

CHAPTER 199.

PETROLEUM (PRODUCTION).

PETROLEUM (PROSPECTING AND WINNING) REGULATIONS.

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FIRST SCHEDULE.

APPLICATION FOR AN OIL EXPLORATION LICENCE,
AN OIL PROSPECTING LICENCE OR AN OIL MINING LEASE.

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PART I.—OIL EXPLORATION LICENCE.

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PROSPECTING AND WINNING.

REGULATIONS

made by the Governor in Council under section 4 (1) on the 20th February, 1940.

Regs. 8
of 1940.

1. These regulations may be cited as the Petroleum (Prospecting and Winning) Regulations. Short title.

2. In these regulations, and in every licence and lease issued hereunder, the following terms shall respectively have the meanings assigned to them unless inconsistent with the context, or unless expressly varied in such licence or lease:— Interpretation.

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

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

“ 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;

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

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

“ casinghead petroleum spirit ” means any liquid hydrocarbons 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;

“ Her Majesty’s dominions ” shall be deemed to include British Protectorates and protected States and territories in respect of which a Mandate on behalf of the League of Nations has been accepted by Her Majesty;

“ British subject ” shall be deemed to include a person under Her Majesty’s protection;

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

PART I.—APPLICATIONS FOR LICENCES AND LEASES.

Authority
necessary to
prospect for,
or to win
petroleum.

3. Any person may apply in accordance with these regulations for—

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

in respect of any area in the Colony.

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 addressed to the Commissioner of Lands and Mines for submission to the Governor.

(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 the Colony, the name and address of a duly authorised agent in the Colony) the names and nationalities of all the directors thereof, and the names and holdings of the principal shareholders.

(3) An application by an alien or a company incorporated outside Her Majesty's dominions shall contain, in addition to the matters specified in paragraph (2) of this regulation, full particulars of the company to be incorporated in accordance with regulation 10 in the Colony or in some other part of Her Majesty's dominions 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, fifty dollars;

for an oil prospecting licence, one hundred dollars;

for an oil mining lease, one hundred and fifty dollars.

If the application shall be refused the Governor shall repay to the applicant 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 application by an alien or a company incorporated outside Her Majesty's dominions, the like evidence in relation to the company to be incorporated in accordance with regulation 10 in the Colony or in some other part of Her Majesty's dominions 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 forthwith, upon request by the Governor, furnish further evidence relating to such matters, and if such further evidence shall not have been furnished to the satisfaction of the Governor within three months of the request therefor the application shall, unless the Governor otherwise determines, be deemed void.

Second
schedule.

(7) All information comprised in, or furnished to, the Governor in pursuance of, an application made in accordance with these regulations shall be treated by the Governor 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.

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 addressed to the Commissioner of Lands and Mines for submission to the Governor in Council 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 ap-
plication for
assignment.

Reciprocity.

9. A licence or lease shall not be granted to, or held by, any person who is, or becomes, controlled directly or indirectly by a national of, or by a company incorporated in, any country the laws and customs of which do not permit British subjects or companies incorporated in Her Majesty's dominions or companies incorporated in that country controlled directly or indirectly by British subjects or companies incorporated in Her Majesty's dominions to acquire, hold and operate petroleum concessions on conditions which in the opinion of Her Majesty's Principal Secretary of State for the Colonies are reasonably comparable with the conditions upon which such rights are granted to nationals of that country with the addition of conditions corresponding to those imposed by clause 12 (Special Clause) and clause 13 (Reciprocity) of Part I of the second schedule hereto.

Second
schedule.Applications
by an alien
or a company
incorporated
outside Her
Majesty's
dominions.

10. In the case of an application for a licence or a lease by an alien or a company incorporated outside Her Majesty's dominions or in the case of an application by a licensee or lessee for the Governor's consent to the assignment of a licence or lease to an alien or a company incorporated outside Her Majesty's dominions, such licence or lease shall only be granted or assigned to a company incorporated in the Colony or in some other part of Her Majesty's dominions for the purpose of receiving and exploiting any such licence or lease.

Lapse of
right to
licence or
lease.

11. If a licence or lease is not executed within six months after approval of the application by the Governor in Council the right of the applicant to such licence or lease shall be deemed to have lapsed, unless the Governor considers that the delay is not attributable to the fault of the applicant.

Publication.

12. The Governor shall, as soon as may be after the grant, surrender, determination or assignment of any licence or lease under these regulations, publish notice of the fact in the Gazette stating the name of the licensee or lessee or assignee and the situation of the area concerned.

Model
clauses and
bond.
Second
schedule.

13. Every oil exploration licence and oil prospecting licence and oil mining lease shall incorporate such of the model clauses respectively set out in Parts I, II and III of the second schedule hereto as shall be appropriate subject to such modifications and exclusions as the Governor in Council thinks fit, and such additional clauses covering ancillary matters as the Governor in Council thinks necessary.

14. 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.

Bond to be executed before licence or lease granted. Second schedule.

PART II.—OIL EXPLORATION LICENCES.

15. The Governor in Council may at his discretion grant an oil exploration licence over the lands specified therein subject to the payment by the licensee of a fee of two hundred and fifty 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 five hundred dollars.

Governor in Council may grant oil exploration licence.

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

Area.

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

Period.

18. The Governor in Council may at his discretion on application made by the licensee on three months' notice in writing 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 16, for a further term of twelve months.

Renewal.

PART III.—OIL PROSPECTING LICENCES.

19. The Governor in Council may grant an oil prospecting licence over the lands specified therein 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 grant of an oil prospecting licence shall be at the discretion of the Governor in Council.

Governor in Council may grant oil prospecting licence.

20. An oil prospecting licence shall not be granted in respect of any area of—

Size of area.

(a) more than 200 square miles, or

(b) less than eight square miles save in cases where special exemption is granted by the Governor in Council.

21. Subject to the provisions of regulation 5, the Governor in Council may grant a comprehensive oil prospecting licence in respect of two or more separate areas provided they are situated reasonably close together and provided further that the sum of such areas shall not exceed 200 square miles.

Comprehensive oil prospecting licence.

Shape of
area.

22. 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 eight square miles, or more than six times the average width in the case of an area of 200 square miles. In the case of an area of intermediate size, such maximum ratio shall vary between three and six in proportion to the size of the area.

Period.

23. The initial term of an oil prospecting licence shall not exceed four years.

Renewal.

24. The Governor in Council may at his discretion on application made by the licensee on three months notice in writing 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 20 and 22, for a further term of twelve months.

Working
obligations.

25. 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 of Lands and Mines and the licensee:

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 of Lands and Mines and the licensee.

Certain
yearly rent.

26. The licensee shall pay annually in advance a certain yearly rent at the following rates:—

(a) in respect of each year of the initial term of an oil prospecting licence, two dollars; and

(b) in respect of each renewal of the term of an oil prospecting licence, four dollars;

for each square mile comprised in the licensed area, provided that the certain yearly rent payable for each year of the initial term shall not be less than fifty dollars and for the renewal of the term shall not be less than one hundred dollars.

27. The licensee shall pay the royalties hereunder specified:— Royalty.

(1) On crude oil and casinghead petroleum spirit seventy-two cents per ton of 2,240 lbs.

(2) On natural gas four cents per thousand cubic feet sold, subject to a reduction of one half where the gas is sold to other licensees or lessees for re-pressuring purposes.

(3) The said royalties shall be assessed and paid in the manner provided in Part II of the second schedule hereto.

Second schedule.

(4) From the amount of royalties payable in respect of any one year of the term of an oil prospecting licence there shall be deducted the amount of the certain yearly rent actually paid in respect of that year.

PART IV.—OIL MINING LEASES.

28. The Governor in Council may grant an oil mining lease over the lands specified therein. An oil mining lease shall only be granted in respect of— Governor in Council may grant oil mining lease.

(a) an area which has previously been included either in an oil prospecting licence granted under these regulations to the applicant or in 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.

29. An oil mining lease shall not be granted in respect of any area of:— Size of area.

(a) more than 100 square miles, or

(b) less than four square miles save in cases where special exemption is granted by the Governor in Council.

30. Subject to the provisions of regulation 5, the Governor in Council may grant a comprehensive oil mining lease in respect of two or more separate areas provided they are situated on the same geological structure or cover a group of geologically similar and related structures and provided further that the sum of such areas shall not exceed 100 square miles. Comprehensive oil mining lease.

31. Each separate area in respect of which an oil mining lease is granted 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 points. The greatest length of any area for which an oil mining lease is granted shall not be more than three times the average width in the case of Shape of area.

an area of four square miles or more than five times the average width in the case of an area of 100 square miles. In the case of an area of intermediate size, such maximum ratio shall vary between three and five in proportion to the size of the area.

Survey at expense of applicant.

32. Before an oil mining lease is granted by the Governor in Council the applicant shall at his own expense cause a topographical survey of the lands specified therein to be made to a scale normally required for oil mining purposes.

Period.

33. 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.

Certain yearly rent.

34. The lessee shall pay annually in advance a certain yearly rent at the following rates for each acre or part of an acre comprised in the leased area:—

	<i>Per acre</i>
	<i>Per annum</i>
	\$ c.
In respect of the 1st year of the term of an oil mining lease	25
In respect of the 2nd year of the term of an oil mining lease	25
In respect of the 3rd year of the term of an oil mining lease	25
In respect of the 4th year of the term of an oil mining lease	38
In respect of the 5th year of the term of an oil mining lease	50
In respect of the 6th year of the term of an oil mining lease	63
In respect of the 7th year of the term of an oil mining lease	75
In respect of the 8th year of the term of an oil mining lease	1 00
In respect of the 9th year of the term of an oil mining lease	1 25
In respect of the 10th year and each subsequent year of the term of the lease	1 50

Royalty.

35. The lessee shall pay the royalties hereunder specified:—

(1) On crude oil seventy-two cents per ton of 2,240 lbs.

(2) On casinghead petroleum spirit one half of one cent per Imperial gallon in respect of the yield up to two Imperial gallons and one cent in respect of the yield over two Imperial gallons per 1,000 cubic feet of gas treated.

(3) On natural gas four cents per thousand cubic feet sold, subject to a reduction of one half where the gas is sold to other licensees or lessees for re-pressuring purposes.

(4) The said royalties shall be assessed and paid in the manner provided in Part III of the second schedule hereto. Second
schedule.

(5) From the amount of royalties payable in respect of any one year of the term of an oil mining lease, there shall be deducted the amount of certain yearly rent actually paid in respect of that year.

(6) Every oil mining lease shall contain a clause providing for the periodical revision of royalties in the manner provided in Part III of the second schedule hereto.

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 the Colony, name and address of duly authorised agent in the Colony
 -
 - (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, Colony 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 oilfield 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 an alien, or a company incorporated outside Her Majesty's dominions state full particulars of the company to be incorporated by the applicant in the Colony or in some other part of Her Majesty's dominions 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.

PART I.—OIL EXPLORATION LICENCE.

Regs. 4(6), 9,
13, 14, 27 and
35.

THIS DEED made the

day of 19..... between

Governor and Commander-in-Chief in and over the Colony of British Guiana (hereinafter referred to as the "Governor" which expression includes the Officer for the time being administering the Government of the said Colony) 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 oil exploration licences has applied to the Governor for an oil exploration licence in respect of the lands specified in the schedule marked "A" hereunder (hereinafter referred to as "the said lands") and has entered into a Bond in the form set out in the schedule marked "B" hereunder with the Financial Secretary 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.....
 which has before the execution hereof been paid by the Licensee to the Financial Secretary on behalf of the Governor the sole right and licence is hereby granted by the Governor in Council 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 schedule 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 land to the extent necessary for efficient exploration and drill geological information boreholes which shall not except with the consent of the Commissioner of Lands and Mines exceed a depth of five hundred feet. Reserving nevertheless to the Governor 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 Colony 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.

Fee.

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 on the operations hereby licensed and subject as aforesaid the Licensee shall be entitled at any time to dismantle and remove the same.

Right to erect and dismantle huts, etc.

3. The Licensee shall before commencing any operations in the said lands furnish to the Commissioner of Lands and Mines 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 Ordinance for the time being in force or which the Governor, or any person authorised by him, is in accordance with the terms of 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.

Local Resident Manager.

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.

Working obligations.

5. All excavations or borings which may have been made in the said lands during the subsistence of this Licence shall, unless the Commissioner of Lands and Mines in the case of unoccupied Crown or Colony lands, or the holder of the surface rights 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 against all claims and demands which may be made by any other person for damage shown to result from the exercise of the powers hereby conferred.

Indemnity.

6. The Licensee shall furnish to the Commissioner of Lands and Mines 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 of

Reports.

Lands and Mines 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 of Lands and Mines 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 such information so supplied by the Licensee shall (except with the consent in writing of the Licensee, which shall not be unreasonably withheld) be treated by the Commissioner of Lands and Mines as confidential, but the Commissioner of Lands and Mines 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 the said Colony and for the purposes of any arbitration or litigation between the Governor and the Licensee.

Samples of petroleum.

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 of Lands and Mines 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 Lands and Mines of such information provide the Commissioner of Lands and Mines 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 of Lands and Mines shall be entitled to retain any specimen or sample so delivered.

Formation of Company, etc., by Licensee.

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 to be obtained on his being satisfied that such lands or portion thereof have been thoroughly and efficiently examined geologically or by geophysical methods.

Consent to assignment.

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.

Assignment of Licence.

10. The Licensee shall not assign or attempt to assign the rights granted by this Licence to any person other than a British subject or a company incorporated in the Colony or in some other part of Her Majesty's dominions.

Licensee ceasing to be a British subject.

11. If the Licensee shall cease to be a British subject or a company incorporated in the Colony or in some other part of Her Majesty's dominions he shall forthwith inform the Governor and apply to him for his consent to an assignment of the rights granted by this Licence in accordance with clause 9 (Consent to assignment) hereof and in the event of the Licensee failing to obtain such consent within such time as the Governor may in his discretion appoint, the Governor 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 hereof.

12. If the Licensee being a company shall be or become controlled directly or indirectly by an alien or a company incorporated outside Her Majesty's dominions or if the Licensee shall with the consent in writing of the Governor assign the rights granted by this Licence in respect of the said lands or any part thereof to a company controlled directly or indirectly by an alien or by a company incorporated outside Her Majesty's dominions then and in any such case

Special clause.

(a) not less than one half of the Directors and the Chief Local Representative shall be British subjects;

(b) at all times during the term hereby granted or any renewal thereof a majority of the persons employed by the Licensee in or about the said lands in connection with the exercise of the rights granted by this Licence shall be British subjects.

13. This Licence shall be determined if the Licensee shall be or become controlled directly or indirectly by a national of or by a company incorporated in any country the laws and customs of which do not permit British subjects or companies incorporated in Her Majesty's dominions or companies incorporated in that country controlled directly or indirectly by British subjects or companies incorporated in Her Majesty's dominions to acquire hold and operate petroleum concessions on conditions which in the opinion of Her Majesty's Principal Secretary of State for the Colonies are reasonably comparable with the conditions upon which such rights are granted to nationals of that country with the addition of conditions corresponding to those imposed by this clause and the immediately preceding clause hereof.

Reciprocity.

14. In the event of the inclusion by inadvertence in the said schedule 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 any such lands or areas when required to do so by the Commissioner of Lands and Mines.

Release of lands included by inadvertence in the licensed area.

15. Notwithstanding the rights conferred on the Licensee under this Licence, the Governor shall have power at any time to require the exclusion from the lands included in the said schedule 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, the area or areas so excluded shall not exceed in all..... square miles and provided further that if the Licensee shall satisfy the Governor that the exclusion of such area or areas will interfere with his proposed operations he shall have the right to indicate other areas from which the said.....square miles can be selected with the least interference to his operations.

Exclusion of lands for public purposes.

16. 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 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 in respect of any prior breach or non-performance of any or al lof the terms and conditions hereof on the part of the Licensee:

Power of revocation.

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 reasonable compensation in money, to the satisfaction of the Governor for the breach.

Renewal.

17. The Governor in Council may at his discretion on an application made in that behalf by the Licensee on three months' notice in writing grant a renewal of this Licence in respect of the whole of the said lands or any part thereof for a further term of twelve months subject to the payment by the Licensee of an apportioned part of the sum mentioned in clause 1 (Fee) hereof based upon the proportion which the area retained bears to the area originally licensed hereby.

Right of Licensee to Oil Prospecting Licence.

18. 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 (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.

Force majeure.

19. (1) Failure on the part of the Licensee to fulfil any of the terms and conditions of this Licence shall not give the Governor 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.

20. 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.

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

Marginal notes.

22. For the purpose of this Licence—

Interpretation.

"Licensee" means a person to whom an oil exploration licence is granted his successors in title and the persons deriving title under him;

"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;

"Her Majesty's dominions" shall be deemed to include British Protectorates and protected States and territories in respect of which a Mandate on behalf of the League of Nations has been accepted by Her Majesty;

"British subject" shall be deemed to include a person under Her Majesty's protection.

In witness whereof the Governor has hereunto set his hand and caused the Public Seal of the Colony 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.

SCHEDULE A.

All those lands coloured.....on the attached plan Description
situate in.....and having a of the said
total area of.....or thereabouts. lands.

SCHEDULE 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 Financial Secretary of the Colony of British
Guiana and his Successors in Office in the sum of.....(dollars
of good and lawful money of the Colony) to be paid to the said Financial
Secretary 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 Governor for the time being of the said Colony 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 and Commander-in-Chief in and over the Colony of British Guiana (hereinafter referred to as "the Governor" which expression includes the Officer for the time being administering the Government of the said Colony) 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 oil prospecting licences has applied to the Governor for an oil prospecting licence in respect of the lands specified in the schedule marked "A" hereunder written (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 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 schedule marked "B" hereunder written with the Financial Secretary in the sum of _____ conditioned for the due and faithful carrying out of the provisions contained in this Deed;

• And Whereas the Governor 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 Licensee to be paid and observed the Governor with the approval of the Executive Council 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 or any other person or persons whomsoever 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 or any other person authorised by him in that behalf full liberty and power at all times to search for, dig, work and get any minerals or substances other than petroleum upon or under any unoccupied Crown land or Colony land included in schedule A hereunder; provided always that the said reserved liberty and power in respect of the said 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 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 43 (Arbitration) hereof.

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 the said lands unless and until permission in writing so to do shall first have been obtained by the Licensee from the Governor who shall grant such permission upon proof to his satisfaction by the Licensee 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 or any of them cannot be found or is or are out of the Colony 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 four 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 Financial Secretary on behalf of the Governor during the term hereby granted or any renewal thereof a certain yearly rent as hereunder specified—

Certain yearly rent.

(a) in respect of each year of the said term, the certain rent of two dollars, and

(b) in respect of the renewal of the said term, the certain rent of four dollars

for each square mile comprised in the said lands to the intent nevertheless that the certain yearly rent payable for each year of the said term shall not be less than fifty dollars and that the certain yearly rent payable for the renewal of the said term shall not be less than one hundred dollars.

(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.

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 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.

Refund of certain yearly rent on determination or surrender.

(2) Upon the release by the Licensee of any lands or areas under the provisions of clause 11 hereof the Governor 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 subclauses (1) and (2) of clause 3 (Royalty) hereof.

Royalty.

3. The Licensee shall pay to the Financial Secretary on behalf of the Governor within two months after the end of each year of the term hereby granted or any renewal thereof the royalties hereunder specified—

(1) the royalty prescribed by the regulations for the time being in force on all crude oil won and saved and casinghead petroleum spirit recovered by the Licensee from the said lands within each such year ascertained in the manner provided by clause 4 (measurement of petroleum obtained from the said lands) hereof. From the quantity so ascertained the Licensee shall be entitled to deduct the quantity ascertained according to a method approved by the Commissioner of Lands and Mines of any oil or products thereof or casinghead petroleum spirit used during such year by the Licensee for the purpose of carrying on drilling and production operations and pumping to field storage and refineries.

(2) the royalty prescribed by the regulations for the time being in force on natural gas obtained from the said lands and sold by the Licensee within each such year and calculated at an absolute pressure of one atmosphere and at a temperature of 60°F.

Provided that in respect of any natural gas sold to other persons holding oil prospecting licences or oil mining leases in the said Colony for repressuring the natural oil reservoir the rate of royalty shall be reduced to one half of the rate specified in this subclause.

(3) from the amount of royalties payable under the foregoing provisions of this clause in respect of any such year there shall be deducted the amount of the certain yearly rent actually paid in respect of that year under the provisions of clause 1 (Certain Yearly Rent) hereof.

Measurement of petroleum obtained from the said lands.

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 of Lands and Mines—

(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 of Lands and Mines 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 of Lands and Mines 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 of Lands and Mines if within seven days of the receipt of such notice no steps are taken by the Commissioner of Lands and Mines 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 of Lands and Mines 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 of Lands and Mines and the Commissioner of Lands and Mines may in any case require that no alteration shall be made save in the presence of an officer authorised by the Commissioner of Lands and Mines.

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

Keeping of
Accounts.

(a) all crude oil won and saved and casinghead petroleum spirit recovered; and

(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; and

shall within one month after the end of each year of the term hereby granted or any renewal thereof deliver to the Commissioner of Lands and Mines an abstract in a form from time to time approved by the Commissioner of Lands and Mines 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.

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 shall in this respect give due regard to the reasonable wishes of the Governor.

Working
obligations.

7. The Licensee shall before commencing any operations in the said lands furnish to the Commissioner of Lands and Mines 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 or any person authorised by him is in accordance with the terms of 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.

Local
Resident
Manager.

8. The Licensee shall furnish the Commissioner of Lands and Mines 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.

Licensee to
furnish
Commissioner
of Lands and
Mines
with copies of
agreements
entered into
with holders
of surface
rights.

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.

Compensa-
tion.

Indemnity
against third
party claims.

10. The Licensee shall at all times indemnify and keep harmless the Governor and every Officer of the Government of the Colony 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.

Release of
lands
included by
inadvertence
in the
licensed area.

11. In the event of the inclusion by inadvertence in the said schedule 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 any such lands or areas when required to do so by the Commissioner of Lands and Mines.

Advertise-
ments, pros-
pectuses, etc.

12. (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 Governor or any Government Department or any person or body acting on behalf of the Governor has or have formed or expressed any opinion that the said lands are from their geological formation or otherwise likely to contain petroleum.

(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.

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

Consent to
assignment.

14. 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 who may (without prejudice to his right to make such consent subject to any conditions he may think fit) require as a condition of giving such consent the assignee or assignees 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.

15. The Licensee shall not assign or attempt to assign the rights granted by this Licence to any person other than a British subject or a company incorporated in the Colony or in some other part of Her Majesty's dominions.

Licensee
ceasing to be
a British
subject.

16. If the Licensee shall cease to be a British subject or a company incorporated in the Colony or in some other part of Her Majesty's dominions he shall forthwith inform the Governor and apply to him for his consent to an assignment of the rights granted by this Licence in accordance with clause 14 (consent to assignment) hereof and in the event of the Licensee failing to obtain such consent within such time as the Governor may in his discretion appoint the Governor may revoke this Licence. The revocation of this Licence in pursuance of the foregoing provisions of the clause shall be subject and without prejudice to any obligation or liability imposed by or incurred under the terms and conditions hereof.

Special
clause.

17. If the Licensee being a company shall be or become controlled directly or indirectly by an alien or a company incorporated outside Her Majesty's dominions or if the Licensee shall with the consent in writing of

the Governor assign the rights granted by this Licence in respect of the said lands or any part thereof to a company controlled directly or indirectly by an alien or by a company incorporated outside Her Majesty's dominions then and in any such case

(a) not less than one half of the Directors and the Chief Local Representative shall be British subjects.

(b) at all times during the term hereby granted or any renewal thereof a majority of the persons employed by the Licensee in or about said lands in connection with the exercise of the rights granted by this Licence shall be British subjects.

18. This Licence shall be determined if the Licensee shall be or become controlled directly or indirectly by a national of or by a company incorporated in any country the laws and customs of which do not permit British subjects or companies incorporated in Her Majesty's dominions or companies incorporated in that country controlled directly or indirectly by British subjects or companies incorporated in Her Majesty's dominions to acquire hold and operate petroleum concessions on conditions which in the opinion of Her Majesty's Principal Secretary of State for the Colonies are reasonably comparable with the conditions upon which such rights are granted to nationals of that country with the addition of conditions corresponding to those imposed by this clause and clause 17 (Special clause) hereof.

Reciprocity.

19. The Licensee shall without avoidable delay report to the Commissioner of Lands and Mines the discovery of petroleum or petroleum bearing strata.

Notification of discovery of petroleum.

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

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

21. 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 of Lands and Mines.

Notice of commencement of boreholes and wells.

22. (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 of Lands and Mines, 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.

(2) Every borehole or well which the Licensee intends to abandon shall unless the Commissioner of Lands and Mines 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 of Lands and Mines 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.

23. 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 in good order, repair and condition and fit for further working all

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

productive boreholes or wells (unless ordered by the Commissioner of Lands and Mines 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 of Lands and Mines) 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 also fill up or fence all holes and excavations that he may have made in the said lands to such extent as the Commissioner of Lands and Mines 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.

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.

Plugging of boreholes on determination of licence, etc.

24. 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 of Lands and Mines plug all boreholes and wells as provided in clause 22 (Abandonment and plugging of boreholes) hereof.

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.

25. 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 24 (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 may require to take at a price which failing agreement shall be fixed by arbitration in the manner provided by clause 43 (Arbitration) hereof or as may be required to be delivered up to the Governor under the provisions of clause 23 (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 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. Avoidance of harmful methods of working.

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

27. (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; and

(b) to conserve the said lands for productive operations; and

(c) to prevent damage to adjoining petroleum bearing strata; and

(d) to prevent the entrance of water through boreholes and wells to petroleum bearing strata; and

(e) to prevent the escape of petroleum into any water-well, spring, stream, river, lake, canal, reservoir, estuary or harbour; and

(f) to cause as little damage as possible to the surface of the said lands and to the trees, crops, buildings, structures and other property thereon.

(2) The Licensee shall comply with any instructions from time to time given by the Commissioner of Lands and Mines 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 to arbitration in manner provided by clause 43 (Arbitration) hereof.

28. 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, pipelines, or other receptacles.

29. 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 of Lands and Mines.

Disposal of waste oil, salt water and refuse.

30. The Licensee shall keep accurate records in a form from time to time approved by the Commissioner of Lands and Mines 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 of Lands and Mines containing particulars of the following matters:—

Licensee to keep records of boreholes.

(a) the strata and subsoil through which the borehole or well was drilled; and

(b) the casing inserted in any borehole or well and any alteration to such casing; and

(c) any petroleum, water, workable minerals or mine workings encountered; and

(d) such other matters as the Commissioner of Lands and Mines may from time to time require.

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

31. 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 of Lands and Mines 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.

Plans and records.

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

- (a) a statement of the depth drilled in each borehole or well; and
- (b) a statement of any petroleum, water, workable minerals or mine workings encountered in the course of the said operations; and
- (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 of Lands and Mines a record in a form from time to time approved by the Commissioner of Lands and Mines of the operations conducted in the said lands during each such year together with a plan upon a scale approved by the Commissioner of Lands and Mines showing the situation of all boreholes or wells.

(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 of Lands and Mines such other plans and information as to the progress of operations in the said lands as the Commissioner of Lands and Mines may from time to time reasonably require.

Reports to be treated as confidential.

33. 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 of Lands and Mines as confidential. The Commissioner of Lands and Mines 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 the said Colony and for the purposes of any arbitration or litigation between the Governor and the Licensee.

Power to inspect plant, records, accounts, etc.

34. Any person or persons authorised in writing by the Commissioner of Lands and Mines 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; and

(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; and

(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; and

(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 of Lands and Mines may be entitled to execute in accordance with the provisions of this Licence.

35. 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 22 (Abandonment and plugging of boreholes).

(c) Clause 23 (Delivering up of productive boreholes and wells, etc., in good order).

(d) Clause 24 (Plugging of boreholes on determination of licence, etc.).

(e) Clause 25 (Removal of plant, etc.).

(f) Clause 26 (Health and safety of workers and employees).

(g) Clause 27 (Avoidance of harmful methods of working).

(h) Clause 28 (Provision of storage tanks, pipes, pipelines or other receptacles).

(i) Clause 29 (Disposal of waste oil, salt water and refuse),

then and in any such case the Commissioner of Lands and Mines 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 of Lands and Mines 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.

36. 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 of Lands and Mines may (as an additional remedy and without prejudice to the power of distress and other the rights and remedies to which he would be entitled) enter into and upon any land which shall for the time being be possessed or occupied by the Licensee for the purposes of this Licence or the exercise of any of the rights thereby 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.

Rights of distress.

37. 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 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

Power of revocation.

remedies of the Governor 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 reasonable compensation in money, to the satisfaction of the Governor in Council, for the breach.

Renewal.

38. The Governor in Council may at his discretion on an application made in that behalf by the Licensee on three months notice in writing grant a renewal of this Licence in respect of the whole of the said lands or any part thereof for a further term of twelve months subject to the carrying out of such scheme of prospecting during the renewal as may be agreed between the Commissioner of Lands and Mines and the Licensee.

Right of Licensee to determine licence.

39. 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 not less than three months previous notice in writing to that effect.

Right of Licensee to abandon portions of the said lands.

40. 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 to surrender the rights granted by this Licence in respect of any part or parts 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) the part of the said lands in respect of which the said rights are surrendered shall either be an area in respect of which a licence could be granted in accordance with the regulations for the time being in force or be of such shape and size as the Governor may determine.

Right of Licensee to Oil Mining Lease.

41. 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 in force at the date of this Licence for granting oil mining leases) to an oil mining lease, 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 at his discretion shall otherwise determine the Licensee shall not be entitled to the grant of an oil mining lease in respect of any area or areas exceeding in the aggregate one half 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 in force at the date of this Licence 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.

42. (1) Failure on the part of the Licensee to fulfil any of the terms and conditions of this Licence shall not give the Governor 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. Force majeure.

(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.

43. 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 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 (Cap. 38) or any ordinance or law amending or replacing the same for the time being in force. Arbitration.

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

45. For the purpose of this Licence

(1) "Licensee" means a person to whom an oil prospecting licence is granted, his successors in title and the persons deriving title under him; Interpretation.

(2) "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;

(3) "crude oil" means oil in its natural estate before the same has been refined or otherwise treated by excluding water and foreign substances;

(4) "natural gas" means gas obtained from boreholes and wells and consisting primarily of hydrocarbons;

(5) "casinghead petroleum spirit" means any liquid hydrocarbons 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;

(6) "Her Majesty's dominions" shall be deemed to include British Protectorates and protected States and territories in respect of which a Mandate on behalf of the League of Nations has been accepted by Her Majesty;

(7) "British subject" shall be deemed to include a person under Her Majesty's protection;

(8) "unoccupied Crown Lands" means Crown Lands in or over which no right, title or interest has been granted to, or otherwise lawfully acquired by, any person under the Crown Lands Ordinance, the Mining Ordinance or the Forests Ordinance or under any regulations made under these Ordinances. Cap. 175.
Cap. 196.
Cap. 240.

In witness whereof the Governor has hereunder set his hand and affixed the public seal of the Colony 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.

SCHEDULE A.

Description of the said lands.

All those lands coloured..... on the attached plan situate in..... and having a total area of..... or thereabouts.

SCHEDULE 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 Financial Secretary of the Colony of British Guiana and his Successors in Office in the sum of..... dollars to be paid to the said Financial Secretary 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 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 obligations 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 for the time being of the said Colony 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 His Excellency
 Governor and Commander-in-Chief
 in and over the Colony of British Guiana (hereinafter referred to as "the
 Governor," which expression includes the officer for the time being
 administering the Government of the said Colony) of the one part
 and
 (hereinafter referred to as "the Lessee") of the other part;

WHEREAS the Lessee (in pursuance of the right accorded to him under
 the provisions of an oil prospecting licence granted to him on the
 Governor 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 for) an oil mining lease in respect of the lands
 specified in schedule A hereunder (hereinafter referred 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 or 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
 schedule E hereunder with the Financial Secretary in the sum of
 conditioned for the due and
 faithful carrying out of the provisions contained in this Deed and in schedules
 B, C and D hereto attached.

AND WHEREAS the Governor 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 with the
 approval of the Executive Council doth hereby demise unto the Lessee all
 or any petroleum lying or being within, under or throughout the lands
 mentioned and described in schedule 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 schedule B hereunder, subject however to the restrictions and
 conditions specified in Part II of schedule 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 schedule C here-
 under:

Subject however to the liberties and powers reserved to the Governor 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
 schedule 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 schedule C hereunder.

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 schedule D hereunder subject to the provisions relating to rents and royalties contained in Part II of the said schedule D. And the Lessee doth hereby covenant with the Governor as in Part III of the said schedule D and the Governor doth hereby covenant with the Lessee as in Part IV of the said schedule D and it is hereby mutually agreed and declared by and between the parties hereto as in Parts V and VI of the said schedule D and it is hereby declared that schedules B, C and D hereunder shall be deemed part of these presents and be read and construed accordingly and that the provisions of schedule 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 schedule 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.

Schedule 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 annexed and therein coloured and containing an area of or thereabouts.

Schedule 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 SCHEDULE.

To bore, etc.

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 schedule 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 appropriate water, etc.

2. Subject to the prior approval of the Governor, 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 to 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.

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, 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 schedule, 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. To dig gravel, etc.

8. To cut down the brushwood and undergrowth and with the consent of the Governor to fell any timber now standing or growing, or which at any time hereafter 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 schedule 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. To cut timber, etc.

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 53 (Arbitration) of schedule D.

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 schedule D are being paid provided that the liberties and powers reserved to the Governor in Part IV of this schedule and all rights of way shall not thereby be affected. To enclose with a fence.

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

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 schedule the Lessee shall give to the Commissioner of Lands and Mines thirty days' previous notice in writing specifying the land proposed to be occupied and the purpose for which the same is required. Notice to be given before entering on lands for surface purposes.

(2) The Commissioner of Lands and Mines 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 53 (Arbitration) of schedule D.

Sale or lease
of surface to
third parties.

11. (1) The Commissioner of Lands and Mines may at any time or times give notice in writing to the Lessee that application has been made to the Governor 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 notice in writing that he objects to the Governor 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 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.

(3) If any such objection as aforesaid shall be made by the Lessee within the period aforesaid and the Governor 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 53 (Arbitration) of schedule 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—

(1) 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

(2) 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 (Chapter 38) 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.

(5) In any case where an award is made under heading (b) of sub-clause (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 under this clause the Lessee shall have a prior right to have the land again included in the lands subject to this Lease if it shall subsequently become available for this purpose.

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

Cutting of timber.

PART III—LIBERTIES AND POWERS OF THE GOVERNOR AND OTHERS.

13. 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—

(1) Liberty and power for the Governor 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 schedule 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, watercourses, 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;

Governor 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 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 53 (Arbitration) of schedule D.

(2) Liberty and power for the Governor 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 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 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 53 (Arbitration) of schedule D.

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

(3) Liberty and power for the Governor 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.

Schedule 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 for his own use and benefit save as hereinafter provided.

Governor'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 who shall grant such permission upon proof to his satisfaction by the Lessee 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; or

(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 the Colony or is or are incapacitated through infancy or other legal disability.

PART II—LIBERTIES AND POWERS OF THE GOVERNOR 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 the following liberties and powers, that is to say:—

(1) Liberty and power for the Governor 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 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 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 53 (Arbitration) of schedule D.

Schedule D above referred to.

PART I.—RENTS AND ROYALTIES RESERVED BY THIS LEASE.

1. (1) The Lessee shall pay to the Financial Secretary on behalf of the Governor 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	...	25	
" " 2nd " " "	...	25	
" " 3rd " " "	...	25	
" " 4th " " "	...	38	
" " 5th " " "	...	50	
" " 6th " " "	...	63	
" " 7th " " "	...	75	
" " 8th " " "	...	1	00
" " 9th " " "	...	1	25
" " 10th and each subsequent year of the said term	...	1	50

(2) Payment of the certain yearly rent reserved by this Lease 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 Lease.

2. The Lessee shall pay to the Financial Secretary on behalf of the Governor within two months after the end of each year of the term hereby granted, the royalties hereunder specified— Royalties.

(1) A royalty of seventy-two cents per ton of 2,240 lbs. of all crude oil won and saved by the Lessee from the said lands within each such year, ascertained in the manner provided by clause 7 (Measurement of petroleum obtained from the said lands) of this schedule. From the quantity so ascertained the Lessee shall be entitled to deduct the quantity ascertained according to a method approved by the Commissioner of Lands and Mines of any oil or products thereof used during such year by the Lessee for the purpose of carrying on drilling and production operations and pumping to field storage and refineries.

(2) A royalty at the following rates on all casinghead petroleum spirit recovered by the Lessee within each such year—

(a) where the casinghead petroleum spirit recovered does not exceed 2 Imperial gallons per 1,000 cubic feet of gas treated, the royalty shall be one half of one cent per Imperial gallon.

(b) where the casinghead petroleum spirit recovered is over 2 Imperial gallons per 1,000 cubic feet of gas treated, the royalty shall be one cent per Imperial gallon in respect of the yield up to 2 gallons per 1,000 cubic feet, and one and one half cents in respect of the yield over 2 gallons per 1,000 cubic feet.

The quantity of casinghead petroleum spirit recovered by the Lessee within each such year shall be ascertained in the manner provided by clause 7 (Measurement of petroleum obtained from the said lands) of this schedule. From the quantity so ascertained, the Lessee shall be entitled to deduct the quantity ascertained according to a method approved by the Commissioner of Lands and Mines of any such spirit used during such year by the Lessee for the purpose of carrying on drilling and production operations and pumping to field storage and refineries.

(3) A royalty of four cents per 1,000 cubic feet of natural gas obtained from the said lands and sold by the Lessee within each such year and calculated at an absolute pressure of one atmosphere and at a temperature of 60°F.

Provided that in respect of any natural gas sold to other persons holding oil prospecting licences or oil mining leases in the said Colony for re-pressuring the natural oil reservoir, the rate of royalty shall be reduced to one half of the rate specified in this subclause.

(4) From the amount of royalties payable under the foregoing provisions of this clause in respect of any such year there shall be deducted the amount of the certain yearly rent actually paid in respect of that year under the provisions of clause 1 (Certain yearly rent) of this schedule.

Surface rents.

3. The Lessee shall pay to the Financial Secretary on behalf of the Governor the further yearly rent of _____ per acre or part of an acre of land, in respect of the Crown lands mentioned in schedule 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 _____ and the 1st day of _____ 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 AND 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 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.

(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

Refund of certain yearly rent on determination or surrender.

said lands) of this schedule, the Governor 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 subclauses (1), (2) and (3) of clause 2 (Royalties) of this schedule.

5. By giving notice in writing not later than three months before the expiration of the tenth year from the commencement of the term hereby granted, either the Governor 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 any marked change in the average United States Gulf export prices of gasolene and fuel oil in cargo lots during the last three years of the term as compared with the average export prices which ruled during the first three years of the term. Revision of the said rates of royalty at successive intervals of ten years may be requested in like manner by either party to take into account any marked changes between the average United States Gulf export prices of gasolene and fuel oil in cargo lots during the three years preceding the date as from which revision is requested and the average export prices which ruled during the three years preceding the date of the last revision made in pursuance of this clause, or, where previous revision has been made at the date as from which revision is requested, the average export prices which ruled during the first three years of the term. A revision of the rates of royalty in pursuance of this clause shall be made by agreement between the Governor and the Lessee or in default of agreement by arbitration as provided in clause 53 (Arbitration) of this schedule.

Periodical revision of royalties.

Provided always that during the subsistence of this Lease and any renewal thereof the rate of royalty payable in respect of crude oil shall not be less than sixty cents per ton of 2,240 lbs. and shall not exceed one hundred and forty cents per ton of 2,240 lbs. and that the rate of royalty payable in respect of casinghead petroleum spirit shall not be less than one quarter of one cent per Imperial gallon and shall not exceed four cents per Imperial gallon:

Provided further that for the average United States Gulf export prices of gasolene and fuel oil in cargo lots or either of them there may during the subsistence of this Lease be substituted such other average prices of these products as may be agreed between the Governor and the Lessee for the purpose of the revision of royalties under this clause.

PART III.—THE LESSEE'S COVENANTS.

6. 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 and royalties.

7. (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 of Lands and Mines

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 Commissioner of Lands and Mines or any officer authorised by him shall at all times during the said term or any renewal thereof be entitled to be present whenever such measurement or weighing takes place.

(3) If any measuring or weighing appliance shall at any time be found to be false or unjust the same shall, if the Commissioner of Lands and Mines 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 of Lands and Mines, and the Commissioner of Lands and Mines may in any case require that no alteration shall be made save in the presence of an officer authorised by the Commissioner of Lands and Mines.

Keeping of accounts.

8. (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 of Lands and Mines which shall contain accurate entries of

(a) the quantity of crude oil won and saved from the said lands; and
 (b) the method and results of tests made on the crude oil; and
 (c) the quantity of crude oil refined and the products recovered therefrom; and

(d) the quantity of crude oil otherwise disposed of and the manner of its disposal; and

(e) the quantity of natural gas sold and the price at which it has been sold; and

(f) the quantity in cubic feet of natural gas treated and the quantity in Imperial gallons of casinghead petroleum spirit recovered; and

(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; and

(h) such further particulars and statistics as the Commissioner of Lands and Mines 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 of Lands and Mines an abstract in a form from time to time approved by the Commissioner of Lands and Mines 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.

Establishment of boundary marks.

9. So far as he lawfully may the Lessee shall, unless the Commissioner of Lands and Mines 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. Such boundary marks shall be referenced by survey to at least two readily identifiable points in such a 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.

Refinery.

10. (1) 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 the said Colony amounts in the aggregate to

250,000 tons per annum, assessed on the average daily production over a period of not less than six consecutive calendar months (such calculation not to include such portion of the production of any wells as may not be under control) the Lessee (except as hereinafter in subclause (2) of this clause provided) shall commence the erection of a refinery capable of dealing with at least fifty 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 Admiralty specification at the time :

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 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 fifty 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, 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 within two months from the date on which the production shall have reached 250,000 tons per annum ascertained as above.

(2) Where a refinery controlled by the Lessee, a subsidiary or an associated company and having available in the opinion of Her Majesty's Principal Secretary of State for the Colonies sufficient surplus capacity over and above its normal output to deal with the percentage of crude oil output referred to in subclause (1) of this clause and capable of satisfying the requirement of that subclause as to the specification of the oil after refining already exists in British Territory and in the opinion of Her Majesty's Principal Secretary of State for the Colonies is situated sufficiently near to the source of output of crude oil obtained by the Lessee in the said Colony to render the erection of a refinery in the said Colony redundant, the Governor may on an application in that behalf by the Lessee release the Lessee from his obligations under subclause (1) hereof.

11. The Lessee shall before commencing any operations in the said lands furnish to the Commissioner of Lands and Mines 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 or any person authorised by him is in accordance with the terms of 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

Local
Resident
Manager.

12. The Lessee shall furnish to the Commissioner of Lands and Mines copies of all leases, assignments 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.

Lessee to
furnish Com-
missioner of
Lands and
Mines with
copies of
agreements
entered into
with surface
owners.

Compensation.

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 and every Officer of the Government of the Colony 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 included by inadvertence in the said lands.

15. In the event of the inclusion by inadvertence in schedule 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 any such lands or areas when required to do so by the Commissioner of Lands and Mines.

Lessee not to cultivate, etc.

16. The Lessee shall not except with the consent of the Governor 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 purposes, etc.

17. (1) Notwithstanding the rights conferred on the Lessee under this Lease, the Governor shall have power at any time to require the exclusion from the unoccupied Crown lands included in schedule A of any area or areas which may from time to time be required for sea defences, reservoirs, pumping stations, generating stations, waterways, drainage canals, kokers, roads, tramways, railways, telegraph and telephone lines, pipe lines, villages, new villages, village extensions or any other public purposes whatsoever provided that during the subsistence of this Lease the area or areas so excluded shall not exceed in all.....and

Provided further that the exclusion of any area or areas upon which any active operations such as well drilling, road construction, waterworks or other works relating to the winning of petroleum have previously been commenced or are in progress shall not be required but in lieu thereof an equal area or areas upon which active operations as aforementioned have not already been commenced or are not at the time being in progress shall be excluded :

Provided that such alternative area or areas are in the opinion of the Governor suitable for the public purposes aforementioned, and the Lessee shall thereupon be relieved of all liabilities and obligations hereunder in respect of any such area or areas excluded under the provisions of this clause excepting such liabilities and obligations as may have accrued before such exclusion.

(2) Where any area or areas have been excluded under this clause the Lessee shall have a prior right to have such area or areas included in the lands subject to this Lease if they shall subsequently become available for this purpose.

Advertisements, prospectuses, etc.

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 Governor or any Government Department or any person or body acting on behalf of the Governor has or have formed or expressed any opinion that the said lands are from their geological formation or otherwise likely to contain petroleum.

(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 particulars of any fresh issues of capital which may from time to time be made by him 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 who may (without prejudice to his right to make such consent subject to any conditions he may think fit) require as a condition of giving such consent the assignee or assignees 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.

21. The Lessee shall not assign or attempt to assign the rights granted by this Lease to any person other than a British subject or a company incorporated in the Colony or in some other part of Her Majesty's dominions.

Assignment
of Lease.

22. If the Lessee shall cease to be a British subject or a company incorporated in the Colony or in some other part of Her Majesty's dominions the Lessee shall forthwith inform the Governor and apply to him for his consent to an assignment of the rights granted by this Lease in accordance with clause 20 (Consent to assignment) of this schedule and in the event of the Lessee failing to obtain such consent within such time as the Governor may in his discretion appoint, the Governor 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 obligation or liability imposed by or incurred under the terms and conditions hereof.

Lessee ceas-
ing to be a
British
subject.

23. If the Lessee being a company shall be or become controlled directly or indirectly by an alien or a company incorporated outside Her Majesty's dominions or if the Lessee shall with the consent in writing of the Governor assign the rights granted by this Lease in respect of the said lands or any part thereof to a company controlled directly or indirectly by an alien or by a company incorporated outside Her Majesty's dominions then and in any such case

Special
clause.

(a) not less than one half of the Directors and the Chief Local Representative shall be British subjects

(b) at all times during the term hereby granted or any renewal thereof a majority of the persons employed by the Lessee in or about the said lands in connection with the exercise of the rights granted by this Lease shall be British subjects.

24. This Lease shall be determined if the Lessee shall be or become controlled directly or indirectly by a national of or by a company incorporated in any country the laws and customs of which do not permit British subjects or companies incorporated in Her Majesty's dominions or companies incorporated in that country controlled directly or indirectly by British subjects or companies incorporated in Her Majesty's dominions to acquire hold and operate petroleum concessions on conditions which in the opinion of Her Majesty's Principal Secretary of State for the Colonies are reasonably comparable with the conditions upon which such rights are granted to nationals of that country with the addition of conditions corresponding to those imposed by this clause and clause 23 (Special clause) of this schedule.

Reciprocity.

Lessee not to obstruct working of other minerals.

Cap. 196.

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

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

Notice of the site and commencement of boreholes and wells.

Abandonment and plugging boreholes.

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

25. 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 or his representative and to the holders of any licence, lease, permission or other title under the Mining Ordinance or any Ordinance or law amending or replacing the same for the time being in force in respect of any such minerals 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.

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

27. 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 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.

28. (1) As soon as the site of any borehole or well has been decided the Lessee shall notify the Commissioner of Lands and Mines 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 Lands and Mines 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 of Lands and Mines.

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

29. (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 of Lands and Mines, such consent not to be unreasonably withheld in the case of boreholes or wells which have become or are unproductive.

(2) Every borehole or well which the Lessee intends to abandon shall, unless the Commissioner of Lands and Mines 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 of Lands and Mines 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.

30. Within two months after the expiration or sooner determination of this Lease the Lessee shall deliver up to the Governor in good order, repair and condition and fit for further working all productive boreholes or wells (unless ordered by the Commissioner of Lands and Mines 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 of Lands and Mines) 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.

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

Plugging of boreholes on determination of Lease, etc.

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

Health and safety of workers and employees.

33. (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—

Avoidance of harmful methods of working.

(a) to control the flow and to prevent the escape or waste of petroleum discovered in or obtained from the said lands; and

(b) to conserve the said lands for productive operations; and

(c) to prevent damage to adjoining petroleum bearing strata; and

(d) to prevent the entrance of water through boreholes and wells to petroleum bearing strata; and

(e) to prevent the escape of petroleum into any water-well, spring, stream, river, canal, lake, reservoir, estuary or harbour; and

(f) to cause as little damage as possible to the surface of the said lands and to the trees, crops, buildings, structures and other property thereon.

(2) The Lessee shall comply with any instructions from time to time given by the Commissioner of Lands and Mines in writing relating to any of the matters set out in subclause (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 53 (Arbitration) of this schedule.

34. 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.

Provision of storage tanks, pipes, pipelines or other receptacles.

35. 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 of Lands and Mines.

Disposal of waste oil, salt water and refuse.

Lessee to
keep records
of boreholes.

36. The Lessee shall keep accurate records in a form from time to time approved by the Commissioner of Lands and Mines of the drilling, deepening, plugging or abandonment of all boreholes and 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 of Lands and Mines containing particulars of the following matters:

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

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

Lessee to
keep samples
of strata,
petroleum
and water.

37. 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 of Lands and Mines 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.

Plans and
records.

38. (1) The Lessee shall furnish to the Commissioner of Lands and Mines at such times as the Commissioner of Lands and Mines 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 Lands and Mines of the progress of his operations in the said lands. Such record shall contain:

- (a) statement of the depth drilled in each borehole or well; and
- (b) a statement of any petroleum, water, workable minerals or mine workings encountered in the course of the said operations; and
- (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 of Lands and Mines a record in a form from time to time approved by the Commissioner of Lands and Mines of the operations conducted in the said lands during each such year, together with a plan upon a scale approved by the Commissioner of Lands and Mines 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 of Lands and Mines such plans and information as to the progress of operations in the said lands as the Commissioner of Lands and Mines may from time to time reasonably require.

39. 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 of Lands and Mines as confidential. The Commissioner of Lands and Mines 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 the said Colony and for the purposes of any arbitration or litigation between the Governor and the Lessee.

Reports to be treated as confidential.

PART IV.—THE GOVERNOR'S COVENANTS.

40. 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 or any person rightfully claiming from or under him.

For quiet enjoyment.

41. 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 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 may in his discretion determine.

Renewal.

Provided that subject to the maxima laid down in clause 5 (Periodical revision of royalties) of this schedule in respect of crude oil and casinghead petroleum spirit the rates of royalty payable during the said further term shall be rates of royalty greater by 25 per centum than the rates of royalty payable in accordance with the provisions of this Lease at the date of the said notice, or, the rates of royalty which shall have been ordinarily reserved in original oil mining leases granted by the Governor during the three years next before the date of the said notice whichever rates shall be the less or, if no such leases shall have been granted during the said period of three years such rates of royalty as may be determined by agreement between the Governor and the Lessee, or in default of agreement by arbitration, but so that such rates of royalty shall not be greater by more than 25 *per centum* than the rates payable in accordance with the provisions of this Lease at the date of the said notice.

(2) In this clause the expression "rates of royalty" includes certain yearly rents.

42. 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 not less than twelve months' previous notice in writing to that effect.

Right of Lessee to determine Lease.

Right of Lessee to abandon portions of the said lands.

43. 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 to surrender the rights granted by this Lease in respect of any part or parts 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 mining lease may be granted; and

(b) the part of the said lands in respect of which the said rights are surrendered shall either be an area in respect of which an oil mining lease could be granted in accordance with the regulations for the time being in force or be of such shape and size as the Governor may determine.

PART V.—GENERAL PROVISIONS.

Power to inspect plant, records, accounts, etc.

44. Any person or persons authorised by the Commissioner of Lands and Mines shall be entitled at all reasonable times to enter into and upon the lands described in schedule A for the purposes hereinafter mentioned:

(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 conditions thereof; and

(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; and

(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; and

(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 of Lands and Mines may be entitled to execute in accordance with the provisions of this Lease.

Unit development.

45. If at any time during the term hereby granted or any renewal thereof the Governor shall be satisfied that the said lands or any part thereof form part 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 the Governor shall consider that it is in the interest of the said Colony 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 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 a 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.

(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 requires a development scheme to be submitted and shall state the period within which such scheme is required to be submitted for approval by the Governor.

(2) If a development scheme shall not be submitted to the Governor 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, the Governor shall himself prepare a development scheme 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 prepared by the Governor 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 refer the matter to arbitration in accordance with the provisions of the Arbitration Ordinance (Cap. 38) 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 decision of the arbitrator.

46. In the event of a state of national emergency or war (of the existence of which the Governor shall be the sole judge)—

In the event of state of emergency or war Governor to have right of pre-emption.

(1) The Governor 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 the Colony or which the Lessee or a subsidiary or associated company may have or control in an approved British Territory in pursuance of clause 10 (2) (Refinery) of this schedule to produce oil fuel that shall comply with the Admiralty specification 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 existing facilities the supply of oil and/or products thereof for the Government to the extent required by the Governor.

(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 under his said right of pre-emption in the quantities at the time and in the manner required by the Governor at a convenient place of shipment or at a place of storage in the Colony to be determined by the Governor 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 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 (Cap. 38) or any Ordinance or Law amending or replacing the same for the time being in force.

(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 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 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, 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 original or authenticated copies of contracts or charter parties entered into for the sale or carriage of such oil or products.

(5) The Governor shall be at liberty to take control of the works, plant and premises of the Lessee in the Colony and in such event the Lessee shall conform to and obey all directions issued by the Governor 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 of the powers conferred by this sub-clause. Any such compensation shall be settled by agreement between the Governor and the Lessee or, in default of agreement, by arbitration in manner provided by sub-clause (3).

Power to
execute
works.

47. If the Lessee shall at any time fail to perform the obligations arising under the terms and conditions of any of the undermentioned clauses of this schedule:

(a) Clause 7 (Measurement of petroleum obtained from the said lands);

(b) Clause 29 (Abandonment and plugging of boreholes);

(c) Clause 30 (Delivering up of productive boreholes and wells, etc., in good order);

(d) Clause 31 (Plugging of boreholes on determination of Lease, etc.);

(e) Clause 32 (Health and Safety of workers and employees);

(f) Clause 33 (Avoidance of harmful methods of working);

(g) Clause 34 (Provision of storage tanks, pipes, pipe-lines or other receptacles);

(h) Clause 35 (Disposal of waste oil, salt water and refuse);

then and in any such case the Commissioner of Lands and Mines 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 of Lands and Mines 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.

48. 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 of Lands and Mines may (as an additional remedy and without prejudice to the power of distress and other the rights and remedies to which he would be entitled) 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 thereby 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 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.

Rights of
distress.

49. 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 45 (Unit development) of this schedule then and in any such case the Governor 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 reasonable compensation in money, to the satisfaction of the Governor, for the breach.

50. Subject to the provisions of clause 30 (Delivering up of productive boreholes and wells, etc., in good order) of this schedule 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 shall not have elected to purchase under the provisions of

Power to
Lessee to
remove
plant, etc.

clause 51 (Power to Governor to purchase plant, etc.) of this schedule (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 to
purchase
plant, etc.

51. If at the expiration or sooner determination of this Lease the Governor 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 the articles and things specified in such notice at a price which failing agreement shall be fixed by arbitration as provided in clause 53 (Arbitration) of this schedule.

Force
majeure.

52. (1) Failure on the part of the Lessee to fulfil any of the terms and conditions of this Lease shall not give the Governor 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.

53. If at any time during the continuance of this Lease or after the 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 (Cap. 38) or any Ordinance or Law amending or replacing the same for the time being in force.

Marginal
Notes.

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

PART VI.

Interpreta-
tion.

55. For the purpose of this Lease:—

(1) "Lessee" means a person to whom an oil mining Lease is granted his successors in title under him;

(2) "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;

(3) "crude oil" means oil in its natural state before the same has been refined or otherwise treated but excluding water and foreign substances;

(4) "natural gas" means gas obtained from boreholes and wells and consisting primarily of hydrocarbons;

(5) "casinghead petroleum spirit" means any liquid hydrocarbons 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;

(6) " Her Majesty's dominions " shall be deemed to include British Protectorates and protected States and territories in respect of which a Mandate on behalf of the League of Nations has been accepted by Her Majesty;

(7) " British subject " shall be deemed to include a person under Her Majesty's protection ;

(8) " unoccupied Crown Lands " means Crown Lands in or over which no right, title or interest has been granted to, or otherwise lawfully acquired by, any person under the Crown Lands Ordinance, the Mining Ordinance or the Forests Ordinance or under any regulations made under these Ordinances.

Cap. 175.
Cap. 196.
Cap. 240.

Schedule 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 Financial Secretary of the Colony of British Guiana and his Successors in Office in the sum of

..... dollars of good and lawful money of the Colony to be paid to the said Financial Secretary 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 Governor for the time being of the said Colony THEN the above-written bond or obligation shall be void otherwise the same remain in full force and effect.