



Association of International  
Energy Negotiators

## 2023 Model Contracts Workshop

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Checking Out of Oil and Gas Projects with attention to  
Withdrawal Under the JOA: How to avoid “You can check  
out any time you like, but you can never leave” Hotel California, The Eagles

Andrew B. Derman  
Andrew.Derman@hklaw.com

**Holland & Knight**

# Granting Instrument

- License, PSC, RSA
- Development Plan
  - Be careful
  - Commitments?
- Guarantees
  - Corporate
  - Bank / Financial
  - Production Letters
- Term
  - Fixed?
- Work Program & Budget
  - Commitments?
  - Subject to revision?

# Granting Instrument

- Environmental Rules
  - As amended?
- Assignment / Transfer
  - Government Approval
    - Is there a novation?
  - Notice – to an Affiliate
    - Is there a novation?
  - Guarantees
  - Preferential Purchase Right
- Decommissioning
- Surrender
- Withdrawal

# Joint Operating Agreement

- Term
  - Contract terminates
  - Materials, equipment have been disposed of or removed
  - Final settlement made
    - Decommissioning satisfied
    - Disputes resolved
  - All Parties elect to withdraw
- Operator to conduct all Joint Operations
  - Good and prudent petroleum industry practices...international petroleum industry under similar circumstances
- Decommissioning Work Program and Budget
  - Contract / Laws
  - Exhibit E principles for estimating and funding / providing Security
  - Matrix Vote – Decommissioning Operations
- Decommissioning and Abandonment

# Joint Operating Agreement

- Default for failure to provide Security
  - Forfeiture or withdraw and assign
- Surrender, Extensions and Renewals
  - Withdrawal right
- Transfer
  - Transferee and transferring Party shall be liable for any obligation that has accrued
  - With or without costs of plugging and abandoning and Decommissioning
- Change of Control
  - Evidence of financial capacity or Security to cover any obligations that may reasonably incur
- Withdrawal
- Accounting Procedure
  - Wind up Joint Operations
    - Sliding Scale
    - Minimum Indirect Charge

# MODEL FORM INTERNATIONAL OPERATING AGREEMENT - 1990

- Unconditional and irrevocable withdrawal
  - Proposed effective date 60 to 180 Days
  - Later of proposed date or fulfilled obligations
- Minimum Work Obligations
- 30 Days to give notice of withdrawal
- Contract termination if all elect to withdraw
- Less than all, withdrawing Parties
  - All steps to withdraw on earliest possible date
  - Assign without compensation
- Must be fully subscribed
- Withdraw from Contract Area or exploration area
- After withdrawal notification, no vote
- Satisfy all obligations and liabilities

1		<b>ARTICLE XIII - WITHDRAWAL FROM AGREEMENT</b>
2	13.1	<b>Right of Withdrawal</b>
3		(A) Subject to the provisions of this Article, any Party may withdraw from this Agreement and the
4		Contract by giving notice to all other Parties stating its decision to withdraw and specifying a proposed
5		effective date of withdrawal which shall be at least sixty (60) Days, but not more than one hundred eighty
6		(180) Days after the date of such notice. Such notice shall be unconditional and irrevocable when given.
7		(B) Notwithstanding Article 13.1(A) a Party shall not have the right to withdraw from this Agreement
8		and the Contract until the Minimum Work Obligation set forth in the Contract has been fulfilled. However,
9		if the Operating Committee or any Party decides to accept new Minimum Work Obligations by voluntarily
10		extending the current or entering into a new exploration period under the Contract, a Party that voted against
11		such decision shall not be prevented from withdrawing; provided that withdrawal to all Parties within thirty
12		(30) Days of such vote pursuant to Article 11.2 and fully satisfies its outstanding Minimum Work Obligation,
13		if any.
14		(C) Subject to Articles 13.1(A) and (B) and Article 13.5, the effective date of withdrawal for a
15		withdrawing Party shall be the later of:
16		(1) The date proposed in the notice of withdrawal; or
17		(2) The date that the withdrawing Party has fulfilled its obligations under this Article.
18	13.2	<b>Partial or Complete Withdrawal</b>
19		(A) Within thirty (30) Days of receipt of each withdrawing Party's notification, each of the other
20		Parties may also give notice that it desires to withdraw from this Agreement and the Contract. Should all
21		Parties give notice of withdrawal, the Parties shall proceed to abandon the Contract Area and terminate the
22		Contract and this Agreement. If less than all of the Parties give such notice of withdrawal, then the
23		withdrawing Parties shall take all steps to withdraw from the Contract and this Agreement on the earliest
24		possible date and execute and deliver all necessary instruments and documents to assign their Participating
25		Interest to the Parties which are not withdrawing, without any compensation whatsoever, in accordance
26		with the provisions of Article 13.6.
27		(B) If any part of the withdrawing Party's Participating Interest remains unclaimed after sixty (60)
28		Days from the date of the first notice of withdrawal, the Parties shall be deemed to have decided to
29		withdraw from the Contract and this Agreement, unless at least one Party agrees to accept the unclaimed
30		Participating Interest.
31		(C) Any Party withdrawing under Article 11.2 or under this Article shall:
32		<i>Check one Alternative.</i>
33	[ ]	<u>ALTERNATIVE NO. 1</u>
34		Withdraw from the entirety of the Contract Area, including all Exploitation Areas and all Discoveries made
35		prior to such withdrawal, and thus abandon to the other Parties not joining in its withdrawal all its rights to
36		Cost Oil and Profit Oil generated by Operations after such withdrawal and all rights in such associated Joint
37		Property.
38	[ ]	<u>ALTERNATIVE NO. 2</u>
39		Withdraw from all exploration activities under the Contract, but not from any Exploitation Area,
40		Commercial Discovery, or Discovery whether appraised or not, made prior to such withdrawal. Such
41		withdrawing Party shall retain its rights in the Joint Property but only insofar as they relate to any
42		Exploitation Area, Commercial Discovery or Discovery whether appraised or not, and shall abandon all
43		other rights in the Joint Property.
44	13.3	<b>Voting</b>
45		After giving its notification of withdrawal, a Party shall not be entitled to vote on any matters
46		coming before the Operating Committee, other than matters for which such Party has financial
47		responsibility.
48	13.4	<b>Obligations and Liabilities</b>
49		(A) A withdrawing Party, prior to its withdrawal, shall satisfy all obligations and liabilities it has
50		incurred or attributable to it prior to its withdrawal, including, without limitation, any expenditures
51		budgeted and/or approved by the Operating Committee prior to its written notification of withdrawal
52		(development projects included), and any liability for acts, occurrences or circumstances taking place or
53		existing prior to its withdrawal. Furthermore, any liens, charges and other encumbrances which the
54		withdrawing Party placed on such Party's Participating Interest prior to its withdrawal shall be fully
55		satisfied or released, at the withdrawing Party's expense, prior to its withdrawal. A Party's withdrawal shall

# MODEL FORM INTERNATIONAL OPERATING AGREEMENT - 1990

- Remain liable for any obligations or liabilities
- Not identified or identifiable at time of withdrawal
- Not liable if vote against and withdrawal notice is issued
  - Five Days or 24 hours (standby rig)
- Emergency
- Assignment in proportion to PI or as agreed
- Penalties and expenses paid by the withdrawing Party
- Abandonment Security
  - Short Form
    - Security satisfactory to the other Parties
  - Long Form
    - Security agreement / Development Plan
    - Commencing when costs exceed value by 125%

1 not relieve it from liability to the non-withdrawing Parties with respect to any obligations or liabilities  
2 attributable to the withdrawing Party which are not identified or identifiable at the time of withdrawal.  
3 (B) Notwithstanding the foregoing, a Party shall not be liable for any operations or expenditures it  
4 voted against if it sends notification of its withdrawal within five (5) Days (or within twenty-four (24)  
5 hours if the drilling rig to be used in such operation is standing by on the Contract Area) of the Operating  
6 Committee vote approving such operation or expenditure, nor shall such Party be liable for any operations  
7 or expenditures approved by the Operating Committee, excluding those approved pursuant to Article 13.5,  
8 after notice has been given pursuant to Article 13.1.

9 13.5 **Emergency**  
10 A Party's notification of withdrawal shall not become effective if prior to the proposed date of  
11 withdrawal a well goes out of control or a fire, blow out, sabotage or other emergency occurs. The  
12 notification of withdrawal shall become effective only after the emergency has been contained and the  
13 withdrawing Party has paid, or has provided, security satisfactory to the Parties for its Participating Interest  
14 share of the costs of such emergency.

15 13.6 **Assignment**  
16 A withdrawing Party shall assign its Participating Interest to each of the non-withdrawing Parties  
17 which shall be allocated to them in the proportion which each of their Participating Interests (prior to the  
18 withdrawal) bears to the total Participating Interests of all the non-withdrawing Parties (prior to the  
19 withdrawal), unless the non-withdrawing Parties agree otherwise. The expenses associated with the  
20 withdrawal and assignments shall be borne by the withdrawing Party.

21 13.7 **Approvals**  
22 A withdrawing Party shall promptly join in such actions as may be necessary or desirable to obtain  
23 any Government or Government Oil Company approvals required in connection with the withdrawal and  
24 assignments, and any penalties or expenses incurred by the Parties in connection with such withdrawal  
25 shall be borne by the withdrawing Party.

26 *Check one Alternative.*

27 13.8 **Abandonment Security**  
28  ALTERNATIVE NO. 1 - Short Form Abandonment Security  
29 (A) A withdrawing Party shall provide security satisfactory to the other Parties to satisfy any such  
30 obligations or liabilities which were approved or accrued prior to notice of withdrawal, but which become  
31 due after its withdrawal, including, without limitation, Security to cover the costs of an abandonment, if  
32 applicable.

33  ALTERNATIVE NO. 2 - Long Form Abandonment Security  
34 If under the terms of the Contract or applicable law, the Parties are or become obliged to pay or  
35 contribute to the cost of abandonment, then the following provisions shall apply:  
36 (A) During preparation of a Development Plan, the Parties shall negotiate and agree a security  
37 agreement, which shall be completed and executed by all Parties participating in such Development Plan  
38 prior to application for an Exploitation Area. The security agreement shall incorporate the following  
39 principles:  
40 (1) Security shall be provided by each such Party for each Calendar Year commencing with  
41 the Calendar Year in which the Discounted Net Value equals one hundred twenty-five percent  
42 (125%) of the Discounted Net Cost.  
43 (2) The amount of Security required to be provided by each such Party in any Calendar Year  
44 (including security previously provided which will still be current throughout such Calendar Year)  
45 shall be equal to the amount by which one hundred twenty-five percent (125%) of the Discounted  
46 Net Cost exceeds the Discounted Net Value.  
47 "Discounted Net Cost" means that portion of each Party's anticipated before tax cost of  
48 abandoning a development in accordance with applicable law which remains after deduction of salvage  
49 value. Such portion should be calculated at the anticipated time of abandonment and discounted at the  
50 Discount Rate to December 31, of the Calendar Year in question.  
51 "Discounted Net Value" means the value of each Party's estimated Entitlement which remains  
52 after payment of estimated liabilities and expenses required to win, save and transport such production to  
53 the delivery point and after deduction of estimated applicable taxes, royalties, imports and levies on such  
54 production. Such Entitlement shall be calculated using estimated market prices and including taxes on  
55 income, discounted at the Discount Rate to December 31, of the Calendar Year in question. No account  
shall be taken of tax allowances expected to be available in respect of the costs of abandonment.

# MODEL FORM INTERNATIONAL OPERATING AGREEMENT - 1990

- Failure to provide Security results in Default
- Security
  - Standby letter of credit issued by a bank
  - Demand bond issued by a corporation
  - Credit rating
    - Sufficient worth to pay its obligations in all reasonably foreseeable circumstances
    - Cash in a secure fund administered by an independent trustee and invested as specified
- Withdrawal of all Parties
  - JOA continues for so long as it may be necessary
    - Wind up the affairs of the Parties
    - Satisfy requirements of law
    - Dispose of property

1 "Discount Rate" means the rate per annum equal to the one (1) month term, LIBOR rate for U.S.  
2 dollar deposits as published by The Wall Street Journal or if not published then by the Financial Times of  
3 London effective as of thirty (30) Business Days prior to the start of a Calendar Year.  
4 (B) Failure to provide Security shall constitute default under this Agreement.  
5 (C) "Security" means a standby letter of credit issued by a bank or an on demand bond issued by a  
6 corporation, such bank or corporation having a credit rating indicating it has sufficient worth to pay its  
7 obligations in all reasonably foreseeable circumstances, or, failing the provision of either of those, cash  
8 contributed to a secure fund administered by independent trustees and invested in \_\_\_\_\_  
9 \_\_\_\_\_  
10 13.9 **Withdrawal or Abandonment by all Parties**  
11 In the event all Parties decide to withdraw or are required to do so pursuant to this Article, the  
12 Parties agree that they shall be bound by the terms and conditions of this Agreement for so long as may be  
13 necessary to wind up the affairs of the Parties with the Government, to satisfy any requirements of  
14 applicable law or to facilitate the sale, disposition or abandonment of property or interests held by the Joint  
15 Account.



# MODEL FORM INTERNATIONAL OPERATING AGREEMENT - 1995

- Withdrawal effective as of the end of following month
- Unconditional and irrevocable, except
  - Where Government does not approve
    - Retract withdrawal notification
    - Hold in trust for the non-withdrawing Party(ies)
- Option to withdraw from Contract or exploration activities
- Until effective date of withdrawal
  - Receives Hydrocarbon Entitlement
  - Information

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2 13.1 Right of Withdrawal ~~Right of Withdrawal~~  
3 (A) Subject to the provisions of this Article ~~XIII~~, any Party may withdraw from this Agreement and the  
4 Contract by giving notice to all other Parties stating its decision to withdraw ~~and specifying a proposed~~  
5 ~~effective date of withdrawal which shall be at least sixty (60) Days, but not more than one hundred eighty~~  
6 ~~(180) Days after the date of such notice.~~ Such notice shall be unconditional and irrevocable when given,  
7 ~~except as may be provided in Article 13.7.~~  
8 ~~(B) Notwithstanding Article 13.1(A) a Party shall not have the right to withdraw from this Agreement~~  
9 ~~and the Contract until the Minimum Work Obligation set forth in the Contract has been fulfilled. However,~~  
10 ~~if the Operating Committee or any Party decides to accept new Minimum Work Obligations by voluntarily~~  
11 ~~extending the current or entering into a new exploration period under the Contract, a Party that voted~~  
12 ~~against such decision shall not be prevented from withdrawing; provided that withdrawal to all Parties~~  
13 ~~within thirty (30) Days of such vote pursuant to Article 11.2 and fully satisfies its outstanding Minimum~~  
14 ~~Work Obligation, if any.~~  
15 ~~(C) Subject to Articles 13.1(A) and (B) and Article 13.5~~  
16 ~~(B) The effective date of withdrawal for a withdrawing Party shall be the end of the calendar month~~  
17 ~~following the calendar month in which the notice of withdrawal is given, provided that if all Parties elect to~~  
18 ~~withdraw, the effective date of withdrawal for a withdrawing each Party shall be the later of:~~  
19 ~~(1) The date proposed in the notice of withdrawal; or determined by Article 13.9.~~  
20 ~~(2) The date that the withdrawing Party has fulfilled its obligations under this Article.~~  
21 13.2 Partial or Complete Withdrawal ~~Partial or Complete Withdrawal~~  
22 (A) Within thirty (30) Days of receipt of each withdrawing Party's notification, each of the other Parties  
23 may also give notice that it desires to withdraw from this Agreement and the Contract. Should all Parties  
24 give notice of withdrawal, the Parties shall proceed to abandon the Contract Area and terminate the Contract  
25 and this Agreement. If less than all of the Parties give such notice of withdrawal, then the withdrawing  
26 Parties shall take all steps to withdraw from the Contract and this Agreement on the earliest possible date and  
27 execute and deliver all necessary instruments and documents to assign their Participating Interest to the  
28 Parties which are not withdrawing, without any compensation whatsoever, in accordance with the provisions  
29 of Article 13.6.  
30 ~~(B) If any part of the withdrawing Party's Participating Interest remains unclaimed after sixty (60)~~  
31 ~~Days from the date of the first notice of withdrawal, the Parties shall be deemed to have decided to~~  
32 ~~withdraw from the Contract and this Agreement, unless at least one Party agrees to accept the unclaimed~~  
33 ~~Participating Interest.~~  
34 ~~(C)~~  
35 ~~(B) Any Party withdrawing under Article 11.2 or under this Article XIII shall:~~  
36 ~~Check one Alternative.~~  
37 [ ] ALTERNATIVE NO. 1  
38 Withdraw from the entirety of the Contract Area, including all Exploitation Areas and all Discoveries  
39 made prior to such withdrawal, and thus abandon to the other Parties not joining in its withdrawal all  
40 its rights to Cost Oil and Profit Oil generated by ~~Operations~~ operations after the effective date of such  
41 withdrawal and all rights in ~~such~~ associated Joint Property.  
42 [ ] ALTERNATIVE NO. 2  
43 ~~Withdraw~~ At its option, (1) withdraw from the entirety of the Contract Area or (2) withdraw only from all  
44 exploration activities under the Contract, but not from any Exploitation Area, Commercial Discovery,  
45 or Discovery, whether appraised or not, made prior to such withdrawal. Such withdrawing Party shall  
46 retain its rights in the Joint Property, but only insofar as they relate to any such Exploitation Area,  
47 Commercial Discovery or Discovery ~~whether appraised or not~~, and shall abandon all other rights in  
48 the Joint Property.  
49 13.3 Voting Rights of a Withdrawing Party ~~Rights of a Withdrawing Party~~  
50 ~~A withdrawing Party shall have the right to receive its Entitlement of Hydrocarbons produced through the~~  
51 ~~effective date of its withdrawal. The withdrawing Party shall be entitled to receive all information to which~~  
52 ~~such Party is otherwise entitled under this Agreement until the effective date of its withdrawal.~~ After giving  
53 its notification of withdrawal, a Party shall not be entitled to vote on any matters coming before the Operating  
54 Committee, other than matters for which such Party has financial responsibility.

# MODEL FORM INTERNATIONAL OPERATING AGREEMENT - 1995

- Withdrawing Party remains responsible
  - All approved costs, regardless of when incurred
  - Minimum Work Obligations
  - Emergencies
  - All other obligations and liabilities a Party would have been liable had it not withdrawn
  - Including liabilities not identified or identifiable
  - Partial withdrawal
    - Not for areas it has not withdrawn
- Clarified
  - Withdraw if a Party votes against entering or extending an Exploration or Exploitation Period

13.4 Obligations and Liabilities of a Withdrawing Party  
(A) A withdrawing Party shall, ~~prior to~~ following its notification of withdrawal, ~~shall satisfy all obligations and liabilities it has incurred or attributable to it prior to its withdrawal, including, without limitation, any expenditures budgeted and/or~~ remain liable only for its share of the following:  
(1) Costs of Joint Operations, and Exclusive Operations in which it has agreed to participate, that were approved by the Operating Committee or Consenting Parties as part of a Work Program and Budget or AFE prior to its written such Party's notification of withdrawal ~~(development projects included), and any liability for, regardless of when they are actually incurred;~~  
(2) Any Minimum Work Obligations for the current period or phase of the Contract, and for any subsequent period or phase which has been approved pursuant to Article 11.2 and with respect to which such Party has failed to timely withdraw under Article 13.4(B);  
(3) Emergency expenditures as described in Articles 4.2(B)(11) and 13.5;  
(4) All other obligations and liabilities of the Parties or Consenting Parties, as applicable, with respect to acts, occurrences or circumstances taking place or existing omissions under this Agreement prior to its the effective date of such Party's withdrawal. Furthermore, any for which such Party would have been liable, had it not withdrawn from this Agreement and  
(5) In the case of a partially withdrawing Party, any costs and liabilities with respect to Exploration Areas, Commercial Discoveries and Discoveries from which it has not withdrawn.  
The obligations and liabilities for which a withdrawing Party remains liable shall specifically include its share of any costs of plugging and abandoning wells or portions of wells in which it participated (or was required to bear a share of the costs pursuant to Article 13.4(A)(1)), to the extent such costs of plugging and abandoning are payable by the Parties under the Contract. Any liens, charges and other encumbrances which the withdrawing Party placed on such Party's Participating Interest prior to its withdrawal shall be fully satisfied or released, at the withdrawing Party's expense, prior to its withdrawal. A Party's withdrawal shall not relieve it from liability to the non-withdrawing Parties with respect to any obligations or liabilities attributable to the withdrawing Party ~~which under this Article XIII merely because they~~ are not identified or identifiable at the time of withdrawal.  
(B) Notwithstanding the foregoing, a Party shall not be liable for any operations or expenditures it voted against ~~(other than operations and expenditures described in Article 13.4(A)(2) or 13.4(A)(3))~~ if it sends notification of its withdrawal within five (5) Days (or within twenty-four (24) hours if the drilling rig to be used in such operation is standing by on the Contract Area) of the Operating Committee vote approving such operation or expenditure, ~~nor~~. Likewise, a Party voting against voluntarily entering into or extending of an Exploration Period or Exploitation Period or any phase of the Contract or voluntarily extending the Contract shall ~~such Party not~~ be liable for ~~any operations or expenditures approved by the Operating Committee, excluding those approved pursuant to Article 13.5, after notice has been given pursuant to Article 13.1~~ the Minimum Work Obligations associated therewith provided that it sends notification of its withdrawal within ~~thirty (30) Days of such vote pursuant to Article 11.2.~~  
13.5 Emergency  
~~A Party's notification of withdrawal shall not become effective if prior to the proposed date of withdrawal~~  
If a well goes out of control or a fire, blow out, sabotage or other emergency occurs. ~~The notification prior to the effective date of a Party's withdrawal shall become effective only after the emergency has been contained and,~~ the withdrawing Party has paid, or has provided, security satisfactory to the Parties shall remain liable for its Participating Interest share of the costs of such emergency, ~~regardless of when they are actually incurred.~~  
13.6 Assignment  
A withdrawing Party shall assign its Participating Interest free of cost to each of the non-withdrawing Parties ~~which shall be allocated to them~~ in the proportion which each of their Participating Interests (prior to the withdrawal) bears to the total Participating Interests of all the non-withdrawing Parties (prior to the withdrawal), unless the non-withdrawing Parties agree otherwise. The expenses associated with the withdrawal and assignments shall be borne by the withdrawing Party.

# MODEL FORM INTERNATIONAL OPERATING AGREEMENT - 1995

- Non-withdrawing Parties shall use reasonable efforts to assist withdrawing Party's in obtaining Government approvals
- Clarified need to withdraw from the Contract and the JOA
- Deleted Long Form Security
- Clarified that a demand bond is to be issued by a surety corporation
- "Security satisfactory to the other Parties to satisfy any obligations or liabilities which were approved or accrued prior to the notice of withdrawal, but which become due after withdrawal"

013.7

## Approvals ~~Approvals~~ Approvals

A withdrawing Party shall promptly join in such actions as may be necessary or desirable to obtain any Government ~~or Government Oil Company~~ approvals required in connection with the withdrawal and assignments, ~~and any. The non-withdrawing Parties shall use reasonable efforts to assist the withdrawing Party in obtaining such approvals. Any~~ penalties or expenses incurred by the Parties in connection with such withdrawal shall be borne by the withdrawing Party. ~~If the Government does not approve a Party's withdrawal and assignment to the other Parties, then the withdrawing Party shall at its option either (1) retract its notice of withdrawal by notice to the other Parties and remain a Party as if such notice of withdrawal had never been sent or (2) hold its Participating Interest in trust for the sole and exclusive benefit of the non-withdrawing Parties with the right to be reimbursed by the non-withdrawing Parties for any subsequent~~

11 Check ~~one Alternative if desired.~~

## [ ] OPTIONAL PROVISION

### 13.8 ~~Abandonment~~ Security

#### [ ] ~~ALTERNATIVE NO. 1 - Short Form Abandonment~~ Security

(A) A ~~Party~~ withdrawing ~~Party from this Agreement and the Contract pursuant to this Article XIII~~ shall provide Security satisfactory to the other Parties to satisfy any ~~such~~ obligations or liabilities which were approved or accrued prior to notice of withdrawal, but which become due after its withdrawal, including, without limitation, Security to cover the costs of an abandonment, if applicable.

#### [ ] ~~ALTERNATIVE NO. 2 - Long Form Abandonment Security:~~

~~If under the terms of the Contract or applicable law, the Parties are or become obliged to pay or contribute to the cost of abandonment, then the following provisions shall apply:~~

~~(A) During preparation of a Development Plan, the Parties shall negotiate and agree a security agreement, which shall be completed and executed by all Parties participating in such Development Plan prior to application for an Exploitation Area. The security agreement shall incorporate the following principles:~~

~~(1) Security shall be provided by each such Party for each Calendar Year commencing with the Calendar Year in which the Discounted Net Value equals one hundred twenty five percent (125%) of the Discounted Net Cost.~~

~~(2) The amount of Security required to be provided by each such Party in any Calendar Year (including security previously provided which will still be current throughout such Calendar Year) shall be equal to the amount by which one hundred twenty five percent (125%) of the Discounted Net Cost exceeds the Discounted Net Value.~~

~~"Discounted Net Cost" means that portion of each Party's anticipated before-tax cost of abandoning a development in accordance with applicable law which remains after deduction of salvage value. Such portion should be calculated at the anticipated time of abandonment and discounted at the Discount Rate to December 31, of the Calendar Year in question.~~

~~"Discounted Net Value" means the value of each Party's estimated Entitlement which remains after payment of estimated liabilities and expenses required to win, save and transport such production to the delivery point and after deduction of estimated applicable taxes, royalties, imports and levies on such production. Such Entitlement shall be calculated using estimated market prices and including taxes on income, discounted at the Discount Rate to December 31, of the Calendar Year in question. No account shall be taken of tax allowances expected to be available in respect of the costs of abandonment.~~

~~"Discount Rate" means the rate per annum equal to the one (1) month term, LIBOR rate for U.S. dollar deposits as published by The Wall Street Journal or if not published then by the Financial Times of London.~~

~~(B) Failure to provide Security shall constitute default under this Agreement.~~

(C) "Security" means a standby letter of credit issued by a bank or an on demand bond issued by a surety corporation, such bank or corporation having a credit rating indicating it has sufficient worth to pay its obligations in all reasonably foreseeable circumstances, or, failing the provision of either of those, cash contributed to a secure fund administered by independent trustees and invested in

# MODEL FORM INTERNATIONAL OPERATING AGREEMENT - 1995

- Deleted reference in the event all Parties are required withdraw
- Revised “or” to “and”

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In the event all Parties decide to withdraw ~~or are required to do so pursuant to this Article~~, the Parties agree that they shall be bound by the terms and conditions of this Agreement for so long as may be necessary to wind up the affairs of the Parties with the Government, to satisfy any requirements of applicable law ~~or~~ and to facilitate the sale, disposition or abandonment of property or interests held by the Joint Account.

# MODEL FORM INTERNATIONAL OPERATING AGREEMENT – 2002

- References that withdrawal is subject to both the JOA and the Contract
- A Party cannot withdraw if it is in Default
- Revised “Oil” to “Hydrocarbons”
  - Anticipated gas projects

- 13.1 *Right of Withdrawal* — ~~Right of Withdrawal~~
- (A) Subject to the provisions of this Article ~~XIII~~13 and the Contract, any Party ~~not in default~~ may ~~at its option~~ withdraw from this Agreement and the Contract by giving notice to all other Parties stating its decision to withdraw. Such notice shall be unconditional and irrevocable when given, except as may be provided in Article 13.7.
- (B) The effective date of withdrawal for a withdrawing Party shall be the end of the calendar month following the calendar month in which the notice of withdrawal is given, provided that if all Parties elect to withdraw, the effective date of withdrawal for each Party shall be the date determined by Article 13.9.

- 13.2 *Partial or Complete Withdrawal* — ~~Partial or Complete Withdrawal~~
- (A) Within thirty (30) Days of receipt of each withdrawing Party's notification, each of the other Parties may also give notice that it desires to withdraw from this Agreement and the Contract. Should all Parties give notice of withdrawal, the Parties shall proceed to abandon the Contract Area and terminate the Contract and this Agreement. If less than all of the Parties give such notice of withdrawal, then the withdrawing Parties shall take all steps to withdraw from the Contract and this Agreement on the earliest possible date and execute and deliver all necessary instruments and documents to assign their Participating Interest to the Parties which are not withdrawing, without any compensation whatsoever, in accordance with the provisions of Article 13.6.
- (B) Any Party withdrawing under Article 11.2 or under this Article ~~XIII~~13 shall:-

*Check one Alternative.*

- [ ] ALTERNATIVE NO. 1 ~~Withdraw~~  
~~withdraw~~ from the entirety of the Contract Area, including all Exploitation Areas and all Discoveries made prior to such withdrawal, and thus abandon to the other Parties not joining in its withdrawal all its rights to Cost ~~Oil~~Hydrocarbons and Profit ~~Oil~~Hydrocarbons generated by operations after the effective date of such withdrawal and all rights in associated Joint Property.
- [ ] ALTERNATIVE NO. 2 ~~At~~  
~~at~~ its option, (1) withdraw from the entirety of the Contract Area, or (2) withdraw only from all exploration activities under the Contract, but not from any Exploitation Area, Commercial Discovery, or Discovery, (whether appraised or not,) made prior to such withdrawal. Such withdrawing Party shall retain its rights in ~~the~~ Joint Property, but only insofar as they relate to any such Exploitation Area, Commercial Discovery or Discovery, and shall abandon all other rights in ~~the~~ Joint Property.

- 13.3 *Rights of a Withdrawing Party* ~~Rights of a Withdrawing Party~~

A withdrawing Party shall have the right to receive its Entitlement ~~of Hydrocarbons~~ produced through the effective date of its withdrawal. The withdrawing Party shall be entitled to receive all information to which such Party is otherwise entitled under this Agreement until the effective date of its withdrawal. After giving its notification of withdrawal, a Party shall not be entitled to vote on any matters coming before the Operating Committee, other than matters for which such Party has financial responsibility.

# MODEL FORM INTERNATIONAL OPERATING AGREEMENT – 2002

- A withdrawing Party is liable for
  - Multi-year Work Programs and Budgets
  - Emergencies prior to the effective date
- A withdrawing Party is not liable when
  - Voted against an operation
  - Withdrawal Notice Five Days of OpCom approval
  - 24 hours for Urgent Operational Matters

13.4 ~~Party~~ Obligations and Liabilities of a Withdrawing Party

(A) A withdrawing Party shall, following its notification of withdrawal, remain liable only for its share of the following:

- (1) ~~Costs~~ ~~costs~~ of Joint Operations, and Exclusive Operations in which it has agreed to participate, that were approved by the Operating Committee or Consenting Parties as part of a Work Program and Budget (including a multi-year Work Program and Budget under Article 6.5) or AFE prior to such Party's notification of withdrawal, regardless of when they are ~~actually~~ incurred;
- (2) ~~Any~~ ~~any~~ Minimum Work Obligations for the current period or phase of the Contract, and for any subsequent period or phase which has been approved pursuant to Article 11.2 and with respect to which such Party has failed to timely withdraw under Article 13.4(B);
- (3) ~~Emergency~~ expenditures ~~as~~ described in Articles 4.2(B)(~~11~~13) and 13.5 related to an emergency occurring prior to the effective date of a Party's withdrawal, regardless of when such expenditures are incurred;
- (4) ~~All~~ ~~all~~ other obligations and liabilities of the Parties or Consenting Parties, as applicable, with respect to acts or omissions under this Agreement prior to the effective date of such ~~=~~ Party's withdrawal for which such Party would have been liable, had it not withdrawn from this Agreement; and
- (5) ~~In~~ ~~in~~ the case of a partially withdrawing Party, any costs and liabilities with respect to Exploitation Areas, Commercial Discoveries and Discoveries from which it has not withdrawn.

The obligations and liabilities for which a withdrawing Party remains liable shall specifically include its share of any costs of plugging and abandoning wells or portions of wells in which it participated (or was required to bear a share of the costs pursuant to Article 13.4(A)(1)), to the extent such costs of plugging and abandoning are payable by the Parties under the Contract. Any mortgages, liens, pledges, charges and/or other encumbrances which were placed on the withdrawing ~~Party placed on such~~ Party's Participating Interest prior to ~~such Party's~~ withdrawal shall be fully satisfied or released, at the withdrawing Party's expense, prior to its withdrawal. A Party's withdrawal shall not relieve it from liability to the non-withdrawing Parties with respect to any obligations or liabilities attributable to the withdrawing Party under this Article ~~with~~ 13 merely because they are not identified or identifiable at the time of withdrawal.

(B) Notwithstanding the foregoing, a Party shall not be liable for any operations or expenditures it voted against (other than operations and expenditures described in Article 13.4(A)(2) or Article 13.4(A)(3)) if it sends notification of its withdrawal within five (5) Days (or within twenty-four (24) hours if the drilling rig to be used in such operation is standing by on the Contract Area for Urgent Operational Matters) of the Operating Committee vote approving such operation or expenditure. Likewise, a Party voting against voluntarily entering into or extending of an Exploration Period or Exploitation Period or any phase of the Contract or voluntarily extending the Contract shall not be liable for the Minimum Work Obligations associated therewith provided that it sends notification of its withdrawal within thirty (30) Days of such vote pursuant to Article 11.2.

~~Emergency~~ Emergency ~~Emergency~~

If a well goes out of control or a fire, blow out, sabotage or other emergency occurs prior to the effective date of a Party's withdrawal, the withdrawing Party shall remain liable for its Participating Interest share of the costs of such emergency, regardless of when they are ~~actually~~ incurred.

# MODEL FORM INTERNATIONAL OPERATING AGREEMENT – 2002

- Security satisfactory to the other Parties to satisfy any obligations or liabilities for which the withdrawing Party remains liable in accordance with Article 13.4
  - ...for which it would have been liable but for its withdrawal
- All Parties withdraw, satisfy any requirements of the Laws / Regulations

A withdrawing Party shall assign its Participating Interest free of cost to each of the non-withdrawing Parties in the proportion which each of their Participating Interests (prior to the withdrawal) bears to the total Participating Interests of all the non-withdrawing Parties (prior to the withdrawal), unless the non-withdrawing Parties agree otherwise. The expenses associated with the withdrawal and assignments shall be borne by the withdrawing Party.

## ~~7. Approvals~~ ~~Approvals~~ Approvals

A withdrawing Party shall promptly join in such actions as may be necessary or desirable to obtain any Government approvals required in connection with the withdrawal and assignments. The non-withdrawing Parties shall use reasonable ~~efforts~~ endeavors to assist the withdrawing Party in obtaining such approvals. Any penalties or expenses incurred by the Parties in connection with such withdrawal shall be borne by the withdrawing Party. If the Government does not approve a Party's withdrawal and assignment to the other Parties, then the withdrawing Party shall at its option either (1) retract its notice of withdrawal by notice to the other Parties and remain a Party as if such notice of withdrawal had never been sent, or (2) hold its Participating Interest in trust for the sole and exclusive benefit of the non-withdrawing Parties with the right to be reimbursed by the non-withdrawing Parties for any subsequent costs and liabilities incurred by it for which it would not have been liable, had it successfully withdrawn.

~~Check if desired:~~

## [ ] OPTIONAL PROVISION

## ~~8. Security~~ Security

~~(A)~~ A Party withdrawing from this Agreement and the Contract pursuant to this Article ~~XIII~~ 13 shall provide Security satisfactory to the other Parties to satisfy any obligations or liabilities for which were approved or accrued prior to notice of withdrawal ~~the withdrawing Party remains liable in accordance with Article 13.4,~~ but which become due after its withdrawal, including, ~~without limitation,~~ Security to cover the costs of an abandonment, if applicable.

~~(B) Failure to provide Security shall constitute default under this Agreement.~~

~~(C) "Security" means a standby letter of credit issued by a bank or an on demand bond issued by a surety corporation, such bank or corporation having a credit rating indicating it has sufficient worth to pay its obligations in all reasonably foreseeable circumstances, or, failing the provision of either of those, cash contributed to a secure fund administered by independent trustees and invested in~~

## ~~9. Withdrawal or Abandonment by all Parties~~ Withdrawal or Abandonment by all All Parties

In the event all Parties decide to withdraw, the Parties agree that they shall be bound by the terms and conditions of this Agreement for so long as may be necessary to wind up the affairs of the Parties with the Government, to satisfy any requirements of ~~applicable law~~ the Laws / Regulations and to facilitate the sale, disposition or abandonment of property or interests held by the Joint Account, all in accordance with Article 2.

# MODEL FORM INTERNATIONAL OPERATING AGREEMENT – 2012

- Stylistic revisions
- Standardized language

## ARTICLE 13 - WITHDRAWAL FROM AGREEMENT

### ~~13.1~~ Right of Withdrawal

A ~~(A)~~ Subject to ~~the provisions of~~ this Article 13 and the Contract, any Party not in default may at its option withdraw from this Agreement and the Contract by giving notice to all other Parties stating its decision to withdraw. Such notice shall be unconditional and irrevocable when given, except as may be provided in Article 13.7.

B ~~(B)~~ The effective date of withdrawal for a withdrawing Party shall be the end of the ~~calendar month following the calendar month~~ Calendar Month after the Calendar Month in which the notice of withdrawal is given, provided that if all Parties elect to withdraw, the effective date of withdrawal for each Party shall be the date determined by Article 13.9.

### ~~13.2~~ Partial or Complete Withdrawal

A ~~(A)~~ Within thirty (30) Days of receipt of each withdrawing Party's notification, each of the other Parties may also give notice that it desires to withdraw from this Agreement and the Contract. ~~Should~~ if all Parties give notice of withdrawal, the Parties shall proceed to abandon the Contract Area and terminate the Contract and this Agreement. If ~~less~~ fewer than all of the Parties give such notice of withdrawal, then the withdrawing Parties shall take all steps to withdraw from the Contract and this Agreement on the earliest possible date and ~~execute~~ sign and deliver all necessary instruments and documents to assign their Participating Interest to the Parties ~~which~~ that are not withdrawing, without any compensation whatsoever, ~~in accordance with the provisions of~~ under Article 13.6.

B ~~(B)~~ Any Party withdrawing under Article 11.2 or under this Article 13 shall

### VE PROVISION, CHOOSE ONE

#### ALTERNATIVE #1

~~[ ] ALTERNATIVE NO. 1~~

withdraw from the entirety of the Contract Area, including all Exploitation Areas and all Discoveries made ~~prior to~~ before such withdrawal, and thus abandon to the other Parties not joining in its withdrawal all its rights to Cost Hydrocarbons and Profit Hydrocarbons generated by operations after the effective date of such withdrawal and all rights in associated Joint Property.

#### VE #2

~~[ ] ALTERNATIVE NO. 2~~

at its option: ~~(i)~~ (1i) withdraw from the entirety of the Contract Area; ~~or~~ (2ii) withdraw only from all ~~exploration activities~~ Exploration Operations under the Contract, but not from any Exploitation Area, Commercial Discovery, or Discovery (whether appraised or not) made ~~prior to~~ before such withdrawal. Such withdrawing Party shall retain its rights in Joint Property, but only insofar as they relate to any such Exploitation Area, Commercial Discovery, or Discovery, and shall abandon all other rights in Joint Property.



# MODEL FORM INTERNATIONAL OPERATING AGREEMENT – 2012

- Optional Provision
  - Party's belief that another Party breached its undertaking to not engage in bribery and corruption
  - Indemnify
    - Include the amount of its investment under the Contract and JOA that was lost as a result of its withdrawal

## 13.3 ~~13.3~~ Rights of a Withdrawing Party

A withdrawing Party shall have the right to receive its Entitlement produced through the effective date of its withdrawal. The withdrawing Party shall be entitled to receive all information to which such Party is otherwise entitled under this Agreement until the effective date of its withdrawal. After giving its notification of withdrawal, a Party shall not be entitled to vote on any matters coming before the Operating Committee, other than matters for which such Party has financial responsibility.

### OPTIONAL PROVISION, CHOOSE IF DESIRED.

In addition, if in its notice of withdrawal a withdrawing Party represents that its withdrawal is due solely to such Party's belief that another Party (specifically named in the notice) has breached such other Party's undertakings under Article 20.1.A, and if such other Party becomes obligated to indemnify under Article 20.1.C, then despite its withdrawal the withdrawing Party shall be entitled to be indemnified under Article 20.1.C and the withdrawing Party's damages shall be deemed to include the amount of its investment under the Contract and this Agreement that was lost as a result of its withdrawal.

## 13.4 ~~13.4~~ Obligations and Liabilities of a Withdrawing Party

13.4.A ~~(A)~~ A withdrawing Party shall, ~~following~~after its notification of withdrawal, remain liable only for its share of the following:

13.4.A.1 ~~(1) costs~~Costs of Joint Operations, and costs of Exclusive Operations in which ~~such~~withdrawing Party has agreed to participate, that were approved by the Operating Committee or Consenting Parties as part of a Work Program and Budget (including a multi-year Work Program and Budget under Article ~~6.5.6.1.F~~) or AFE ~~prior to before~~ such Party's notification of withdrawal, regardless of when they are incurred;

2. ~~(2) any~~Any Minimum Work Obligations for the current period or phase of the Contract, and for any subsequent period or phase ~~which that~~ has been approved ~~pursuant to under~~ Article 11.2 and with respect to which such Party has failed to timely withdraw under Article 13.4~~(B)~~;

3. ~~(3) expenditures~~Expenditures described in Articles 4.2~~(B)(13)~~, 14 and 13.5 related to an emergency occurring ~~prior to before~~ the effective date of a Party's withdrawal, regardless of when such expenditures are incurred;

4. ~~(4) all~~All other obligations and liabilities of the Parties or Consenting Parties, as applicable, ~~with respect to concerning~~ acts or omissions under this Agreement ~~prior to before~~ the effective date of such Party's withdrawal for which such Party would have been liable, had it not withdrawn from this Agreement; and

13.4.A.5 ~~(5) in~~In the case of a partially withdrawing Party, any costs and liabilities ~~with respect to concerning~~ Exploitation Areas, Commercial Discoveries and Discoveries from which it has not withdrawn.

13.4.A.6 The obligations and liabilities for which a withdrawing Party remains liable shall specifically include its share of any costs of plugging and abandoning wells or portions of wells in which it participated (or was required to bear a share of the costs ~~pursuant to under~~ Article 13.4~~(A)(1)~~) to the extent such costs of plugging and abandoning are payable by the Parties under the Contract. Any ~~mortgages, liens, pledges, charges or other encumbrances which~~Encumbrances that were placed on the withdrawing Party's Participating Interest ~~prior to before~~ such Party's withdrawal shall be fully satisfied or released, at the withdrawing Party's expense, ~~prior to before~~ its withdrawal. A Party's withdrawal shall not relieve it from liability to

# MODEL FORM INTERNATIONAL OPERATING AGREEMENT – 2012

- Security to cover the cost of Decommissioning

the non-withdrawing Parties ~~with respect to~~ concerning any obligations or liabilities attributable to the withdrawing Party under this Article 13 merely because they are not identified or identifiable at the time of withdrawal.

13.4.B ~~(B)~~ ~~Notwithstanding~~ Despite the foregoing, a Party shall not be liable for any operations or expenditures it voted against (other than operations and expenditures described in Article 13.4(A)(2) or Article 13.4(A)(3)) if it sends notification of its withdrawal within five (5) Days (or within twenty-four (24) hours for Urgent Operational Matters) of the Operating Committee vote approving such operation or expenditure. Likewise, a Party voting against voluntarily entering into, or extending ~~of~~, an Exploration Period or Exploitation Period or any phase of the Contract, or vote against voluntarily extending the Contract shall not be liable for the Minimum Work Obligations associated therewith provided that it sends notification of its withdrawal within thirty (30) Days of such vote ~~pursuant to~~ under Article 11.2.

## 5. ~~13.5~~ Emergency

If a well goes out of control or a fire, blow out, sabotage or other emergency occurs ~~prior to~~ before the effective date of a Party's withdrawal, the withdrawing Party shall remain liable for its Participating Interest share of the costs of such emergency, regardless of when they are incurred.

## 6. ~~13.6~~ Assignment

A withdrawing Party shall assign its Participating Interest free of cost to each of the non-withdrawing Parties in the proportion ~~which that~~ each of their Participating Interests (~~prior to~~ before the withdrawal) bears to the total Participating Interests of all the non-withdrawing Parties (~~prior to~~ before the withdrawal), unless the non-withdrawing Parties agree otherwise. The ~~expenses~~ costs associated with the withdrawal and assignments shall be borne by the withdrawing Party.

## 7. ~~13.7~~ Approvals

A withdrawing Party shall promptly join in such actions as may be necessary or desirable to obtain any Government approvals required in connection with the withdrawal and assignments. The non-withdrawing Parties shall use reasonable endeavors to assist the withdrawing Party in obtaining such approvals. ~~Any penalties or expenses incurred by the Parties in connection with such withdrawal shall be borne by the withdrawing Party.~~ If the Government does not approve a Party's withdrawal and assignment to the other Parties, then the withdrawing Party shall at its option either (1) retract its notice of withdrawal by notice to the other Parties and remain a Party as if such notice of withdrawal had never been sent, or (2) to the extent allowed under the Contract and Laws hold its Participating Interest in trust for the ~~sole and~~ exclusive benefit of the non-withdrawing Parties with the right to be reimbursed by the non-withdrawing Parties for any subsequent costs and liabilities incurred by it for which it would not have been liable, had it successfully withdrawn. Any penalties or costs incurred by the Parties in connection with such withdrawal shall be borne by the withdrawing Party.

## 8. ~~13.8~~ Security

A Party withdrawing from this Agreement and the Contract ~~pursuant to~~ under this Article 13 shall provide Security satisfactory to the other Parties to satisfy any obligations or liabilities for which the withdrawing Party remains liable ~~in accordance with~~ under Article 13.4, but which become due after its withdrawal, including Security to cover the costs of ~~an abandonment~~ Decommissioning, if applicable.

## 9. ~~13.9~~ Withdrawal or Abandonment by All Parties

~~In the event~~ if all Parties decide to withdraw, the Parties agree that they shall be bound <sup>18</sup> by the terms and conditions of this Agreement for so long as may be necessary to wind up the affairs of the Parties with the

# MODEL FORM INTERNATIONAL OPERATING AGREEMENT – 2012

- **Laws** means those laws, statutes, rules, and regulations of [*insert country of operations*] governing the Contract

Government, to satisfy any requirements of the ~~Contract and the~~ Laws ~~and Regulations~~, and to facilitate the sale, disposition or abandonment of property or interests held by the Joint Account, all ~~in accordance with~~ under Article 2.

# MODEL FORM INTERNATIONAL OPERATING AGREEMENT – 2023

- Anticipated that Operator could be the withdrawing Party
- Operator resigns effective on the date of withdrawal
- 120 Days from the notice of withdrawal

## 13.1 Right of Withdrawal

- 13.1.A Subject to this Article 13 and the Contract, any Party not in default may at its option withdraw from this Agreement and the Contract by giving notice to all other Parties stating its decision to withdraw. Such notice shall be unconditional and irrevocable when given, except as may be provided in Article 13.7.
- 13.1.B The effective date of withdrawal for a withdrawing Party shall be the end of the Calendar Month after the Calendar Month in which the notice of withdrawal is given, provided that if all Parties elect to withdraw, then the effective date of withdrawal for each Party shall be the date determined by Article 13.9.

### Optional Provision. choose if desired.

If Operator is the withdrawing Party, then Operator shall be deemed to have served notice of resignation pursuant to Article 4.9 and the effective date of withdrawal shall be one hundred and twenty (120) Days from the date the notice of withdrawal is given in accordance with Article 13.1.A.

## 13.2 Partial or Complete Withdrawal

- 13.2.A Within thirty (30) Days of receipt of each withdrawing Party's notification, each of the other Parties may also give notice that it desires to withdraw from this Agreement and the Contract. If all Parties give notice of withdrawal, then the Parties shall proceed to abandon the Contract Area and terminate the Contract and this Agreement. If fewer than all ~~of the~~ Parties give such notice of withdrawal, then the withdrawing Parties shall take all steps to withdraw from the Contract and this Agreement on the earliest possible date and sign and deliver all necessary instruments and documents to assign their Participating Interest to the Parties that are not withdrawing, without any compensation whatsoever, under Article 13.6.
- 13.2.B Any Party withdrawing under Article 11.2 or under this Article 13 shall

# MODEL FORM INTERNATIONAL OPERATING AGREEMENT – 2023

- Optional Sanction provision
- Due solely to such Party's belief that another Party (the "Name Party") has become a Sanctioned Person or is or has become under the control of a Sanctioned Person
- Withdrawing Party cannot assign to a Sanctioned Person
- Withdrawing Party can assign to
  - Non-Sanctioned Party(ies)
  - Third Party
    - "as the withdrawing Party shall reasonably determine following (if and to the extent permissible under any applicable Sanctions) reasonable consultation with the Parties that are not withdrawing"

## ALTERNATIVE PROVISION, CHOOSE ONE

### ALTERNATIVE #1

withdraw from the entirety of the Contract Area, including all Exploitation Areas and all Discoveries made before such withdrawal, and thus abandon to the other Parties not joining in its withdrawal all its rights to Cost Hydrocarbons and Profit Hydrocarbons generated by operations after the effective date of such withdrawal and all rights in associated Joint Property.

### ALTERNATIVE

### ALTERNATIVE #2

at its option: (i) withdraw from the entirety of the Contract Area; or (ii) withdraw only from all Exploration Operations under the Contract, but not from any Exploitation Area, Commercial Discovery, or Discovery (whether appraised or not) made before such withdrawal. Such withdrawing Party shall retain its rights in Joint Property, but only insofar as they relate to any such Exploitation Area, Commercial Discovery, or Discovery, and shall abandon all other rights in Joint Property.

### Optional Provision, choose, if desired,

#### 13.2.C

If in its notice of withdrawal a withdrawing Party represents that its withdrawal is due solely to such Party's belief that another Party (specifically named in the notice (the "Named Party")) has become a Sanctioned Person or is or has become under the Control of a Sanctioned Person, then the withdrawing Party shall not be required to assign its Participating Interest or any part thereof to the Named Party, and shall instead assign its Participating Interest to any Parties that are not withdrawing and are not Named Parties or, if there are no such persons, to any other such third party as the withdrawing Party shall reasonably determine following (if and to the extent permissible under any applicable Sanctions) reasonable consultation with the Parties that are not withdrawing.

### **13.3 Rights of a Withdrawing Party**

A withdrawing Party shall have the right to receive its Entitlement produced ~~through~~until the effective date of its withdrawal. The withdrawing Party shall be entitled to receive all information to which such Party is otherwise entitled under this Agreement until the effective date of its withdrawal. After giving its notification of withdrawal, a Party shall not be entitled to vote on any matters coming before the Operating Committee, other than matters for which such Party has financial responsibility.

# MODEL FORM INTERNATIONAL OPERATING AGREEMENT – 2023

- Withdrawing Party issues withdrawal notice due solely to its belief that another Party has breached its undertaking not to engage in bribery and corruption
- Qualified that the notice must be made upon a Party’s “reasonable and good faith” belief

In addition, if in its notice of withdrawal a withdrawing Party represents that its withdrawal is due solely to such Party’s reasonable and good faith belief that another Party (specifically named in the notice) has breached such other Party’s undertakings under Article 20.1.A, and if such other Party becomes obligated to indemnify under Article 20.1.~~ED~~, then despite notwithstanding its withdrawal the withdrawing Party shall be entitled to be indemnified under Article 20.1.~~ED~~ and the withdrawing Party’s damages shall be deemed to include the amount of its investment under the Contract and this Agreement that was lost as a result of its withdrawal.

## 13.4 Obligations and Liabilities of a Withdrawing Party

13.4.A A withdrawing Party shall, after its notification of withdrawal, remain liable only for its share of the following:

13.4.A.1 ~~Costs~~costs of Joint Operations, and costs of Exclusive Operations in which such withdrawing Party has agreed to participate, that were approved by the Operating Committee or Consenting Parties as part of a Work Program and Budget (including a multi-year Work Program and Budget under Article 6.1.E) or AFE before such Party’s notification of withdrawal, regardless of when they are incurred;

13.4.A.2 ~~Any~~any Minimum Work Obligations for the current period or phase of the Contract, and for any subsequent period or phase that has been approved under Article 11.2 and with respect to which such Party has failed to timely withdraw under Article 13.4.B;

13.4.A.3 ~~Expenditures~~expenditures described in Articles 4.2.B.14 and 13.5 related to an emergency occurring before the effective date of a Party’s withdrawal, regardless of when such expenditures are incurred;

13.4.A.4 ~~All~~all other obligations and liabilities of the Parties or Consenting Parties, as applicable, concerning acts or omissions under this Agreement before the effective date of such Party’s withdrawal for which such Party would have been liable, had it not withdrawn from this Agreement; ~~and~~

13.4.A.5 ~~In~~in the case of a partially withdrawing Party, any costs and liabilities concerning Exploitation Areas, Commercial Discoveries and Discoveries from which it has not withdrawn; ~~and~~  
and

# MODEL FORM INTERNATIONAL OPERATING AGREEMENT – 2023

- Return to traditional language

13.4.A.6 ~~The~~ obligations and liabilities for which a withdrawing Party remains liable shall specifically include its share of any costs of plugging and abandoning wells or portions of wells in which it participated (or was required to bear a share of the costs under Article 13.4.A.1) to the extent such costs of plugging and abandoning are payable by the Parties under the Contract. Any Encumbrances that were placed on the withdrawing Party's Participating Interest before such Party's withdrawal shall be fully satisfied or released, at the withdrawing Party's expense, before its withdrawal. A Party's withdrawal shall not relieve it from liability to the non-withdrawing Parties concerning any obligations or liabilities attributable to the withdrawing Party under this Article 13 merely because they are not identified or identifiable at the time of withdrawal.

13.4.B ~~Despite~~Notwithstanding the foregoing, a Party shall not be liable for any operations or expenditures it voted against (other than operations and expenditures described in Article 13.4.A.2 or Article 13.4.A.3) if it sends notification of its withdrawal within five (5) Days (or within twenty-four (24) hours for Urgent Operational Matters) ~~ef~~following the Operating Committee vote approving such operation or expenditure. Likewise, a Party voting against voluntarily entering into, or extending, an Exploration Period or Exploitation Period or any phase of the Contract, or voting against voluntarily extending the Contract shall not be liable for the Minimum Work Obligations associated therewith; provided that it sends notification of its withdrawal within thirty (30) Days ~~ef~~following such vote under Article 11.2.

## 5. Emergency

If a well goes out of control or a fire, blow out, sabotage or other emergency occurs before the effective date of a Party's withdrawal, then the withdrawing Party shall remain liable for its Participating Interest share of the costs of such emergency, regardless of when they are incurred.

## 6. Assignment

A withdrawing Party shall assign its Participating Interest free of cost to each of the non-withdrawing Parties in the proportion that each of their Participating Interests (before the withdrawal) bears to the total Participating Interests of all the non-withdrawing Parties (before the withdrawal), unless the non-withdrawing Parties agree otherwise. The costs associated with the withdrawal and assignments shall be borne by the withdrawing Party.

## 7. Approvals

A withdrawing Party shall promptly join in such actions as may be <sup>23</sup>necessary or desirable to obtain any Government approvals required in connection with the

# MODEL FORM INTERNATIONAL OPERATING AGREEMENT – 2023

- The Security provision remains in JOA
  - Must withdraw from both Contact and JOA
  - Provide Security satisfactory to the other Parties
  - To satisfy any obligations or liabilities
  - For which the withdrawing Parties remain liable, under Article 13.4
    - It would have been liable had it not withdrawn
    - Whether not identified or indentifiable

withdrawal and assignments. The non-withdrawing Parties shall use reasonable endeavors to assist the withdrawing Party in obtaining such approvals. If the Government does not approve a Party's withdrawal and assignment to the other Parties, then the withdrawing Party shall at its option either (1) retract its notice of withdrawal by notice to the other Parties and remain a Party as ~~if~~ such notice of withdrawal had never been sent, or (2) to the extent allowed under the Contract and Laws hold its Participating Interest in trust for the exclusive benefit of the non-withdrawing Parties with the right to be reimbursed by the non-withdrawing Parties for any subsequent costs and liabilities incurred by it for which it would not have been liable, had it successfully withdrawn. Any penalties or costs incurred by the Parties in connection with such withdrawal shall be borne by the withdrawing Party.

## 8. Security

A Party withdrawing from this Agreement and the Contract under this Article 13 shall provide Security satisfactory to the other Parties to satisfy any obligations or liabilities for which the withdrawing Party remains liable under Article 13.4, but which become due after its withdrawal, including Security to cover the costs of Decommissioning, if applicable.

## 9. Withdrawal or Abandonment by All Parties

If all Parties decide to withdraw, ~~then~~ the Parties agree that they shall be bound by the terms and conditions of this Agreement for so long as may be necessary to wind up the affairs of the Parties with the Government, to satisfy any requirements of the Contract and the Laws, and to facilitate the sale, disposition or abandonment of property or interests held by the Joint Account, all under Article 2.



# Contact



**Andrew B. Derman**  
Holland & Knight LLP  
One Arts Plaza  
1722 Routh Street, Suite 1500  
Dallas, Texas 75201  
+1.214.969.1307  
[Andrew.Derman@hklaw.com](mailto:Andrew.Derman@hklaw.com)