Ministry of Energy, Utilities and Climate

UNOFFICIAL TRANSLATION

LICENCE

NO. X/XX

FOR EXPLORATION FOR

AND PRODUCTION OF

HYDROCARBONS

8TH LICENSING ROUND

This translation is provided for convenience only, and in the event of any conflict between the wording of the Danish and English versions, the wording of the Danish version shall prevail in all respects.

2018

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Annex 1. Licence area

Annex 2. Work programme

Licencee

In pursuance of sections 5 and 13 of Act on the Use of the Danish Subsoil (the “Subsoil Act”), see Consolidated Act no 960 of 13 September 2011, as subsequently amended, and on the basis of information set out in the application of [date] and any other information received, the Minister for Energy, Utilities and Climate hereby grants to

[Company 1],

registered in [country] under registration number [no],

with a share of XX %

[Company 2],

registered in [country] under registration number [no],

with a share of XX %

.................................

.................................

Nordsøfonden,

registered in Denmark under registration number CVR no 29435065,

as to a share of 20 %

jointly (the “Licencee”), a licence (the “Licence”) for exploration for and production of hydrocarbons in the area specified in section 2, below.

The Licence is subject to the following terms and conditions.

Section 1 - Definitions

(1) For the purpose of this Licence the following terms shall have the meanings set forth respectively below, unless otherwise apparent from the context.

Hydrocarbons:

Hydrocarbons in the liquid, gaseous or solid state, found in a natural condition in the subsoil.

Liquid hydrocarbons:

Crude oil and condensate.

Hydrocarbon deposit or deposit:

A continuous accumulation of hydrocarbons in the subsoil. In case of doubt, the Danish Energy Agency shall determine what constitutes a hydrocarbon deposit.

(2) The Minister for Energy, Utilities and Climate may authorize other public authorities to exercise rights granted in this Licence to the Danish Energy Agency.

Section 2 – Licence area

(1) The Licence shall apply to the area indicated on the attached map, with the attendant corner coordinates and blocks shown in Annex 1.

(2) The corner coordinates are stated in geographical coordinates based on the European Datum 1950 (ED50). The block division in the Danish area is based on blocks having a size of 7.5 minutes of latitude and 15 minutes of longitude.

(3) Where the area covered by this Licence, or any part of it, is not within, or is withdrawn from, Danish sovereignty under rules of international law, including any international treaties, the Licencee shall be bound by any resulting restriction of the area, and shall not on this account have any claim whatsoever against the Danish Energy Agency or otherwise against the Danish State.

Section 3 – Scope of the Licence

(1) This Licence confers upon the Licencee the exclusive right to explore for and to produce hydrocarbons, as defined in section 1, within the area referred to under section 2. Excepted are such hydrocarbons as are obtained by subjecting coal, bituminous shale or other underground deposits to decomposing distillation processes or other similar treatment, and methane accumulations in quaternary strata that are subject to private ownership.

(2) This Licence shall not prevent permission from being granted, within the area covered by this Licence, to any parties other than the Licencee to undertake preliminary investigations of the subsoil with a view to exploration for hydrocarbons, to explore for and to produce raw materials other than those covered by this Licence, to establish and operate pipeline facilities intended for activities falling within the scope of the Subsoil Act, to use the subsoil for storage or for purposes other than production and to carry out scientific investigations. The Licencee shall ensure that the activities referred to in the previous sentence and the hydrocarbon exploration and production activities carried on under any other licences are not unnecessarily impeded.

(3) Where both hydrocarbons and other natural deposits are discovered within an area, and where such resources cannot be produced at the same time, the Danish Energy Agency shall decide which of the activities shall have priority.

(4) Where the Licencee discovers any raw materials other than those falling within the scope of the Licence, the Licencee shall be obligated to give notice thereof to the Danish Energy Agency.

(5) Where, as a necessary element of the production of hydrocarbons, other raw materials falling within the scope of the Subsoil Act are produced at the same time, the Licencee shall be entitled to such raw materials. The Danish Energy Agency reserves the right to impose upon the Licencee specific terms and conditions with respect thereto, including payment of a special fee in case the production is economically significant.

Section 4 – Work programme and evaluation programme

(1) The Licencee shall carry out any such exploration works as are specified in the work programme attached hereto as Annex 2.

(2) Where the Licencee discovers any hydrocarbons, notice thereof shall promptly be given to the Danish Energy Agency. Not later than six months after the completion of the drilling activity during which the discovery is made, the Licencee shall produce a report on the discovery and a programme for such further works as are necessary, in accordance with good practice within the oil industry in the North Sea countries, to ascertain whether a hydrocarbon deposit has been demonstrated under conditions such that production is technically feasible and must be considered economically profitable (an evaluation programme). The evaluation programme shall include a time schedule for the execution of the works. If the discovery is made in the exploration period, the time schedule shall aim at establishing the necessary basis, before the date of expiry of the exploration period fixed in the first sentence of section 5(1), or within any extension of the exploration period granted by the Danish Energy Agency pursuant to the second sentence of section 5(1), for the issuance of a declaration as provided in section 5(3) hereof. The evaluation programme shall be subject to approval by the Danish Energy Agency.

Section 5 – Terms of licence and extension for the purpose of production

(1) The Licence shall be valid for a term of six years from the date of issuance. The Danish Energy Agency may extend the term of the Licence for the purpose of exploration by up to 4 years at a time, provided that special circumstances exist. The cumulative exploration period, however, may only exceed ten years in exceptional cases.

(2) Any extension of the Licence under section 13(2) of the Subsoil Act for the purpose of production is to be granted by the Danish Energy Agency for the area delimited under subs. (4) for a period of 30 years from the granting of the extension; however, see section 35(4) below. Extensions may be granted separately for one or more areas.

(3) The right to an extension referred to in subs. (2) shall be conditional upon the Licencee having satisfied its obligations, including performance of the evaluation programme approved under section 4(2), and upon the submission, not later than four months before the expiry of the period specified in subs. (1), of a request for an extension of the term of the Licence. The request shall contain a declaration to the effect that a hydrocarbon deposit has been demonstrated under conditions such that production is technically feasible and must be considered economically profitable, and that the Licencee intends to undertake such production. The request shall be accompanied by a report on the evaluations of the deposit that supports the declaration. The report shall contain a description and an evaluation of the deposit in terms of its geology and the technical aspects of the reservoir, as well as a statement of the assumptions concerning production techniques and the economic factors on which the Licencee's declaration is based.

(4) The Danish Energy Agency shall undertake the delimitation of the area or areas with respect to which the Licence is extended for the purpose of production. The delimitation shall be indicated by geographical coordinates and by depths. The area thus delimited shall include the deposit such as its extent, in terms of coordinates and depths, has been substantiated by the Licencee in the opinion of the Danish Energy Agency in connection with the Licencee’s request for an extension of the term of the Licence. Where conditions so require, a delimited area may include more than one deposit. If the delimitation of the deposit cannot be established with substantial accuracy, the Danish Energy Agency shall take this into account in establishing the supplementary area and depths.

Section 6 - Production

(1) Any extension of the term of the Licence pursuant to section 5 for the purpose of production is conditional upon the Licencee submitting, prior to a deadline set by the Danish Energy Agency in granting the extension, a plan for the activities, including preparations for production and the facilities therefor (production arrangements, etc.) meeting the approval of the Danish Energy Agency pursuant to section 10 of the Subsoil Act, and upon the Licencee commencing production by the date fixed in the approval.

(2) The Danish Energy Agency may lay down detailed rules on the content and form of an application pursuant to section 10 of the Subsoil Act as well as on the information to be submitted together with or subsequent to the application.

Section 7 – One time fee

The Licencee shall pay a fee of DKK 100,000. The fee shall be paid to the Danish Energy Agency not later than 30 days after the granting of the Licence.

Section 8-12 (Not used)

(Not used)

Section 13 – State participation

(1) Nordsøfonden shall exercise for the Danish State the rights under this Licence in proportion to the size of the share held by it. The more specific rules concerning the State Participant’s rights and obligations as a co-holder of the Licence appear from section 8 of the Subsoil Act and are otherwise set forth in the joint operating agreement which, under section 18 of the Licence, is subject to the approval of the Danish Energy Agency.

Section 14-17 (Not used)

(Not used)

Section 18 – Joint Operating Agreement

(1) The Licence is granted subject to the condition that a joint operating agreement concerning the performance of the activities covered by the Licence is executed not later than 90 days after the Licence has been granted, such agreement being subject to the approval of the Danish Energy Agency.

(2) Any amendment of, deviation from or supplement to such agreement, including the appointment of a new operator, shall be subject to the approval of the Danish Energy Agency.

Section 19 - Observers

(1) Representatives of the Danish Energy Agency shall be entitled to attend as observers any meetings of committees or groups established in connection with the activities comprised by the Licence.

(2) The Danish Energy Agency shall receive the same notice and be given the same material, including minutes of meetings, as the Licencee.

Section 20 – Transport and accommodation for supervisors etc.

At the Danish Energy Agency’s request, the Licencee shall arrange for the transportation of public authority representatives from their places of work to and from the places where the activities are being performed, and shall also provide accommodation. The associated expenditure shall be borne by the Licencee.

Section 21 - Reporting

(1) In order to ensure insight into and allow supervision of the Licencee's activities under this

Licence, the Licencee shall:

1. Provide all necessary financial information about the business, see section 26 of the Subsoil Act. The Licencee must amongst other things submit annual reports for the Licencee, the guarantor and the ultimate parent company, consisting of balance sheet, income statement and company report and must provide information about shareholders representing not less than one-tenth of the share capital. Where the Licence is held jointly by several parties, such information must be provided for each participant; also, financial statements must be prepared showing all joint income and expenditure. The Danish Energy Agency must generally always be provided with consolidated annual reports audited by authorised public accountants in accordance with the provisions of the Danish Financial Statements Act, IFRS or any other internationally accepted accounting principles approved by the Danish Energy Agency; in special cases and by specific request, however, the Danish Energy Agency may derogate from these requirements. In addition, the Danish Energy Agency may agree to accept annual reports in other languages, provided any such annual report is accompanied by a true and faithful translation into Danish or English. In addition, the Licencee must provide information without delay of any material changes to the company’s capital structure.
2. Submit any required information about the Licencee's activities in regard to preliminary investigations, exploration, production and decommissioning activities. In connection with the performance of geophysical, geological, geochemical and other investigations as well as drilling activities, the Licencee shall thus submit, on a current or periodic basis, reports, samples, raw data, processed results, interpretations and evaluations, together with summary reports containing an interpretation and evaluation of the results obtained. With respect to the establishment and operation as well as decommissioning of production installations, the Licencee shall, on a current or periodic basis, submit information and reports on any present and future activities.
3. Each year submit a summary of the Licencee's anticipated activities and budgeted expenditures during the following four calendar years. The summary shall specify the individual activities and the anticipated expenditures on preliminary investigations and exploration and the commencement, operation and decommissioning of production activity, as well as the anticipated income and taxation in each year of the said period.

(2) The Danish Energy Agency shall issue detailed rules and guidelines concerning the time of submission of the information referred to in subs. (1), including the form and degree of specification of such information, as well as rules concerning the bookkeeping of the Licencees. The Danish Energy Agency may also issue rules and guidelines concerning information that the Licencee may be required to submit in addition to that stipulated in subs. (1) and in the rules laid down pursuant to the provisions of section 34(1) of the Subsoil Act, and may demand that further information be furnished in individual cases, if considered necessary.

(3) The Danish Energy Agency may issue rules concerning the Licencee's storage and use of

samples, data, etc.

Section 22 – Confidentiality and disclosure of information

(1) Any authorities and persons performing duties pursuant to the Subsoil Act, and any persons assisting therewith, shall be subject to the confidentiality obligations under the provisions of sections 152 to 152f of 'Straffeloven' (the Penal Code) in respect of such information and samples, etc., as may be received by the authorities from the Licencee under this Licence and under sections 26 and 34 of the Subsoil Act.

(2)The information submitted under the Licence is publicly accessible subject to the provisions of the Danish Public Information Act, the Danish Public Administration Act and the Danish Environmental Information Act, except in the case of the exemptions provided for under the said acts.

(3) Notwithstanding the provisions of subsection (2), above, all information and samples etc. covered by section 34(1) of the Subsoil Act may be disclosed to parties other than public authorities after 5 years from the date on which the information etc. was provided and made available to the Licencee. If the Licence expires, is relinquished, lapses or is revoked, in whole or in part, the period will be limited to 2 years, notwithstanding the provision of subsection (2), above, with regard to information concerning the area no longer covered by the Licence.

(4) The provisions in subs. (1)-(3) shall not prevent the disclosure of such information if:

1. No legitimate interest of the Licencee requires the information to be kept confidential;
2. it is determined that the Licencee's interest in maintaining confidentiality must yield to considerations of essential public interest;
3. information of a general nature is furnished in connection with the issuance of public statements, annual reports, etc., concerning matters relating to exploration and production, or
4. information is disclosed as part of the cooperation with other countries’ authorities and subject to the condition that similar provisions for ensuring secrecy of such information apply in the country in question. Information received from other countries’ authorities that is classified as secret or confidential, or where this is implied by the nature of the information, shall be subject to the provisions of subs. (1) above.

Section 23 (Not used)

(Not used)

Section 24 - Measurement

(1) Any equipment, procedures and units of measurement for the qualitative and quantitative measurement of hydrocarbons produced are subject to approval by the Danish Energy Agency. Measurements shall be performed according to a recognized and customary procedure, and the Danish Energy Agency shall be able to check them.

(2) If it is ascertained that the methods or equipment used have resulted in incorrect measurement results, the Danish Energy Agency will lay down procedures, after consulting the Licencee, for determining the measurement results in a manner deemed to be correct by the Danish Energy Agency. The Danish Energy Agency may order the Licencee to make more detailed investigations in order to provide the requisite basis.

Section 25 – Drilling regulations

The Licencee shall be obligated to comply with such rules and regulations on the performance of drilling activity and other works as may be prescribed from time to time as a condition for approval under section 28 of the Subsoil Act.

Section 26 – 29 (Not used)

(Not used)

Section 30 - Insurance

(1) The Licencee's liability under the Subsoil Act must be insured according to the provisions of subsection (2)-(4), below, see also section 24e of the Subsoil Act.

(2) The insurance shall provide reasonable coverage, in light of the risks involved in the operation of the business and the premiums to be paid.

(3) At the end of each calendar year, the Danish Energy Agency shall be informed of the insurance then in force and of the principal terms thereof. The Danish Energy Agency may require additional insurance to be taken out.

(4) The Licencee also shall be obligated to comply with any rules concerning insurance that may be issued by the Danish Energy Agency.

Section 31 - Liability

If the Licence is granted to several parties jointly, they shall be jointly and severally liable for any damages claimed pursuant to section 35 of the Subsoil Act and for the satisfaction of any obligations to the State under this Licence.

Section 32 - Security

The Licencee must provide security for the fulfilment of all obligations under the Licence, see section 24f of the Subsoil Act. Security must be provided no later than 30 days after the granting of the Licence and is subject to approval by the Danish Energy Agency. Security may be provided by way of a parent company guarantee, and the Danish Energy Agency may require the security to be changed or supplemented with 30 days’ prior notice.

Section 33 - Assignment

Neither this Licence nor any interest therein may be assigned or otherwise transferred, either directly or indirectly, in whole or in part, to any third party or between several co-Licencees, without the approval of the Danish Energy Agency, cf. section 29 of the Subsoil Act. Corresponding restrictions shall also apply to the transfer of shareholdings and interests in companies in such amounts as may result in the transfer of a controlling interest in a company that is a co-Licencee, and to the conclusion of agreements having the same effect.

Section 34 - Relinquishment

(1) (not used)

(2) Where the Licence has been extended in respect of one or more areas for the purpose of production, the Licencee may relinquish the right to any such area upon one year's notice.

(3) In the event of any relinquishment pursuant to subs. (2), the provisions in sections 36 and 37 shall apply.

Section 35 – Revocation and lapse of licence

(1) The Danish Energy Agency may revoke this Licence, see section 30 of the Danish Subsoil Act:

1. if the provisions of the Subsoil Act and of this licence or any stipulations, terms or orders thereunder are not complied with;
2. if incorrect or misleading information is provided in an application for a licence;
3. if reconstruction proceedings are taken against one or more of the holders of the licence or if one or more of the holders are declared bankrupt.

(2) If the default can be remedied by the Licencee, the Licence may not be revoked pursuant to para. 1) of subs. (1) until the Danish Energy Agency has ordered that the default be remedied within a specified period, and such order has not been complied with.

(3) In the case of revocation pursuant to subs. (1) and lapsing of the Licence pursuant to subs. (4), the provisions of sections 36 and 37 shall apply.

(4) If production has been initiated and is then suspended for a period of more than two

consecutive years, and such suspension is not part of an approved plan, the Licence shall

lapse for the area concerned, unless the Licencee can substantiate that continuing production

is temporarily non-viable commercially. In such event, the Licencee may retain the Licence for

a period fixed by the Danish Energy Agency of up to five consecutive years, even though

production is suspended during such period.

Section 36 – Consequences of termination of licence

(1) The expiry, relinquishment, lapsing or revocation of the Licence shall not relieve the Licencee of its obligations pursuant to legislation, this Licence or any other applicable rules, conditions or orders.

(2) Where any part of the work programme laid down in Annex 2 or in prolongations to the Licence is not performed, the Licencee, unless exempted by the Danish Energy Agency, shall pay to the Treasury an amount equal to the cost of performance of the obligations. In establishing such amount, account shall be taken of the costs that would have been incurred by having other parties perform the work for the State at the time of termination of the Licence.

(3) Payment of the amount referred to in subs. (2) shall not be subject to the Danish Energy Agency having the remaining work performed.

(4) Payment shall be made not later than 30 days after the Danish Energy Agency has submitted a request in this respect.

(5) In case of late payment, the licencee must pay interest at an annual rate equalling the rate set out in section 5(1) of the Danish Act on Interest and other Circumstances in Case of Late Payment (the Interest Act).

Section 37 – Transfer and removal of facilities etc.

(1) If the Licence terminates due to its expiry, relinquishment, lapsing or revocation, in respect of either the entire area or part thereof, the State shall be entitled to take over, without consideration, all or part of any facilities, equipment and installations intended for long-term use within the area concerned, as well as any required accessories and materials, including journals and manuals, etc.

(2) If the Licence terminates, cf. subs. (1), the Licencee shall be obligated to ensure that the facilities, etc., referred to in subs. (1) are located within the area and can be assigned to the State without consideration, in a condition consistent with satisfactory maintenance and repair. Corresponding rules shall apply to the facilities, etc., referred to in subs. (1) that are in the course of construction for the purpose of production activities, provided, however, that the Licencee shall not be obligated to take any further measures towards the completion thereof.

(3) At the time the Licence terminates, cf. subs. (1), the Licencee shall be obligated to ensure that the facilities, etc. referred to in subs. (1) and (2) that do not belong to the Licencee or that are encumbered with other rights in favour of third parties, are released from any third party rights, such that they can be assigned to the State without consideration and free of encumbrances.

(4) In the event of failing to comply with its obligations under subs. (1), (2) and (3), whether or not negligence is shown, the Licencee shall be obligated to compensate for any and all losses caused thereby, including any loss of profits and all expenses which the State is required to bear in order to be placed in the same position as if such obligations had been satisfied in accordance with their terms.

(5) The provisions of subs. (1) to (4) shall apply mutatis mutandis to installations, etc. that are abandoned or disused prior to the termination of the Licence, in step with the use of such installations being discontinued.

(6) At or before the submission of an application for a permit or approval under sections 10, 17, 23 or 28 of the Subsoil Act, the Licencee must submit a decommissioning plan in respect of all facilities and installations etc. in connection with the Licence for approval by the Danish Energy Agency, see section 32a of the Subsoil Act. The plan must include a statement of the expected cost of implementing the plan and a description of the procedure for ensuring that the financial resources required for the implementation of the plan are available.

The decommissioning plan must include information about the removal of facilities etc. In addition, the plan must include information about and an assessment of the environmental and security consequences of the plan as well as a time schedule for its implementation. The Danish Energy Agency may stipulate guidelines for the content of the plan.

According to a time schedule stipulated by the Danish Energy Agency, the Danish Energy Agency may require the Licencee to remove all or part of any facilities etc. that the state does not wish to take over under subsections (1)-(5), above, whether such facilities are the property of the Licencee or any other party.

(7) The Danish Energy Agency may at any time require the Licencee to take other necessary measures designed to prevent any risk or inconvenience caused by facilities etc. If the Licencee fails to satisfy any such requirement, the Danish Energy Agency is entitled – without further notice - to have the requisite measures taken at the Licencee’s expense and risk in every respect. Should the removal or the implementation of preventive measures give rise to a claim for damages against the state by a third party, the Licencee must indemnify the state.

Section 38 - Indemnity

The Licencee shall indemnify the State against all claims whatsoever which may be made by any third party against the State as a consequence of the Licencee's activities.

Section 39 – Relationship to legislation

(1) This Licence shall be subject to the laws of Denmark in force from time to time, including future amendments, if any, to the Act on the Use of the Danish Subsoil, executive orders, decrees, and the obligations in force from time to time that arise from Denmark's membership of the European Union. Accordingly, this Licence shall not restrict the State's general right to levy taxes or its authority to issue general provisions concerning more specific aspects of exploration and production activities.

(2) This Licence shall not exempt the Licencee from obtaining any other licences and approvals required pursuant to the Act on the Use of the Danish Subsoil and legislation in general.

Section 40 – Law and jurisdiction

(1) Any disputes arising in connection with this Licence or with the Licencee's performance of activities under this Licence shall be resolved pursuant to the laws in force in Denmark.

(2) The venue shall be Copenhagen.

(3) Subs. (1) and (2) shall not prejudice the right of the Danish Energy Agency and the Licencee to agree, in any particular case, that a dispute as referred to in subs. (1) shall be resolved by arbitration.

Copenhagen, the 26th June 2018

Lars Chr. Lilleholt

/

Janni Torp Kjærgaard

**Annex 1**

To licence No. X/XX

for Exploration for and Production of Hydrocarbons

**Area covered by the Licence, cf. section 2(1).**

The Licence covers the areas in block ......................... shown on the attached map with the corner coordinates:

(Geographic coordinate system European Datum 1950)

**Latitude Longitude**

Point Degrees Minutes Seconds Degrees Minutes Seconds

1 X X X X X X

2 X X X X X X

X X X X X X X

X X X X X X X

1 X X X X X X

Where possible, the licence area is delineated by connecting the corner coordinates in the above order by latitudes or longitudes. If not, geodetic lines will be used.

Map

Map

**Licence no. X/XX**

Projection UTM 31, ED 50

**Annex 2**

to Licence No. X/XX

for Exploration for and Production of Hydrocarbons

**Work programme for the Licence, cf. section 4(1).**

The following work programme covers the exploration activities that the Licencee shall carry out, as a minimum, pursuant to section 4(1) of Licence No. X/16 for Exploration for and Production of Hydrocarbons relating to the licence area, cf. Annex 1:

1) Not later than xx months after the issuance of the Licence, the Licencee shall have acquired xx km/km2 of new 2D/3D seismic data.

2) The Licencee shall drill one (1) exploration well and shall commence drilling the well not later than xx months after the issuance of the Licence. The well shall be carried to a depth that makes it possible to carry out logging of the entire XX Formation.

3) ......

4) ......

When the Licence for an area terminates, the Licencee shall submit a final report to the Danish Energy Agency on the hydrocarbon potential in the relevant area.

The wells shall be drilled so as to ensure safe and appropriate exploration, which shall include core drilling, extraction of samples and test production, and otherwise in conformity with any guidelines laid down by the Danish Energy Agency in connection with the approval of each individual drilling programme.

Satisfactory analyses and interpretations of acquired data shall be prepared. The Licencee shall comply with any instructions issued by the Danish Energy Agency in this respect.

Prior to the commencement of the work, the Licencee may obtain the Danish Energy Agency’s

opinion as to whether the work planned will serve towards fulfilling the work programme.