

Article 11
UNITIZATION

- 11.1 If a Hydrocarbons Reservoir extends beyond the limits of the Contract Area of the Lessee into the contract area of another lessee, upon the invitation of the Minister the Lessee shall jointly with the lessee of the adjoining contract area prepare and submit to the Minister within the time specified by the Minister a unitization programme of Hydrocarbons Exploration and Exploitation of the Hydrocarbons Reservoir. If such a unitization programme is not submitted within the applicable timeframe, the Minister shall prepare such a programme and the Lessee shall perform and observe all the terms and conditions thereof, failing which the Lessor shall be entitled to terminate this Agreement in accordance with paragraph 15 of Article 5 of the Hydrocarbons Law.
- 11.2 If a Hydrocarbons Reservoir extends beyond the limits of the Contract Area of the Lessee into an area where the State has the exclusive rights of Hydrocarbons Exploration and Exploitation, upon invitation by the Minister, the Lessee shall prepare a joint development plan for the Hydrocarbons Exploration and Exploitation of the Hydrocarbons Reservoir. Following the submission of a joint development plan the Lessor shall proceed in accordance with paragraph 15 of Article 5 of the Hydrocarbons Law.
- 11.3 As from the date when the Minister invites the Lessee to prepare a unitization programme in accordance with Article 11.1, or a joint development plan in accordance with Article 11.2, the time limits set for the fulfilment by the Lessee of its contractual obligations shall be suspended only insofar as the obligations are solely and directly related to matters arising under the unitization process described in this Article 11.

Article 12
ENVIRONMENTAL PROTECTION

- 12.1 All capitalized terms in this Article 12 which are not otherwise defined in this Agreement have the meaning assigned to them in the Environmental Laws and the Offshore Safety Law.
- 12.2 Further to the preceding article, the Lessee shall:
- (a) conduct all Petroleum Operations in a manner which will assure the protection of environment in accordance with Good Oilfield Practices;
 - (b) carry out all Petroleum Operations in full compliance with:
 - (i) the Environmental Laws;
 - (ii) the Offshore Safety Law;
 - (iii) the approved Strategic Environmental Assessment (SEA);
 - (iv) the Terms of Environment (ToE) resulting from the relevant Environmental Impact Assessment (EIA) procedure; and
 - (v) any additional Environmental Action Plan (EAP),

pursuant to this Article and Good Oilfield Practices, while ensuring that such operations are properly monitored;
 - (c) employ modern and appropriate techniques in accordance with Good Oilfield Practices, for preventing any environmental damage that might be caused by the Petroleum Operations, and for minimizing the environmental impacts of the Petroleum Operations and works within the Contract Area and in adjoining or neighbouring or more distant areas;
 - (d) properly and timely implement any Laws in force regarding the safety of Hydrocarbons exploration and production activities during the period of Petroleum Operations;
 - (e) procure that the documentation on environmental compliance in conducting Petroleum Operations, such as SEA, ToE or EAPs and associated documents are made available to its employees and to its contractors and their subcontractors to develop adequate and proper awareness of the measures and methods of environmental protection to be used in conducting Petroleum Operations; and
 - (f) ensure that any agreement between the Lessee and its contractors and their sub-contractors relating to the Petroleum Operations shall include, where applicable, terms set out in this Article 12 and any established measures and methods for the implementation of the Lessee's obligations in relation to the environment under this Agreement.

- 12.3 The Lessee undertakes for the purposes of this Agreement to take all necessary and adequate steps:
- (a) to fully and timely fulfil all requirements of applicable Environmental Laws; and
 - (b) to prevent environmental damage to the Contract Area and neighbouring or more distant areas being caused by Petroleum Operations.
- 12.4 If the Lessor has on reasonable grounds reason to believe that any works or installations erected by the Lessee or any operations carried out by the Lessee are endangering or may endanger persons or any property of any other person or are causing pollution or are harming wildlife, aquatic life or the environment to a degree which the Lessor deems unacceptable, the Lessee should take remedial measures within such period as may be determined by the Lessor and repair any damage to the environment, the costs of such remedial action to be borne by the Lessee. If the Lessor deems it necessary, it may require the Lessee to discontinue Petroleum Operations in whole or in part until the Lessee has taken such remedial measures or has repaired any damage attributable to it.
- 12.5 The measures and methods to be applied by the Lessee for the purposes of complying with the terms of this Article 12 shall be determined in timely consultation and agreed with the Lessor prior to the commencement of the relevant Petroleum Operations and/or associated works and whenever there is a significant change in the scope or method of carrying out Petroleum Operations, and the Lessee shall take into account Good Oilfield Practices, as well as the relevant requirements of the ToE.
- 12.6 Pursuant to Article 12.2(a), the Lessee shall prepare and submit to the competent governmental authority, an Environmental Impact Study (EIS) for the relevant Petroleum Operations in respect of which an EIA procedure is required. The EIS shall, as a minimum:
- (a) fully comply with the requirements of the EIA legislation in force;
 - (b) meet the requirements and guidelines set out by SEA; and
 - (c) be prepared by a third party with adequate expertise in the field of environmental studies, which will be appointed by the Lessee to work on its behalf.
- 12.7 Each project, work, activity or any other part of the Petroleum Operations that is subject to an EIA, shall commence only after the ToE have been approved.
- 12.8 Any modification, expansion, improvement or modernization of a project, work, activity or any other part of the Petroleum Operations with approved ToE, requires compliance with the relevant provisions of EIA legislations. The same applies for the renewal (time extension) of the ToE decision.

- 12.9 In case of activities for which an EIA is not mandatory, but nevertheless it is reasonably expected that some minor environmental impacts may occur, as in particular for the case of seismic surveys, the Lessee shall prepare an EAP, to determine, assess and mitigate these impacts, focusing on prevention and minimization thereof in accordance with Good Oilfield Practices.
- 12.10 The EAP shall be submitted to the Lessor for review and must be complied with by the Lessee.
- 12.11 The Lessee shall include in each Annual Work Programme and Budget to be submitted to the Lessor, an environmental report on the work to be undertaken as provided in that document, as well as on the work undertaken in accordance with the preceding Annual Work Programme and Budget.
- 12.12 Before carrying out any drilling activities, the Lessee shall fully meet the requirements of the applicable legislation for safety, contingency (i.e. oil spill, fire, accident, emissions etc.) and major hazard management plans.
- 12.13 In the event of any emergency or accident arising from Petroleum Operations affecting the environment, the Lessee shall immediately notify the Lessor, giving details of the incident and immediately implement the relevant contingency plan. In dealing with any emergency or accident affecting the environment, the Lessee shall at all times take such action as is prudent and necessary in accordance with the Environmental Laws and Good Oilfield Practices in the circumstances.
- 12.14 The Lessee shall not be liable for any environmental condition or damage existing in the Contract Area prior to the commencement of the Petroleum Operations. For this purpose, a baseline report shall be prepared by the Lessee, to detail the condition of the environmental parameters and resources existing at the time prior to Petroleum Operations commencement. The baseline report shall be submitted for review to the Lessor. If no objection is raised by the latter within twenty (20) Business Days, the report is deemed accepted.

Article 13
ROYALTIES

- 13.1 In accordance with the Presidential Decree, the Lessee shall pay to the Lessor a Royalty on all Hydrocarbons and By-Products Produced and Saved in the Contract Area. The Royalty shall be calculated and payable in accordance with the provisions of this Article 13.

For the purposes of this Article 13:

“Actual In-Kind Royalty” means, in respect of the First Period or any subsequent Calendar Quarter, the In-Kind Royalty determined in accordance with Article 13.5.(b).

“Actual Production” means, in respect of the First Period or any subsequent Calendar Quarter, the total quantity of Hydrocarbons and By-Products Produced and Saved from the Contract Area during that First Period or that Calendar Quarter, as the case may be, as set out in a statement prepared by the Lessee in accordance with Article 13.7 and section 5 of Annex C (the “Exploitation Statement”).

“Cash Royalty” means any Royalty the Lessor elects to take in cash in accordance with Article 13.3.

“Cash Royalty Calculation Date” means each of the following dates: (i) in respect of the First Period, and in respect of each subsequent Calendar Quarter, that date which is thirty (30) calendar days after the commencement of the next Calendar Quarter; and (ii) the date of termination of this Agreement.

“Cash Royalty Payment Date” means each of the following dates: (i) in respect of the First Period, and in respect of each subsequent Calendar Quarter, that date which is forty five (45) calendar days after the commencement of the next Calendar Quarter, and (ii) the date of termination of this Agreement.

“Cumulative Gross Inflows” means in respect of the First Period or any subsequent Calendar Quarter the cumulative gross value of:

- (i) Hydrocarbons and By-Products Produced and Saved (as determined under the provisions of Article 16) from the Contract Area;
- (ii) sales of assets acquired for use in connection or associated with Petroleum Operations; and
- (iii) the net proceeds of the transactions described in paragraph 3.6 of Annex C, any other income in connection or associated with Petroleum Operations including, but not limited to, tariff income derived from the construction and operation of pipelines to convey each Co- Lessee’s Hydrocarbons and By-Products, whether such income is due to the Co- Lessee or its Affiliate Enterprise, income derived for the generation of electrical power and income resulting from any insurance policy or

indemnity, for all years from the Commercial Production Date up to and including the last day of that First Period or subsequent Calendar Quarter, as the case may be. For the purposes of this definition, gross value means the value prior to the deduction of any Royalty, taxes, duties or other fiscal impositions, transportation, handling, agency or any other costs or expenses of any nature whatsoever.

"Cumulative Total Outflows" means, for the First Period and all subsequent Calendar Quarters, the cumulative sum of all Exploration Costs, Exploitation Costs, Operating Costs and other deductible costs referred to in **Section 3** of Annex C for all periods from the Effective Date up to and including the last day of that First Period and each subsequent Calendar Quarter, as the case may be.

"Estimated In-Kind Royalty" means in respect of the First Period or any subsequent Calendar Quarter, the estimate of the In-Kind Royalty for such period, as determined in accordance with Article 13.5.(a).

"Estimated In-Kind Royalty Calculation Date" means each of the following dates: (i) in respect of the First Period, such date (as agreed between the Parties) which is at least two (2) Months prior to the estimated Commercial Production Date; and (ii) in respect of each subsequent Calendar Quarter, such date (as agreed between the Parties) which is at least two (2) Months prior to the first day of that Calendar Quarter.

"Estimated Production" means in respect of the First Period and each subsequent Calendar Quarter, the Lessee's estimate of the total quantity of the Hydrocarbons and By-products to be Produced and Saved from the Contract Area during such period.

"Estimated R Factor" means in respect of: (i) the First Period and the next Calendar Quarter, the Lessee's estimate of what the R Factor will be for each such period; (ii) the second Calendar Quarter after the First Period, the R Factor for the First Period; and (iii) each subsequent Calendar Quarter, the R Factor for that Calendar Quarter which immediately preceded the immediately preceding Calendar Quarter.

"Estimated Royalty Percentage" means, in respect of the First Period and in respect of each subsequent Calendar Quarter, the Royalty Percentage for such period calculated by reference to the Estimated R Factor for that period.

"First Period" means, that period from the date of the notice sent by the Lessee to the Lessor in accordance with Article 7.4 informing the Lessor that a Discovery is commercially exploitable up to the commencement of that Calendar Quarter which immediately succeeds the Commercial Production Date.

"In - Kind Royalty" means any Royalty the Lessor is deemed to elect to take in - kind in accordance with Article 13.3.

"In - Kind Royalty Calculation Date" means each of the following dates: (i) in respect of the First Period and each subsequent Calendar Quarter that date which is thirty (30) calendar days after the commencement of the next Calendar Quarter; and (ii) the date of termination of this Agreement;

"Royalty Percentage" means, in respect of the First Period and in respect of each subsequent Calendar Quarter, that percentage, calculated by reference to the R Factor, such that, if the R Factor in respect of such period is:

- (a) lower than or equal to 0.5, the Royalty Percentage shall be four per cent (4%);
- (b) higher than 0.5, but lower than or equal to 1.0, the Royalty Percentage shall be six per cent (6%);
- (c) higher than 1.0, but lower than or equal to 1.5, the Royalty Percentage shall be seven per cent (7%);
- (d) higher than 1.5, but lower than or equal to 2.0, the Royalty Percentage shall be nine per cent (9%);
- (e) higher than 2.0, the Royalty Percentage shall be fifteen per cent (15%);

"R Factor" means, in respect of the First Period and in respect of each subsequent Calendar Quarter, the product of: (i) Cumulative Gross Inflows for the First Period or that Calendar Quarter, as the case may be, divided by (ii) Cumulative Total Outflows for the First Period or that Calendar Quarter, as the case may be.

Regarding the calculation of the R factor: (i) Any amounts deposited in the special dedicated reserve for decommissioning or removal of installations and the rectification of the Contract Area ("**Abandonment**") and if applicable, the total amount of actual expenses for Abandonment work not covered by the special reserve, are considered and shall be treated as deductible costs. (ii) All costs and expenses, in relation to the loans to finance the Petroleum Operations, including but not limited to, interest and finance charges incurred by each Co-Lessee are not considered a deductible cost. (iii) Royalties are included in the denominator (Cumulative Total Outflows) of the R factor.

- 13.2 The Royalty to be paid by the Lessee to the Lessor shall be calculated as a percentage of the Hydrocarbons and By-Products Produced and Saved from the Contract Area in respect of the First Period and each subsequent Calendar Quarter in accordance with the following provisions of this Article 13.
- 13.3 The Lessor may elect, in its discretion, to take its Royalty in-kind ("**In-Kind Royalty**"), or in cash ("**Cash Royalty**") or in a combination of both in respect of any Calendar Year. If the Lessor wishes to take all or part of the Royalty as a Cash Royalty the Lessor shall advise the Lessee of its intention in writing not less than ninety (90) calendar days before the commencement of each Calendar Year (or for the first Calendar Year in which Hydrocarbons are produced, at least two

(2) Months prior to the estimated Commercial Production Date). The Lessor shall also specify the percentage of Royalty entitlement it intends to take as a Cash Royalty during that year (or in respect of the first Calendar Year in which Hydrocarbons are produced, during the remaining part of that Calendar Year). If the Lessor does not elect to take all or part of the Royalty as a Cash Royalty, in respect of any Calendar Year the Lessor shall be deemed to have elected to take all of the Royalty as an In-Kind Royalty in respect of that Calendar Year. That proportion of the Royalty the Lessor is to take as a Cash Royalty shall be calculated and paid in accordance with Article 13.4. The proportion of the Royalty the Lessor is to take as an In-Kind Royalty shall be calculated and delivered in accordance with Article 13.5.

13.4 If, in respect of any Calendar Year, the Lessor elects to take any part of its Royalty as a Cash Royalty, the following provisions shall apply:

(a) The Cash Royalty (if any) in respect of the First Period and each subsequent Calendar Quarter shall be calculated on the Cash Royalty Calculation Date in respect of the First Period or that subsequent Calendar Quarter, as the case may be, and shall be paid by the Lessee to the Lessor on the Cash Royalty Payment Date in respect of the First Period or that subsequent Calendar Quarter, as the case may be.

(b) On the Cash Royalty Calculation Date in respect of the First Period and on the Cash Royalty Calculation Date in respect of each subsequent Calendar Quarter, the Lessee shall determine the amount of the Cash Royalty for such period by:

(i) determining the R Factor and then the Royalty Percentage in respect of the First Period or that subsequent Calendar Quarter, as the case may be;

(ii) multiplying the Royalty Percentage determined in accordance with Article 1.1(a)(i) above by the Actual Production for the First Period or that Calendar Quarter, as the case may be;

(iii) multiplying the amount determined in accordance with Article 13.4.(b) (ii) by a percentage which is equal to the percentage of the Royalty for that Calendar Year for which the Lessor has elected to take Cash Royalty in accordance with Article 13.3; and

(iv) calculating the cash value of the amount determined in accordance with Article 13.4.(b) in accordance with Article 16 (Valuation of Hydrocarbons).

13.5 If, in respect of any Calendar Year, the Lessor elects or is deemed to elect to take any part of its Royalty as an In-Kind Royalty, the following provisions shall apply:

(a) On the Estimated In-Kind Royalty Calculation Date in respect of the First Period and each subsequent Calendar Quarter, the Lessee shall:

(i) determine the amount of the Estimated In-Kind Royalty by:

(A) determining the Estimated R Factor and then the Estimated Royalty Percentage for the First Period or that Calendar Quarter, as the case may be;

(B) multiplying the Estimated Royalty Percentage determined in accordance with Article 13.5.(a)(i)(A) by the Estimated Production for the First Period or that Calendar Quarter, as the case may be; and

(C) multiplying the amount determined in accordance with Article 13.5.(a)(i)(B) above by a percentage which is equal to the percentage of the Royalty for that Calendar Year which the Lessor has elected or is deemed to have elected to take in-kind in accordance with Article 13.3; and

(ii) with the Lessor, prepare a programme pursuant to which the Lessor shall take delivery of such Estimated In-Kind Royalty during such period, and the Lessee shall be obliged to deliver the Estimated In-Kind Royalty in accordance with the agreed programme at the Delivery Point.

(b) On the In-Kind Royalty Calculation Date in respect of the First Period and each subsequent Calendar Quarter the Lessee shall determine the amount of the In-Kind Royalty by:

(i) determining the R Factor and then the Royalty Percentage for the First Period or that Calendar Quarter, as the case may be;

(ii) multiplying the Royalty Percentage determined in accordance with Article 13.5.(b)(i) above by the Actual Production for the First Period or that Calendar Quarter, as the case may be; and

(iii) multiplying the amount determined in accordance with Article 13.5.(b)(ii) by a percentage which is equal to the percentage of the Royalty for that Calendar Year which the Lessor has elected or is deemed to have elected to take in kind in accordance with Article 13.3;

(c) If the Estimated In-Kind Royalty for the First Period or any subsequent Calendar Quarter is less than or greater than the Actual In-Kind Royalty for the same period, then an appropriate adjustment shall be made to future In-Kind Royalties or Cash Royalties to be delivered or paid by the Lessee to the Lessor in order to correct any such difference according to the provisions of article 2.3(b) of the Presidential Decree.

13.6 If a Cash Royalty shall become due to the Lessor, each Co-Lessee, according to its respective interest in this Agreement as set out in Article 1.5, shall acquire ownership of the extracted Hydrocarbons by acquiring possession thereof at the wellhead. If an In-Kind Royalty shall become due to the Lessor, the Lessor and

each Co-Lessee, according to its respective interest in this Agreement as set out in Article 1.5, shall become, as from the time of the extraction of the Hydrocarbons until delivery of the royalty to the Lessor is made, joint owners thereof in proportions by which the Lessor's royalty entitlement and the Lessee's entitlement (after deduction of the Lessor's Royalty entitlement) for the First Period or that Calendar Quarter, as the case may be, bear to the total volume of Hydrocarbons and By-Products Produced and Saved in the First Period or that Calendar Quarter, as the case may be.

- 13.7 Within fourteen (14) calendar days of the end of the First Period and the end of each subsequent Calendar Quarter the Lessee shall submit to the Lessor a statement showing the Actual Production for the First Period or that Calendar Quarter, as the case may be in accordance with the procedure and as contemplated in Section 5 of Annex C.
- 13.8 The Lessee shall bear all risks, costs and expenses associated with the Lessor's In-Kind Royalty up to the delivery point agreed between the Parties in the Development and Production Programme and the Lessor shall bear all risks, costs and expenses beyond that delivery point.
- 13.9 Subject to the provisions of this Article concerning the Lessor's right to take an In-Kind Royalty, each Co-Lessee shall be entitled to export freely the Hydrocarbons and By-Products produced.
- 13.10 Without prejudice to the provisions of Article 1.4 and notwithstanding anything to the contrary in this Agreement, any payment due to the Lessor under this Article 13 shall be made by the Lessee.

Article 14 TAXATION

The tax regime of this Agreement is exclusively governed by the provisions of the present Article and Article 31 and, with the exception of paragraph 5 of article 8 and paragraphs 10 and 11 of article 9 of the Hydrocarbons Law, the provisions of articles 8 and 9 of the Hydrocarbons Law do not apply. Notwithstanding anything to the contrary in this Article, the present Article shall not be deemed to create or imply to create any de jure or de facto partnership, or entity with or without a separate legal personality.

- 14.1 Each Co-Lessee shall be subject to a special income tax, at a rate of twenty per cent (20%) and to a regional tax, at a rate of five per cent (5%), without any additional ordinary or extraordinary contribution, duty or other encumbrance of any kind, in favour of the State or any third party. The tax shall be imposed on the net taxable income earned by each Co-Lessee's operations under this Agreement, as determined by the provisions of this Article. The imposition of this tax exhausts the income tax obligations of each Co-Lessee as well as its shareholders/partners/members, with respect to the profits resulting from its contractual operations. The assessed tax in respect of a Year is payable in one payment. Notwithstanding the provisions of the Income Tax Code and the Taxation Procedures Code, each Co-Lessee shall be exempted from the obligation of advance payment of income tax for the tax corresponding to income arising from its contractual operations.

- 14.2 All the works, the purchases of fixed assets and the other expenses which are required for the fulfilment of the purposes of this Agreement as stipulated in detail in Article 14.7 are carried out by the Operator in its name on behalf of the Co-Lessees. The Operator concludes the required contracts, receives the relevant invoices in accordance with the tax legislation and records them in its books separately per each Exploration or Exploitation Area. The Operator issues a monthly clearance document until the 15th day of the following month allocating the above expenses to each Co-Lessee in accordance with the percentage that each Co-Lessee holds in this Agreement. VAT, where applicable, is passed on to each Co-Lessee through the clearance document. The clearance document which constitutes a record to be used for the accounting entries in the books of the Co-Lessees and the Operator, is accompanied by copies of the relevant records, by which the initial entries in the books of the Operator have been made. In case the Operator is one of the Co-Lessees the allocation concerns the remaining Co-Lessees. The amounts received by the Operator from the Co-Lessees for covering the expenses of the Operator do not constitute gross revenues of the Operator for the purposes of this Article and for income tax purposes. In addition to the expenses which are allocated to each Co-Lessee as above, each Co-Lessee shall have the right to deduct expenses stipulated in paragraph 7 of this Article and carried out by the Co-Lessee itself.

- 14.3 Each Co-Lessee shall maintain books and records that fully reflect its transactions, according to tax legislation and the accounting standards that are prescribed under

the Law, and in which it shall maintain separate income and expenditure accounts for each Exploration or Exploitation Area.

- 14.4 The amounts that are recorded as income and expenses in the accounts specified in the preceding paragraph, shall be determined in paragraphs 6, 7 and 8 of this Article. Specifically with regard to licenses that fall within the provisions of Hydrocarbons Law, up to fifty per cent (50%) of the expenses of Exploration Operations in the Contract Area may be included in the expenses of another contract area for which the Lessee or each Co-Lessee holds an exploitation licence according to the provisions of Hydrocarbons Law and has commenced the production of Hydrocarbons. Such an allocation of expenses is realized, in the case of each Co-Lessee, in accordance with its respective interest in the present Agreement as set out in Article 1.5. Both exploration operations expenditures and the related depreciations of this category are accounted for in separate accounts in the books of each Co-Lessee. Net taxable income shall be the difference between the amounts credited as income and the amounts debited as expenses, as such amounts are shown in the consolidated account for the entire Contract Area.
- 14.5 For the purposes of determining each Co-Lessee's annual taxable income, the permissible depreciation level of: i) the value of the expenses incurred for Hydrocarbons Exploration and the Exploitation infrastructure and the remaining fixed assets, including expenses incurred prior to the Commercial Production Date, and ii) expenses of the first establishment in Greece recorded in the income and expenditure account in accordance with Article 14.7 is equal to seventy per cent (70%) of the value of the annually Produced and Saved Hydrocarbons and By-products. Any depreciation taking place in accordance with the above, may not exceed the expenses incurred for exploration and the acquisition value of the assets to be depreciated. The value of the annually Produced and Saved Hydrocarbons and By-Products is determined in accordance with article 16 of this Agreement.
- 14.6 The income and expenditure account of each Exploitation Area is credited with the following:
- (a) the value of the Hydrocarbons and their By-Products Produced and Saved and sold by the each Co-Lessee;
 - (b) the value of Royalties paid In-Kind to the Lessor as per the provisions of Article 13;
 - (c) the proceeds of the sale of assets to the extent that such proceeds exceed the acquisition value thereof and, in the case of fixed assets, to the extent that such proceeds exceed the value thereof not yet depreciated; and
 - (d) any other income connected with the Petroleum Operations or, deriving from the transportation of Hydrocarbons or By-Products through the Lessee's pipelines on behalf of independent third parties, within the country

and within areas defined by paragraph 1 of article 148 of the Mining Code or resulting from the receipt of any insurance or other compensation.

In the event that any of the above revenues are derived by the Operator in the name and on behalf of the Co-Lesseees such revenues will be allocated to the Co-Lesseees by application of Article 14.2.

14.7 The income and expenditure account of each Exploration or Exploitation Area is debited with the following:

- (a) the expenses that are incurred for the Petroleum Operations, including but not limited to, the exploitation infrastructure and the other fixed assets, the expenses incurred prior to the commencement of Hydrocarbons Exploitation, as well as the expenses of the first establishment in Greece, which are calculated in accordance with Article 14.5;
- (b) current production expenses, and particularly the expenses incurred for materials, supplies or energy used or consumed, salaries and related expenses and expenses incurred for services provided by third parties;
- (c) general expenses incurred in the country for the Co-Lessee's operations under this Agreement, including specifically expenses for salaries, rental costs for fixed and movable assets and insurance premiums;
- (d) amounts for salaries of managers or employees of the Co-Lessee's offices abroad and for general administrative expenses of such offices according to the services provided by them relating to the contractual operations. Such amounts shall not exceed a percentage of the corresponding expenses incurred in Greece, as determined by the Presidential Decree unless otherwise approved by the Lessor during a given Annual Work Programme and Budget.
- (e) amounts of interest on loans and other bank and/or financing charges incurred for the purpose of securing financing or enabling each Co-Lessee to obtain credit in any other manner for the performance of the operations under this Agreement, with the exception of Exploration Operations and the delineation of deposits. The following interest charges shall be excluded: 1) the amounts by which the interest paid exceeds a reasonable interest rate according to the arm's length principle; 2) the amounts by which the revenues from the production of hydrocarbons are used to finance capital investments in fixed development assets during the Exploitation Stage;
- (f) amounts for bad debt provisions according to the provisions of the Income Tax Code as well as any compensation paid for damages caused to third parties;
- (g) the non-depreciated value of destroyed or abandoned assets;

- (h) any amount deposited in a special dedicated account held with one or more banks lawfully operating in Greece, which shall be used for the satisfaction of the Lessee's obligations relating to the termination of the Hydrocarbons Exploitation. The amount accumulated shall appear in a reserve account and, any amount not used shall be taxed upon the termination of Hydrocarbons Exploitation;
 - (i) any amount of the Royalty to be paid in cash or in kind, as determined in accordance with Article 13;
- 14.8 any other current expense or loss relating to the contractual operations, provided that such expense or loss shall be deductible from the gross income in accordance with the general income tax provisions;
- 14.9 Revenues and expenses that cannot be attributed exclusively to a specific Exploitation Area are apportioned between all of the Exploitation Areas of the Contract Area, as more particularly prescribed by the Presidential Decree.
- 14.10 The value of the Hydrocarbons and their By-Products is determined in accordance with Article 16.
- 14.11 Losses incurred in respect of a particular Exploitation Area prior to the commencement of any Hydrocarbons Exploitation shall be carried forward without any restrictions to such period. From the commencement of any Hydrocarbons Exploitation and thereafter, the general income tax provisions shall apply in relation to the carry forward of losses.
- 14.12 In the event of a suspension of Hydrocarbons Exploitation in accordance with Article 26, the suspension period shall not be taken into account for the purposes of calculating the time period for which the transfer right of taxable losses applies in accordance with the general income tax provisions.
- 14.13 The actions of: (i) the grant of Hydrocarbon Exploration and Exploitation rights to the Lessee in accordance with this Agreement; (ii) the transfer of rights and obligations by each Co-Lessee pursuant to agreements concluded in accordance with paragraphs 4 to 8 of article 7 of the Hydrocarbons Law and Article 20; (iii) the sale of Hydrocarbons Produced and Saved by each Co-Lessee; (iv) the contracts entered into for the purpose of Petroleum Operations by the Lessee with contractors and by contractors with subcontractors; and (v) the lease, the granting or the acquisition in any other manner of the use of property in accordance with the provisions of this Agreement, shall be objectively exempt from any general or special, ordinary or extraordinary tax, duty, stamp-duty, dues, ordinary or extraordinary contribution and deduction and shall be generally exempted from any financial charge in favour of the State and any third party. With respect to VAT, the provisions of the VAT Code (Law 2859/2000), as in force, shall apply. The capital gains resulting from the first transfer by any Co-Lessee of its respective interest as set out in Article 1.5 pursuant to agreements concluded in accordance with paragraphs 4 to 8 of article 7 of the Hydrocarbons Law and

Article 20 and that is effected during a period of six (6) months from the Effective Date is exempt from income tax, provided that the consideration paid does not exceed the aggregate amount of payments made by such person for the implementation of the operations under this Agreement against the proportion transferred.

- 14.14 The loan or credit agreements, if any, granted to each Co-Lessee by banks or financial institutions or legal entities of any nature foreign or domestic, in order for the Petroleum Operations to be performed, the interest accrued and its payment, as well as the payments (cash calls) paid by each Co-Lessee to the Operator shall be exempt from any general or special, ordinary or extraordinary tax, duty, stamp-duty, dues, ordinary or extraordinary contribution and deduction and shall be generally exempted from any financial charge in favour of the State and any third party, save for the contribution of Law 128/75. Interest accrued on the aforementioned loan and credit agreements are not exempt from income tax. With respect to VAT, the provisions of the VAT Code (Law 2859/2000), as in force, shall apply.
- 14.15 The above provisions shall apply notwithstanding the provisions of the Income Tax Code, as in force, only with respect to issues that are not addressed by this Article.
- 14.16 The Code on taxation of inheritance, donations, gifts inter vivos and lottery gains, as ratified by the first article of Law 2961/2001 (Official Government Gazette A' 266) shall apply in the event that the conditions for its application are met.

Article 15
FEES AND BONUSES

15.1 The Lessee shall pay the following surface fees:

- (a) Fifty (50) Euros per square kilometre of the Contract Area annually during the Exploration Stage (First Phase);
- (b) One hundred (100) Euros per square kilometre of the Contract Area annually during the Exploration Stage (Second Phase);
- (c) Two hundred (200) Euros per square kilometre of the Contract Area annually during the Exploration Stage (Third Phase) and any extension thereof as provided for in Article 2.3;
- (d) In addition to fees paid in respect of paragraphs (a), (b) and (c) above, one thousand (1,000) Euros per square kilometre of the Exploitation Area annually during the Exploitation Stage.

For the first Calendar Year from Effective Date, the surface fee set forth in paragraph (a) above shall be calculated pro-rata from the Effective Date through to December 31st of said Calendar Year, and shall be paid within thirty (30) calendar days of the Effective Date.

For succeeding Calendar Years, the surface fees set forth in paragraphs (a), (b) and (c) above shall be paid in advance, thirty (30) calendar days before the beginning of each Calendar Year.

For the Calendar Year in which the Exploitation Stage commences with regard to the Exploitation Area, the surface fee set forth in paragraph (d) above shall be calculated pro-rata from the date the Exploitation Stage commences through to December 31st of said Calendar Year.

For succeeding Calendar Years the surface fees set forth in paragraph (d) above shall be paid in advance, thirty (30) calendar days before the beginning of each Calendar Year.

Surface fees shall be calculated based on the surface of the Contract Area and, where applicable, of the Exploitation Areas held by the Lessee on the date of payment of said surface rentals. In the event of surface relinquishment during a Calendar Year or in the event of Force Majeure, the Lessee shall have no right to be reimbursed for any surface fees already paid.

15.2 The Lessee shall pay to the Lessor the following amounts as bonus:

- (a) Four hundred thousand Euros (400,000 Euros) as a signature bonus within sixty (60) calendar days after the Effective Date;
- (b) One million Euros (1,000,000 Euros) as a First Oil Bonus

- (c) Two million Euros (2,000,000 Euros) as a production bonus after the cumulative production of Hydrocarbons Produced and Saved from the Contract Area first reaches 10 MMboe (ten million barrels of Crude Oil or oil equivalent);
- (d) One million and two hundred thousand Euros (1,200,000 Euros) after the cumulative production of Hydrocarbons Produced and Saved from the Contract Area first exceeds 15 MMboe (fifteen million barrels of Crude Oil or oil equivalent);
- (e) One million Euros (1,000,000 Euros) after the cumulative production of Hydrocarbons Produced and Saved from the Contract Area first exceeds 30 MMboe (thirty million barrels of Crude Oil or oil equivalent);

Natural Gas shall be taken into account for purposes of determining the cumulative production of Hydrocarbons Produced and Saved from the Contract Area under Article 15.2 (b) to (e) and Article 15.3(c) by converting daily Natural Gas delivered into equivalent barrels of daily Crude Oil production in accordance with the following formula:

$$\text{MSCF} \times H \times 0.167 = \text{equivalent barrels of Crude Oil}$$

where

MSCF = one thousand Standard Cubic Feet of Natural Gas.

H = the number of million British Thermal Units (BTU's per MSCF).

Such payments shall be made within sixty (60) calendar days following the day that the respective cumulative production thresholds mentioned under each Article 15.2 (b) to (e) has been achieved. The surface fees and bonuses required under this Article shall not be included in the Cumulative Total Outflows for the purposes of calculating the Royalty under Article 13.

- 15.3 The Lessee shall contribute to the training and facilities support of the human resources of the Ministry of Environment and Energy/HHRM SA as mutually agreed by the Parties. For that purpose the Lessee shall spend the following amounts, or pay to the Lessor/HHRM the difference between such amounts and the training expenditures yearly incurred:

- (a) during the Exploration Stage, an amount of eighty thousand Euros (80,000 Euros) per Calendar Year.
- (b) from the date that the Lessee declares a Discovery to be commercially exploitable under Article 7.4, an amount of one hundred thousand Euros (100,000 Euros) per Calendar Year.
- (c) During the Exploitation Stage, an amount of one hundred and forty thousand Euros (140,000 Euros) per Calendar Year.

- 15.4 All payments from the Lessee to the Lessor under this Agreement shall be made free of any deduction including, without limitation, any deduction by way of claim, counterclaim or set off.

Article 16
VALUATION OF HYDROCARBONS

Taking into account the provisions of the Presidential Decree, the value of any Hydrocarbons Produced and Saved shall be determined as follows:

16.1 For Crude Oil

- (a) In the case of Arm's Length Sales (as defined in Article 16.1 (h)) of Crude Oil by the Lessee to Independent Third Parties: the price shall be the price free on board at the place of loading in Greece, ("**FOB Greece Point of Delivery**") actually realised by the Lessee provided that the said price is real and reasonable. A price shall be considered reasonable if it does not unduly differ from the official selling price, as fixed from time to time by the major crude oil exporting countries for Crude Oil closest in quality to that Hydrocarbons Produced and Saved and sold by the Lessee, after adjustment of such price to allow for variations in specific gravity, sulphur content, volumes, transportation costs and terms of sale (the "**Official Price**"). In the event of Cost Insurance Freight (CIF) sales appropriate deductions shall be made for applicable insurance and freight charges to calculate the FOB Greece Point of Delivery price.
- (b)
 - (i) In the case of sales by the Lessee to Affiliate Enterprises and in the case of quantities retained by the Lessee for its own refining or use, and for any Crude Oil received in kind by the Lessor: the average weighted price, free on board (FOB) at the place of loading, in each Calendar Quarter, as established by Arm's Length Sales of similar types of Crude Oil effected during such quarter from the Hydrocarbons Produced and Saved from the Contract Area by the Lessee to Independent Third Parties and by the Lessor to third parties
 - (ii) If, during any Calendar Quarter, no Arm's Length Sales of any type of Crude Oil have been made by the Lessee to Independent Third Parties, nor by the Lessor to third parties, other than to legal entities, directly or indirectly controlled by the State : the price shall be the Official Price.
- (c) In the event that, for the purposes of paragraphs (a) and (b) of this Article 16.1 the Parties cannot ascertain the Official Price of the Crude Oil Produced and Saved and sold then the price shall be as determined in accordance with paragraph (e) of this Article 16.1 for Crude Oil which, at the time of calculation, is being freely and actively traded in the international market and has similar characteristics (such as, by way of example only, specific gravity and sulphur content) to the Crude Oil in respect of which the price is being determined (the "**Marker Crude**"). The FOB selling price for the Marker Crude shall be ascertained from Platts Crude Oil Market Wire daily publication ("**Platts**").

- (d) In the event the Parties fail to agree upon the identity of the Marker Crude, Article 16.3 shall apply.
 - (e) The price, for the purposes of paragraph (c) of this Article 16.1 shall be the arithmetic average of the low and high price per barrel of the Marker Crude during the preceding seven (7) consecutive days high and low FOB prices for each day, as published by Platts, of the Marker Crude after adjustment of such prices to allow for variations in quality, transportation costs, delivery time, payment terms, the market area in which the Crude Oil is being sold, the prices available within the domestic market, product yield, seasonal variation in price and demand, market trends, other contract terms to the extent known and other relevant factors. Where the calculation for the average price includes a weekend or a day upon which Platts is not published, then the last published price shall be applied for the day or days upon which Platts is not available.
 - (f) The FOB prices referred to in paragraph (e) of this Article 16.1 shall not include official sales prices set by governmental authorities or other prices established in government transactions, exchanges, barter, spot sales, restricted or distress transactions, any other transactions which are associated with special financial or commercial considerations or other dispositions not consistent with prevailing market prices for similar Crude Oil.
 - (g) In the event that Platts ceases to be published for a period of thirty (30) consecutive Business Days, the Parties shall agree on an alternative daily publication of similar nature and stature used in the international petroleum industry. If the Parties cannot agree on the identity of an alternative daily publication as aforesaid, Article 16.3 shall apply.
 - (h) For the purposes of this Article 16.1, the expression "Arm's Length Sales" means sales entered into between a willing seller and a willing purchaser on commercial terms reflecting current open market conditions and excludes exchanges, barter, restricted or distress transactions or any other transaction which is associated with special financial or commercial considerations.
- 16.2 For Natural Gas, Condensates and other Hydrocarbons and By-Products (other than Crude Oil)
- (a) In the case of Hydrocarbons, other than Crude Oil, and By-Products, sold by the Lessee, the price shall be the actual selling price realised by the Lessee provided that the said price is real and reasonable. A price shall be considered reasonable if it takes account of prices current from time to time on the international market, the particular characteristics of the product, and the price of alternative fuels in the place to which the gas is delivered.
 - (b) In the case of Hydrocarbons, other than Crude Oil, and By-Products retained by the Lessee for its own use or received in kind by the Lessor, the

price shall be agreed by both the Lessor and the Lessee, account being taken of the price referred to in the preceding paragraph 16.2 (a).

16.3 Expert Determination

In the event of any difference, dispute or failure to agree between the Lessor and the Lessee about the value or price of any Hydrocarbons or the manner in which such value or price is to be determined, in accordance with the provisions of this Article, the matter or matters at issue shall be subject to determination by the Sole Expert in accordance with Article 23.

16.4 For the purposes of this Article, any reference to the Lessee shall be deemed to be a reference to the Lessee or any Co-Lessee.

Article 17

MEASUREMENT OF HYDROCARBONS AND BY-PRODUCTS

- 17.1 The Lessee, using international standard measurement methods, shall measure all Hydrocarbons extracted at their place of extraction and shall also measure all Hydrocarbons and By-Products Produced and Saved pursuant to Article 17.2.
- 17.2 Representatives of the Lessor shall have the right to be present at and observe such measurement and to examine and test whatever appliances are used. If upon such examination or testing any appliance shall be found to be out of order or defective in any way the Lessor may require that the same be put in order or replaced by the Lessee, and if any such request is not complied with in a reasonable time specified by the Lessor, the Lessor may cause the said appliance to be put in order or replaced and may recover from the Lessee the cost of so doing.
- 17.3 If upon examination by the Lessor, as aforesaid, any error or defect is discovered in an appliance, such error or defect shall be deemed to have existed for three (3) Months prior to its discovery or from the date of the last examination and testing, whichever last occurred and quantities shall be adjusted accordingly.
- 17.4 If the Lessee desires to effect modifications to the measuring instruments, it shall give reasonable advance notice to the Lessor to enable the latter's representatives to attend the modifications.

Article 18

SATISFACTION OF DOMESTIC REQUIREMENTS

Pursuant to paragraph 1 of article 7 of the Hydrocarbons Law, in case of war, danger of war or any other state of emergency in Greece, the Lessee shall, upon request by the State, make available to the latter all or a specified portion of its share of the production of Hydrocarbons and By-Products from the Exploitation Area, provided that, if, immediately prior to the exercise of the above entitlement there are several Exploitation Areas in the same Contract Area or other contract areas in Greece, the Lessee's contribution pursuant to such request shall be apportioned on a pro rata basis among all the lessees of all the relevant areas.

Article 19
RECORDS, REPORTS AND DATA INSPECTIONS

19.1 The Lessee shall, subject to the provisions of this Article:

- (a) keep current, complete and accurate records in the State of all Petroleum Operations and its activities in the Contract Area;
- (b) permit the Lessor's representatives to inspect the Petroleum Operations and the records kept according to paragraph (a) above;
- (c) submit to the Lessor all Data, as required pursuant to paragraph 10 of Article 7 of the Hydrocarbons Law, and
- (d) maintain records or copies of the Proprietary Data in Greece and ensure that the Lessor has unrestricted access to such data, as required pursuant to paragraph 10 of Article 7 of the Hydrocarbons Law.

19.2 The following reports and data shall be supplied to the Lessor without delay upon being drawn up or obtained:

- (a) copies of geological surveys with supporting material, accompanied by the relevant maps;
- (b) copies of geophysical surveys with supporting material, as well as copies of recorded seismic magnetic tapes; and interpretation reports; in the case of drilling, daily reports while drilling is in progress and copies of records containing full particulars of;
 - (i) the drilling, operations, deepening, testing, plugging and abandonment of wells;
 - (ii) the strata and subsoil through which wells are drilled;
 - (iii) the casing inserted in wells and any alteration in such casing; and
 - (iv) any aquifer, other subsurface resources concentrations as per Article 7.2, or dangerous substances encountered;
- (c) copies of records on production tests carried out, as well as any survey relating to the initial production of each well;
- (d) copies of all analysis reports of core samples and sampling procedure followed
- (e) copies of any other technical reports which may be drawn up regarding the Petroleum Operations; and
- (f) daily production reports and all relevant information related to production.

- 19.3 The Lessee shall quarterly submit in an electronic form, a list of each contract in force with respect to Petroleum Operations, which contract value is higher than five hundred thousand (500,000) Euros. Such list shall include the scope, the contracting parties and the value of the contract. As soon as practicable upon request by the Lessor in accordance with Article 25.2, the Lessee shall submit a copy of the requested contract.
- 19.4 The Lessee shall submit to the Lessor detailed quarterly and annual financial and technical reports of its activities under this Agreement. Quarterly reports shall be submitted within one (1) Month of the expiration of each Calendar Quarter and the annual report within three (3) Months of the end of each Calendar Year.
- 19.5 Within three (3) Months of the end of the Calendar Year in question - unless a shorter period is provided for lodging the tax return under paragraph 5 of article 8 of the Hydrocarbons Law, in which case this shorter period shall also apply - the Lessee shall submit to the Lessor copies of the Statement of income and expenditure drawn up in accordance with Annex C.
- 19.6 The Lessee shall submit representative samples of drilling cores and cuttings taken from each well, as well as samples of production fluids. Upon the expiration of this Agreement, samples of drilling cores and cuttings remaining in the possession of the Lessee shall be delivered up to the Lessor.
- 19.7 The Lessor warrants that it has title to all State Data and grants to the Lessee an unconditional, royalty free, licence only for those State Data held or developed by the Lessor until the Effective Date (excluding any data acquired and/or produced under the non-exclusive marine seismic data acquisition and services commenced on the 26th of October 2012), that shall remain valid for the duration of this Agreement to access retain and use such data for the purposes of conducting the Petroleum Operations. The Lessor shall have title to all Data and grants the Lessee an unconditional royalty free licence valid for the duration of this Agreement to access, retain and use such data for the purposes of conducting the Petroleum Operations. Such licences shall be exclusive in respect of the Data relating to all parts of the Contract Area which have not been relinquished or surrendered by the Lessee and non-exclusive for the areas relinquished or surrendered by the Lessee during the term of this Agreement. Notwithstanding the above, the Lessor shall keep all Data confidential and, subject to Article 19.14, the Lessor shall be entitled to disclose such Data for purposes of promoting tenders with respect to exploration and exploitation of hydrocarbons in adjacent areas.
- 19.8 The Lessor acknowledges the proprietary rights of the Lessee in the Proprietary Data which shall be protected from disclosure, unless mutually agreed otherwise. Proprietary Data shall continue to be the property of the Lessee.
- 19.9 The Lessor may use the Data for statistical and/or scientific purposes as may be required under the Law. Upon request from the Lessor and subject to prior written consent from the Lessee, the Lessor may use Proprietary Data for the same purposes aforementioned.

- 19.10 The Lessee shall promptly report to the Lessor every discovery of subsurface resources other than Hydrocarbons concentrations as per Article 7.2.
- 19.11 The Lessor shall keep all Data and Proprietary Data received from the Lessee in relation to all parts of the Contract Area confidential. It may, however, subject to Lessee's prior written consent, the provisions of Articles 19.15 and 19.16, and subject to execution of a separate undertaking of confidentiality, disclose such Data under its responsibility to independent scientific institutions or consultants, acting as the Lessor's adviser in relation to the Petroleum Operations. It may also use the said data in the conduct of arbitration or during litigation between the Parties.
- 19.12 The Lessee shall not unreasonably withhold its consent to requests of the Lessor to publish or communicate to independent scientific and academic institutions for scientific purposes, specific parts of the Data, if this can be done without detriment to the Lessee's interests.
- 19.13 The Lessor and its representatives shall have rights to access the Contract Area at all reasonable times and reasonable intervals, and with reasonable prior written notice to the Lessee, at their own risk (save where injury or damage results from the gross negligence or willful misconduct of the Lessee) and expense, in order to;
- (i) observe Petroleum Operations; or
 - (ii) inspect all assets, records, Data and Proprietary Data owned or maintained by the Lessee relating to Petroleum Operations, provided that the Lessor and its representatives shall not interfere with the Petroleum Operations in exercising such rights; or
 - (iii) make a reasonable number of surveys, drawings, tests and copies for the purpose of monitoring the Lessee's compliance with the terms of this Agreement. In so doing, the Lessor and its representatives shall be entitled to make reasonable use of the equipment or instruments of the Lessee provided that no damage to the equipment or instruments or interference with the Petroleum Operations which results from such use. The Lessor and its representatives shall be given reasonable assistance by the Lessee for such functions, and the Lessee shall afford to the Lessor and its representatives all facilities and privileges afforded to its own personnel in the field, including the use of available office space and housing as permitted by the Lessee's procedures and guidelines.
- 19.14 Except as provided in Articles 19.12, 19.15 to 19.20, all Data shall, during the term of this Agreement, be kept confidential and shall not reproduced or disclosed to third parties by either Party without the prior written consent of the other Party. The Lessee shall treat all State Data as confidential and shall not have any rights over the aforementioned data other than the rights of Article 19.7.

- 19.15 The Lessor shall keep Data confidential and shall not reproduce or disclose such data to third parties without the prior written consent of the Lessee. Notwithstanding the foregoing the Lessor shall be entitled to reproduce or disclose to third parties Data that relate exclusively to any part of the Contract Area that is relinquished or surrendered by the Lessee in accordance with this Agreement.
- 19.16 All Proprietary Data shall be kept confidential and not reproduced or disclosed to third parties by the Lessor without the prior written consent of the Lessee. Notwithstanding the foregoing the Lessor shall be entitled to reproduce or disclose Proprietary Data to third parties at the expiry of a period of five (5) years from the termination of this Agreement or from the relinquishment of any part of the Contract Area only for these Proprietary Data which correspond to the area of relinquishment.
- 19.17 The provisions of Articles 19.14 and 19.15 shall not prevent disclosure by:
- (a) the Lessee to the government of the place of its incorporation or of any other jurisdiction in which it operates or its Affiliate Enterprise or any department, agency or instrumentality thereof if required by the law in that jurisdiction or to recognised stock exchanges on which shares of the Lessee or its Affiliate Enterprises are traded if required by law or rules thereof;
 - (b) the Lessee to an Affiliate Enterprise or to its contractors or their subcontractors or to their professional advisors, financial institutions or insurance companies if they consider it reasonably necessary for the purposes of conducting Petroleum Operations;
 - (c) the Lessee to bona fide prospective assignees of all or portion of an interest in the rights and obligations under this Agreement a corporation with which the Lessee or any Affiliate Enterprise is conducting bona fide negotiations directed towards a merger or consolidation or disposal of its share capital, upon fifteen (15) calendar days prior written notice to the Lessor, identifying the parties to which disclosure will be made; provided, however, that the Lessor may veto any such disclosure where a party to which such disclosure is proposed is in bona fide discussions with the Lessor regarding rights to conduct Petroleum Operations in the State or for reasons of national security;
 - (d) the Lessee to any party with whom the Lessee is directed by the Lessor to enter into a unitisation programme in accordance with Article 11;
 - (e) the Lessor to any Governmental Authority, financial institution or person acting as a consultant or professional adviser to the State; and
 - (f) the Lessor and the Lessee to arbitrators and Sole Experts appointed pursuant to this Agreement.
- 19.18 All Data and Proprietary Data disclosed to third parties under paragraphs (b) to (f) of Article 19.17 shall be disclosed on terms which ensure that the same are treated

as confidential by the recipient for so long as such data remains subject to the confidentiality undertakings specified herein.

- 19.19 Neither the Lessee nor the Lessor shall be bound by the confidentiality undertakings as set forth herein with respect to any Data or Proprietary Data which is in or becomes part of the public domain through no fault of the disclosing Party or which the relevant Party may document that was already known by such Party before the Effective Date or obtained from a third party having the right to disclose such data.
- 19.20 Nothing in this Article 19 shall require the Lessee, its Affiliate Enterprises, contractors or their sub-contractors to disclose their own proprietary technology. Given that the proprietary technology is subject to the intellectual property rights, any disclosure of proprietary technology shall be consented in writing for a specific purpose and under terms and conditions which allow the protection of the rights attached to such proprietary technology.
- 19.21 For the purposes of this Article, any reference to the "Lessee" shall be deemed to be a reference to the Lessee or/and any Co-Lessee.

Article 20

TRANSFER AND ASSIGNMENT OF RIGHTS AND OBLIGATIONS

20.1 Subject to the provisions of paragraph 2 of article 4 of the Hydrocarbons Law and in accordance with the provisions and the procedure laid down in paragraphs 4, 5 and 7 of article 7 of the same law:

- (a) The Lessee may transfer in whole or in part its interest under this Agreement as set out in Article 1.5 to an Independent Third Party solely upon written consent of the Minister, which consent shall not be unreasonably withheld or delayed. The Minister may refuse consent, if the grounds of paragraph 2 of article 4 of the Hydrocarbons Law apply or if the Independent Third Party does not meet the criteria referred to in paragraph 18 of article 2 of the Hydrocarbons Law. To the extent such consent is not unreasonably withheld, the Lessor may set conditions on the Lessee to safeguard its own interests.

The consent of the Minister described above shall also be required whenever any interest in an Affiliate Enterprise which controls, directly or indirectly, the Lessee is to be transferred to an Independent Third Party such as to cause a direct or indirect change in Control of the Lessee and the Lessee, when seeking such consent, shall provide adequate information concerning corporate structure, capital ownership Control and management.

- (b) The Lessee shall be entitled upon obtaining the prior written consent of the Minister, to transfer, in whole or in part, its rights and obligations under the Agreement to an Affiliate Enterprise, provided that the Lessee shall continue to be, vis-à-vis the Lessor jointly and severally responsible with the transferee Affiliate Enterprise, for the performance of all obligations under the Agreement for as long as the transferee remains an Affiliate Enterprise. Such consent shall not be unreasonably withheld or delayed, and the grant of this consent may be refused on the grounds of paragraph 2 of article 4 of the Hydrocarbons Law or if the Affiliate Enterprise does not meet the criteria referred to in paragraph 18 of article 2 of the Hydrocarbon Law.
- (c) Any Co-Lessee shall be entitled to transfer, in whole or in part, its contractual rights and obligations under this Agreement to any other Co-Lessee at the time of such transfer, following the written consent of the Minister. Such consent shall not be unreasonably withheld or delayed. The grant of this consent and approval may be refused on the grounds of paragraph 2 of article 4 of the Hydrocarbons Law or if the Co-Lessee no longer meets the criteria referred to in paragraph 18 of article 2 of the Hydrocarbons Law.

20.2 Any transfer, in whole or in part, of rights and obligations under this Agreement by the Lessee or a Co-Lessee shall only become effective with regard to the

Lessor as of the date of service upon it of certified copies of the deed of assignment or any other transfer document. If such transfer takes place during the Exploration Stage or the Special Exploration Stage Extension (as the case may be), the Bank Guarantees put in place under Article 2.2 or of Article 3.7, as reduced from time to time, shall be released when replaced with similar Bank Guarantees issued by the transferee and the Co-Lessees that remain parties to this Agreement after such transfer.

- 20.3 No transfer of the operatorship shall be permitted without the prior written consent of the Lessor, which consent shall not be withheld except for reasons of the financial and technical capabilities of the proposed operator.
- 20.4 For the purposes of this Article, any reference to the "Lessee" shall be deemed to be a reference to the Lessee or any Co-Lessee.

Article 21
VIOLATIONS, LESSEE'S FORFEITURE

- 21.1 If the Lessor considers that Lessee and/or any Co-Lessee is in breach of any of its obligations as set out in paragraph 8 of article 10 of the Hydrocarbons Laws, the Lessor may give written notice of such breach to the Lessee in accordance with Article 21.2 within a time limit of six (6) Months from the date on which it has taken cognizance of such breach and it shall, in such notice, invite the Lessee to remedy it and to keep the Lessor harmless from any loss or damage caused thereby. If the Lessee fails to remedy the breach within the prescribed time, and if no amicable settlement is reached between the Parties (each within the following ninety (90) calendar days from the date of service of such notice), the Lessor may terminate this Agreement by further notice to the Lessee.

Nothing in this Article 21.1 could be interpreted as a discharge for the Lessee to fulfil all its obligations under this Agreement.

- 21.2 The Lessor covenants that the right to declare that the Lessee has forfeited its rights under this Agreement conferred by the Hydrocarbons Law in the circumstances set out in paragraphs 8 and 9 of article 10 of the Hydrocarbons Law will not be exercised by the Lessor unless:-

- (a) the Lessor has, by written notice to the Lessee, given not less than ninety (90) calendar days' notice of its intention to forfeit those rights and stating in detail the reasons for the intended forfeiture;
- (b) the Lessor has, in the notice, specified a date not less than thirty (30) calendar days after the notice before which the Lessee may submit any matter which it wishes the Lessor to consider;
- (c) the Lessor has, in the notice, specified a period of not less than sixty (60) calendar days to remedy and remove the ground for the said breach;
- (d) the Lessor has taken into account:-
 - (i) any matter submitted to it by the Lessee pursuant to Article 21.2(b); and
 - (ii) any action taken by the Lessee to remedy and remove that ground.

- 21.3 Following the execution of this Agreement, the Lessee and/or any Co-Lessee may not be placed under the direct or indirect control of a foreign state which is not a member state of the European Union, or under the direct or indirect Control of a citizen of such state without the prior approval of the Council of Ministers in accordance with the provision and the procedure laid down in paragraph 3 of article 4 of the Hydrocarbons Law. Notwithstanding any of the provisions in this Article 21, a breach of this Article 21.3 shall result in the Lessee forfeiting all of its rights under the Agreement following a resolution of the Council of Ministers to this effect.

- 21.4 Any dispute between the Lessor and the Lessee as to whether any event has occurred which pursuant to Article 21.2, would entitle the Lessor to declare that the Lessee has forfeited its rights pursuant to paragraph 8 or, as the case may be, paragraph 9 of article 10 of the Hydrocarbons Law shall be settled by arbitration pursuant to Article 23.
- 21.5 If the Lessor terminates this Agreement, each Party's further rights and obligations cease immediately on termination except that:
- (a) the provisions of Articles 1.4, 6.3, 8.3 to 8.8 (inclusive), 9.1, 9.2, 12, 15.4, 19.15 to 19.20 (inclusive), 23.1 to 23.10 (inclusive), 30 and 31 shall survive termination; and
 - (b) termination does not affect the accrued rights of each Party at the date of termination.

Article 22
INSOLVENCY OF THE LESSEE

22.1 If at any time during the term of this Agreement:

- (a) any corporate action, legal proceedings, procedure or other step including without limitation the commencement of a meeting, making of an application, presentation of a petition, the passing of any resolution and/or the making of order occurs and as a result, an order is made or a resolution is passed by a court of competent jurisdiction dissolving, liquidating or winding up (or an analogous procedure) the affairs of the Lessee by reason of the Lessee's insolvency or the inability of the Lessee to meet its payment obligations under this Agreement as they arise in the ordinary course of business; or
- (b) the Lessee makes an assignment for the benefit of its creditors of any substantial part of its assets or a receiver or manager of the Lessee is appointed under a debt instrument or similar security interest, the Lessor may, subject to no less than thirty (30) Business Days advance notice in writing to the Lessee declare that the rights of the Lessee under this Agreement are forfeited and this Agreement is terminated.

22.2 If, in respect of any Co-Lessee, an event of the kind described in Article 22.1 occurs, the rights of the Lessee under this Agreement shall not be liable to forfeiture but any Co-Lessee in respect of whom any such event has occurred shall, if so required by the Lessor, promptly assign or transfer its interest under the Agreement as set out in Article 1.5 to the remaining Co-Lessees, pro rata to their respective interest as set out in Article 1.5 or otherwise agreed by the remaining Co-Lessees, and the remaining Co-Lessees shall enjoy the benefit of the interest so assigned or transferred and be liable jointly and severally for the corresponding obligations.

Article 23
SETTLEMENT OF DISPUTES

A. Amicable settlement

- 23.1 In the event of any dispute, controversy or claim between the Parties or between the Lessor and any Co-Lessee or any inability or failure by the Parties or by the Lessor and any Co-Lessee to agree on any matter regarding the validity, interpretation or implementation of any provisions of this Agreement, (a "Dispute"), the Parties shall first attempt to resolve that dispute amicably through negotiations which shall not exceed a period of thirty (30) days after the receipt by one Party of a notice from the other Party of the existence of such a Dispute.

B. Sole Expert determination

- 23.2 In the event of failure of the Parties to reach an amicable settlement within the aforesaid period regarding any dispute mentioned in Articles 4.10, 5.4, 7.3, 7.6 (a), 7.8, 7.9, 8.3(b), 8.5, 8.6, 9.5 and 16.3, the Parties shall refer to a Sole Expert for determination in accordance with the following:
- (a) The Sole Expert shall be appointed by the Parties within fifteen (15) calendar days (the "**Election Period**") from submission of a written notification by a Party (the "**Initiating Party**") to the other Party (the "**Receiving Party**") of its intention to refer a Dispute for determination to a Sole Expert. If the Parties fail to agree on the appointment of the Sole Expert during the Election Period, the Sole Expert shall be appointed within the next fifteen (15) calendar days by the President of an Institute among those Institutes provided in the Sole Expert definition provided that such President is free of any conflict of interest.
 - (b) The Sole Expert shall be an individual qualified by education, experience, and training to determine the matter in such dispute, and shall be generally recognized by the international oil and gas industry as an expert in the field or fields of expertise relative to the dispute. No person may be appointed as an independent expert hereunder who has or may have any interest or duty which conflicts or may conflict or is or may be otherwise inconsistent with his function as a Sole Expert. No person may be appointed as a Sole Expert who is or has been a director, office holder, employee of, or adviser or consultant to, either Party or its Affiliate Enterprises.
 - (c) Upon a Sole Expert being selected under the foregoing provisions of this Article, and provided that the Parties have mutually agreed in writing the description of the Dispute and the terms of reference upon which the Sole Expert shall seek to resolve the Dispute and make its determination, the Lessor shall forthwith notify this Sole Expert of its selection by the Parties and shall request it to state within five (5) calendar days (the "**Acceptance Period**") whether or not it is willing and able to accept the appointment. If such Sole Expert shall be either unwilling or unable to accept such

appointment, or shall not have accepted (the "**Disqualified Expert**") within the Acceptance Period then the Parties shall select an alternative Sole Expert within five (5) calendar days following the end of the Acceptance Period. If the Parties fail to agree on the appointment of the Sole Expert within the required period, the matter shall be referred by the Parties to the President of an Institute as described in Article 23.2(a), and the process shall be repeated until a Sole Expert is so agreed or selected who accepts the appointment upon terms acceptable to all Parties.

- (d) For the purposes of determination by the Sole Expert of the Dispute, each Party shall submit to the other Party and to the Sole Expert within thirty (30) calendar days (the "**Submissions Period**") following the Sole Expert's acceptance of appointment:

- (i) a description of the Dispute;
- (ii) a statement of its position; and
- (iii) any documents supporting and/or justifying its position.

The Sole Expert may, in its absolute discretion, consider any additional information submitted by either Party and/or any other procedural matters not specifically addressed herein.

- (e) In accordance with Article 23.2(c), the terms of reference upon which the Sole Expert shall seek to resolve a Dispute shall be mutually agreed between the Parties. The parameters within which the Sole Expert shall make its determination shall be strictly within the terms of reference, agreed by the Parties.
- (f) Save in the event of fraud or manifest error, the Sole Expert's determination shall be conclusive and binding on the Parties and shall be delivered within thirty (30) calendar days following the end of the Submissions Period. The decision of the Sole Expert may be referred to arbitration by way of appeal on a point of law, but not on a point of fact. Pending resolution of the dispute by the Sole Expert, there will be no suspension of the Agreement and the Lessee shall have the right and the obligation to continue operations under the Agreement.
- (g) If the Sole Expert dies or becomes unwilling or incapable of acting, or does not deliver the determination within the time required by this Article then:
- (i) the Parties shall promptly select a replacement Sole Expert; and
 - (ii) this Article shall apply to the new Sole Expert as if he were the first Sole Expert appointed.
- (h) The language to be used for the purposes of the Sole Expert determination shall be English.

- (i) The costs of engaging the Sole Expert and the costs of the Sole Expert determination shall be borne equally by the Lessor and the Lessee. Each Party shall bear its own costs in preparing any materials for and making its presentations to, the Sole Expert.
- (j) Each Party shall act reasonably and co-operate in good faith to give full effect to all the provisions of this Article and shall do nothing to hinder or prevent the Sole Expert from reaching his determination.

C. Arbitration

23.3 Any Dispute which

- (a) is not referred to a Sole Expert for determination under Article 23.2; or
- (b) has been referred to the Sole Expert whose decision is appealed on a point of law; or
- (c) the Parties have failed to appoint a Sole Expert (or, as the case may be, a replacement Sole Expert) as per provisions of Article 23.2

shall be finally settled by arbitration.

23.4 The place of arbitration shall be Athens, Greece

23.5 The number of arbitrators shall be three; they shall be appointed in accordance with the provisions of paragraph 13 of article 10 of the Hydrocarbons Law.

23.6 The arbitration shall be conducted in accordance with the Rules of Arbitration of the International Chamber of Commerce (in force from time to time), to the extent that there is no conflict between any of those Rules and the provisions of this Agreement. In the event of any such conflict, the provisions of this Agreement shall prevail.

23.7 The language to be used in the arbitral proceedings shall be Greek and English, unless the Parties agree otherwise.

23.8 The award rendered shall be final and conclusive. Judgment on the award rendered may be entered in any court for a juridical acceptance and for enforcement, as the case may be.

23.9 Save in case of a determination rendered by the Sole Expert in which case Article 23.10 applies during the period of any arbitration, the time limits set for the fulfilment by either Party or those contractual obligations under this Agreement which are the subject of such arbitration shall be suspended for a time period equivalent to the period of such arbitration.

23.10 In case of a determination rendered by the Sole Expert and pending resolution of the dispute by the panel of arbitrators, there will be no suspension of the

Agreement and the Lessor and the Lessee shall have the right and the obligation to continue performing under this Agreement.

- 23.11 For the purposes of this Article, it is clarified that any dispute between the Lessor and any Co-Lessee under this Agreement shall always be considered a Dispute between the Lessor and the Lessee and any reference of such Dispute to the Sole Expert or to arbitration, as the case may be, under this Article shall always be considered a reference of dispute between the Lessor and the Lessee.

D. Mediation

The Parties or the Lessor and any Co-Lessee may agree at any time, without prejudice to any other proceedings, to refer to mediation any Dispute in accordance with the International Chamber of Commerce (ICC) Mediation Rules then in effect, which rules are deemed incorporated by reference in this Article.

Article 24
PERFORMANCE OF THE AGREEMENT - TIME

- 24.1 The Lessor and the Lessee shall do everything necessary so as to accomplish the objectives of the Agreement.
- 24.2 The Parties agree to cooperate harmoniously and in a spirit of good faith with a view to the achievement, as promptly and as efficiently as possible, of the objectives of the Agreement, in strict conformity with all its provisions.
- 24.3 Time is of the essence in this Agreement.

Article 25

CONTRACTORS, SUB-CONTRACTORS, PERSONNEL AND TRAINING

25.1 Subject to the following provisions of this Article, the Lessee shall be entitled to employ contractors and the latter shall be entitled to employ sub-contractors for the performance of this Agreement.

25.2 In Accordance with the provisions of Article 19.3 and upon request of the Lessor, the Lessee shall submit to the Lessor a copy of any such contracts entered into with contractors (including with Affiliate Enterprises) which, have a contract value higher than two (2) million Euros for contracts relating to the Exploration Stage, and three (3) million Euros for contracts relating to the Exploitation Stage

The Lessee shall, at any time after the Effective Date, submit to the Lessor its guidelines and procedures that govern the approval process that is required for the Lessee to enter into contracts for goods and services for Petroleum Operations. Such guidelines and procedures will remain confidential and shall not be disclosed by the Lessor.

25.3 The Lessee, its contractors and any sub-contractors employed by the Lessee, shall be entitled to employ foreign personnel in Greece for Petroleum Operations. The Lessee shall (and shall procure that its subcontractors shall) give due and proper consideration to preferring Greek and EEA sourced services, materials, equipment, consumables and other goods when their price, quality, time of delivery and other terms are comparable to those available internationally.

25.4 Subject to the conditions and requirements of paragraph 9 of article 6 of the Hydrocarbons Law, the Lessor will support all applications by the Lessee to the competent authorities for permits for entry, residence, movement and work in Greece for all foreign personnel referred to in the preceding paragraph and to the members of their family, unless there exist reasons pertaining to national or public security and order.

25.5 From the commencement of the Petroleum Operations, the Lessee shall consider first employment for Greek and EEA personnel and shall, if employed, contribute to the training of those personnel in order to allow them access to any position of skilled worker, foreman, executive and manager.

25.6 In addition, the Lessee shall be obliged each year to train local technical and scientific personnel as well as civil servants of the State, in such numbers and for such periods of time as shall be stipulated by resolution of the Minister in accordance with the provisions of paragraph 10 of article 6 of the Hydrocarbons Law and the mutual recommendation of the Parties. Costs associated with such training incurred by the Lessee shall not excess and shall count towards the agreed costs of Lessee's training obligations, as these are set for in Article 15.3.

Article 26
FORCE MAJEURE

- 26.1 Failure or delay to perform any of their contractual obligations by either the Lessor or Lessee, shall not be regarded as a breach of the Agreement and shall not give rise to any right or claim by either Party against the other if such failure or delay is due to Force Majeure or to consequences arising therefrom.
- 26.2 "**Force Majeure**" means any event beyond the reasonable control of the Party claiming to be affected by it and not caused or contributed to by such Party and shall include, but shall not be limited to, acts of God, epidemics, earthquakes, fires, floods, explosions, strikes, lockouts, wars and state of war, revolutions, civil commotions, insurrections, mutinies and acts of the State or of any foreign government. Force Majeure shall not excuse the failure to pay any sum when due hereunder and a lack of funds shall not constitute Force Majeure.
- 26.3 If as a result of an event of Force Majeure, the affected Party is prevented from performing its obligations or exercising its rights under this Agreement, the performance of any obligation or the exercise of any right under this Agreement shall be suspended to the extent to which said Party is affected by the said event of Force Majeure and during such time as it lasts and for such reasonable additional time thereafter as might be required for normal resumption of the Petroleum Operations and/or other contractual obligations.
- 26.4 In the event of Force Majeure, the Party prevented from performing its obligations or exercising its rights under the Agreement shall immediately give to the other Party notice of the nature of the Force Majeure and its probable duration.
- 26.5 If as a result of an event of Force Majeure Petroleum Operations and/or other contractual rights and obligations hereunder are suspended for more than twelve (12) consecutive Months after the notice of Force Majeure, the Parties shall meet to discuss in good faith the continuance or termination of this Agreement. If no agreement can be reached by the Parties within twelve (12) Months of the later of: i) the notice of Force Majeure, or ii) the beginning of said discussions, the Lessor or the Lessee may give to the other Party notice of termination of this Agreement which notice shall become effective six (6) Months following the date of service of such notice.
- 26.6 The Parties agree in particular that in the event that, as a result of a court order or any judicial decision exclusively in respect to a Consent the Exploration Operations are interrupted, the Lessee may declare it a Force Majeure event and the provisions of this Article 26 shall apply accordingly, save that the twelve (12) month suspension time period of Article 26.5 shall be extended up to a period of twenty-four (24) months.

Article 27

SUSPENSION OF THE EXPLORATION STAGE

- 27.1 If at any time during the Exploration Stage the Lessee wishes to conduct an activity necessary for the performance of Petroleum Operations and satisfaction of the Annual Work Programme in respect of which a Consent is required, then a Response must be issued within the time limit prescribed under the applicable Law or, where a Law does not prescribe a time limit, within the time limit prescribed by Article 4 of Law 2690/1999 (Administrative Procedure Code) (the "**Prescribed Time Limit**"). Subject to the provisions of Articles 27.5, 27.6 and 27.7, if a Response is not issued within the Prescribed Time Limit, then the Lessee may, upon expiry of such period, provide the Lessor with notice in writing that the Prescribed Time Limit has expired (a "Prescribed Time Limit Expiry Notice").
- 27.2 Upon receipt by the Lessor of a Prescribed Time Limit Expiry Notice there shall commence a period of fifteen (15) calendar days during which the Lessor and the Lessee shall cooperate using their best endeavours to procure the issuance of a Response (the "**Cooperation Period**").
- 27.3 If upon the expiry date of the Cooperation Period the Lessor and Lessee have failed to procure the issuance of a Response, then on and from such date the time for performance of the obligations in respect of which the Consent is required shall be suspended immediately pending issuance of a Response (the "**Suspension Period**")
- 27.4 During the Suspension Period the Lessee and the Lessor shall use their best endeavours to procure a Response.
- 27.5 A Suspension Period shall terminate on the date when a Response is issued and on and from that date the affected obligations of the Lessee shall resume and shall be carried out in the remaining unexpired period of the relevant Phase, which shall be extended accordingly. Nothing in this Article 27.5 shall deprive the Lessee of its rights to proceed to the next Phase or reduce the overall period of any subsequent Phase, or Basic Exploration Stage, in accordance with the terms of this Agreement.
- 27.6 The Lessee shall not be entitled to issue a Prescribed Time Limit Expiry Notice if a Proper Application has not been made. A "Proper Application" is made if the application for Consent is in all respects complete in form and substance, and in accordance with Law.
- 27.7 An application for Consent shall be deemed to be a Proper Application for the purposes of this Agreement if the relevant Governmental Authority has not otherwise advised the Lessee in writing by the expiry of the Prescribed Time Limit.

Article 28
PARENT COMPANY SUPPORT LETTER

- 28.1 In case that the Lessee and /or any Co-Lessee relies on the technical and /or financial capacity of its Parent Company for the performance of the Petroleum Operations, the Lessee and /or such Co-Lessee shall provide to the Lessor a Parent Company Support Letter having the content of Annex G (hereinafter the Support Letter). Such Support Letter shall take effect on the Effective Date and, shall be delivered to the Lessor at the latest five (5) days before the date on which this Agreement is ratified by the State Parliament as the same will be notified in writing by the Minister to the Lessee and/or any Co-Lessee at least fifteen (15) days before the ratification date.

For the purposes of Article 28, the term "Parent Company" shall mean in relation to the Co-Lessee any company or other legal entity or natural person which Controls, directly or indirectly, the Lessee or/any Co-Lessee.

- 28.2 If an Event of Default occurs in relation to the Parent Company providing the Support Letter, then the Lessee and /or such Co-Lessee shall on written notice procure the issue to the Lessor of a replacement Support Letter on the terms and conditions substantially equivalent to Annex G or in such other form of security acceptable to the Lessor.

For these purposes, an Event of Default will occur in relation to a Parent Company if:

- (a) the Parent Company suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business; or
- (b) the Parent Company stops or suspends payment of any of its debts or is unable to, or admits its inability to, pay its debts as they fall due; or
- (c) the Parent Company commences negotiations, or enters into any composition, compromise, assignment or arrangement, with one or more of its creditors with a view to rescheduling any of its Indebtedness (because of actual or anticipated financial difficulties); or
- (d) a moratorium is declared in respect of any Indebtedness of the Parent Company; or
- (e) any action, proceedings, procedure or step is taken in relation to:
 - (i) the suspension of payments, a moratorium of any Indebtedness, winding up, dissolution, administration or reorganisation (using a voluntary arrangement, scheme of arrangement or otherwise) of the Parent Company; or
 - (ii) the composition, compromise, assignment or arrangement with any creditor of the Parent Company; or

- (iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Parent Company or any of its assets; or
- (f) the value of the Parent Company's assets is less than its liabilities (taking into account contingent and prospective liabilities); or
- (g) there is (in the reasonable opinion of the Lessor) a serious deterioration in the financial standing of the Parent Company that may adversely affect the ability of that Parent Company to perform its obligations under the Parent Company Support Letter.

Article 29
NOTIFICATIONS - AGENT FOR SERVICE

29.1 Unless otherwise provided in this Agreement, all notices given under this Agreement shall be:

- (a) in writing;
- (b) in English or Greek; and
- (c) delivered personally or by pre-paid recorded delivery (or international courier if overseas) or by e-mail or by fax addressed as follows

If to the Lessor:

Hellenic Hydrocarbons Resources Management S.A.

18 Dim Margari, 115 25 Athens, Greece

Attention: Mr. Yiannis Bassias, President & CEO

Email: contact@greekhydrocarbons.gr

With a copy to:

Ministry of Environment and Energy

General Secretariat for Energy and Mineral Raw Resources

119 Mesogeion Avenue, 101 92 Athens, Greece

Attention: Mr. Michalis Verriopoulos, Secretary General for Energy and M.R.R.

Fax: +30 213 1513608

Email: ggenenergy@ypen.gr

If to the Lessee

<p>HELLENIC PETROLEUM SA Attention: Foivos Simeonidis 8A Chimarras street 15125 Maroussi, Athens Greece E mail : fsimeonidis@helpe.gr Fax: +30 210 6302991</p>	<p><u>With a copy to:</u> HELLENIC PETROLEUM SA Attention: Georgianna Petrolia 8A Chimarras street 15125 Maroussi, Athens Greece Email: gpetrolia@helpe.gr Fax: 30 210 6302991</p>
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29.2 Each Party shall have the right to change its address at any time and/or designate that copies of all such notices be directed to another person at another address, by giving notice thereof to all other Parties. In the absence of evidence of earlier receipt, and subject to Article 29.3 and 29.4, a notice shall be deemed given and received:

- (a) if delivered personally by hand, when left at the address referred to above;
- (b) if sent by pre-paid recorded delivery (except air mail), two (2) Business Days after posting it;
- (c) if sent by airmail, five (5) Business Days after posting it;
- (d) if sent by international courier, five (5) Business Days after it is collected by such courier from the sender;
- (e) if sent by e-mail to the appropriate party at the most current address, provided that the recipient transmits a manual written acknowledgment of successful receipt, which the recipient shall have an affirmative duty to furnish promptly after successful receipt; and
- (f) if sent by facsimile, at the time of transmission (as per a transmission report from the machine from which the facsimile was sent).

29.3 If receipt or deemed receipt of a notice occurs before 9am (in the country of receipt) on a Business Day, the notice shall be deemed to have been received at 9am (in the country of receipt) on that day, and if deemed receipt occurs after 5pm (in the country of receipt) on a Business Day, or on a day which is not a Business Day, the notice shall be deemed to have been received at 9am (in the country of receipt) on the next Business Day.

29.4 The deemed service provisions in Article 29.2 shall not apply to a notice served by fax, if, before the time at which the notice would otherwise be deemed to have been served pursuant to that Article, the recipient informs the sender that the notice has been received in a form which is unclear in any material respect (and, if it so informs the sender by telephone or email, it also dispatches a confirmatory facsimile within two hours).

29.5 In proving service, it shall be sufficient to prove that:

- (a) the envelope containing the notice was addressed to the address of the relevant Party set out in Article 29.1 (or as otherwise notified by that Party pursuant to paragraph 6) and delivered either to that address or into the custody of the postal authorities as a pre-paid recorded delivery, registered post letter or letter sent by international courier; or
- (b) notice was transmitted in full by facsimile to the facsimile number of the relevant Party set out in Article 29.1 (or as otherwise notified by that Party

pursuant to Article 29.6) (as evidenced by a machine generated confirmation of full receipt).

- 29.6 A Party may by notice of at least five (5) Business Days to the other Party change the address or facsimile number to which notices to it are to be delivered.
- 29.7 Articles 29.1 to 29.6 (inclusive) do not apply to the service of any Service Documents.
- 29.8 Each Co-Lessee irrevocably agrees with the Lessor that any Service Document may be sufficiently and effectively served on it in connection with any Proceedings by service on its process agent. For the purposes of this paragraph each Co-Lessee nominates its respective process agent as follows:

For HELLENIC:

Theodora Papadimitriou, Advocate

Neophytou Douka str. no 1

106 74 Athens, Greece

In the event of a transfer of rights and obligations in accordance with Article 20, the process agent of the Lessee pursuant to this Article shall be deemed to be the process agent of each of the Co-Lessee from time to time until revocation or resignation.

- 29.9 Each Co-Lessee agrees with the Lessor to maintain the appointment of its process agent (and any replacement process agent appointed pursuant to Article 29.10) and it shall not withdraw the appointment of any such process agent until its replacement shall have been validly appointed and it shall have given the Lessor notice of the name and address of the replacement process agent.
- 29.10 If the process agent referred to in Article 29.9 (or any replacement process agent appointed pursuant to this Article 29.10) at any time ceases for any reason to act as such, his appointor shall appoint a replacement process agent with an address for service in Greece, and shall give the Lessor notice of the name and address of the replacement process agent. If a Co-Lessee fails to appoint a replacement process agent or give the Lessor notice of the name and address of a replacement process agent as required by this Article 29.10, the Lessor shall be entitled by notice to the defaulting Co-Lessee to appoint such a replacement process agent to act on the defaulting Lessee's behalf. The defaulting Co-Lessee shall bear all the costs and expenses of replacement process agent appointed by the Lessor in these circumstances.
- 29.11 Each Co-Lessee may, by notice of at least five (5) Business Days to the Lessor, change the address of its process agent (or any replacement process agent appointed pursuant to Article 29.10) to another address in Greece.

- 29.12 Any Service Document served pursuant to this Article shall be marked for the attention of the relevant process agent and addressed to the address set out in Article 29.8 or to the address notified pursuant to Article 29.9, 29.10 or 29.11 (as the case may be).
- 29.13 Any Service Document marked for the attention of the relevant process agent and addressed to the address set out in Article 29.8 or pursuant to Article 29.12 shall be deemed to have been duly served if:
- (a) left at such address by hand, when it is left; or
 - (b) sent by first class pre-recorded delivery or registered post to such address, two (2) Business Days after the date of posting.
- 29.14 Each Co-Lessee shall send by post to the Lessor a copy of any Service Document served by it (or on its behalf) on a process agent pursuant to this Article (to the address set out in Article 29.1 or 29.6 (as the case may be), but no failure or delay in doing so shall prejudice the effectiveness of service of the Service Document in accordance with Article 29.12.
- 29.15 Each Co-Lessee agrees that failure by any process agent to give notice of any process to it, or to give a copy of any Service Document served on it, shall not impair the validity of such service or of any Legal Proceedings based on that process.
- 29.16 Nothing contained in Articles 29.8 to 29.15 affects the right to serve a Service Document in another manner permitted by law.

Article 30

MODIFICATIONS OF THE AGREEMENT

- 30.1 The terms of this Agreement, may only be modified by written agreement between the Parties and any amendment of its terms shall only be effective upon ratification by the Hellenic Parliament with the exception of any amendment to Article 1.5 effected as a result of any transfer or assignment of interest, in whole or in part, by any Co-Lessee, or transfer of operatorship, which will be effective in accordance with the provisions of this Agreement and the Hydrocarbons Law.
- 30.2 Upon application by the Lessee, time limits for the fulfilment of Lessee's obligations may be extended with the written consent of the Lessor, except for time limits the extensions of which are specifically regulated by the Hydrocarbons Law.

Article 31

LANGUAGE, APPLICABLE LAW AND RELATION BETWEEN THE AGREEMENT
AND EUROPEAN UNION LAW

- 31.1 This Agreement has been executed by the Parties in Greek and in English. In case of any discrepancy, conflict or inconsistency between the two texts, both the English and Greek texts shall be referred to in an attempt to resolve ambiguities but the Greek text shall prevail.
- 31.2 This Agreement shall be governed by, and construed in accordance with, Greek Law.
- 31.3 No provision of this Agreement derogates, or shall require the State to derogate, from any requirement under the Community Treaties, including, for the avoidance of doubt, any requirement of any European Union law made under the Community Treaties.
- 31.4 If any amendment, deviation, exemption or adjustment to Greek law made by this Agreement is found to be unconstitutional, or, notwithstanding Article 31.3, to be inconsistent with a requirement under the Community Treaties including, for the avoidance of doubt, any requirement of any European Union law made under the Community Treaties, the Parties shall expeditiously negotiate an amendment to this Agreement, so that a functionally equivalent amendment, deviation, exemption or adjustment to Greek law, as the case may be, that is constitutional and compliant with European Law requirement, is incorporated into this Agreement..
- 31.5 Without prejudice to the generality of Article 31.4, the Lessor shall ensure that the Lessee continues to benefit at all times during the term of this Agreement the following rights:
- (a) In relation to the maintenance of accounts required for Petroleum Operations for statutory and tax purposes:
 - (i) To maintain said accounts and related tax returns in Euros; and
 - (ii) To maintain funds in bank accounts abroad and dispose of such funds for any payment to the Lessor that may be due by the Lessee under this Agreement;
 - (b) To perform locally the foreign exchange of any proceeds received from domestic sources and to transfer the related funds abroad;
 - (c) To freely distribute any dividends arising from the Petroleum Operations from funds available to the Lessee in accounts in or outside Greece;
 - (d) Save for amounts for internal operational needs, to export, hold, retain or dispose outside Greece of all proceeds arising from the Petroleum

Operations (including Hydrocarbons export sales) and remain exempt from any obligation to repatriate such proceeds into Greece; and

- (e) To contract outside Greece any financing related to the Petroleum Operations and remain exempt from any obligation to repatriate into Greece any funds related to such financing.

- 31.6 The State shall not be liable to the Lessee if any amendment, deviation, exemption or adjustment to Greek Law made by this Agreement is found to be unconstitutional, or, notwithstanding Article 31.3, to be inconsistent with a requirement under the Community Treaties including, for the avoidance of doubt, any requirement of any European Union law made under the Community Treaties.

Article 32
MISCELLANEOUS

- 32.1 This Agreement represents and contains the entire understanding and arrangement of the Parties in relation to the matters dealt with herein and, unless otherwise specified herein, supersedes and replaces from the Effective Date any other understandings and arrangements between the Parties whether written or verbal, relating to such matters.
- 32.2 In the event of any conflict or inconsistency arising between the main body of this Agreement and any of the Annexes, the provision contained in the main body of this Agreement shall prevail.
- 32.3 Except where this Agreement expressly provides to the contrary, the rights and remedies contained in this Agreement are cumulative and not exclusive of rights and remedies provided by Law.

Article 33

EFFECTIVE DATE OF AGREEMENT

- 33.1 This Agreement shall be subject to ratification by the Hellenic Parliament through its incorporation into a ratifying law. The date on which the Agreement is published in the Official Government Gazette following its ratification by the State Parliament shall be the Effective Date.
- 33.2 As of the Effective Date, this Agreement shall be governed primarily by the provisions of its ratifying law, which, is a *lex specialis*, and shall (i) prevail over any other Law which conflicts with this Agreement; and (ii) be subject to the provisions of the European Union Law having direct effect.

IN WITNESS WHEREOF

The Lessor and the Lessee have signed the Agreement through their authorized representative (s) on the above-mentioned date.

For the LESSOR:

George Stathakis, Minister of Environment and Energy

For the LESSEE:

HELLENIC PETROLEUM S.A.

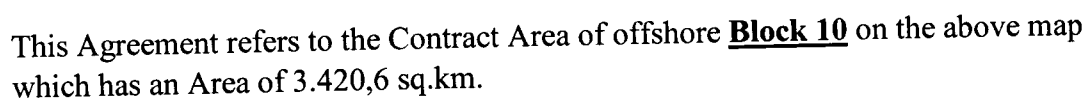
Efstathios Tsotsoros

ANNEX A
ELEMENTARY GRID CELLS CONSTITUTING THE CONTRACT AREA
OF BLOCK 10

20/37,72 - 21/37,61 - 21/37,62 - 21/37,63 - 21/37,64 - 21/37,65 - 21/37,66 - 20/37,60-
 21/37,49 - 21/37,50 - 21/37,51 - 21/37,52 - 21/37,53 - 21/37,54 - 20/37,48 - 21/37,37
 - 21/37,38 - 21/37,39 - 21/37,40 - 21/37,41 - 21/37,42 - 20/37,36 - 21/37,25 -
 21/37,26 - 21/37,27 - 21/37,28 - 21/37,29 - 21/37,30 - 21/37,13 - 21/37,14 - 21/37,15
 - 21/37,16 - 21/37,17 - 21/37,1 - 21/37,2 - 21/37,3 - 21/37,4 - 21/37,5 - 21/36,133 -
 21/36,134 - 21/36,135 - 21/36,136 - 21/36,137 - 21/36,138 - 21/36,121 - 21/36,122 -
 21/36,123 - 21/36,124 - 21/36,125 - 21/36,126

*Numbers with asterisk relate to the part of the elementary grid cell that falls within the jurisdiction of the State according to article 2, §1 of the Hydrocarbons Law.

OFFSHORE BLOCK 10 AREA = 3.420,6 sq.km.



ANNEX C
ACCOUNTING PROCEDURE

SECTION 1
GENERAL PROVISIONS

1.1 Definitions

- (a) For the purposes of this Accounting Procedure, the terms used herein which are defined in the Agreement shall have the same meaning when used in this Accounting Procedure.
- (b) In addition in this Annex-
 - (i) "Accrual Basis Accounting" means that basis of accounting under which costs and benefits are regarded as applicable to the period in which the liability for the cost is incurred or the right to the benefit arises, regardless of when billed, paid, or received.
 - (ii) "**Contract Costs**" means Exploration Costs, Exploitation Costs, Operating Costs, Service Costs, and General and Administrative Costs, as such costs are respectively defined in Sections 2.1 to 2.5 (inclusive) of this Annex:
 - (iii) "**Material**" means machinery, equipment and supplies acquired and held for use in the conduct of the Petroleum Operations.
 - (iv) "**Year**" means a period of twelve months starting with 1 January and ending with 31 December and "Quarter" means a period of three consecutive months starting with the first day of January, April, July or October, or such other periods of twelve and three months, respectively, as the Parties may agree in writing.

1.2 Statements required to be submitted by the Lessee

- (a)
 - (i) Within sixty (60) calendar days of the Effective Date, the Lessee shall submit to and discuss with the Lessor a proposed outline of chart of accounts, operating records and reports, which outline shall be in accordance with generally accepted and recognized accounting systems and consistent with normal practice of the international petroleum industry.
 - (ii) Within ninety (90) calendar days of receiving the above submission, the Lessor shall either indicate approval of the proposal or request revisions to the proposal. Within one hundred and eighty (180) calendar days after the Effective Date of the Agreement, the Lessee and the Lessor shall agree on the outline of chart of accounts, operating records and reports

which shall describe the basis of the accounting system and procedures to be developed and used under the Agreement. In principle, all books and records must be kept based on Accrual Basis Accounting.

- (iii) Following such agreement, the Lessee shall expeditiously prepare and provide the Lessor with a written detailed description of the procedure based on the agreed outline, to be adopted by the Lessee related to the accounting, recording functions, and allow the Lessor to examine the Lessee's manuals and to review procedures which are, and shall be, observed under the Agreement.
- (b) The various submissions or statements provided in this Annex shall be delivered by the Operator acting on behalf of the Lessee.
- (c) Without limitation to the foregoing, the Lessee shall submit to the Lessor, the following regular statements relating to the Petroleum Operations, each of which shall be compiled separately by reference to each Exploration Area and Exploitation Area as so designated from time to time pursuant to the Agreement-
 - (i) Exploitation Statement (see Section 5)
 - (ii) Value of Exploitation Statement (see Section 6)
 - (iii) Statement of Income and Expenditure (see Section 7)
 - (iv) Final End of Year Statement (see Section 8)
 - (v) Budget Statement (see Section 9).
- (d) All reports and statements shall be prepared in accordance with the Agreement, the Law, and following the provisions of paragraph 1.2(a)(ii) of this Section or where there are no relevant provisions in either of these, in accordance with normal practice of the international petroleum industry.

1.3 Language and Units of Account

- (a) Accounts shall be maintained in Euro. Metric units and barrels shall be employed for measurements required under the Agreement. The language employed shall be Greek and English. While such currency, language and units of measurement shall prevail in the event of conflict or inconsistency, the Lessee shall also maintain accounts and records in other currencies, languages and units of measurement where the Lessee considers it administratively necessary or desirable.
- (b) It is the intent of this Accounting Procedure that neither the Lessor nor the Lessee should experience an exchange gain or loss at the expense of, or to the benefit of, the other. However, should there be any realized gain or loss from exchange of currency (i.e. where the rate of exchange used for the conversion of expenses or revenues into Euro, which is the currency in which the statements are maintained differs from the rate used upon payment or receipt of

those expenses or revenues respectively), this will be credited or charged to the accounts under the Agreement.

- (c) Debits and credits relating to expenses and revenues in currencies other than the currency in which the books are maintained shall be converted in Euro at the applicable rate of exchange of the foreign currency using the average of the official buying and selling rates as issued by the European Central Bank set on the day the expense or the revenue is incurred. A separate record shall be kept by the Lessee of the exchange rates used in each conversion.

1.4 Payments

- (a) All payments between the Parties shall, unless otherwise agreed, be Euros in and through a bank designated by each receiving Party.
- (b) Subject to the provisions of the Agreement, payments of income tax by the Lessee and/or each Co-Lessee shall be made in accordance with appropriate procedures contained in the laws of Greece.
- (c) All sums due by one Party to the other under the Agreement during any Calendar month shall, for each day such sums are overdue during such month, bear interest compounded daily at an annual rate equal to LIBOR plus one percent.

1.5 Prudent Financial Management

- (a) The Lessee shall at all times maintain a financial and budgetary control mechanism over all Costs incurred by it pursuant to the Agreement.
- (b) Without limitation to the foregoing, the Lessee shall ensure that all costs incurred by it pursuant in the Agreement shall be:
 - (i) necessary for and incidental to the purposes of the Agreement;
 - (ii) incurred on competitive terms in accordance with sound procurement practice;
 - (iii) disbursed to the persons to whom due in accordance with the sound disbursement practice.
- (c) No costs or expenditure incurred by the Lessee other than in accordance with paragraphs (a) and (b) hereof shall be deductible or allowable for the purposes of income tax, Royalty or other fiscal impost under the Agreement.

1.6 Audit and Inspection Rights of the Lessor

- (a)
 - (i) The Lessor, at its own cost, shall have the right to cause Lessee's accounts and records maintained hereunder with respect to each Year to be audited within two (2) Years from the end of each such Year. Notice of any exception to the Lessee's accounts of any Year must be submitted

to the Lessee within three (3) Years from the end of such Year.

- (ii) For purposes of auditing, the auditors (to be nominated by the Lessor) may examine and verify, at reasonable times all charges and credits relating to the Petroleum Operations such as books of account, accounting entries, material records and inventories, vouchers, payrolls, invoices, contracts and any other documents, correspondence and records necessary to audit and verify the charges and credits.
 - (iii) Furthermore, the auditors shall have the right in connection with such audit to visit and inspect at reasonable times all sites, plants, facilities, warehouses and offices of the Lessee directly serving the Petroleum Operations.
- (b) Without prejudice to the provisions of sub-section 1.6(a), the Lessee shall maintain in Greece and make available for inspection by the Lessor and by the auditor nominated by the Lessor, all documents referred to in that subsection for five (5) Years following their date of issue.

SECTION 2

CLASSIFICATION, DEFINITION AND ALLOCATION OF COSTS AND EXPENDITURES

All expenditures relating to the Petroleum Operations which are incurred in accordance with the provisions of the Agreement shall be classified, defined and allocated in relation to the Exploration Area and to each Exploitation Area as follows:

- 2.1 Exploration Costs are direct and allocated indirect expenditures incurred in the search for Hydrocarbons in an area which is or was, at the time when such costs were incurred, the Exploration Area including:
 - (a) Geophysical, geochemical, paleontological, geological, topographical, environmental and seismic surveys and studies and their interpretation.
 - (b) Core hole drilling and water well drilling,
 - (c) Labour, materials and services used in drilling wells with the object of finding new Hydrocarbons Reservoirs or for the purpose of appraising the extent of Hydrocarbons Reservoirs already discovered provided such wells are not completed as producing wells.
 - (d) Facilities used solely in support of these purposes including access roads and purchased geological and geophysical information.
 - (e) A portion of all Service Costs allocated to the Exploration Operations on an equitable basis to be agreed to between the Lessor and the Lessee.
 - (f) A portion of all General and Administrative Costs allocated to the Exploration Operations based on projected budget expenditures, subject to adjustment on the basis of actual expenditure at the end of the Year concerned.
 - (g) Any other expenditures incurred in the search for Hydrocarbons prior to the Commercial Production Date not covered under sub-section 2.3.
- 2.2 Exploitation Costs are direct and allocated indirect expenditures incurred in the development of Hydrocarbons production capacity from an Exploitation Area, including:
 - (a) Drilling wells which are completed as producing wells and drilling wells for purposes of producing a Hydrocarbons Reservoir already discovered, whether such wells are dry or producing.
 - (b) Completing wells by way of installation of casing or equipment or otherwise after a well has been drilled for the purpose of bringing the well into use as a producing well.
 - (c) The costs of field facilities, such as pipelines inside of the Separation Point, flow lines, production and treatment units, wellhead equipment, subsurface equipment, enhanced recovery systems, offshore platforms, petroleum storage facilities, export terminals and piers, harbours and related facilities, and access

roads for production activities.

- (d) Engineering and design studies for field facilities and necessary surveys and studies for the contact of EIS.
- (e) A portion of Service Costs allocated to the Exploitation Operations on an equitable basis in a manner to be agreed between the Lessor and the Lessee.
- (f) A portion of General and Administrative Costs allocated to the Exploitation Operations based on projected budget expenditures subject to adjustment based on actual expenditures at the end of the Year concerned.
- (g) Any other expenditure, , amongst other, including all costs related to the monitoring of environmental parameters, incurred in the development of Hydrocarbons production capacity prior to the Commercial Production Date and not covered under sub-section 2.3.

2.3 Operating Costs are expenditures incurred after the Commercial Production Date (except in the case of intangible drilling costs as hereinafter mentioned) in the production of Hydrocarbons and operation of related facilities. Without limitation, Operating Costs include intangible drilling costs which are incurred in the drilling operations related to the drilling or deepening of producing wells, whether incurred before or after the Commercial Production Date. All costs related to the monitoring of environmental parameters are also included. The balance of General and Administrative Costs and Service Costs not allocated to Exploration Costs or Exploitation Costs shall be allocated to Operating Costs.

2.4 Service Costs are direct and indirect expenditures in support of the Petroleum Operations including warehouses, piers, marine vessels, vehicles, motorised rolling equipment, aircraft, fire and security stations, workshops, water and sewage plants, power plants, housing, community and recreational facilities and furniture, tools and equipment used in these activities. Service Costs in any Year shall include the total costs incurred in such Year to purchase and/or construct said facilities as well as the annual costs to maintain and operate the same. All Service Costs shall be regularly allocated as specified in sub-sections 2.1 (e), 2.2 (e) and 2.3 to Exploration Costs, Exploitation Costs and Operating Costs.

2.5 General and Administrative Costs are:

- (a) All office, field office, any reasonable Operator's fee and general administrative, direct or allocated indirect costs incurred by the Lessee within Greece in respect of Petroleum Operations, including but not limited to supervisory, accounting and employee relations services.
- (b) An overhead charge for services rendered by or on behalf of the Lessee outside Greece for serving the Petroleum Operations. It includes the cost of general assistance provided by the organizational units of the Lessee's Affiliate Enterprises outside Greece in order to provide Petroleum Operations with needed and necessary resources, as determined by the Presidential Decree unless otherwise approved by the Lessor during a given Annual Work Program

and Budget. .

- (c) All General and Administrative Costs shall be regularly allocated as specified in subsections 2.1(f), 2.2(f) and 2.3 to Exploration Costs, Exploitation Costs and Operating Costs.
- (d) All charges under Article 2.5 are not subject to audit under Article 1.6 other than to verify that the overhead percentages are applied correctly to the expenditure basis.
- (e) The provisions of this section do not have any effect in the "Cumulative Total Outflows" defined in Article 13 Royalties.

SECTION 3

COSTS, EXPENSES, EXPENDITURES AND CREDITS OF THE LESSEE

3.1 Costs Deductible Without Further Approval of the Lessor

Subject to the provisions of the Agreement, the Lessee shall bear and pay the following costs and expenses in respect of the Petroleum Operations. These costs and expenses shall be classified in relation to the Exploration, and to each Exploitation Area under the headings referred to in Section 2, and are deductible by the Lessee under the Agreement for the purposes of royalty calculation without further approval of the Lessor.

(a) Surface Fees

This covers all direct costs attributable to the acquisition, renewal or relinquishment of surface rights acquired and maintained in force for the Contract Area.

(b) Labour and Associated Labour Costs

- (i) Costs relating to salaries and wages including bonuses of the Lessee's employees directly engaged in the Petroleum Operations, irrespective of the location of such employees.
- (ii) The Lessee's costs regarding holiday and vacation, applicable to the salaries and wages chargeable under (i) above.
- (iii) Expenses or contributions made pursuant to assessments or obligations imposed under the laws of Greece which are applicable to the Lessee's cost of salaries and wages chargeable under (i) above
- (iv) Reasonable travel expenses of employees of the Lessee, including those made for travel of the expatriate employees assigned to the Lessee, all of which shall be in accordance with the Lessee's normal practice and in accordance with international petroleum industry practice.
- (v) Employee benefits of employees of the Lessee, to the extent directly involved in the Petroleum Operations for an amount of up to 40% of the salary and wages of each employee.
- (vi) If the employees of the Lessee are also engaged in activities other than the Petroleum Operations under this Contract, only the portion of the cost which relates to the performance of the Petroleum Operations under the Contract shall be allocated to these Petroleum Operations and will be apportioned on a time-sheet basis.

(c) Transportation and accommodation

The reasonable cost of transportation and accommodation of employees and contractors and the cost of transportation of equipment, materials and supplies that is necessary for the conduct of the Petroleum Operations.

(d) Charges for Services

(i) Third Party Contracts

The actual costs of contracts for technical and other services entered into by the Lessee for the Petroleum Operations, made with third parties other than Affiliate Enterprises, are deductible, provided that the prices paid by the Lessee are not substantially higher than those generally charged by other international or domestic suppliers for comparable work and services, and that the contracts were entered into following procedures which are in line with the procurement policy of the Lessee in accordance with international petroleum industry practice, as submitted to the Lessor under paragraph 3.3 of this Section.

(ii) Affiliate Enterprises

In the case of services rendered to the Petroleum Operations by an Affiliate Enterprises, the charges shall be based on actual costs and be competitive. The charges shall be no higher than the most favorable prices charged by the Affiliate Enterprise to third parties for comparable services under similar terms and conditions elsewhere.. If necessary, evidence and documentation regarding the at cost basis of prices charged may be obtained from the auditors of the Affiliate Enterprise through an 'at cost certificate'.

(e) Material

(i) General

So far as is practicable and consistent with efficient and economical operation, only such material shall be purchased or furnished by the Lessee for use in the Petroleum Operations as may be required for use in the reasonably foreseeable future and the accumulation of surplus stocks will be avoided to the extent reasonably practicable.

(ii) Warranty of Material

In case of defective material or equipment, any adjustment received by the Lessee from the suppliers, manufacturers or their agents will be credited to the accounts under the Agreement.

(iii) Value of Material Charged in the Accounts

- (A) Except as otherwise provided in (B) below, material purchased by the Lessee for use in the Petroleum Operations shall be valued to include invoice price less trade and cash discounts (if any), purchase and procurement fees plus freight and forwarding charges between point of supply and point of shipment, freight to port of destination, insurance, taxes, customs duties, consular fees, other items chargeable against imported material and, where practicable, handling and transportation expenses from point of importation to

warehouse or operating site, and its costs should not exceed those currently prevailing in arm's length transactions on the open market.

(B) Materials purchased from Affiliate Enterprises shall be charged at the following prices:

- (aa) New Material (Condition "A") shall be valued at the current international price which should not exceed the price prevailing in arms-length transactions on the open market (any evidence should be as required by the Greek transfer pricing law, or the applicable relevant law in other jurisdictions).
- (bb) Used Material (Conditions "B" and "C") which is in sound and serviceable condition and is suitable for reuse without reconditioning shall be classified as Condition "B" and priced at seventy five percent (75%) of the current price of new materials defined in (aa) above.
- (cc) Material which cannot be classified as Condition "B" but which after reconditioning will be further serviceable for original function as good second-hand material Condition B, or is serviceable for original function but substantially not suitable for reconditioning, shall be classified as Condition "C" and priced at fifty percent (50%) of the current price of new material as defined in (aa) above. The cost of reconditioning shall be charged to the reconditioned material, provided that the Condition "C" material value plus the cost of reconditioning does not exceed the value of Condition "B" material.
- (dd) Material which cannot be classified as Condition "B" or Condition "C" shall be priced at a value commensurate with its use.
- (ee) Material involving erection costs shall be charged at the applicable condition percentage pursuant to paragraphs (aa) to (dd) above of the current knocked" down price of new material as defined in (aa) above.
- (ff) When the use of material is temporary and its service to the Petroleum Operations does not justify the reduction in price as provided for in (cc) hereof, such material shall be priced on a basis that will result in net charge to the Accounts under the Agreement consistent with-the value of the service rendered.

(C) Whenever Material is not readily obtainable at prices specified at (A) or (B) as a result of an event falling within the definition of

"Force Majeure" in Article 26, the Lessee may levy reasonably incurred charges in connection with Petroleum Operations for the required Material at the Lessee's actual cost incurred in procuring such Material and making it suitable for use and moving it to the Area.

(f) Rentals, Duties and Other Assessments.

All rentals, taxes, levies, charges, fees, contributions and any other assessments and charges levied by the Lessor in connection with the Petroleum Operations and paid directly or indirectly by the Lessee other than income tax and imposed on the Lessee as specified in Article 14, as well as any other taxes payable in respect of the income or profits of the Lessee.

(g) Insurance and Losses

Insurance premia and costs incurred for insurance provided that if such insurance is wholly or partly placed with an Affiliate Enterprise such premia and costs shall be deductible only to the extent generally charged by competitive insurance companies other than Affiliate Enterprises. If necessary, evidence regarding the basis of prices charged may be obtained from the Affiliate Enterprise and the expected available supporting documentation if prescribed by the Greek transfer pricing law. Costs and losses incurred as a consequence of events which are, and in so far as, not made good by insurance obtained under the Agreement are Deductible under the Agreement unless such costs have resulted solely from an act of wilful misconduct or negligence of the Lessee.

(h) Legal Expenses

All costs and expenses of litigation and legal or related services necessary or expedient for the procuring, perfecting, retention and protection of the Contract Area, or in defending or prosecuting lawsuits involving the Contract Area or any third party claim arising out of activities under the Agreement, or sums paid in respect of legal services necessary or expedient for the protection of joint interest of the Lessor and the Lessee are deductible. Where legal services are rendered in such matters by salaried or regularly retained lawyers of the Lessee or an Affiliate Enterprise, such compensation will be included instead under sub-section 3.1(b) or 3.1(d) above, as applicable.

(i) Training Costs

All reasonable costs and expenses incurred by the Lessee in training of personnel as required under Article 25.5 of the Agreement or otherwise.

(j) General and Administrative Costs

The costs described in subsection 2.5(a) and the charge described in subsection 2.5(b).

(k) Abandonment and decommissioning costs, including special reserve payments

as provided in paragraph 2(i) and paragraph 3 of Article 10 of the Hydrocarbons Law and Article 8.6 of this Agreement.

- (l) The costs of taking inventory in accordance with Section 4.2 of this Annex C.

3.2 Costs Deductible only with Prior Approval in Writing of the Lessor

- (a) Commission paid to intermediaries by the Lessee
- (b) Donations and contributions
- (c) Expenditure on research into and development, of new equipment, material and techniques for use in searching for, developing and producing Hydrocarbons which are not employed for the Petroleum Operations.

3.3 It is expected that the Lessee maintains a written and internally approved procurement policy and relevant procedures (following sound procurement practice) in the normal course of its business, relating to the purchase of services and materials. This procurement policy shall be communicated to the Lessor within thirty (30) days from the Effective Date. For any of the costs mentioned in paragraph 3.1 and 3.2 of this Section, the Lessor can require evidence that the approved procurement policy of the Lessee was followed while awarding these costs.

3.4 Costs not Deductible under the Agreement

- (a) Costs incurred before the Effective Date.
- (b) Hydrocarbons marketing or transportation costs of Hydrocarbons beyond the Separation Point.
- (c) The costs of any Bank Guarantee given under this Agreement (and any other amounts spent on indemnities with regard to the non-fulfilment of contractual obligations).
- (d) Costs of arbitration and the independent expert in respect of any dispute under the Agreement.
- (e) Bonuses (signature and productions bonuses) and income tax as well as any other taxes payable in respect of the income or profits of the Lessee.
- (f) Fines and penalties payable in accordance with the decision of the responsible Greek authorities.
- (g) Costs incurred as a result of the wilful misconduct or gross negligence of the Lessee.
- (h) Costs incurred without the consent or approval of the Lessor where such consent or approval is required as described in paragraph 3.2 of this Section.
- (i) Costs which are not included either in paragraph 3.1 or 3.2 of this Section, subject to the provisions of paragraph 3.5 of this Section.

3.5 Other Costs and Expenses

Other costs and expenses not covered or dealt with in the provisions of this Section 3 and which are incurred by the Lessee in accordance with the provisions of the Agreement for the necessary and proper conduct of the Petroleum Operations are deductible only with the prior approval in writing by the Lessor.

3.6 Credit under the Agreement

The net proceeds of the following transactions shall be credited to the accounts under the Agreement:

- (a) Any insurance or claim in connection with the Petroleum Operations or any assets charged to the accounts under the Agreement when such operations or assets were insured and the premium charged to the accounts under the Agreement.
- (b) Revenue received from outsiders for the use of property or assets charged to the accounts under the Agreement to the extent that the relevant costs were so charged.
- (c) Any adjustment received by the Lessee from the suppliers or manufacturers or their agents in connection with a defective material the cost of which was previously charged by the Lessee to the accounts under the Agreement.
- (d) Rentals, refunds or other credits received by the Lessee which apply to any charge which has been made to the accounts under the Agreement, but excluding any award granted to the Lessee under arbitration or independent expert proceedings referred to in sub-section 3.3(d) above.
- (e) The prices originally charged to the Accounts under the Agreement for inventory materials subsequently exported from Greece without being used in the Petroleum Operations.

3.7 Duplication of Charges and Credits

There shall be no duplication of charges or credits to the Account under Agreement.

SECTION 4
RECORD AND VALUATION OF ASSETS

- 4.1 The Lessee shall maintain detailed records in relation to each Exploitation Area of property in use for the Petroleum Operations in accordance with normal practice in exploration and production activities of the international petroleum industry.
- 4.2 At reasonable intervals but at least once a Year with respect to movable assets and once every five (5) Years with respect to immovable assets, inventories of the property under the Agreement shall be taken by the Lessee. The Lessee shall give the Lessor at least thirty (30) calendar days written notice of its intention to take such inventory and the Lessor shall have the right to be represented when such inventory is taken. The Lessee will clearly state the principles upon which valuation of the inventory has been based.
- 4.3 When an assignment of rights under the Agreement takes place, a special inventory may be taken by the Lessee and any Co-Lessee at the request of the assignee provided that the costs of such inventory are borne by the assignee.

SECTION 5
EXPLOITATION STATEMENT

- 5.1 Upon Commercial Production Date, the Lessee shall submit to the Lessor, in accordance with Article 17 of this Agreement, a quarterly exploitation statement (the "Exploitation Statement") showing the following information in relation to each Exploitation Area:
- (a) The quantity of Crude Oil Produced and Saved;
 - (b) The quantity of Natural Gas Produced and Saved;
 - (c) The quantity of By Products Produced and Saved;
 - (d) The quantities of Hydrocarbons used for the purposes of carrying on drilling and production operations and pumping to field storage;
 - (e) The quantities of Natural Gas flared;
 - (f) The size of Hydrocarbon stocks held at the beginning of that Calendar Quarter;
and
 - (g) The size of Hydrocarbon stocks held at the end of that Calendar Quarter.
- 5.2 The Exploitation Statement for the First Period and each Calendar Quarter thereafter in respect of each Month shall be submitted to the Lessor within thirty (30) Calendar days after the end of such period, as the case may be, as per Article 13.7 of this Agreement.

SECTION 6
VALUE OF EXPLOITATION STATEMENT

- 6.1 The Lessee shall for the purposes of Article 13 of the Agreement prepare a statement providing calculations of the value of Hydrocarbons produced and saved during each Quarter in relation to each Exploitation Area. This Statement shall contain the following information in relation to each Exploitation Area:
- (a) The quantities and prices realised by the Lessee as a result of sales of Hydrocarbons to third parties made during the Quarter in question.
 - (b) The quantities and the prices realised by the Lessee as a result of sales made during the Quarter in question, other than to third parties.
 - (c) The quantity of stocks of Hydrocarbons at the end of the preceding Quarter in question.
 - (d) The quantity of stocks of Hydrocarbons at the end of the Quarter in question.
 - (e) Information available to the Lessee, if relevant for the purpose of Article 13 of the Agreement, concerning the prices of Hydrocarbons produced by the main petroleum producing and exporting countries including contract prices, discounts and premia, and prices obtained on the spot markets.
 - (f) The amount and calculation of Royalty payable for the Quarter in accordance with Article 13.
- 6.2 The Value of Exploitation Statement of each Quarter shall be submitted to the Lessor not later than one (1) Month after the end of such Quarter.

SECTION 7
STATEMENT OF INCOME AND EXPENDITURE

- 7.1 The Lessee shall prepare with respect to each Quarter a Statement of Income and Expenditure under the Agreement in relation to each Exploitation Area. The Statement will distinguish between Exploration Costs, Exploitation Costs and Operating Costs and will identify major items of expenditures within these categories. The Statement will show the following:
- (a) Actual expenditures and receipts for the Quarter in question.
 - (b) Cumulative expenditure and receipts for the Year in question.
 - (c) Latest forecast cumulative expenditures at the Year end.
 - (d) Variations between budget forecast and latest forecast and explanations thereof.
- 7.2 The Statement of Income and Expenditure of each Quarter shall be submitted to the Lessor no later than one (1) Month after the end of such Quarter.

SECTION 8
FINAL END-OF-YEAR STATEMENT

- 8.1 The Lessee shall prepare a Final End-of-Year Statement in relation to each Exploitation Area. This statement shall contain information as provided in the Exploitation Statement, Value of Exploitation Statement, and Statement of Income and Expenditures but will be based on actual quantities of Hydrocarbons produced and expenses incurred.
- 8.2 Based upon this statement, any adjustments that are necessary will be made to the transactions concerned under the Agreement.
- 8.3 The Final End-of-Year Statement of each Year shall be submitted to the Lessor within three (3) Months of the end of such Year.

SECTION 9
BUDGET STATEMENT

The Lessee shall prepare the Annual Work Programme and Budget, as contemplated in Article 5 of the Agreement in relation to each Exploration Area and Exploitation Area. This shall distinguish between Exploration Costs, Exploitation Costs and Operating Costs and shall show the following:

- (a) Forecast expenditures and receipts for such Year under the Agreement.
- (b) A schedule showing the most important individual items of Exploitation Costs for such Year.
- (c) Cumulative expenditures and receipts to the end of the preceding Year.

SECTION 10
REVISION OF ACCOUNTING PROCEDURE

The provisions of this Accounting Procedure may be amended by agreement between the Lessee and the Lessor. The amendments shall be made in writing and shall state the date on which the amendments shall become effective.

ANNEX D
APPLICATION FOR CONSENT TO DRILL

- (1) The Lessee shall, before drilling any Exploration or Appraisal Well, submit to the Lessor:
 - (a) at least two (2) Months before the spudding of an Exploration Well; and
 - (b) at least seven (7) calendar days before the spudding of an Appraisal Well, an application for consent to drill.
- (2) An application for consent to drill shall specify details of to the extent available:
 - (a) the location of the well, including:
 - (i) the Greenwich latitude and longitude co-ordinates;
 - (ii) the ground level elevation;
 - (iii) in the case of an offshore well, the water depth and an estimate of the Kelly bushing or derrick floor elevation above sea level, lake surface and lake bottom;
 - (iv) in the case of a deviated hole, the well trajectory, specifying deviation, measured depth, vertical depth and azimuth of hole location at regular intervals;
 - (v) in the case of a vertical hole, the deviation limits at the bottom of the hole location;
 - (b) site preparation, land base, including, without limiting the general effect of the foregoing:
 - (i) the site plan, specifying the location of the rig and its components, fuel tankage, drillwater tankage, bulk mud and cement storage, firewalls, drip trays and explosive magazines;
 - (ii) methods to be adopted to combat pollution and environmental damage taking into account water wells, rivers, forests, farmland, fishing activity and buildings in close proximity to the location of the well
 - (iii) methods to be adopted for the disposal of waste, such as spent mud, cuttings and camp waste, from the location of the well;
 - (iv) safety precautions relevant to site preparation according to Good Oilfields Practices;
 - (v) site surveys indicating possibilities of the presence of shallow gas;
 - (vi) site clean-up plans for after well-abandonment;

- (vii) security requirements, especially details of fencing, guard arrangements, firewalls, flare pit and line, warning signs, hazardous areas as specified in the appropriate IP codes of conduct, lights, access limitations, visitor reporting, safety shoes area, smoking areas and hard hat areas;
- (c) blow-out prevention methods, specifying:
 - (i) anticipated pressures;
 - (ii) the blow-out preventer assembly;
 - (iii) blow-out preventer tests, checks, and drills;
 - (iv) well head details and tests;
 - (v) casing seat tests;
 - (vi) choke manifold, choke and kill line, and test procedures;
 - (vii) drilling break procedures;
 - (viii) flow check procedures;
 - (ix) gas shows procedures;
 - (x) shut-in procedures;
 - (xi) hang off procedures; and
 - (xii) well kill procedures;
- (d) the well plan;
- (e) a geological, geophysical prognosis and engineering program for the well; and
- (f) a formation evaluation plan.
- (3) Unless otherwise provided in a unitization agreement, no well shall be spudded closer than 400m from a licence area boundary nor shall it be deviated so that its bottom hole location or any portion of the well bore is closer than 400m from the licence area.
- (4) In this Annex, “**Unitization Agreement**” means an agreement entered into under Article 5 paragraph 15 of the Hydrocarbons Law.

**ANNEX E
INSURANCES**

- (1) The Lessee shall issue and maintain insurance for Petroleum Operations, for such amounts and against such risks as are customarily or prudently insured in the international petroleum industry which shall cover:
 - (a) any loss or damage to all installations, equipment and other assets for so long as they are used in the Petroleum Operations;
 - (b) sudden and accidental pollution caused in the course of Petroleum Operations for which the Lessee or the Lessor may be held responsible;
 - (c) property loss or damage, personal injury or death suffered by any third party in the course of the Petroleum Operations for which the Lessee or the Lessor may be liable, or for which the Lessee may be liable to indemnify the Lessor;
 - (d) the cost of removing wrecks and cleaning up operations following an accident in the course of Petroleum Operations; and
 - (e) the Lessee's liability for any injury to its employees engaged in the Petroleum Operations.
- (2) The Lessee shall provide the Lessor with the insurance policies or the insurance certificates proving the subscription and maintenance of the above-mentioned insurances. Save where the certificates or insurance policies provided by the Lessee cover the requirements of Annex E Articles 1.a) to 1.e), the Lessor preserves the right to request, within fifteen (15) Business Days upon receipt of such certificates and policies, amendment of the same, in order to ensure the requirements of Annex E Articles 1.a) to 1.e) are covered in accordance with Good Oilfield Practices.

ANNEX F
FORM OF BANK GUARANTEE

[place/date of issuance]

This letter of guarantee (the “**Bank Guarantee**”) provided by [BANK] (the “**Bank**”) to the Greek State, as duly represented according to the Hydrocarbons Law, in relation to the lease agreement for granting rights for the exploration and exploitation of hydrocarbons at the offshore area “Block 10”, Ionian Sea Greece signed on [●] (the “**Lease Agreement**”) entered into between the Hellenic Republic (the “**Lessor**”) and Hellenic Petroleum SA (each individually the “**Co-Lessee**” and collectively the “**Lessee**”).

Unless otherwise defined, capitalised terms used but not defined in this Bank Guarantee shall have the meaning ascribed to them in the Lease Agreement.

WHEREAS

- (A) The Lease Agreement will become effective once the Hellenic Parliament adopts a statute approving ratification of the Lease Agreement.
- (B) Each Co-Lessee holds, according to article 1.5 of the Lease Agreement, an undivided interest in the rights and obligations of the Lease Agreement expressed as a percentage of the total interest of all Co-Lessees.
- (C) Under the Lease Agreement, the Lessee is required:
 - (i) to perform the “**Minimum Work Programme**” within the [First Phase] [Second Phase] [Third Phase] (the “**Phase**”) [Exploration Stage Extension] (the “**Exploration Stage Extension**”) as defined in article 3 of the Lease Agreement; and
 - (ii) to satisfy the “**Minimum Expenditure Obligations**” as defined in article 3 of the Lease Agreement

[First Phase three million (3,000,000) Euros]

[Second Phase three million (3,000,000) Euros minus the excess amount from the Minimum Expenditure Obligation of the First Phase which is the difference between the Actual Expenditure of the First Phase and the Minimum Expenditure Obligation of the First Phase]

[Third Phase [twenty five million (25,000,000) Euros minus the excess amount from the sum of the Minimum Expenditure Obligations of the first and the second Phase which is the difference between the Actual Expenditure of the previous Phases and the sum of the Minimum Expenditure Obligation of the First and the Second Phase]

[Exploration Stage Extension: The amount equal to the shortfall, if any, between the amount of the Actual Expenditure of the previous Phases and the amount of the Minimum Expenditure Obligation at the end of the Basic Exploration Stage, as defined in article 3.9 of the Lease Agreement.]

- (D) In consideration of the grant of the Lease Agreement and the commencement of the [First Phase] [Second Phase] [Third Phase] [Exploration Stage Extension] by the Lessor to the Lessee, the Bank hereby irrevocably and unconditionally agrees to enter into this Bank Guarantee in favour of the Lessor on the terms and conditions hereinafter set forth.

NOW THE BANK HEREBY GUARANTEES AS FOLLOWS:

1. The Bank hereby guarantees to the Lessor that after receipt from the Lessor of a written demand (hereinafter referred to as a "Demand") signed by a duly authorised representative of the Lessor stating:
 - (a) that the Lessee has failed to satisfy the full amount of the relevant Minimum Expenditure Obligation as provided in article 3 of the Lease Agreement, specifying the relevant period and amounts;
 - (b) the amount of the relevant Actual Expenditure;
 - (c) that consequently, the Lessee has become liable to pay an amount being the difference between the amount of Minimum Expenditure Obligations referred to in (a) above and the amount of the relevant actual expenditure as referred to in (b) above; and
 - (d) that the Lessee has failed to pay the Lessor an amount equal to the shortfall referred to in Clause 1(c) above,

the Bank shall pay to the Lessor, its successors, transferees or assignees, the amount referred to in Clause 1(c) above in proportion of the percentage of the undivided interest held by Hellenic Petroleum SA in the Lease Agreement as set out in article 1.5 of the Lease Agreement), on the terms and conditions hereafter set forth.
2. The Bank will rely upon the Lessor's demand and will not be obliged to verify whether such conditions have been met or whether the facts mentioned by the Lessor are true and accurate. In the event that the Bank is required to make a payment pursuant to a Demand in accordance with the terms and conditions of this Bank Guarantee, the Bank will make such payment within ten (10) Athens Business Days from the date of receipt of the Demand, without set-off, withholding or objection, by deposit in a bank account which will be designated by the Lessor in its demand. In this paragraph, "Athens Business Day" means a day, other than a Saturday or Sunday, for which banks are open for general banking business in Athens, Greece.
3. The Bank's maximum aggregate liability hereunder shall be limited to paying an amount of [●] corresponding to the amount stated in paragraph (C) of the Recitals above for the [applicable Phase] [Exploration Stage Extension] in proportion of the percentage of the undivided interest held by Hellenic Petroleum SA in the Lease Agreement as set out in article 1.5 of the Lease Agreement.
4. (a) The amount that the Bank shall be liable to pay under this Bank Guarantee shall be reduced every Calendar Quarter by the amount of Actual Expenditure incurred by the

Lessee in such period, of which the Bank shall receive notice from the Lessor. Such reduction shall take effect as from the date of the receipt of such notice by the Bank.

(b) In order to facilitate the reduction in the Bank's liability referred to in paragraph (a) above the Lessor must send, together with the notice:

- (i) Confirmation of the amount of reduction; and
- (ii) confirmation from the Lessor as to the revised amount that the Bank may be liable to pay under this Bank Guarantee.

(c) No surrender by the Lessee of its rights over all or any part of the Contract Area shall relieve the Bank of any of its obligations hereunder except that, if the amount of the Minimum Expenditure Obligations as defined under paragraph (C)(ii) above for which the Lessee is or may become liable is satisfied in full prior to surrender pursuant to the terms of Article 6.1(c) of the Lease Agreement, the Bank's liability pursuant to Clauses 1 and 2 of this Bank Guarantee shall be reduced accordingly.

5. This Bank Guarantee, issued on the date shown above, shall come into effect as from the date of the receipt by the Bank of a certificate signed by the Lessor stating that (i) the Lease Agreement has been ratified by the Hellenic Parliament (i.e. the Effective Date has been reached); or, (ii) the first day of the [Second] [Third] Phase according to the notification of the Lessee provided in Article [2.1.b] [2.1.c] of the Agreement or, to the extent applicable, (iii) the first day of the Exploration Stage Extension in case the Lessor has granted it following the Lessee's application for an Exploration Stage Extension under the Lease Agreement.
6. Neither the Bank nor the Lessor may assign its rights and/or obligations under this Bank Guarantee without the prior written consent of the other.
7. The Bank's liability under this Bank Guarantee shall not be reduced, discharged or otherwise adversely affected by:
 - (a) any act, omission, matter or thing which would have discharged or affected the liability of the Bank had it been a principal debtor instead of a guarantor or indemnifier; or
 - (b) anything done or omitted by any person which, but for this provision, might operate or exonerate or discharge the Bank or otherwise reduce or extinguish its liability under this Bank Guarantee.
8. This Bank Guarantee shall expire on the date of:
 - (a) the payment by the Bank in full of all of the amounts guaranteed hereunder;
 - (b) the receipt by the Bank of a certificate by the Lessor, whereby the relevant Actual Expenditure shall equal or exceed the amount of the Minimum Expenditure Obligation;

- (c) the 120th day after the end of the [First Phase] [Second Phase] [Third Phase] [Exploration Stage Extension], save in regard to any amount that must be paid by the Bank pursuant to a Demand made as hereinbefore provided,
- (d) the 60th day after the date of issue of the Bank Guarantee, in case of no certificate as per Clause 5, stating that the Lease Agreement has been ratified by the Hellenic Parliament has been received by the Bank,

whichever is the earliest date, whereafter, subject to paragraph (c) above, the Bank shall have no liability whatsoever under this Bank Guarantee.

9. Any notice required to be provided by the Lessee and the Lessor in accordance with the terms of this Bank Guarantee must be signed by a duly authorised representative of the Lessee and the Lessor, respectively.
10. All notices, demands and communications shall be deemed given if delivered personally, faxed or mailed by registered or certified mail (return receipt requested) or sent by internationally recognized overnight courier to the parties at the following address:

- (a) If to the Bank, to

Mailing address : [●]

Email : [●]

Fax : [●]

- (b) If to the Lessor, to

Mailing address : Hellenic Hydrocarbons Resources Management SA, 18 Dim Margari, 115 25 Athens, Greece

Email: contact@greekhydrocarbons.gr

Tel : +30 210 6717591

All notices, demands, requests or instructions given in accordance herewith shall be deemed given (i) on the date of delivery, if hand delivered, provided that if the delivery is on a day that is not an Athens Business Day or if delivery is made after 15:00, such delivery is deemed to have been made on the next Athens Business Day, (ii) on the same business day when sent by facsimile during regular business hours at the place of delivery or on the next business day after transmission if sent by facsimile after regular business hours at the place of delivery, in each case if the facsimile machine generates a transmission confirmation report that the notice, request or instruction was successfully transmitted to the receiver's facsimile number, (iii) ten (10) Athens Business Days after the date of mailing, if mailed by registered or certified mail, return receipt request, and (iv) seven (7) Athens Business Days after the date of sending, if sent by internationally recognized overnight courier.

11. The Bank hereby expressly and irrevocably waives any rights arising from Articles 852, 853, 855, 856, 857, 862, 863, 864, 866, 867 and 868 of the Greek Civil Code or other right to query a Demand given in accordance with this Bank Guarantee or any right it may have to require the Lessor (or any trustee or agent on its behalf) to proceed against or enforce any other right or claim for payment against the Lessee, or any Co-Lessee or any other person, before claiming from the Bank under this Bank Guarantee and shall forthwith pay the amount claimed by the Lessor.
12. This Bank Guarantee shall be governed by and construed in accordance with the Greek Law and any dispute arising under this Bank Guarantee shall be resolved by the courts of Athens.
13. The invalidity, illegality or unenforceability in whole or in part of any of the provisions of this Bank Guarantee will not affect the validity, legality and enforceability of the remaining part of the Bank Guarantee.

ANNEX G
PARENT COMPANY SUPPORT LETTER

Date: [.....]

Whereas,

- The unincorporated consortium constituted by [●], (the "Consortium"), has participated in the Call for Tenders "2nd International Licensing Round 2014 for the exploration for and exploitation of hydrocarbons Offshore Greece" (the "Licensing Round") and has filed an offer for the Block 10 nominating [●] as the Operator;
- The Ministerial Decision (MD) n [●] has appointed the Consortium as the preferred bidder for Block 10- in this Licensing Round;
- The Consortium, in its capacity as Lessee, and the Ministry of Environment & Energy of the Hellenic Republic (the "Ministry" or the "Lessor"), in its capacity as Lessor, shall enter into the Lease Agreement according to the terms described thereon (the "Agreement");
- Unless otherwise defined, capitalized terms used but not defined in this support letter shall have the meaning ascribed to them in the Agreement.

1. [●] declares as follows:

- (i) [●] is a company registered under the laws of [●]
- (ii) [●] is a wholly owned Affiliate Enterprise of [●]

2. In accordance with the requirement of Article 28.1 of the Agreement, the [ultimate] Parent Company of [●], acknowledges being fully cognizant of the extent of the obligations contracted by [●] in its capacity as Co-Lessee toward the Lessor in relation to the Petroleum Operations under the Agreement and hereby undertakes toward the Lessor:

- To provide technical, human resources and professional services and assistance to [●] to enable it to perform its obligations under the Agreement; and

- To make available or cause to be available to [●] the financial means to enable it to perform its obligations under the Agreement relating to the Exploration Stage and Exploitation Stage in proportion of the undivided interest held by [●] as set out in Article 1.5 of the Agreement.

3. The Ministry acknowledges that it has received concomitantly with this support letter a satisfactory Bank Guarantee from [BANK] (the "Bank") covering [.....] obligations:

- (i) to perform the "Minimum Work Program" as defined in Article 3 of the Agreement; and
- (ii) to satisfy the "Minimum Expenditure Obligations" as defined in Article 3 of the Agreement

(the "Bank Guarantee");

Such Bank Guarantee shall be counter guaranteed to the Bank by [.....] under an instruction letter issued to the Bank.

Therefore the Lessor undertakes not to (i) make any demand against, or (ii) claim from [.....] any amount in relation to the obligations of [.....] referred to in the Bank Guarantee.

4. The maximum aggregate responsibility of [.....] for the undertakings set in article 2 of this support letter shall not exceed:

a) During the Exploration Stage:

- (i) the amount of [.....] for the First Phase;
- (ii) the amount of [.....] for the Second Phase; and
- (iii) the amount of [.....] for the Third Phase.

Being specified that all claims in relation to any Phase must be made strictly within the time-limits of such Phase as defined in the Agreement.

b) During the Exploitation Stage:

an amount to be agreed between the Lessor and [●] within sixty (60) Days from which is the earlier of Lessor's approval of the Development and Production Program or, as the case may be, of the Sole Expert's opinion given as per Article 7.9.

5. [●] shall procure that [●] effects and maintains insurance coverage for the Petroleum Operations in both the Exploration Stage and Exploitation Stage, as set out in Article 9.2(g) of the Agreement.
6. This letter of support shall become effective on the Effective Date and shall remain in force until the earlier of the following dates (i) payment by [●] in full of the amounts mentioned in article 4 of this support letter, (ii) [●] ceases to be a Party to the Agreement in accordance with the Agreement having fulfilled all its obligations, or (iii) termination of the Agreement.
7. The validity of this letter of support shall be governed by and construed in accordance with the laws of [●] and any conflicts, disputes or claims arising under or in relation to this support letter, including any question regarding its existence, validity or termination shall be resolved by arbitration as per Articles 23.3 to 23.11 and/or mediation as per Article 23.D of the Agreement.

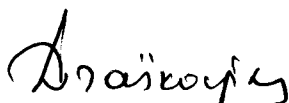
Άρθρο δεύτερο

Η ισχύς του παρόντος αρχίζει από τη δημοσίευσή του στην Εφημερίδα της Κυβερνήσεως.

Αθήνα...18...2019

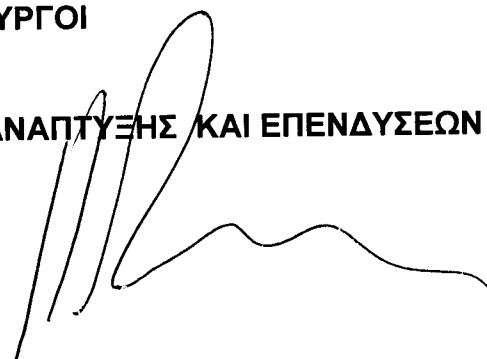
ΟΙ ΥΠΟΥΡΓΟΙ

ΟΙΚΟΝΟΜΙΚΩΝ



ΧΡΗΣΤΟΣ ΣΤΑΪΚΟΥΡΑΣ

ΑΝΑΠΤΥΞΗΣ ΚΑΙ ΕΠΕΝΔΥΣΕΩΝ



ΣΠΥΡΙΔΩΝ-ΑΔΩΝΙΣ ΓΕΩΡΓΙΑΔΗΣ

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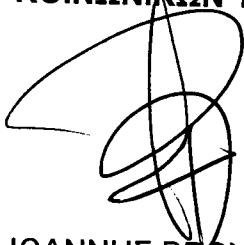


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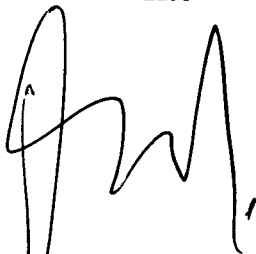
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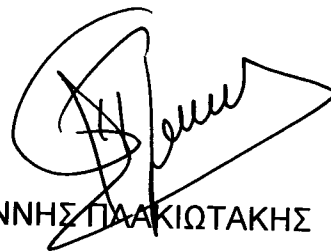
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ΕΞΩΤΕΡΙΚΩΝ



ΠΑΝΑΓΙΩΤΗΣ ΘΕΟΔΩΡΙΚΑΚΟΣ

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ΙΩΑΝΝΗΣ ΠΑΤΑΚΙΩΤΑΚΗΣ

