



Address: Ground Floor, East Wing of Palácio do Governo
Dili, Timor-Leste, PO Box 113, **Telephone:** +670 3 324 098 **Facsimile:** +670 3 324 082

PUBLIC NOTICE – TIMOR SEA TREATY

Article 13 – Interim Petroleum Mining Code - Summary Details of Production Sharing Contract for the Joint Petroleum Development Area

PRODUCTION SHARING CONTRACT (PSC) 03-20

Parties

On 2 April 2003 the Joint Commission approved the Production Sharing Contract JPDA 03-20 subjected to Timor Sea Treaty signed between the Government of Timor-Leste and Australia 20th of May 2002 and the Interim Petroleum Mining Code (IPMC) issued under article 7 of the Timor Sea Treaty. Parties to the contract are the **Designated Authority** established under the Treaty, party of the first party Production Sharing Contract JPDA 03-20 ('PSC 03-20') and **Woodside Petroleum (Timor Sea 20) Pty Ltd ABN 52 076 371 670**, a corporation organised and existing under the laws of Australia, **Shell Development (PSC 20) Pty Ltd ABN 19 076 370 717**, a corporation organised and existing under the laws of Australia, and **ConocoPhillips (96-20) Pty Ltd ARBN 29 160 826 341**, a corporation organised and existing under the laws of Australia, and **OG ZOCA (96-20) Pty Ltd ABN 85 093 254 696**, a corporation organised and existing under the laws of Australia (collectively 'the Contractor'), parties to the second part.

Contract Term

Term of this PSC shall commence on the effective date of the Treaty, being 20 May 2002, and shall expire on the last moment of 13 November 2026.

The Contractors appoints and authorises Woodside Petroleum (Timor Sea 20) Pty Ltd being one of the contracting corporations, to be the contract operator on behalf of the Contractors and responsible for to the Designated Authority for the execution of petroleum activities in accordance with this PSC. Any appoints or changes to the contract operator shall be subject to Designated Authority approval

Beneficiaries Interest

The beneficiaries' interest of the parties under this contract is as follows:



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Beneficiaries Interest	Percentage
ConocoPhillips (91-12) Pty Ltd	27 ^{2/3} %
Woodside Petroleum Pty Ltd	32 ^{1/3} %
Shell Pty Ltd	30%
OG ZOCA	10%
Total	100%

Exploration Period

The Designated Authority and the contract operator shall agree to an exploration work program and expenditures for each contract year.

The Designated Authority and the contract operator may negotiate a change to the exploration work program and expenditures covering contract years 2002 to 2006, provided the changes are made at least three (3) months prior to the beginning of the contract year affected by the changes.

Work Program and Expenditures and Audit

At least two (2) months prior to the beginning of each contract year, the contract operator shall prepare and submit, for approval by the Designated Authority, an exploration and appraisal strategy to be adopted for the ensuing contract year for the contract area.

At least one (1) month prior to the beginning of each calendar year, the contract operator shall prepare and submit, for approval by the Designated Authority, a work program and budget of operating costs to be carried out during the ensuing calendar year for the contract area.

Before work can commence on the development of a petroleum discovery, the contract operator shall prepare and submit, for approval by the Designated Authority, a development plan.

The Contractor shall keep complete books and accounts recording all operating costs as well as monies received from the sale or disposal of petroleum production.

The Designated Authority may require independent auditing of the Contractor's books and accounts relating to this contract for any calendar year and may require the



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independent auditor to perform such auditing procedures as are deemed appropriate by the Designated Authority

Rights and Obligations of the Parties

Subject to Designated Authority approval, The contract operator, shall have the rights accorded to it under the Treaty, including Petroleum Mining Code and taxation code to enter and leave the contract area and move to and from the facilities wherever located at all times.

The contract operator shall comply with all obligations, *inter alia*, give preference to goods and services which are produced in Australia and Timor-Leste, provided by subcontractors operating out of Australia or Timor-Leste, and give preference to the employment of Timor-Leste nationals and permanent residents, having due regard to safe and efficient activities and good oilfield practice.

The contract operator shall comply with all of the obligations imposed on it by the Treaty, including the Petroleum mining Code and the taxation code, and the regulations and directions issued under the Petroleum Mining Code in particularly be jointly and severally liable to meet the obligations imposed on the contract operator, and be subject to the taxation law of the Contracting States

Tender for Petroleum Activities

Invitation shall be drawn by the contract operator to tender or sub-contracts to the attention of Australian and Timor-Leste sub-contracts. All tenders for petroleum activities called by contract operator shall be subject to Designated Authority approval. The approval or non-approval by the Designated Authority shall be provided within thirty (30) days of receipt of the tender details from the contract operator which is including a summary of tenders compared against the tender criteria and reason for the selection of the preferred tender.

Contract may enter into sub-contracts without the approval of the Designated Authority where:



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- a) The tender for petroleum activities to involved expenditure of less than US\$ two million (2,000,000)
- b) The tender for petroleum activities involved expenditure of less than US\$ ten million (10,000,000) and those activities form part of a project for development which is the cost is expected to exceed US\$ one hundred million (100,000,000)
- c) The tender selected by contract operator is the lowest cost tender and submitted by an Australian or Timor-Leste corporation.

Production Period

In the event of a commercial discovery is made by the Contractor the ANP is required to declare a development area over the relevant parts of the contract area. Within 12 months of the declaration of a development area, the Contractor is required to submit a development plan outlining its proposals for the development of the fields. Relinquishment of a development area occurs after production from development area ceasing permanently or for a continuous period of twelve (12) months or a period of 25 years from the approval of the development plan.

Sharing of Petroleum Production

First Tranche Petroleum (FTP) is shared at ten (10) percent of the petroleum production in any calendar year before any cost recovery for the initial five years. For the subsequent year, the FTP shall be equal to twenty (20) percent of the petroleum production in that calendar year. The amount of FTP from crude production shall be shared between the Designated Authority and Contractor in accordance with the sharing percentage as state under profit sharing in this summary, where the Designated Authority is entitled to take and receive in accordance with daily average of all crude production from the contract area for the calendar year.

Parties of PSC shall be entitled to take and receive petroleum produced if the investment credit and operating costs recoverable are less than the value of quantity of petroleum produced in the contract area, parties shall be entitled to the share of profit petroleum based on the daily average of crude of production from the contract area for the calendar year.



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- a. The Designated Authority fifty (50) per cent and the Contractor fifty (50) per cent for the tranche of 0 -50,000 barrels daily average of all crude oil production from the contract area for the calendar year,
- b. The Designated Authority sixty (60) per cent and the Contractor forty (40) per cent for the tranche of 50,001 -150,000 barrels daily average of all crude oil production from the contract area for the calendar year,
- c. The Designated Authority seventy (70) per cent and the Contractor thirty (30) per cent for the tranche of more than 150,000 barrels daily average of all crude oil production from the contract area for the calendar year,

Cost Recoverable

Operating Costs

Operating costs means the sum of the following costs incurred in petroleum activities undertaken before or at the point of tanker loading:

- a. current calendar year exploration costs;
- b. current calendar year non-capital costs; current calendar year depreciation of capital costs, and
- c. allowable operating costs incurred in previous calendar year have not been recovered.

Exploration Cost means those operating incurred which relate directly to the current calendar year's exploration activities in the contract area,

Capital Costs means expenditure made for items directly related petroleum activities in the contract area which normally have a useful life of more than one (1) year

Non Capital Costs means those operating incurred which relate directly to the current calendar year's exploration activities in the contract area, excluding exploration and capital costs

All exploration and certain capital costs are subject to an investment credit of 127%. In addition, operating costs are recovered immediately in any given calendar year.

Recovery of investment credit of operator exploration and capital costs shall be allowed first after deducting the First Tranche Petroleum payment. Operating costs are recoverable in the respective year if it is less than the value of petroleum



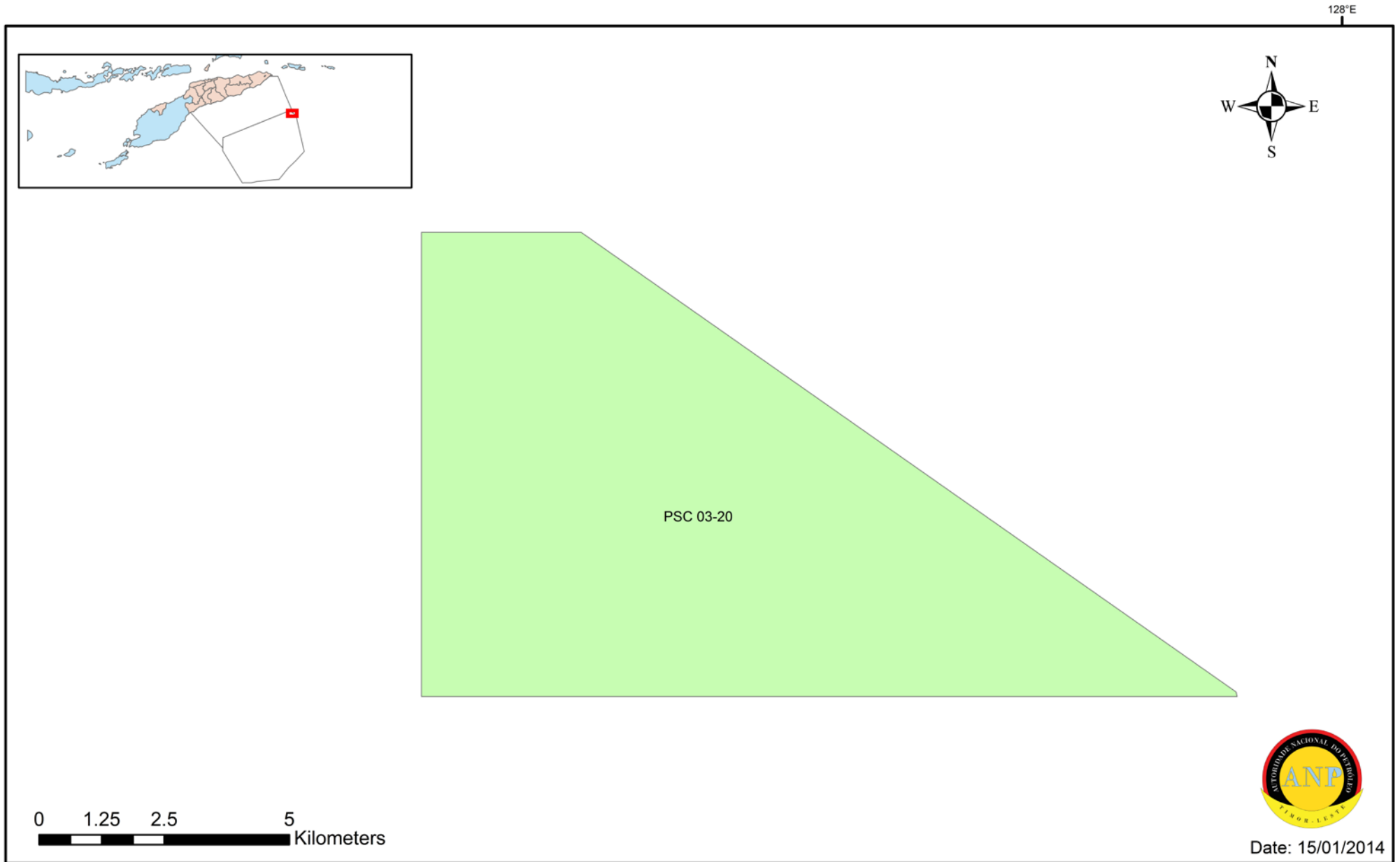
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produced. If operating costs exceed the value of petroleum produced in any calendar year then the unrecovered of operating costs shall be carried forward and recovered in the following years.

Dispute Resolution

In case of disputes between the parties to PSC 03-20, and in the event they cannot be settled amicably, arbitration will be conducted in accordance with the rules of the International Chamber of Commerce. The place of arbitration is Singapore.

Contract Area for PSC 03 - 20



128°E

0 1.25 2.5 5 Kilometers



Date: 15/01/2014

128°E