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**DECREE NO. E8 OF DECEMBER 3, 1980
GRANTING A LICENSE AND A
CONCESSION TO STATE OIL COMPANY
SURINAME N.V.**

DECREE NO. E8 OF DECEMBER 3, 1980
GRANTING A LICENSE AND A CONCESSION
TO STATE OIL COMPANY SURINAME N.V.

Decree No. E8 of December 3, 1980
granting a license and a concession
to State Oil Company Suriname N.V.

DECREE N.O. 8

Decree No. E8 of December 3, 1980, granting a license for the exploration for the presence of, and a concession for the development of hydrocarbon resources to State Oil Company Suriname, N.V., and setting forth certain legislation with respect to activities in connection therewith.

THE PRESIDENT OF THE REPUBLIC OF SURINAME,

Having taken in consideration that it is necessary to promulgate legislation to encourage exploration for and the production of petroleum;

Having observed applicable legislation;

On the recommendation of the Minister of Development and
the Minister of Finance;

With the approval of the Council of Ministers.

HAS DECIDED:

CHAPTER I - ENABLING LEGISLATION

Article 1

The Ministers of Development and Finance are authorized to enter into a Concession Agreement for and on behalf of the State with Staats Olie Maatschappij Suriname N.V. established in Paramaribo for the exploration for the presence of and for the development of hydrocarbons, in accordance with the draft embodied in Annex 1 hereto which is incorporated herein.

Article 2

1. In the event of conflict of deviation between the provisions in this Decree and the provisions in any other statutory enactment, the latter provisions shall be set aside so far as is necessary for the performance of the obligations or for the exercise of the rights and privileges arising hereunder.
2. Derogation as meant in paragraph 1 shall not apply from provisions in the Constitution of the Republic of Suriname, the Law containing General Provisions of Legislation of Suriname, the Suriname Penal Code, the Code of Criminal Procedure and the Decree B9.

Article 3

In so far as is necessary in deviation from statutory enactments with the exception of the Constitution of Suriname, the Ministers of Development and Finance are authorized to issue administrative rules in order to facilitate the implementation of the Concession Agreement.

Article 4

The ownership of the hydrocarbons which are produced by the Staats Olie Maatschappij Suriname N.V. shall pass to it as a result of the production.

Article 5

The Staats Olie Maatschappij Suriname N.V. is authorized, subject to the approval of the Minister of Development, to enter into Service Contract with a third party or parties for the conduct of Petroleum Operations in the Concession Area and the provisions of Chapter II shall be applicable thereto.

CHAPTER II - PROVISIONS FOR CONTRACTOR

Article 6 - Definitions

1. For all purposes, the terms which are defined in Annex I (the Concession Agreement) when appearing herein shall have the meanings set forth therein.
2. For all purposes, the following terms when appearing shall have the meanings indicated hereinafter in this paragraph.
 - a. Concession Agreement means the agreement which is Annex I to this decree concluded between the State and the State Company granting to the

State Company an exclusive license for the exploration for and an exclusive concession for the development of Petroleum in the Concession Area.

- b. Contract Area means the area defined as Concession Area in Annex 1 to this decree minus such part thereof that is from time to time surrendered by Contractor, consisting initially of approximately 13,500 square kilometers.
- c. Contractor means the party or parties with whom State Company enters into a Service Contract for the Contract Area.
- d. Reimbursable Cost means expenditures made and obligations incurred by Contractor from and after the effective date of the Service Contract in carrying out Petroleum Operations, and that are loaned to State Company as a non-recourse project loan and are reimbursable to Contractor in accordance with the provisions of the Service Contract.
- e. Service Contract means the contract executed by State Company and Contractor covering Petroleum Operations in the Contract Area.
- f. State Company means Staats Olie Maatschappij Suriname, N.V.

Article 7 - General Applicability of Suriname Legislation

1. The legislation of Suriname shall apply to the activities of Contractor in Suriname.
2. Contractor shall keep its books of account and supporting records in the manner required by applicable Suriname legislation and shall file reports, tax returns and any other documents which are required by Suriname legislation.

3. Inasmuch as sales of Petroleum in the international trade take place principally in United States dollars, the accounting records serving as the basis for settlements between Contractor and State will be kept in United States dollars.

Settlements, including those regarding income tax payable to the State will also be calculated in United States dollars. If it is necessary to convert these U.S. Dollar obligations into Suriname Guilders in order to effect these settlements, the conversion from U.S. Dollars to Suriname Guilders shall take place at the buying rate for exchange transactions quoted by the Central Bank of Suriname for calculating and making settlement on the date on which payment is made.

In case the stability of the United States dollar on the international exchange markets is seriously affected so that maintaining the United States dollar as the basis for calculating and making settlements and/or trade in Petroleum becomes inequitable, Contractor and the State may agree to use another currency or currencies as a substitute for the United States dollar. Such agreement will not have a retroactive effect.

4. The Drilling Law shall not be applicable to Petroleum Operations in the Contract Area.

Article 8 - Information for the State

1. Contractor shall submit a report to the State before the end of the first quarter of each Calendar Year concerning Petroleum Operations performed in the Contract Area during the past Calendar Year.

2. The report referred to in the first paragraph shall contain:

- a. A statement of the number of exploration and development wells drilled, the depth of all wells drilled, as well as a sketch map on which the drilling locations are indicated;
- b. A statement of the Petroleum encountered during Petroleum Operations,

3. No stamp tax shall be payable with reference to the assignment or transfer, in whole or in part, of the rights derived from the Service Contract when the consideration for such assignment or transfer is Petroleum Operations to be performed with funding by the assignee or transferee. This paragraph shall not be applicable to assignments or transfers for other types of valuable consideration such as, cash, interest in areas outside Suriname, oil, etc.

CHAPTER III - DATE OF COMMENCEMENT

This decree comes into effect on the day following the one of its publication in the "Staatsblad" of the Republic of Suriname of its promulgation.

Issued at Paramaribo on the 3th of December, 1980.

The Minister of Development

(Dr. Ir. H.S. ADHIN)

The President,

(Dr. H.R. CHIN A SEN)

The Minister of Finance a.i.

(Dr. H.R. CHIN A SEN)

The Military Authority

(D.D. BOUTERSE)
Commander

Published at Paramaribo, the of December 1980

The Minister of Internal Affairs
and District Administration

(Dr. S.J. LEEFLANG)

CONCESSION AGREEMENT

Between

THE REPUBLIC OF SURINAME

AND

STAATS OLIE MAATSCHAPPIJ SURINAME N.V.

(Annex 1)

CONCESSION AGREEMENT

Between

The Republic of Suriname, hereinafter

referred to as the State

and

the Staats Olie Maatschappij Suriname N.V. established

at Paramaribo hereinafter referred

to as the State Company

WHEREAS

the State has the intention to encourage and to promote the exploration and development of its mineral resources;

WHEREAS

the State is desirous to explore and to develop the petroleum reserves under its own management;

WHEREAS

the State has for that purpose established a State Company that, with due observance of the requirements of the State, shall undertake alone or with third parties, the activities relating to the exploration for the presence of and the development of petroleum reserves.

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WHEREAS

for the purpose of carrying out the activities referred to a licence should be granted to the State Company for the exploration for, as well as a concession for the development of, Petroleum in an area and under the conditions set out in this Agreement;

WHEREAS

per Decree No. _____ the Ministers of Development and of Finance are authorized to enter into this Concession for and on behalf of the State;

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

Article 1

DEFINITIONS

For all purposes, the following terms when appearing in this Agreement, shall be deemed to have the meanings indicated hereinafter in this Article.

1. Agreement means this present concession agreement between the Republic of Suriname and Staats Olie Maatschappij Suriname, N.V.
2. Calendar Year means the year commencing on January 1 at 0700 hours and ending on the next following January 1 at 0659 hours, and for purpose of fiscalization, cargoes shall be deemed to have been delivered to the lifting party in the year in which loading of the cargo commences.
3. Concession Area means the area defined as concession area in Article 3 of this Agreement.
4. Contract Year means periods of years beginning on the date of this Agreement.
5. Crude Oil means crude mineral oil, including asphalt, ozokerite and all kinds of Petroleum and bitumens, both in solid and in liquid form, in their natural state or obtained from Natural Gas by condensation or extraction.
6. Domestic Supply Requirement shall have the meaning stated in Article 10.
7. Fiscalization means the series of volumetric determinations corrected for temperature and pressure as well as water, sediments and other undesirable materials of Petroleum extracted from the Concession Area and delivered at the Point of Delivery and includes, when

necessary, the computational conversion of such volumes to money value.

8. Parties means the State Company and the State, and party means State Company or State.
9. Petroleum means all hydrocarbons in liquid or gaseous state and all entrained substances, other than coal from which hydrocarbon liquids or gases can be extracted, derived or otherwise produced including asphalt and other solid hydrocarbons suitable for production with or dissolution into liquids or gases, all hydrocarbons, liquids or gases produced therefrom generally considered as petroleum products in liquid or gaseous form.
10. Petroleum Operations means all activities both in and outside Suriname related to exploration, development, production, handling and transportation of Petroleum required for the proper implementation of this Agreement.
11. Point of Delivery means the common delivery point or points for Petroleum, and shall be at the point where it passes the flange between the production facility delivery hose or pipeline and the cargo intake of a vessel at point of export, or, as the case may be, at point of delivery in Suriname to a party where it leaves the production facilities.
12. Production means volumes of Petroleum produced from the Concession Area, less those quantities of Petroleum: (a) which have been consumed or used for purposes of Petroleum Operations, (b) which have been lost during Petroleum Operations, (c) which have been recycled into reservoir(s), and (d) gas hydrocarbons which have not been sold or for other reasons have not been delivered to the Point of

Delivery. For purposes of Fiscalization and share or Production determinations hereunder, the quantity of Production in any period shall be the total quantity of Petroleum delivered to the parties at the Point of Delivery.

Article 2

LICENCE AND CONCESSIONS

1. By virtue of the authority conferred by Presidential Decree No. _____, and by virtue of the Petroleum Act and the Minerals Act, the State Company is hereby granted a licence, which shall be subject to the conditions stated hereafter, for the exploration for the presence of hydrocarbons as well as a concession for the development of the same; the licence and concession are related to the area as indicated on the sketch map on annex 1 and as defined in article 3 of this Agreement.
2. No person or juridical entity, except State Company, or one under service contract with State Company, shall explore for Petroleum or produce Petroleum in the Concession Area.
3. No authorization, license, concession, agreement or contract shall prevent State Company from enjoying any of its rights pursuant to the Concession Agreement.
4. Nothing set forth in this Article shall be interpreted as a restriction of the right of the State to grant concessions for minerals other than those which are the subject of this Concession Agreement to third parties within the Concession Area.

Article 3

LOCATION AND SIZE OF THE CONCESSION AREA

1. The Concession Area is part of the off-shore area of the Republic of Suriname. The Concession Area is approximately 13,500 Km²; it is situated between the meridians of 57° 00' 00" and 55° 30' 00" West of Greenwich and between the coastline and the parallels of latitude of 6° 30' 00" and 7° 00' 00" North of the equator and it consists of the blocks indicated by the letters A, I, J, K, and S, and portions of the blocks indicated by the letters B and C on the figurative map attached hereto as Annex I.

2. The coastline is defined as the average sea level at the open sea and is the same as the O-meter new NSP which has been determined from 1968 to 1971 off the coast of Coronie (See End Report Determination NSP 1968-1971 KLM Aero Carto).

Article 4

TERM OF AGREEMENT

The term of this Agreement will be 40 years reckoning from the coming into force of this Agreement, except in case of premature termination of this Agreement as provided for elsewhere in this Agreement.

Article 4

This decree shall come into effect on the day following the day of its publication in the "Staatsblad" of the Republic of Suriname.

Issued at Paramaribo on the ____ of March, 1981

The Minister of Development

(Dr. Ir. H.S. ADHIN)

The Minister of Finance

(A.E. TELTING)

The President

(Dr. H.R. CHIN A SEN)

The Military Authority

(D.D. BOJTERSE)
Commander

Published at Paramaribo, the ____ of March, 1981

The Minister of Internal Affairs
and District Administration

(Dr. F.J. LEEFLANG)

Amendment No. 1 to

Concession Agreement

between

The Republic of Suriname

hereinafter referred to as the "State"

and

State Oil Company Suriname N.V.

established at Paramaribo and hereinafter

referred to as the "State Company"

WHEREAS

a license to explore for and a concession to develop oil reserves in a certain area and under certain conditions was entered into between State and State Company in a concession agreement dated December 13, 1980 (hereinafter referred to as the "Concession Agreement"), pursuant to the authority granted in Article 1 of Decree No. E8 of December 3, 1980; and

WHEREAS

it has become convenient to modify the provisions of the Concession Agreement;

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

1. The following Articles or portions thereof of the Concession Agreement are hereby amended or supplemented as indicated:

1.1 Article 1, paragraph 1, is deleted in its entirety and there is substituted in its place:

"Agreement means the Concession Agreement and Amendment No. 1 to Concession Agreement both between the State and State Company."

1.2 Article 2, paragraph 1, is amended by the deletion of "indicated on the sketch map on Annex I" and substituting in its place "indicated on the sketch map denominated 'Annex I as modified by Amendment No. 1 to Concession Agreement.'"

1.3 Article 3, paragraph 1, is deleted in its

entirety and there is substituted in its place:

"The Concession Area is part of the off-shore area of the Republic of Suriname. The Concession Area is approximately 13,800 Km²; it is situated between the meridians of 57°00'00'' and 55°00'00'' West of Greenwich and between the coastline and the parallel of latitude of 6°30'00'' North of the equator and it consists of the blocks indicated by the letters A, D, I, J, K and L, and portions of the blocks indicated by the letters B and C on the figurative map attached hereto as 'Annex I as modified by Amendment No. 1 to Concession Agreement.'"

1.4 Article 3, paragraph 2, is supplemented by the addition of "The precise line is delineated by straight lines connecting the points contained in 'Annex IA modified and supplemented by Amendment and Supplement No. 1,' attached hereto."

2. Except for the Articles or portions thereof amended and supplemented herein, the Concession Agreement in all its other provisions remains in full force and effect.

3. The Effective Date of this "Amendment No. 1" shall be the date of its execution by the parties.

Paramaribo, March ____, 1981

For the Republic of Suriname

For the State Oil Company
Suriname N.V.

Minister of Development
Dr. Ir. H.S. Adhin

Dr. S.E. Jharap
Managing Director

Minister of Finance
A.E. Telting