



**MEMORANDUM OF UNDERSTANDING**

**between**

**NATIONAL OIL CORPORATION OF KENYA**

**and**

**EASTERN ECHO DMCC**

**FOR A PROPOSED JOINT COLLABORATION**

**Dated** 26 July **2013**



Memorandum of Understanding between Eastern Echo DMCC and National Oil Corporation of Kenya

**THIS MEMORANDUM OF UNDERSTANDING IS NOT INTENDED TO BE LEGALLY BINDING EXCEPT AS SPECIFICALLY SET OUT BELOW.**

This Memorandum of Understanding (hereinafter "MOU") is effective on the 26<sup>th</sup> day of July 2013 (hereinafter the "Effective Date") between

**Eastern Echo DMCC** incorporated and registered in the United Arab Emirates with Company Number 0936 whose registered office is at PO Box 214826, Dubai, UAE, Mailing Address: Saba 1, Office 2401, Jumeirah Lakes Tower, Dubai, UAE, acting on its behalf and on behalf of its affiliates (hereinafter "**WesternGeco**");

and,

**NATIONAL OIL CORPORATION OF KENYA**, a State Corporation incorporated under the Companies Act, Cap 486 of the laws of Kenya and of Post Office Box Number 58567-00200, Nairobi in the Republic of Kenya (hereinafter "**NATIONAL OIL**");

(hereinafter collectively the "**Parties**" and individually the "**Party**")

**WHEREAS**, the Republic of Kenya wishes to promote the petroleum acreage onshore and offshore areas to prospective oil and gas companies and investors;

**WHEREAS**, NATIONAL OIL as the authorized and competent authority to acquire and manage geological and geophysical data for and on behalf of the Republic of Kenya, a right which NATIONAL OIL may contract to a qualified entity, in this particular instance to WesternGeco;

**WHEREAS**, WesternGeco is a geophysical contractor that is experienced (*inter alia*) in the acquisition, processing, reprocessing, interpretation, brokering, marketing, and licensing of geological and geophysical information, obtained offshore and has the financial ability, technical competence and professional skills necessary;

**WHEREAS**, the Parties have held deliberations regarding the possibility of collaborating on the acquisition, processing, reprocessing, interpreting, brokering, marketing and licensing of geological and geophysical data onshore and offshore, as well as the installation of a National Data Centre and Data Processing capability, (hereinafter the "Collaboration"),

**WHEREAS**, the Parties are interested in participating in a joint collaboration project subject to the terms set out in this MOU and a mutually agreed definitive written agreement (hereinafter "The Agreement");

**NOW THEREFORE**, in consideration of mutual undertakings contained herein, NATIONAL OIL and WesternGeco hereby agree as follows:



**1. PURPOSE**

- 1.1. The purpose of this MOU is to provide a legal framework under which the Parties can define their roles, rights and responsibilities and the mechanism for engagement and commitment for the execution of the Collaboration.
- 1.2. This MOU shall constitute a statement of the mutual intention of the Parties with respect to proceeding with the Collaboration and associated agreements and does not necessarily contain all matters upon which agreement must be reached.

**2. THE COLLABORATION**

- 2.1. WesternGeco will act on behalf of NATIONAL OIL to acquire, process, reprocess, interpret, market, broker and license, geological and geophysical data from-offshore the Republic of Kenya to international oil and gas companies for a period to be agreed between the parties.
- 2.2. This Collaboration will include, but is not limited to:
  - a) exclusively acquire, process, reprocess, interpret market, broker and license a new regional 2D survey and any associated geological and geophysical data set out in Map 1 of Appendix A;
  - b) undertake a Geology and Interpretation Collaboration within Kenya and build a regional understanding of Kenya offshore including Petroleum Systems modelling which may be conducted outside Kenya and to identify specific areas for a new 3D acquisition survey;
  - c) subsequently acquire, process, reprocess, interpret market, broker and license a new regional 3D survey and any associated geological and geophysical data set out in Map 1 of Appendix A;
  - d) exclusively store, process, reprocess, interpret market, broker and license any existing geological and geophysical data if required and if mutually agreed;
  - e) set up a new National Data Centre with associated support;
  - f) provide a new Data Processing Centre initially comprised of WesternGeco's proprietary Omega seismic processing system and conduct initial training;
  - g) provide a Collaboration and Visualisation Centre the cost of which may be met by WesternGeco and recovered from NATIONAL OIL's share of future revenues generated from licensing of geological and geophysical data to third parties subject to the availability of sufficient funding;
  - h) Carry out any other ancillary projects to the Collaboration, subject to the capabilities and agreement of both Parties.



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- 2.3. The costs associated with the Collaboration shall be dealt with in the Agreement, or any other supplemental agreements. Each Party shall be entitled to receive a revenue share out of the revenues generated from the licensing of geological and geophysical data to third parties, such share shall be dealt with in the Agreement.

**3. CONDITIONS AND APPROVALS**

The proposed Collaboration will be conditional on:

- a) WesternGeco obtaining the necessary permits, consents, licenses, governmental consents, and authorisations, required to perform the Collaboration;
- b) the execution of the Agreement by the Parties.
- c) adequate industry pre-funding

**4. GOVERNING PRINCIPLES**

The Parties agree the following principles:

- 4.1. Any relationship between the Parties will be based upon the following legal principles generally accepted within the international oil and gas industry:
  - a) Risk allocation scheme in line with international acquisition and processing industry standards and practices;
  - b) Mutual and reciprocal waiver of consequential damages; and
- 4.2. NATIONAL OIL will allow WesternGeco to negotiate directly with oil and gas companies concerning reprocessing or interpretation projects or commitment to new non-exclusive surveys.
- 4.3. The terms and conditions of the Agreement by the Parties shall prevail over those of this MOU.
- 4.4. The Parties hereby undertake to share all information which will aid the brokering, marketing and licensing of geological and geophysical data, in particular NOCK will provide to WesternGeco details of all current or future license agreements or blocks granted to oil and gas companies, if applicable.  
**This clause 4 is legally binding.**

**5. DURATION AND TERMINATION OF MOU**

- 5.1. This MOU shall commence on the Effective Date and shall remain in force until the 31 December 2013 or until the Parties have executed the Agreement for the Collaboration, whichever is earlier, subject to any mutually agreed extension.  
**This clause 5 is legally binding.**

**6. EXCLUSIVITY**

- 6.1. NATIONAL OIL will, from the Effective Date of this MOU, deal exclusively with WesternGeco with regards to this Collaboration, and will not solicit or negotiate with or enter into any contract or understanding with any third party concerning this or



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any other similar collaboration project over the area set out in Map 1 of Appendix A while this MOU remains in force.

- 6.2. For sake of clarity, WesternGeco shall have exclusive rights of acquiring MC3D seismic data over the area underlying the 2D grid set out in Map 1 of Appendix A.

WesternGeco understands and agrees that CGG may be awarded a MC3D seismic acquisition contract by Anadarko and Total over the area set out in Map 2 of Appendix A. Subject to the award of such contract to CGG and notwithstanding clauses 2.2(c) and 6.1, and unless agreed otherwise with NATIONAL OIL, WesternGeco agrees not to carry out any 3D seismic acquisition in the western portion of Block L25 set out in Map 1 of Appendix A until the 1<sup>st</sup> of September 2014.

If CGG is not awarded a MC3D seismic acquisition contract by Anadarko and Total or if CGG has not completed the seismic acquisition over the area of Block L25 set out in Map 2 by the 1<sup>st</sup> of September 2014 WesternGeco exclusive rights shall extend to the remaining area of Block L 25.

WesternGeco's exclusive right of acquiring a 2D seismic acquisition over the area set out in Map 1 shall not be affected by the award of a 3D seismic acquisition contract to CGG.

**This clause 6 is legally binding.**

## 7. CONFIDENTIALITY

- 7.1. Any and all information furnished by WesternGeco to NATIONAL OIL, whether in writing or orally, including but not limited to geophysical data, geological data, maps, charts, business plans, financial information, know-how and trade secrets, costing or pricing policies and marketing plans (hereinafter "WesternGeco Evaluation Material") shall be deemed confidential and shall be kept and maintained by the NATIONAL OIL under appropriate safeguards.
- 7.2. NATIONAL OIL agrees that all WesternGeco Evaluation Material will remain WesternGeco's sole property and will not be disclosed to others or used by NATIONAL OIL for any purpose other than for the evaluation of the Collaboration and shall not be used in any manner that is adverse or detrimental to WesternGeco. NATIONAL OIL further agrees that all WesternGeco Evaluation Material in tangible and electronic form (including but not limited to reports, drawings, plans and specifications) shall be returned to WesternGeco upon request.
- 7.3. WesternGeco agrees that all confidential information received from NATIONAL OIL (hereinafter "NATIONAL OIL Confidential Information") shall remain NATIONAL OIL's sole property and will not be disclosed to others or used by WesternGeco for any purpose other than for NATIONAL OIL's benefit. WesternGeco further agrees that all NATIONAL OIL Confidential Information in tangible and electronic form (including but not limited to reports, drawings, plans and specifications) shall be returned to NATIONAL OIL upon request.



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7.4. The Parties agree that all discussions between the Parties and information disclosed to each other shall remain confidential between the Parties.

7.5. Notwithstanding anything to the contrary, this Clause shall remain in full force and effect for a period of five (5) years. Notwithstanding the expiration or termination of this MOU, all terms and conditions hereof regarding confidentiality and restrictions on the use of Evaluation Material delivered to NATIONAL OIL shall survive and continue in full force and effect.

**This clause 7 is legally binding.**

**8. INDEPENDENT CONTRACTOR**

8.1 Nothing in this MOU shall be construed as creating an employer-employee, agency, partnership, joint venture, trust, or other relationship between the Parties. Neither Party shall have any authority, express or implied, to enter into any contracts, obligations, or commitments on behalf of or binding on the other Party.

**This Clause 8 is legally binding.**

**9. ENTIRE CONTRACT**

9.1. This MOU comprises the full and complete understanding between the Parties in relation to their intention regarding the Collaboration and does not necessarily contain all matters upon which the Agreement will be based.

9.2. Nothing in this MOU is intended to modify or supersede any existing contracts between the Parties and shall not form a part of any subsequent contracts finalised between the Parties.

9.3. No amendments, changes or modifications to this MOU shall be valid except if the same are in writing and signed by a duly authorised representative of each of the Parties hereto.

**This Clause 9 is legally binding.**

**10. GOVERNING LAW**

10.1. This MOU is, and all negotiations and any legal agreements prepared in connection with the Collaboration proposed herein, and any dispute or claim arising out of or in connection with them or their formation shall be, governed by, and construed in accordance with, the Laws of Kenya.

10.2. The Parties irrevocably agree that any dispute or claim that arises out of or in connection with this MOU and negotiations relating to the proposed Collaboration or their subject matter or formation shall be settled through mediation or arbitration.


**This clause 10 is legally binding.**



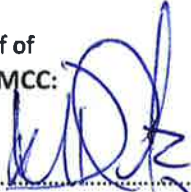
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In witness whereof, the Parties have executed this MOU on the date first herein before mentioned (the Effective Date)

For and on behalf of  
National Oil Corporation of Kenya

Signature:   
Print Name: S. Hassan - Alhassani  
Title: CEO  
Date: 26/7/13

For and on behalf of  
Eastern Echo DMCC:

Signature:   
Print Name: William Derek Gibson  
Title: Director  
Date: 31-July-2013



Shared Collaboratively - Confidential

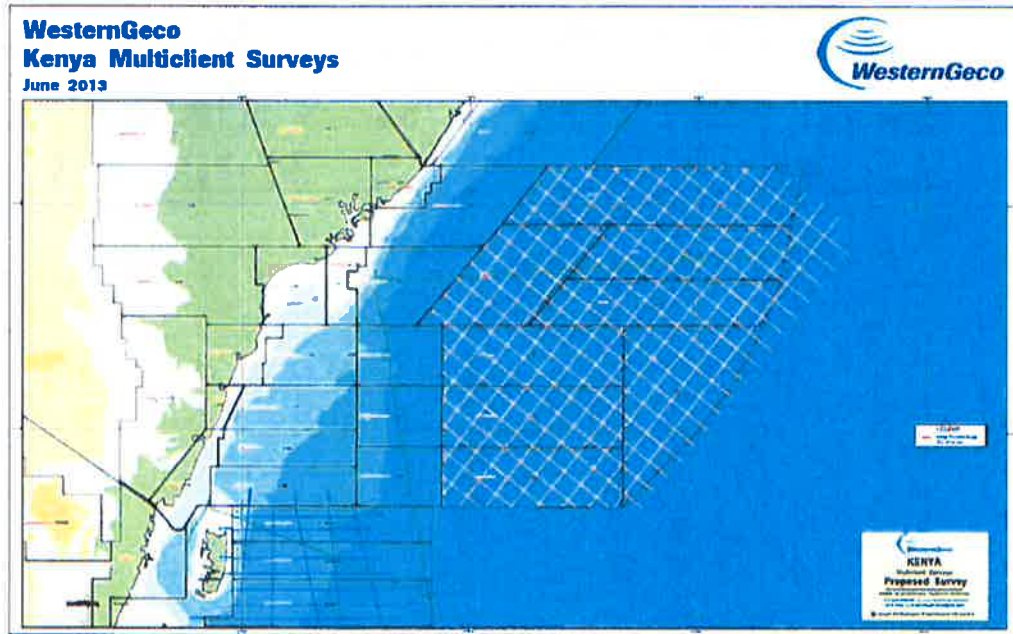


APPENDIX A

**MAP 1.**

**Proposed ( 20km x 20km ) 2D survey grid ~ 9,600 line kilometers 2D acquisition and underlying 3D exclusivity area**

**\* Survey Grid is subject to amendment by pre-committing companies**



Submitted for Confidential Evaluation - Confidential



**MAP 2**

**Proposed ( 20km x 20km ) 2D survey grid ~ 9,600 line kilometers 2D acquisition and underlying 3D exclusivity area, showing 3D that may be acquired by CGG for Anadarko and Total**

\* Survey Grid is subject to amendment by pre-committing companies

