

According to the law N ° 2006-18 of October 17th, 2006 wearing Oil Code of Benin Republic, prospecting, research, exploitation, detention, transport, traffic and trading of Hydrocarbons on territory and in territorial waters of Benin Republic, and on the continental shelf neighboring to it, are subjected to the dispositions of the aforementioned law, which stipulates besides that gaseous and liquid deposits according to the law N ° 2006-18 of October 17th, 2006 concerning Oil Code of Benin Republic, belong to Benin State and are transferable mineral substances. According to Article 15 of the law, Benin State can be engaged in any oil operations either sole, or associated with private operators. It can proceed to any operations of prospecting without the authorization planned in article 5 of the aforementioned law.

It can deliver to any service or public company wearing the civil personality, oil title or temporary authorization to exploit or to canvass such as mentioned in articles 5, 6, 7 and 8 of this law.

According to the Article 20, nobody can obtain the license of Hydrocarbons research (or allowed H) if it does not justify technical capacities and a necessary financial standing to lead researches to a successful conclusion and if it does not subscribe to the commitment dedicating to researches during the duration of the licence an appropriate minimum financial effort.

A restricted service of works, a training program of the national people, a tax regime as well as a financial effort signed, must be defined in the oil contract.

According to the article 11, the contracting party has the obligation to establish in subsidiary with address of his seat in Benin Republic.

According to the current oil code in the Republic of Benin, the parts can wish to conclude a Contract, in the form of a production sharing contract for exploration and the exploitation.

SOBEH is the national company which has for mission to hold, manage and acquire business holdings for the Benin State, for its own or State profit, directly or indirectly in any activities bound to research, exploitation, marketing of crude oil, refining and any activities relating directly to activities aimed above.

As such, by making a commitment to militate dedicatedly so that their rights are strictly guaranteed by Benin State, SOBEH entitled to expect from its partners that are contracting companies what follows:

The Contracting party has to supply all the technical, financial, human and economic resources required for Oil Operations. Under reserve if necessary of the proportional participation of Benin State which the Contracting party agrees to support in the form of portorage, all the costs and the outlays incurred in conformance with Oil Operations, are under responsibility and in exclusive charge of the Contracting party. Besides, the Contracting party is the technical, financial and economic entity in charge of the Oil Operations during exploratory period.

The Contracting party has to facilitate the access of its Data and installations to the representatives of the Minister to allow them to settle their missions through support funds set up by the Companies.

The Contracting party has to begin the Oil Operations from the effective

date of a contract. For that purpose, he makes known to the Minister the nominal composition of the team responsible of conduct and execution of the Contract in Benin as well as main terms of its agreement with its partner(s).

The Contracting party is responsible of all damage and impacts which these operations could cause to private individuals or Benin State. The Contracting party has to put the Government under cover against some damage caused by its working operations regarding the contract or any action resulting. In this order, the responsibility for any complaint and obligation ensuing from death, accidents either damages caused by its activities, including those undertaken relating to the Contract, or the failure to respect by the Contracting party, concerning legislation and regulations in force in Benin, rests with Contracting party.

Consequently, in the execution of the Contract, the Contracting party has to adopt the necessary measures to prevent or reduce at the most pollution of ground, atmosphere and some water, and watch if this pollution strikes a blow neither at the flora nor at the fauna and, generally, to prevent what could materially strike a blow at the environment. If the Contracting party cannot prevent the environmental pollution according to the Constitution and the Law suits on the Environment in Benin, it has to take the necessary measures to reduce at least the effects according to the international standards. These measures must be communicated to the Minister for approval.

To reduce at least or eliminate the pollution, the Contracting party has to use adequate technical means approved by the Minister.

The Contracting party is responsible of damage caused in thirds(third parties) as a result of the environmental pollution caused by its conduct of Oil Operations.

The Contracting party makes a commitment to appeal specialists on the subject to study the likely incidence of Oil Operations on environment.

The Contracting party has to design and build its installations by trying hard to reduce at least the environmental pollution.

The abandonment of a field by the Contracting party and the plan of corresponding abandonment will require the preliminary approval of the Minister in charge of Hydrocarbons according to the Law on Hydrocarbons. The Contracting party prepares and puts back to the Minister a plan of abandonment of all the Wells, the installations and the equipments, restoration of the ground and continuation of Oil Operations, where necessary, according to the Law on Hydrocarbons.

To implement the abandonment of a field, the Contracting party contributes to a reserve fund at the level of the cost estimated for the abandonment according to the plan of approved abandonment. The period of implementation as well as the method of payment of the Reserve fund, are defined by mutual agreement between the Minister and the Contracting party.

The Contracting party has to take the necessary measures, according to Rules of Art, to lead to successful conclusion the activities planned into the contract in complete safety, and has to respect all the legal and statutory measures of Benin, including the regulations, current regarding

work, environmental protection, health and safety. The Contracting party has to abstain from any action which puts in danger health or safety of people.

The Contracting party has to be careful of actual processing of water and over some residual oil and the corking of wells before abandoning them.

The Contracting party will have to cement and abandon all the wells in production following the current oil practices, after the cessation of their production inside the Block.

The Contracting party will have to remove and clear according to the procedure of abandonment representing in Appendix all the platforms which it will have installed in the Region of the Contract.

The Contracting party will have to proceed to the restoration of the site in agreement with the Government after the expiration of the Contract or after the cessation of production of the Block (confer budget forecast of restoration of site and consideration of the factor environment). The removal, the release or the abandonment of the installations organized by the Contracting party will be made according to the standards of the petroleum industry generally respected in Gulf of Mexico. On the other hand, the submarine or other installations are left in a state such as they do not present obstacle to the navigation.

The Contracting party will leave all the pipes and the installations free of oil at the expiration of the Contract following the current oil practices.

As regards subcontractors' selection for the realization of Oil Operations, the Contracting party has to give preference to Beninese Subcontractors

as far as the latter are competitive regarding quality, costs and technical capacity to hold established calendars of activities.

The Contracting party makes a commitment to contribute to development of Benin localities through the community financing of development projects which Government submits it. In this order, it has to notify annually the implementation of an annual endowment.

Contracting have to make a commitment to collaborate openly with Beninese party through SOBEH and to settle its contractual obligations in honesty and with competence.