

ANNEX A

AGREEMENT AREA

The Coordinates of the Agreement Area in straight lines are as follows:

- 44 Degree 22 Minutes 48 seconds East and 36 Degree 7 Minutes 12 seconds North;
- 44 Degree 43 Minutes 12 seconds East and 36 Degree 7 Minutes 12 seconds North;
- 44 Degree 22 Minutes 48 seconds East and 35 Degree 55 Minutes 12 seconds North; and
- 44 Degree 43 Minutes 12 seconds East and 35 Degree 55 Minutes 12 seconds North.

ANNEX B

ACCOUNTING PROCEDURE

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Attached to and made part of the Production Sharing Agreement, hereinafter called the "Agreement," signed as of the 15th day of July, 2002, by and between Sulaimaniyah Regional Governorate (hereinafter referred to as "Governorate"), of the Interim Joint Regional Administration of Northern Iraq and Genel Enerji A.S. (hereinafter referred to as "Operator").

SECTION I

GENERAL PROVISIONS

1.1 Purpose.

- 1.1.1 The purpose of this Accounting Procedure is to establish equitable methods for determining charges and credits applicable to operations under the Agreement which reflect the costs of Joint Operations to the end that no Party shall gain or lose in relation to other Parties.

It is intended that approval of the Work Program and Budget and AFE's as provided in the Agreement shall constitute approval of the rates and allocation methods used therein to currently charge the Joint Account, but subject to verification by audit at a later date as provided in the Accounting Procedure.

- 1.1.2 The Parties agree, however, that if the methods prove unfair or inequitable to Operator or Non-Operators, the Parties shall meet and in good faith endeavor to agree on changes in methods deemed necessary to correct any unfairness or inequity.

- 1.2 Conflict with Agreement. In the event of a conflict between the provisions of this Accounting Procedure and the provisions of the Agreement to which this Accounting Procedure is attached, the provisions of the Agreement shall prevail.

- 1.3 Definitions. The definitions contained in Article I of the Agreement to which this Accounting Procedure is attached shall apply to this Accounting Procedure and have the same meanings when used herein. Certain terms used herein are defined



"Country of Operations" shall mean Northern Iraq Administration.

"Material" shall mean personal property (including, but not limited to, equipment and supplies) acquired and held for use in Joint Operations.

1.4 Joint Account Records and Currency Exchange.

1.4.1 Operator shall at all times maintain and keep true and correct records of the production and disposition of all liquid and gaseous Hydrocarbons, and of all costs and expenditures under the Agreement, as well as other data necessary or proper for the settlement of accounts between the Parties hereto in connection with their rights and obligations under the Agreement and to enable Parties to comply with their respective applicable income tax and other laws.

1.4.2 Operator shall maintain accounting records pertaining to Joint Operations in accordance with generally accepted accounting practices used in the international petroleum industry and any applicable statutory obligations of the Country of Operations as well as the provisions of the Contract and the Agreement.

1.4.3 Joint Account records shall be maintained by Operator in the English language and in United States of America ("U.S.") currency and in such other language and currency as may be required by the laws of the Country of Operations. Conversions of currency shall be recorded at the rate actually experienced in that conversion. Currency translations for expenditures and receipts shall be recorded at the arithmetic average buying and selling exchange rates for the Old Iraqi Dinar and the United States Dollars of the preceding month as determined by the local market..

1.4.4 Any currency exchange gain or losses shall be credited or charged to the Joint Account, except as otherwise specified in this Accounting Procedure.

1.4.5 This Accounting Procedure shall apply, *mutatis mutandis*, to Exclusive Operations in the same manner that it applies to Joint Operations; provided, however, that the charges and credits applicable



to Consenting Parties shall be distinguished by an Exclusive Operation Account. For the purpose of determining and calculating the remuneration of the Consenting Parties, including the premiums for Exclusive Operations, the costs and expenditures shall be expressed in U.S. currency (irrespective of the currency in which the expenditure was incurred).

- 1.4.6** The accrual basis for accounting shall be used in preparing accounts concerning the Joint Operations. If a "cash" basis for accounting is used, Operator shall show accruals as memorandum items.

1.5 Statements and Billings.

- 1.5.1** Unless otherwise agreed by the Parties, Operator shall submit monthly to each Party, on or before the 10th Day of each month, statements of the costs and expenditures incurred during the prior month, indicating by appropriate classification the nature thereof, the corresponding budget category, and the portion of such costs charged to each of the Parties.

These statements, as a minimum, shall contain the following information:

- advances of funds setting forth the currencies received from each Party
- the share of each Party in total expenditures
- the current account balance of each Party
- summary of costs, credits, and expenditures on a current month, year-to-date, and inception-to-date basis or other periodic basis, as agreed by Parties
- details of unusual charges and credits in excess of U.S. dollars \$10.000 (U.S.\$ the thousand).



- 1.5.2** Operator shall, upon request, furnish a description of the accounting classifications used by it.
- 1.5.3** Amounts included in the statements and billings shall be expressed in U.S. currency and reconciled to the currencies advanced.
- 1.5.4** Each Party shall be responsible for preparing its own accounting and tax reports to meet the requirements of the Country of Operations and of all other countries to which it may be subject. Operator, to the extent that the information is reasonably available from the Joint Account records, shall provide Non-Operators in a timely manner with the necessary statements to facilitate the discharge of such responsibility.
- 1.6** **Payments and Advances.** Upon approval of any Work Program and Budget, the Operator will provide all required estimated cash requirements for the succeeding month's operations.
- 1.7** **Audits.**
- 1.7.1** A Non-Operator, upon at least sixty (60) Days advance notice in writing to Operator and all other Non-Operators, shall have the right to audit the Joint Accounts and records of Operator relating to the accounting hereunder for any Calendar Year within the twenty-four (24) month period following the end of such Calendar Year. The cost of each such audit shall be borne by Non-Operators conducting the audit. It is provided, however, that Non-Operators must take written exception to and make claim upon the Operator for all discrepancies disclosed by said audit within said twenty-four (24) month period. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to the Operator. Operator and Non-Operators shall make every effort to resolve any claim resulting from an audit within a reasonable period of time.



A Non-Operator may audit the records of an Affiliate of Operator relating to that Affiliate's charges. The provisions of this Accounting Procedure shall apply *mutatis mutandis* to such audits.

1.7.2 Any information obtained by a Non-Operator under the provisions of this Section 1.8 which does not relate directly to the Joint Operations shall be kept confidential and shall not be disclosed to any party, except as would otherwise be permitted by Article 15.1(A)(3) and (9) of the Agreement.

1.7.3 In the event that the Operator is required by law to employ a public accounting firm to audit the Joint Account and records of Operator relating to the accounting hereunder, the cost thereof shall be a charge against the Joint Account, and a copy of the audit shall be furnished to each Party.

1.8 **Allocations.** If it becomes necessary to allocate any costs or expenditures to or between Joint Operations and any other operations, such allocation shall be made on an equitable basis. Upon request, Operator shall furnish a description of its allocation procedures pertaining to these costs and expenditures.



SECTION II

DIRECT CHARGES

Operator shall charge the Joint Account with all costs and expenditures incurred in connection with Joint Operations. It is also understood that charges for services normally provided by an operator such as those contemplated in Section 2.7.2 which are provided by Operator's Affiliates shall reflect the cost to the Affiliate, excluding profit, for performing such services, except as otherwise provided in Section 2.6, Section 2.7.1, and Section 2.5.1 if selected.

The costs and expenditures shall be recorded as required for the settlement of accounts between the Parties hereto in connection with the rights and obligations under this Agreement and for purposes of complying with the tax laws of the Country of Operations and of such other countries to which any of the Parties may be subject. Without in any way limiting the generality of the foregoing, chargeable costs and expenditures shall include:

- 2.1 Licenses, Permits, Etc.** All costs, if any, attributable to the acquisition, maintenance, renewal or relinquishment of licenses, permits, contractual and/or surface rights acquired for Joint Operations and bonuses paid in accordance with the Contract when paid by Operator in accordance with the provisions of the Agreement.
- 2.2 Salaries, Wages and Related Costs.**
- 2.2.1** The employees of Operator and its Affiliates in the Country of Operations directly engaged in Joint Operations whether temporarily or permanently assigned.
- 2.2.2** The employees of Operator and its Affiliates outside the Country of Operations directly engaged in Joint Operations whether temporarily or permanently assigned, and not otherwise covered in Section 2.7.2.
- 2.2.3** Salaries and wages, including everything constituting the employees' total compensation. To the extent not included in salaries and wages, the Joint Account shall also be charged with the cost to Operator of holiday, vacation, sickness, disability benefits, living and housing allowances, travel time, bonuses, and other customary allowances



applicable to the salaries and wages chargeable hereunder, as well as costs to Operator for employee benefits, including but not limited to employee group life insurance, group medical insurance, hospitalization, retirement, and other benefit plans of a like nature applicable to labor costs of Operator. Operator's employees participating in Country of Operations benefit plans may be charged at a percentage rate to reflect payments or accruals made by Operator applicable to such employees. Such accruals for Country of Operations benefit plans shall not be paid by Non-Operators, unless otherwise approved by the Operating Committee, until the same are due and payable to the employee, upon withdrawal of a Party pursuant to the Agreement, or upon termination of the Agreement, whichever occurs first.

- 2.2.4** Expenditures or contributions made pursuant to assessments imposed by governmental authority for payments with respect thereto or on account of such employees.
- 2.2.5** Salaries and wages charged in accordance with Operator's usual practice, when and as paid or accrued, or on a basis of the Operator's average cost per employee for each job category; and the rates to be charged shall be reviewed at least annually. In determining the average cost per employee for each job category, expatriate and national employee salaries and wages shall be calculated separately. During a given period of time it is understood that some costs for salaries and wages may be charged on an actual basis while the remaining costs for salaries and wages are charged at a rate based upon the above described average cost.
- 2.2.6** Reasonable expenses (including related travel costs) of those employees whose salaries and wages are chargeable to the Joint Account under Sections 2.2.1 and 2.2.2 of this Section II and for which expenses the employees are reimbursed under the usual practice of Operator.
- 2.2.7** If employees are engaged in other activities in addition to the Joint Operations, the cost of such employees shall be allocated on an equitable basis.



2.3 Employee Relocation Costs.

2.3.1 Except as provided in Section 2.3.3, Operator's cost of employees' relocation to or from the Contract Area vicinity or location where the employees will reside or work, whether permanently or temporarily assigned to the Joint Operations. If such employee works on other activities in addition to Joint Operations, such relocation costs shall be allocated on an equitable basis.

2.3.2 Such relocation costs shall include transportation of employees, families, personal and household effects of the employee and family, transit expenses, and all other related costs in accordance with Operator's usual practice.

2.3.3 Relocation costs from the vicinity of the Contract Area to another location classified as a foreign location by Operator shall not be chargeable to the Joint Account unless such foreign location is the point of origin of the employee.

2.4 **Offices, Camps, and Miscellaneous Facilities.** Cost of maintaining any offices, sub-offices, camps, warehouses, housing, and other facilities of the Operator and/or Affiliates directly serving the Joint Operations. If such facilities serve operations in addition to the Joint Operations the costs shall be allocated to the properties served on an equitable basis.

2.5 **Material.** Cost, net of discounts taken by Operator, of Material purchased or furnished by Operator. Such costs shall include, but are not limited to, export brokers' fees, transportation charges, loading, unloading fees, export and import duties and license fees associated with the procurement of Material and in-transit losses, if any, not covered by insurance. So far as it is reasonably practical and consistent with efficient and economical operation, only such Material shall be purchased for, and the cost thereof charged to, the Joint Account as may be required for immediate use.

2.5.1 Purchasing Fee. When economical to do so, and required for the benefit of the Joint Operations, Operator may request its Affiliates to provide purchasing, expediting and traffic coordination services. Charges to the Joint Account for the provision of these purchasing services shall be based on the Affiliate's standard purchasing fee currently set at 5% on the amount of each purchase order.

The fee shall be reviewed periodically by Operator's Affiliates, and future changes shall be made upward or downward as indicated by the Affiliate's cost experience for the provision of these purchasing services. Any changes affecting the charges to the Joint Account shall be subject to notification by Operator and approval by the Operating Committee. Such charges shall be in lieu of any charges for the same or similar services provided herein.

2.6 Exclusively Owned Equipment and Facilities of Operator and Affiliates. Charges for exclusively owned equipment, facilities, and utilities of Operator and its Affiliates at rates not to exceed the average commercial rates of non-affiliated third parties then prevailing for like equipment, facilities, and utilities for use in the area where the same are used hereunder. On request, Operator shall furnish Non-Operators a list of rates and the basis of application. Such rates shall be revised from time to time if found to be either excessive or insufficient, but not more than once every six months.

Drilling tools and other equipment lost in the hole or damaged beyond repair may be charged at replacement cost less depreciation plus transportation costs to deliver like equipment to the location where used.

2.7 Services.

2.7.1 The cost of services provided by third parties including Affiliates of Operator other than those services covered by Section 2.7.2. Such charges for services by Operator's Affiliates shall not exceed those currently prevailing if performed by non-affiliated third parties, considering quality and availability of services.

2.7.2 The cost of services performed by Operator's Affiliates technical and professional staffs not located within the Country of Operation.



- 2.7.3. The charges for such services shall not exceed those currently prevailing if performed by non-affiliated third parties, considering the quality and availability of such services.

Examples of such services include, but are not limited to, the following:

Geologic Studies and Interpretation

Seismic Data Processing

Well Log Analysis, Correlation and Interpretation

Laboratory Services

Well Site Geology

Project Engineering

Source Rock Analysis

Petrophysical Analysis

Geochemical Analysis

Drilling Supervision

Development Evaluation

Accounting and Professional Services

Other Data Processing

Costs shall include salaries and wages of such technical and professional personnel, lost time, governmental assessments, employee benefits, and reasonable expenses. Costs shall also include

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all support costs necessary for such technical and professional personnel to perform such services, such as, but not limited to, rent, utilities, support staff, drafting, telephone and other communications expenses, computer support, supplies, and depreciation.

2.8 Insurance. Premiums paid for insurance required by law or the Agreement to be carried for the benefit of the Joint Operations.

2.9 Damages and Losses to Property.

2.9.1 All costs or expenditures necessary to replace or repair damages or losses incurred by fire, flood, storm, theft, accident, or any other cause. Operator shall furnish Non-Operators written notice of damages or losses incurred in excess of Twenty Five thousand U.S. dollars (U.S. \$ 25,000) as soon as practical after report of the same has been received by Operator. All losses in excess of ten thousand U.S. dollars (U.S. \$ 10,000) shall be listed separately in the monthly statement of costs and expenditures.

2.9.2 Credits for settlements received from insurance carried for the benefit of Joint Operations and from others for losses or damages to Joint Property or Materials. Each Party shall be credited with its Participating Interest share thereof except where such receipts are derived from insurance purchased by Operator for less than all Parties in which event such proceeds shall be credited to those Parties for whom the insurance was purchased in the proportion of their respective contributions toward the insurance coverage.

2.9.3 Expenditures incurred in the settlement of all losses, claims, damages, judgments, and other expenses for the account of Joint Operations.

2.10 Litigation and Legal Expenses. The costs and expenses of litigation and legal services necessary for the protection of the Joint Operations under this Agreement as follows:

2.10.1 Legal services necessary or expedient for the protection of the Joint Operations, and all costs and expenses of litigation, arbitration or other alternative dispute resolution procedure, including reasonable



attorneys' fees and expenses, together with all judgments obtained against the Parties or any of them arising from the Joint Operations.

2.10.2 If the Parties hereunder shall so agree, actions or claims affecting the Joint Operations hereunder may be handled by the legal staff of one or any of the Parties hereto; and a charge commensurate with the reasonable costs of providing and furnishing such services rendered may be made by the Party providing such service to Operator for the Joint Account, but no such charges shall be made until approved by the Parties.

2.11 **Taxes and Duties.** All taxes, duties, assessments and governmental charges, of every kind and nature, assessed or levied upon or in connection with the Joint Operations, other than any that are measured by or based upon the revenues, income and net worth of a Party.

If Operator or an Affiliate is subject to income or withholding tax as a result of services performed at cost for the operations under the Agreement, its charges for such services may be increased by the amount of such taxes incurred (grossed up).

2.12 **Other Expenditures.** Any other costs and expenditures incurred by Operator for the necessary and proper conduct of the Joint Operations in accordance with approved Work Programs and Budgets and not covered in this Section II or in Section III.



SECTION III

INDIRECT CHARGES

- 3.1 **Purpose.** Operator shall charge the Joint Account monthly for the cost of indirect services and related office costs of Operator and its Affiliates not otherwise provided in this Accounting Procedure. Indirect costs chargeable under this Section III represent the cost of general counseling and support services provided to Operator by its Affiliate. These costs are such that it is not practical to identify or associate them with specific projects but are for services which provide Operator with needed and necessary resources which Operator requires and provide a real benefit to Joint Operations. No cost or expenditure included under Section II shall be included or duplicated under this Section III.
- 3.2 **Amount.** The charge for the period beginning with the Calendar Year through the end of the period covered by Operator's invoice ("Year-to-Date") under Section 3.1 above shall be a percentage of the Year-to-Date expenditures, calculated on the following scale (U.S. Dollars):

Annual Expenditures

\$0 to \$1,000,000 of expenditures = 4 %

Next \$5,000,000 of expenditures = 3 %

Excess above \$ 5,000,000 of expenditures = 2 %

Notwithstanding the foregoing, the indirect rates and related calculation method for development operations and for production operations shall be agreed upon by the Parties prior to the submission of the first annual budget for those phases of operations.

- 3.3 **Exclusions.** The expenditures used to calculate the monthly indirect charge shall not include the indirect charge (calculated either as a percentage of expenditures or as a minimum monthly charge), rentals on surface rights acquired and maintained for the Joint Account, guarantee deposits, pipeline tariffs, concession acquisition costs, bonuses paid in accordance with the Contract, royalties and taxes paid under the Contract, expenditures associated with major construction projects for which a



separate indirect charge is established hereunder, payments to third parties in settlement of claims, and other similar items.

Credits arising from any government subsidy payments, disposition of Material, and receipts from third parties for settlement of claims shall not be deducted from total expenditures in determining such indirect charge.

- 3.4 **Indirect Charge for Projects.** As to major construction projects (such as, but not limited to, pipelines, gas reprocessing and processing plants, and final loading and terminalling facilities) when the estimated cost of each project amounts to more than U.S. \$ 15,000,000, a separate indirect charge for such project shall be set by the Coordination Committee at the time of approval of the project.
- 3.5 **Changes.** The indirect charges provided for in this Section III may be amended periodically by mutual agreement between the Parties if, in practice, these charges are found to be insufficient or excessive.

SECTION IV

ACQUISITION OF MATERIAL

- 4.1 **Acquisitions.** Materials purchased for the Joint Account shall be charged at net cost paid by the Operator. The price of Materials purchased shall include, but shall not be limited to export broker's fees, insurance, transportation charges, loading and unloading fees, import duties, license fees, and demurrage (retention charges) associated with the procurement of Materials, and applicable taxes, less all discounts taken.
- 4.2 **Materials Furnished by Operator.** Materials required for operations shall be purchased for direct charge to the Joint Account whenever practicable, except the Operator may furnish such Materials from its stock under the following conditions:
- 4.2.1 **New Materials (Condition "1").** New Materials transferred from the warehouse or other properties of Operator shall be priced at net cost determined in accordance with Section 4.1 above, as if Operator had purchased such new Material just prior to its transfer.

Such net costs shall in no event exceed the then current market price.

4.2.2 **Used Materials (Conditions "2" and "3").**

- 4.2.2.1 Material which is in sound and serviceable condition and suitable for use without repair or reconditioning shall be classed as Condition "2" and priced at seventy-five percent (75%) of such new purchase net cost at the time of transfer.
- 4.2.2.2 Materials not meeting the requirements of Section 4.2.2.1 above, but which can be made suitable for use after being repaired or reconditioned, shall be classed as Condition "3" and priced at fifty percent (50%) of such new purchase net cost at the time of transfer. The cost of reconditioning shall also be charged to the Joint Account provided the Condition "3" price, plus cost of reconditioning, does not exceed the Condition "2" price;

and provided that Material so classified meet the requirements for Condition "2" Material upon being repaired or reconditioned.

4.2.2.3 Material which cannot be classified as Condition "2" or Condition "3", shall be priced at a value commensurate with its use.

4.2.2.4 Tanks, derricks, buildings, and other items of Material involving erection costs, if transferred in knocked-down condition, shall be graded as to condition as provided in this Section 4.2.2 of Section IV, and priced on the basis of knocked-down price of like new Material.

4.2.2.5 Material including drill pipe, casing and tubing, which is no longer useable for its original purpose but is useable for some other purpose, shall be graded as to condition as provided in this Section 4.2.2 of Section IV. Such Material shall be priced on the basis of the current price of items normally used for such other purpose if sold to third parties.

4.3 **Premium Prices.** Whenever Material is not readily obtainable at prices specified in Sections 4.1 and 4.2 of this Section IV because of national emergencies, strikes or other unusual causes over which Operator has no control, Operator may charge the Joint Account for the required Material at Operator's actual cost incurred procuring such Material, in making it suitable for use, and moving it to the Contract Area, provided that notice in writing, including a detailed description of the Material required and the required delivery date, is furnished to Non-Operators of the proposed charge at least 15 Days (or such shorter period as may be specified by Operator) before the Material is projected to be needed for operations and prior to billing Non-Operators for such Material the cost of which exceeds One Hundred thousand U.S. dollars (U.S. \$ 100,000). Each Non-Operator shall have the right, by so electing and notifying Operator within 10 Days (or such shorter period as may be specified by Operator) after receiving notice from Operator, to furnish in kind all or part of his share of such Material per the terms of the notice which is suitable for use and acceptable to Operator both as to quality and time of delivery. Such acceptance by Operator shall not be unreasonably withheld. If Material fur-

nished is deemed unsuitable for use by Operator, all costs incurred in disposing of such Material or returning Material to owner shall be borne by the Non-Operator furnishing the same unless otherwise agreed by the Parties. If a Non-Operator fails to properly submit an election notification within the designated period, Operator is not required to accept Material furnished in kind by that Non-Operator. If Operator fails to submit proper notification prior to billing Non-Operators for such Material, Operator shall only charge the Joint Account on the basis of the price allowed during a "normal" pricing period in effect at time of movement.

- 4.4 **Warranty of Material Furnished by Operator.** Operator does not warrant the Material furnished. In case of defective Material, credit shall not be passed to the Joint Account until adjustment has been received by Operator from the manufacturers or their agents.



SECTION V

DISPOSAL OF MATERIALS

- 5.1 **Disposal.** Operator shall be under no obligation to purchase the interest of Non-Operators in new or used surplus Materials. Operator shall have the right to dispose of Materials but shall advise and secure prior agreement of the Operating Committee of any proposed disposition of Materials having an original cost to the Joint Account either individually or in the aggregate of One Hundred Thousand U.S. Dollars (U.S. \$ 100,000) or more. When Joint Operations are relieved of Material charged to the Joint Account, Operator shall advise each Non-Operator of the original cost of such Material to the Joint Account so that the Parties may eliminate such costs from their asset records. Credits for Material sold by Operator shall be made to the Joint Account in the month in which payment is received for the Material. Any Material sold or disposed of under this Section shall be on an "as is, where is" basis without guarantees or warranties of any kind or nature. Costs and expenditures incurred by Operator in the disposition of Materials shall be charged to the Joint Account.
- 5.2 **Material Purchased by a Party or Affiliate.** Material purchased from the Joint Property by a Party or an Affiliate thereof shall be credited by Operator to the Joint Account, with new Material valued in the same manner as new Material under Section 4.2.1 and used Material valued in the same manner as used Material under Section 4.2.2, unless otherwise agreed by the Coordination Committee.
- 5.3 **Division In Kind.** Division of Material in kind, if made between the Parties, shall be in proportion to their respective interests in such Material. Each Party will thereupon be charged individually with the value (determined in accordance with the procedure set forth in Section 5.2) of the Material received or receivable by it.
- 5.4 **Sales to Third Parties.** Material purchased from the Joint Property by third parties shall be credited by Operator to the Joint Account at the net amount collected by Operator from the buyer. If the sales price is less than that determined in accordance with the procedure set forth in Section 5.2, then approval by the Coordination Committee shall be required prior to the sale. Any claims by the buyer for defective materials or otherwise shall be charged back to the Joint Account if and when paid by Operator.

SECTION VI

INVENTORIES

- 6.1 **Periodic Inventories - Notice and Representation.** At reasonable intervals, but at least annually, inventories shall be taken by Operator of all Material on which detailed accounting records are normally maintained. The expense of conducting periodic inventories shall be charged to the Joint Account. Operator shall give Non-Operators written notice at least thirty Days (30) in advance of its intention to take inventory, and Non-Operators, at their sole cost and expense, shall each be entitled to have a representative present. The failure of any Non-Operator to be represented at such inventory shall bind such Non-Operator to accept the inventory taken by Operator, who shall in that event furnish each Non-Operator with a reconciliation of overages and shortages. Inventory adjustments to the Joint Account shall be made for overages and shortages. Any adjustment equivalent to Fifty Thousand U.S. Dollars (U.S.\$ 50,000) or more shall be brought to the attention of the Operating Committee.
- 6.2 **Special Inventories.** Whenever there is a sale or change of interest in the Agreement, a special inventory may be taken by the Operator provided the seller and/or purchaser of such interest agrees to bear all of the expense thereof. In such cases, both the seller and the purchaser shall be entitled to be represented and shall be governed by the inventory so taken.

Minimum Work Program

