

SIGNED this 30th day of April, 1986.

V. S. MOMOH,
President.

LS

No. 8



1986

Sierra Leone

**The Exploration, Mining and Processing of Mineral
Oil (Amendment No. 2) Agreement, (1986)
(Ratification) Act, 1986**

Short title.

Being an Act to ratify an Agreement made between the Government of Sierra Leone of the first part and Amoco Sierra Leone Exploration Company of the second part for the exploration, mining and processing of mineral oil in Sierra Leone; and for other matters connected therewith or incidental thereto

[25th March, 1986.]

Date of commencement.

WHEREAS an Agreement was made on the 28th day of May, 1979 between the Government of Sierra Leone of the first part and Oxoco International and Aracca Petroleum Corporation of the second part for the exploration, mining and processing of mineral oil in Sierra Leone, in this Act referred to as the "1979 Agreement"

AND WHEREAS by the Exploration, Mining and Processing of Mineral Oil Agreement (1979) (Ratification) Act, 1982 (Act No. 2 of 1982) Parliament ratified the 1979 Agreement;

AND WHEREAS the Exploration, Mining and Processing of Mineral Oil (Amendment) Agreement (1984) was made on the 30th day of May, 1984 between the Government of Sierra Leone of the first part, and Oxoco International ("Oxoco") a company incorporated in California, U.S.A., Aracca Petroleum Corporation ("Aracca") a company incorporated in New York, U.S.A. and Amoco Sierra Leone Exploration Company ("Amoco") of the second part whereby it was agreed to amend, vary and add to the 1979 Agreement;

AND WHEREAS by the Exploration, Mining and Processing of Mineral Oil (Amendment) Agreement (1984) (Ratification) Act, 1984 (Act No. 9 of 1984) Parliament ratified the Exploration, Mining and Processing of Mineral Oil (Amendment) Agreement (1984);

AND WHEREAS Oxoco and Aracca have assigned to Amoco all of their interests in the 1979 Agreement and in Mineral Oil Exploration Licence No. 2119 covering an area offshore Sierra Leone;

AND WHEREAS the Exploration, Mining and Processing of Mineral Oil (Amendment No. 2) Agreement (1986) was made on the 25th day of March, 1986 between the Government of Sierra Leone of the first part and Amoco of the second part whereby it was agreed to further amend the 1979 Agreement;

AND WHEREAS it is desirable that the Exploration, Mining and Processing of Mineral Oil (Amendment No. 2) Agreement (1986) should be ratified by Parliament in accordance with subsection (2) of Section 21 of the Constitution;

NOW THEREFORE BE IT ENACTED by the President and the Members of Parliament in this present Parliament assembled, as follows:

Ratification
of Agree-
ment.

1. The Exploration, Mining and Processing of Mineral Oil (Amendment No. 2) Agreement (1986) set out in the Schedule to this Act is hereby ratified in accordance with subsection (2) of Section 21 of the Constitution of Sierra Leone, 1978 (Act No. 12 of 1978) and all rights and obligations purported to be conferred or imposed by it are hereby declared to be valid by the Laws of Sierra Leone.

Minister
responsible
for Mines
to ensure
performance
of Agree-

2. Notwithstanding any thing to the contrary, the Minister responsible for Mines or any other person authorised by him, may do on behalf of the Government of Sierra Leone any act which the said Agreement may require or allow to be done in the name of the said Minister or the Government of Sierra Leone.

SCHEDULE

THE EXPLORATION, MINING AND PROCESSING OF MINERAL OIL
(AMENDMENT NO. 2) AGREEMENT (1986)

AMENDMENT TO THE AGREEMENT BETWEEN THE GOVERNMENT
OF SIERRA LEONE AND AMOCO SIERRA LEONE EXPLORATION
COMPANY FOR THE EXPLORATION, MINING AND PROCESSING
OF MINERAL OIL IN SIERRA LEONE

This AMENDMENT AGREEMENT made and entered into this 25th day of March, 1986 between THE HONOURABLE SANIE SESAY, Esquire, Minister of Mines and Labour, acting for and on behalf of the Government of the Republic of Sierra Leone (hereinafter referred to as the "Government") of the first part, and AMOCO SIERRA LEONE EXPLORATION COMPANY ("Amoco") of the second part (with Amoco being hereinafter sometimes referred to as the "Companies" and the Government and Amoco being hereinafter sometimes referred to collectively as the "Parties").

WITNESSETH

WHEREAS, an Agreement was made on the 28th day of May, 1979, between the Honourable Francis Stephen Conteh, Esquire, then Minister of Mines, acting for and on behalf of the Government of Sierra Leone of the first part, and Oxoco International ("Oxoco") and Aracca Petroleum Corporation ("Aracca") of the second part for the Exploration, Mining and Processing of Mineral Oil in Sierra Leone (hereinafter referred to as the "Agreement"); and

WHEREAS, the Agreement was ratified and confirmed by the President and Members of Parliament in accordance with subsection (2) of Section 21 of the Constitution of the Republic of Sierra Leone; and

WHEREAS, pursuant to the said Agreement the Government on 10th October, 1979, granted to Oxoco and Aracca Mineral Oil Exploration Licence No. 2119 (the "Licence") covering an area offshore Sierra Leone (the "Exploration Area"); and

WHEREAS, Amoco became a Party to the Agreement pursuant to the Exploration, Mining and Processing of Mineral Oil (Amendment) Agreement (1984), which was ratified and confirmed by the President and Members of Parliament in accordance with subsection (2) of Section 21 of the Constitution of the Republic of Sierra Leone; and

WHEREAS, Oxoco and Aracca have assigned to Amoco all of their interests in the Agreement and the Licence; and

WHEREAS, the Parties have agreed to certain further amendments to the terms and conditions of the Agreement and Licence and desire to set forth such amendments.

NOW, THEREFORE, for and in consideration of the mutual covenants set forth in this Second Amendment, It is AGREED by and between the Parties as follows:

1. The Parties agree to the following further amendments to the Agreement:

(a) All references in the Agreement to "the Companies" are hereby changed to "Amoco" unless the context otherwise requires.

(b) In the fifth paragraph of Clause 4, "Renewal of Licence", the phrase "additional renewal period of two years (the "Second Renewal")" is hereby changed to "additional renewal period of six years (the "Second Renewal")".

(c) The following is hereby added at the end of the fifth paragraph of Clause 4, "Renewal of Licence":

"The Second Renewal shall be divided into three two-year sub-periods. The First Sub-Period shall be from 28th May 1986 to 28th May 1988. The Second Sub-Period shall be from 28th May 1988 to 28th May 1990. The Third Sub-Period shall be from 28th May 1990 to 28th May 1992."

(d) The sixth paragraph of Clause 4, "Renewal of Licence", is hereby deleted in its entirety and replaced with the following:

"The Exploration Area to be included under the Licence during the First Sub-Period of the Second Renewal shall be reduced by 3,360 square miles, a relinquishment of 30% of the Exploration Area held by Amoco during the First Renewal, so that the Exploration Area during the First Sub-Period shall be 7,840 square miles. The Exploration Area to be included under the Licence during the Second Sub-Period of the Second Renewal shall be reduced by 2,352 square miles, a relinquishment of 30% of the Exploration Area held by Amoco during the First Sub-Period of the Second Renewal, so that the Exploration Area during the Second Sub-Period shall be 5,488 square miles. The Exploration Area to be included under the Licence during the Third Sub-Period of the Second Renewal shall be reduced by 2,352 square miles so that the Exploration Area during the Third Sub-Period shall be 3,136 square miles. Amoco shall have the right to select the areas to be relinquished, and each such relinquishment shall be made at the beginning of the Sub-Period to which it relates."

(e) The seventh paragraph of Clause 4, "Renewal of Licence", is hereby deleted in its entirety and replaced with the following:

"If Amoco has elected to enter into the Second Renewal, the Minister shall grant the Second Renewal. During the First Sub-Period of the Second Renewal, Amoco shall interpret and evaluate the exploratory well drilled during

the First Renewal and the related seismic data and shall prepare, submit to and discuss with the Government prior to the end of the First Sub-Period a comprehensive technical report analysing such well and seismic data. In order to compile such technical report Amoco may carry out further technical studies. Not later than sixty (60) days prior to the expiration of the First Sub-Period of the Second Renewal, Amoco shall notify the Minister whether Amoco elects to enter into the Second Sub-Period of the Second Renewal. If Amoco elects not to enter into the Second Sub-Period of the Second Renewal, then this Agreement and the Licence shall terminate automatically and the Parties shall have no further rights or obligations hereunder nor under the Licence. If Amoco elects to enter into the Second Sub-Period of the Second Renewal, then this Agreement and the Licence shall continue in effect and Amoco shall have the obligation (i) to conduct over the Exploration Area an additional seismic program of 1,000 kilometres or other geological and geophysical data acquisition program of an equivalent value to such seismic program and (ii) to drill an exploratory well in the Exploration Area before the end of the Second Sub-Period of the Second Renewal, provided that if Amoco drills an exploratory well or conducts a seismic or other geological and geophysical program during the First Sub-Period of the Second Renewal, such well or program shall count toward satisfying Amoco's well and seismic obligations for the Second Sub-Period of the Second Renewal. If Amoco has elected to enter into the Second Sub-Period and has fulfilled the well and seismic obligations set forth in the immediately preceding sentence, then Amoco shall be entitled to enter into the Third Sub-Period and shall notify the Minister, no later than sixty (60) days prior to the expiration of the Second Sub-Period, of whether Amoco elects to enter into the Third Sub-Period of the Second Renewal. If Amoco elects not to enter into the Third Sub-Period of the Second Renewal, then this Agreement and the Licence shall terminate automatically and the Parties shall have no further rights or obligations hereunder nor under the Licence. If Amoco elects to enter into the Third Sub-Period of the Second Renewal, then this Agreement and the Licence shall continue in effect and Amoco shall have the obligation to drill one exploratory well before the end of the Third Sub-Period of the Second Renewal. The location of any exploratory well shall be chosen by Amoco, and Amoco undertakes to consult with the Government in this regard."

- (f) The second paragraph of Sub-clause (2) (i) of Clause 6, "Financial Obligations of the Companies", is hereby amended to read as follows:

"A lump sum Rental payment for the Exploration Area for the First Sub-Period of the Second Renewal in an amount of two hundred thousand U.S. dollars (U.S. \$200,000) shall be paid to the Government within thirty (30) days after the commencement of the renewal of the Licence for the First Sub-Period of the Second Renewal. If Amoco elects to enter into the Second Sub-Period of the Second Renewal, then a lump sum Rental payment for the Exploration Area for the Second Sub-Period of the Second Renewal in an amount of two hundred thousand U.S. dollars (U.S. \$200,000) shall be paid to the Government within thirty (30) days after the commencement of the Second Sub-Period of the Second Renewal. If Amoco elects to enter into the Third Sub-Period of the Second Renewal, then a lump sum Rental payment for the Exploration Area for the Third Sub-Period of the Second Renewal in an amount of two hundred thousand U.S. dollars (U.S. \$200,000) shall be paid to the Government within thirty (30) days after the commencement of the Third Sub-Period of the Second Renewal."

2. The Parties agree to the following further amendment to the Licence:
At the end of Clause 5 of the Licence, the full stop is changed to a comma and the following phrase is hereby added: "as amended by the Exploration, Mining and Processing of Mineral Oil (Amendment No. 2) Agreement (1986)."

3. All other terms and provisions of the Agreement and Licence, as previously amended, not specifically amended or modified hereunder shall remain in full force and effect.

4. Promptly following the execution of this Second Amendment Agreement, the Government will introduce and use its best endeavours to cause to be passed legislation for the purpose of ratifying and confirming this Second Amendment Agreement and implementing the terms thereof. This Second Amendment Agreement shall be effective upon its ratification by legislation. Amoco hereby elects to enter into the Second Renewal on the condition that the legislative ratification is obtained within a reasonable time, it being understood and agreed that:

- (a) if the legislative ratification is not obtained by 28th May, 1986, then notwithstanding any other provisions to the contrary, Amoco shall not be obligated to pay the lump sum Rental for the

Exploration Area for the First Sub-Period of the Second Renewal until thirty (30) days after the publication of such legislative ratification; and

- (b) if such legislative ratification is not obtained by 28th May, 1986, or such later date as the Government and Amoco may agree, then Amoco shall have the option exercisable by notice to the Minister of Mines and Labour, to withdraw its election to enter into the Second Renewal in which case the Agreement and the Licence shall terminate upon the giving of such notice and the Parties shall have no further rights or obligations thereunder.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the day and year first above written.

SIGNED, SEALED AND DELIVERED by the Honourable Sanie Sesay, Esq., for and on behalf of the Government of Sierra Leone in the presence of:

.....
SANIE SESAY

.....
H. S. KALIL
Director of Mines

SIGNED, SEALED AND DELIVERED by the legally authorised representative of AMOCO SIERRA LEONE EXPLORATION COMPANY in the presence of:

.....
C. E. PEPPER

.....
ARNOLD J. B. GOODING
3 Walpole Street, Freetown
Legal Adviser

Passed in Parliament this 9th day of April, in the year of our Lord one thousand nine hundred and eighty-six.

H. M. JAMES,
Clerk of Parliament.

THIS PRINTED IMPRESSION has been carefully compared by me with the Bill which has passed Parliament and found by me to be a true and correctly printed copy of the said Bill.

H. M. JAMES,
Clerk of Parliament.