

**THE SHWE OFFSHORE PIPELINE RIGHTS
AGREEMENT
BETWEEN
MYANMA OIL AND GAS ENTERPRISE
AND
DAEWOO INTERNATIONAL CORPORATION
AND
ONGC VIDESH LIMITED
AND
GAIL (INDIA) LIMITED
AND
KOREA GAS CORPORATION**

JULY 29, 2010

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Ag. J.

This **AGREEMENT** is made in Nay Pyi Taw, the Union of Myanmar, on this 29th day of July 2010,

BY and AMONG

- (1) **THE MYANMA OIL AND GAS ENTERPRISE**, an enterprise organized and existing under the laws of the Union of Myanmar and having its principal office at Complex 44, Nay Pyi Taw, the Union of Myanmar for itself and in its capacity as the representative of the Government of the Union of Myanmar (hereinafter referred to as "**MOGE**" which expression shall, unless the context otherwise requires, be deemed to include its legally valid successors and permitted assigns);

AND

- (2) **DAEWOO INTERNATIONAL CORPORATION**, a company organized and existing under the laws of the Republic of Korea with its registered office at 84-11 (Yonsei Severance Building), Namdaemunno 5(o)-ga, Jung-gu, Seoul 100-753, Korea in its capacity as an Shwe Offshore Pipeline JV Partner and as Operator of the Offshore Transportation System on behalf of the Shwe Offshore Pipeline JV Partners (hereinafter referred to as "**Daewoo**" which expression shall, unless the context otherwise requires, be deemed to include its legally valid successors and permitted assigns);
- (3) **ONGC VIDESH LIMITED**, a company organised and existing under the laws of India, with its registered office at 601, Kailash Building, 26 Kasturba Gandhi Marg, New Delhi-110001, India in its capacity as a Shwe Offshore Pipeline JV Partner (hereinafter referred to as "**OVL**" which expression shall, unless the context otherwise requires, be deemed to include its legally valid successors and permitted assigns);
- (4) **GAIL (INDIA) LIMITED**, a company organised and existing under the laws of India with its registered office at GAIL Bhawan, 16, Bhikaji Cama Place, R.K. Puram, New Delhi-110066, India in its capacity as a Shwe Offshore Pipeline JV Partner (hereinafter referred to as "**GAIL**" which expression shall, unless the context otherwise requires, be deemed to include its legally valid successors and permitted assigns); and
- (5) **KOREA GAS CORPORATION**, a company organised and existing under the laws of the Republic of Korea with its registered office at 215, Jeongja-dong, Bundang-gu, Seongnam-si, Gyeonggi-do 463-754, Korea in its capacity as a Shwe Offshore Pipeline JV Partner (hereinafter referred to as "**KOGAS**" which expression shall, unless the context otherwise requires, be deemed to include its legally valid successors and permitted assigns).

WHEREAS

- (A) The Union of Myanmar is the ultimate owner of all lands and all natural resources above and below the ground, above and beneath the water and in the atmosphere in the Union of Myanmar and for the purpose of this Agreement, MOGE is duly authorized by the Government to make the contractual commitments, guarantees, warranties and other assurances expressed to be granted by it herein for and on behalf of the Government.
- (B) The Shwe Offshore Pipeline JV Partners have established the unincorporated offshore pipeline joint venture ("**Shwe Offshore Pipeline JV**") pursuant to the terms of the Shwe Offshore Pipeline Joint Venture Agreement to, inter alia, facilitate the procurement, construction, ownership, operation, maintenance and expansion of the Offshore Transportation System for the purpose of transporting Sales Gas, Domestic Gas and/or other quantities of Natural Gas, as applicable, under the terms and conditions of the relevant GTAs.
- (C) The Shwe Offshore Pipeline JV Partners, and/or the Operator as agent for and on behalf of the Shwe Offshore Pipeline JV Partners, have entered into, or will enter into, one or more GTAs.

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- (D) Pursuant to the relevant GTA, the Shipper(s) shall deliver to the Operator and/or the Shwe Offshore Pipeline JV Partners (as applicable) Sales Gas, Domestic Gas and/or other quantities of Natural Gas at the Delivery Point for transportation to the Sales Point and Operator and/or the Shwe Offshore Pipeline JV Partners (as applicable) shall receive at the Delivery Point and transport from the Delivery Point to the Sales Point the Sales Gas, Domestic Gas and/or other quantities of Natural Gas and re-deliver the same to the Shipper(s) or its nominee(s) at the Sales Point.
- (E) Pursuant to this Agreement and the MIC Permit issued or to be issued by the Myanmar Investment Commission, the Shwe Offshore Pipeline JV Partners are authorised to procure, construct, own, operate, expand and maintain the Offshore Transportation System for the purpose of transporting Sales Gas, Domestic Gas and/or other quantities of Natural Gas pursuant to the relevant GTA from time to time.
- (F) The Parties wish to set forth the Shwe Offshore Pipeline JV Partners' rights and obligations, in association with their operations and activities as broadly described above.

THEREFORE in consideration of the recitals and mutual covenants and conditions herein contained, it is hereby agreed as of the Effective Date as follows:

1. DEFINITIONS AND INTERPRETATION

- 1.1 In this Agreement, unless otherwise indicated, capitalised terms used herein shall have the same meaning mutatis mutandis as defined in the Shwe Offshore GTA, or if not defined in the Shwe Offshore GTA they shall have the same meaning mutatis mutandis as defined in the Export GSPA and/or the Domestic GSPA, as the context requires.

The following words and expressions in this Agreement shall have the meanings set forth below:

"Agreement" means this document, as may be amended from time to time in accordance with the provisions hereof.

"Contractor" shall have the same meaning as defined in the Production Sharing Contracts.

"Delivery Point" means the Delivery Point as defined in the Shwe Offshore GTA and/or such other Natural Gas delivery point along the Offshore Pipeline as the relevant Shippers and the Operator (on behalf of the Shwe Offshore Pipeline JV Partners) and/or the Shwe Offshore Pipeline JV Partners (as applicable) shall agree from time to time in any other GTA.

"Effective Date" means the date of execution of this Agreement.

"Expansion" and **"Expand"** means increasing the capacity and/or length of the Offshore Pipeline.

"Financial Institution" shall mean any financial institutions which shall include banks, insurance companies, investment funds and any other financial service firms.

"Financial Year" means the financial year of the Government and extending for a period of twelve (12) months, which at the date hereof commences on 1st April and ends on the following 31st March.

"Foreign Investment Law" means the Union of Myanmar Foreign Investment Law 1988 No. 10/88.

"Gas Transportation Agreement" or **"GTA"** means the Shwe Offshore GTA and any other transportation agreement(s) entered into, or to be entered into, as the case may

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be, by the Operator (on behalf of the Shwe Offshore Pipeline JV Partners) and/or the Shwe Offshore Pipeline JV Partners (as applicable) for the transportation of Natural Gas from time to time through the Offshore Transportation System.

"Government" means the Government of the Union of Myanmar and includes all Governmental Authorities of the Union of Myanmar.

"Kyats" means the lawful currency of the Union of Myanmar.

"MIC Permit" means the permit(s) issued or to be issued from time to time pursuant to Section 10 of the Foreign Investment Law by the Myanmar Investment Commission in connection with the Offshore Transportation Project.

"Myanmar Income Tax Law" means the Income Tax Law of 1974 in the Union of Myanmar.

"Notice" shall have the meaning set forth in Clause 16, and **"Notify"**, **"Notification"** and other derivatives shall be construed accordingly.

"Offshore Pipeline" means the transportation facilities from the Delivery Point on the offshore platform up to the Sales Point under the Export GSPA to deliver Sales Gas, Domestic Gas and/or other quantities of Natural Gas to the Buyer at the Sales Point in accordance with relevant GSPA.

"Offshore Tariff" shall have the meaning set forth in Clause 3.3.

"Offshore Transportation Project" means the project of, and/or all activities constituting, the transportation of Sales Gas, Domestic Gas and/or other quantities of Natural Gas by the Operator (on behalf of the Shwe Offshore Pipeline JV Partners) and/or the Shwe Offshore Pipeline JV Partners (as applicable) through the Offshore Transportation System and including the development, financing, construction, ownership, operation, maintenance and the Expansion of the Offshore Pipeline.

"Offshore Transportation Project Documents" means this Agreement, the GTAs and the Shwe Offshore Pipeline Joint Venture Agreement.

"Offshore Transportation System" means the Offshore Pipeline, together with all modifications thereto and Expansions thereof and all additional pipelines and/or spur lines constructed, owned, operated and maintained by or on behalf of the Shwe Offshore Pipeline JV Partners in the Union of Myanmar.

"Operator" shall have the meaning given to that term in the Shwe Offshore Pipeline Joint Venture Agreement.

"Party" means any of MOGE, Daewoo, OVL, GAIL or KOGAS as the context requires, and **"Parties"** shall be construed accordingly.

"Project Agreements" means this Agreement, all GSPAs, the Joint Operating Agreements, the Shwe Offshore Gas Transportation Agreement, the Shwe Offshore Pipeline Rights Agreement, the Production Sharing Contracts (PSC), the Shwe Offshore Pipeline Joint Venture Agreement and all other agreement(s) pursuant to which the Shwe Offshore Pipeline Joint Venture Partners and/or their respective Affiliates (whether directly or indirectly) construct, operate and/or maintain plant and equipment (including pipelines) for the development, production, processing and/or transportation of petroleum (including Natural Gas) within the territory of the Union of Myanmar.

"Sales Point" means the Sales Point as defined in the Shwe Offshore GTA and/or such other Natural Gas sales point along the Offshore Transportation System as the relevant

Shippers and the Operator (on behalf of the Shwe Offshore Pipeline JV Partners) and/or the Shwe Offshore Pipeline JV Partners (as applicable) shall agree under the relevant GTA.

"Shipper" means each of the Sellers and/or each other Person for whom the Operator (on behalf of the Shwe Offshore Pipeline JV Partners) and/or the Shwe Offshore Pipeline JV Partners (as applicable) provide transportation services through the Offshore Transportation System or any part thereof and **"Shippers"** shall be construed accordingly.

"Shwe Offshore Gas Transportation Agreement" or **"Shwe Offshore GTA"** means the gas transportation agreement entered into or to be entered into between the Shippers and the Operator (on behalf of the Shwe Offshore Pipeline JV Partners) and/or the Shwe Offshore Pipeline JV Partners (as applicable) pursuant to which the Operator (on behalf of the Shwe Offshore Pipeline JV Partners) and/or the Shwe Offshore Pipeline JV Partners (as applicable) shall receive from the Shippers at the Delivery Point, transport through the Offshore Transportation System and re-deliver Sales Gas, Domestic Gas and/or other quantities of Natural Gas to the Shippers at the Sales Point.

"Shwe Offshore Pipeline Joint Venture Agreement" means the offshore pipeline joint venture agreement entered into or to be entered into between the Shwe Offshore Pipeline JV Partners and governing operations relating to the Offshore Transportation Project.

"Shwe Offshore Pipeline Joint Venture Partners" or **"Shwe Offshore Pipeline JV Partners"** means the parties to the Shwe Offshore Pipeline Joint Venture Agreement, which at the date of this Agreement are Daewoo, OVL, GAIL and KOGAS.

1.2 In this Agreement unless otherwise specified, reference to:

- (a) a **"Person"** includes any person, individual, company, firm, corporation, government, state or agency of a state or any undertaking (whether or not having separate legal personality and irrespective of the jurisdiction in or under the law of which it was incorporated or exists);
- (b) **"includes"** and **"including"** shall mean including without limitation and **"otherwise"** shall not be construed as limited by words with which it is associated;
- (c) a statute or statutory instrument, any of its provisions or any order or regulation made under it is to be construed as a reference to that statute or statutory instrument or such provision, order or regulation as the same may have been or may from time to time hereafter be amended or re-enacted;
- (d) time is to the time in Yangon, Union of Myanmar;
- (e) any date or calendar shall be construed as the Gregorian Calendar;
- (f) words denoting the singular shall include the plural and vice versa and words denoting any gender shall include all genders;
- (g) recitals, Clauses, paragraphs or Schedules is to recitals, clauses or paragraphs of or schedules to this Agreement;
- (h) **"tax"** means any present or future tax, levy, impost, duty, charge, fee, deduction or withholding whatever called and wherever imposed, levied, collected, withheld or assessed by any taxing authority; and
- (i) any agreement or contract herein shall include any extension, amendment, renewal, supplement or substitution of said agreement or contract.

1.3 Headings in this Agreement are inserted for convenience only and shall not affect the construction of this Agreement.

2. COMMENCEMENT AND TERM

2.1 The rights and obligations of the Parties under this Agreement shall be effective from the Effective Date and, subject to early termination as provided in Clause 2.2, shall remain in full force and effect until the later of (i) thirty (30) years from the Contractual Transportation Date and (ii) the termination of all Offshore Transportation Project Documents (other than this Agreement) with the Operator (on behalf of the Shwe Offshore Pipeline JV Partners) and the Shwe Offshore Pipeline JV Partners (as applicable) (or their respective successors or assigns, including subsidiaries).

2.2 The Shwe Offshore Pipeline JV Partners shall have the option to terminate this Agreement at any time on thirty (30) days prior written notice to MOGE where they no longer carry on gas transportation operations through the Offshore Transportation System.

2.3 Without prejudice to Clause 9, expiry of the term of this Agreement in accordance with Clause 2.1 or Clause 2.2 shall be without prejudice to (i) any obligations or rights of any of the Parties which have accrued, matured or vested prior to such expiry, (ii) the survival of all waivers and indemnities provided herein in favour of a Party (or former Party), and (iii) the survival of the rights and obligations provided under Clauses 7, 9, 11, 12 and 15.

3. RIGHTS, OBLIGATIONS AND AUTHORISATIONS

3.1 The Shwe Offshore Pipeline JV Partners are hereby authorised (and shall have the right and license) to perform all of their obligations and shall have all of the rights and privileges expressed to be applicable to them as contained in the relevant GTA in relation to the transportation, compression and processing (if any) of Sales Gas, Domestic Gas and/or other quantities of Natural Gas through all or any part of the Offshore Transportation System, and except with the written consent of the Shwe Offshore Pipeline JV Partners, MOGE on behalf of the Government agrees and guarantees not to enter into any agreements with or authorise any third parties in relation to the transportation, compression and processing (if any) of such Sales Gas, Domestic Gas and/or other quantities of Natural Gas through all or any part of the Offshore Transportation System or any other pipeline or transportation system that competes with the Offshore Transportation System. The Shwe Offshore Pipeline JV Partners may carry out all or any of the above activities themselves or through any other contractors or subcontractors, including the Operator.

3.2 The Shwe Offshore Pipeline JV Partners are hereby authorised (and shall have the right and license) to develop, construct, own, operate, expand and maintain every and all facilities necessary to transport, compress and process (if any) Sales Gas, Domestic Gas and/or other quantities of Natural Gas sourced from Block A-1 and/or Block A-3 and/or otherwise transported through the Offshore Transportation System and except with the prior written consent of the Shwe Offshore Pipeline JV Partners, MOGE on behalf of the Government agrees and guarantees not to enter into any agreements with or authorise any third parties to develop, construct, own, operate, expand and maintain any or all facilities necessary to transport, compress or process (if any) Sales Gas, Domestic Gas and/or other quantities of Natural Gas sourced from Block A-1 and/or Block A-3, including but not limited to the Offshore Transportation System, or to authorise or permit any third party to process, operate, maintain or transport Sales Gas, Domestic Gas and/or other quantities of Natural Gas from any source through the Offshore Transportation System. The Shwe Offshore Pipeline JV Partners may carry out all or any of the above activities themselves or through any other contractors or subcontractors, including the Operator.

- 3.3 The Shwe Offshore Pipeline JV Partners are hereby authorised to charge a fee for their services (or for services carried out on their behalf) in accordance with the terms of the relevant GTA (the "**Offshore Tariff**").
- 3.4 Without prejudice to the other provisions of this Agreement, the Shwe Offshore Pipeline JV Partners are hereby granted at least the same rights and privileges equivalent to that of the Contractor under the PSCs and the Supplemental Gas Terms Agreement (SGTA), mutatis mutandis, with respect to such matters as banking, taxation, foreign currency conversion, economic stabilization, remittance abroad of profits and dividends of the branch office, employment, accounting procedures, the right to own and lease property within the territories of the Union of Myanmar, insurance, and the additional rights and privileges as granted by the Myanmar Investment Commission.
- 3.5 Without prejudice to the generality of the preceding provisions, the Shwe Offshore Pipeline JV Partners shall have the rights, obligations and authorizations with regard to the conduct of their operations as provided for in this Agreement.
- 3.6 MOGE shall procure the provision of all authorisations, approvals, consents, permits, licenses or other such documentation necessary or required from the Government by the Shwe Offshore Pipeline JV Partners, from time to time, to implement the terms and conditions of this Agreement as soon as practicable having regard to the commercial interests of the Shwe Offshore Pipeline JV Partners and free from any conditions which may be prejudicial to the Shwe Offshore Pipeline JV Partners or to the transactions contemplated under the Offshore Transportation Project Documents that the Operator (on behalf of the Shwe Offshore Pipeline JV Partners) and/or the Shwe Offshore Pipeline JV Partners or their contractors (as applicable) may enter into from time to time.
- 3.7 MOGE shall assist and expedite the Shwe Offshore Pipeline JV Partners' execution of their operations by promptly providing at cost, suitable facilities, supplies and personnel including, supplying or making available all necessary visas, permits (including but not limited to, work permits, blasting permits for construction, import permits for vehicles, construction equipment, tools, spare parts and fuels, and telecommunication licenses), and transportation as may be requested by the Shwe Offshore Pipeline JV Partners and made available from the resources under MOGE's control or influence. In the event such facilities, supplies, or personnel are not readily available, then MOGE shall promptly secure the use of such facilities, supplies and personnel from alternative sources. Expenses thus incurred by MOGE, at the Shwe Offshore Pipeline JV Partners' request, must be incurred on a reasonable basis and shall be reimbursed to MOGE by the Shwe Offshore Pipeline JV Partners and included in operating expenses. Such reimbursements will be made in US Dollars computed at the prevailing market rate of exchange at the time the expense was incurred.
- 3.8 MOGE shall, at the request of the Shwe Offshore Pipeline JV Partners, assist and/or make available and/or procure the making available thereof to the Shwe Offshore Pipeline JV Partners on best available terms all goods, works and services that are owned or controlled by the Government, local authorities or state entities (including raw materials, electricity, water, gas, communication facilities, other utilities, offshore construction and fabrication facilities, supply bases, vessels, import facilities for goods and equipment, warehousing and means of transportation) and which, in the reasonable opinion of the Shwe Offshore Pipeline JV Partners, are necessary or appropriate for the development, construction, operation, expansion and maintenance of the Offshore Transportation Project.
- 3.9 MOGE shall ensure and procure:
- (a) At its own cost, the safety of the Offshore Transportation System, to the extent that it is not under the Shwe Offshore Pipeline JV Partners' control, in accordance with the international petroleum industry practices.

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- (b) Without incurring any costs to the Shwe Offshore Pipeline JV Partners (i) the security of the Offshore Transportation System, (ii) land rights for the Shwe Offshore Pipeline JV Partners within the Union of Myanmar (including the procurement of any Government lease, easement, right-of-way, permit, license or other such authorisation necessary to develop, construct, own, operate, expand and maintain the Offshore Transportation System and the Shwe Offshore Pipeline JV Partners' facilities and equipments within the Union of Myanmar as soon as practicable having regard to the commercial interests of the Shwe Offshore Pipeline JV Partners ("**Land Rights**")) and (iii) the security of all persons within the territory of the Union of Myanmar involved in the Offshore Transportation Project.
- 3.10 The Shwe Offshore Pipeline JV Partners shall pay reasonable compensation to land holders or occupiers of land affected by MOGE's grant/procurement of the Land Rights including the development, construction, expansion, operation or maintenance of the Offshore Transportation System or the Shwe Offshore Pipeline JV Partners' facilities and equipment within the Union of Myanmar. MOGE shall ensure that the Shwe Offshore Pipeline JV Partners shall not be liable for any other costs and expenses in relation to land holders or occupiers of land and MOGE shall indemnify and hold the Shwe Offshore Pipeline JV Partners harmless from any such liability or claims. For the avoidance of doubt, the Shwe Offshore Pipeline JV Partners shall not be liable for any consequential or indirect losses including but not limited to loss or interruption of business or loss of profit arising out of or in connection with construction, expansion, operation or maintenance of the Offshore Transportation System or the Shwe Offshore Pipeline JV Partners' facilities and equipment within the Union of Myanmar for such Persons.
- 3.11 MOGE shall promptly (and in any event within thirty (30) days after the Effective Date) obtain a legal opinion issued by the competent authority of the Office of Attorney General in the Union of Myanmar (in form and substance satisfactory to the Shwe Offshore Pipeline JV Partners) confirming that (i) the Project Agreements to which MOGE is a party and the matters contemplated thereunder have been approved by all relevant Governmental Authorities in the Union of Myanmar, and (ii) the Project Agreements to which MOGE is a party and the performance thereof by MOGE will be legal, valid and enforceable under the laws of the Union of Myanmar.
- 3.12 MOGE shall promptly (and in any event within thirty (30) days after the Effective Date) procure the issuance of the MIC Permit to the Shwe Offshore Pipeline JV Partners by the Myanmar Investment Commission approving the Offshore Transportation Project and confirming that this Agreement and the matters contemplated hereunder have been approved by all relevant Governmental Authorities in the Union of Myanmar.
- 3.13 MOGE shall promptly, on behalf of the Shwe Offshore Pipeline JV Partners, procure from the relevant authorities any licenses, permits, authorisations or approvals necessary for the Shwe Offshore Pipeline JV Partners to register or establish branch(es) or representative office(s) in the Union of Myanmar. For the avoidance of doubt, the establishment of a branch or representative office in the Union of Myanmar by the Operator (on behalf of the Shwe Offshore Pipeline JV Partners) or the continued existence of a branch or representative office of the Operator in the Union of Myanmar shall be sufficient to discharge any requirement under the laws or regulations of the Union of Myanmar for any of the Shwe Offshore Pipeline JV Partners to establish a branch or representative office in the Union of Myanmar. MOGE shall perform its obligations under this Clause 3.13 as soon as practicable having regard to the commercial interests of the Shwe Offshore Pipeline JV Partners.
- 3.14 The Shwe Offshore Pipeline JV Partners shall have the right to, and MOGE shall procure that the relevant Governmental Authorities in the Union of Myanmar shall grant the Shwe Offshore Pipeline JV Partners the right to:

- (a) import into, set up, use, operate and maintain telecommunications equipment and systems (whether fixed line, mobile, satellite or otherwise) in the territory of the Union of Myanmar for the purposes of the Shwe Offshore Pipeline JV Partners' operations in the territory of the Union of Myanmar;
- (b) use whatever frequencies as are necessary for use of the telecommunications equipment referred to in sub-Clause (a) above, independent of any existing networks in the Union of Myanmar; and
- (c) purchase, use and store detonators and explosives for blasting pipe trenches and as necessary to construct stations.

4. EMPLOYMENT AND TRAINING

- 4.1 In conducting operations hereunder, the Shwe Offshore Pipeline JV Partners shall have the right to select the employees and determine the number thereof. Of such number, the Shwe Offshore Pipeline JV Partners shall endeavour to employ qualified citizens of the Union of Myanmar to the reasonable extent possible having regard to the operational requirements, the skills and competencies of candidates and the commercial interests of the Shwe Offshore Pipeline JV Partners.
- 4.2 Commencing with the first Financial Year following the Contractual Transportation Date under the Shwe Offshore GTA, the Shwe Offshore Pipeline JV Partners shall spend US Dollars fifty thousand (USD 50,000) per Financial Year over the course of the relevant Financial Year during the period of this Agreement for one or more of the following purposes which shall be set forth in a mutually agreed training program:
 - (a) the purchase for MOGE of advanced technical literature, data and scientific instruments to be determined by the Shwe Offshore Pipeline JV Partners; and/or
 - (b) to send qualified Union of Myanmar nationals to selected accredited universities to be determined by the Shwe Offshore Pipeline JV Partners; and/or
 - (c) to send selected MOGE personnel to special courses offered by accredited institutions of higher learning or other recognised organisations in the fields of petroleum science, engineering and management to be determined by the Shwe Offshore Pipeline JV Partners.

For the last Financial Year, the obligation to spend the aforesaid training expenditure shall be on a pro rata basis based on the number of days in such Financial Year up to the date of termination or expiry of this Agreement.

- 4.3 If training expenditures pursuant to an approved training program fall short of the training expenditure obligations for a Financial Year, or if MOGE and the Shwe Offshore Pipeline JV Partners do not agree on a training program for any Financial Year, the deficiency shall be carried forward and expended in succeeding Financial Years. If training expenditures in any Financial Year exceed the training expenditure obligation for that Financial Year, the excess shall be credited to the training expenditure obligations for succeeding Financial Years.

5. ENVIRONMENT

- 5.1 The environmental and safety standards applicable to the Offshore Transportation Project shall be determined by the Shwe Offshore Pipeline JV Partners from time to time in accordance with generally accepted international practice and MOGE expressly agrees to such standards and consents to any action taken by or on behalf of the Shwe Offshore Pipeline JV Partners in conformity therewith.

- 5.2 On request from the Shwe Offshore Pipeline JV Partners, MOGE shall use all reasonable endeavours to make available promptly and in reasonable quantities any labour, materials and equipment not otherwise immediately available to the Shwe Offshore Pipeline JV Partners to assist in environmental remediation and repair efforts.

6. BANKING

- 6.1 The Shwe Offshore Pipeline JV Partners shall provide all funds necessary for their operations (including the construction and expansion of the Offshore Transportation System) in the Union of Myanmar in convertible currency from abroad except to the extent that Kyats are generated in connection with the performance of their operations.
- 6.2 The Shwe Offshore Pipeline JV Partners shall, in accordance with the Foreign Investment Law and Foreign Exchange Regulation Act of the Union of Myanmar existing as of the date hereof, have the right to, and MOGE shall assist the Shwe Offshore Pipeline JV Partners to open, operate and maintain foreign bank accounts and to receive abroad, remit abroad, retain abroad and use the entirety of the proceeds which are received as Offshore Tariff or which are in any way generated in connection with the performance of their operations, including the payment of dividends, interest, fees and other distributions to the Shwe Offshore Pipeline JV Partners and their shareholders, repayment of any loans and payment of fees or interest to any of the Shwe Offshore Pipeline JV Partners' lenders, and the receipt of any insurance or other compensation payments.
- 6.3 The Shwe Offshore Pipeline JV Partners shall, in accordance with the rules and regulations of the Union of Myanmar existing as of the date hereof, have the right to, and MOGE shall assist the Shwe Offshore Pipeline JV Partners to, open, operate and maintain the Union of Myanmar bank accounts in the Union of Myanmar in foreign or local currency as necessary to meet local operating requirements.
- 6.4 The Shwe Offshore Pipeline JV Partners shall, in accordance with the foreign exchange rules and regulations of the Union of Myanmar existing as of the date hereof, have the right to, and MOGE shall assist the Shwe Offshore Pipeline JV Partners to purchase Foreign Exchange Certificates (FECs) whenever required for their operations, and to convert into any convertible foreign currency any Foreign Exchange Certificates (FECs) which are not then needed for local requirements.
- 6.5 The Shwe Offshore Pipeline JV Partners shall have the right to, and MOGE shall procure that the relevant authorities shall grant, if necessary, the Shwe Offshore Pipeline JV Partners the right to, pay their expatriate employees and their foreign-controlled contractors and subcontractors in foreign currency abroad, and such expatriate employees, contractors and subcontractors shall be entitled to receive and retain such foreign currency abroad.
- 6.6 The provisions of Clauses 6.2 through to 6.5 and Clause 6.11, shall also apply to the Shwe Offshore Pipeline JV Partners' expatriate employees and the Shwe Offshore Pipeline JV Partners' foreign-controlled contractors, subcontractors and their expatriate employees.
- 6.7 Unless otherwise expressly agreed, all payments by the Shwe Offshore Pipeline JV Partners to MOGE or the Government hereunder shall be made at Myanma Foreign Trade Bank, the Union of Myanmar through its domestic and overseas accounts and all payments by MOGE or the Government to the Shwe Offshore Pipeline JV Partners hereunder, shall be made at a bank in the Union of Myanmar or abroad as specified by the Shwe Offshore Pipeline JV Partners.
- 6.8 For the purpose of developing, constructing, owning, operating, expanding and maintaining the Offshore Transportation System and the Shwe Offshore Pipeline JV Partners' facilities and equipment, and for any other purpose as necessary to comply with Clause 6.1, the Shwe Offshore Pipeline JV Partners are authorised to procure the funds

and financing so required from any source including, but not limited to, financial institutions and other third parties, including the other Shwe Offshore Pipeline JV Partners and their Affiliates, and are further authorised to grant valid, effective and enforceable security interests in the Offshore Transportation System and to assign and/or transfer by way of security their rights and/or obligations under the Offshore Transportation Project Documents and their rights hereunder to Financial Institutions in order and as required to obtain debt financing (whether recourse, limited recourse or non-recourse) for the Offshore Transportation System. MOGE shall procure that the relevant authorities shall give effect, if necessary, to this Clause 6.8.

- 6.9 The financing specified in Clause 6.8 may be in the form of loans, advances, equity and/or preference share capital contribution on terms and conditions as agreed by the Shwe Offshore Pipeline JV Partners.
- 6.10 Without prejudice to the express rights of any Person to make or request payment in a currency other than US Dollars pursuant to any Offshore Transportation Project Documents, the currency of accounting, preparation of financial statements and payment for any and all sums due to, from and/or among the Parties, including their Affiliates, and the Government pursuant to this Agreement, related agreements, or any applicable law or regulation, shall be US Dollars; including but not limited to, the Offshore Tariff and payments, refunds or other settlements of taxes, duties or fees. Without prejudice to the foregoing, the Shwe Offshore Pipeline JV Partners may at their option obtain and utilise Kyats for payments with respect to local employment, goods and services, and other local operating requirements. MOGE shall procure that the relevant authorities shall give effect, if necessary, to this Clause 6.10.
- 6.11 With respect to any payments under this Agreement for payments other than in US Dollars, the Shwe Offshore Pipeline JV Partners may convert the relevant US Dollar amount to an amount in the currency nominated by the relevant payee, by reference to the quoted exchange rate for buying the nominated currency with US Dollars for the day immediately prior to the date of payment published in the *Financial Times of London* or if not published, then by the *Wall Street Journal*. The currency nominated by the payee must be one that is freely available for purchase with US Dollars and whose exchange rate for purchase by US Dollars is published in the *Financial Times of London* or the *Wall Street Journal*.

7. TAXATION

- 7.1 In addition to any rights the Shwe Offshore Pipeline JV Partners may have under any other Project Agreement, the following provisions shall apply with respect to the taxation of the Shwe Offshore Pipeline JV Partners and their respective employees:
 - (a) The Union of Myanmar income tax rate applicable to Shwe Offshore Pipeline JV Partners shall be in accordance with the Foreign Investment Law and the Myanmar Income Tax Law in effect as of the date hereof.
 - (b) The Shwe Offshore Pipeline JV Partners' gross income for Union of Myanmar income tax purposes will be equal to the value of the Offshore Tariff (excluding ship-or-pay payments until such time as the relevant make-up quantities have been delivered or such make-up rights have lapsed) as provided for in the relevant GTA and any other proceeds received or accrued (or deemed by applicable law to be received or accrued) pursuant to any other contract for the Shwe Offshore Pipeline JV Partners' services. Such income tax shall be assessed and be payable in the same currency that the Shwe Offshore Pipeline JV Partners received their taxable income in the Union of Myanmar.
 - (c) Deductions from gross income in computing the Shwe Offshore Pipeline JV Partners' taxable income subject to Union of Myanmar income tax will include all

expenses incurred in the Shwe Offshore Pipeline JV Partners' operations relating to the Offshore Transportation Project, excluding expenditures not allowable under the Myanmar Income Tax Law. For the avoidance of doubt, the deductions shall include the training expenditure incurred pursuant to Clause 4 of this Agreement and all interest, costs and expenses (whether payable to their shareholders or Affiliates or otherwise) paid or incurred by the Shwe Offshore Pipeline JV Partners to finance their capital expenditures and operations.

- (d) Subject to Clause 7.1(e), capital expenditures will be depreciated at the rate of twelve point five per cent (12.5%) on the straight-line basis starting from the Contractual Transportation Date and such depreciation will be included in the deductible items.
- (e) Notwithstanding the above, the Shwe Offshore Pipeline JV Partners shall be exempt from Union of Myanmar income tax for the period of thirty six (36) consecutive months from the Contractual Transportation Date plus any further reasonable period thereafter given by the relevant authorities in the Union of Myanmar in accordance with the Foreign Investment Law.
- (f) Other than liability for Union of Myanmar income tax pursuant to Clauses 7.1(a) to (e) above, the Shwe Offshore Pipeline JV Partners shall be exempt from any taxes on income to the extent attributable to income derived under this Agreement or the relevant GTA or any other proceeds received or accrued (or deemed by applicable law to be received or accrued) pursuant to any other contract for the services of or on behalf of the Shwe Offshore Pipeline JV Partners in relation to the Offshore Transportation Project. For the avoidance of doubt, dividends, fees and/or other distributions remitted or paid to any Shwe Offshore Pipeline JV Partner or any of their shareholders or repayments of principal or payments of fees to any of the Shwe Offshore Pipeline JV Partners' lenders by or on behalf of the Shwe Offshore Pipeline JV Partners shall also be exempt from taxation and no tax shall be required to be withheld on such dividends, fees and/or other distributions.
- (g) To the extent attributable to or derived from income under this Agreement, or under the relevant GTA or any other contract for the services of or on behalf of the Shwe Offshore Pipeline JV Partners in relation to the Offshore Transportation Project, shareholders of the Shwe Offshore Pipeline JV Partners shall be exempt from any Union of Myanmar taxes on income or on dividends, fees or other distributions. For the avoidance of doubt, the shareholders of the Shwe Offshore Pipeline JV Partners shall not be subject to any Union of Myanmar tax by virtue of being shareholders in the respective Shwe Offshore Pipeline JV Partners.
- (h) Expatriate personnel employed by any of the Shwe Offshore Pipeline JV Partners and residing in the Union of Myanmar shall be taxed on their income received in the Union of Myanmar at rates no higher than the rates applicable to the national citizens of the Union of Myanmar.
- (i) To the extent consistent with this Agreement, the Shwe Offshore Pipeline JV Partners shall have the rights and benefits, including the right to exemption or relief from Union of Myanmar income tax, in case of their investment in the Offshore Transportation Project, that may be provided for in the Foreign Investment Law, in addition to any rights and privileges conferred in this Agreement.
- (j) Without prejudice to the provisions as mentioned in this Clause 7, the Shwe Offshore Pipeline JV Partners will be issued the MIC Permit under the Foreign Investment Law including those of Chapter 10, Article 21 concerned with tax exemptions and relief.

- 7.1 In addition, and notwithstanding the above provisions relating to Union of Myanmar income tax:
- (a) MOGE shall promptly assume and discharge any Union of Myanmar commercial tax imposed or to be imposed upon the Shwe Offshore Pipeline JV Partners and/or any of their respective shareholders and/or contractors and subcontractors in connection with the Offshore Transportation Project;
 - (b) The Shwe Offshore Pipeline JV Partners and contractors and subcontractors shall be exempt from custom duties and any other Union of Myanmar taxes on machinery, plant, equipment (including compressors), instruments, machinery components, spare parts and materials (including pipes) and/or services, which are imported into the Union of Myanmar for use in their business in connection with the Offshore Transportation Project. Other than the taxes on income referred to in Clause 7.1, the Shwe Offshore Pipeline JV Partners and their respective shareholders, contractors and subcontractors shall be exempt from any Union of Myanmar taxes levied on or in connection with the transportation and/or export of any Sales Gas, Domestic Gas and/or other quantities of Natural Gas from the Union of Myanmar in connection with the Offshore Transportation Project;
 - (c) The Shwe Offshore Pipeline JV Partners and their respective shareholders, contractors and sub-contractors shall be exempt from any and all taxes applicable under the laws of the Union of Myanmar in respect of property, capital, net worth and operations in connection with the Offshore Transportation Project, including operations performed by the Shwe Offshore Pipeline JV Partners and/or any of their respective shareholders, contractors or subcontractors;
 - (d) MOGE shall use reasonable endeavours to minimise the incidence and complexity of import and export formalities and to decrease and simplify import and export documentation requirements that may be required to be carried out or complied with by the Shwe Offshore Pipeline JV Partners and/or any of their respective shareholders and/or any of their contractors and subcontractors in connection with the development, construction, ownership, operation, expansion and maintenance of the Offshore Transportation Project; and
 - (e) The provisions of this Clause 7.2 shall also extend to taxes, fees, charges, formalities and requirements imposed by the Government and/or local authorities in the Union of Myanmar in connection with any importation and exportation related to the Offshore Transportation Project.
- 7.2 The provisions of this Clause 7 shall not be changed during the term of this Agreement without the unanimous consent of the Parties. In no event shall any changes to this Clause 7 be retroactive, provided that taxation assessments shall be made in accordance with Myanmar tax law with the benefit of the concessions and exemptions provided herein.
- 7.3 The provisions of this Clause 7 shall survive the termination of this Agreement.
- 7.4 If MOGE is unable to secure the compliance with this Agreement of any other body having the lawful authority to levy taxes in the Union of Myanmar such that the Shwe Offshore Pipeline JV Partners and/or any of their shareholders, contractors and/or sub-contractors (or any of them) do not receive the relevant exemption or concessions in relation to taxes referred to herein, MOGE shall promptly assume and discharge all such taxes imposed upon the Shwe Offshore Pipeline JV Partners and/or their shareholders, contractors and/or sub-contractors (or any of them). MOGE shall indemnify and hold harmless the Shwe Offshore Pipeline JV Partners and any of their shareholders, contractors and sub-contractors (or any or all of them) against any taxes or exactions which are not in compliance with the provisions of this Agreement.

8. STATE PARTICIPATION

- 8.1 In the event that MOGE exercises its participation option under Section 19 of the Production Sharing Contracts, MOGE shall also have the right to demand from the Shwe Offshore Pipeline JV Partners an equivalent participating interest (not exceeding in aggregate fifteen percent (15%)) in the rights and obligations of the Shwe Offshore Pipeline JV Partners in the Shwe Offshore Pipeline Joint Venture Agreement and the other applicable Offshore Transportation Project Documents subject to the terms and conditions contained in the Shwe Offshore Pipeline Joint Venture Agreement and the other applicable Offshore Transportation Project Documents. MOGE's participating interest shall be acquired from each Shwe Offshore Pipeline JV Partner pro rata according to the relevant participating interest held by that Shwe Offshore Pipeline JV Partner at the time the Operator gives the offer to MOGE pursuant to Clause 8.3 below.
- 8.2 The right referred to in Clause 8.1 shall lapse if the participation option under the Production Sharing Contracts lapses without being exercised. The right referred to in Clause 8.1 may only be exercised by MOGE simultaneously with the exercise of the participation right under Section 19 of the Production Sharing Contracts and shall lapse unless exercised by MOGE not later than ninety (90) days after the declaration of a Commercial Discovery (as defined in the Production Sharing Contracts) pursuant to the Production Sharing Contracts. MOGE shall make its demand known to the Shwe Offshore Pipeline JV Partners by registered letter to the Operator.
- 8.3 The Operator (on behalf of the Shwe Offshore Pipeline JV Partners) shall make an offer by registered letter to MOGE within thirty (30) days after receipt of MOGE's registered letter referred to in Clause 8.2 with a copy to each of the Shwe Offshore Pipeline JV Partners. The Operator's letter shall be accompanied by a copy of the Offshore Transportation Project Documents which have been entered into by the Shwe Offshore Pipeline JV Partners as of that date.
- 8.4 The offer by the Operator (on behalf of the Shwe Offshore Pipeline JV Partners) to MOGE shall be effective for a period of one hundred and eighty (180) days from the date of the Operator's registered letter to MOGE under Clause 8.3 above. If MOGE has not accepted this offer by registered letter to the Operator within the said period or has not exercised the participation option under the Production Sharing Contracts, the Shwe Offshore Pipeline JV Partners shall be released from the obligation referred to in this Clause 8.
- 8.5 In the event of acceptance by MOGE of such offer, MOGE shall be deemed to have acquired its participating interest on the date of notification by MOGE to the Operator referred to in Clause 8.2, notwithstanding that transfer of the legal and beneficial ownership of the rights and obligations of the Shwe Offshore Pipeline JV Partners in the applicable Offshore Transportation Project Documents has not yet occurred, and MOGE shall be bound by the obligations of the Shwe Offshore Pipeline JV Partners under the Shwe Offshore Pipeline Joint Venture Agreement and the other Offshore Transportation Project Documents from the date of such notification as if it were a party thereto including making of appropriate contributions towards costs incurred or to be incurred by the Shwe Offshore Pipeline JV Partners. Following acceptance by MOGE of such offer, MOGE shall promptly enter into such documents as may be required to effect the transfer of the participating interest to it under the Offshore Transportation Project Documents.
- 8.6 For the acquisition of a participating interest in the rights and obligations of the Shwe Offshore Pipeline JV Partners in the Offshore Transportation Project Documents, MOGE shall reimburse the other Shwe Offshore Pipeline JV Partners an amount being a proportionate share of the aggregate costs incurred by the Shwe Offshore Pipeline JV Partners in respect of the Offshore Transportation Project up to the date of MOGE's notification to the Operator exercising the rights mentioned in Clause 8.1. Such proportionate share shall be equal to the aggregate participating interest in the Shwe Offshore Pipeline JV acquired by MOGE from each respective Shwe Offshore Pipeline JV

Partner. The Shwe Offshore Pipeline JV Partners' contribution, including MOGE's contribution, to costs incurred by the Shwe Offshore Pipeline JV after such election shall be as described in the Shwe Offshore Pipeline Joint Venture Agreement between MOGE and the Shwe Offshore Pipeline JV Partners.

- 8.7 The amount referred to in Clause 8.6 shall be paid by transfer of the said amount by MOGE within thirty (30) days after the date of its acceptance of the offer by the Operator (on behalf of the Shwe Offshore Pipeline JV Partners) referred to in Clause 8.3, to an account designated by the Operator (as representative of the Shwe Offshore Pipeline JV Partners) in US Dollars or such other currency as may be specified by the Operator, for distribution to the Shwe Offshore Pipeline JV Partners in proportion to their respective participating interests.

9. TRANSFER OF ASSETS

Upon expiration or valid termination of this Agreement, pursuant to Clause 2.1 or Clause 2.2 or otherwise, all ownership and risks associated with operation, custody and ownership of the Offshore Transportation System or any part thereof, to the extent the same is owned by the Shwe Offshore Pipeline JV Partners, shall be transferred to and vest in MOGE in the condition and in the place that the Offshore Transportation System or any part thereof is located at that time, free of charge and without any warranty as to operation or condition or otherwise and without any payment of additional costs or expenses by any of the Shwe Offshore Pipeline JV Partners.

10. DESIGNATION OF OPERATOR AND POTENTIAL INCORPORATION OF JOINT VENTURE COMPANY

- 10.1 The Shwe Offshore Pipeline JV Partners may exercise or discharge any of their rights and obligations under this Agreement either by themselves and/or through the Operator, including any successor Operator, appointed pursuant to the Shwe Offshore Pipeline Joint Venture Agreement. Any and all authorisations, approvals, licenses, permits, and registrations, provided to the Shwe Offshore Pipeline JV Partners under or pursuant to this Agreement for the exercise or discharge of the Shwe Offshore Pipeline JV Partners' rights and obligations shall also be deemed to authorise the exercise or discharge of such rights and obligations by the Operator acting on the Shwe Offshore Pipeline JV Partners' behalf pursuant to the Shwe Offshore Pipeline Joint Venture Agreement.
- 10.2 Notwithstanding the fact that the Shwe Offshore Pipeline JV Partners as at the Effective Date are proceeding with the Offshore Transportation Project on the basis of an unincorporated joint venture, MOGE acknowledges and agrees that the Shwe Offshore Pipeline JV Partners may alternatively incorporate a joint venture for the exercise and discharge of any of their rights and obligations under this Agreement. In such event, any and all authorisations, approvals, licenses, permits, and registrations, provided to the Shwe Offshore Pipeline JV Partners under or pursuant to this Agreement for the exercise or discharge of the Shwe Offshore Pipeline JV Partners' rights and obligations shall also be available and be deemed to authorise the exercise or discharge of such rights and obligations by such joint venture company and the rights and obligations of the Shwe Offshore Pipeline JV Partners under this Agreement shall apply to such joint venture company *mutatis mutandis*.

11. STABILIZATION

In addition to any other rights the Shwe Offshore Pipeline JV Partners may have under any Project Agreements, if a change occurs to, or is calculated to result in, the detriment of the economic benefits of the Shwe Offshore Pipeline JV Partners or their respective shareholders, contractors or subcontractors under the Offshore Transportation Project Documents or otherwise after the Effective Date due to the promulgation of new laws, decrees, rules, regulations or any new or change in interpretation or application thereof;

or any amendments are made to any existing laws, decrees, rules, regulations and interpretations, including but not limited to the Myanmar Income Tax Law and the Foreign Investment Law in the Union of Myanmar, then the Parties shall consult promptly and make the necessary revisions and adjustments to the provisions of the Offshore Transportation Project Documents in order that the Government maintains the Shwe Offshore Pipeline JV Partners' and their respective shareholders', contractors' and subcontractors' economic benefits as they existed prior to such promulgation, amendment or change.

12. NATURE OF MOGE'S OBLIGATIONS

- 12.1 The obligations undertaken by MOGE under this Agreement shall be several, independent, absolute, irrevocable and unconditional and shall each constitute an independent covenant of MOGE.
- 12.2 MOGE undertakes and agrees that none of the Shwe Offshore Pipeline JV Partners nor any of their respective interests, assets or rights shall be expropriated, compulsorily acquired, extinguished or nationalised by any Governmental Authorities of the Union of Myanmar.
- 12.3 MOGE represents and warrants to the Shwe Offshore Pipeline JV Partners that its execution, delivery and performance of this Agreement has been duly authorised by the Government under all laws and regulations applicable to it and this Agreement constitutes (or when executed will constitute) valid and legally binding obligations enforceable against it in accordance with the terms herein.

13. ASSIGNMENT

- 13.1 Any of the Shwe Offshore Pipeline JV Partners may from time to time assign, novate or otherwise transfer all or any portion of its rights or obligations under this Agreement to any other Person with the consent of MOGE which consent shall not be unreasonably withheld or delayed, save in the case of an assignment, novation or transfer to another Shwe Offshore Pipeline JV Partner or an Affiliate where MOGE's consent shall not be required. Daewoo, and each subsequent Operator, shall assign its rights and obligations under this Agreement (in its capacity as Operator) to any other Operator that replaces it under the Shwe Offshore Pipeline Joint Venture Agreement.
- 13.2 This Agreement shall bind and inure to the benefit of the Parties and their respective successors and permitted assigns.

14. INSURANCE

- 14.1 As to all operations performed by or on behalf of the Shwe Offshore Pipeline JV Partners under this Agreement, the Shwe Offshore Pipeline JV Partners shall secure and maintain insurance in accordance with Section 19 of the Foreign Investment Law and Rule 15(a) of the procedures relating to the Foreign Investment Law. The Shwe Offshore Pipeline JV Partners, however, at their sole discretion, may effect any category of insurance prescribed in Rule 15(b) of the procedures relating to the Foreign Investment Law. In the event that the Shwe Offshore Pipeline JV Partners decide to effect any category of insurance prescribed in Rule 15(b) of the procedures relating to the Foreign Investment Law, the Shwe Offshore Pipeline JV Partners shall be entitled to procure that insurance from insurers selected by the Shwe Offshore Pipeline JV Partners within or outside the Union of Myanmar. The Shwe Offshore Pipeline JV Partners shall furnish MOGE with certificates of insurance evidencing such coverage and containing a statement that such insurance shall not be materially changed or cancelled without at least seven (7) days' prior written notice. The Shwe Offshore Pipeline JV Partners and/or their shareholders, contractors and subcontractors may secure and maintain any additional insurance policies with insurers selected by the Shwe Offshore Pipeline JV Partners and/or their shareholders, contractors and subcontractors either within or outside the Union of Myanmar. The Shwe

Offshore Pipeline JV Partners and/or their shareholders, contractors and subcontractors may make and receive any payment in any currency selected by the Shwe Offshore Pipeline JV Partners and/or their shareholders, contractors and subcontractors under such policies either within or outside the Union of Myanmar in their absolute discretion.

- 14.2 The Shwe Offshore Pipeline JV Partners may require that their contractors and any subcontractors procure similar insurance to that required to be procured by the Shwe Offshore Pipeline JV Partners and such additional insurance as the Shwe Offshore Pipeline JV Partners shall deem appropriate, all to be evidenced by certificates of insurance.
- 14.3 To eliminate controversy, and the expense and inconvenience thereof, between MOGE and the Shwe Offshore Pipeline JV Partners, it is agreed that the insurance policies provided for herein shall be endorsed so that the underwriters, insurers and insurance carriers of each such insurance policy shall waive any rights of recovery against any of the Parties hereto or their representatives in any form whatsoever. All policies of insurance herein provided and obtained or required by MOGE or the Shwe Offshore Pipeline JV Partners shall be suitably endorsed to effectuate this waiver of recovery.
- 14.4 The Shwe Offshore Pipeline JV Partners may coordinate their insurance requirements under this Clause 14 with the insurance obtained by the Contractor for operations under the Production Sharing Contracts.

15. CONFIDENTIALITY

- 15.1 The Parties agree that the existence of and the terms of this Agreement and all information disclosed and all correspondence exchanged during the negotiation of this Agreement or any Offshore Transportation Project Document referred to herein is "**Confidential Information**". A Party shall not directly or indirectly disclose to any third party any Confidential Information except as permitted in accordance with Clause 15.2.
- 15.2 Each Party may disclose Confidential Information:
 - (a) to its shareholders, Affiliates, professional advisers, consultants, experts, contractors, subcontractors, directors, officers or employees but only to the extent required to consider the transactions proposed by this Agreement;
 - (b) to the extent required by applicable law or by regulations of any regulatory or Governmental Authorities or the rules of any recognised stock exchange having jurisdiction over such Party or its Affiliates;
 - (c) to the extent required by an order of a court of competent jurisdiction or to an arbitrator solely for the purpose of determining a Dispute or matter under or pursuant to the terms of this Agreement;
 - (d) to the extent that the Confidential Information is already or becomes lawfully in the public domain other than as a result of a failure or breach of the disclosing Party;
 - (e) to the extent that the Confidential Information is at the time of its receipt or acquisition or becomes lawfully known by the receiving party other than as a result of the failure or breach of the disclosing Party;
 - (f) to a proposed bona fide transferee or assignee of the whole or part of the disclosing Party's interest held under this Agreement; and
 - (g) to a bank or other financial institution in connection with efforts by the disclosing Party to obtain funds, or to document any loan to or security granted by that Party.

In any event the disclosing Party shall ensure that any Confidential Information is treated confidentially on terms at least as restrictive as those provided herein by any person receiving the Confidential Information.

- 15.3 The Confidential Information shall be treated as confidential in accordance with the terms and conditions of this Clause 15, for a period of thirty-six (36) months after this Agreement has expired or terminated for whatever reason.

16. NOTICES

- 16.1 Notices and other communications ("Notice") required or permitted to be given under this Agreement shall be deemed given when delivered and received in writing either by hand or through the mail, or by facsimile transmission, appropriately addressed as follows:

Myanma Oil and Gas Enterprise

Complex 44, Nay Pyi Taw,
The Union of Myanmar
Attention: U Myint Htay / Managing Director
Facsimile: 95-67-411-125

Daewoo International Corporation

International Business Centre,
No. 88, Pyay Road, 6 ½ Miles, Hlaing Tsp,
Yangon, the Union of Myanmar
Attention: Dr. Su-Yeong Yang / Executive Vice President
Facsimile: (95-1) 652-916

ONGC Videsh Limited

601, Kailash Building,
26, Kasturba Gandhi Marg,
New Delhi – 110001 India
Attention: Mr. Baljit Singh / Senior Vice President
Facsimile: (91-11) 2373 0369

GAIL (INDIA) Limited

GAIL Bhawan
16, Bhikaji Cama Place, R.K. Puram
New Delhi 110066, India
Attention: Mr. B.P. Singh / Executive Director (E&P)
Facsimile: (91-11) 2618-5941 (ext. 2059)

Korea Gas Corporation

215, Jeongja-dong
Bundang-gu, Seongnam-si
Gyeonggi-do 463-754, Korea
Attention: Mr. Kyung-Sick Park / Team Leader of
Production Project Team
Facsimile: (82-2-31) 710-0630

- 16.2 Any notice given by hand delivery or registered mail shall be deemed given at the time of delivery and any notice given by facsimile shall be deemed to be given at the time transmission has been confirmed provided however, where the time of transmission falls outside the normal business hours of the recipient, delivery shall be deemed to be given at 09:00 hours (recipients local time) on the next following business day at the location of the receipt.

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- 16.3 Any Party may change its address or addresses by giving Notice of the change to the others.

17. GOVERNING LAW

This Agreement shall be governed by and construed and interpreted in all respects in accordance with the laws of the Union of Myanmar.

18. ARBITRATION

- 18.1 Any and all disputes, controversies or claims (a "**Dispute**") between any of the Parties arising out of or relating to this Agreement, which is unresolved via amicable discussions or mediation between the Parties within a period of thirty (30) days, after Notice of such Dispute is given by any Party, may be submitted at any time by any Party to arbitration as provided in this Clause 18.
- 18.2 Any such Dispute shall be settled by arbitration in accordance with the UNCITRAL Rules before a panel of three (3) arbitrators.
- 18.3 The Parties shall within thirty (30) days appoint the arbitrators. In the event the Parties are unable to agree on the arbitrators then any Party may apply to the Chairman or the Deputy Chairman of the Singapore International Arbitration Centre, who shall act as an appointing authority pursuant to the UNCITRAL Rules. No person shall be appointed an arbitrator who is or has been at the time of appointment a director, shareholder, officeholder, or employee of or directly or indirectly retained as a consultant to any Party, or any Affiliate thereof.
- 18.4 The arbitration proceedings and hearing shall be held in the English language in Singapore.
- 18.5 The applicable authorities in order of precedence for purposes of the procedure to be followed in the arbitration shall be: first; this Agreement; second, the UNCITRAL Rules; and lastly, the procedural law of the seat of the arbitration.
- 18.6 If a Party fails or refuses to appear at and participate in an arbitration hearing after due notice, the arbitrators may hear and determine the Dispute on evidence produced by the Party or Parties that do appear.
- 18.7 The award or determination of the arbitrators shall be final, binding and non-appealable and judgment upon the award rendered may be entered in any court of competent jurisdiction for enforcement thereof save in the event of:
- (a) fraud;
 - (b) an evident material miscalculation of figures or an evident material mistake in the description of any Person, thing or property referred to in the award;
 - (c) failure of any arbitrator to disclose any relevant interest likely to give rise to justifiable doubts as to his impartiality or independence;
 - (d) where the arbitrators have awarded upon a matter not submitted to them, unless it is a matter not affecting the merits of the decision upon the matter submitted,
- in which case the matter shall be settled in accordance with the UNCITRAL Rules.
- 18.8 Each Party shall continue to perform all of its obligations under this Agreement during the pendency of any arbitration.

18.9 The procedures contained in this Clause 18 for the resolution of Disputes shall be exclusive and binding on the Parties hereto. The Parties expressly waive their rights to submit any Dispute or any other matter to a court of competent jurisdiction except as expressly provided for herein this Clause 18.

18.10 The Parties acknowledge and agree that any arbitration pursuant to this Clause 18 may be consolidated and heard together with any other arbitration between the Parties concerning the same or substantially similar facts arising out of or in connection with this Agreement.

19. DISPUTE RESOLUTION

19.1 The Parties shall in good faith and with a spirit of cooperation use reasonable efforts to settle amicably any Dispute that arises out of or in connection with this Agreement, or the breach, termination or validity thereof through amicable discussion.

19.2 If any Dispute between any of the Parties is unresolved via amicable discussions between the relevant Parties within a period of thirty (30) days after Notice of such Dispute is given by any Party (or after such longer period as specified in this Agreement or as otherwise agreed between the Parties involved in the Dispute), any Party involved in the Dispute may refer the Dispute to arbitration under Clause 18.

20. WAIVER OF IMMUNITY

20.1 Any Party that now or hereafter has a right to claim sovereign immunity for itself or any of its assets hereby unconditionally and irrevocably waives any such immunity to the fullest extent permitted by the laws of any applicable jurisdiction. This waiver includes immunity from:

- (a) any determination, arbitration proceeding or any other type of proceeding commenced pursuant to this Agreement;
- (b) any judicial, administrative or other proceeding to aid the determination, or arbitration or other proceeding commenced pursuant to this Agreement; and
- (c) any effort to confirm, enforce, or execute any decision, settlement, award, judgment, service of process, execution order or attachment (including pre-judgment attachment) that results from any determination, arbitration proceeding, any judicial or administrative proceeding or any other proceeding commenced pursuant to this Agreement.

21. WARRANTIES AND COVENANTS

21.1 Each Party represents and warrants to the other Parties that this Agreement has been duly and validly authorised, signed and delivered by such Party, and therefore constitutes a valid, effective and binding agreement of such Party, and that this Agreement is enforceable against such Party in accordance with its terms and conditions. Each Party further represents and warrants to the other Parties that the execution and performance of this Agreement by such Party shall neither violate, nor conflict with, nor result in any default of any of the terms, conditions or provisions of any applicable laws, regulations, corporate charters or by-laws or any commitments, obligations or agreements of such Party.

21.2 Except to the extent provided for in this Clause 21, but without prejudice to the warranty contained in Clause 12.3, each Party makes no warranty of any kind to the other Parties and disclaims any warranty express or implied or arising by statute, law, or otherwise in law or from a course of dealing or usage of trade.

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22. ENTIRE AGREEMENT

Save as otherwise specifically agreed in writing between the Parties, this Agreement and the terms hereof shall constitute the entire agreement between the Parties hereto with respect to all matters herein and its execution has not been induced by nor do any of the Parties rely upon or regard as material any representations or writings whatsoever not incorporated herein. This Agreement may be modified or supplemented only by amendment in writing executed on behalf of each Party hereto.

23. COST

Unless otherwise expressly stated, each Party shall bear the costs and expenses incurred by it in connection with the negotiation, preparation and completion of this Agreement and the other documents referred to in it.

24. SEVERANCE

If any provision or part of this Agreement is found unlawful or void by a court or authority of competent jurisdiction, then this Agreement as a whole shall not be affected thereby and the remainder of the provisions hereof shall remain valid and enforceable, provided, however, that if such unlawful or void provision is considered as essential by any Party, the Parties shall discuss in good faith to agree a legal replacement provision having like commercial effect.

25. COUNTERPARTS

This Agreement may be executed in any number of counterparts which together shall constitute one agreement. Any Party may enter into this Agreement by executing a counterpart and this Agreement shall not take effect until it has been executed by all Parties.

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IN WITNESS whereof each Party has caused this Agreement to be executed by its duly authorised representative as of the date first written above.

Signed and delivered on behalf of
MYANMA OIL AND GAS ENTERPRISE



Name U Myint Htay
Position Managing Director

Signed and delivered on behalf of
DAEWOO INTERNATIONAL CORPORATION

Name Mr. Jae-Yong Kim
Position President & CEO

Signed and delivered on behalf of
ONGC VIDESH LIMITED

Name Mr. Joeman Thomas
Position Director

Signed and delivered on behalf of
GAIL (INDIA) LIMITED

Name Mr. Sanjib Datta
Position General Manager (BD)

Signed and delivered on behalf of
KOREA GAS CORPORATION



Name Mr. Jong-Ho Lee

Position Vice President

Witnessed by
**ENERGY PLANNING DEPARTMENT,
MINISTRY OF ENERGY:**



Name U Soe Aung

Position Director General

열람용