Export Gas Proceeds Distribution Procedure

between

MYANMA OIL AND GAS ENTERPRISE

and

TOTAL MYANMAR EXPLORATION AND PRODUCTION

and

UNOCAL MYANMAR OFFSHORE Co Ltd

and

PTTEP INTERNATIONAL LIMITED

and

MOATTAMA GAS TRANSPORTATION COMPANY LIMITED

and

TOTAL MYANMAR EXPLORATION AND PRODUCTION

as The Operator
This Procedure is made on this 30th Day of January 1995

BY and BETWEEN

THE MYANMA OIL AND GAS ENTERPRISE, an enterprise organised and existing under the laws of the Union of Myanmar and having its principal office at 74/80, Min Ye Kyaw Swa Road, Yangon, (hereinafter referred to as the "MOGE");

AND

TOTAL MYANMAR EXPLORATION AND PRODUCTION, a company existing under the laws of France with its registered office at Tour TOTAL, 24, Cours Michelet - 92800 Puteaux (hereinafter referred to as "TOTAL");

AND

UNOCAL MYANMAR OFFSHORE Co Ltd, a company existing under the laws of Bermuda having an office at 1201 West 5th Street, Los Angeles CA90017 USA (hereinafter referred to as "UNOCAL");

AND

PTTEP INTERNATIONAL LIMITED, a company existing under the laws of Thailand, having its principal office at 555 Vibhavadi Rangsit Road, Bangkok 10900 (hereinafter referred to as "PTTEPI");

AND

MOATTAMA GAS TRANSPORTATION COMPANY LIMITED, a company existing under the laws of Bermuda having an office at Clarendon House, Church Street, Hamilton HMCX, Bermuda (hereinafter referred to as "MGTC");

OF THE FIRST PART

AND

TOTAL MYANMAR EXPLORATION AND PRODUCTION, a company existing under the laws of France with its registered office at Tour TOTAL, 24, Cours Michelet - 92800 Puteaux (hereinafter referred to as "The Operator");

OF THE SECOND PART
WHEREAS

(1) Under and by virtue of a Production Sharing Contract ("PSC") dated 9th July 1992 and of a Memorandum of Understanding ("MOU") of even date, relating to the Yadana Gas Project operations have been carried out in the Contract Area. The Contractor under the PSC comprises: TOTAL, UNOCAL, and PTTEPI and a Production Operating Agreement ("POA"). has been entered into by the parties constituting the Contractor under the PSC.

(2) The Export Gas Sales Agreement ("EGSA") shall be entered into on the 2nd of February 1995 between the MOGE, TOTAL, UNOCAL, PTTEPI ("the Sellers") and PTT ("the Buyer").

(3) The Domestic Gas Supply Agreement ("DGSA") is entered into between the MOGE, TOTAL, UNOCAL, PTTEPI ("the Suppliers") and the MOGE (the Recipient).

(4) The Moattama Gas Transportation Company ("MGTC") is established and its shareholders ("the Shareholders") are TOTAL PROFILS PETROLIERS, UNOCAL INTERNATIONAL PIPELINE CORPORATION and PTTEPI.

(5) The Export Gas Transportation Agreement ("EGTA") is entered into between the MOGE, TOTAL, UNOCAL, PTTEPI ("the Producers") and the MGTC ("the Transporter").

(6) TOTAL is the Operator for the petroleum production under the PSC, and for the Moattama Gas Transportation Company and a Gas Pipeline Operating Agreement ("GPOA") is entered into by the Operator and the MGTC.

(7) The Paying Agent Agreement ("PAA") is entered into between the MOGE, TOTAL, UNOCAL, PTTEPI ("the Producers"), BNP JERSEY TRUST CORPORATION LIMITED ("the Paying Agent") and BANQUE NATIONALE DE PARIS ("the Depository Bank").

[Signature]
(8) MOGE has the right to participate up to fifteen percent (15%) both as a Party constituting the Contractor in the PSC, and as a shareholder in the MGTC, pursuant to Section 5 b) of the MOU.

(9) The Producers, the MGTC and the Operator desire to establish a procedure according to which the Operator shall distribute the funds received from the Buyer in the EGSA between the MGTC and the Producers.

(10) In the event that any provision set forth in this Procedure conflicts with any provision of the PSC, MOU, POA, EGSA, DGSA, EGTA, GPOA and PAA (collectively "the Documents"), the provisions of the Documents shall prevail.

NOW THEREFORE in consideration of the recitals and the mutual covenants and conditions herein contained, it is agreed to proceed as follows:

[Signature]

[Signature]

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ARTICLE I - DEFINITIONS

In this Contract, reference to Articles, Clauses and sub-Clauses shall be unless otherwise indicated, reference to Articles, Clauses and sub-Clauses in this Contract and words indicating the singular may also include the plural and vice versa as the context requires and unless otherwise indicated the following words and expressions in this Contract, including the foregoing recitals, shall have the meanings set forth below:

1.1 Words and expressions which have the same definitions as provided in the PSC:

"Available Natural Gas"
"Cost Petroleum"
"Financial Year"
"Natural Gas"
"Profit Gas"
"Royalty"

1.2 Words and expressions which have the same definitions as provided in Article 1 of the EGSA:

"Contract Year"
"Operator"
"Month"
"Quarter"
"Sales Gas"

1.3 Words and expressions which have the same definitions as provided in Section 1 of the PAA:

"Accounts"
"Receipts Account"
"Gas Transportation Company Account" or "MGTC Account"
"Producers Accounts"
ARTICLE II - EXPORT SALES GAS REVENUES

2.1 Monthly revenues

On or before the tenth Day of each Month, the Operator, acting as representative for the Sellers, shall issue a statement and invoice concerning the preceding Month to the Buyer in which the percentage of Sales Gas of each Seller is indicated, the combination in one invoice being only for convenience, and the Buyer will pay the corresponding amount or money to the Paying Agent for credit on the Receipts Account, pursuant to Article XII of the EGSA.

2.2 Yearly adjustment

On or before the last Day of the first Month following each Contract Year, the Operator, acting as representative for the Sellers shall render or cause to be rendered to the Buyer an invoice and a statement showing the net sum or sums due by the Buyer to each of the Sellers or the net sums due by each of the Sellers to the Buyer, the combination in one invoice being only for convenience, pursuant to Article XII of the EGSA.

In case such sum or sums are due by the Buyer, the payment will be made to the Paying Agent for credit on the Receipts Account.

In case such sum or sums are due by the Sellers, the payment will be made, pursuant to the provisions of the POA and the GPOA, to the Buyer's Account as stipulated in Article XII of the EGSA by the Operator acting as representative for the Sellers.
ARTICLE III - REVENUES FOR THE MGTC

3.1 Monthly revenues

On or before the tenth Day of each Month, the Operator, acting as representative for the MGTC, shall issue a statement and invoice concerning the preceding Month to each of the Producers, pursuant to Article IX of the EGTA, and the Operator, acting as representative of the Producers, shall instruct the Paying Agent to transfer to the MGTC Account the total amount of money of such invoices which represents the sum due by each Producer for the transportation of its share of the Sales Gas, and the combination in one payment is made only for convenience. The Operator shall inform the Producers of such instructions immediately after receiving the payment by the Buyer.

3.2 Yearly adjustment

On or before the last Day of the first Month following each Contract Year, the Operator, acting as representative for the MGTC shall render or cause to be rendered to each of the Producers an invoice and a statement showing the net sum or sums payable by each of the Producers to the MGTC or by the MGTC to each of the Producers.

In case such sum or sums are payable by the Producers to the MGTC, the Operator, acting as representative of the Producers, shall instruct the Paying Agent to transfer to the MGTC Account, immediately after receiving the payment from the Buyer, the amount of money of such invoices.

In case such sum or sums are due by the MGTC, the payment will be made, pursuant to the provisions of the MGTC Shareholders Agreement and of the GPA, to each Producers Account as stipulated in Article IX of the EGTA, by the Operator, acting as representative for the MGTC.

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ARTICLE IV - REVENUES FOR THE PRODUCERS UNDER THE PSC

4.1 Monthly export revenues

After the payment, each Month, of the revenues for the MGTC pursuant to Article III, the remaining revenues are for the Producers under the PSC. These revenues constitute the proceeds from the export gas (Re expressed in US dollars), the corresponding exported quantity of Available Natural Gas being Qe expressed in millions cubic feet (MMscf).

4.2 Monthly total gross revenues

On each Month, the total revenues of the PSC comprise:

the revenues from the export gas (Re),

plus

the revenues from Supply Gas (Rd expressed in US dollars) pursuant to Article XII of the DGSA, the corresponding quantity of Available Natural Gas for domestic market being Qd expressed in MMscf.

Pursuant to Section 4 d) of the MOU, the revenues of Supply Gas will be a part of Myanmar and MOGE revenues which will be taken "in kind". Under the PSC these revenues comprise the royalty gas, the profit gas of MOGE as a State Company (which includes the reimbursement of the past costs incurred by MOGE pursuant to sub-Section 19.9), the various bonuses, the income tax (if applicable) and the revenues of MOGE as a participant to the rights and obligations of the Contractor.

So, the gross revenues for the PSC are:

\[ R = Re + Rd \]

corresponding to a total sales gas quantity (export and domestic) of:

\[ Q = Qe + Qd. \]

So the average value of the produced gas is:

\[ V = \frac{R}{Q} \]

this value is used to compute the Cost Petroleum.
4.3 Monthly and quarterly computations

The computation of the PSC production and the corresponding revenues sharing between Myanmar (including MOGE as the State Enterprise) and the parties constituting the Contractor is made every Quarter, pursuant to the PSC. The monthly computation will be therefore made by the Operator, based on the provisional estimate of Cost Petroleum for such Month, and the revenues will be distributed according to this computation, the adjustment of the Cost Petroleum will be made if necessary, in the Month when the quarterly computation is made.

All the revenues mentioned below are expressed in US dollars.

4.4 Monthly revenues distribution

Myanmar and MOGE will have in any case a portion of the Available Natural Gas equal to the Royalty (r) calculated pursuant to Section 10 of the PSC, plus the MOGE's share (MS, calculated pursuant to sub-Section 9.7 of the PSC), of Available Natural Gas not taken for purposes of payment of royalty, nor taken for purpose of Cost Petroleum.

The share of the parties constituting the Contractor, shall be equal to the Cost Petroleum (C) calculated pursuant to sub Section 9.4 of the PSC, plus the Contractor's share (CS, calculated pursuant to sub-Section 9.7 of the PSC), of Available Natural Gas not taken for purposes of payment of royalty, nor taken for purpose of Cost Petroleum. This share will be reduced by the quantity (PC) used to reimburse MOGE for the past costs incurred by MOGE pursuant to sub Section 19.9 of the PSC. Consequently, (PC) shall be added to Myanmar and MOGE share calculated above.

So:

\[
\text{Myanmar and MOGE share of revenues} = r + MS + PC \\
\text{Contractor's share of revenues} = C + CS - PC
\]

The Contractor's share includes MOGE's share as a party to the Contractor, if MOGE elects to participate in the project pursuant to Section 19 of the PSC.
If MOGE elects to take a participating interest equal to \( s \) (\( s \) is a fraction less than or equal to 0.15), then MOGE shall have an additional share equal to \( (s) \) times the Contractor Share, but it will have to reimburse the foreign parties constituting the Contractor for its share of the costs (EC) incurred by the foreign parties constituting the Contractor before MOGE's decision to participate, pursuant to Section 19 of the PSC.

So, MOGE and Myanmar share of revenues becomes:

\[
MR = (r + MS + PC) + s (C + CS - PC) - EC
\]

and the foreign parties constituting the Contractor shall have the following share of revenues:

\[
CR = (1 - s) (C + CS - PC) + EC
\]

with

\[
MR + CR = Re + Rd = R
\]

The sharing of the revenues between the foreign parties constituting the Contractor will always be in proportion of their foreign participating interests calculated in proportion to the aggregate foreign participating interests ("FPI") FPI shall be:

- for TOTAL: 36.75%.
- for UNOCAL: 33.25%.
- for PTTEPI: 30.00%.

4.5 Monthly revenues "in cash"

a) Myanmar and MOGE:

Myanmar and MOGE, shall take "in kind" the Supply Gas, so the revenues payable "in cash" to Myanmar and MOGE are equal to:

\[
MRC = MR - Rd
\]

\[
MRC = (r + MS + PC) + s (C + CS - PC) - EC - Rd
\]

provided \( MRC \) is greater than or equal to zero.

In such case, the Operator, acting as representative for the Producers, shall instruct the Paying Agent to transfer to the MOGE and Myanmar Account.
immediately after receiving the payment by the Buyer: the amount of money equal to MRC and inform all the Producers of such instructions.

In case during the Month (m) MRC is negative it constitutes a Deficit (Dm), and means that Myanmar and MOGE have taken more than their total share of revenues in kind. As explained below such a Deficit shall be carried forward for the next Month or Months; and the Cumulative Deficit (CDm) to be carried forward is computed in the beginning of each Month, and added to the Deficit (Dm) of the said Month, the total deficit being (CDm+Dm). In such a case:

- firstly, if there is any Bonus (B) payable in the said Month by the Contractor to MOGE pursuant to Section 11 of the PSC, then the portion of such Bonus payable by the foreign parties constituting the Contractor, which is equal to (1-s)B will be reduced by (CDm+Dm). If (1-s)B is greater than or equal to (CDm+Dm) then each foreign party constituting the Contractor shall have to pay for such Bonus only the remaining amount i.e., (1-s)B-(CDm+Dm) in proportion to its FPI. If (1-s)B is less than (CDm+Dm) then the remaining amount [(CDm+Dm)-(1-s)B] will constitute the deficit at the beginning of the next Month, CDm+1 which shall be carried forward in the next Month or Months.

- if there is no Bonus payable in the said Month, then (CDm+Dm) shall be deducted from Myanmar and MOGE revenues in cash for the next Month or Months. Consequently for a given Month:

\[
MRC = (r + MS + PC) + s \left( \frac{C + CS - PC}{EC} \right) - Rd - (CDm+Dm)
\]

In case MRC is negative, then the deficit at the beginning of the next Month, CDm+1 is equal to MRC.

otherwise, CDm+1 = 0.

If at the beginning of a Month, CDm+1 turns out to exceed the value of the sum of the domestic DCQs at the Contract Value as defined in the DGSA and both in effect during this Month, then the provisions of sub-Clause 12.1 (x) of the DGSA will apply.
b) Foreign parties constituting the Contractor:

The foreign parties constituting the Contractor will share CR in proportion of their FPI.

with:
CR = Re - MRC

provided that CR is always smaller than or equal to Re, which is the amount received in cash by the Producers.

Therefore, if there is a Deficit (MRC \(<\) 0), this Deficit will correspond to deduction of revenues for the foreign Producers to be shared between them in proportion to their FPI.

The Operator, acting as representative for the Producers, shall instruct the Paying Agent to transfer to each of the concerned Participants Account, immediately after receiving the payment by the Buyer, the corresponding amount of money and inform all the Producers of such instructions.

4.6 Yearly adjustment of export gas revenues

This adjustment is pursuant to sub-Clauses 2.2 and 3.2.

In case a sum is due by the Buyer to the Sellers, under sub-Clause 2.2, the remaining amount after paying the share of the MGTC under sub-Clause 3.2 is for the Producers under the PSC, and it has to be shared between MOGE and Myanmar and the foreign parties constituting the Contractor.

In case a sum is due by the Sellers to the Buyers, under sub-Clause 2.2, the remaining amount after the payment by the MGTC of its share under sub-Clause 3.2 has to be paid by the Producers under the PSC, and it has to be shared between MOGE and Myanmar and the foreign parties constituting the Contractor.

At the end of each Contract Year, the Operator will compute following the same method as in Clauses 4.4 and 4.5, the share of the revenues of each of
the Producers, but by taking into account the revenues for the whole Contract Year, including the yearly adjustment provided in this Clause.

The share of each Producer in the adjustment will be in proportion of the above computed share.

4.7 **Case of Default**

In case of Default under Article 8 of the POA, the distribution of the revenues by the Operator is subject to the provisions of Clause 8.7 of the POA.
ARTICLE V - ADJUSTMENT AT THE END OF A FINANCIAL YEAR

At the end of each Financial Year the Operator will make the computations described in Clauses 4.4 and 4.5, but by taking into account the revenues for the whole Financial Year, including the yearly adjustment in Clause 4.5, and shall determine if there is a deficit CD relating to Supply Gas.

In case there is a CD (CD is greater than zero), it means that MOGE has taken more Supply Gas than the Monthly cumulative revenues of Myanmar and MOGE in such Financial Year referred to in Article IV.

According to the provisions of the MOU Section 4 d), the Myanmar and MOGE revenues which can be taken in kind as Supply Gas comprise:
- the income tax due under the PSC,
- the income tax due by the MGTC, and MOGE's profit in the MGTC.

Such quantities have not been taken into account in the Monthly computations in Article IV.

Consequently, if there is a CD at the end of a Financial Year, it shall be reimbursed to the foreign parties constituting the Contractor:
- as a reduction of their income tax under the PSC,
- as a reduction of the income tax of the MGTC,
- as a reduction of MOGE's profit in the MGTC.

If this CD exceeds the total of these amounts, then it will be carried over for the first Month following the end of the Financial Year.

[Signature]
ARTICLE VI - THE ACCOUNTANT

6.1 The Operator, the Producers, and the Shareholders shall agree upon an accountant ("The Accountant") which shall be selected by them from among internationally recognized accounting firms.

6.2 The payment instructions to be given by the Operator and referred to in this Procedure, shall be certified by the Accountant, both for the MGTC and for the petroleum production under the PSC:
- every Quarter, when the production sharing, and the subsequent revenues sharing will be computed according to the PSC.
- after each yearly adjustment.

[Signature]
ARTICLE VII - AMENDMENTS

This Procedure may be modified or supplemented only by amendment in writing executed by the Parties hereto.

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

Signed, and delivered on behalf of
THE MYANMA OIL AND GAS ENTREPRISE

[Signature]

By UPE
Title Managing Director

WITNESSES

[Signature]

Signed, and delivered on behalf of
TOTAL MYANMAR EXPLORATION AND PRODUCTION

[Signature]

By Jean-Rene Sevogue
Title Director General

WITNESSES

[Signature]

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Signed, and delivered
on behalf of
UNOCAL MYANMAR OFFSHORE Co Ltd

By MARTY F. MILLER
Title PRESIDENT

WITNESSES

Signed, and delivered
on behalf of
PTTEP INTERNATIONAL LIMITED

By VISET CHOPIEBAN
Title CHAIRMAN AND PRESIDENT

WITNESSES
Signed, and delivered
on behalf of
MOATTAMA GAS TRANSPORTATION COMPANY LIMITED

By Jean Nazir REJQOE
Title Chairman

WITNESSES

Signed, and delivered
on behalf of
TOTAL MYANMAR EXPLORATION AND PRODUCTION (the Operator)

By Jean Nazir REJQOE
Title Director General

WITNESSES