23. The Governor-General may on application made by the licensee on three months notice in writing delivered to the Commissioner grant a renewal of an oil prospecting licence in respect of the whole of the licensed area, or any part or parts thereof which comply with regulations 19 and 21, for a further term not exceeding 5 years, provided that no renewal shall be granted under this regulation for a term expiring more than 15 years after the commencement of the initial term of the licence.

Renewal.

24. The licensee shall, in respect of the area or areas covered by each licence, carry out with due diligence such scheme of prospecting, including any geological and/or geophysical surveys and/or programme of test drilling as shall be agreed between the Commissioner and the licensee:

Working obligations.

Provided that in the event of more than one oil prospecting licence being granted to the same licensee, a programme of test drilling covering two or more licensed areas where the geological objective is the same for the purpose of determining whether commercial deposits of petroleum exist within those areas shall be agreed between the Commissioner and the licensee.

Royalty. 25. Royalties shall be assessed and paid as provided by the licence.

PART IV — OIL MINING LEASES

Governor-General may grant oil mining lease. 26. The Governor-General may grant an oil mining lease over the area specified therein. An oil mining lease shall be granted only in respect of —

- (a) an area which has previously been included either in an oil prospecting licence granted under these Regulations to the applicant, or an oil mining lease granted to a former lessee, or
- (b) an additional area adjoining that already held under an oil mining lease by the applicant.

Size of area. 27. An oil mining lease shall not be granted in respect of an area of —

- (a) more than 100 square miles, or
- (b) less than 4 square miles save in cases where special exemption is granted by the Governor-General:

Provided that nothing in the foregoing provisions of this regulation shall preclude the granting of an oil mining lease in respect of one-third or less of the total area covered by an oil prospecting licence in the submarine area.

Comprehensive oil mining lease. 28. Subject to the provisions of regulation 5, a comprehensive oil mining lease may be granted in respect of two or more separate areas provided that they are situated on the same geological structure or cover a group of geologically similar and related structures and provided further that their aggregate area conforms, as if they were not separate, to the provisions of regulation 27.

Shape of area. 29. Each separate area in respect of which an oil mining lease is granted shall be either limited by well marked permanent physical boundaries or be laid out in a block or blocks bounded by straight lines between well defined points. The greatest length of any area for which an oil mining lease is granted shall not be more than 3 times the average width in the case of an area of 4 square miles or more than 5 times the average width in the case of an area of 100 or more square miles. In the case of an area of intermediate size, such maximum ratio shall vary between 3 and 5 in proportion to the size of the area.

30. Before an oil mining lease is granted in respect of any area, the applicant shall at his own expense cause a topographical survey of the lands affected to be made to a scale normally required for oil mining purposes. Survey at the expense of the applicant.

31. The initial term of an oil mining lease shall not exceed thirty years, but the lease shall contain a clause permitting renewal for a further period not exceeding thirty years. Period.

32. Royalties shall be assessed and paid as provided by the lease. Royalty.

33. The provisions of the Petroleum (Prospecting and Winning) Regulations are hereby revoked. Revocation of Petroleum (Prospecting and Winning) Regulations.

FIRST SCHEDULE reg. 4 (1)

Application for an Oil Exploration Licence, an Oil Prospecting Licence or an Oil Mining Lease.

(1) Name(s) of Applicant(s) in full.....

(2) If application is by an individual or individuals

(a) Address.....

(b) Nationality.....

(c) Occupation.....

(3) If application is by a company

(a) Principal place of business.....

(b) If principal place of business is outside Guyana, name and address of duly authorised agent in Guyana.....

.....
.....
.....

(c) Nature of business.....

(d) Names of directors Nationality

.....
.....

(e) Names of principal shareholders Amount of shareholding

- (4) State whether an Oil Exploration Licence, an Oil Prospecting Licence or an Oil Mining Lease is required
- (5) State (a) whether application is in respect of Crown lands, State lands or private lands, or any two or all of such lands; and (b) if Crown lands are involved, if any person has, to the knowledge of the applicant, any interest in such lands
- (6) Period for which licence or lease is required
- (7) Situation and approximate size of the area for which application is made
- (8) Brief particulars of previous experience in oil prospecting or oil-field development work
- (9) Names and qualifications of technical experts or advisers
- (10) State amount of capital for operations under the licence or lease applied for —
 - (a) at present available
 - (b) which applicant can make available and the source
- (11) If the applicant is not a citizen of Guyana or is a company incorporated outside Guyana, state full particulars of the company to be incorporated in Guyana for the purpose of receiving the grant of and exploiting any licence or lease which may be granted, including particulars similar to those specified in (3)(d) and (9) above and the amount of the capital proposed.

I/We hereby declare that all the foregoing particulars are correct.

Date Signature(s) of
Applicant(s)

(If the applicant is a company, state capacity in which form is signed.)

SECOND SCHEDULE Regs. 4, 12, 13.

PART I — OIL EXPLORATION LICENCE.

THIS DEED made the.....
 day of.....19.... between.....
 the GovernorGeneral and Commander-in-Chief of Guyana and.....
(hereinafter referred to
 as the "Licensee") of the other part.

WHEREAS the Licensee in accordance with the conditions laid down in the Regulations for the time being in force for the granting of oil exploration licences has applied to the Governor-General for an oil exploration licence in respect of the lands specified in the Annex marked "A" hereunder (hereinafter referred to as "the said lands") and has entered into a Bond in the form set out in the Annex marked "B" hereunder with the Commissioner in the sum of..... conditioned for the due and faithful carrying out of the provisions contained in this Deed:

NOW THIS DEED WITNESSETH AS FOLLOWS:—

1. In consideration of the sum of..... ^{Fee.}
 which has before the execution hereof been paid by the Licensee to the Commissioner on behalf of the Governor-General, the sole right and licence is hereby granted by the Governor-General to the Licensee, for the term of two years from the date hereof, subject to the rights of any holder of any right, title or interest, in or over the said lands or any part thereof and subject to the restrictions, conditions, and provisions, hereinafter contained, to explore and search the surface of the lands described in the Annex marked "A" hereunder for petroleum, and for that purpose to make geological and geophysical and topographic examinations on the ground and from the air, and to dig and turn up the surface of the said lands to the extent necessary for efficient exploration and drill geological information boreholes which shall not except with the consent of the Commissioner exceed a depth of five hundred feet. Reserving nevertheless to the Governor-General full power and liberty at all times to enter into and upon and to grant or demise to any persons whomsoever liberty to enter into and upon such Crown or State lands as may be included in the said lands for all and every purpose other than that for which this Licence is granted but subject to the rights of the Licensee under this Licence:

Provided, however, that the limits of the said lands shall be revised by the Governor-General if at any time as a result of any negotiations between the Government of Guyana and the Governments of any adjoining territories, it is determined that any portion of the

said lands lies outside the jurisdiction of the Government of Guyana and it is necessary to exclude such portion of the said lands from the provisions of this Licence, or if it is determined that areas outside of the said lands lie within the jurisdiction of the Government of Guyana and it is necessary to revise the said limits to include such areas within the area covered by this Licence.

Right to erect
and dismantle
huts, etc.

2. Subject to the rights of holders of surface rights, the Licensee may erect and bring upon the said lands such temporary huts, sheds and structures, steam and other engines, machinery and conveniences, chattels and effects as shall be proper and necessary for effectually carrying out the operations hereby licensed and subject as aforesaid the Licensee shall be entitled at any time to dismantle and remove the same.

Local
Resident
Manager.

3. The Licensee shall before commencing any operations in the said lands furnish to the Commissioner the name and address of the Manager resident in the locality of the said lands under whose supervision such operations are to be carried on. Any notice which is required by any law for the time being in force or which the Governor-General, or any person authorised by him, is, in accordance with the terms of the Licence required or entitled to serve upon the Licensee shall be sufficiently served if the same shall be delivered or sent by post to such Manager at such address.

Working
obligations.

4. The Licensee shall with all reasonable despatch commence to examine geologically and/or by geophysical methods the said lands and shall during the subsistence of this Licence continue with due diligence to carry out such geological and/or geophysical work as may be necessary to determine the structure of the said lands.

Indemnity.

5. All excavations or borings which may have been made in the said lands during the subsistence of this Licence shall, unless the Commissioner in the case of unoccupied Crown or State lands, or the holder of the surface right in the case of other lands, otherwise determines, be filled up, and so far as possible the surface of the land shall be restored to its condition prior to such excavations or borings, and the Licensee, shall indemnify the Governor-General and the Government against all claims and demands which may be made by any person for damage shown to result from the exercise of the powers hereby conferred.

Reports.

6. (1) The Licensee shall furnish to the Commissioner a quarterly report (which he hereby undertakes to have prepared) indicating the progress of his operations under this Licence in and upon the said lands and containing a map, on a scale to be agreed between the Commissioner and the Licensee, which shall show as far as is reasonably practicable the true topographic position of any land geologically or geophysically surveyed, examined or mapped. The quarterly report and map shall include full particulars of any discovery

or indication of petroleum or petroleum bearing strata and of any mineral of commercial value other than petroleum. Any officer authorised in writing by the Commissioner may at all reasonable times inspect and make abstracts or copies of any logs, records, plans or maps prepared by the Licensee in the course of his operations under this Licence. All information supplied under this clause by the Licensee shall (except with the consent in writing of the Licensee, which shall not be unreasonably withheld) be treated by the Commissioner as confidential, but the Commissioner shall nevertheless be entitled at any time to make use of any information received from the Licensee for the purpose of preparing and publishing aggregated returns and general reports on the extent of oil prospecting or oil mining operations in Guyana and for the purposes of any arbitration or litigation between the Governor-General and the Licensee.

(2) Within two months after the end of the term hereby granted, or any renewal thereof, the Licensee shall furnish to the Commissioner a record in a form from time to time approved by the Commissioner, of the operations conducted in the said lands during each year together with maps, technical field reports, both geological and geophysical and all well records including geophysical and other well logs.

7. The Licensee may remove any specimens or samples of petroleum found by him in or upon the said lands in the course of his operations under this Licence, but shall furnish the Commissioner as soon as possible with full information of all such specimens and samples so removed and shall upon demand made within thirty days of the receipt by the Commissioner of such information, provide the Commissioner with such representative specimens and samples as may be required, not exceeding one-half of any individual specimen or sample so removed by the Licensee and the Commissioner shall be entitled to retain any specimen or sample so delivered. Samples of petroleum.

8. The Licensee shall not form or endeavour to form or procure or permit to be formed any company syndicate or association incorporated or not incorporated, nor appeal publicly by means of a prospectus or otherwise, for money for the purpose of exploiting the lands which are the subject of this Licence or any portion thereof without the permission in writing of the Governor-General to be obtained where he deems such lands or portion thereof to have been thoroughly and efficiently examined geologically or by geophysical methods. Formation of company, etc., by Licensee.

9. The Licensee shall not grant or assign any interest under this Licence nor part with the possession of any of the rights hereby granted to any person or persons whomsoever without the previous consent in writing of the Governor-General who may (without prejudice to his right to make such consent subject to any other conditions he may deem meet) require, as a condition of giving such consent, the said person or persons at his or their expense to execute a deed of covenant to observe and perform any covenants and conditions on the part of the Licensee in these presents contained. Consent to assignment.

Assignment of Licence.

10. The Licensee shall not assign nor attempt to assign the rights granted by this Licence to any person or any company without the previous consent in writing of the Governor-General; such consent shall be withheld if the assignee is neither a citizen of Guyana nor incorporated nor registered in Guyana.

Licensee ceasing to be registered or incorporated.

11. If the Licensee shall cease to be a citizen of Guyana or incorporated or registered in Guyana, he shall forthwith inform the Governor-General and shall apply to him for his consent in writing to the assignment of the rights granted by the Licence in accordance with clause 10 (Assignment of Licence) hereof and in the event of the Licensee failing to obtain such consent within such time as the Governor-General may appoint, the Governor-General may revoke this Licence. The revocation of this Licence in pursuance of the foregoing provisions of this clause shall be subject and without prejudice to any obligation or liability imposed by or incurred under the terms and conditions thereof.

Release of lands included by inadvertence in the licensed area.

12. In the event of the inclusion by inadvertence in the said Annex marked "A" of lands or areas in respect of which the oil rights have already been granted to other individuals or companies, the Licensee shall immediately release to the Governor-General any such lands or areas when required to do so by the Commissioner.

Exclusion of lands for public purposes.

13. Notwithstanding the rights conferred on the Licensee under this Licence, the Governor-General shall have power at any time to require the exclusion from the lands included in the said Annex marked "A" of any area or areas which may from time to time be required for villages, new villages, village extensions, water reserves, drainage or sea defence purposes, farm lands or any other public purpose:

Provided that during the subsistence of this Licence, or any renewal thereof the area or areas so excluded shall not exceed in all.....square miles:

Provided further that upon the Licensee showing that the exclusion of any such area will interfere with his proposed operations and indicating an equivalent area which can be selected for exclusion with the least interference to his operations, the Governor-General may select the same accordingly.

Foreshore.

14. This Licence shall not confer any surface rights to the foreshore and no use shall be made thereof by the Licensee unless and until the authority of the Governor-General (which shall not be unreasonably withheld) is first obtained.

Construction of works.

15. Such works or installations (if any) as may be erected by the Licensee on the submarine area shall be of such nature and shall be so constructed, placed, marked or buoyed as to minimise their constituting a danger or obstruction to shipping and the Licensee

if required by the Harbour Master to do so shall illuminate between the hours of sunset and sunrise, in a manner satisfactory to the Harbour Master, all platforms, derricks, piers, survey marks or any other installations erected within the said areas. The means of illumination shall be such as is approved or required by the Harbour Master.

16. The Licensee shall adopt all practical precautions ^{Pollution.} (including the provision of modern equipment) to prevent any pollution of the sea or inland waters by oil, mud, or any other fluid or substance which might contaminate the same or any shore thereof.

17. If the Licensee shall at any time refuse or neglect ^{Power of revocation.} to observe or perform any of the terms and conditions of this Licence the Governor-General may by notice in writing signed by him and served upon the Licensee summarily declare that the Licence hereby granted shall thenceforth determine and the Licence and all rights and liberties conferred hereby or enjoyed hereby or hereunder shall forthwith determine without prejudice to the rights and remedies of the Governor-General in respect of any prior breach or non-performance of any or all of the terms and conditions hereof on the part of the Licensee:

Provided always that the aforesaid power shall not be exercisable unless and until notice has been given to the Licensee specifying the particular breach complained of and if the breach is capable of remedy, requiring the Licensee to remedy the breach and, in any case, requiring the Licensee to make compensation in money for the breach, and the Licensee fails, within a reasonable time thereafter, to remedy the breach if it is capable of remedy, and to make such reasonable compensation in money for the breach as the Governor-General deems satisfactory.

18. The Governor-General may on an application made in ^{Renewal.} that behalf by the Licensee on three months' notice in writing delivered to the Commissioner grant a renewal of this Licence in respect of the whole of the said lands, or any part thereof not having an area of less than 8 square miles, for a further term of twelve months subject to the payment by the Licensee of so much of the sum mentioned in clause 1 (Fee) hereof as corresponds in ratio to such proportion of the area originally licensed hereby as is retained.

19. On or before the expiration of this Licence or any renewal thereof the Licensee observing and performing the terms and conditions herein contained shall have a right ^{Right of Licensee to Oil Prospecting Licence.} (subject to the provisions prescribed in the Regulations then in force for granting oil prospecting licences) to an Oil Prospecting Licence or Licences in respect of so much of the said lands as the Licensee may select.

20. (1) Failure on the part of the Licensee to fulfil any of the terms and conditions of this Licence shall not give the Governor-General ^{Force majeure.} any claim against the Licensee or be deemed a breach of this

Licence in so far as such failure arises from force majeure and if through force majeure fulfilment by the Licensee of any of the terms and conditions of this Licence be delayed the period of such delay shall be added to the periods fixed by this Licence.

(2) In this clause the expression "force majeure" includes the act of God, war, insurrection, riot, civil commotion, tide, storm, tidal wave, flood, lightning, explosion, fire, earthquake and any other happening which the Licensee could not reasonably prevent or control.

Arbitration.

21. If at any time during the continuance of this Licence or after the determination thereof any question or dispute shall arise regarding this Licence or any matter or thing connected herewith or the powers, duties, or liabilities of the Licensee hereunder then and in all such cases the matter in difference shall be referred to arbitration in accordance with the provisions of the Arbitration Ordinance or any Ordinance or law amending or replacing the same for the time being in force.

Cap. 38.

Marginal notes.

22. The marginal notes are for convenience only and do not form part of this Licence.

In witness whereof the Governor-General has hereunto set his hand and caused the Public Seal of Guyana to be hereunto affixed and the Licensee has caused its Common Seal to be hereunto affixed (set his hand and seal) the day and year first herein above written.

ANNEX A

Description of the said lands.

All those lands coloured.....on the attached plan situate in..... and having a total area of..... or thereabouts in the mainland and/or submarine area(s).

ANNEX B

BOND IN RESPECT OF OIL EXPLORATION LICENCE.

KNOW ALL MEN BY THESE PRESENTS THAT WE..... of..... and..... of..... are held and firmly bound to the Commissioner of Lands and Mines of Guyana and his Successors in Office in the sum of..... (dollars of good and lawful money of Guyana) to be paid to the said Commissioner and his Successors in Office for which payment to be well and truly made we bind ourselves and each of us, our heirs, executors and administrators jointly and severally by these presents.

Dated this.....day of.....19....
WHEREAS by deed of even date herewith and made between
.....of the one part
and the said.....
of the other part the sole right and licence was granted to the said
.....to
explore and search the surface of that parcel of land situate.....

and having an area of.....more or less and
delineated in the plan attached to the said Deed for petroleum and
for that purpose to make geological, geophysical and topographic
examinations on the ground and from the air and to dig and turn up
the surface of the land and drill geological information boreholes,
subject to the terms, conditions and covenants therein contained.

AND WHEREAS the said.....hath
agreed to become surety for the due performance by the said.....
.....of all and
several the covenants, matters and things under the said Deed to be
by him performed and done.

Now the condition of the above-written bond or obligation is such
that if the said.....,

shall well and truly observe and perform all and every the covenants
and agreements by him to be observed and performed as hereinbefore
mentioned and shall in a proper and workmanlike manner do all and
every the acts matters and things by him to be done under the said
Deed to the satisfaction of the Commissioner of Lands and Mines
for the time being of Guyana THEN the above-written bond or
obligation shall be void otherwise the same shall remain in full force
and effect.

PART II — OIL PROSPECTING LICENCE

THIS DEED made the.....
day of.....19...., between.....
Governor-General and Commander-in-Chief of Guyana (hereinafter
referred to as "the Governor-General") of the one part and
.....(hereinafter referred
to as "the Licensee") of the other part,

WHEREAS the Licensee in accordance with the conditions laid down in the Regulations for the time being in force for the granting of an oil prospecting licence has applied to the Governor-General to grant him an Oil Prospecting Licence in respect of the lands specified in the Annex marked "A" hereunder (hereinafter referred to as "the said lands") out of which were reserved to Her Majesty all petroleum upon or under the said lands with power to search for and win the said petroleum and to grant licences and leases to any person or persons to search for and win the same subject to the Licensee compensating the holders of any right, title or interest in or over the said lands for all damage to the said lands thereby occasioned;

AND WHEREAS the Licensee has entered into a bond in the form set out in the Annex marked "B" hereunder written with the Commissioner in the sum of..... conditioned for the due and faithful carrying out of the provisions contained in this Deed;

AND WHEREAS the Governor-General has found that there is no objection to granting the said Licence:

NOW THIS DEED WITNESSETH AS FOLLOWS:

In pursuance of the aforesaid agreements and in consideration of the rents, royalties, covenants and agreements hereinafter reserved and contained on the part of the Licensees to be paid and observed the Governor-General doth hereby grant unto the Licensee the sole right and licence subject to the rights of all holders of any right, title or interest in or over the said lands and subject to the restrictions, conditions and provisions hereinafter contained:

(1) to search, bore for, win and work all or any petroleum lying or being within, under or throughout the said lands without any interruption, claim or disturbance from or by the Governor-General or any other person or persons whomsoever rightly claiming from or under him save as may be provided by the Regulations for the time being in force;

(2) to carry away and dispose of the produce thereof to and for the use and benefit of the Licensee:

Reserving nevertheless to the Governor-General or any other person authorised by him in that behalf all liberties and powers which may be at his disposal to search for, dig, work and get any minerals or substances other than petroleum upon or under any lands in relation to which paragraphs (1) and (2) above apply; provided always that the said reserved liberties and powers in respect of such lands shall be exercised and enjoyed in such a manner as not to hinder or interfere with the rights and privileges of the Licensee under these presents and provided also that fair and proper compensation shall be paid by the Governor-General for all loss, damage or injury which the

Licensee may sustain or be put to by reason or in consequence of the exercise of the said reserved liberty and power, the amount of such compensation to be settled in case of difference by reference to arbitration as provided in clause 47 (Arbitration) hereof:

Provided, however, that the limits of the said lands shall be revised by the Governor-General at any time if, as a result of negotiations between the Government of Guyana and the Governments of any adjoining territories, it is determined that any portion of the said lands lies outside the jurisdiction of the Government of Guyana and it is necessary to exclude such portion of the said lands from the provisions of this Licence, or if it is determined that areas outside of the said lands lie within the jurisdiction of the Government of Guyana and it is necessary to revise the said limits to include such areas within the area covered by this Licence:

And provided, further, that neither the Governor-General nor the Government of Guyana shall be responsible for any loss or damage occasioned to the inconvenience of the exclusion of any such lands as aforesaid or his activities therein or thereof.

Notwithstanding the liberties and powers hereby conferred and the rights and obligations arising hereunder the Licensee shall not exercise any of the said liberties and powers over any particular parcel of land in the mainland area unless and until permission in writing so to do shall first have been obtained by the Licensee from the Governor-General, who shall grant such permission upon proof deemed by him to be satisfactory that (a) the Licensee has entered into an agreement with all holders of any right, title, or interest in or over such parcel of land for payment of compensation to such holders for and in respect of any damage which may be caused or done to the surface of such parcel of land or to any cultivation or buildings thereon by reason of the exercise by the Licensee of all or any of the liberties, powers and privileges hereby granted; or (b) the Licensee has made reasonable efforts to arrive at such an agreement but has failed to do so through no fault attributable to him or (c) the Licensee is unable to enter into such an agreement by reason of the fact that such holder or holders of any of them cannot be found or is or are out of Guyana or is or are incapacitated through infancy or other legal disability.

TO HOLD AND ENJOY the said rights, licence and privileges hereby granted unto the Licensee for the term of five years from the date hereof rendering and paying free and clear from all rates, taxes, charges and deductions the several rents and royalties hereinafter specified.

1. (1) The Licensee shall pay to the Commissioner acting on behalf of the Governor-General during the term hereby granted or any renewal thereof the certain yearly rents as hereunder specified—

Certain
yearly
rents.

(a) In respect of lands in the mainland area:

	Per sq. ml. or part thereof
for each year from the 1st to the 5th (inclusive)	\$ 6.50
for each year from the 6th to the 10th (inclusive)	\$ 13.00
for the 11th year	\$ 416.00
for the 12th year	\$ 624.00
for the 13th year	\$ 832.00
for the 14th year	\$1,040.00
for the 15th year	\$1,248.00

(b) In respect of lands in the submarine area:

	Per sq. ml. or part thereof
for each year from the 1st to the 5th (inclusive)	\$ 5.00
for each year from the 6th to the 10th (inclusive)	\$ 10.00
for the 11th year	\$ 320.00
for the 12th year	\$ 480.00
for the 13th year	\$ 640.00
for the 14th year	\$ 800.00
for the 15th year	\$ 960.00

(2) Payment of the certain yearly rent reserved by this Licence shall be made annually in advance and the first payment of the sum of.....in respect of the first year of the term hereby granted (the receipt whereof is hereby acknowledged) shall be made on the execution of this Licence.

Refund of
certain yearly
rent on deter-
mination or
surrender.

2. (1) Upon the determination by the Licensee of the term hereby granted or any renewal thereof or upon the surrender by him of the rights granted by this Licence in respect of any part or parts of the said lands or upon the grant of an Oil Mining Lease in respect of any part or parts of the said lands the Governor-General will refund to the Licensee an apportioned part of any certain yearly rent paid by the Licensee in advance in respect of the said lands or any such part or parts thereof for a period the whole of which has not expired at the date of such determination or surrender or grant.

(2) Upon the release by the Licensee of any lands or areas under the provisions of clause 20 hereof the Governor-General will refund to the Licensee an apportioned part of any certain yearly rent paid by the Licensee during the term hereby granted in respect of the said lands provided that in respect of any year the amount remaining of the certain yearly rent after the said refund shall not be less than the amount of royalties payable in respect of any such year under the provisions of sub-clauses (1) and (2) of clause 3 (Royalty) hereof.

3. (1) The Licensee shall pay to the Commissioner on behalf of the Governor-General within two months after the last day of June and of December in each year in respect of the half year ending on the last such day or, in the case of the first payment, in respect of the period from the commencement of this Licence up to the last such day, royalties calculated as follows — Royalty.

- (i) On all crude oil of 14° A.P.I. and above won and saved, and casinghead petroleum spirit recovered from natural gas obtained, from the licensed area wells situated:
 - (a) in the mainland area — 12½ % ad valorem;
 - (b) in the inner submarine area—10% ad valorem;
 - (c) in the outer submarine area—8% ad valorem.
- (ii) On all crude oil less than 14° A.P.I. — 8% ad valorem.
- (iii) On all natural gas obtained from wells situated in the licensed area and sold by the Licensee—8% ad valorem.

Provided that before royalty is calculated pursuant to paragraph (i) (a), (b) or (c) or (ii) of this sub-clause, the Licensee shall be entitled to deduct from the quantity so won and saved or recovered, as the case may be, and ascertained in accordance with clause 4 hereof, so much thereof, ascertained according to a method approved by the Commissioner, as was used by the Licensee during the half year in question for the following purposes or any of them, that is to say, carrying on drilling and production operations and pumping to field storage and refineries in Guyana, and injection or return, or manufacturing any refined products injected or returned, into the formation, as well as any reasonable amount which has been lost by the Licensee from the said quantity during that half year and the deduction of which is approved by the Commissioner:

Provided further that in respect of any natural gas shown to the satisfaction of the Commissioner to have been sold to other persons holding Oil Prospecting Licences or Oil Mining Leases in Guyana for repressuring a natural petroleum or gas reservoir the rate of royalty shall be reduced to one-half of the rate prescribed in sub-paragraph (iii) of this paragraph.

(2) For the purposes of this clause petroleum shall be deemed to have been won, saved or recovered from the area on which the well-head is situated notwithstanding that it may have been won, saved or recovered from beneath another area by means of directional or deviated drilling.

(3) For the purpose of calculating royalty—

- (i) the value of crude oil and casinghead petroleum spirit shall be the value of the field production and shall be calculated, unless in a manner otherwise agreed (with due allowance for the cost of recovery of casinghead petroleum spirit) upon the price at which crude oil or, as the case may be, casinghead petroleum spirit is sold by the Licensee at an oil refinery in Guyana or free on board tankship at Guyana loading terminal (which price in any case for the purpose of this clause shall not be less than the price at which crude oil or casinghead petroleum spirit of similar quantity and quality is sold generally in free and fair arms-length transactions, due adjustment being made for differing geographical locations) less in all cases the costs properly incurred in transporting, handling, treating, extracting and storing such crude oil or casinghead petroleum spirit from the field of production to tankship at Guyana loading terminal or refinery. In the case of crude oil or casinghead petroleum spirit not sold as aforesaid, the value shall be such value as would have applied had the same been sold as aforesaid and subject to the above conditions.
- (ii) The value of natural gas shall be the actual sale price thereof, that is to say, the sale price obtained by the Licensee after deduction therefrom of all costs shown to the satisfaction of the Commissioner to have been reasonably and actually incurred in processing, handling and transporting the same from the well-head at which it was produced to the point of sale.

(4) Notwithstanding anything hereinbefore provided, royalties in respect of any year shall be payable only to the extent to which their aggregate amount exceeds the amount of the certain yearly rent actually paid in respect of that year under clause 1 (Certain yearly rent) hereof.

(5) If there is any dispute between the parties or failure to agree affecting the amount of royalty payable within any such two months as aforesaid, the royalty shall not be so payable, but the Licensee shall pay within the said two months so much of that amount as is not in dispute and shall pay any further royalty which shall be found to be payable forthwith upon the amount being agreed or determined by arbitration or otherwise.

(6) By giving notice in writing not later than three months before the expiration of the year from the commencement of the term hereby granted, either the Governor-General or the Licensee may, during

the subsistence of this Licence or its renewal in respect of any of the said lands, request the other party to agree to a revision as from that date of the rates of royalty hereby reserved to take into account in so far as it is appropriate so to do, due regard being had to the fact that such royalty is calculated *ad valorem*, any marked change in the average United States Gulf export prices of gasoline and fuel oil in cargo lots during the last . . . years as compared with the average export prices which ruled during the first years of the said term. Revision of the said rates of royalty at successive intervals of years may be requested in like manner by either party to take into account as aforesaid any marked changes between the average United States Gulf export prices of gasoline and fuel oil in cargo lots during the years preceding the date as from which revision is requested and the average export prices which ruled during the years preceding the date of the last revision made in pursuance of this clause, or, where no previous revision has been made at the date as from which revision is requested, the average export prices which ruled during the first years of the term. A revision of the rates of royalty in pursuance of this clause shall be made by agreement between the Governor-General and the Licensee or in default of agreement by arbitration as provided in clause 47 hereof:

Provided that for the average United States Gulf export prices of gasoline and fuel oil in cargo lots or either of them there may during the subsistence of this Licence or its renewal as aforesaid be substituted such other average prices of these products as may be agreed between the Governor-General and the Licensee for the purpose of the revision of royalties under this clause or in default of agreement by arbitration as aforesaid.

4.(1) The Licensee shall measure or weigh by a method or methods customarily used in good oilfield practice and from time to time approved by the Commissioner—

Measurement
of petroleum
obtained from
the said
lands.

- (a) all crude oil won and saved and casinghead petroleum spirit recovered from the said lands; and
- (b) all natural gas sold from the said lands during the term hereby granted or any renewal thereof.

(2) The Licensee shall give to the Commissioner three days notice in writing counting from the date of posting the same, of his intention to measure and weigh in accordance with the foregoing provisions of this clause, in order that the Commissioner may appoint some person or persons on his behalf to be present at such measuring or weighing and attend to the proper conduct thereof and no petroleum shall on any account be taken away from the said lands until the same shall have been so measured or weighed as the case may be:

Provided that the Licensee shall be free to remove and take away any petroleum, notice of the measurement and weighing of which has been duly given by him in writing to the Commissioner, if within four days of the receipt of such notice no direction to the contrary is received from the Commissioner and no steps are taken by him to verify the same.

(3) If any measuring or weighing appliance shall at any time be found to be false or unjust the same shall, if the Commissioner so determines after considering any representations in writing made by the Licensee, be deemed to have existed in that condition during the period of three months prior to the discovery thereof or the period elapsed since the last occasion upon which the same was examined or tested whichever shall be the less and accordingly the royalties payable in respect of such period shall be adjusted.

(4) The Licensee shall not make any alteration in the method or methods of measurement or weighing used by him or any appliance used for that purpose without first informing the Commissioner and the Commissioner may in any case require that no alteration shall be made save in the presence of an officer authorised by the Commissioner.

Keeping of
accounts.

5. The Licensee shall keep full and correct accounts in a form from time to time approved by the Commissioner of—

- (a) all crude oil won and saved and casinghead petroleum spirit recovered;
- (b) all natural gas sold; and
- (c) the quantity of crude oil or products thereof or casinghead petroleum spirit used for drilling or production operations or pumping to field storage or refineries or injection or return, or manufacturing any refined products injected or returned, into the formation; and

shall within one month after the end of each year of the term hereby granted or any renewal thereof deliver to the Commissioner an abstract in a form from time to time approved by the Commissioner of the accounts for each such year together with a statement in the like form of all royalties payable in respect of each such year.

Working
obligations.

6. During the subsistence of this Licence the Licensee shall with due diligence carry out such geological and/or geophysical surveys and examinations of the said lands and do such testing of the said lands by means of the drill or trial borings as may be necessary for the purpose of arriving at the petroleum producing prospects of the same and in particular shall—

- (1) spend on and in connection with operations with respect to any of the lands covered by this Licence and any other Licences deriving from Oil Exploration Licence No..... sums of money calculated as set out below on the basis of the acreage held by the Licensee from time to time provided that not less than 50% of the expenditure so calculated in reference to the lands covered by this Licence shall be incurred in connection with operations with respect to such lands.

(a) In respect of land belonging to the mainland area :

	Guyana Dollars per annum per sq. ml.
for the 1st and 2nd years of the Licence	\$ 50.00
for the 3rd year of the Licence	\$ 150.00
for the 4th year of the Licence	\$ 300.00
for the 5th year of the Licence	\$ 400.00
for the 6th, 7th and 8th years of the Licence	\$ 500.00
for the 9th and subsequent years	\$ 600.00

(b) In respect of land belonging to the submarine area :

for the 1st and 2nd years of the Licence	\$ 50.00
for the 3rd year of the Licence	\$ 300.00
for the 4th year of the Licence	\$ 400.00
for the 5th year of the Licence	\$ 500.00
for the 6th to 10th years inclusive	\$ 600.00
for the 11th and subsequent years	\$ 750.00

Provided that any under or over expenditure during any one year thereof may be carried forward within the term of this Licence or of any renewal hereof in which it occurred, but upon the expiration thereof, if the total expenditure aggregated thereover should be less than required by this condition, then the amount of the deficit shall be payable to the Commissioner acting on behalf of the Governor-General:

Provided further that if at the expiry or determination of this Licence or its renewal, if any, the Licensee shall not have incurred expenditure proportionate to the period up to the date of expiry or determination, then the Licensee shall pay the difference between such expenditure and the amount thereof actually incurred to the Commissioner acting as aforesaid within six months after the date of said expiry or determination.

(2) If the Licensee has not already done so, commence—

- (a) during the third year of the term of this Licence the drilling of a well, or wells, within the area of this Licence or any such other Licences as aforesaid and thereafter to continue the drilling of the said well or wells with due diligence and without unnecessary delay until a total aggregate footage in depth of at least.....feet below sea level is reached;

- (b) during the fifth year of the term of this Licence the drilling of a well or wells within the lands covered by this Licence or any such other Licences as aforesaid in the submarine area (if any) and thereafter to continue the drilling of the said well or wells with due diligence and without unnecessary delay until a total aggregate footage in depth of at least.....feet below sea level is reached.

Local Resident Manager.

7. The Licensee shall before commencing any operations in the said lands furnish to the Commissioner the name and address of the Manager resident in the locality of the said lands under whose supervision such operations are to be carried on. Any notice which the Governor-General or any person authorised by him is in conformity with this Licence required or entitled to serve upon the Licensee shall be sufficiently served if the same shall be delivered or sent by post to such Manager at such address.

Licensee to furnish Commissioner copies of agreements with holders of surface rights.

8. The Licensee shall furnish the Commissioner with copies of all transports, leases, assignments, agreements and deeds relating to the said lands or any estate or interest therein and to which the Licensee is a party, or under which the Licensee either directly or indirectly obtains any benefit or incurs any liability.

Compensation.

9. The Licensee shall make and pay reasonable satisfaction and compensation for all damage or injury to the property and rights of other parties which may be done by him, his agents and servants in the exercise of the liberties and powers conferred by this Licence.

Indemnity against third party claims.

10. The Licensee shall at all times indemnify and keep harmless the Governor-General Government, and every Officer of the Government of Guyana against all actions, costs, charges, claims and demands whatsoever which may be made or brought by any third party in relation to or in connection with this Licence or any matter or thing done or purported to be done in pursuance thereof.

Exclusion of lands for public purposes.

11. Notwithstanding the rights conferred on the Licensee under this Licence, the Governor-General, upon giving three months written notice to the Licensee, shall have power at any time to reserve from operations under this Licence any of the said lands which may from time to time be required for land development projects, villages, new villages, village extensions, water reserves, drainage, irrigation or sea defence purposes, navigation ports, wharves or for public fisheries or any public purposes whatsoever:

Provided that, during the subsistence of this Licence or any renewal thereof, the area or areas so reserved shall not exceed in all five per centum (5%) of the total square miles of the mainland area (if any) included in this Licence or one per centum (1%) of the total square miles of the submarine area (if any) included in this Licence:

Provided further, that any area or areas so reserved shall not exceed ten square miles of any one block of the said lands;

Provided further, that the reservation of any area upon which any active operations such as well drilling, road construction, waterworks or other work relating to the winning of petroleum have previously been commenced or are in progress shall not be required:

Provided further, that upon the Licensee showing that the reservation as aforesaid of any of the said lands will interfere with or impede his operations or proposed operations, and showing the availability of other such lands from which an equivalent reservation may be required, the Governor-General may require the same accordingly:

Provided, further, that no such reservation shall preclude the exercise of the right of the Licensee to explore and drill for, and produce, all or any petroleum lying and being within, under or throughout any lands so reserved, and to carry away and dispose of the produce thereof to and for the use and benefit of the Licensee, in accordance with this Licence.

12. This Licence shall not confer any surface rights to the foreshore and no use shall be made thereof by the Licensee unless and until the authority of the Governor-General (which shall not be unreasonably withheld) is first obtained. Foreshore.

13. Such works or installations (if any) as may be erected by the Licensee on the submarine area shall be of such nature and shall be so constructed, placed, marked or buoyed as to minimise their constituting a danger or obstruction to shipping and the Licensee if required by the Harbour Master to do so shall illuminate between the hours of sunset and sunrise, in a manner satisfactory to the Harbour Master, all platforms, derricks, piers, survey marks or any other installations erected within the area of the said lands. The means of illumination shall be such as is approved or required by the Harbour Master. Construction of works

14. The Licensee shall adopt all practical precautions (including the provision of modern equipment) to prevent any pollution of the sea or inland waters by oil, mud, or any other fluid or substance which might contaminate the same or any shore thereof. Pollution.

15.(1) No statement shall be made either in any notice, advertisement, prospectus or other document issued by or to the knowledge of the Licensee or in any other manner claiming or suggesting whether expressly or by implication that the Government of Guyana or any Government Department or any person or body acting on behalf of the said Government has or have formed or expressed any opinion that the said lands are from their geological formation or otherwise likely to contain petroleum. Advertisements, prospectuses, etc.

(2) The foregoing provisions of this clause or a statement to the effect thereof shall be included in or endorsed on any prospectus, statement in lieu of prospectus, notice, circular, advertisement or other invitation issued by or to the knowledge of the Licensee offering to the public for subscription or purchase any shares or debentures of a company or intended company.

Notice of
fresh issues
of capital.

16. The Licensee shall report to the Governor-General particulars of any fresh issues of capital which may from time to time be made by the Licensee and any alteration which may be made in the Memorandum or Articles of Association or in the constitution of the Licensee.

Consent to
assignment.

17. The Licensee shall not grant or assign any interest under this Licence nor part with the possession of any of the rights hereby granted to any person or persons whomsoever without the previous consent in writing of the Governor-General who may (without prejudice to his right to give such consent subject to any conditions he may deem meet) require, as a condition of giving such consent, the said person or persons at his or their expense to execute a deed of covenant to observe and perform the covenants and conditions on the part of the Licensee in these presents contained.

Assignment
of Licence.

18. The Licensee shall not assign nor attempt to assign the rights granted by this Licence to any person without the consent in writing of the Governor-General; and such consent shall be refused if the assignee is neither a citizen of Guyana nor incorporated nor registered in Guyana.

Licensee
ceasing to be
incorporated
or registered
in Guyana.

19. If the Licensee shall cease to be a citizen of Guyana or incorporated or registered in Guyana, he shall forthwith inform the Governor-General and shall apply to him for his consent in writing to the assignment of the rights granted by this Licence in accordance with the preceding clause (Assignment of Licence) hereof and in the event of the Licensee failing to obtain such consent within such time as the Governor-General may appoint, the Governor-General may revoke this Licence. The revocation of this Licence in pursuance of the foregoing provisions of this clause shall be subject and without prejudice to any obligations or liability imposed or incurred under the terms and conditions thereof.

Release of
lands
included by
inadvertence
in the
licensed area.

20. In the event of the inclusion by inadvertence in the Annex marked "A" of lands or areas in respect of which the oil rights have already been granted to other individuals or companies the Licensee shall immediately release to the Governor-General any such lands or areas when required to do so by the Commissioner.

Notification
of
discovery of
petroleum.

21. The Licensee shall without avoidable delay report to the Commissioner the discovery of petroleum or petroleum bearing strata.

Distance of
wells from
the said
boundaries
of the said
lands, works,
etc.

22. (1) No borehole or well shall except with the consent in writing of the Commissioner be drilled or made within a distance of 400 feet from the boundaries of the said lands.

(2) No boring operations or working shall be carried on or allowed by the Licensee in the said lands at any point within 100 yards of any railway, reservoir, canal or other public work or any building or inhabited site on or near the said lands except with the previous permission in writing of the Governor-General or of any officer authorised by him in this behalf and subject to any instructions, restrictions and conditions which may be attached to such permission by the officer granting the same.

23. No borehole or well shall be commenced and no borehole or well shall be recommenced after work has been discontinued thereat for more than six months unless seven clear days notice in writing shall first have been given to the Commissioner.

Notice of commencement of boreholes and wells.

24. (1) No borehole or well shall be abandoned and no cemented string or other permanent form of casing shall be withdrawn from any borehole or well which it is proposed to abandon without the prior consent in writing of the Commissioner, such consent not to be unreasonably withheld in the case of boreholes or wells which have become or are unproductive:

Abandonment and plugging of boreholes

Provided that if no consent or refusal of consent to abandonment has been given within 3 days of the request having been made then the Licensee may undertake abandonment and at the same time notify the Commissioner in writing of the action being taken.

(2) Every borehole or well which the Licensee intends to abandon shall unless the Commissioner otherwise determines be so securely plugged by the Licensee as to prevent ingress and egress of water in and from any portion of the strata bored through.

(3) The Commissioner may in any case require that no borehole or well shall be plugged or any works be executed for that purpose save in the presence of an officer authorised by him.

25. Within two months after the expiration or sooner determination of this Licence or the date of the abandonment of the undertaking hereby licensed whichever shall first occur the Licensee shall deliver up to the Governor-General in good order, repair and condition and fit for further working all productive boreholes or wells (unless ordered by the Commissioner to plug them as provided in the next succeeding clause and except such boreholes and wells as shall have been previously abandoned with the consent of the Commissioner) which shall have been made by the Licensee under the liberty or power in that behalf hereinbefore contained, together with all casings and other appurtenances to such boreholes and wells below surface level and which cannot be moved without causing injury to the said boreholes and wells and the Licensee shall buoy or otherwise mark all boreholes or wells to such extent as the Commissioner may require and shall have power during that period to enter on the lands for the purposes aforesaid subject to the rights of surface owners or others:

Delivering up of productive boreholes and wells, etc. in good order.

Provided that this clause shall not apply to any of the lands included in any oil mining lease which the Licensee may take up under the provisions hereinafter contained.

26. Within two months after the expiration or sooner determination of this Licence or the date of the abandonment of the said undertaking, whichever shall first occur, the Licensee shall if required so to do by the Commissioner plug all boreholes and wells as provided in clause 24 (Abandonment and plugging of boreholes) hereof:

Plugging of boreholes on determination of Licence, etc.

Provided that this clause shall not apply to any of the lands included in any oil mining lease which the Licensee may take up under the provisions hereinafter contained.

Removal of
plant, etc.

27. Subject to the rights of the holders of any right, title or interest in or over the said lands the Licensee shall upon the expiration or sooner determination of this Licence or the abandonment of the said undertaking whichever shall first occur with all convenient speed having regard to his obligations under the provisions of clause 26 (Plugging of boreholes on determination of Licence, etc.) remove all buildings, structures, engines, machinery and other property and effects erected or brought by the Licensee upon the said lands under the provisions hereof save and except all such wells, tubes, casings or linings and works or any portion thereof, both above or below ground as the Governor-General may require to take at a price which failing agreement shall be fixed by arbitration in the manner provided by clause 47 (Arbitration) hereof, or as may be required to be delivered up to the Governor-General under the provisions of clause 25 (Delivering up of productive boreholes and wells, etc., in good order) hereof:

Provided that this clause shall not apply to any of the works or things aforesaid required in respect of operations on lands for which the Licensee shall under the provisions hereinafter contained take up an oil mining lease which may be required by the Licensee for his operations under the lease.

Health and
safety of
workers and
employees.

28. The Licensee shall comply with any instructions from time to time given by the Commissioner in writing for securing the health and safety of persons employed in or about the said lands.

Avoidance of
harmful
methods of
working.

29.(1) The Licensee shall maintain all apparatus and appliances and all boreholes and wells capable of producing petroleum in good repair and condition and shall execute all operations in or in connection with the said lands in a proper and workmanlike manner, in accordance with methods and practice customarily used in good oilfield practice, and without prejudice to the generality of the foregoing provision the Licensee shall take all steps practicable in order—

- (a) to control the flow and to prevent the escape or waste of petroleum discovered in or obtained from the said lands;
- (b) to conserve the said lands for productive operations;
- (c) to prevent damage to adjoining petroleum bearing strata;
- (d) to prevent the entrance of water through boreholes and wells to petroleum bearing strata;
- (e) to prevent the escape of petroleum into any water well, lake, spring, stream, river, canal, reservoir, estuary or harbour; and
- (f) to cause as little damage as possible to the surface of the said lands and to any trees, crops, buildings, structures and other property thereon.

(2) The Licensee shall comply with any instructions from time to time given by the Commissioner in writing relating to any of the matters set out in sub-clause (1) hereof. If the Licensee objects to any such instruction on the ground that it is unreasonable he may within fourteen days from the date upon which the same was given refer the matter in the manner provided by Clause 47 (Arbitration) hereof.

30. The Licensee shall use methods and practice customarily used in good oilfield practice for confining the petroleum obtained from the said lands in tanks, gasholders, pipes, pipe-lines or other receptacles constructed for that purpose. No petroleum shall, save as a temporary measure during an emergency, be placed or kept in an earthen reservoir.

Provision of storage tanks pipes, pipe-lines, or other receptacles.

31. The Licensee shall drain all waste oil, salt water and refuse from tanks, gasholders, boreholes and wells into proper receptacles constructed and maintained by him for that purpose at a safe distance from such tanks, gasholders, boreholes and wells and from any buildings or structures whether situate within the said lands or not and shall dispose of such waste oil, salt water and refuse in manner from time to time approved by the Commissioner.

Disposal of waste oil, salt water and refuse.

32. The Licensee shall keep accurate records in a form from time to time approved by the Commissioner of the drilling, deepening, plugging or abandonment of all boreholes and wells and of any alteration to the casing thereof. A log of all boreholes and wells shall be kept in a form from time to time approved by the Commissioner containing particulars of the following matters—

Licensee to keep records of boreholes. Licensee to

- (a) the strata and subsoil through which the borehole or well was drilled;
- (b) the casing inserted in any borehole or well and any alteration to such casing;
- (c) any petroleum, water or workable minerals encountered; and
- (d) such other matters as the Commissioner may from time to time require.

The Licensee shall deliver copies of the said records and log to the Commissioner as and when required.

33. The Licensee shall as far as reasonably practicable correctly label and preserve for reference for a period of twelve months characteristic samples of the strata or water encountered in any borehole or well and samples of any petroleum discovered in the said lands. And the Commissioner or his representative shall have access to such samples at all reasonable times and shall be entitled to require that representative specimens not exceeding one-half of any such sample be delivered to him and to retain any specimen so delivered.

Licensee to keep samples of strata, petroleum and water.

34. (1) The Licensee shall furnish to the Commissioner quarterly during the term hereby granted or any renewal thereof a record in a form from time to time approved by the Commissioner of the progress of his operations in the said lands. Such record shall contain—

Plans and records.

- (a) a statement of the depth drilled in each borehole or well;
- (b) a statement of any petroleum, water or workable minerals encountered in the course of the said operations;
- (c) a statement of all crude oil produced and casinghead petroleum spirit recovered; and
- (d) a statement of the areas in which any geological or geophysical work has been carried out.

(2) Within two months after the end of each year comprised in the term hereby granted or any renewal thereof, the Licensee shall furnish to the Commissioner a record in a form from time to time approved by the Commissioner of the operations conducted in the said lands during each such year together with a plan upon a scale approved by the Commissioner showing the situation of all boreholes or wells together with stratigraphic well maps and complete logs of wells drilled during the year.

(3) The Licensee shall also keep accurate geological plans, maps and records relating to the said lands.

(4) The Licensee shall furnish to the Commissioner such other plans and information as to the progress of operations in the said lands as the Commissioner may from time to time reasonably require.

Reports to be treated as confidential.

35. All logs, records, plans, maps, accounts and information which the Licensee is or may be from time to time required to furnish under the provisions of this Licence shall be supplied at the expense of the Licensee and shall (except with the consent in writing of the Licensee which shall not be unreasonably withheld) be treated by the Commissioner as confidential. The Commissioner shall nevertheless be entitled at any time to make use of any information received from the Licensee for the purpose of preparing and publishing aggregated returns and general reports on the extent of oil prospecting or oil mining operations in Guyana and for the purposes of any arbitration or litigation between the Governor-General and the Licensee.

Power to inspect plant, records, accounts, etc.

36. Any person or persons authorised in writing by the Commissioner shall be entitled at all reasonable times to enter into and upon any land for the time being possessed or occupied by the Licensee in the said lands for the purposes hereinafter mentioned—

- (a) to examine the boreholes, wells, plants, appliances, buildings, and works made or executed by the Licensee in pursuance of this Licence and the state of repair and condition thereof;
- (b) to inspect and check the accuracy of the weighing or measuring appliances, weights, measurements, logs, records, plans and maps which the Licensee is required to keep or make in accordance with the provisions of this Licence;

- (c) to inspect and make abstracts or copies of any logs, records, plans, maps or accounts which the Licensee is required to keep or make in accordance with the provisions of this Licence;
- (d) to inspect the samples of strata, petroleum or water which the Licensee is required to keep in accordance with the provisions of this Licence; and
- (e) to execute any works which the Commissioner may be entitled to execute in accordance with the provisions of this Licence.

37. If the Licensee shall at any time fail to perform the obligations arising under the terms and conditions of any of the undermentioned clauses of this Licence— Power to execute works

- (a) Clause 4 (Measurement of petroleum obtained from the said lands).
- (b) Clause 24 (Abandonment and plugging of boreholes).
- (c) Clause 25 (Delivering up of productive boreholes and wells, etc., in good order).
- (d) Clause 26 (Plugging of boreholes on determination of licence, etc.).
- (e) Clause 27 (Removal of plant, etc.).
- (f) Clause 28 (Health and safety of workers and employees).
- (g) Clause 29 (Avoidance of harmful methods of working).
- (h) Clause 30 (Provision of storage tanks, pipes, pipelines or other receptacles).
- (i) Clause 31 (Disposal of waste oil, salt water and refuse),

then and in any such case the Commissioner shall be entitled after giving to the Licensee reasonable notice in writing of such his intention to execute any works which in the opinion of the Commissioner or his agents may be necessary to secure the performance of the said obligations or any of them and to recover the costs and expenses of so doing from the Licensee.

38. If and whenever any of the certain yearly rent or royalties reserved by this Licence or any part thereof respectively shall be in arrear or unpaid for the space of two calendar months next after any of the days whereon the same ought to be paid, (whether the same shall have been legally demanded or not), then and so often as the same may happen the Commissioner may (as an additional remedy and without prejudice to any other power of distress exercisable, or liability incurred by the Licensee, in case of any such default) enter into and upon any area which shall for the time being be possessed or occupied by the Licensee for the Rights of distress.

purposes of this Licence or the exercise of any of the rights hereby granted and may seize and distrain and sell as landlords may do for rent in arrear all or any of the stocks of petroleum and products thereof live and dead stock, engines, machinery, tools, implements, chattels and effects belonging to the Licensee which shall be found in or upon the land so entered upon, and out of the moneys arising from the sale of such distress may retain and pay all the arrears of the said certain yearly rent and royalties and also the costs and expenses incident to any such distress and sale rendering the surplus (if any) to the Licensee.

Power of
revocation.

39. If the Licensee shall at any time refuse or neglect to observe or perform any of the terms and conditions of this Licence the Governor-General may by notice in writing signed by him and served upon the Licensee summarily declare that the Licence hereby granted shall thenceforth determine, and the Licence and all rights and liberties conferred hereby or enjoyed hereby or hereunder shall forthwith determine without prejudice to the rights and remedies of the Governor-General in respect of any prior breach or non-performance of any or all of the terms and conditions hereof on the part of the Licensee and in respect of the covenants on the part of the Licensee herein mentioned to be performed after the expiration or sooner determination of this Licence or after the abandonment of the undertaking hereby licensed:

Provided always that save as to the non-payment of rents or royalties the aforesaid power shall not be exercisable unless and until notice has been given to the Licensee specifying the particular breach complained of and if the breach is capable of remedy requiring the Licensee to remedy the breach and, in any case, requiring the Licensee to make compensation in money for the breach and the Licensee fails, within a reasonable time thereafter, to remedy the breach if it is capable of remedy and to make such reasonable compensation in money for the breach as the Governor-General deems satisfactory.

Renewals.

40. (1) Subject to the regulations for the time being in force as to the shape and size of areas in respect of which oil prospecting licences may be renewed, the Governor-General shall on application made in that behalf by the Licensee on three months notice in writing delivered to the Commissioner and provided the Licensee has fulfilled all the conditions under this Licence and in particular has complied with the working obligations and expenditure on exploration grant a renewal of this Licence for a further term not exceeding 3 years over any such area of the said lands as is retained by the Licensee in the mainland area, or not exceeding 5 years if in the submarine area:

Provided that no renewal shall be granted for a term expiring more than 15 years after the commencement of the initial term of this Licence:

Provided further that the grant of a renewal expiring in respect of any of the mainland area more than 11 years after such commencement shall be discretionary.

Relinquish-
ment of
areas.

41. The Licensee shall, after the commencement of the initial term of this Licence, relinquish his rights in accordance with this Licence—

- (a) in the case of any of the said lands whose area is comprised in the mainland area—
 - (i) over not less than one-third of all such lands within 5 years;
 - (ii) over not less than a total of two-thirds of all such lands within 8 years;
- (b) in the case of any of the said lands whose area is comprised in the submarine area—
 - (i) over not less than one-third of all such lands within 5 years;
 - (ii) over not less than a total of two-thirds of all such lands within 10 years.

42. Without prejudice to any obligation or liability imposed by or incurred under the terms and conditions hereof the Licensee may at any time during the term hereby granted or any renewal thereof determine this Licence by giving to the Governor-General not less than three months previous notice in writing to that effect. Right of Licensee to determine Licence.

43. Without prejudice to any obligation or liability imposed by or incurred under the terms and conditions hereof, the Licensee shall be entitled at any time during the term hereby granted or any renewal thereof by giving three months notice in writing to the Governor-General to surrender the rights granted by this Licence in respect of any part or parts of the said lands; Right of Licensee to surrender portions of the said lands.

Provided that—

- (a) the part of the said lands in respect of which the said rights are retained shall comply with the regulations for the time being in force as to the shape and size of areas in respect of which an Oil Prospecting Licence may be granted; and
- (b) any part of the said lands in respect of which the said rights are surrendered shall be in a block of not less than square miles, and the block shall be of an area which could be licensed in accordance with such regulations and shall be shown on a plan to a scale acceptable to the Commissioner and submitted at the same time as the notice of surrender is submitted to the Governor-General.

44. Where the Licensee has, pursuant to any provisions of this Licence, relinquished his rights to lay, operate or maintain any pipe, telephone or power lines through or across any of the said lands the Licensee shall, on such terms and conditions as may be agreed between the Governor-General and the Licensee, be entitled to such wayleaves in that behalf as may be reasonably required for the convenient carrying Wayleaves.

on of operations under this Licence or any oil mining lease which the Licensee shall take up pursuant to this Licence, or for inter-communication and passage between retained parts of the said lands or between retained parts thereof and the mainland area, and such wayleaves shall be disregarded in calculating for the purpose of clause 41 (Relinquishment of areas) hereof the amount of land to which such relinquishment relates.

Right of
Licensee to
Oil Mining
Lease.

45. On or before the expiration of this Licence or any renewal thereof, the Licensee having paid the rents and royalties due and having observed and performed the terms and conditions herein contained shall have a right (subject to the provisions prescribed in the regulations for the time being in force for granting oil mining leases) to an oil mining lease or oil mining leases in the form of Oil Mining Lease hereto attached, in respect of any part or parts of the said lands if he shall comply with the regulations as to applications for Oil Mining Leases:

Provided that unless the Governor-General shall otherwise determine the Licensee shall not be entitled to the grant of an oil mining lease or oil mining leases in respect of any area or areas exceeding in the aggregate one-third of the area of the said lands and provided further that the part or parts of the said lands in respect of which an oil mining lease is granted shall comply with the regulations for the time being in force as to the shape and size of areas and the remaining part or parts thereof shall be areas in respect of which an oil prospecting licence or an oil mining lease could be granted in accordance with the said regulations.

Force
majeure.

46. (1) Failure on the part of the Licensee to fulfil any of the terms and conditions of this Licence shall not give the Governor-General any claim against the Licensee or be deemed a breach of this Licence in so far as such failure arises from force majeure and if through force majeure the fulfilment by the licensee of any of the terms and conditions of this Licence be delayed the period of such delay shall be added to the period fixed by this Licence.

(2) In this clause the expression "force majeure" includes the act of God, war, insurrection, riot, civil commotion, tide, storm, tidal wave, flood, lightning, explosion, fire, earthquake, and any other happening which the Licensee could not reasonably prevent or control.

Arbitration.

47. If at any time during the continuance of this Licence or after the determination thereof any question or dispute shall arise regarding this Licence or any matter or thing connected herewith or the powers, duties or liabilities of the Licensee hereunder or the amount of payment of any rent or royalty then and in all such cases the matter in difference shall be referred to arbitration in accordance with the provisions of the Arbitration Ordinance or any ordinance or law amending or replacing the same for the time being in force.

Cap. 38.

Marginal
notes.

48. The marginal notes are for convenience only and do not form part of this Licence.

49. (1) For the purpose of this Licence—

Interpretation.

“inner submarine area” means the land underlying the waters seaward of the foreshore, including the foreshore and tidal navigable river beds, up to a water depth of approximately 100 feet at low water ordinary spring tides and more precisely described by reference to a line drawn on the plan which accompanies this Oil Prospecting Licence;

“outer submarine area” means the land underlying the waters seaward of the inner submarine area, and generally with a depth of water in excess of 100 feet.

(2) Clauses 25, 26 and 27 shall be construed *mutatis mutandis* to apply in relation to any part of the said lands, in the event of relinquishment of the Licensee’s rights over such part pursuant to any provisions of this Licence, as those clauses shall apply in relation to the said lands upon the expiration or sooner determination of this Licence.

In witness whereof the Governor-General has hereunder set his hand and affixed the public seal of Guyana and the Licensee has caused its Common Seal to be hereunder affixed (set his hand and seal) the day and year first herein above written.

ANNEX A

All those lands coloured..... Description of the said lands.
on the attached plan situate in.....
and having a total area of.....
or thereabouts in the mainland and/or submarine area (s).

ANNEX B

BOND IN RESPECT OF OIL PROSPECTING LICENCE

KNOW ALL MEN BY THESE PRESENTS THAT WE.....

.....
of.....
and.....
of.....

are held and firmly bound to the Commissioner of Lands and Mines of Guyana and his successors in office in the sum of..... dollars to be paid to the said Commissioner and his successors in office for which payment to be well and truly made we bind ourselves and each of us our heirs, executors and administrators jointly and severally by these presents.

Dated thisday of.....19....

WHEREAS by deed of even date herewith and made between.....

.....of the one part and the Governor-General of the other part the sole right and licence was granted to the said..... to search, bore for, win and work all or any petroleum lying or being within, under or throughout that parcel of land situate and having an area of.....more or less and

delineated in the plan attached to the said Deed subject to the terms, conditions and covenants therein contained;

AND WHEREAS the said.....

hath agreed to become surety for the due performance by the said.....

of all and several the covenants, matters and things under the said Deed to be by him performed and done:

Now the condition of the above-written bond or obligation is such that if the said.....

shall well and truly observe and perform all and every the covenants and agreements by him to be observed and performed as hereinbefore mentioned and shall in a proper and workmanlike manner do all and every the acts, matters and things by him to be done under the said Deed to the satisfaction of the Governor-General for the time being of Guyana THEN the above-written bond or obligation shall be void otherwise the same shall remain in full force and effect.

PART III—OIL MINING LEASE

THIS DEED made the.....day of.....

....19.... between.....

Governor-General and Commander-in-Chief of Guyana (hereinafter referred to as "the Governor-General") of the one part and.....

.....(hereinafter

referred to as "the Lessee") of the other part.

WHEREAS the Lessee (in pursuance of the rights previously accorded to him under the provisions of an oil prospecting licence granted to him on the.....

has called upon the Governor-General to grant him) (in accordance with the conditions laid down in the regulations for the time being in force for the granting of oil mining leases has applied to the Governor-General

for) an oil mining lease in respect of the lands specified in Annex A hereunder (hereinafter referred to as "the said lands") out of which were reserved to Her Majesty all petroleum upon or under the said lands with power to search for and win the said petroleum and to grant licences and leases to any other person or persons to search for and win the same such person or persons compensating the holders of all rights, titles and interests in and over the said lands for all damage to such rights or interests thereby occasioned all of which lands are delineated in the sketch plan hereto attached;

AND WHEREAS the Lessee has entered into a bond in the form set out in Annex E hereunder with the Commissioner of Lands and Mines of Guyana in the sum of..... conditioned for the due and faithful carrying out of the provisions contained in this Deed and in Annexes B, C and D hereto attached;

AND WHEREAS the Governor-General has found that there is no objection to granting the said lease;

NOW THIS DEED WITNESSETH AS FOLLOWS:—

In pursuance of the aforesaid agreements and in consideration of the rents, royalties, covenants and agreements hereinafter reserved and contained on the part of the Lessee to be paid and observed the Governor-General doth hereby demise unto the Lessee all or any petroleum lying or being within, under or throughout the said lands mentioned and described in Annex A hereunder and doth hereby grant the following liberties, powers and privileges to be exercised and enjoyed in connection with the said petroleum that is to say—

(a) in the case of Crown lands in or over which no right, title or interest has been conferred on or vested in any person, those set out in Part I of Annex B hereunder, subject however to the restrictions and conditions specified in Part II of Annex B hereunder; and

(b) in the case of any area of Crown land in or over which any right title, or interest has been conferred on or vested in any person and in the case of private lands, those set out in Part I of Annex C hereunder:

Subject however to the liberties and powers reserved to the Governor-General and others set out—

(a) in the case of Crown lands in or over which no right, title or interest has been conferred on or vested in any person, in Part III of Annex B hereunder; and

(b) in the case of any area of Crown land in or over which any right title, or interest has been conferred on or vested in any person and in the case of private lands, in Part II of Annex C hereunder:

Provided, however, that the limits of the said lands shall be revised by the Governor-General at any time if, as a result of any negotiations between the Government of Guyana and the Governments of any adjoining territories, it is determined that any portion of the said lands

lies outside the jurisdiction of the Government of Guyana and it is necessary to exclude such portion of the said lands from the provisions of this Lease, or if it is determined that areas outside of the said lands lie within the jurisdiction of the Government of Guyana and it is necessary to revise the said limits to include such areas within the area covered by this Lease:

And provided, further, that neither the Governor-General nor the Government of Guyana shall be responsible for any loss or damage occasioned to the Lessee in consequence of the exclusion of any such lands as aforesaid or his activities therein or thereon.

TO HOLD, EXERCISE AND ENJOY all and singular, the premises, liberties, powers and privileges hereby granted and demised unto the Lessee from the first day of.....19.. for the term of thirty years then next ensuing, yielding and paying free and clear from all rates, taxes, charges and deductions the several rents, royalties and sums of money mentioned and specified in Part I of Annex D hereunder subject to the provisions relating to rents and royalties contained in Part II of the said Annex D. And the Lessee doth hereby covenant with the Governor-General as in Part III of the said Annex D and the Governor-General doth hereby covenant with the Lessee as in Part IV of the said Annex D and it is hereby mutually agreed and declared by and between the parties hereto as in Parts V and VI of the said Annex D and it is hereby declared that Annexes B, C and D hereunder shall be deemed part of these presents and be read and construed accordingly and that the provisions of Annex B hereunder shall apply to Crown lands in or over which no right, title or interest has been conferred on or vested in any person (together with the petroleum therein and thereunder) and the provisions of Annex C shall apply to any area of Crown land in or over which any right, title or interest has been conferred on or vested in any person and to private lands (together with the petroleum therein and thereunder).

IN WITNESS WHEREOF etc.

ANNEX A above referred to.

THE LANDS REFERRED TO IN THIS LEASE.

Description of lands.

All those lands lying and being delineated in the plan hereunto attached and therein coloured..... and containing an area of or thereabouts in the mainland and/or submarine area(s).

ANNEX B above referred to.

PART I — LIBERTIES, POWERS AND PRIVILEGES TO BE EXERCISED OR ENJOYED BY THE LESSEE WITH RESPECT TO CROWN LANDS BUT SUBJECT TO THE RESTRICTIONS AND CONDITIONS IN PART II OF THIS ANNEX.

1. To enter upon all Crown lands in or over which no right, title or interest has been conferred on or vested in any person (hereinafter in this Annex referred to as "unoccupied Crown lands") and to search, bore for, win and work all or any petroleum lying or being within the said unoccupied Crown lands. To bore, etc.

2. Subject to the prior approval of the Governor-General, to appropriate and use for any purpose connected with the borings or works, or refining operation connected therewith, the water upon or within any of the said unoccupied Crown lands and collect, impound and bore for the same for the purpose of working the said borings or works or carrying out refining operations, but so that in the exercise of this privilege the Lessee shall not deprive any lands, villages, houses or watering places for cattle of a reasonable supply of water as heretofore accustomed or in any way interfere with any drainage system. To appropriate water, etc.

3. To enter upon, use and occupy a sufficient part of the said unoccupied Crown lands adjoining any borings for depositing thereon the products of the said borings and all the earth soil and other substances brought to the surface and for otherwise carrying on the works of the said borings and operations hereunder. To occupy surface of land or work, etc.

4. To refine or otherwise treat the aforesaid petroleum in and upon the said unoccupied Crown lands whether for purposes of sale or otherwise save as hereinafter provided. To refine.

5. To store, take, lead, pipe and carry away, on, under or over the said unoccupied Crown lands the aforesaid petroleum and the products thereof and to dispose of the same at his own will and pleasure for his own use and benefit and utilizing such means of transportation as he may select save as hereinafter provided. To store, lead and carry away oil, etc.

6. To erect, set up and make in, upon and over the said unoccupied Crown lands workmen's houses, sheds, engines, machinery, furnaces, buildings, erections, pipe lines, telephone lines, railroads, tramroads and other roads and works necessary or convenient for the effectual working of the said borings, works or refining operations connected therewith, and the exercise of the several liberties and powers hereby granted. To erect houses, etc.

7. To search for, dig and get free of charge, gravel, sand, clay and stone within the said unoccupied Crown lands for the purposes mentioned in this Part of this Annex, but not for sale provided that at the expiration of this Lease any excavations shall be fenced or filled in or levelled and left otherwise fit for cultivation and occupation, as far as may be reasonably practicable if so required by the Governor-General. To dig, gravel, etc.

To cut timber,
etc.

8. To cut down the brushwood and undergrowth and with the consent of the Governor-General to fell any timber now standing or growing, or which at any time hereinafter may grow on the said unoccupied Crown lands for the purpose of facilitating ingress and egress to and from the said unoccupied Crown lands and also for the purposes of clearing lands for the erection of machinery and plant in connection with the purposes mentioned in this Part of this Annex and also for the purpose of clearing lands for protection against damage by fire and for erecting and making habitable the said workmen's houses, and also for clearing land for the purposes of making pastures for the animals used by the Lessee for the operations herein specified:

Provided that—

- (a) the clearing for any single pasture shall not exceed ten acres; and
- (b) the Lessee shall pay a reasonable price for all timber and undergrowth cut down or felled by him for the purpose of making pastures or taken or used by him, such price to be assessed in default of agreement by arbitration as provided in clause 51 (Arbitration) of Annex D.

To enclose
with a fence.

9. To enclose with a fence the surface of any of the said unoccupied Crown lands in respect of which the rents reserved in clause 3 (Surface rents) of Annex D are being paid provided that the liberties and powers reserved to the Governor-General in Part III of this Annex and all rights of way shall not thereby be affected.

PART II—RESTRICTIONS AND CONDITIONS AS TO THE EXERCISE OF THE ABOVE LIBERTIES, POWERS AND PRIVILEGES.

Notice to be
given before
entering on
lands for
surface pur-
poses.

10. (1) Before occupying any land for surface operations, or clearing any land for the purpose of making pastures under clause 8 (To cut timber, etc.) of this Annex the Lessee shall give to the Commissioner of Lands and Mines (hereinafter referred to as "the Commissioner") thirty days previous notice in writing specifying the land proposed to be occupied and the purpose for which the same is required.

(2) The Commissioner shall at any time within thirty days from the receipt of such notice state his objections, if any, on grounds of public interest to the proposed site, and the validity of such objections in case of dispute shall be determined by reference to arbitration as provided in clause 51 (Arbitration) of Annex D.

Sale or lease
of surface to
third parties.

11. (1) The Commissioner may at any time or times give notice in writing to the Lessee that application has been made to the Governor-General to purchase or lease the surface of such portion of the said unoccupied Crown lands as is mentioned in such notice.

(2) If the Lessee shall not within ninety days after service of such notice on him give to the Governor-General notice in writing that he objects to the Governor-General acceding to such application on the ground that the proposed sale or lease will prejudicially affect his rights under this Lease it shall be lawful for the Governor-General at any time

or times after the expiration of that period to sell or lease all or any part of the surface specified in such first mentioned notice freed and discharged from all rights of the Lessee hereunder and the Lessee shall thereupon be relieved of all liabilities and obligations hereunder in respect of the area specified in such first mentioned notice excepting such liabilities and obligations as may have accrued before the date of service of such notice:

Provided however, in each case, that the rights of the Lessee under this Lease to petroleum are not thereby abridged.

(3) If any such objection as aforesaid shall be made by the Lessee within the period aforesaid and the Governor-General shall notwithstanding such objection desire to make the sale or lease the question whether the proposed sale or lease should or should not be made shall be referred to arbitration as provided in clause 51 (Arbitration) of Annex D.

(4) If the Arbitrators or their Umpire decide that the proposed sale or lease may be made without serious prejudicial effect to the rights of the Lessee under this Lease, it shall be lawful for them or him to award that the same may be made either (a) freed and discharged from all rights of the Lessee or (b) subject to a right for the Lessee to exercise (subject to the provisions herein contained) in relation to all or such part or parts (whether specifically described in the award or defined therein by reference to the state or condition as regards buildings, cultivation or otherwise in which the same may be at the time of the proposed exercise of such powers and liberties) of the surface to be included in such proposed sale or lease as the said Arbitrators or Umpire may determine the power and liberties hereinbefore conferred on him upon the following terms and conditions (which the said Arbitrators or Umpire shall have no power either to abrogate or vary) namely:—that the Lessee before exercising all or any of such powers and liberties shall—

(i) give to the purchaser or lessee, his heirs, executors, administrators or assigns sixty days previous notice in writing of his intention so to do specifying by name or other sufficient designation and by quantity the lands over or in relation to which the Lessee proposes to exercise the same; and

(ii) enter into an agreement or deed of covenant with him or them to make compensation (to be assessed in case of dispute by arbitration in accordance with the provisions of the Arbitration Ordinance or any ordinance or law amending or replacing the same for the time being in force) to him or them for all damage or injury which he or they may suffer by reason of the exercise thereof. Cap. 36.

(5) In any case where an award is made under heading (b) of subclause (4) above, the proposed sale or lease if made shall be made expressly subject to the provisions of the award and if such award gives or reserves a right to the Lessee in relation to part or parts only of the surface the remainder may be sold or leased freed and discharged from all rights of the Lessee and the Lessee shall thereupon be relieved of all liabilities and obligations hereunder in respect of the said remainder excepting such liabilities and obligations as may have accrued before such award is made.

(6) Where a sale or lease of the surface of a portion of the lands has been made by the Governor-General under this clause the Lessee shall have a prior right to have the said surface again included in the lands subject to this Lease if it shall subsequently become available for this purpose.

Cutting of
timber.

12. Save as provided in clause 8 (To cut timber, etc.) of this Annex the Lessee shall not without the express sanction of the Governor-General cut down or injure any trees or timber in the said unoccupied Crown lands.

Foreshore.

13. This Lease shall not confer any surface rights to the foreshore and no use shall be made thereof by the Lessee unless and until the authority of the Governor-General (which shall not be unreasonably withheld) is first obtained.

Construction
of works.

14. Such works or installations (if any) as may be erected by the Lessee in the submarine area shall be of such nature and shall be so constructed, placed, marked or buoyed as not to constitute a danger or obstruction to shipping and the Lessee if required by the Harbour Master to do so shall illuminate between the hours of sunset and sunrise, in a manner satisfactory to the Harbour Master all derricks, piers, survey marks or any other installations erected within the area of the said lands. The means of illumination shall be such as are approved or required by the Harbour Master.

Pollution.

15. The Lessee shall adopt all practical precautions (including the provision of modern equipment) to prevent any pollution of the sea or inland waters by oil, mud, or any other fluid or substance which might contaminate the same or any shore thereof.

PART III — LIBERTIES AND POWERS OF THE GOVERNOR-GENERAL AND OTHERS

16. These presents or anything herein contained shall not prejudice or affect the exercise from time to time of all or any of the following liberties and powers, that is to say—

Governor-
General may
work other
minerals, etc.

(1) Liberty and power for the Governor-General or any other person authorised by him in that behalf to enter into and upon the said unoccupied Crown lands (save and except lands enclosed by a fence as provided in clause 9 (To enclose with a fence) of this Annex and on which the Lessee is paying a surface rent) and to search for, dig, work and get any minerals or substances other than petroleum upon or under the said unoccupied Crown lands and for the purposes aforesaid to sink, make, erect and use such pits, shafts, levels, drains, water-courses, tunnels, buildings, engines or machinery, railways, waggon-ways and other ways, works and conveniences upon, through or under the said unoccupied Crown lands as he shall deem necessary or expedient;

Provided always that the said reserved liberties and powers to work for minerals or substances other than petroleum shall be exercised and enjoyed in such a manner as not to hinder or interfere with the rights and privileges of the Lessee under these presents, and

Provided also that fair and proper compensation shall be paid by the Governor-General for all loss, damage or injury which the Lessee may sustain or be put to by reason or in consequence of the exercise of the said reserved liberties and powers to work for minerals or substances other than petroleum, the amount of such compensation to be settled in case of difference by reference to arbitration as provided in clause 51 (Arbitration) of Annex D.

(2) Liberty and power for the Governor-General or any other person authorised by him in that behalf to enter into and upon the said unoccupied Crown lands and to make and maintain upon, over or through the said unoccupied Crown lands such sea defences, reservoirs, pumping stations, generating stations, waterways, drainage canals, roads, tramways, railways, telegraph and telephone lines and pipe-lines or other works as he shall deem necessary or expedient for any purpose, and to obtain from and out of the said unoccupied Crown lands such stone, earth and other materials as may be necessary or requisite for making, repairing or maintaining the same or any of them and at all times to draw water from the said unoccupied Crown lands and to have free access thereto and to pass and repass at all times over and along the said unoccupied Crown lands for all such purposes as occasion shall require:

Governor-General may enter land, etc.

Provided always that the said reserved liberties and powers (other than all works required for sea defences or drainage of the said unoccupied Crown lands or any other lands) shall be exercised and enjoyed in such a manner as not to hinder or interfere with the rights and privileges of the Lessee under these presents; and

Provided also that fair and proper compensation shall be paid by the Governor-General for all loss, damage or injury (not however including the value of any water, stone, earth, or other materials taken) which the Lessee may sustain or be put to by reason or in consequence of the exercise of the said reserved liberties and powers, the amount of such compensation to be settled in case of difference by reference to arbitration as provided in clause 51 (Arbitration) of Annex D.

(3) Liberty and power for the Governor-General to grant or demise to any person all or any part of the said unoccupied Crown lands for any purpose so that such grant or demise be made subject to the rights of the Lessee hereunder.

Governor-General may grant or demise said unoccupied Crown lands to third parties subject to Lessee's rights.

ANNEX C above referred to.

PART I — LIBERTIES, POWERS AND PRIVILEGES TO BE EXERCISED OR ENJOYED BY THE LESSEE WITH RESPECT TO OCCUPIED CROWN LANDS AND PRIVATE LANDS.

- To bore, etc. 1. Subject to the rights of holders of any right, title or interest in or over the said occupied Crown lands and to the rights enjoyed by the holders of any right, title or interest in or over any private lands to search, bore for, win and work all or any petroleum lying or being within, under or throughout the said occupied Crown lands and private lands.
- To carry away oil, etc. 2. Subject to the aforesaid provisions to carry away the aforesaid petroleum and the products thereof and to dispose of the same at his own will and pleasure for his own use and benefit and utilizing such means of transportation as he may select save as hereinafter provided.
- Governor-General's permission to be obtained. 3. Notwithstanding the present demise and the rights and obligations arising hereunder the Lessee shall not exercise any of the liberties, powers and privileges hereby granted over any particular parcel of land unless and until permission in writing so to do shall first have been obtained by the Lessee from the Governor-General who shall grant such permission upon such proof by the Lessee as he may deem satisfactory that —
- (a) the Lessee has entered into an agreement with the owner or other holder of the parcel of land for payment of compensation to such owner or holder for and in respect of any damage which may be caused or done to the surface of such parcel of land or to any cultivation or buildings thereon by reason of the exercise by the Lessee of all or any of the liberties, powers and privileges hereby granted;
 - (b) the Lessee has made reasonable efforts to arrive at such an agreement but has failed to do so through no fault attributable to him; or
 - (c) the Lessee is unable to enter into such an agreement by reason of the fact that such owner or holder or any of them cannot be found or is or are out of Guyana or is or are incapacitated through infancy or other legal disability.

PART II — LIBERTIES AND POWERS OF THE GOVERNOR-GENERAL AND OTHERS.

4. These presents or anything herein contained shall not prejudice or affect the exercise from time to time of all or any of such of the following liberties and powers as may be at the disposal of the Governor-General, that is to say:—

Liberty and power for the Governor-General or any other person authorised by him in that behalf to search for, dig, work and get any minerals or substances other than petroleum upon or under the said occupied Crown lands: Governor-General may work other minerals, etc.

Provided always that the said reserved liberties and powers to work for minerals or substances other than petroleum shall be exercised and enjoyed in such a manner as not to hinder or interfere with the rights and privileges of the Lessee under these presents and provided also that fair and proper compensation shall be paid by the Governor-General for all loss, damage or injury which the Lessee may sustain or be put to by reason or in consequence of the exercise of the said reserved liberties and powers to work for minerals or substances other than petroleum, the amount of such compensation to be settled in case of difference by reference to arbitration as provided in clause 51 (Arbitration) of Annex D.

ANNEX D above referred to.

PART I — RENTS AND ROYALTIES RESERVED BY THIS LEASE.

1. (1) The Lessee shall pay to the Commissioner acting on behalf of the Governor-General during the term hereby granted, a certain yearly rent, as specified in the table hereunder written, for each acre or part of an acre comprised in the said lands — Certain yearly rent.

TABLE

	Per acre per annum \$ c.
In respect of the 1st year of the said term	50
In respect of the 2nd year of the said term	75
In respect of the 3rd year of the said term	1.00
In respect of the 4th year of the said term	1.25
In respect of the 5th year of the said term	1.50
In respect of the 6th year of the said term	1.75
In respect of the 7th year of the said term	2.00
In respect of the 8th year of the said term	2.25
In respect of the 9th year of the said term	2.50
In respect of the 10th year of the said term	2.75
In respect of the 11th year of the said term	3.00

(2) Payment of the certain yearly rent reserved by this Lease shall be made annually in advance, and the first payment of the sum ofin respect of the first year of the term hereby granted (the receipt whereof is hereby acknowledged) shall be made on the execution of this Lease.

Royalty 2. (1) The Lessee shall pay to the Commissioner acting on behalf of the Governor-General within two months after the last day of June and of December in each year in respect of the half year ending on the last such day or, in the case of the first payment, in respect of the period from the commencement of this Lease to the last such day, royalties calculated as follows —

- (i) On all crude oil of 14° A.P.I. and above won and saved, and casinghead petroleum spirit recovered from natural gas obtained, from the leased area wells situated;
 - (a) in the mainland area — 12½% ad valorem;
 - (b) in the inner submarine area—10% ad valorem;
 - (c) in the outer submarine area—8% ad valorem.
- (ii) On all crude oil less than 14° A.P.I. — 8% ad valorem.
- (iii) On all natural gas obtained from wells situated in the licensed area and sold by the Licensee—8% ad valorem:

Provided that before royalty is calculated pursuant to paragraph (i) (a), (b) or (c) or (ii) of this sub-clause, the Lessee shall be entitled to deduct from the quantity so won and saved or recovered, as the case may be, and ascertained in accordance with clause 6 (Measurement of petroleum obtained from the said lands) hereof, so much thereof, ascertained according to a method approved by the Commissioner, as was used by the Lessee during the half year in question for the following purposes or any of them, that is to say, carrying on drilling and production operations and pumping to field storage and refineries in Guyana, and injection or return, or manufacturing any refined products injected or returned, into the formation, as well as any reasonable amount which has been lost by the Licensee from the said quantity during that half year and the deduction of which is approved by the Commissioner.

Provided further that in respect of any natural gas shown to the satisfaction of the Commissioner to have been sold to other persons holding Oil Prospecting Licences or Oil Mining Leases in Guyana for repressuring a natural petroleum or gas reservoir the rate of royalty shall be reduced to one-half of the rate prescribed in paragraph (iii) of this sub-clause.

(2) For the purpose of this clause petroleum shall be deemed to have been won, saved or recovered from the area on which the well-head is situated notwithstanding that it may have been won, saved or recovered from beneath another area by means of directional or deviated drilling.

(3) For the purpose of calculating royalty —

(i) the value of crude oil and casinghead petroleum spirit shall be the value on the field production and shall be calculated, unless in a manner otherwise agreed (with due allowance for the cost of recovery of casinghead petroleum spirit) upon the price at which crude oil or, as the case may be, casinghead petroleum spirit is sold by the Lessee at an oil refinery in Guyana or free on board tankship at Guyana loading terminal (which price in any case for the purpose of this clause shall not be less than the price at which crude oil or casinghead petroleum spirit of similar quantity and quality is sold generally in free and fair arms-length transactions, due adjustment being made for differing geographical locations), less in all cases the costs properly incurred in transporting, handling, treating, extracting and storing such crude oil or casinghead petroleum spirit from the field of production to tankship at Guyana loading terminal or refinery.

In the case of crude oil or casinghead petroleum spirit not sold as aforesaid, the value shall be such value as would have applied had the same been sold as aforesaid and subject to the above conditions.

(ii) The value of natural gas shall be the actual sale price thereof, that is to say the sale price obtained by the Lessee after deduction therefrom of all costs shown to the satisfaction of the Commissioner to have been reasonably and actually incurred in processing handling and transporting the same from the well-head at which it was produced to the point of sale.

(4) Notwithstanding anything hereinbefore provided, royalties in respect of any year shall be payable only to the extent to which their aggregate amount exceeds the amount of the certain yearly rent actually paid in respect of that year under clause 1 (Certain yearly rent) of this Annex.

(5) If there is any dispute between the parties or failure to agree affecting the amount of royalty payable within any such two months as aforesaid, the royalty shall not be so payable, but the Lessee shall pay within the said two months so much of that amount as is not in dispute and shall pay any further royalty which shall be found to be payable forthwith upon the amount being agreed or determined by arbitration or otherwise.

(6) By giving notice in writing not later than three months before the expiration of the year from the commencement of the term hereby granted, either the Governor-General or the Lessee may request the other party to agree to a revision as from that date of the rates of royalty hereby reserved to take into account in so far as it is appropriate so to do, due regard being had to the fact that such royalty is calculated *ad valorem*, any marked change in the average United States Gulf export prices of gasoline and fuel oil in cargo lots during the last years as compared with the average export prices which ruled during the first years of the term. Revision of the said rates of royalty at successive intervals of years during the subsistence of this Lease or any renewal hereof in respect of the said lands or any part thereof may be requested in like manner by either party to take into account as aforesaid any marked changes between the average United States Gulf export prices of gasoline and fuel oil in cargo lots during the years preceding the date as from which revision is requested and the average export prices which ruled during the years preceding the date of the last revision made in pursuance of this clause, or, where no previous revision has been made at the date as from which revision is requested, the average export prices which ruled during the first years of the term. A revision of the rates of royalty in pursuance of this clause shall be made by agreement between the Governor-General and the Lessee or in default of agreement by arbitration as provided in clause 51 (Arbitration) of this Annex:

Provided that for the average United States Gulf export prices of gasoline and fuel oil in cargo lots or either of them there may during the subsistence of this Lease or any renewal as aforesaid be substituted such other average prices of these products as may be agreed between the Governor-General and the Lessee for the purpose of the revision of royalties under this clause or, in default of agreement determined by arbitration as provided in clause 51 (Arbitration) of this Annex.

Surface rents.

3. The Lessee shall pay to the Commissioner acting on behalf of the Governor-General the further yearly rents as follows —

For the 1st 5 years 25c. per acre or part of an acre

For the 2nd 5 years 50c. per acre or part of an acre

Thereafter \$1.00 per acre or part of an acre of land, in respect of Crown lands referred to in Annex A the surface whereof shall be actually occupied by the Lessee for any of the purposes of this demise, the said rent to be paid by equal half-yearly payments, on the 1st day of January and the 1st day of July in every year. The first of such payments to be made on whichever of the said days shall happen next after such occupation or use shall commence, and the last half-yearly payment thereof to be made on whichever of the said days shall happen next after such occupation or use shall have ceased.

PART II — PROVISIONS RELATING TO RENTS, ROYALTIES

4. (1) Upon the determination by the Lessee of the term hereby granted or any renewal thereof or upon the surrender by him of the rights granted by this Lease in respect of any part or parts of the said lands the Governor-General will refund to the Lessee an apportioned part of any certain yearly rent paid by the Lessee in advance in respect of the said lands or any such part or parts thereof for a period the whole of which has not expired at the date of such determination or surrender.

Refund of certain yearly rent on determination or surrender.

(2) Upon the release by the lessee of any lands or areas under the provisions of clause 15 (Release of lands included by inadvertence in the said lands) of this Annex, the Governor-General will refund to the Lessee an apportioned part of any certain yearly rent paid by the Lessee during the term hereby granted in respect of the said lands:

Provided that in respect of any year the amount remaining of the certain yearly rent after the said refund shall not be less than the amount of royalties payable in respect of any such year under the provisions of sub-clauses (1), (2) and (3) of clause 2 (Royalty) of this Annex.

PART III — THE LESSEE'S COVENANTS.

5. The lessee shall pay the several rents and royalties hereby reserved at the times and in the manner above appointed in that behalf.

Payment of rents, royalties.

6. (1) The Lessee shall measure or weigh by a method or methods customarily used in good oilfield practice and from time to time approved by the Commissioner:

Measurement of petroleum obtained from the said lands.

(a) all crude oil won and saved and casinghead petroleum spirit recovered from the said lands; and

(b) all natural gas sold from the said lands;

during the term hereby granted or any renewal thereof.

(2) The Lessee shall give to the Commissioner three days notice in writing, counting from the date of posting the same, of his intention to measure and weigh in accordance with the foregoing provisions of this clause, in order that the Commissioner may appoint some person or persons on his behalf to be present at such measuring or weighing and attend to the proper conduct thereof and no petroleum shall on any account be taken away from the said lands until the same shall have been so measured or weighed as the case may be:

Provided that the Lessee shall be free to remove and take away any petroleum, notice of the measurement and weighing of which has been duly given by him in writing to the Commissioner, if within 4 days of the receipt of such notice no direction to the contrary is received from the Commissioner and no steps are taken by him to verify the same.

(3) If any measuring or weighing appliance shall at any time be found to be false or unjust the same shall, if the Commissioner so determines after considering any representations in writing made by the Lessee, be deemed to have existed in that condition during the period of three months prior to the discovery thereof or the period elapsed since the last occasion upon which the same was examined or tested, whichever shall be the less, and accordingly the royalties payable in respect of such period shall be adjusted.

(4) The Lessee shall not make any alteration in the method or methods of measurement or weighing used by him or any appliances used for that purpose without first informing the Commissioner, and the Commissioner may in any case require that no alteration shall be made save in the presence of an officer authorised by the Commissioner.

Keeping of
accounts.

7. (1) The Lessee shall at all times during the term hereby granted or any renewal thereof keep full and correct accounts in a form from time to time approved by the Commissioner which shall contain accurate entries of —

- (a) the quantity of crude oil won and saved from the said lands;
- (b) the method and results of tests made on the crude oil;
- (c) the quantity of crude oil otherwise disposed of and the manner of its disposal;
- (d) the quantity of crude oil refined and the products recovered therefrom;
- (e) the quantity of natural gas sold and the price at which it has been sold;
- (f) the quantity in cubic feet of natural gas treated and the quantity in Imperial gallons of casinghead petroleum spirit recovered;
- (g) the quantity of crude oil and the products thereof or casinghead petroleum spirit used for drilling or production operations or pumping to field storage and refineries or injection or return, or manufacturing any refined products injected or returned, into the formation; and
- (h) such further particulars and statistics as the Commissioner may from time to time reasonably require.

(2) The Lessee shall within two months after the end of each year of the term hereby granted or any renewal thereof deliver to the Commissioner an abstract in a form from time to time approved by the Commissioner of the said accounts for each such year together with a statement in the like form of all royalties payable in respect of each such year.

8. So far as he lawfully may the Lessee shall, unless the Commissioner otherwise determines, at his own expense forthwith erect and at all times maintain and keep in repair substantial boundary marks of brick, stone or concrete not less than one foot high at every angle or corner of the boundary line of the said lands which are above the high-water mark. Such boundary marks shall be referenced by survey to at least two readily identifiable points in such manner that the boundaries of the said lands can be accurately traced on the ground. The Lessee shall ensure that the area demarcated on the ground shall conform as closely as possible to the area delineated on the plan hereto annexed.

Establishment
of boundary
marks.

9. If the geological or geophysical surveys or examinations by means of drill or trial borings of the said lands, carried out under an Exploration or Prospecting License issued at any time to the Lessee or under this Lease, has revealed that petroleum exists in the said lands in commercial quantities, and if it is economically feasible for such petroleum to be won or worked, the Lessee shall during the subsistence of this Lease diligently carry out such operations as are reasonably required for the purpose of winning or working such petroleum.

Working
obligations.

10. As soon as the output of crude oil of a quantity suitable for refining obtained from the area or areas from time to time held under oil mining lease by the Lessee in Guyana amounts in the aggregate to tons per annum, assessed on the average daily production over a period of not less than consecutive calendar months (such calculation not to include such portion of the production of any wells as may not be under control) the Lessee shall commence the erection of a refinery capable of dealing with at least per cent. of the output of crude oil ascertained as above and of so treating the said crude oil as to produce oil fuel that shall comply with the reasonable specification of the Governor-General:

Refinery.
11 12

Provided that the said crude oil be of a suitable kind and quality for this purpose. The Lessee shall complete the refinery and put and maintain it in efficient working order with due diligence and dispatch, but in any event within two years from the date on which the site of such refinery shall have been definitely approved. The Lessee shall if required by the Governor-General so to do at intervals of not less than twelve months, make such additions to this refinery as may be requisite for dealing with at least per cent. of the crude oil which the wells assessed as stated above are capable of yielding annually:

Provided that the sites of such refineries and all tanks for the storage of petroleum shall be selected by the Lessee with the previous written approval of the Governor-General, such approval not to be unreasonably withheld, due regard being had to the commercial interests of the undertaking:

Provided further that a description of the proposed sites of such refineries shall be submitted for the approval of the Governor-General within two months from the date on which the production shall have reached tons per annum ascertained as above.

Local
Resident
Manager.

11. The Lessee shall before commencing any operations in the said lands furnish to the Commissioner the name and address of the Manager resident in the locality of the said lands under whose supervision such operations are to be carried on. Any notice which the Governor-General or any person authorised by him is in conformity with this Lease required or entitled to serve upon the Lessee shall be sufficiently served if the same shall be delivered or sent by post to such Manager at such address.

Lessee to
furnish Com-
missioner with
copies of
agreements
relating to
the said
lands.

12. The Lessee shall furnish to the Commissioner copies of all transports, leases, assignments, agreements and deeds relating to the said lands or any estate or interest therein and to which the Lessee is a party or under which the Lessee either directly or indirectly obtains any benefit or incurs any liability.

Compensa-
tion.

13. The Lessee shall make and pay reasonable satisfaction and compensation for all damage or injury to the property and rights of all other parties which may be done by him, his agents and servants in the exercise of the liberties and powers conferred by this Lease.

Indemnity
against third
party claims.

14. The Lessee shall at all times indemnify and keep harmless the Governor-General, Government and every Officer of the Government of Guyana against all actions, costs, charges, claims and demands whatsoever which may be made or brought by any third party in relation to or in connection with this Lease or any matter or thing done or purported to be done in pursuance thereof.

Release of
lands includ-
ed by in-
advertence in
the said
lands.

15. In the event of the inclusion by inadvertence in Annex A of lands or areas in respect of which the oil rights have already been granted to other individuals or companies the Lessee shall immediately release to the Governor-General any such lands or areas when required to do so by the Commissioner.

Lessee not to
cultivate, etc.

16. The Lessee shall not except with the consent of the Governor-General cultivate or use the said lands in any manner save for the purpose of this demise and the rights hereby granted.

Exclusion of
lands for
public pur-
poses, etc.

17. Notwithstanding the rights conferred on the Lessee under this Lease, the Governor-General upon giving three months written notice to the Lessee shall have power at any time to reserve from operations under this Lease any of the said lands which may from time to time be required for villages, new villages, village extensions, water reserves, drainage, irrigation or sea defence purposes, navigation, ports, wharves, or for public fisheries or any public purpose whatsoever:

Provided that, during the subsistence of this Lease or any renewal thereof, the area or areas so reserved shall not exceed in all five per centum (5%) of the total square miles of the mainland area (if any) included in this Lease or one per centum (1%) of the total square miles of the submarine area (if any) included in this Lease:

Provided further, that any area so reserved shall not exceed ten square miles in any one block of the said lands;

Provided further, that the reservation of any area upon which any active operations such as well drilling, road construction, waterworks or other work relating to the winning of petroleum have previously been commenced or are in progress shall not be required:

Provided further, that upon the Lessee showing that the reservation as aforesaid of any of the said lands will interfere with or impede its operations or proposed operations, and showing the availability of other such lands from which an equivalent reservation may be required, the Governor-General may require the same accordingly:

And provided, further, that no such reservation shall preclude the exercise of the right of the Lessee to explore and drill for, and produce all or any petroleum lying and being within, under or throughout any lands so reserved, and to carry away and dispose of the produce thereof to and for the use and benefit of the Lessee, in accordance with this Lease.

18. (1) No statement shall be made either in any notice, advertisement, prospectus or other document issued by or to the knowledge of the Lessee or in any other manner claiming or suggesting whether expressly or by implication that the Government of Guyana or any Government Department or any person or body acting on behalf of the said Government has or have formed or expressed any opinion that the said lands are from their geological formation or otherwise likely to contain petroleum.

Advertisements, prospectuses, etc.

(2) The foregoing provisions of this clause or a statement to the effect thereof shall be included in or endorsed on any prospectus, statement in lieu of prospectus, notice, circular, advertisement or other invitation issued by or to the knowledge of the Lessee offering to the public for subscription or purchase any shares or debentures of a company or intended company.

19. The Lessee shall report to the Governor-General particulars of any fresh issues of capital which may from time to time be made by the Lessee and any alteration which may be made in the Memorandum or Articles of Association or in the constitution of the Lessee.

Notice of fresh issues of capital.

20. The Lessee shall not grant, or assign any interest under this Lease nor part with the possession of any of the rights hereby granted to any person or persons whomsoever without the previous consent in writing of the Governor-General who may (without prejudice to his right to make such consent subject to any conditions he may deem meet) require, as a condition of giving such consent, the said person or persons at his or their expense to execute a deed of covenant to observe and perform the covenants and conditions on the part of the Lessee in these presents contained.

Consent to assignment.

Assignment of Lease.

21 The Lessee shall not assign or attempt to assign the rights granted by this Lease to any person without the consent in writing by the Governor-General; and such consent shall be refused if the assignee is not a citizen of Guyana or incorporated or registered in Guyana.

Lessee ceasing to be incorporated or registered in Guyana.

22. If the Lessee shall cease to be a citizen of Guyana or incorporated or registered in Guyana, he shall forthwith inform the Governor-General and shall apply to him for his consent in writing to the assignment of the rights granted by this Lease in accordance with the preceding clause (Assignment of Lease) hereof and in the event of the Lessee failing to obtain such consent within such time as the Governor-General may appoint, the Governor-General may revoke this Lease. The revocation of this Lease in pursuance of the foregoing provisions of this clause shall be subject and without prejudice to any obligations or liability imposed or incurred under the terms and conditions thereof.

Lessee not to obstruct working of other minerals.

23. The Lessee shall exercise the liberties and powers hereby granted in such a manner as to offer no unnecessary or reasonably avoidable obstruction or interruption to the development and working within the said lands or lands adjacent thereto of any minerals not included in this Lease and shall at all times afford to the Governor-General or his representative and to the holders of any licence, lease, permission or other title under the Mining Ordinance or any Act or law amending or replacing the same for the time being in force in respect of any such mineral or any minerals within any lands adjacent to the said lands reasonable means of access and safe and convenient passage upon and across the said lands to such minerals for the purpose of getting, working, developing and carrying away the same.

Cap. 196.

Distance of boreholes or wells from boundaries of the said lands.

24. No borehole or well shall except with the consent in writing of the Commissioner be drilled or made within a distance of 400 feet from the boundaries of the said lands.

No mining operations to be carried on near railway, etc.

25. No boring operations or working shall be carried on or allowed by the Lessee in the said lands at any point within 100 yards of any railway, reservoir, canal or other public work or any building or inhabited site on or near the said lands except with the previous permission in writing of the Governor-General or of any officer authorised by him in this behalf and subject to any instructions, restrictions and conditions which may be attached to such permission by the officer granting the same.

Notice of the site and commencement of boreholes and wells.

26. (1) As soon as the site of any borehole or well has been decided the Lessee shall notify the Commissioner in writing of the situation thereof and the same shall be described by a certain number in the plans and records which the Lessee is required to keep under the provisions of this Lease. The Lessee shall notify the Commissioner of any change of the number of any such borehole or well which may be made.

(2) No borehole or well shall be commenced and no borehole or well shall be recommenced after work has been discontinued thereat for more than six months unless seven clear days notice in writing shall first have been given to the Commissioner:

Provided that the provisions of this sub-clause shall not apply to cleaning out operations in a producing well.

27. (1) No borehole or well shall be abandoned and no cemented string or other permanent form of casing shall be withdrawn from any borehole or well which it is proposed to abandon without the prior consent in writing of the Commissioner, such consent not to be unreasonably withheld in the case of boreholes or wells which have become or are unproductive:

Abandonment
and plugging
of boreholes.

Provided that if no consent or refusal of consent to abandonment has been given within 3 days of the request having been made then the Lessee may undertake abandonment and at the same time notify the Commissioner in writing of the action being taken.

(2) Every borehole or well which the Lessee intends to abandon shall, unless the Commissioner otherwise determines, be so securely plugged by the Lessee as to prevent ingress and egress of water in and from any portion of the strata bored through.

(3) The Commissioner may in any case require that no borehole or well shall be plugged or any works executed for that purpose save in the presence of an officer authorised by him.

28. Within two months after the expiration or sooner determination of this Lease the Lessee shall deliver up to the Governor-General in good order, repair and condition and fit for further working all productive boreholes or wells (unless ordered by the Commissioner to plug them as provided in the next succeeding clause hereof and except such boreholes and wells as shall have been previously abandoned with the consent of the Commissioner) which shall have been made by the Lessee under the liberty or power in that behalf hereinbefore contained, together with all casings and other appurtenances to such boreholes or wells below surface level and which cannot be moved without causing injury to the said boreholes and wells and the Lessee shall buoy or otherwise mark all boreholes or wells to such extent as the Commissioner may require and shall have power during that period to enter on the lands for the purposes aforesaid subject to the rights of surface owners or others.

Delivering up
of productive
boreholes and
wells, etc., in
good order.

29. Within two months after the expiration or sooner determination of this Lease the Lessee shall if required so to do by the Commissioner plug all boreholes and wells as provided in clause 27 (Abandonment and plugging of boreholes) of this Annex.

Plugging of
boreholes on
determination
of Lease, etc.

30. The Lessee shall comply with any instructions from time to time given by the Commissioner in writing for securing the health and safety of persons employed in or about the said lands.

Health and
safety of
workers and
employees.

Avoidance of harmful methods of working.

31. (1) The Lessee shall maintain all apparatus and appliances and all boreholes and wells capable of producing petroleum in good repair and condition and shall execute all operations in or in connection with the said lands in a proper and workmanlike manner in accordance with methods and practice customarily used in good oilfield practice and without prejudice to the generality of the foregoing provision the Lessee shall take all steps practicable in order —

- (a) to control the flow and prevent the escape of waste of petroleum discovered in or obtained from the said lands;
- (b) to conserve the said lands for productive operations;
- (c) to prevent damage to adjoining petroleum bearing strata;
- (d) to prevent the entrance of water through boreholes and wells to petroleum bearing strata;
- (e) to prevent the escape of petroleum into any water-well, spring, river, stream, canal, lake, reservoir, estuary or harbour; and
- (f) to cause as little damage as possible to the surface of the said lands and to any trees, crops, buildings, structures and other property thereon.

(2) The Lessee shall comply with any instructions from time to time given by the Commissioner in writing relating to any of the matters set out in sub-clause (1) hereof. If the Lessee objects to any such instruction on the ground that it is unreasonable he may within fourteen days from the date upon which the same was given refer the matter to arbitration in manner provided by clause 51 (Arbitration) of this Annex.

Provision of storage tanks, pipes, or other receptacles.

32. The Lessee shall use methods and practice customarily used in good oilfield practice for confining the petroleum obtained from the said lands in tanks, gasholders, pipes, pipelines or other receptacles constructed for that purpose. No petroleum shall, save as a temporary measure during an emergency, be placed or kept in an earthen reservoir.

Disposal of waste oil, salt water and refuse.

33. The Lessee shall drain all waste oil, salt water and refuse from tanks, gasholders, boreholes and wells into proper receptacles constructed and maintained by him for that purpose at a safe distance from such tanks, gasholders, boreholes and wells and from any buildings or structures whether situate within the said lands or not and shall dispose of such waste oil, salt water and refuse in manner from time to time approved by the Commissioner.

Lessee to keep records of boreholes.

34. The Lessee shall keep accurate records in a form from time to time approved by the Commissioner of the drilling, deepening, plugging or abandonment of all boreholes wells and of any alterations to the casing thereof. A log of all boreholes and wells shall be kept in a form from time to time approved by the Commissioner containing particulars of the following matters —

- (a) the strata and subsoil through which the borehole or well was drilled;
- (b) the casing inserted in any borehole or well and any alteration to such casing;
- (c) any petroleum, water, workable minerals or mine workings encountered; and
- (d) such other matters as the Commissioner may from time to time require.

The Lessee shall deliver copies of the said records and log to the Commissioner as and when required.

35 The Lessee shall as far as reasonably practicable correctly label and preserve for reference for a period of twelve months characteristic samples of the strata or water encountered in any borehole or well and samples of any petroleum discovered in the said lands. And the Commissioner or his representative shall have access to such samples at all reasonable times and shall be entitled to require that representative specimens not exceeding one-half of any such sample shall be delivered to him and to retain any specimen so delivered.

Lessee to keep samples of strata, petroleum and water.

36. (1) The Lessee shall furnish to the Commissioner at such times as the Commissioner may appoint during the term hereby granted or any renewal thereof, a record in a form from time to time approved by the Commissioner of the progress of his operations in the said lands. Such record shall contain —

Plans and records.

- (a) a statement of the depth drilled in each borehole or well;
- (b) a statement of any petroleum, water, workable minerals or mine workings encountered in the course of the said operations;
- (c) a statement of all crude oil produced and casinghead petroleum spirit recovered; and
- (d) a statement of the areas in which any geological or geophysical work has been carried out.

(2) Within two months after the end of each year comprised in the term hereby granted or any renewal thereof the Lessee shall furnish to the Commissioner a record in a form from time to time approved by the Commissioner of the operations conducted in the said lands during each such year, together with a plan upon a scale approved by the Commissioner showing the situation of all boreholes or wells and indicating all development and other works executed by him in connection with searching, boring for and getting petroleum.

(3) The Lessee shall also keep as accurately as is reasonably possible geological plans, maps and records relating to the said lands.

(4) The Lessee shall furnish to the Commissioner such plans and information as to the progress of operations in the said lands as the Commissioner may from time to time reasonably require.

Reports to be treated as confidential.

37. All logs, records, plans, maps, accounts and information which the Lessee is or may be from time to time required to furnish under the provisions of this Lease shall be supplied at the expense of the Lessee and shall (except with the consent in writing of the Lessee which shall not be unreasonably withheld) be treated by the Commissioner as confidential. The Commissioner shall nevertheless be entitled at any time to make use of any information received from the Lessee for the purpose of preparing and publishing aggregated returns and general reports on the extent of oil prospecting or oil mining operations in Guyana and for the purposes of any arbitration or litigation between the Governor-General and the Lessee.

PART IV — THE GOVERNOR-GENERAL'S COVENANTS.

For quiet enjoyment.

38. The Lessee paying the rents and royalties hereby reserved and observing and performing the covenants and provisions herein contained and on his part to be observed and performed, shall and may peaceably and quietly hold and enjoy the rights and privileges hereby demised for and during the term hereby granted without any lawful interruption from or by the Governor-General or any person rightfully claiming from or under him.

Renewal.

39. The Lessee having paid the several rents and royalties due and having observed and performed the terms and conditions herein contained shall be entitled, on giving to the Governor-General not less than twelve months previous notice in writing in that behalf not more than two years nor less than one year before the termination of the term hereby granted, to a renewal of this Lease in respect of the whole of the said lands or any part thereof which complies with the regulations for the time being in force for a further term of thirty years from the expiration of the said term upon the terms and conditions contained in the regulations for the time being in force subject to such modifications or exclusions as the Governor-General may determine.

Right of Lessee to determine Lease.

40. Without prejudice to any obligation or liability imposed by or incurred under the terms and conditions hereof the Lessee may at any time during the term hereby granted or any renewal thereof determine this Lease by giving to the Governor-General not less than twelve months previous notice in writing to that effect.

Right of Lessee to abandon portions of the said lands.

41. Without prejudice to any obligation or liability imposed by or incurred under the terms and conditions hereof the Lessee shall be entitled at any time during the term hereby granted or any renewal thereof by giving six months notice in writing to the Governor-General to surrender the rights granted by this Lease in respect of any part or parts of the said lands;

Provided that the part of the said lands in respect of which the said rights are retained shall comply with the regulations for the time being in force as to the shape and size of areas in respect of which an oil mining lease may be granted; and

Provided further that the parts of the said lands in respect of which such rights are surrendered shall be in accordance with the following requirements —

- (a) they shall either be limited by well-marked permanent physical boundaries or be laid out in a block or blocks bounded by straight lines between well-defined or readily ascertainable points to the satisfaction of the Commissioner;
- (b) any part of the said lands in respect of which the said rights are surrendered shall either be an area which could be leased in accordance with such regulations as aforesaid or be of such shape and size as the Governor-General may determine.

PART V — GENERAL PROVISIONS.

42. Any person or persons authorised by the Commissioner shall be entitled at all reasonable times to enter into and upon the lands described in Annex A for the purposes hereinafter mentioned —

Power to inspect plant, records, accounts, etc.

- (a) to examine the boreholes, wells, plant appliances, buildings and works made or executed by the Lessee in pursuance of this Lease and the state or repair and condition thereof;
- (b) to inspect and check the accuracy of the weighing or measuring appliances, weights, measurements, logs, records, plans and maps which the Lessee is required to keep or make in accordance with the provisions of this Lease;
- (c) to inspect and make abstracts or copies of any logs, records, plans, maps or accounts which the Lessee is required to keep or make in accordance with the provisions of this Lease;
- (d) to inspect the samples of strata, petroleum or water which the Lessee is required to keep in accordance with the provisions of this Lease; and
- (e) to execute any works which the Commissioner may be entitled to execute in accordance with the provisions of this Lease.

43. If at any time during the term hereby granted or any renewal thereof the Governor-General deems it to have been satisfactorily shown that the said lands or any part thereof form part

Unit development

of a single geological petroleum structure or petroleum field (hereinafter referred to as an "oil field") in respect of other parts of which other oil mining leases are then in force, and to be in the interest of Guyana in order to secure the maximum ultimate recovery of petroleum and to avoid unnecessary competitive drilling that the oil field should be worked and developed as a unit in co-operation by all the persons, including the Lessee, whose leases extend to or include any part thereof, the following provisions shall apply :—

(1) (a) The Lessee shall upon being so required by notice in writing by the Governor-General co-operate with such other persons, being persons holding oil mining leases in respect of any part or parts of the oil field (hereinafter referred to as "the other Lessees") as may be specified in the said notice in the preparation of the scheme (hereinafter referred to as "a development scheme") for the working and development of the oil field as a unit by the Lessee and the other Lessees in co-operation, and shall, jointly with the other Lessees, submit such scheme for the approval of the Governor-General.

(b) The said notice shall also contain a description by reference to a map of the area or areas in respect of which the Governor-General requires a development scheme to be submitted and shall state the period within which such schedule is required to be submitted for approval by the Governor-General.

(2) If a development scheme shall not be submitted to the Governor-General within the period limited in that behalf by the said notice, or if a development scheme submitted in pursuance of the foregoing provisions of this clause shall not be approved by the Governor-General, the Governor-General shall cause a development scheme to be prepared, which shall be fair and equitable to the Lessee and the other Lessees and the Lessee shall perform and observe all the terms and conditions thereof.

(3) If the Lessee shall object to any such development scheme caused to be prepared by the Governor-General he may within 28 days from the date on which notice in writing of the said scheme shall have been given to him by the Governor-General refer the matter to arbitration in accordance with the provisions of the Arbitration Ordinance or any Ordinance or law amending or replacing the same for the time being in force. Notwithstanding any such reference to arbitration the Lessee shall, unless the arbitrator otherwise determines, perform and observe the terms and conditions of the development scheme pending the decisions of the arbitrator.

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Governor-General to have right of pre-emption in event of national emergency

44. In circumstances which are deemed by the Governor-General to constitute a state of national emergency or war —

(1) The Governor-General shall have the right of pre-emption of all crude oil won under this Lease and of all the products thereof and shall have the right to require the Lessee to the extent of any refinery capacity he may have in Guyana to produce oil fuel that shall comply with the specification of the Governor-General at the time, provided that the said crude oil be of a suitable kind and quality for this purpose.

(2) The Lessee shall use his utmost endeavours to increase so far as reasonably possible with the existing facilities the supply of oil and products thereof for the Government to the extent required by the Governor-General.

(3) The Lessee shall with every reasonable expedition and so as to avoid demurrage on the vessel or vessels engaged to convey the same, do his utmost to deliver all oil or products of oil purchased by the Governor-General under his said right of pre-emption in the quantities at the time and in the manner required by the Governor-General at a convenient place of shipment or at a place of storage in Guyana to be determined by the Governor-General whether belonging to the Government or otherwise. In the event of a vessel employed to carry any such oil or products thereof on behalf of Her Majesty being detained on demurrage at the port of loading, the Lessee shall pay the amount due for demurrage according to the terms of the charter party and/or the rates of loading previously agreed with the Lessee unless the delay is due to causes beyond the control of the Lessee. Any dispute which may arise as to whether the delay is due to causes beyond the control of the Lessee shall be settled by agreement between the Governor-General and the Lessee and in default of such agreement the question shall be referred to arbitration in accordance with the provisions of the Arbitration Ordinance or any Ordinance or law amending or replacing the same for the time being in force.

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(4) The price to be paid for all oil or products of the refining or treatment of oil taken in pre-emption by the Governor-General shall be either —

- (a) as specified in a separate agreement, or
- (b) if no such agreement shall have been entered into prior to the exercise of the right of pre-emption, a fair price for the time being at the point of delivery as the same shall be settled by agreement between the Governor-General and the Lessee or in default of such agreement by arbitration in manner provided by the last preceding sub-clause.

To assist in arriving at a fair price at the point of delivery the Lessee shall furnish for the confidential information of the Governor-General, if so required, particulars of the quantities, descriptions and prices of oil or products sold to other customers and of charters or

contracts entered into for carriage and shall exhibit to the Governor-General original or authenticated copies of contracts or charter parties entered into for the sale or carriage of such oil or products.

(5) The Governor-General shall be at liberty to take control of the works, plant and premises of the Lessee in Guyana and in such event the Lessee shall conform to and obey all directions issued by the Governor-General or on his behalf. Compensation shall be paid to the Lessee for any loss or damage that may be proved to have been sustained by the Lessee by reason of the exercise by the Governor-General of the powers conferred by this sub-clause. Any such compensation shall be settled by agreement between the Governor-General and the Lessee, or in default of agreement, by arbitration in manner provided by sub-clause (3).

Power to
execute
works.

45. If the Lessee shall at any time fail to perform the obligations arising under the terms and conditions of any of the under-mentioned clauses of this Annex —

- (a) Clause 6 (Measurement of petroleum obtained from the said lands);
- (b) Clause 27 (Abandonment and plugging of boreholes);
- (c) Clause 28 (Delivering up of productive boreholes and wells, etc., in good order);
- (d) Clause 29 (Plugging of boreholes on determination of Lease, etc.);
- (e) Clause 30 (Health and safety of workers and employees);
- (f) Clause 31 (Avoidance of harmful methods of working);
- (g) Clause 32 (Provision of storage tanks, pipes, pipelines or other receptacles);
- (h) Clause 33 (Disposal of waste oil, salt water and refuse);

then and in any such case the Commissioner shall be entitled after giving to the Lessee reasonable notice in writing of such his intention to execute any works which in the opinion of the Commissioner or his agents may be necessary to secure the performance of the said obligations or any of them and to recover the costs and expenses of so doing from the Lessee.

Rights of
distress.

46. If and whenever any of the rents and royalties reserved by this Lease or any part thereof respectively shall be in arrear or unpaid for the space of two calendar months next after any of the days whereon the same ought to be paid (whether the same shall have been legally demanded or not) then and so often as the same may happen the Commissioner (as an additional remedy and without prejudice to any other power of distress exercisable, or liability incurred by the Lessee in case of any such default enter into and upon any land which shall for the time being be possessed or occupied by the Lessee for the

purposes of this Lease or the exercise of any of the rights hereby granted and may seize and distrain and sell as landlords may do for rent in arrear all or any of the stocks or petroleum and products thereof, live and deadstock, engines, machinery, tools, implements, chattels and effects belonging to the Lessee which shall be found in or upon the land so entered upon and out of the moneys arising from the sale of such distress may retain and pay all the arrears of the said rents and royalties and also the costs and expenses incident to any such distress and sale rendering the surplus (if any) to the Lessee.

47. If, and whenever, the rents and royalties reserved by this Lease or any part thereof shall be in arrear for the space of six calendar months next after any of the days whereon the same ought to have been paid or if there shall be any breach or non-observance by the Lessee of any of the terms and conditions of this Lease or if the Lessee shall become bankrupt or make or enter into any arrangement or composition with his creditors or, if, where the Lessee is a company, a Receiver shall be appointed or the company shall enter into liquidation whether compulsory or voluntary (except a voluntary liquidation of a solvent company for the purpose of reconstruction) or if the Lessee shall fail to perform and observe the terms and conditions of any development scheme prepared in accordance with the provisions of clause 43 (Unit development) of this Annex then and in any such case the Governor-General may revoke this Lease and thereupon the same and all the rights hereby granted shall cease and determine but subject nevertheless and without prejudice to any obligation or liability imposed by or incurred under the terms and conditions of this Lease:

Power of
revocation.

Provided always that save as to the non-payment of rents or royalties the aforesaid power shall not be exercisable unless and until notice has been given to the Lessee specifying the particular breach complained of and if the breach is capable of remedy requiring the Lessee to remedy the breach and, in any case, requiring the Lessee to make compensation in money for the breach, and the Lessee fails within a reasonable time thereafter to remedy the breach if it is capable of remedy and to make such reasonable compensation in money for the breach as the Governor-General deems satisfactory.

48. Subject to the provisions of clause 28 (Delivering up of productive boreholes and wells, etc., in good order) of this Annex and to the rights of surface owners or others the Lessee may, provided that all rents, royalties and other impositions payable by him by virtue of these presents have been paid and that all the covenants and conditions herein contained have been observed and performed, at any time or times within six calendar months after the determination of this Lease whether by effluxion of time or otherwise enter into and upon the said lands or any part thereof for the purpose of taking down, removing and disposing of, for his own use and benefit all or any of the buildings, works, railways, pipe-lines, machinery, utensils, implements, articles and things set up and used or employed by him in or about the said lands which the Governor-General shall not have elected to

Power to
Lessee to
remove plant,
etc.

purchase under the provisions of clause 49 (Power to Governor-General to purchase plant, etc.) of this Annex (except buildings and erections of brick, stone or concrete) making reasonable compensation for all damage done to the said lands by such removal.

Power to
Governor-
General to
purchase
plant, etc.

49. If at the expiration or sooner determination of this Lease the Governor-General shall be desirous of purchasing all or any of the buildings, works, railways, pipe-lines, machinery, utensils, implements, articles or things constructed, set up or used or employed by the Lessee in or about the said lands and shall signify such his desire by notice in writing to the Lessee six calendar months at least before the expiration of this Lease (or if this Lease shall be determined under the power of revocation hereinbefore contained at any time within three calendar months after the determination of this Lease) the Lessee shall sell to the Governor-General the articles and things specified in such notice at a price which failing agreement shall be fixed by arbitration as provided in clause 51 (Arbitration) of this Annex.

Force
majeure.

50. (1) Failure on the part of the Lessee to fulfill any of the terms and conditions of this Lease shall not give the Governor-General any claim against the Lessee or be deemed a breach of this Lease in so far as such failure arises from force majeure and if through force majeure the fulfilment by the Lessee of any of the terms and conditions of this Lease be delayed the period of such delay shall be added to the periods fixed by this Lease.

(2) In this clause the expression "force majeure" includes the act of God, war, insurrection, riot, civil commotion, tide, storm, tidal wave, flood, lightning, explosion, fire, earthquake and any other happening which the Lessee could not reasonably prevent or control.

Arbitration.

51. If at any time during the continuance of this Lease or after determination thereof any question or dispute shall arise regarding this Lease or any matter or thing connected therewith or the powers, duties or liabilities of the Lessee hereunder or the amount or payment of any rent or royalty then and in all such cases the matter in difference shall be referred to arbitration in accordance with the provisions of the Arbitration Ordinance or any Ordinance or law amending or replacing the same for the time being in force.

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Marginal
notes.

52. The marginal notes are for convenience only and do not form part of this Lease.

PART VI

Interpreta-
tion.

53. For the purpose of this Lease —

"Crown lands" includes the submarine area;

"inner submarine area" means the land underlying the waters seaward of the foreshore, including the foreshore and tidal navigable river beds, up to a water depth of

approximately 100 feet at low water ordinary spring tides and more precisely described by reference to a line drawn on the plan which accompanies this Oil Mining Lease;

“outer submarine area” means the land underlying the waters seaward of the inner submarine area, and generally with a depth of water in excess of 100 feet.

ANNEX E above referred to.

BOND IN RESPECT OF OIL MINING LEASE.

KNOW ALL MEN BY THESE PRESENTS THAT WE
of.....
and.....
of.....
are held and firmly bound to the Commissioner of Lands and Mines of Guyana and his successors in office in the sum of.....
of good and lawful money of Guyana to be paid to the said Commissioner and his successors in office for which payment to be well and truly made we bind ourselves and each of us our heirs, executors and administrators jointly and severally by these presents.

Dated this.....day of.....19...

WHEREAS by deed of even date herewith and made between
of the one part and the said.....
of the other part all or any petroleum lying or being within under or throughout those lands lying and being.....
.....and containing
an area of.....or thereabouts
and delineated in the plan attached to the said Deed was demised unto the said.....
subject to the terms, conditions and covenants therein contained.

AND WHEREAS the said.....
hath agreed to become surety for the due performance by the said
of all and several the covenants, matters and things under the said Deed to be by him performed and done.

Now the condition of the above-written bond or obligation is such that if the said.....
shall well and truly observe and perform all and every the covenants

and agreements by him to be observed and performed as hereinbefore mentioned and shall in a proper and workmanlike manner do all and every the acts matters and things by him to be done under the said Deed to the satisfaction of the Commissioner of Lands and Mines for the time being of Guyana THEN the above-written bond or obligation shall be void otherwise the same remain in full force and effect.

Made this 14th day of April, 1967.

D. J. G. ROSE,
Governor-General.

● Printed by the Government Printers of British Guiana.