



MEMORANDUM OF UNDERSTANDING

BETWEEN

Trenergy (Malaysia) Bhd

And

Hindustan Petroleum Corporation Limited

And

Prize Petroleum Company Limited,

On Joint Bidding

For

Cluster 7

JUNE 2005

WHEREAS,

1. Oil and Natural Gas Corporation Limited, (hereinafter referred to as "ONGC") of India has issued an invitation to bid for the development of 9 Clusters of Offshore Marginal fields.
2. The Parties are desirous to form a Bidding Group for Cluster 7,
 - a. to investigate the potential for joint co-operation in or connected with putting up of a bid regarding the above tender ;
 - b. to form a study group to evaluate the potential of the Cluster ;
 - c. to develop a joint bidding strategy in respect of the Cluster ;
 - d. to determine the terms and conditions of the Bid;
 - e. making the Bid as referred to in this MOU and liaising with ONGC in relation to the Bid and their respective terms and conditions
 - f. in execution of the contract as a Consortium for developing the cluster stated above, as may be awarded by ONGC to the Parties.
3. The Parties wish to record the principles of their agreement in respect of the foregoing matters.
4. The Parties have agreed to enter into this MOU for the purposes of laying down the basis for making and offering the Proposal together and defining their rights in the manner and with such covenants and conditions as hereinafter contained.

NOW IT IS HEREBY AGREED TO AS FOLLOWS:

1. DEFINITIONS

- "Affiliate" means in relation to each Party, and Company, Corporation or other entity:



- (1) which is directly or indirectly controlled by such Party; or
- (2) which directly or indirectly controls such Party; or
- (3) which is directly or indirectly controlled or by a Company Corporation or other entity ; which directly or indirectly controls another entity; which also directly or indirectly controls such Party.

For the purposes of this definition, the ownership of at least 50% of the voting securities of a Company shall constitute control.

- **“Bid”** means a bid submitted by the Parties to ONGC for award of Offshore Oil Clusters offered by ONGC vide its Tender No MR/WOB/MM/NMFD/10/2004/OT- 115 towards development of the Cluster offered by ONGC as well as for entering into a Service Contract with ONGC
- **“Bidding Group/ Consortium”** means the Parties to this MOU forming a group for the bidding of the Service Contract for the development of Offshore Marginal Oil Clusters No. 7
- **“Contract”** means deal executed with ONGC as a result of acceptance of the Bid.
- **“Data”** means all geological , geophysical , technical and other information (in whatever media) which is relating to the presence, absence or extent of deposits of hydrocarbons in the Cluster or which is likely to be of assistance in determining the presence, absence or extent of such deposits. It includes all information provided by the Parties to each other under the Confidentiality Agreement.
- **“Effective Date”** means the date on which this MOU is signed.
- **“Joint Executing Agreement”** means a framework of agreement governing the execution of the project by the Integrated Project Management Team (IPMT), after the award of the Contract by ONGC.
- **“Integrated Project Management Team”** means an integrated team of personnel taken from the Parties with the consent of the Parties for implementation of a specified work.

- **“Interest”** means the undivided interest in the Contract for the development of above said Marginal fields expressed as a percentage held by a Party in and to all rights, privileges, benefits, obligations and liabilities in and under this MOU and for the purposes of the Contract and Joint Executing Agreement.
- **“Proposal”** means bid/offer to be submitted to the ONGC for joint bidding for developing the Cluster No 7. ONGC shall remain the owner of the fields throughout.
- **“Petroleum Operations”** means , as the context may require, Exploration Operations, Development Operations or Production Operations or any combination of two or more of such operations , including construction operation and maintenance of all necessary facilities, plugging and abandonment of wells, safety , environment protection, transportation, storage, sale or disposition of Petroleum to the Delivery Point, Site Restoration and any or all other incidental operations or activities as may be necessary. All other definitions in context of petroleum operations shall have same connotations as has been defined in the draft model contract for the development of offshore marginal field/cluster.
- **“Project”** means the cluster no 7 as offered by ONGC for development in relation to which Proposal shall be made by the Parties to ONGC to purchase the data for the short listed fields and bid for the service contract for the development of the fields on behalf of ONGC.
- **“Work”** includes (i) a general geological, geophysical, engineering, fiscal and/ or commercial evaluation of the field (ii) the preparation and timely submission of a bid to ONGC. (iii) Submission of all necessary forms to facilitate a complete Proposal to ONGC for the Project and (iv) the negotiation and execution of the Contract

2. INTERPRETATION

- 2.1 All references to Clauses, Recitals and Schedules are, unless otherwise expressly stated, reference to Clauses of and Recitals and Schedules to this MOU.
- 2.2 Reference to the singular includes a reference to the plural and vice versa.
- 2.3 The headings in this MOU are inserted for convenience only and shall be ignored in construing this MOU.
- 2.4 Prize shall be the leader of the Bidding Group in respect of Cluster 7 and shall prepare and submit Bid and furnish the Bid Bond on behalf of the consortium.

3. SCOPE

This MOU shall cover the arrangements between the Parties to form Bidding Group and define the principles for Joint Executing Agreement for the Service Contract, if awarded by ONGC.

4. DATA

- 4.1 Upon the execution of this MOU, each Party shall execute and deliver to the other Party a Confidentiality Agreement in respect of any data or other form of information, it receives from the other. Each Party acknowledges that no title to such data or other form of information will pass by reason of this MOU.
- 4.2 Parties shall endeavour to freely exchange with each other any and all the information pertaining to the project in their possession that would be advantageous for acquiring of interest in the asset and which they are in a position to disclose without violating any governing confidentiality obligations or is not of a proprietary nature.
- 4.3 Any data acquired by either Party at its own cost shall remain the property of the acquiring Party. However, each Party shall make such data available to the other, subject to the terms of the Confidentiality Agreement.

5. PERFORMANCE OF WORK

5.1 Each Party shall designate in writing its representative(s) for constitution of a Team for a specific assignment. Each Party may also appoint an alternate member(s) to act in place of its designated representative(s) on the Team.

5.2 PRIZE, on behalf of the Parties under the MOU, and with the consent of the other Parties of the MOU :

5.2.1 shall co-ordinate activities for preparation and submission of the bid,

5.2.2 reply to the correspondences with ONGC in connection with the bid,

5.2.3 will provide the well log interpretation and analysis,

5.2.4 carry out economic assessment of the opportunity under consideration of this MOU.

5.3 The evaluation of the data for the Marginal Fields under consideration of this MOU shall be carried out by the Parties independently through their affiliates or outside consultant or advisers. The results of the evaluation from this effort shall be shared by the Parties to conclude the best bidding strategy.

5.4 Treenergy will provide the following services:

5.4.1 Advise on submission of proposal to ONGC for the above cluster:

5.4.1.1 Well and Facility Design

5.4.1.2 Well drilling technology & Production testing studies

5.4.1.3 Preparation of the Development Plan

5.4.1.4 Provide operating support for the smooth operation of the above job.

5.5 Prize will provide the following services:

5.5.1 Advise on submission of proposal to ONGC for the above cluster:

5.5.1.1 Geological and Geophysical Interpretation

5.5.1.2 Petrophysical / log Interpretation

5.5.1.3 Reservoir Engineering

5.5.1.4 Oil and Gas Reserve Estimation including Production Profile

5.5.1.5 Project Economics

5.6 If awarded with the service contract by ONGC for the development of the Cluster, PRIZE, HPCL and TREENERGY shall form an Integrated Project Management Team (IPMT). In forming the IPMT:

5.6.1 PRIZE shall be responsible for providing the resources for carrying out all Geological, Geophysical and Reservoir related works for the development of the Marginal Fields.

5.6.2 TREENERGY shall be responsible for project management and implementation, drilling and production services, facility maintenance, logistics, well designing and well engineering

5.6.3 HPCL shall be responsible for providing its share of costs and expenses for carrying out the petroleum operations,

6. PARTICIPATING INTEREST OF THE PARTIES

6.1 The initial participating interest and Executing Contractor for the cluster 7 shall be as follows. Executive Contractor shall perform petroleum operations on behalf of the parties in terms of mutually agreed operating agreement.

Cluster No	Party -	Interest	Executing Contractor
Cluster 7	PRIZE	10%	PRIZE +TREENERGY (JOINTLY)
	HPCL	60%	
	TREENERGY	30%	

- 6.2 The participating interest of the Parties in the Service Contract, if executed, unless otherwise agreed between the Parties shall be the participating interest as per clause 6.1 above.
- 6.3 No Party shall act as an agent, servant, or employee of the other Party. Nothing in this MOU (or any of the arrangement contemplated herein) shall be deemed to constitute a partnership between the Parties nor, save as may be expressly set out herein, constitute any Party to be the agent of any other Party for any purpose unless otherwise specified under this MOU
- 6.4 The rights, duties, obligations and responsibilities of the Parties under this MOU and if successful, under the Contract, shall be several and not joint or collective.

7. ASSIGNMENT


- 7.1 Subject to the provisions of the Contract as may be entered into with ONGC and the other terms in this MOU, no Party shall be entitled to assign, sub-license or otherwise transfer any of its rights or obligations under this MOU except;
- 7.1.1 to an Affiliated company and/or,
- 7.1.2 as may be mutually agreed by all the parties.
- 7.1.3 To any special purpose vehicle as may be mutually agreed between the Parties for carrying out the performance obligations under the Service Contract if awarded to the consortium
- 7.2 The Parties shall be entitled to assign all or any part of its interest in and under this MOU to any Affiliate by demonstrating to the reasonable satisfaction of the non-assigning Party that it has the financial and technical competence to carry out its obligations under this MOU. This shall be done only with prior written consent of the non-assigning parties.
- 7.3 During any transfer of Participating Interest in part or whole by PRIZE or HPCL or TREENERGY to any other third party, the non-transferring

Party shall have the first right of refusal to acquire the Participating Interest at the same terms and conditions finally agreed between the transferor Party and the proposed transferee.

- 7.4 No transfer of Participating Interest shall be made by any Party, which results in the transferor or transferee holding a Participating Interest less than 10%.

8. PROPOSAL PROCEDURE

- 8.1 The Parties shall prepare a Joint Proposal in close co-operation and co-ordination. The Parties shall meet whenever necessary prior to finalisation of the Proposal. The Proposal shall be submitted jointly by the Parties.
- 8.2 If in the course of processing the Proposal, ONGC requests the Parties to revise the commercial terms offered under such Proposal; then the Parties shall endeavour to agree unanimously on a response to the proposed revision within the time frame allowed under the circumstances. In case of any difference, the most competitive commercial terms shall be offered by the Parties within the available time frame.
- 8.3 If Proposal is accepted, the Parties thereto shall proceed to negotiate and, subject to the other terms hereof, execute a Contract. The parties shall agree upon a strategy, and inform them of the progress of negotiations. The Parties shall be entitled to be present at and participate in any such negotiations. PRIZE shall act as the lead negotiator for the Parties to acquire development rights of the fields.
- 8.4 No participating Party shall withdraw from the Proposal in which such Party is participating or from this MOU after Proposal has been submitted to the ONGC. Notwithstanding the above, the withdrawing Party will not be relieved from its obligations until the date of withdrawal under this MOU.



8.5 The Parties undertake not to make any separate Proposal independently or jointly with another Party for the Marginal Fields covered under this MOU. The undertaking by the Parties shall also include their Affiliates.

9. COSTS AND EXPENSES

The Parties will work together, each at its own expenses, in preparing the Proposal in order that it may be submitted to ONGC within the period agreed by the Parties. For the avoidance of doubt, each of the Parties shall bear its own expenses incurred in relation to the Proposal. Consequently, in no case shall any party claim from the other any expenses incurred and arising out of or in connection to any work in relation to the Proposal and during the Proposal stage. This includes all costs of each party's own personnel. Prize and HPCL may however, agree to share pre-bid expenses in a manner to be mutually agreed.

10. EXECUTING CONTRACTOR

10.1 In the event of award of the Contract, subject to the approval of ONGC, TRENERGY and PRIZE shall be the Joint Executing Contractor on behalf of the Parties signing this MOU for the assessment period of three years. On completion of the assessment period of three years, subject to the approval of ONGC, PRIZE shall become the Executing Contractor.

10.2 The execution of the Contract shall be as per the terms of the Contract signed with ONGC and the JEA to be executed by the Parties in accordance with the principles set in this MOU.

10.3 Notwithstanding the execution of this MOU by the Parties, the Parties shall agree to utilise any of their Affiliates in executing the Contract for tax, legal or accounting purposes.

11. CONFIDENTIALITY

11.1 Proposal terms, data and information acquired, interpreted, developed or disclosed during negotiations or otherwise pursuant to this MOU shall be held confidential by all the Parties for a period of two (2) years from the termination or expiry of this MOU. Notwithstanding the above, such information may be disclosed, on a confidential basis, to others who are not parties to this MOU for the purposes of soliciting their participation in assets pursuant to this MOU, provided such other parties agree in writing prior to such disclosure not to compete against the participating Parties in any Proposal(s) for an acquisition and to maintain the confidentiality of the disclosed information. However, such information may also be disclosed to:

- i) employees, officers and directors of the Parties;
- ii) employees, officers and directors of Affiliate; and
- iii) any consultant retained by the Party(s) for the purpose of evaluating the confidential information;
- iv) banks/ financial institutions arranging/ financing the proposed acquisition including any professional consultants retained such Banks/ Financial Institutions after an undertaking of confidentiality.

11.2 Notwithstanding the above, such information may be disclosed if it is or becomes part of the public domain or is required to be disclosed to any court/tribunal or authority under any applicable law or as required by any stock exchange to which the disclosing Party is a member or by a government order, decree, regulation, or rule.

11.3 With respect to information related to marginal fields, which is subject matter of acquisition, the confidentiality provisions as to be executed with ONGC shall govern.

12. PRESS RELEASES

All parties shall jointly agree to and shall be responsible for the preparation and release of all press releases and public statements regarding matters

arising under or in relation to this MOU and shall promptly furnish all the Parties with a copy of such announcement or statement/ prior to such release.

13. DURATION OF MOU

This MOU shall be valid from the Effective Date for a period of two years unless terminated pursuant to Article 14 of this MOU.

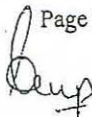
14. TERMINATION

The MOU shall take effect on the Effective Date and shall terminate forthwith upon the first to occur of any of the following events:

- i) if all Proposals are either rejected by the ONGC ; or
- ii) if the Parties decide to terminate this MOU by mutual consent; or
- iii) if the Parties decide to supersede this MOU by any other agreement between the Parties; or
- iv) The date of termination pursuant to Article 13; or
- v) If no bid is submitted by the Parties by the due date; or
- vi) Award of the Contract to a third party; or
- vii) Bankruptcy, dissolution or liquidation (other than for the purpose of amalgamation or reconstruction) of one of the Parties; or
- viii) Failure of the Parties to agree on the price or terms and conditions of the Proposal

15. NON-WAIVER

No waiver of any provision of this MOU, no consent to nor departure there from by any Party shall be effective unless the same is in writing signed by authorised representatives of the Parties. Such waiver or consent shall be effective only in the specific instance and for the purpose for which it is given. No default or delay on the part of any Party in exercising any rights, powers or privileges hereunder shall operate as a waiver hereof or of any other rights or remedies hereunder.



16. **AMENDMENTS**

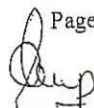
This MOU may be amended in any manner and at any time but only by a written instrument executed by authorised representatives of all the Parties.

17. **NOTICES**

17.1 Except as otherwise specifically provided herein, all Notices authorised or required between the Parties by any of the provisions of the MOU, shall be in writing, in English language and delivered in person or by registered mail or by courier service or by any electronic means of transmitting written communications which provides confirmation of complete transmission, or with confirmation of receipt of complete transmission from the receiving Party having been obtained and addressed to such Parties as designated below:

For **PRIZE** 504, Tower B, Millennium Plaza
Sector-27 - Gurgaon -122002
India
Tel no: 91-124-2806070/711/74
Fax no: 91-124-2806072
Attn: Dr. M N Prasad
CEO

For **HPCL** Petroleum House
17 Jamshedji Tata Road
Mumbai- 400 020
Tel no: 91-22-22863900
Fax no 91-22-22874749
Attn: O.P. Pradhan
General Manager (Strategy)



For **TREENERGY** 25th Floor, Wisma UOA II
21 Jalan Pinang,
50450 Kuala Lumpur, Malaysia
Tel no: +60-3-2163 0919
Fax no. +60-3-2162 1785
Attn: Madzri A Rahman
General Manager, Project Development

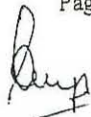
or on such other address as either Party hereafter shall intimate from time to time to the other Party in accordance with this Article.

- 17.2 Any such Notice shall be deemed received by the Party to whom so addressed when delivered at such address in person or by courier service. Notice given by facsimile shall be deemed received when received by the other Party's (as evidenced by acknowledgement obtained by sender from receiver) receiving terminal; Provided, however, that if a facsimile is received or delivered after a Party's normal business hours or on a day that is not a business day, such facsimile shall be deemed received or delivered on the next succeeding business day.

18. APPLICABLE LAW AND DISPUTE RESOLUTION

- 18.1 This MOU shall be governed by, construed, interpreted and enforced in accordance with the laws of India and courts at Delhi shall have exclusive jurisdiction.
- 18.2 In case of any disagreement the matter shall be referred to higher management of the Parties for decision. If the disagreement or dispute relating to, arising from or connected with this MOU can not be resolved within a period of 60 days, such dispute or difference shall be resolved as per provisions stated hereunder.
- 18.3 Subject to notifications issued by the Government from time to time and except otherwise provided in this MOU, if the Parties reach an impasse

regarding any dispute relating to this MOU or a breach of the MOU, such dispute shall be settled exclusively and finally by arbitration in accordance with the Arbitration and Conciliation Act, 1996. Any Party may submit the dispute to arbitration and the arbitration proceedings shall be held at Delhi. The number of arbitrators shall be three (3). Parties to the dispute or difference shall appoint one arbitrator each and arbitrators so appointed shall appoint the third arbitrator. Failing such appointment, the arbitrator(s) shall be appointed in accordance with Arbitration and Conciliation Act, 1996.



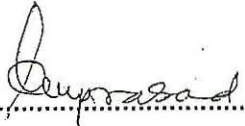
IN WITNESS WHEREOF the hand of the duly authorised representatives of the Parties affixed as of the day and year first above written.

For and on behalf of:

PRIZE PETROLEUM
COMPANY LTD.

HPCL

TREENERGY
(MALAYSIA) BHD



Name : Dr. M N Prasad

Mr. O.P. Pradhan

Mr. Shahrazi Sha'ari

Title : Chief Executive Officer

General Manager

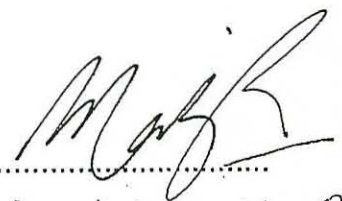
Group MD/CEO

(Strategy)

Date: June 29, 2005

June 29,2005

June 29, 2005



Witness: (G. R. SAINI)
CHIEF MANAGER (EXPL)

(S.D. MOHITE)

SR. MANAGER - GM
STRATEGY.

MADZRI AB RAHMAN
PROJECT
DEV