

**AGREEMENT**

**THIS AGREEMENT** (hereinafter referred to as the “**Agreement**”) is made and entered into as of the [ ] day of [ ] 2009 by and between:

- (1) Japan Oil, Gas and Metals National Corporation, a corporation duly organized and existing under the laws of Japan, having its principal office at 2-2, Hamada 1-chome, Mihama-ku, Chiba-shi, Chiba 261-0025 Japan (hereinafter referred to as “**JOGMEC**”); and
- (2) [ ], a corporation duly organized and existing under the laws of [ ], having its principal office at [ ] (hereinafter referred to as the “**Contractor**”).

The corporations named above shall sometimes hereinafter individually be referred to as “**Party**” and collectively as the “**Parties**”.

**THE PARTIES HEREBY AGREE** as follows:

**1. Term of Agreement**

- 1.1. This Agreement shall become effective as of the date first above written, and , unless terminated earlier under clause 6, shall remain effective until the payment of Service Fee in accordance with Clause 3.
- 1.2. The termination of this Agreement for any reason shall not affect this clause 1.2, clause 4 (Proprietary Rights and Copyright of Reports), clause 5 (Confidentiality), clause 6 (Early Termination) and Schedule 1 (Payment Adjustment Mechanism), clause 9 (Waiver), clause 10 (Notices), clause 11 (General), clause 12 (Governing Law), clause 13 (Language) and clause 14 (Disputes and Arbitration), which shall continue in force notwithstanding such termination for [ten (10)] years from the date first above written.

**2. Scope of service**

- 2.1. The Contractor shall provide JOGMEC with the service described in Schedule 1.

- 2.2. JOGMEC shall have the right to amend the scope of the services provided by the Contractor under this agreement, provided that such amendments shall not be material or substantial in nature.
- 2.3 The Contractor shall provide following deliverables and Presentation;
- 2.3.1. Trend Survey Report :
- Hard copy: 3 copies  
Digital file: 20 copies of CD  
\* The digital file shall be in MS Word or other editable/copyable format. This report shall be disclosed to Japanese oil industries.
- 2.3.2. Proposed IWC application for the Japanese Oil Company field :
- Hard copy: 5 copies  
Digital file: 5 copies of CD  
\* The digital file shall be in MS Word or other editable/copyable format. This report shall be disclosed to Japanese oil industries.
- 2.3.3. Presentation :
- The Contractor and specialists shall make a presentation with the results of the technical survey and the proposed application at the workshop.  
Presentation materials are to be distributed to workshop participants.

### **3. Service Fee and Method of Payment**

- 3.1. Subject to the terms and conditions hereinafter set forth, JOGMEC shall pay a service fee (hereinafter referred to as the “**Service Fee**”) in the amount of US\$ [ ] for all of the services provided by the Contractor hereunder.
- 3.2. Payment of the Service Fee under clause 3.1 shall be subject to the completion of the following procedure:
- 3.2.1. The Contractor will submit to JOGMEC the report in a form and substance reasonably satisfactory to JOGMEC on or before 15<sup>th</sup> April 2009;
- 3.2.2. JOGMEC will review the report submitted to it by the Contractor, and either approve them, or request that modifications and/or amendments be made to them;
- 3.2.3. The Contractor will make such modifications and/or amendments to the Reports as may be reasonably required by JOGMEC, and resubmit the modified and/or amended Reports to JOGMEC for approval under clause 3.2.2;
- 3.2.4. Upon the Reports being approved under clause 3.2.2, the Contractor will issue to JOGMEC an invoice for the Service Fee;

- 3.2.5. No later than thirty (30) days after such invoice is deemed to be received in accordance with clause 10 (Notices), JOGMEC will make payment of the Service Fee by way of electronic bank transfer.
- 3.3. The Contractor will absorb all out-of-pocket expenses, including without limitation travel expenses during this contract period, unless otherwise agreed by JOGMEC.
- 3.4. Subject to delivery of a presentation in accordance with clause 2.3 above and receipt of an invoice after that event, JOGMEC will make payment of US\$ [ ] for that presentation no later than thirty (30) days after such invoice is received. For the avoidance of doubt, this amount covers all costs related to the presentation, including without limitation preparation, travel, travel time, accommodation and time spent working on and delivering the presentation, and the amount stated above is the only amount that JOGMEC may be liable for under this Agreement in addition to the Service Fee, unless otherwise agreed by JOGMEC.
- 3.5. The amounts that JOGMEC is to pay under clauses 3.1 and 3.4 above are inclusive of all taxes.

#### **4. Proprietary Rights and Copyright of Reports**

- 4.1. Each Party shall retain all right, title and interest in its “**Background IP**”, meaning all Proprietary Information and the IPR in it which either existed and was owned by that Party and/or its licensors prior to the date of this Agreement or which comes into existence during the term of this Agreement other than as a result of the performance of this Agreement; for the purposes of this provision, the following terms shall have the corresponding definitions set out below:
- 4.1.1. “**IPR**”, meaning copyrights, patents, registered designs, trade marks and trade names (including any attached goodwill), moral rights, registered database rights and any applications for any of the foregoing together with any right or form of protection of a similar nature and having equivalent or similar effect to any of them anywhere in the world; and
- 4.1.2. “**Proprietary Information**” meaning and including without limitation designs, drawings, reports, specifications, procedures, instructions, software, data, methods, methodologies, know-how, processes, information, analysis, get up and any other technical or commercial information and data and any unfinished versions of the same in any form or medium.
- 4.2. The ownership of any and all of the Reports, as well as any and all IPR in each of the Reports which is derived from JOGMEC’s Background IP (but not the Contractor’s Background IP), shall belong wholly and exclusively to JOGMEC, without prejudice to the confidentiality obligations under clause 5. The Contractor agrees to do all acts and execute all documents to give effect to

this provision, promptly on the request of JOGMEC. Nothing herein shall be deemed to grant or convey ownership of the Contractor's Background IP to JOGMEC-TRC.

- 4.3. The Contractor hereby grants to JOGMEC and its legal successors non-exclusive, royalty-free, worldwide right and license to use the Contractor's Background IP to the extent the same is incorporated into the Reports.
- 4.4 Without prejudice to the confidentiality obligations in clause 5, the Contractor agrees that it will not grant any third party a license to use the Reports or any part thereof for any purposes whatsoever nor will it use the Reports for the benefit of any third party.
- 4.5. The Contractor hereby agrees to indemnify JOGMEC-TRC for any costs, losses or expenses incurred by JOGMEC-TRC as a result of any claim by any third party that the use or possession by JOGMEC-TRC of any Report (or part thereof) or that the preparation of the Report by the Contractor infringes any IPR of any third party, provided the Contractor is promptly notified in writing of any such suit or claim against JOGMEC-TRC and further provided that JOGMEC-TRC permits the Contractor to defend, compromise or settle same, and gives the Contractor all available information, reasonable assistance and authority to enable the Contractor to do so. If, as the result of any claim of infringement against any patent, trademark, copyright, license or other property right, the Contractor or JOGMEC-TRC is enjoined from using or utilizing the Reports, or if the Contractor believes that the Reports are likely to become the subject of a claim of infringement, the Contractor, at its option and expense, shall procure the right for JOGMEC-TRC to continue to use the Reports, or replace or modify the Reports so as to make it non-infringing. THE FOREGOING STATES THE ENTIRE LIABILITY OF THE CONTRACTOR WITH RESPECT TO ANY THIRD PARTY IPR INFRINGEMENT CLAIMS.

## **5. Confidentiality**

- 5.1. The Parties agree to keep confidential the existence, source and content of this Agreement and any and all of the Reports (and/or any part thereof), as well as any information which is expressly indicated to be confidential and any information of whatever nature concerning the business, finances, assets, liabilities, dealings, transactions, know-how, customers, suppliers, processes or affairs of the other Party and the Parties agree not to disclose or otherwise make available the same to a third party without the prior written consent of the other Party.
- 5.2. The confidentiality obligations under clause 5.1 shall not be applicable to the disclosure by either Party of any information contained in the Reports:

- 5.2.1. to its officers, employees, advisers, representatives and agents, in each case, to the extent required to enable such Party to carry out its obligations under this Agreement and in each case they shall be made aware by such Party of its obligations under this Agreement and they shall be required by such Party to observe the same restrictions on the use of any relevant information as contained in clause 5.1 above;
  - 5.2.2. to the extent required by any applicable law or by the regulations of any stock exchange or regulatory or supervisory authority to which such Party is subject or pursuant to any order of the court or other competent authority or tribunal;
  - 5.2.3. to the extent that such information is in or comes into the public domain other than by breach of this Agreement by such Party;
  - 5.2.4. to the extent that such information is lawfully acquired by such Party from a third party which has full rights to disclose such information; and
  - 5.2.5. to such private Japanese companies in the oil industry and other relevant bodies as may be determined by JOGMEC-TRC.
- 5.3. Notwithstanding clause 5.1, the Contractor shall not be limited, restricted or prohibited in any way from producing reports, research materials or advice set out in clause 2.1 for other clients of the Contractor provided that:
- 5.3.1. the Contractor shall not solicit instructions to produce reports on the same or similar subject matters for third parties; and
  - 5.3.2. the Contractor shall report to JOGMEC-TRC the identity of any third party who requests any report from the Contractor on the same or similar subject matters.
- 5.4. Notwithstanding clause 5.1, JOGMEC-TRC shall not be restricted from publishing on the JOGMEC-TRC website ([www.jogmec.go.jp](http://www.jogmec.go.jp)) on the title, date and value of the Agreement and the name and address of the Contractor.

## **6. Early Termination**

- 6.1. Either Party may terminate this Agreement with or without cause by giving the other Party thirty (30) days prior written notice of its intention to do so.
- 6.2. In the event of early termination of this Agreement under clause 6.1 above, adjusted payments shall be made within thirty (30) days of the effective date of termination. The mechanism for calculating such adjustment is as set out in Schedule 2 hereto.
- 6.3. In the event of early termination of this Agreement under clause 6.1 above, the Contractor shall deliver all the materials set out in clause 2.6 (save that the Reports shall not be final as stipulated

in clauses 2.6.1 and 2.6.2) to JOGMEC-TRC within 15 days of the adjusted payments being made.

## **7. Limitations of Liability; Third Party Claims; Disclaimer**

- 7.1. Neither the Contractor nor any of its subsidiaries or affiliates nor one of their respective officers, employees, representatives, agents or subcontractors (each an “**Indemnitee**”) shall have any liability to JOGMEC-TRC on account of the Agreement unless such liability shall have been the result of fraud, negligence, breach of contract or willful misconduct on the part of such Indemnitee.
- 7.2. UNDER NO CIRCUMSTANCES SHALL ANY INDEMNITEE BE LIABLE FOR INDIRECT, SPECIAL OR PUNITIVE DAMAGES OR LOSS, on account of any claim arising from or in connection with or otherwise relating to the Agreement, whether on the basis of negligence, tort, breach of contract, misrepresentation, indemnity or otherwise.
- 7.3. This Agreement is made exclusively for the benefit of the Parties to it and does not confer any rights on any third party. In particular, the Contractor does not owe any duty of care to any third party in respect of the preparation of the Reports or their contents. Accordingly, JOGMEC-TRC undertakes that no Report shall be provided to a third party unless the source of such Report is not mentioned or indicated or it is accompanied by the letter attached after Schedule 1 to this Agreement.
- 7.4. The Contractor will use reasonable commercial efforts to comply with any date for completion of the Reports or any portion thereof, but any such date shall only constitute a statement of expectation and shall not be binding. Failure to complete the Reports or any portion thereof by a particular date shall not constitute a breach of contract, provided the Reports (or the relevant part of the Reports) are completed to the reasonable satisfaction of JOGMEC-TRC within [fourteen (14)] days of notification by JOGMEC-TRC to the Contractor. The Contractor shall not be liable for any loss, cost or damage, direct or indirect, caused by any such permitted delay and in no case shall delay be a ground for terminating the Agreement.
- 7.5. Notwithstanding anything to the contrary in the Agreement, the Contractor does not limit or exclude its liability for fraud, or for death or personal injury arising from its negligence or that of its employees, officer, directors, agents or affiliates.

## **8. Variation**

No variation of this Agreement shall be effective unless it is in writing signed by and on behalf of both of the Parties. The expression “variation” as used in the preceding sentence includes, but is

not limited to supplement, deletion or replacement, however effected. Variation of this Agreement cannot be effected via email.

## **9. Waiver**

The rights and remedies of either Party shall not be affected by any failure to exercise or delay in exercising any right or remedy or by the giving of any indulgence by such Party except a specific waiver or release in writing and any such waiver or release shall not prejudice or affect any other rights or remedies of such Party. No single or partial exercise of any right or remedy by either Party shall prevent any further or other exercise thereof or the exercise of any other right or remedy by such Party.

## **10. Notices**

10.1. Any notice or other communication required or permitted to be given under this Agreement:

10.1.1. shall be in writing in the [English] language; and

10.1.2. shall be left at the address of the addressee or sent by courier to the address of the addressee or sent by facsimile to the facsimile number of the addressee in each case which is specified in this clause in relation to the Party to whom the notice is addressed, and marked for the attention of the person so specified, or to such other address or facsimile number, and/or marked for the attention of such other person, as the relevant Party may from time to time specify by notice given in accordance with this clause. Email is not an appropriate medium for notices or other communications required or permitted to be given under this Agreement.

The relevant details of each party at the date of this Agreement are:

JOGMEC-TRC

Address: Japan Oil, Gas and Metals National Corporation  
2-2, Hamada 1-chome, Mihama-ku,  
Chiba-shi, Chiba 261-0025 Japan

Facsimile: +81-43-276-4063

Attention: Norihito INADA  
Petroleum Engineering Research Division  
Technology Research & Development Department

Contractor

Address:

Facsimile:

Attention:

- 10.2. In the absence of evidence of earlier receipt, any notice or other communication shall take effect from the time that it is deemed to be received in accordance with sub-clause 10.3 below.
- 10.3. Subject to sub-clause 10.4 below, any notice or other communication is deemed to be received:
  - 10.3.1. in the case of a notice left at the address of the addressee, upon delivery at that address;
  - 10.3.2. in the case of a couriered letter, on the [third] day after couriering or, if couriered to or from a place outside Japan, the [seventh] day after couriering; and,
  - 10.3.3. in the case of a facsimile, on production of a transmission report from the machine from which the facsimile was sent which indicates that the facsimile was successfully sent in its entirety to the facsimile number of the recipient provided that a confirmatory copy of such facsimile shall have been sent by courier in accordance with sub-clause 10.1 above within 24 hours of transmission.
- 10.4. Any notice or other communication received or deemed to be received in accordance with sub-clause 10.3 above on a day which is not a Business Day or after 5pm on any Business Day according to local time in the place of receipt, shall be deemed to be received on the next following Business Day.
- 10.5. For the purpose of this clause, “**Business Day**” shall mean a day not being a Saturday on which commercial banks are generally open for business in both Tokyo, Japan and the place where the notice or other communication is received.
- 10.6. Each Party undertakes to notify the other Party by notice served in accordance with this clause if the address specified herein is no longer an appropriate address for the service of notice.

## **11. General**

- 11.1. Except with the prior written consent of the Contractor, JOGMEC-TRC shall not solicit the employment of any employee of the Contractor until not less than one (1) year has elapsed from the payment of the final invoice for the services provided under this Agreement.
- 11.2. Except with the prior written consent of JOGMEC-TRC, the Contractor shall not solicit the employment of any employee of JOGMEC-TRC until not less than one (1) year has elapsed from the payment of the final invoice for the services provided under this Agreement.
- 11.2. The Contractor may engage third party consultants or subcontractors, including but not limited to companies with which the Contractor may have an alliance, to perform the services under this Agreement in whole or in part on behalf of the Contractor, with the prior written consent of

JOGMEC-TRC, which consent shall not be unreasonably withheld or delayed, provided the Contractor shall remain responsible for such performance.

**12. Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of Japan.

**13. Language**

This Agreement is entered into in the English language. Should there be any discrepancy between this Agreement and any translation of it into any language other than English, the original English text shall prevail.

**14. Disputes and Arbitration**

14.1. All disputes, controversies or differences which may arise between the Parties, out of or in relation to or in connection with this Agreement shall be finally settled by arbitration in Tokyo in accordance with the Commercial Arbitration Rules of the Japan Commercial Arbitration Association.

14.2. The language to be used in the arbitral proceedings shall be English.

14.3. The number of arbitrators shall be three (3).

JOGMEC-TRC and the Contractor shall execute this Agreement in duplicate and retain one copy each.



## SCHEDULE 1

### Specification on “Trend Survey of Intelligent Well Completion Technology”

January, 2009

Japan Oil, Gas and Metals National Corporation (JOGMEC)  
Technology Research & Development Department  
Petroleum Engineering Research Division

#### A. General

This specification applies to the work titled “Trend Survey of Intelligent Well Completion (IWC) Technology” mandated to the consultant.

The consultant is required to submit the proposal documents including work procedures covering the whole scope of work specified by JOGMEC.

JOGMEC Petroleum Engineering Research Division is planning to hold an Intelligent Well Completion Workshop on coming May, 2009. The result of this trend survey will provide for the workshop.

#### B. Work scope

##### ① Literature research

The consultant shall survey the recent (1998-2008) literature for case examples, and summarize the technology, covering at least the following items;

- General Information about IWC

This literature research shall cover, following items. The contents shall be reviewed by JOGMEC, on the first week after the start of the contract.

- Outline
- Application examples
- Equipments
- Service Venders
- Management process for application
- Objectives and technical issue
- Others

- Reliability Statistical Data Gathering

Collect Reliability data by application type, vender, tool type, and field type.

- Current special technical issue

Pick up some special technical issue (e.g. Wet disconnecting tool, System Integrity Test), and define how those are important.

##### ② Case Study

The consultant shall organize several cases of IWC field operation that is similar to the Japanese Oil Company’s field character and/or its applied IWC application. The Japanese Oil Company’s field information shall be informed by JOGMEC.

The case information shall include the improvement of oil recovery and the current IWC condition.

##### ③ Interview with Oil Companies and service companies

- The consultant shall interview with the Oil Companies and the other service companies about the latest developments, technical challenge and future outlook of IWC based on the information of ① and ②.
- The consultant shall collect the addresses and contact person information of the venders, consultants, and service companies.

##### ④ Outlook for the future of IWC

- The consultant shall describe technical trend, where the trend will lead in the future and how the technology will contribute to oil industry.
- In the case that other critical issues arise in the survey, they will be investigated and reported on.

⑤ Consultation for Japanese Oil Company's particular field

The consultant shall propose the best IWC application for the particular field. The proposed application shall be presented and discussed at the Workshop. The people in charge (specialists) of this work shall be selected from reservoir engineer and completion engineer of IWC technology industry.

- Specialist search.

The consultant shall search the candidate of the ideal specialist for the workshop. The candidates shall be selected from reservoir engineer and completion engineer. The following works of specialists shall be required;

- Review the Japanese Oil Company's filed technical issue, and Propose the best IWC application in collaboration with both reservoir and completion engineers.
- Attend the workshop and discuss the Proposed IWC application.

- Submit the candidate specialist Resume

The consultant shall submit the Resume of specialist candidates. The candidates shall be at least 3 on each technical field, that are reservoir engineering and completion engineering.

JOGMEC review the resume and designate the specialists.

- Travel Agency and Reward payment

The consultant shall be a travel agency for the specialists in order to attend the workshop at Tokyo. The consultant shall pay the reward for the specialists as per own rate. The reward rate shall be specified in the proposal.

- Confidential Agreement

The consultant shall complete the confidential agreement with the specialist as per the confidential agreement between JOGMEC and the consultant.

## SCHEDULE 2

### Payment Adjustment Mechanism

1. In the event of early termination of this Agreement under clause 6.1, the following calculation shall apply to determine the payment to be made by JOGMEC-TRC to the Contractor for the services provided by the Contractor prior to the effective date of termination:

$$A = [Cv \times (Rn/Rt)] + Ej$$

Where:

- A = the total sum owed to the Contractor as at the effective date of termination;
- Cv = the Service Fee;
- Rt = the total number of Reports to be provided under the Agreement;
- Rn = the total number of Reports actually provided by the Contractor to JOGMEC-TRC prior to the effective date of termination;
- Ej = those expenses approved by JOGMEC-TRC and incurred by the Contractor on or before the date of the termination notice.

2. JOGMEC-TRC shall pay to the Contractor the sum calculated as A less any sums already paid to the Contractor by JOGMEC-TRC under the Agreement or otherwise, in pursuance of the preparation of the Reports.
3. Where the sum of money required by paragraph 2 to be deducted from the sum calculated as A exceeds the sum calculated as A, the Contractor shall promptly pay to JOGMEC-TRC an amount equal to that excess, and JOGMEC-TRC shall be entitled to receive that amount from the Contractor.
4. In both payment scenarios above, the Parties agree that A must represent a reasonably fair proportion of the Service Fee in relation to the total proportion of the obligations of the Contractor under clause 2 of this Agreement fully carried out by the early termination date.