

AGREEMENT

**ON COOPERATION BETWEEN SAKHALIN OBLAST GOVERNMENT
(RUSSIAN FEDERATION), REGIONAL COUNCIL OF AUTHORIZED
REPRESENTATIVES OF INDIGENOUS MINORITY PEOPLES OF THE
NORTH OF SAKHALIN OBLAST AND EXXON NEFTEGAS LIMITED**

The Sakhalin Oblast Government, represented by Alexander Vadimovich Khoroshavin, the Sakhalin Oblast Governor and Chairman of the Sakhalin Oblast Government, acting on the basis of Sakhalin Oblast Charter of July 9, 2001 (hereinafter the Government), the Regional Council of Authorized Representatives of Indigenous Minority Peoples of the North of Sakhalin Oblast, represented by Sergey Kisinpaevich Kurmanguzhinov, the Council Chairman, acting on the basis of the Council Regulation of March 25, 2005 (hereinafter the Council), and Exxon Neftegas Limited, incorporated in the Commonwealth of the Bahamas, with its registered branch in Russia at: 28 Sakhalinskaya Street, Yuzhno-Sakhalinsk, Russian Federation, 693000, acting as the Operator for the Sakhalin-1 Consortium, represented by J. G. Taylor, the President, acting on the basis of General Power of Attorney of December 17, 2010 (hereinafter ENL), referred as the Parties, based on the following principles:

- acknowledging the key role and responsibility of the state in ensuring welfare and development of Indigenous Minority Peoples of the North of Sakhalin Oblast;
- considering the importance of preserving traditional lifestyle, economy, crafts, cultural legacy and national languages of Indigenous Minority Peoples of the North of Sakhalin Oblast;
- realizing the importance of protecting the environment and traditional habitat of Indigenous Minority Peoples of the North of Sakhalin Oblast in conjunction with the Sakhalin-1 Project implementation;

- acknowledging special importance of the Sakhalin-1 project implementation, and also significant economic and social benefits from the project to the Russian Federation, Sakhalin Oblast and the community;
- considering many years of positive cooperation and ENL's desire to continue supporting Indigenous Minority Peoples of the North of Sakhalin Oblast;
- taking into account mutual interest of the Parties in continuing such cooperation,

have determined the following procedure for cooperation:

1. Relationship of the Parties in implementing this Agreement will comply with the effective Russian Federation legislation and Sakhalin-1 Production Sharing Agreement (hereinafter the PSA). None of the Agreement provisions shall change the PSA and none shall mean the Government or ENL waiver of their rights and obligations under the PSA.

2. Parties shall cooperate by means of:

- consulting on issues that may arise during development of natural resources by ENL in areas of traditional residence and traditional economic activity of Indigenous Minority Peoples of the North of Sakhalin Oblast;

- consulting on support to target-oriented charity programs in ENL's current operations areas with special attention to support and development of culture, education, healthcare and other important social issues;

- providing information support in respect of the issues pertaining to protection of traditional habitat, traditional lifestyle, economy and crafts of Indigenous Minority Peoples of the North of Sakhalin Oblast;

- assisting in performance of expert reviews and consultations provided for by the RF legislation when developing natural resources in areas of traditional residence and traditional economic activity of Indigenous Minority Peoples of the North of Sakhalin Oblast.

3. Parties shall create an Advisory Board where Parties are represented on a parity basis. Procedure for Advisory Board creation and functioning shall be established in the Regulation which is approved by all Parties hereof. Advisory Board will meet regularly to discuss the progress of fulfillment of this Agreement, coordinate and develop joint activities and programs. Representative of Indigenous Minority Peoples of the North of Sakhalin Oblast in the Sakhalin Oblast Duma may participate in the Advisory Board (without the right to vote in making decisions).

4. The Parties undertake to:

The Government shall

- provide information and consulting support in issues pertaining to changes in the RF and Sakhalin Oblast legislation;
- provide information and consulting support to ENL in performance of expert reviews and consultations provided for by the RF legislation when developing natural resources in areas of traditional residence and traditional economic activity of Indigenous Minority Peoples of the North of Sakhalin Oblast;
- provide consulting support in respect of assistance to ENL's target-oriented charitable programs aimed at development of culture, education, healthcare and other important social issues in ENL's current operations areas;
- assist in implementation of ENL's charitable programs and facilitate submission of timely reporting;
- send a representative to participate in the Advisory Board.

The Council shall

- provide information and consulting support to the Parties in issues pertaining to protection of traditional habitat, traditional lifestyle, economy and crafts of Indigenous Minority Peoples of the North of Sakhalin Oblast;
- assist ENL in performance of expert reviews and consultations provided for by RF legislation when developing natural resources in areas of traditional

residence and traditional economic activity of Indigenous Minority Peoples of the North of Sakhalin Oblast;

- provide consulting support in respect of assistance to ENL's target-oriented charitable programs aimed at development of culture, education, healthcare and other important social issues in areas where ENL currently operates;
- assist in implementation of ENL's charitable programs and facilitate submission of timely reporting;
- facilitate media coverage of ENL's projects including Internet resources;
- inform the public residing in the area of Sakhalin-1 operations, including Indigenous Minority Peoples of the North of Sakhalin Oblast, on joint activities under this Agreement;
- send a representative to participate in the Advisory Board.

ENL shall

- regularly consult with the Government and the Council on issues that may arise during development of natural resources by the Company in areas of traditional residence and traditional economic activity of Indigenous Minority Peoples of the North of Sakhalin Oblast;
- consult with and take into account the opinion of the Advisory Board when implementing ENL's target-oriented charitable programs aimed at development of culture, education, healthcare and other important social issues in ENL's current operations areas;
- provide financial support for implementation of social projects supporting Indigenous Minority Peoples of the North of Sakhalin Oblast in the area of charity within the budget agreed with the Sakhalin-1 Consortium members;
- send a representative to participate in the Advisory Board.

5. Cooperation between the Parties under this Agreement may include joint activities in additional areas, if previously approved by the Parties.

6. Implementation of projects and programs in the areas of cooperation under this Agreement may be a subject of separate agreements including those

involving other interested parties that may be brought in upon agreement of the Parties hereto.

7. This Agreement shall become effective from the day of its execution by the Parties. Any Party may at any time terminate this Agreement unilaterally by sending a written notice to the other Parties.


8. Upon mutual agreement the Parties may make changes into this Agreement, which will be drawn up in a separate protocol and become an integral part hereof.


This Agreement was signed in Yuzhno-Sakhalinsk on 4 September 2012 in three original copies, each in Russian and English, both texts having equal legal power.


Chairman of Sakhalin Oblast
Government

Regional Council of
Authorized
Representatives of
Indigenous Minority
Peoples of the North of
Sakhalin Oblast

President of Exxon
Neftegas Limited


A. V. Khroshavin
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S. K. Kurmanguzhinov
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J. G. Taylor
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