

ASSOCIATE: LLANOS OIL EXPLORATION LTD  
SECTOR: GUATAPURI  
EFFECTIVE: January 13, 2003.

The contracting parties that is on one hand, the Colombian Oil Company that from now on will be called ECOPETROL, industrial and commercial company of the State authorized by Law 165 of 1948, at the moment governed by its statutes, reformed by the Decrees 1209 of June 15, 1994 and 2933 of December 10, 1997, with main residence in Bogotá, D.C., represented by ISAAC YANOVICH FARBAIARZ, of legal age, identified with the citizenship identification No. 8.243.355 issued in Medellín, domiciled in Bogotá, D.C., who manifests in his character of President for ECOPETROL and for the other Party, LLANOS OIL EXPLORATION LIMITED., organized society according with the laws of Isla de Man, with main residence in Isla de Man, with branch established in Colombia and main home in Bogotá, according to Notarial Instrument No. 2485 of May 19, 1997, granted in Notary Fifty Two (52) of Bogotá Circle, represented by JORGE VICENTE LOZANO REYES of legal age, Colombian citizen, identified with the Citizenship Identification number 17'122.981 who manifests: 1. That in his quality of Legal Representative works in representation of the company LLANOS OIL EXPLORATION LIMITED, 2. That to celebrate the present contract he is fully authorized according to evidence in the existence certificate and legal representation issued by the Bogotá Trade Chamber, 3. That LLANOS OIL EXPLORATION LTD. is committed during all the validity of the contract to fulfill the conditions that Ecopetrol considers to maintain the financial standing, the technical competition and the necessary professional abilities to execute the activities that are indicated in this contract.

The company before mentioned will be denominated for all the effects THE ASSOCIATE.

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In the annotated conditions, ECOPETROL and THE ASSOCIATE make evident that they have celebrated the contract contained in the Clauses that are developed after the following considerations:

FIRST: That as necessary condition so that ECOPETROL accepted the technical capacity required for the celebration and execution of the present Contract, THE ASSOCIATE presented the contracts subscribed with the companies Parker Drilling Company of Colombia Limited, and Halliburton Latin America S.A., which will remain effective under the same conditions in those that were subscribed during all the necessary time for the execution of the obligation consigned in Clause 5, under penalty of incurring in cause for Contract termination in the terms established in the same.

SECOND: That as necessary condition so that ECOPETROL accepted the required financial standing for the celebration and execution of the present Contract, THE ASSOCIATE accepted to condition the validity of this Contract, to the subscription of a trust contract that guarantees the entire obligation execution consigned in Clause 5.

THIRD: That THE ASSOCIATE accepted that in case some discovery of hydrocarbons is achieved in the Contracted Area, ECOPETROL will determine what company will be the Operator of the contract in accordance with Clause 10, numeral 10.1, Paragraph, being able to be ECOPETROL or a third party.

#### CHAPTER I - GENERAL DISPOSITIONS

##### CLAUSE I - GOAL OF THIS CONTRACT

1.1 The goal of this contract is the exploration of the Contracted Area and the exploitation of the Hydrocarbons of national property that could be found in such area, described in annex A that is part of the present contract.

1.2 In accordance with article 1 of Decree No. 2310 of 1974 the exploration and exploitation of Hydrocarbons of national property is in charge of ECOPETROL, company that will be able to perform such activities directly or by means of contracts with matters. With base in the aforementioned disposition, ECOPETROL agrees with THE ASSOCIATE to explore the Contracted Area and exploit the Hydrocarbons that can be in it, in the terms and conditions foreseen in the present

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document, Annex “A”, Annex “B” (Operation Agreement) and Annex “C” that are Integral part of this contract.

1.3 - Without prejudice of that specified in this contract, it is understood that THE ASSOCIATE will have the same rights and obligations in the Hydrocarbons that are produced in the Contracted Area and in its corresponding part that he have before the Colombian law who exploit Hydrocarbons of national property in the country.

1.4 ECOPETROL and THE ASSOCIATE agree that Exploration and Exploitation Works will be performed in the terms of this contract in the lands of the Contracted Area that will distribute the costs and risks of the same in the proportion and terms foreseen in this contract and that the produced Hydrocarbons will belong in the proportions specified in this contract to each Party.

#### CLAUSE 2 - APPLICATION OF THE CONTRACT

This contract is applied to the Contracted Area, Identified and highlighted in Clause 3 and in Annex A of this contract, or the remainder part of this, when the devolutions of areas have taken place in accordance with this contract.

#### CLAUSE 3 - CONTRACTED AREA

The Area is denominated “GUATAPURI” and consists of an extension of ninety seven thousand and fifty (97,050) hectares.

This area is the one described in annex “A” that is part of this contract.

Paragraph 1 - All time that any person formulates reclamation in the pretense of being holder of the Hydrocarbons property and subsoil in the Contracted Area, ECOPETROL will assume attention of the case and obligations that there is place.

Paragraph 2 - In case that part of the Contracted Area is extended on areas that are or have been reserved and declared incorporated in the National Parks system, THE ASSOCIATE is obliged to accept the conditions that are imposed by the competent authorities, without for that this Contract is considered as amended and without existing some reclamation against ECOPETROL, in accordance with that accorded in Clause 30 (numeral 30.2) of this Contract.

#### CLAUSE 4 - DEFINITIONS

For purposes of this contract, the expressions that are mentioned at next will have the following meaning:

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4.1 Contracted Area: It is the land defined in Clause 3 previously and described in annex "A" of the present contract.

4.2 Field: Portion of the Contracted Area in which there are one or more structures and/or stratigraphic traps totally or partially superimposed, with one or more producing Deposits or that its capacity has been proven to produce Hydrocarbons in tradable quantities. Such Deposits can be found separated vertically and/or laterally for geologic barriers or impermeable stratus or for both.

4.3 Commercial Field: It is the Field that ECOPETROL accepts that it is able to produce Hydrocarbons in quantity and quality economically exploitable in one or more Production Objectives defined for ECOPETROL in the moment of marketability acceptance, without prejudice that in the exploitation stage they can be found other Production Objectives.

4.4 Gas Field: That based in the information given by THE ASSOCIATE that is qualified by ECOPETROL as producer of Non-Associated Natural Gas (or free natural Gas) in the definition of its commerciality.

4.5 Executive Committee: It is the organ that is integrated within thirty (30) calendar days following the acceptance of the first Commercial Field to supervise, control and approve all the operations and actions that are promoted during the validity of the contract.

4.6 Exploration direct costs: They are those monetary expenditures that THE ASSOCIATE reasonably incurs for the acquisition, prosecution, seismic interpretation and perforation of Exploration Wells, as well as for localizations, termination, equipment and tests of such wells. The Exploration direct costs do not include administrative support of headquarters, neither from central offices of THE ASSOCIATE.

4.7. Joint Account: They are the registrations that will be led by means of accounting books, in accordance with the Colombian laws, to credit or charge the Parties the participation that correspond them in the Joint Account of each Commercial Field.

4.8 Budgetary execution: They are the resources spent effectively and/or committed in each one of the programs and projects approved for a certain calendar year.

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4.9 Structure: It is the geometric shape with geologic closing (anticline, syncline, etc.) that present the formations in which are fluid accumulations.

4.10 Effective Date: It will be the day when the term of sixty (60) days is expired counted from the date that the present contract is signed from which all the accorded terms are counted, independently of the contract approval date for the Ministry of Mining and Energy.

4.11 Funds Flow: It is constituted by the money movement (revenues and expenditures) that should make the Joint Account with the purpose of attending the different obligations that in development of the normal operations the Operator has contracted.

4.12 Associated Natural Gas: Mixture of light Hydrocarbons that exists as gas layer or in solution in the Deposit and that it is produced jointly with the liquid Hydrocarbons.

4.13 Non-Associated Natural Gas (Production): They are those Hydrocarbons produced in gassy state in the surface and reported to standard conditions, with average values (pondered by production), of initial Gas/Oil relation to 15.000 cubic feet, gas standard for each barrel of liquid Hydrocarbon and a molar composition of heptane plus (Cy+) less than 4.0%.

4.14 Direct Costs: They are all those expenditures in charge of the Joint Account for concept of personnel expenses directly assigned to the Association, purchase of materials and supplies, services recruitment with third parties and other general expenses that the Joint Account demands in the normal development of its activities.

4.15 Indirect Expenses: They are those expenditures with charge to the Joint Account for concept of technical and/or administrative support that with his own organization the Operator eventually renders to the Joint Account.

4.16 Moratory Interest: When it is about pesos, it will be the deferment rate effective to the moment that is presented the deferment; when it is about United States dollars, it will be the main LIBOR (London Interbank Borrowing Offered Rate) rate at three (3) months for the deposits in Dollars, increased in four percentage points (LIBOR more than 4%).

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4.17 Interest in Operation: It is the participation in the obligations and rights that each one of the Parties acquires in the exploration and exploitation of the Contracted Area.

4.18 Development Investments: They refer to the amount of money invested in goods and equipment that are capitalized as assets for the Joint Operation in a Commercial Field once accepted the existence of this by the Parties.

4.19 Hydrocarbons: All organic compounds mainly constituted for the natural mixture of carbon and hydrogen as well as of those substances that accompany them or are derived from them except for the helium and strange gases.

4.20 Gassy Hydrocarbons: They comprise all the hydrocarbons produced in gassy state in the surface and reported to standard conditions (1 atmosphere of absolute pressure and a temperature of 60°F).

4.21 Liquid Hydrocarbons: They comprise the crude and condensed oil, as well as the produced ones in such a state as a result of the gas treatment when there is place, reported to standard conditions.

4.22 Production Objectives: They are the Deposits located in the Commercial Field discovered and tested as commercial producers.

4.23 Joint Operation: The activities and executed works or in execution process on behalf of the Parties and by themselves.

4.24 Operator: The person designated by ECOPETROL so that on behalf of the Parties and without representing them, the necessary operations are executed directly to explore and exploit the Hydrocarbons that are found in the Contracted Area. If that could be the case, it will be applied in a preferential way that foreseen in the Paragraph of numeral 10.1, Paragraph of Clause 10.

4.25 Parties: In Effective Date, ECOPETROL and THE ASSOCIATE. Later and in any time, ECOPETROL on one side and THE ASSOCIATE and its grantees on the other.

4.26 Exploration Period: It is the lapse that THE ASSOCIATE prepares to comply with its obligations specified in Clause 5 of this contract and that will not be greater than six (6) years counted from the Effective Date, except for the cases contemplated in Clauses 5 (numeral 5.4), 9 (numeral 9.3) and 34.

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4.27 Exploitation Period: The time that lapses from when the Exploration Period concludes, or that of Retention when there is place to this until the term of this contract.

4.28 Retention Period: Lapse that can be required by THE ASSOCIATE and granted by ECOPETROL to begin the Exploitation Period of each Field of discovered Gas in the Contracted Area that for its particular conditions do not make its development in short term and consequently demand an additional time for the execution of feasibility studies of infrastructure construction and/or market development.

4.29 Development Plan: It is the guide document to advance the technical, efficient and economic exploitation of each Field and will contain, among other aspects, the development strategy, environmental considerations, activities to develop, production forecast for the short and medium term, an estimate of Development Investments and expenses for the five following years and specifically, a description of the projects, operations program and Budget for what is remaining from the current calendar year or the following calendar year, as the case may be. The limits for the elaboration of this Development Plan are described in Annex "C" that is part of the present contract.

4.30 Exploration Well: It is that well designated as such for THE ASSOCIATE to be perforated or deepened on its own account in the Contracted Area in search for new Deposits or to check the extension of a Deposit or determine the stratigraphy of an area. For the fulfillment of the obligations accorded in Clause 5 of the present contract, the respective Exploration Well will be previously qualified between ECOPETROL and THE ASSOCIATE.

4.31 Discoverer Well: It is that Exploration Well in which is discovered or checked the existence of one or more Deposits and that shall require later evaluation to determine if such Deposit or Deposits can be exploited commercially.

4.32 Exploitation Well (or Development): It is that previously considered well as such by the Executive Committee for the production of discovered Hydrocarbons in the Production Objectives in the area of each Commercial Field.

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4.33 Budget: It is the basic instrument for planning through which resources are assigned for specific projects to be applied in one calendar year or part of the year with the purpose to achieve goals and objectives proposed by THE ASSOCIATE or the Operator.

4.34 Extensive Production Tests: They are the operations that are executed in one or several producing Exploration Wells with the purpose of evaluating the production conditions and behavior of the Deposits, with temporary production facilities.

4.35 Refund: It is the payment of thirty percent (30%) of the Exploration direct costs that THE ASSOCIATE has incurred.

4.36 Exploration Works: They are those operations that THE ASSOCIATE executes related to the search and discovery of Hydrocarbons in the Contracted Area.

4.37 It is all rock below the surface in which Hydrocarbons are found accumulated in their poral or fractured space that is in production or that is able to produce Hydrocarbons and that behaves like an independent unit as for their petrophysical and fluid properties and that has a common pressure system in all its extension.

## CHAPTER II - EXPLORATION

### CLAUSE 5 - TERMS AND CONDITIONS

5.1 THE ASSOCIATE has the obligation to advance the Exploration Works in accordance with the modern standards and practices commonly accepted and in use for the international oil industry and complying with the effective legal and regulation dispositions. The Exploration Period will be divided in three years. The first year begins to be counted from the Effective Date and the following one will begin the calendar day immediately following the conclusion of the year that precedes it. During the Exploration Period THE ASSOCIATE is obliged to perform as minimum the following Exploration Works:

During the first year, THE ASSOCIATE will perform the perforation of one (1) exploration well until reaching to penetrate and if it is the case, prove the formations that can produce hydrocarbons in the Contracted Area.

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When concluding the first year, THE ASSOCIATE will have the option to revoke the Contract, having given fulfillment previously to the exploratory commitments accorded for this year.

In case THE ASSOCIATE decides to continue in the second year of the Exploration Period, she will perform the perforation of one (1) exploration well until reaching to penetrate and if it is the case, prove the formations that can produce hydrocarbons in the Contracted Area.

When concluding the second year, THE ASSOCIATE will have the option to revoke the Contract, having given fulfillment previously to the exploratory commitments accorded for this year.

In case THE ASSOCIATE decides to continue in the third year of the Exploration Period, she will perform the perforation of one (1) exploration well until reaching to penetrate and if it is the case, prove the formations that can produce hydrocarbons in the Contracted Area.

The CONTRACT will finish at the expiration of the Third year, if its extension has not been requested by THE ASSOCIATE and authorized by ECOPETROL according to numeral 5.2 of this Clause, or a Field has not been discovered.

5.2 If THE ASSOCIATE has complied satisfactorily with the obligations specified in clause 5.1, ECOPETROL in request of THE ASSOCIATE will extend annually until for three (3) additional years the Exploration Period. For such purpose, THE ASSOCIATE will be able to inform her intention of continuing with the exploration in the block with precedence not less than thirty (30) calendar days to the date of termination of the Exploration Period, accompanying such request with the program proposal of the Exploration Works to perform during every period of extension. Within thirty (30) calendar days following the date of receipt in ECOPETROL of THE ASSOCIATE'S request, the Parties will be able to agree with the program of Exploration Works to perform during these extensions. For lack of agreement, THE ASSOCIATE will be obliged to make as minimum Exploration Works in the Contracted Area consistent in the perforation of an Exploration Well until reaching to penetrate, and if it is the case, prove the formations that can produce Hydrocarbons in the Contracted Area per year. When finishing each one of the extensions whose duration is one year, THE ASSOCIATE will have the option to revoke the association contract, having

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given fulfillment previously to the exploratory commitments accorded for each one of them.

The contract will finish to the expiration of the Exploration Period, if it has not been discovered a Commercial Field.

5.3 THE ASSOCIATE to discretion and her own cost and risk will be able to perform additional Exploration Work to the accorded ones for the respective phase. Nevertheless, if THE ASSOCIATE wants that such additional Exploration Works are credited to the fulfillment of the exploratory commitments of the following phase of Exploration Period, she will request ECOPETROL the corresponding approval. If the request is accepted by ECOPETROL, this will determine in what way and quantity will be made the transfer of the aforementioned obligations.

5.4 If when concluding the Exploration Period of six (6) years, THE ASSOCIATE has perforated one or several Discoverer Wells that indicate the possible existence of a Commercial Field, previous written request of THE ASSOCIATE, ECOPETROL will be able to authorize a new extension of the Exploration Period for the necessary time that will not exceed two (2) years, so that THE ASSOCIATE has the opportunity to demonstrate the existence of such a Commercial Field. To give application here to the foreseen, before finishing the Exploration Period and simultaneously with her request, THE ASSOCIATE will give ECOPETROL the maps and other descriptions of the area that she will consider able to produce Hydrocarbons, the program of Exploration Works and of other operations that THE ASSOCIATE has foreseen to perform and the budget to carry out such works to her own cost and risk, determine the extension of the Deposit or discovered Deposits and demonstrate the existence of a Commercial Field, without damage of that established in Clause 8. To give application to the partial devolution of areas, during this extension of the Exploration Period, THE ASSOCIATE will retain the area that is greater among fifty percent (50%) of the Contracted Area and the area that she considers able to produce more Hydrocarbons plus her reserve area of two and half (2,5) kilometers wide around this last one, inside the limits of the Contracted Area. If the proposed works program is adjusted to the international standards and it has for goal to demonstrate the commerciality of the discovered Deposits in the arranged term, ECOPETROL will impart its authorization for the execution of this program

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5.5 During the validity of this contract and with observance of that established in clause 7 of the same, THE ASSOCIATE will be able to perform Exploration Works in the areas that she conserves in accordance with Clause B, and THE ASSOCIATE will be the only one responsible for the risks and costs of these activities and therefore, she will have complete and exclusive control of this activities without the maximum duration of the contract is modified for this cause.

#### CLAUSE 6 - INFORMATION SUPPLY DURING EXPLORATION

6.1 ECOPETROL will give THE ASSOCIATE, when she requests it, all the information of the Contracted Area that she has in her possession. The costs caused by the reproduction and supply of such information will be in charge of THE ASSOCIATE.

6.2 During the Exploitation Period, THE ASSOCIATE will surrender to ECOPETROL, as the information is obtained and in accordance with the information supply manual of ECOPETROL, all the geologic and geophysical information, centers, published magnetic tapes, processed seismic sections and all the field information that serves her as support, magnetic and gravimetric profiles, everything in reproducible originals, copies of geophysical reports, reproducible original of all the registrations of wells that THE ASSOCIATE perforates, including the final compound graph of each well and copies of the final report of the perforation that includes analysis of center samples, the results of production tests and any other information related to the perforation, study or interpretation of any nature that THE ASSOCIATE performs for the Contracted Area without any limitation. ECOPETROL is entitled, in any time, and for the procedures that are considered appropriate, to witness all the operations and check the previously enumerated information.

6.3 The Parties agree that the whole geologic, geophysics and engineering information that is obtained in the Contracted Area effective in development of this contract is of confidential character during the three (3) following years to the acquisition date or until the termination of the contract, the issue that may occur first. The liberated information comprises but is not limited to seismic information from potential methods, remote sensors and geochemistry, with their respective supports, surface cartography and subsoil, wells reports, electric registrations, formation tests, biostratigraphical, petrophysical and fluids analysis, and production histories. Nevertheless, according to confidentiality here established, the Parties agree that in each case

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they will be able to make exchanges with companies affiliated or not associated with ECOPETROL, or reveal the same to a possible grantee, of all or part of the interest from one Party, keeping in mind that previously to such revelation, the Party that gives the information will have subscribed a confidentiality agreement with the possible grantee, in which this last one is committed to keep the obtained information as strictly confidential during the three (3) following years to the acquisition date or until the termination of the contract, the issue that may occur first, according to that prepared and subjected to the exceptions of this numeral 6.3. It is understood that the issue arranged here will take place without damaging the obligation for giving to the Ministry of Mining and Energy all the information that they request in accordance with the effective legal and regulation dispositions. Nevertheless, it is understood and this way agreed that the Parties will be able to provide to their single discretion the information that their affiliated consultants, contractors and financial entities require, and that are required by competent authorities with Jurisdiction on the Parties or their members, or by standards of any stock exchange in which the stocks of the Parties or related corporations are registered.

6.4 Within ninety (90) calendar days following the date for finishing the perforation operations of each Exploration Well, THE ASSOCIATE will inform ECOPETROL in writing the state of the respective well, her classification as for the obtained results (dry or Discoverer) and the type of produced fluids, if it is the case.

#### CLAUSE 7 BUDGET AND EXPLORATION PROGRAMS

With observance of that established in this contract, THE ASSOCIATE will have the obligation to prepare the programs and activities timetable to develop, the Budget to execute in short term (the following calendar year) and the vision for the following two (2) years with the estimated Budget, to make the exploration in the Contracted Area. Such vision, programs, timetable and Budgets will be presented for the first time to ECOPETROL, within sixty (60) calendar days following the signature date of this contract and later on, not after December fifteen (15) of every year.

Biannually, THE ASSOCIATE will give ECOPETROL a technical and financial Report in which are related the different performed exploratory activities, the perspectives of the area based in the acquired Information, the assigned Budget

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and the incurred exploration costs so far of the report, commenting in each case the causes that originated the main presented deviations. In request of ECOPETROL, THE ASSOCIATE will give the explanations of the report that are required, in scheduled meetings for such an effect. The information that THE ASSOCIATE presents in the reports and explanations that is indicated in this Clause, in any case will be understood as accepted by ECOPETROL. The financial information will be subjected to audit by ECOPETROL in the terms contemplated in Clause 22 of Annex "B" (Operation Agreement) of the present contract.

#### CLAUSE 8 DEVOLUTION OF AREAS

8 When finishing the third year of the Exploration Period or the extensions that THE ASSOCIATE has obtained in accordance with Clause 5 (numeral 5.2), if a Commercial Field in the Contracted Area has been discovered and accepted by ECOPETROL, this area will decrease to fifty percent (50%); two (2) years later the area will decrease to an extension similar to fifty percent (50%) of the remaining Contracted Area and two (2) years later such area will decrease to the area of Commercial Field or Commercial Fields that are in production or development plus a reserve area of two and half (2.5) kilometers wide around each Commercial Field, and this will be the only part of the Contracted Area that will be subjected to the terms of this contract.

Inside the areas retained by THE ASSOCIATE according to this numeral, the discovered Commercial Fields will be included.

8.2 Nevertheless the obligation of returning the areas that is indicated in Clause 8 (numeral 8.1), THE ASSOCIATE is not forced to return Commercial Fields that are in development or production, or in Retention Period, including the reserve areas of two and half (2,5) kilometers wide that surround such areas, except for the case that for attributable reasons to THE ASSOCIATE are suspended for more than one year in continuous and fair groundless way, the development operations or production, case in which she will return the Commercial Fields to ECOPETROL, finishing the contract for such areas or part of the area. What is foreseen here is applied equally in the exploited Fields under the modality of single risk.

Paragraph: To demonstrate the fair cause THE ASSOCIATE will be able to present to ECOPETROL the reasons and foundations of the same for its acceptance.

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8.3 Retention Period: If THE ASSOCIATE has achieved the discovery of a Gas Field and she presents the commerciality request for such Field that is indicated in Clause 9, numeral 9.1 simultaneously with such request, she will be able to to require ECOPETROL the grant of a Retention Period, justifying the reasons completely to access to this period.

8.3.1 The Retention Period shall be requested by THE ASSOCIATE and granted by ECOPETROL prior to the date that the last devolution of areas should be made that is indicated in numeral 8.1 of this clause. In case there is place for the Retention Period, it will be understood that the term foreseen in Clause 9 (numeral 9.1) so that ECOPETROL is pronounced regarding the acceptance or not of the existence of the Gas Commercial Field will be deferred by the same term of the Retention Period.

8.3.2 The Retention Period shall not exceed the term of four (4) years. If the initially negotiated term as Retention Period was insufficient, ECOPETROL with previous written request and properly justified by THE ASSOCIATE, will extend the Retention Period for an additional term, and the amount of the initial retention period and its extensions will not exceed the four (4) years. The Retention Period applies exclusively to the area of Gas Field that ECOPETROL determines in principle as capable to produce Hydrocarbons, including the reserve area of two and half (2,5) kilometers wide that surrounds this area.

### CHAPTER III - EXPLOITATION CLAUSE 9 - TERMS AND CONDITIONS

9.1 To start the Joint Operation under the terms of this contract, it will be understood that the exploitation works will begin in the date when the Parties recognize the existence of the first Commercial Field or when that foreseen in Clause 9 (numeral 9.5) is fulfilled. The existence of a Commercial Field will be determined by means of the perforation, by THE ASSOCIATE in the proposed Commercial Field, from a sufficient number of Exploration Wells that allow defining reasonably the area capable to produce Hydrocarbons and the Field commerciality. If after evaluating the obtained results from the Discoverer Wells THE ASSOCIATE considers that she has discovered a possible Commercial Field, she will inform it in writing to ECOPETROL, giving the studies in which she has

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based this conclusion and the corresponding Development Plan, ECOPETROL within a term of ninety (90) calendar days starting from the date that THE ASSOCIATE gives all the support information and performs the technical presentation to ECOPETROL, she will be able to accept or object the existence of the Commercial Field, ECOPETROL will be able to request the additional information that estimates necessary in the thirty days (30) following the date of having presented the first support information.

9.2. If ECOPETROL accepts the existence of the Commercial Field, he will give warning in this sense to THE ASSOCIATE within a term that is indicated in Clause 9 (numeral 9.1) specifying the area and the Production Objectives of the Commercial Field and will enter to participate in the terms of this contract, in the exploitation of the Commercial Field discovered by THE ASSOCIATE.

9.2.1 ECOPETROL will reimburse THE ASSOCIATE thirty percent (30%) of the Exploration direct costs executed by THE ASSOCIATE on her own account and risk in the Contracted Area prior to the date of commerciality acceptance for ECOPETROL of each new Commercial Field discovered, according to numeral 9.1 of this Clause and that have not been charged previously to another Field.

9.2.2 The amount of these costs will be determined in United States dollars, taking as reference date that in which THE ASSOCIATE has performed such expenditures; therefore, the costs caused in Colombian pesos will be liquidated to the market representative rate that is effective in the date indicated here, certified by the Bank Superintendence or similar entity.

Paragraph: Once defined the amount of the Exploration direct costs to be reimbursed in United States dollars, this value will be updated monthly with the price index average to the consumer of industrialized countries, from the date of its expenditure to constant dollars from the date in which ECOPETROL begins the Refund in the form described in the Operation Agreement (Annex E) of this contract. The balances to reimburse will be equally updated until the date in which ECOPETROL reimburses the totality of its participation in the respective Commercial Field.

9.2.3 The Refund of Exploration direct costs, according to that expressed in Clause 9 (numeral 9.2.1) will be made by ECOPETROL to THE ASSOCIATE from the moment that the Field begins its production by the Operator, with the amount

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in dollars equivalent to fifty percent (50%) of his direct participation in the total production of the respective Field, after deducting the percentage corresponding to royalties.

Paragraph: If it is about Gas Commercial Field, this refund will be made by ECOPETROL to THE ASSOCIATE, from the moment that the Field is prepared for production by the Operator, with the amount in dollars equivalent to hundred percent (100%) of his direct participation in the total production of the respective Field, after deducting the percentage corresponding to royalties.

9.3 If ECOPETROL considers that the information given by THE ASSOCIATE in accordance with that established in Clause 9 (numeral 9.1.), it is not enough to decide on the existence of a Commercial Field, THE ASSOCIATE will be able to require the presentation and execution of a program of additional works managed to demonstrate the commerciality of the Field. Such works will be related exclusively with the Deposit(s) whose declaration of commerciality is pretended; they will be performed at risk and cost of THE ASSOCIATE and will not be able to require for their execution a lapse greater than two years. If it is about case and without damaging that specified in Clause 8 (numeral 8.1) in matter of areas reduction, the Exploration Period will be extended automatically for a time similar to the one that has been accorded among the Parties to execute additional works. If agreement is not made between the Parties on the program scope of additional works, THE ASSOCIATE will be able to retire the commerciality request to her election, or submit to expert opinion in accordance with Clause 28 of this contract, the requirement of ECOPETROL. By opting for this last one, if the definition of expert opinion is favorable to ECOPETROL, THE ASSOCIATE will be obliged to comply with the program of additional works required by ECOPETROL and submit again to consideration of ECOPETROL the commerciality request and the checked Development Plan. If the definition of expert opinion is favorable to THE ASSOCIATE, she will understand that ECOPETROL has enough information to accept or object the existence of the Commercial Field, case in which the term of ninety (90) calendar days that mentions the Clause 9 (numeral 9.1.) will be counted from the date that the experts' verdict is received in ECOPETROL.

9.4 If after having executed the additional works or resolved the disagreement by means of the expert opinion that it is detailed in the previous numeral, ECOPETROL accepts the existence of the Commercial Field that it is described in Clause 9 (numeral 9.1), enters to participate in those

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development operations of the aforementioned Field in the terms established in this contract and will reimburse THE ASSOCIATE in the form specified in Clause 9 (numeral 9.22. and 9.2.3.), thirty percent (30%) of the cost of the requested additional works that are detailed in Clause 9 (numeral 9.3) and the executed works will become property of the Joint Account.

9.5 Modality of Single Risk: If ECOPETROL does not accept the existence of a Commercial Field, still after that foreseen in Clause 9 (numeral 9.3), THE ASSOCIATE is entitled to execute on her own account and risk, the works that she estimates necessary for the exploitation of this Field, in accordance with the Development Plan presented to ECOPETROL and the good practices of the international oil industry, and to recover the cost of such works and the Exploration direct costs that THE ASSOCIATE has incurred before the pronouncement date of ECOPETROL regarding the commerciality of the respective Field that have not been charged previously to another Field. For the effects of this Clause, the recovery of the aforementioned costs will be made with THE ASSOCIATE'S participation in the Hydrocarbons produced from the respective Field, minus the royalties that are indicated in Clause 13, in accordance with that foreseen in clause 14 (numeral 14.2.3) of this contract for the exploitation under the modality of single risk. For the liquidation effects of the value in dollars from the expenditures made in pesos, it will be liquidated to the representative rate of the market certified by the Bank Superintendence or similar entity from the date that THE ASSOCIATE has made such expenditures. For the purposes of this Clause, the value of each barrel from the Hydrocarbon produced in this Field during one calendar month will be the reference price agreed by the Parties. If THE ASSOCIATE wants to exercise the right to exploit the Field under modality of single risk, she will manifest it expressly in no later than one hundred twenty (120) calendar days following the date that ECOPETROL communicates her the non-acceptance of the existence of a Commercial Field. If THE ASSOCIATE does not exercise this right, she will return the Field and her reserved area to ECOPETROL finishing the contract for such area or part of the Contracted Area.

9.6 In order to delimit a Field, it will be considered all the geologic, geophysics information, and that data from the perforated Wells in this Field or that have relation with it.

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9.7 If after having accepted the commerciality of one or more Fields or after having started the modality of single risk according to clause 9.5, THE ASSOCIATE continues complying with the exploratory obligations accorded in Clause 5, she will be able to simultaneously advance such Field's exploitation before the end of the Exploration Period defined in Clause 4, but only from the due date of this, the Exploitation Period is going to be counted. When it is about Gas Fields and ECOPETROL has granted the Retention Period, the Exploitation Period for each Field will be counted from the due date of the Retention Period.

9.8 If as a result of the perforation of Exploration Wells after the pronouncement about the existence of a Commercial Field, THE ASSOCIATE checks the presence of additional accumulations of Hydrocarbons associated to this Field, she will request ECOPETROL the enlargement of the Commercial Field Area and its commerciality, following the procedure foreseen in Clause 9 (numeral 9.1). If ECOPETROL accepts the commerciality, he will reimburse THE ASSOCIATE thirty percent (30%) of the Exploration direct costs exclusively related with the area enlargement of the Commercial Field, in the terms foreseen in numeral 9.22 and 9.2.3. If ECOPETROL does not accept the commerciality, THE ASSOCIATE will be entitled to reimburse them until two hundred percent (200%) of the total cost from executed works on her own account and risk for the exploitation of Exploration Wells that have resulted producers and until seventy percent (70%) of the Exploration direct costs that has performed THE ASSOCIATE and is exclusively related with the enlargement of the requested area before the pronouncement date of ECOPETROL regarding the same. Such refund will be made with the production coming from the Exploration Wells that have resulted producers, after deducing the royalty, following the procedure established in Clause 21 (numeral 21.2) until the percentages here defined.

#### CLÁSULA 10 - OPERATOR

The Parties agree that before the beginning of the exploitation of some Commercial Field in Single Risk, ECOPETROL will evaluate the technical and operational qualities of LLANOS OIL EXPLORATION LTD., and if he considers it this way, ECOPETROL will be able to designate at a third party as Operator or will be able to enter in order to operate it

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directly. The Parties agree that the one designated as Operator, with the limitations foreseen in this contract, will have control of all the operations and activities that he considers necessary for a technique, efficient and economic exploitation of the Hydrocarbons that are in the area of the Commercial Field. Likewise they accord that it is understood by the Parties and they determine it this way, that for all the legal effects of labor order the Operator acts not only as representative of the Parties but as the only and true employer of the workers that this one contracts for the operation of the Commercial Field and in consequence, will be the responsible for the work obligations that may arise from the respective relations or services agreements, such as payment of wages and social services, parafiscal contributions, affiliation and payment of rates or contributions for concept of pensions, health and occupational hazards to the Integral Social Security System that are detailed in Law 100 of 1993 and its regulation decrees or those standards that substitute or modify it.

10.2 The Operator has the obligation to perform all the development and production operations in accordance with the well-known industrial standards and practices, using for that the best technical methods and systems that the economic and efficient exploitation of the Hydrocarbons requires and giving application to the legal and regulative dispositions on the matter. Equally, he will be able to present opportunely to the Parties the reports and documents indicated in the contract, as well as any other information that requires the Executive Committee regarding the Joint Account and/or Operation.

10.3 For the above-mentioned and anything done for the execution and fulfillment of the Commercial Field operation, the Operator will perform all the activities by his own means, with freedom, technical and directive autonomy for all the purposes of this contract. This Operator will be considered as an entity different from The Parties as well as for the application of the civil, labor and administrative legislation and for his relations with the personnel under his command in accordance with clause 32.

10.4 The Operator will be entitled to resign as such, by means of a written notification to the Parties with six (6) months of anticipation to the date which he that wants to make effective its resignation. ECOPETROL will designate the new Operator in accordance with Clause 10 (numeral 10.1). In case the Operator designated by the ECOPETROL is a

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third party different from the Parties, the corresponding contract will be able to be celebrated between these and the new Operator.

10.5 The Operator will perform the operations matter of this contract in a technical diligent, responsible, efficient and appropriate way and economically being understood that in any moment he will be responsible for criterion errors, for losses or damages that were not of serious blame by the Operator.

10.6 The Operator will be entitled to execute any work by means of contractors subjected to the ability that the Executive Committee has in accordance with Clause 11 (numeral 11 .1). To give execution to that foreseen, the Operator will perform the recruiting following the procedure described in Annex "B" and subjected to the principles in good faith, transparency, economy, justness, responsibility, planning, quality, velocity, social and environmental responsibility that should govern in the recruiting.

#### CLAUSE 11 - PROGRAMS AND BUDGETS OF EXPLOITATION

11.1 Within the three (3) following months to the acceptance of a Commercial Field in the Contracted Area, the Operator will present to the Parties, the projects proposal, programs and the Development Plan Budget of the Commercial Field for the rest of the corresponding calendar year, to be agreed in the Executive Committee. In case there are less than six and half (6-1/2) months for the finalization of this year, the Operator will prepare and present the projects proposal, programs and Budget for the following calendar year, within a term of three (3) months.

11.1.1 The projects, programs and Budget contained in the Development Plan of the Commercial Field will be revised and adjusted annually and presented by the Operator to the Parties in the month of May of every calendar year, for which the Operator will send his proposal within ten (10) first days of the month of May. Within twenty (20) days following the receipt of the proposal, programs and Development Plan Budget of the Commercial Field, the Parties will inform in writing to the Operator about the changes that he wants to propose. When this happens, the Operator will keep in mind the observations and reformations proposed by the Parties in the elaboration of the revised Development Plan that will be subjected to the final approval of the Executive Committee, in the regular meeting of the month of July from every year. In case the total Budget of the Commercial Field has not been approved

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Before the month of July, those Budget aspects of the Commercial Field on which there has been an agreement, they will be approved by the Executive Committee, and those aspects not approved will be subjected immediately to the Parties, to later study and final decision, in the form foreseen in Clause 20.

11.2 The Parties will be able to propose additions or revisions to the projects, programs and the annual approved budget for each Commercial Field, but except for emergency cases, they will not be frequently formulated in less than three (3) months. The Executive Committee will decide about the additions and revisions proposed in a meeting within thirty (30) days following the presentation of the same.

11.3 - The projects, programs and Budget have mainly for goal:

11.3.1 Determine the operations to perform, the expenses and investments (Budget) that the Operator is authorized to execute in each Commercial Field in the following calendar year.

11.3.2 Maintain a vision of development of each Field in a horizon of medium and long term.

11.4 The projects, programs and the Annual Budget approved by the Executive Committee and contents in the Development Plan of each Commercial Field constitute the indicated working plan, the expenses and estimated investments that the Operator will make in the different aspects of the operation, such as:

11.4.1 Capital investments in production: perforation for the development of Deposits, reconditioning or rehabilitation of wells and specific constructions for production.

11.4.2 General construction and equipments: industrial and camp facilities, transportation and construction equipment, perforation and production equipment, other constructions and equipments.

11.4.3 Maintenance expenses and operation: production expenses, geologic expenses and administrative expenses for the operation.

11.4.4 Requirements of working capital.

11.4.5 For incidentals.

11.5 The Operator will make all the expenses and investments and will take to term the development operations and agreement production with the projects, programs and the

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Annual Budget approved in the Development Plan for each Commercial Field that the Clause 11 (numeral 11.1) refers to, in accordance with the Operation Agreement (Annex B) that is part of this contract and without exceeding the total Budget for every year: except for authorization of the Executive Committee in special cases.

11.6 The operator is authorized to make not contemplated expenses expressly in the Budget from each Commercial Field and attributable the Joint Account without previous authorization of the Executive Committee, when it is about emergency measures that tend to safeguard the personnel or Parties' property, emergency expenses originated in fire, floods, storms or other disasters; indispensable emergency expenses for the operation and maintenance of the production facilities, including the maintenance of wells under conditions to produce with maximum efficiency; indispensable emergency expenses for the protection and conservation of materials and necessary equipments in operations. In these cases, the Operator should summon a special meeting of the Executive Committee as soon as possible, to obtain his approval in order to continue with the emergency measures.

11.7 From the value of expenses that he incurs and the contracts celebrated by the Operator for quantities that overcome the Annual Budget approved by the Executive Committee for each Commercial Field in accordance with the Clause 19 (numeral 19.3.9) without they had been authorized opportunely by the Executive Committee, except for the suppositions regulated in Clause 11 (numeral 11.8), the only one responsible will be the Operator who therefore will assume the totality of the corresponding value. When the expense or Contract in question is ratified by the Executive Committee, the corresponding value will be recognized to the Operator, in accordance with the rules that will define the Executive Committee. In case the expense or contract is not accepted by the Executive Committee, the Operator, if it is possible, will be able to retire the well in question and reimburse to the Parties any cost that its retirement can cause them. When it is not possible that the Operator retires such goods, or he declines to do it, the benefit or patrimonial increment that results from these expenses or contracts will belong to the Parties in proportion to their interest in the Operation.

#### CLAUSE 12 - PRODUCTION

12.1 With the frequency that is necessary, the Operator will determine, with the approval of the Executive Committee, the Maximum Grade of Productive Efficiency (MER) for each

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Commercial Field. This Maximum Grade of Productive Efficiency (MER) will be the maximum production rate of Hydrocarbons that can be extracted from a Deposit in order to obtain the maximum economic benefit in the final recovery of reserves in agreement with the economic and engineering principles, the practices and procedures generally employed and used in the international oil industry in similar conditions and circumstances to those experienced in the activities under this contract. The estimated production will be adjusted in a form that could be necessary to compensate the real or premature conditions of the operations such as wells in repair that are not producing, capacity limitations in the collector lines, bombs, separators, tanks, pipelines and other facilities.

12.2 Periodically, at least once a year, the Operator with the approval of the Executive Committee will determine the considered area able to produce Hydrocarbons in commercial quantity in each Commercial field.

12.3 The Operator will prepare and surrender to each one of the Parties to regular intervals of three (3) months, a program that indicates the participation in the production and another that shows the production distribution of each Party for the following six (6) months. The production forecast will be made based on the Maximum Grade of Productive Efficiency (MER) as it has been specified in Clause 12 (numeral 12.1) and adjusted to the rights of each Party, in accordance with this contract. The program of production distribution will be determined based on the periodic requests of each Party and in accordance with Clause 14 (numeral 14.2) with the corrections that could be necessary to assure that none of the Parties, being in capacity of retiring, will receive less than the amount that she is entitled according to that prepared in Clause 14 and without damage of that specified in Clauses 21 (numeral 21.2) and 22 (numeral 22.5).

12.4 If anyone of the Parties foresees a reduction of her receipt capacity of hydrocarbons with relation to the forecast given to the Operator, she should inform it to him as soon as possible, and if such reduction is due to an emergency situation, she will notify the Operator within twelve (12) hours following the occurrence of the fact that causes the reduction. In consequence, such Party

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will give the Operator a new receipt program keeping in mind the corresponding reduction;

12.5 The Operator will be able to use the Hydrocarbons that are consumed in the development of production operations in the Contracted Area and these consumptions will be exempt from the royalties that are indicated in Clause 13 (numeral 13.1).

#### CLAUSE 13 - ROYALTIES

13.1 For the payment of royalties for the Hydrocarbons exploitation of national property, the Operator will give ECOPETROL the production percentage established in the Law. The delivery of this production will be performed in the same point and moment in which the Parties distribute the production corresponding to them in accordance with Clause 14 of this Contract. For the case of Fields in exploitation under the modality of Single Risk, THE ASSOCIATE will surrender to ECOPETROL the production percentage corresponding to the royalties in the point that the Parties agree.

13.2 From the production percentage delivered to ECOPETROL in the previous terms of numeral one, ECOPETROL in the form and terms established by the law will pay the entities those royalties that the law indicates and that are caused in favor of the State over the production total of the Field and in no case, the ASSOCIATE will be responsible for some payment before these entities.

#### CLAUSE 14 - DISTRIBUTION AND READINESS OF HYDROCARBONS

14.1 The produced Hydrocarbons, except for those that have been used in benefit of the operations of this contract and those that inevitably are wasted in these duties will be transported to the common tanks of the Parties or other measurement facilities that the Parties agree. If there is no agreement, it will be in the nearest measurement point to the defined inspection point by the Ministry of Mining and Energy. The Hydrocarbons will be measured according to the standards and methods accepted by the oil industry and based on this measurement, the volumes will be determined to that referred in Clause 13. From that moment, the remaining Hydrocarbons are property of each Party in the proportions specified in this contract.

##### 14.2 Production Distribution.

14.2.1 After derived the percentage corresponding to the royalties, the rest of the produced Hydrocarbons coming from each Commercial Field is property

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of the Parties in a proportion of thirty percent (30%) for ECOPETROL and seventy percent (70%) for THE ASSOCIATE until when the accumulated investigated production of the respective Commercial Field reaches the amount of sixty (60) millions barrels of liquid Hydrocarbons or the amount of nine hundred (900) cubic gigafeet of gassy Hydrocarbons to standard conditions, the issue that occurs first (1 gigafeet =  $1 \times 10^9$  cubic feet). For the exploited Fields under a modality of single risk, the production distribution once it is derived the percentage of royalties, it is property of the Parties in a proportion of one hundred percent (100%) for THE ASSOCIATE and zero percent (0%) for ECOPETROL until when the accumulated investigated production of the respective Field reaches the limits first of the aforementioned accumulated production.

14.2.2 Independently of the Commercial Field classification of the given by ECOPETROL in the commerciality definition above the limits indicated in numeral 14.2.1, the production distribution of each Commercial Field (previous deduction of the percentage corresponding to the royalties) is property of the Parties in a proportion that is convenient to apply the R factor as it is indicated next:

14.2.2.1 If the Hydrocarbon that first reached the limit indicated in numeral 14.2.1 of this clause was the liquid Hydrocarbon, the following table will be applied:

R FACTOR	Production Distribution after royalties (%)	
	ASSOCIATE	ECOPETROL
0,0 a 1,5	70	30
1,5 a 2,5	$70/(R-0,5)$	$100-[70/(R-0,5)]$
2,5 or more	35	65

14.2.2.2. If the Hydrocarbon that first reached the limits indicated in numeral 14.2.1 of this Clause was the gassy Hydrocarbon, the following table will be applied:  
Production Distribution after Royalties (%)

R FACTOR	Production Distribution after Royalties (%)	
	ASSOCIATE	ECOPETROL
0,0 a 1,5	70	30
1,5 a 2,5	$70/(R-0,5)$	$100-[70/(R-0,5)]$
2,5 o more	35	65

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14.2.3 Independently of the Field classification given by ECOPETROL in the commerciality definition above the limits indicated in numeral 14.2.1, the production of each exploited Field under the modality of single risk in accordance with clause 9 (numeral 9.5), previous deduction of the percentage corresponding to the royalties, it is property of the Parties in the proportion that is convenient to apply the R factor as it is indicated next:

14.2.3.1 If the Hydrocarbon that first reached the limit indicated in numeral 14.2.1 of this Clause was the liquid Hydrocarbon, the following table will be applied:

R FACTOR	Production Distribution after Royalties (%)	
	ASSOCIATE	ECOPETROL
0,0 a 1,5	100	0
1,5 a 2,5	197,5-(65R)	100-[197,5-(65R)]
2,5 o more	35	65

14.2.3.2 If the Hydrocarbon that first reached the limit indicated in numeral 14.2.1 of this Clause is the gassy Hydrocarbon, the following chart it is applied:

R FACTOR	Production Distribution after Royalties (%)	
	ASSOCIATE	ECOPETROL
0,0 a 2,0	100	0
2,0 a 3,0	230-(65R)	100-[230-(65R)]
3,0 o more	35	65

14.2.4 For effects of the previous tables, the R factor will be defined as the relation of the accumulated incomes, expressed in constant terms over the cumulative expenditures, equally expressed in constant terms, corresponding to THE ASSOCIATE for each Commercial Field in the following terms:

$$R = \frac{IA}{ID+ A-B+GO}$$

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Where:

AI (Accumulated incomes of THE ASSOCIATE): it is the appraisal of the accumulated incomes corresponding to the produced volume of Hydrocarbons of THE ASSOCIATE after the royalties to the reference price agreed by the Parties, excluded the Hydrocarbons reinjected in the Fields of the Contracted Area, the consumed ones in the operation and the burned gas.

The reference average price of the Hydrocarbons will be determined by the common agreement among the Parties.

In order to determine the Accumulated Incomes they will be taken as base the Monthly Revenues, those which in turn will be determined as a result of multiplying the average price of monthly reference by the monthly production according to the established forms for such effect by the Ministry of Mining and Energy.

DI (Accumulated Development Investment): they are seventy percent (70%) of the Accumulated Developed Investments approved by the Executive Committee of the Association for each Commercial Field.

A: They are the Exploitation Direct Costs that THE ASSOCIATE has incurred in accordance with Clause 9 of this Contract and adjusted according to that prepared in paragraph of Clause 9 (numeral 9.2.2).

B: It is the cumulative Refund of the Exploration direct costs aforementioned in accordance with Clause 9 of this Contract.

OE: (Accumulated Operation Expenses): they are the accumulated operation expenses approved by the Executive Committee of the Association, in the proportion that corresponds to THE ASSOCIATE plus the accumulated transportation costs of THE ASSOCIATE. It is understood as transportation costs the investment expenses and operation for the transportation of Hydrocarbons produced in the Commercial Fields located in the Contracted Area from this site to the export port or place it is agreed to take the price to use in the calculation of accumulated incomes. Such transportation costs will be determined by the parties in common agreement once the Field exploitation stage begins whose commerciality has been accepted by ECOPETROL.

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