

## Petroleum Concession Handbook

SURINAM - Summary OF 1 March 1965 Concession Agreement Of Colmar Surinaamse Olie Maatschappij

### Parties:

Between Suriname (hereinafter called "The Country"), and "Colmar Surinaamse Olie Maatschappij" ("The Company").

### Date:

Government Ordinance of 26 January 1957 (G.B. No.15) of 30 January 1957 for exploration and exploitation of petroleum and sulphur, as amended and supplemented by further Agreements of 29 January 1960, (G.B. No.9) and of 19 January 1963 (G.B. No.10).

### Governing Law:

Petroleum Ordinance 1932 and graph III, clause 1 of the Minerals Ordinance.

### Term:

Forty years, from 30 January 1957.

### Rights:

Right of exploration and exploitation, with exception of radioactive substances, of oil, bitumen, mineral wax and all other hydrocarbon substances.

### Area:

To the north: to the extent of the Country's claims with respect to the continental shelf; land areas as per map.

Company is entitled to extend its right of exploitation and exploration with respect to all parts of the northern sea area, so far as it has not yet relinquished its rights to such parts prior to 30 January 1997 and to the southern sea area which have not been qualified as exploitable in Article 1 bis, clause 1, paragraph (a) under (i) and which the Company has also not yet relinquished prior to 30 January 1997, insofar as conditions met with in respect to such a block.

### Surrender:

If Company has not proven within three years in the land west of the left bank of the Coppename river oil in commercially exploitable quantities, then obliged to surrender this land area. The period of three years may be extended by the Government with a certain term each time the Company expresses its desire thereto.

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Period may be extended to a maximum of ten years.

Same obligation to rest on the Company with respect to the remaining part of the land area, if within six years it has not proven existence of oil in commercially exploitable quantities.

Company further obliged regarding land area after 6 years to surrender within 4 years thereafter, three-fourths part. The period of six years may be extended by the Government each time the Company expresses its desire thereto, to a maximum of 10 years.

Company to retain until 30 January 1997, the southern sea area.

Company to complete in the southern sea area exploratory wells listed:

<u>Schedule Date</u>	Minimum number of exploratory drill- ings (cumulative)	Maximum number of blocks to be retained	
		South of 7-1/2°n. lat.	North of 7-1/2°n. lat.
30 January 1967	4	670	Not fixed
30 January 1971	8	520	Not fixed
30 January 1975	12	370	Not fixed
30 January 1979	15	200	255
30 January 1983	20	110	215
30 January 1987	22	95	180

Prior to 30 January 1997, the Company to have completed a cumulative total of at least twenty-six exploratory wells in the southern sea area.

New Legislation:

New legal regulations concerning exploration, exploitation, storage, transportation, treating and processing shall apply, insofar as they are not in conflict with agreement.

Surface Tax:

To pay yearly in advance during first eight years Sf. 0.005 per hectare during years following Sf. 0.25.

Company to pay for the southern sea area Sf. 9.00 per block per calendar quarter. As of the twenty-first calendar quarter following date on which zone regarded as a potential zone fee Sf. 450.00 per block per calendar quarter. As of 1 April 1987, fee Sf. 450.00 per block per calendar quarter on all blocks south of 7-1/2° n. lat.

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Refining:

Company when yearly production of oil amounts to more than 300,000 tons, to construct a refinery in Suriname. Refinery to be expanded to 500,000 tons per year as soon as such a yearly production has been reached, and 1,000,000 tons as soon as a yearly production of 4,000,000 tons has been reached.

Royalty:

13.75 per cent of market-value on land, 12.50 per cent of market-value on offshore. Royalties computed on the basis of market-value at wellhead.

Surface tax deducted from royalty for land, but not for offshore.

Taxes:

Taxes and other financial burdens levied on 1 January 1964, not to be increased before 30 January 1987. Prior to January 30, 1987, the stamp duty of 2-1/2 percent on the transfer of movables shall not apply to the transfer of property of sea products by the Company. All existing and new generally prevailing legal tax regulations apply.

Committee:

A "Technical Committee" to be formed, consisting of five members with an equal vote, two appointed by Government and two by Company.

Technical Committee to agree upon standards for technical stipulations.

Surrender:

Any time, with written approval of all participants. At termination of agreement, Government, to retain all movable and immovable property of the Company.

Force Majeure:

Applies.

Income Tax:

35.50 percent of the first SF 5,000,000. 40 percent of the following SF 5,000,000 of profit. 50 percent of profit above SF 10,000,000.

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Deductions:

Following may be deducted in computation of Company's profits:

- a. Depreciation.
- b. Offshore petroleum investment allowance.
- c. Cost which the Company deducts.

Profits from the operation of any refinery or other installation be taxed at rate of 50%.

Offshore Allowance:

Offshore petroleum investment allowance for qualifying investments shall not exceed the lesser of following amounts:

- 1) 12.50 percent of the market value, before deduction of royalty payable;
- 2) 30 percent of net profit for the year before deduction of royalty payable.

Imports:

Company exempt from import duty on material or goods.

Governing Law:

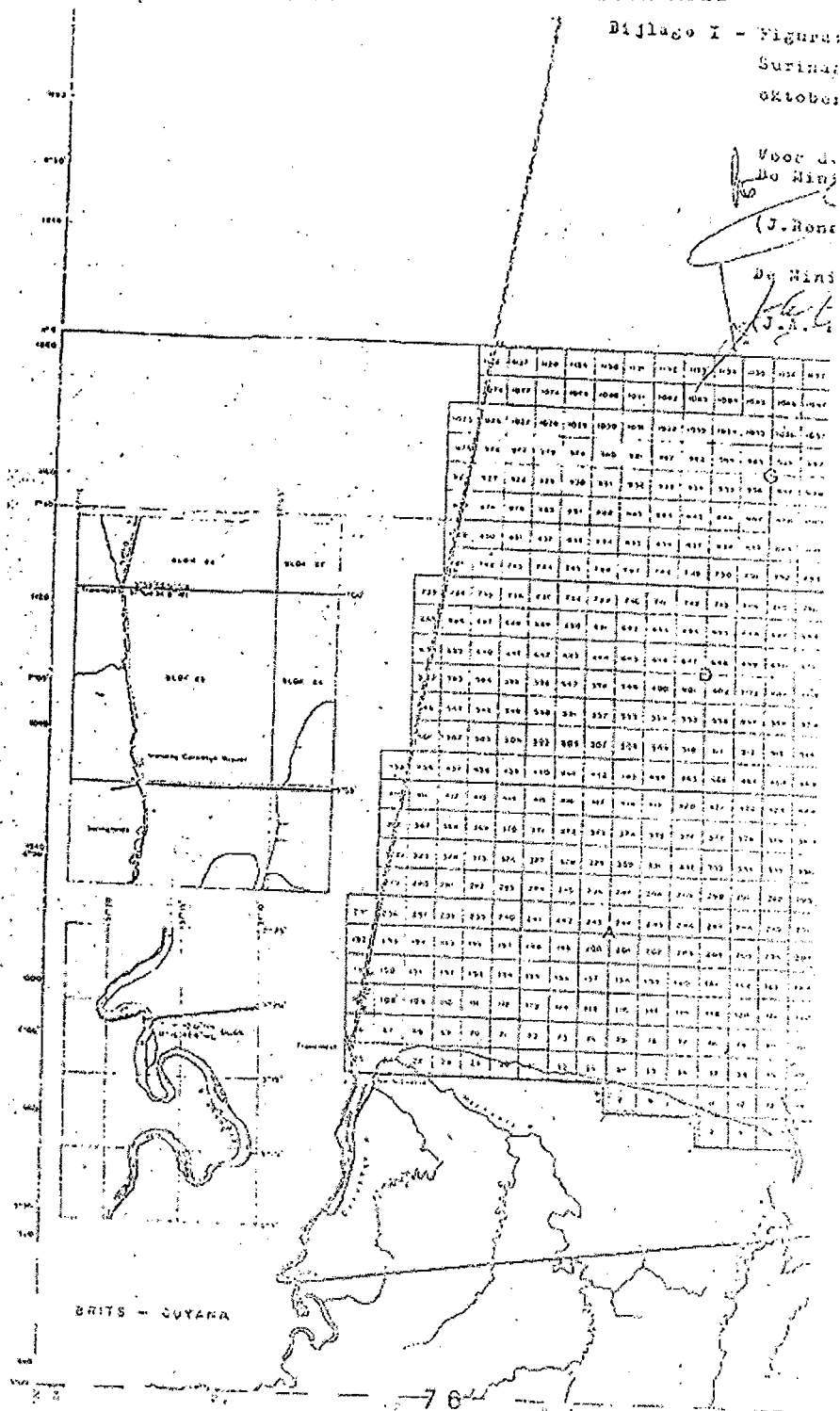
Subject to Suriname law.

Language:

In addition to Dutch text, a non-binding text in the English Language to be drawn up.

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SURINAM - Map Of Colmar Suriname 1965 Concession Area



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SURINAM - Map Of Colmar Suriname 1965 Concession Area (Cont'd)

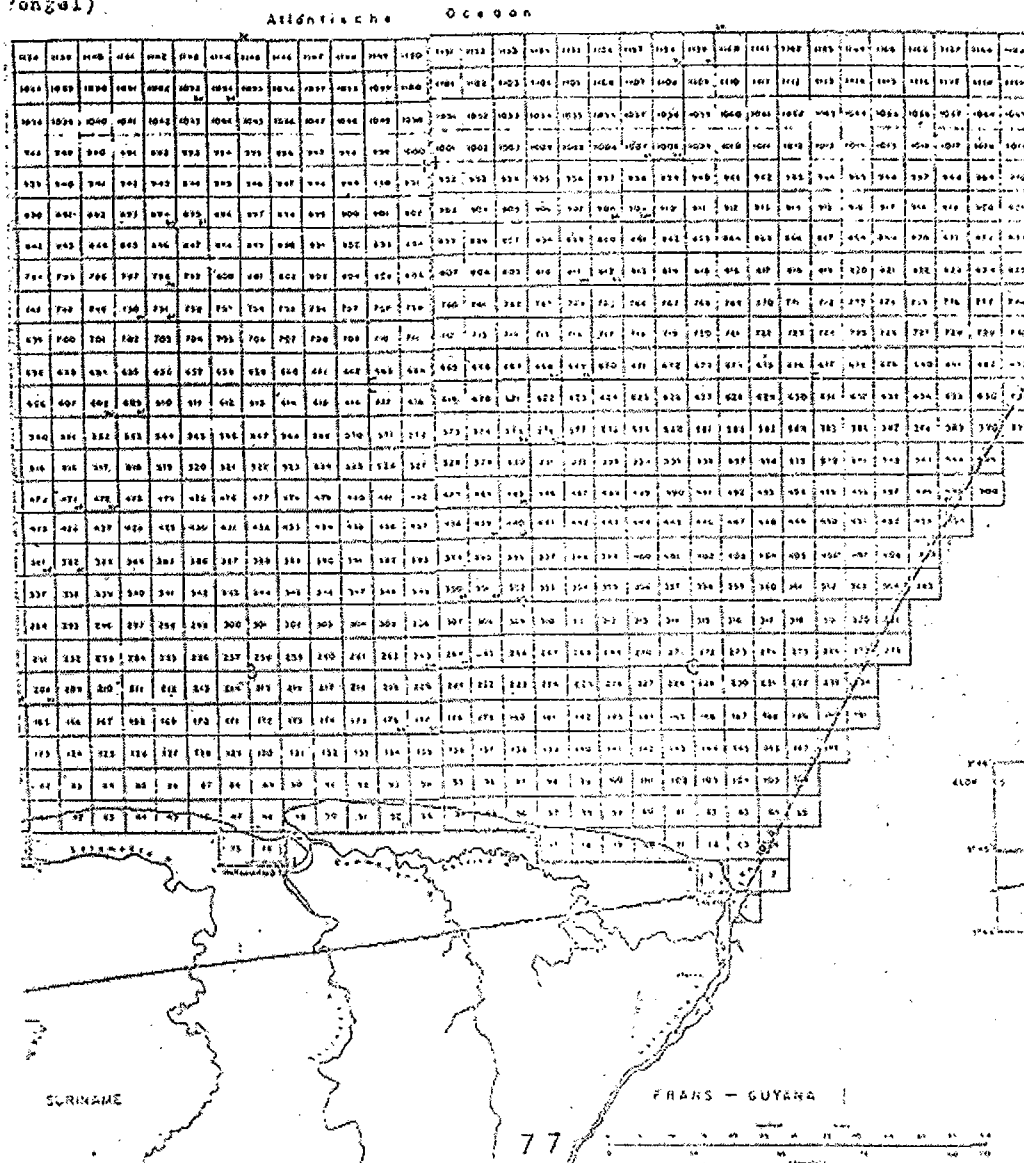
Deze kaart, behorende bij de overeenkomst tussen de Rechtspersonen "Surinaamse Olie Maatschappij" ("Colmar Suriname Oil Company"), krachtens de Landwet van 1964 (G.B. 1964 no. 86).

Rechtspersoon Suriname,  
Ster van Opbouw,

Ster van Financien,  
Lengel)

Paramaribo, 1 maart 1965  
Voor de N.V. "Colmar Surinam  
Olie Maatschappij",

De Directeur,  
*[Handwritten Signature]*  
(G.B. Chin Ten Fung)



SURINAM - Map Of Colmar Suriname 1965 Concession Area (Cont'd)

on de N.V. "Colmar"  
rekening van 13

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