

No. 222

OIL EXPLORATION LICENCE

THIS DEED made the 13<sup>th</sup>.  
day of January, 1971, between  
the President and Commander-in-Chief of Guyana and  
O X O C O (GUYANA) Ltd. (hereinafter referred  
to as the "Licensee") of the other part.

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

NOW THIS DEED WITNESSETH AS FOLLOWS:

1. In consideration of the sum of Two thousand, six  
hundred dollars, which has before the execution  
hereof been paid by the Licensee to the Commissioner on  
behalf of the President, the sole right and licence is  
hereby granted by the President to the Licensee, for  
the term of one year from the date hereof, subject to  
the rights of any holder of any right, title or interest,  
in or over the said lands or any part thereof and subject  
to the restrictions, conditions, and provisions, hereinafter  
contained, to explore and search the surface of the  
lands described in the Annex marked "A" hereunder for  
petroleum, and for that purpose to make geological and  
geophysical and topographic examinations on the ground

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and from the air, and to dig and turn up the surface of the said lands to the extent necessary for efficient exploration and drill geological information boreholes which shall not except with the consent of the Commissioner exceed a depth of five hundred feet. Reserving nevertheless to the President full power and liberty at all times to enter into and upon and to grant or demise to any persons whomsoever liberty to enter into and upon such Crown or State lands as may be included in the said lands for all and every purpose other than that for which this Licence is granted but subject to the rights of the Licensee under this Licence:

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

Right to  
erect and  
dismantle  
huts, etc.

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

Local  
Resident  
Manager

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

Working  
obligations

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

Indemnity

5. All excavations or borings which may have been made in the said lands during the subsistence of this Licence shall, unless the Commissioner in the case of unoccupied Crown or State lands, or the holder of the surface right in the case of other

lands, otherwise determines, be filled up, and so far as possible the surface of the land shall be restored to its condition prior to such excavations or borings, and the Licensee, shall indemnify the President and the Government against all claims and demands which may be made by any person for damage shown to result from the exercise of the powers hereby conferred.

**Reports**

6. (1) The Licensee shall furnish to the Commissioner a quarterly report (which he hereby undertakes to have prepared) indicating the progress of his operations under this Licence in and upon the said lands and containing a map on a scale to be agreed between the Commissioner and the Licensee, which shall show as far as is reasonably practicable the true topographic position of any land geologically or geophysically surveyed, examined or mapped. The quarterly report and map shall include full particulars of any discovery or indication of petroleum or petroleum bearing strata and of any mineral of commercial value other than petroleum. Any officer authorised in writing by the Commissioner may at all reasonable times inspect and make abstracts or copies of any logs, records, plans or maps prepared by the Licensee in the course of his operations under this Licence. All information supplied under clause by the Licensee shall (except with the consent in writing of the Licensee, which shall not be unreasonably withheld) be treated by the Commissioner as confidential but the Commissioner shall nevertheless be entitled at any time to make use of any information received from the Licensee for the purpose of preparing and

publishing aggregated returns and general reports on the extent of oil prospecting or oil mining operations in Guyana and for the purposes of any arbitration or litigation between the President and the Licensee.

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

Samples of  
Petroleum

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

Formation  
of Company,  
etc., by  
Licensee

8. The Licensee shall not form or endeavour to form or procure or permit to be formed any company syndicate or association incorporated or not incorporated, nor appeal publicly by means of a prospectus or otherwise, for money for the purpose of exploiting the lands which are the subject of this

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Licence or any portion thereof without the permission in writing of the President to be obtained where he deems such lands or portion thereof to have been thoroughly and efficiently examined geologically or by geophysical methods.

Consent to  
assignment

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

Assignment  
of Licence

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

Licensee  
ceasing to  
be registered  
or incorporated

11. If the Licensee shall cease to be a citizen of Guyana or incorporated or registered in Guyana, he shall forthwith inform the President and shall apply to him for his consent in writing to the assignment of the rights granted by the Licence in accordance with clause 10 (Assignment of Licence) hereof and in the event of the Licensee failing to obtain such consent within such time as the President may appoint, the President may revoke this Licence. The revocation

Oil Concessions  
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of this Licence in pursuance of the foregoing provisions of this clause shall be subject and without prejudice to any obligation or liability imposed by or incurred under the terms and conditions thereof.

Release of  
lands  
included by  
inadvertence  
in the  
Licensed  
area

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

Exclusion of  
lands for  
public  
purposes

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

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

square miles:

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

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

**Construction of works**        15.    Such works or installations (if any) as may be erected by the Licensee on the submarine area shall be of such nature and shall be so constructed, placed, marked or bouyed as to minimise their constituting a danger or obstruction to shipping and the Licensee if required by the Harbour Master to do so shall illuminate between the hours of sunset and sunrise, in a manner satisfactory to the Harbour Master, all platforms, derricks, piers, survey marks or any other installations erected within the said areas. The means of illumination shall be such as is approved or required by the Harbour Master.

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

**Power of Revocation**        17.    If the Licensee shall at any time refuse or neglect to observe or perform any of the terms and conditions of this Licence the President may by notice in writing signed by him and served upon the Licensee summarily declare that the Licence hereby granted shall thenceforth determine and the Licence and all rights and liberties conferred hereby or enjoyed hereby or hereunder shall forthwith



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determine, without prejudice to the rights and remedies of the President in respect of any prior breach or non-performance of any or all of the terms and conditions hereof on the part of the Licensee:

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

Renewal

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

Right of  
Licensee to  
Oil Pros-  
pecting  
Licence

19. On or before the expiration of this Licence or any renewal thereof the Licensee observing and performing the terms and conditions herein contained shall have a right (subject to the provisions prescribed in the Regulations then in force for granting oil

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prospecting licences) to an Oil Prospecting Licence or Licences in respect of so much of the said lands as the Licensee may select.

Force  
majeure

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

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

Arbitration

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

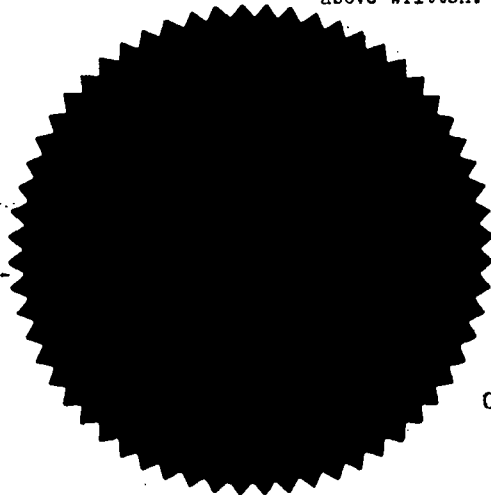
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22. The marginal notes are for convenience only and do not form part of this Licence.

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23. Notwithstanding anything aforementioned in this licence the Licensee shall expend a sum of not less **Three Hundred Thousand** dollars on exploration during the first year.

IN WITNESS WHEREOF the President has hereunder set his hand and caused the public seal of the Country to be hereunto affixed and the Licensee has signed these presents the day and year first herein above written.



*A. Chung*  
.....  
President

Oxoco (Guyana) Limited

by

*[Signature]*  
.....  
Licensee  
*[Signature]*  
(Secretary)

Witnesses to the signature of the Licensee

this 13<sup>th</sup> day of January, 1971

1. *Walker*
2. *an. Barron,*