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**PETROLEUM AGREEMENT**

**BETWEEN**

**THE GOVERNMENT OF  
SIERRA LEONE**

**AND**

**EUROPEAN HYDROCARBONS**

**PARLIAMENT LIBRARY  
TOWER HILL FREETOWN**

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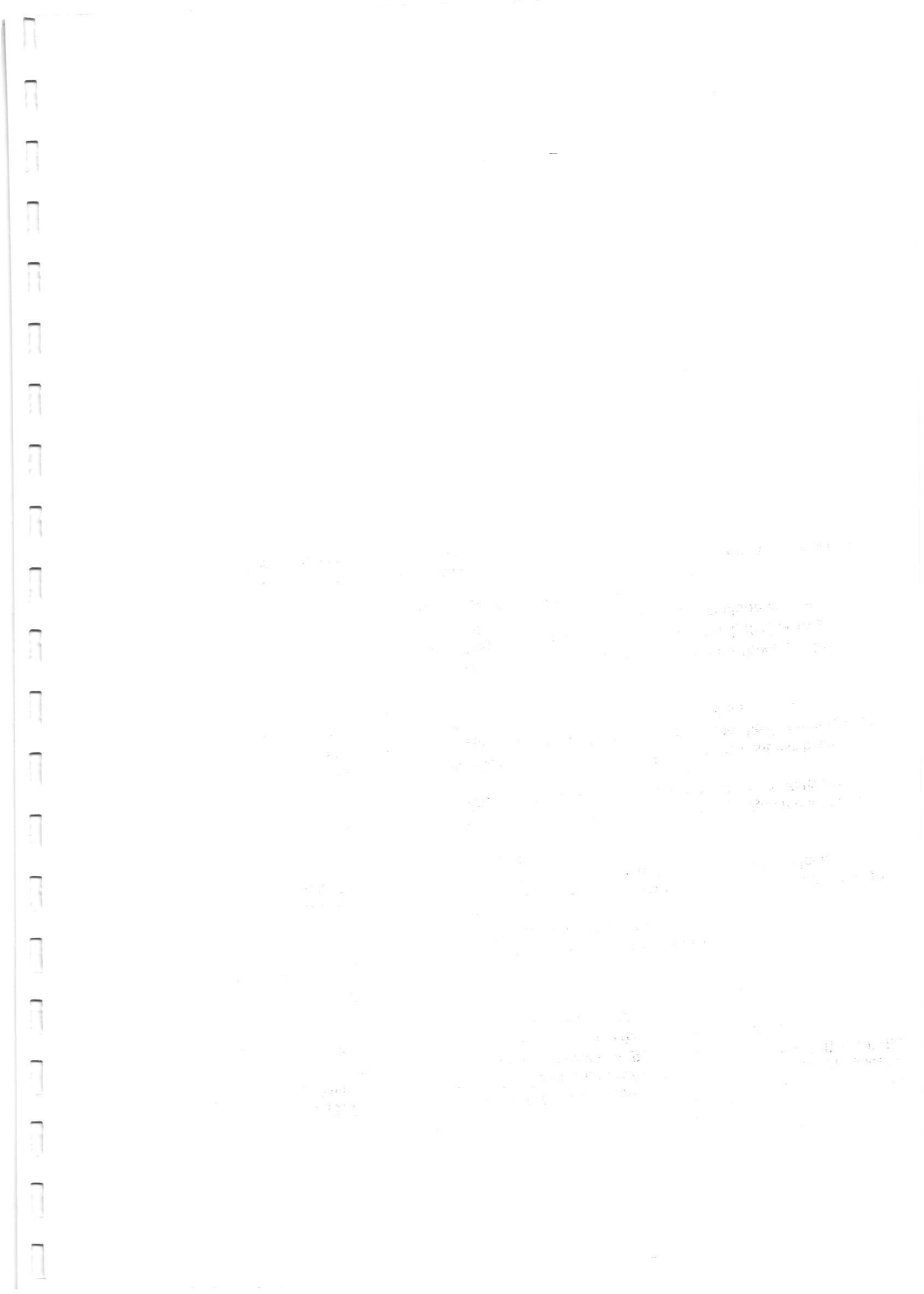
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**THIS PETROLEUM AGREEMENT**, made this <sup>23<sup>rd</sup></sup> day of April, 2010 by and between the Government of the Republic of Sierra Leone (hereinafter referred to as "the State"), represented by the Director General of the Petroleum Resources Unit of the Office of the President of the Republic of Sierra Leone (hereinafter referred to as the "Director General") and EUROPEAN HYDROCARBONS and hereinafter referred to as "Contractor").

**WITNESSETH:**

1. All Petroleum existing in its natural state within Sierra Leone is the property of the Republic of Sierra Leone and held in trust by the State.
2. The Director General has by virtue of the Petroleum Act the right to invite contractors to undertake Exploration, Development and Production of Petroleum over all blocks declared by the State to be open for Petroleum Operations.
3. The Director General is further authorized to enter into a Petroleum Agreement with a contractor for the purpose of Exploration, Development and Production of Petroleum.
4. The Contract Area that is the subject matter of this Petroleum Agreement has been declared open for Petroleum Operations by the Director General and the Government of Sierra Leone desires to encourage and promote Exploration, Development and Production within the said area.
5. Contractor, having the financial ability, technical competence and professional skills necessary for carrying out the Petroleum Operations herein described, desires to enter into a Petroleum Agreement with the State for the Exploration, Development and Production of, the Petroleum resources of the said area.

**NOW THEREFORE**, in consideration of the mutual covenants herein contained, it is hereby agreed and declared as follows:



## ARTICLE 1

### DEFINITIONS

- 1.1 **In this Agreement:**
- 1.2 **"Accounting Guide"** means the accounting guide which is attached hereto as Annex 2 and made a part hereof;
- 1.3 **"Affiliate"** means any person, whether a natural person, corporation, partnership, unincorporated association or other entity:
- a) in which one of the Parties hereto directly or indirectly holds more than fifty percent (50%) of the share capital or voting rights;
  - b) which holds directly or indirectly more than fifty percent (50%) of the share capital or voting rights in a Party hereto;
  - c) in which the share capital or voting rights are directly or indirectly and to an extent more than fifty percent (50%) held by a company or companies holding directly or indirectly more than fifty percent (50%) of the share capital or voting rights in a Party hereto; or
  - d) which holds directly five percent (5%) or more of the share capital or voting rights in Contractor.
- 1.4 **"Agreement"** means this Agreement between the State and Contractor, and includes the Annexes attached hereto;
- 1.5 **"Appraisal Program"** means a program carried out following a Discovery of Petroleum for the purpose of delineating the accumulation of Petroleum to which that Discovery relates in terms of thickness and lateral extent and estimating the quantity of recoverable Petroleum therein;
- 1.6 **"Appraisal Well"** means a well drilled for the purposes of an Appraisal Program;
- 1.7 **"Associated Gas"** means Natural gas produced from a well in association with Crude Oil;
- 1.8 **"Barrel"** means a quantity or unit of Crude Oil equal to forty two (42) United States gallons at a temperature of sixty (60) degrees Fahrenheit and at 14.65 psia pressure;
- 1.9 **"Block"** means an area of approximately 3860 square kilometers as depicted on the reference map prepared by the Director General in accordance with the provisions of the Petroleum Act;

