

LAW No. 2289/95

Prospecting, Exploration and Exploitation of Hydrocarbons and other provisions
(published in the Government Gazette No 27; Part One, 8 February 1995)

***NOTE: Pursuant of article 154 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011):

"Article 154

1. Where the provisions of Law 2289/1995 refer to "Minister of Industry, Energy and Technology", hereinafter is defined as "Minister of Environment, Energy and Climate Change", "Minister of Trade Shipping" now means "Minister of Development, Competitiveness and Shipping", "Minister of Environment, Planning and Public Works" and "Minister of Transports and Communications" now means "Minister of Infrastructure, Transport and Communications" .

2. Where the Law 2289/1995 refers to DEP-EKY, now means the Company established in accordance with paragraph 1 of Article 145, which from entry into force of the Presidential Decree referred in this paragraph, all competences and rights assigned to companies DEP and DEP-EKY SA, according to Law 468/1976 and Law 2289/1995 in conjunction with paragraph 2 of the second article of Law 2593/1998 and the delegated presidential decrees and ministerial decisions issued, related to the purposes of the newly established Hellenic Hydrocarbon Resources Management SA (H.H.R.M. S.A), are vested exclusively in this and exercised in accordance with the provisions of Law 2289/1995 as well as the provisions of this law".

CHAPTER A

EXERCISE OF RIGHTS BY THE STATE

Article 1

Definitions

For the purposes of the present Law the following definitions shall apply:

1. Hydrocarbons: Fossil fuels of any kind, whether in solid, liquid or gaseous 'state, with specific reference to crude mineral oil, 'natural gasoline, natural hydrocarbon gases and any and all minerals or substances of any kind extracted together therewith.

2. By-Products: The remaining products (sulphur, etc) other than fossil fuels that are derived from the processing of hydrocarbons. .

3. Hydrocarbon Prospecting: The attempt to locate Hydrocarbons in a specific area by any appropriate method other than drilling.

4. Hydrocarbon Exploration: The exploration for the discovery of hydrocarbon deposits by any appropriate method, including drilling.

5. Hydrocarbon Exploitation: The extraction of hydrocarbons, any treatment which is necessary to make them marketable, and their storage and" transportation to the loading installations for further disposal. Any treatment referred to in this paragraph shall not include refining.

"6. Lessor: The State on whose behalf the H.H.R.M. S.A concludes with a third party lease agreement."

***Paragraph 6 between "" was replaced pursuant of paragraph 1 of Article 155 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

"7. Employer: The State on whose behalf the H.H.R.M. S.A concludes with a third party a production sharing agreement"

***Paragraph 7 between "" was replaced pursuant of paragraph 2 of Article 155 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

"8. Contractor: Any party concluding either a lease agreement or a production sharing agreement with H.H.R.M. S.A and any assignee appointed by such party, in accordance with the provisions of paragraphs 4 to 8, inclusive, of article 7 hereof."

***Paragraph 8 between "" was replaced pursuant of paragraph 3 of Article 155 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

9. Affiliate Enterprise: A company or any other legal entity; or a natural person which is, directly or indirectly, controlled by the Contractor; and any company or another legal entity or natural person which controls or is controlled, directly, by a company or a legal entity or a natural person which, directly or indirectly, controls the Contractor or is controlled by it. Control is understood to mean a holding of at least thirty percent (30%) of the voting share capital of an enterprise or the right, under special provisions of Greek law, to appoint the management of an enterprise. For the specific purpose of paragraph 5 of Article 7 hereof control is understood to mean a holding in excess of fifty percent (50%) of the share capital.

10. Independent Third Party: Any natural person or legal entity other than an Affiliate Enterprise.

Article 2

Rights of the State over Hydrocarbons.

Prospecting, exploration and exploitation of Hydrocarbons. Methods of granting the right - Exploration and exploitation pursuant to a lease agreement and a production sharing agreement.

"1. The rights of prospecting, exploration and exploitation of hydrocarbons that exist in onshore areas, sub lake and submarine areas, where the Hellenic Republic has respectively sovereignty or sovereign rights, in accordance with provisions of the United Nations Convention on the Law of the Sea (UNCLOS), as ratified by Law 2321/1995, belong exclusively to the State and their exercise is always for the public benefit. The management for State account of the rights of this paragraph shall be exercised by the H.H.R.M. S.A.

"Submarine areas" means the seabed and the subsoil of the internal waters, the territorial sea, the continental shelf and the exclusive economic zone (once declared), to a distance of 200 nautical miles from the baselines from which the breadth of the territorial sea is measured.

In the absence of a delimitation agreement with neighboring States, whose coasts are opposite or adjacent to the coasts of the Hellenic Republic, the outer limit of the continental shelf and of the exclusive economic zone (once declared) is the median line, every point of which is equidistant from the nearest points on the baselines (both continental and insular) from which the breadth of the territorial sea is measured."

***Paragraph 1 between "" was replaced pursuant of paragraph 1 of Article 156 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

"2. The right of prospecting of hydrocarbons is granted by decision of H.H.R.M. S.A, while the rights of exploration and exploitation are granted by agreement, according to the procedures provided in paragraph 17 of Article of Law 2289/1995."

***Paragraph 2 between "" was replaced pursuant of paragraph 2 of Article 156 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

"3. By joint decision of the Minister of Environment, Energy and Climate Change and the competent by case Minister, conditions for national security reasons can be imposed at any stage, for the exercise of rights of prospecting, exploration and exploitation of hydrocarbons, in an area or areas mentioned to next paragraph."

***Paragraph 3 between "" was replaced pursuant of paragraph 3 of Article 156 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

"4. By decisions of the Minister of Environment, Energy and Climate Change, issued following the opinion of H.H.R.M. S.A and published in the Government Gazette, the regions of paragraph 1 shall be divided either in whole or in part in areas on one hand for the exercise of the rights of prospecting, exploration and exploitation and on the other hand placed for the exercise of such activities.

These areas are if possible rectangular and specified by geographic or parallel meridians and by the borderline of the land frontier of the mainland and island beaches or lines that

are close to the borderline."

***Paragraph 4 between "" was replaced pursuant of paragraph 4 of Article 156 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

"5. The H.H.R.M. S.A issues invitation for submission of applications for prospecting of hydrocarbons that is approved by the Minister of Environment, Energy and Climate Change, is published in the Government Gazette and is sent for publication in the Official Journal of the European Union. The submission of applications deadline is specified in the invitation and can not be less than ninety (90) days from the last publication. In the invitation, which may also be issued following the submission of application by an interested party the following information shall be set forth: the area which shall be subject to prospecting, the terms and obligations of the licensee, the criteria for the selection, the amount of the fee payable and the amount of the good performance letter of guarantee issued by a bank legally operating in a member-state of the European Union, the deadline for the granting of the license, and any other relevant information.

The H.H.R.M. S.A applies the above procedure also in the case of execution of non-exclusive seismic survey by specialized companies, applying seismic or other geophysical and geological methods} with specific commercial terms pooling of survey results. The licensee performs seismic programs at his own expense and has the right to sell to third parties the results of the survey."

***Paragraph 5 between "" was replaced pursuant of paragraph 5 of Article 156 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

"6. Within the time limit set out in the invitation, H.H.R.M. S.A shall grant by its decision the license for prospecting, which is approved by the Minister of Environment, Energy and Climate Change and shall be valid up to eighteen (18) months. The area for prospecting can not exceed 4,000 square kilometers in the case of onshore areas and 20,000 square kilometers in the case of offshore areas. These limits do not apply in case of executing seismic and other geophysical and geological survey method of non-exclusive use. "

***Paragraph 6 between "" was replaced pursuant of paragraph 6 of Article 156 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

7. The procedure concerning the publication of the invitation may not be followed when the area for which the license is requested:

(a) is available on a permanent basis and this fact has been set forth in the invitation initially published, or

(b) has previously been the subject of the procedure set out in paragraph 5 of this article, which, however, did not result in the granting of a license, or

(c) has been abandoned by a licensee.

In these cases the resolution granting the license shall specify the conditions and obligations of the licensee, the amount of the fee payable and the amount of the letter of guarantee.

"The Minister of Environment, Energy and Climate Change, by notice that is published in Government Gazette and sent to publication in the Official Journal of the European Union shall notify the available areas, and any further relevant information on these areas. For any significant change of this information an additional notice shall be published."

***Subparagraph after point c of paragraph 7 between "" was added pursuant of paragraph 7 of Article 156 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

8. The holder of the prospecting license shall be obliged, immediately after its granting, to submit to the Ministry of Industry, Energy and Technology a prospecting program divided into phases and, after the completion of each phase, shall be obliged to submit copies of all technical and scientific data and conclusions that resulted during the prospecting carried out in that phase. Within three (3) months from the expiration of the licensee, the licensee shall be obliged to submit to the Ministry of Industry, Energy and Technology a detailed report, accompanied by official information and data, in which the results of the prospecting have been analyzed. Breach of the foregoing obligations by the licensee, as well as any breach of the terms of the invitation or the license may result in the revocation of the licensee and in forfeiture of the letter of guarantee in favor of the State.

***Pursuant of paragraph 8 of Article 156 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011) the term "The Ministry of Industry, Energy and Technology "is replaced by H.H.R.M. S.A. "

9. The granting of prospecting licenses to several applicants for the same area is permitted. The granting of such a license does not confer any other right on the licensee.

10. The State's rights of exploration and exploitation shall be granted:

(a) by the conclusion of a lease agreement; or

(b) by the conclusion of a production sharing agreement, and in either case both the stages of exploration and exploitation shall be provided for.

11. Each agreement shall concern one or more adjacent onshore areas or areas of seabed referred to in paragraph 4 of this Article, which shall comprise the initial exploration area for the discovery of deposits of hydrocarbon (Contract Area).

12. The Contract Area shall eventually be restricted to the area where commercially exploitable deposits of hydrocarbons have been discovered (Exploitation Area) as provided for in paragraphs 8 to 15, inclusive, of Article 5 hereof.

13. For sections of the Contract Area where, as a result of the application of the foregoing paragraph or other provisions, the right of the Contractor under the relevant agreement ceases to exist, a separate agreement may be entered into, notwithstanding the provisions of paragraph 11 of this Article. If, on the effective date of this Law, there exist agreements granting the rights of exploration and exploitation of hydrocarbons which concern only a part of an Exploration Area pursuant to Article 3 of Law 468/1976, a separate agreement covering the remaining area may be concluded.

14. The type of agreement that may be concluded pursuant to paragraph 10 of this Article for each Contract Area, as defined in paragraph 11 of this Article, shall be determined by resolution of the Minister of Industry, Energy and Technology after receiving the opinion of DEP-EKY. .

***NOTE: See resolution Δ1/Γ/23500/28-29.12.1995 of the Minister of Industry, Energy and Technology (Government Gazette No 1094; Part B) about Selection of agreement type.

15. The rights of the Contractors pursuant to the agreements that are concluded in accordance with paragraph 10 hereof are unseizable. Hydrocarbons that have been extracted, except those belonging to the State, may be seized or arrested.

"16. The agreements, referred to in paragraph 10 of this Article, signed with third parties by H.H.R.M. S.A on behalf of the State are concluded by the procedures set out in the next paragraph."

***Paragraph 16 between "" was replaced pursuant of paragraph 9 of Article 156 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

"17. The H.H.R.M. S.A. grants on behalf of the State the right of hydrocarbon exploration and exploitation in accordance with the following procedures:

a) Either after an invitation to tender, for the areas of paragraph 4, that is approved by the Minister of Environment, Energy and Climate Change, published in the Government Gazette and sent for publication in the Official Journal of the European Union. The deadline for the submission of the offers is defined in the invitation and can not be less than ninety (90) days from the day of the last publication.

b) Or after submission of application by an interested party for an area which is not included in the invitation to tender according to case a.

The H.H.R.M. SA, if the application is accepted, issues invitation to tender, approved by the Minister of Environment, Energy and Climate Change, published in the Government Gazette and sent for publication in the Official Journal of the European Union. The deadline for the submission of offers by other interested parties is at least ninety (90) days from the day of the last publication.

c) Or after an open invitation (open door) for expression of interest, when the area for which the concession is requested is available on a permanent basis or has been the subject of a previous procedure which has not resulted in the conclusion of a lease agreement or a production sharing agreement or has been abandoned by contractor, in the case that he has withdrawn from the agreement or has terminated it. The Minister of

Environment, Energy and Climate Change, by notice, published in the Government Gazette and sent for publication in the Official Journal of the European Union shall notify the above areas with the minimum basic terms of the concessions as well as any other relevant information. Interested parties may tender for a concession in more than one area. The offers are submitted until the last day of the first and second semester of each calendar year.

Within thirty (30) days from the end of the semester, the Minister of Environment, Energy and Climate Change announces that the area is excluded from the areas which are available as above, in case the area is on an ongoing process of concession. The offers are evaluated and among them is selected the one most advantageous to the State, following negotiations with the interested parties and based on the selection criteria of the open invitation."

***Paragraph 17 between "" was replaced pursuant of paragraph 10 of Article 156 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

"18. During the application of the procedures a and b of the previous paragraph, the invitation to tender for the submission of offers should specify the geographical areas that define wholly or partially the subject of the concession, the type of agreement as in paragraph 14, the terms and criteria of participation such as the minimum financial capability, the technical expertise of the tender, prior experience in exploration and exploitation of hydrocarbons, the successful implementation of such projects under a previous concession, as well as any other necessary term and condition."

***Paragraph 18 between "" was replaced pursuant of paragraph 11 of Article 156 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

"19. In the invitation to tender, the criteria for participation and the points open to competition shall be set out in detail and such criteria and points shall include the royalty being offered by the interested parties in the case of a lease agreement and the participation interest in the hydrocarbons to be produced being offered to the Employer by the interested parties in the case of a production sharing agreement, the signature bonus and the production bonus. The Invitation to tender may also provide for a payment by the Contractor to the Lessor or the Employer of an amount of indemnity per annum which may be determined on a by surface basis to be paid during the exploration and exploitation stage. "

***Paragraph 19 between "" was replaced pursuant of paragraph 12 of Article 156 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

"20. The Invitation to tender shall specify the method for submitting the offers, the necessary data that must accompany them, the amount of fee payable for the participation in the tender, fee for training the related to the field human resources of public administration, as well as any other necessary detail for the conduction of the tender and the selection of the Contractor"

***Paragraph 20 between "" was replaced pursuant of paragraph 13 of Article 156 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

21. The Minister of Industry, Energy and Technology may, at his discretion, refuse to make a selection in any case if none of the offers submitted are considered beneficial for the State.

22. Under the lease agreement, the Contractor assumes the obligation to plan and perform the exploration and exploitation of Hydrocarbons and their By-products in the areas referred to in paragraphs 11, 12 and 13 of this Article and shall have the exclusive right to do so.

23. The Contractor shall bear the costs and risks of all projects during the whole span of the agreement. The relevant operations shall be carried out on the basis of programs and a budget which are submitted by the Contractor to the Lessor and approved by the latter.

24. The Contractor shall provide all the necessary technical equipment, materials, personnel and funds for the exploration and exploitation and shall bear the entire financial risk in all events, particularly if no commercially exploitable deposit is discovered or if the profit made on the yield from a deposit is insufficient.

25. In the event of the discovery of a commercially exploitable deposit, the Contractor, as of the notification to the Lessor "pursuant to paragraph 8 of Article 5" hereof becomes licensee of the right of exploitation of the deposit, being obliged and entitled to produce Hydrocarbons and their by-products and to market the same for its own benefit, either in their crude state or following the processing thereof, excluding refining, by paying to the Lessor the royalty and the tax provided under Article 8 and paragraphs "1 to 2" of this Article 9.

***NOTE: In paragraph 25 of Article 2 of Law 2289/1995, the phrase "pursuant to paragraph 9 of Article 5" is replaced with the phrase "pursuant to paragraph 8 of Article 5" and the phrase "1 to 3 of this Article" is replaced with phrase "1 to 2 of this Article" pursuant of paragraph 14 of Article 156 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

26. The royalty due in any particular case may be escalated by taking account, either cumulatively or disjunctively, the level of production, the geographic, geological and other characteristics of the area and the coefficient between income and expenses.

27. The royalty is due to the Lessor under any circumstances, irrespective of whether the Contractor realizes a profit or not, it is agreed that it will be paid in kind or in cash, at the Lessor' s option. In the first case, the royalty shall be determined as a percentage of the quantity of Hydrocarbons produced and in the second case as a percentage of their value as provided under the agreement. The quantity produced shall be deemed to be that, remaining after deduction from the total produced hydrocarbons of those used or lost in production operations through no fault of the Contractor.

28. A presidential decree, which is issued following a proposal of the Minister of Industry, Energy and Technology:

(a) shall specify the contents and the timetable for the submission for approval of the exploration and exploitation programs and the expenditure budgets;

(b) shall specify the terms of the lease of the right in detail and set out regulations concerning the conditions of and time limits for the payment of the royalties to the Lessor. Notwithstanding any existing provisions, the presidential decree also regulates matters concerning the import and export in foreign exchange of the income acquired by the Contractor in Greece or abroad and the remuneration of foreign contractors and subcontractors, employed by the Contractor;

(c) shall regulate any matter which is connected with the performance of the agreements and any matter which serves the objectives pursued thereby, notwithstanding the provisions of any legislation in force.

29. The lease agreement of the foregoing paragraphs shall be concluded within the framework specified by the presidential decree of the previous paragraph. The provisions of Articles 574 to 647, inclusive, of the Civil Code shall not apply.

30. Under the production sharing agreement, the Contractor shall undertake to plan and carry out the exploration and exploitation of hydrocarbons and by-products in the areas referred to in paragraphs 11, 12 and 13 of this Article and shall have the exclusive right to do so.

31. The Contractor shall provide, at its expense, the necessary technical equipment, materials, personnel and funds required for the performance of the project, and shall bear the entire financial risk in all events, particularly if no commercially exploitable deposit is discovered or if the profit made on the yield from a deposit is insufficient. The Contractor shall manage the project, which shall be carried out in accordance with the international models for the exploration and exploitation of Hydrocarbons and pursuant to an annual work program and budget which has been approved by the Employer, and shall bear the risk throughout the entire span of the agreement. The Employer shall monitor and check the performance and costs of the operations.

32. In the event of the discovery and production of Hydrocarbons, the Contractor shall retain part of each calendar year's total production of Hydrocarbons and By-products of each Exploitation Area, as determined pursuant to "paragraphs 8 to 14 of Article 5" hereof to cover the expenses which are provided for in "paragraph 5 Article 9" hereof.

The remainder of the production from the Exploitation Area in question together with the income specified in paragraphs 4(c) and 4(d) of Article 9 hereof shall be shared between the Employer and the Contractor on the basis of a fixed and agreed upon percentage (production sharing).

***In paragraph 32 of Article 2 of Law 2289/1995 the words "paragraphs 8 to 15 of Article 5" are replaced with "paragraphs 8 to 14 of Article 5" and the words "paragraph 2 cases (a) to (j), inclusive, of Article 9" are replaced by "paragraph 5 Article 9" pursuant of paragraph 15 of Article 156 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

33. The specific percentage share of the Employer may be escalated, by taking into account, either cumulatively or disjunctively, the level of production, the geographic, geological and other characteristics of the area and the coefficient between income and expenditure,

34. The produced quantity shall be deemed to be the marketable quantity remaining after the deduction from the total of the produced hydrocarbons of those used or lost in production operations through no fault of the Contractor.

35. The portion of each year's total production which is retained by the Contractor pursuant to paragraphs 2(a) to 2(j), inclusive; of Article 9 hereof to cover its expenditure, shall be such that its value, calculated on the basis of the annual weighted average prices of the products, which shall be computed in accordance with the value of the products as determined in paragraph 6 of Article 9 hereof, shall be equal to the sum of the following amounts:

(a) the total current production expenditure incurred during the year in question as provided for in paragraphs 2(a) to 2(j), inclusive, of Article 9 hereof as well as the unrecovered balance of production expenditure, if any, brought forward from previous years;

(b) the amount of annual depreciation charged towards recovery of the expenses specified in "Article 9 paragraph 5" hereof, for exploration, exploitation installations and other fixed assets up to limits provided for such depreciation by a Depreciation Table which shall be drawn up in accordance with paragraph 5 of Article 8 hereof. The percentage share of total production due to the Contractor under the production sharing agreement (the Contractor's share) shall be equal to the balance remaining after the deduction of the portion retained by the Contractor to cover expenses as above and the percentage share due to the Employer (the Employer's share).

***In case (b) of paragraph 35 of Article 2 of Law 2289/1995 the phrase "in Article 9 paragraph 2, cases (a) to (j)" is replaced with the phrase "Article 9 paragraph 5" pursuant of paragraph 16 of Article 156 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

36. The Contractor may be obliged to sell the Employer's share of the production on behalf of the Employer. The method of calculating the Employer's share in cash is determined by the agreement.

37. A presidential decree, which is issued following a proposal of the Minister of Industry, Energy and Technology specifies:

(a) basic conditions for any assignment of exploration and exploitation of hydrocarbons pursuant to the foregoing paragraphs;

(b) provisions which shall regulate the submission by Contractor of the Annual Work Program and Expenditure Budget and any relevant procedure for checking and monitoring their performance;

(c) provisions which shall regulate the conditions of, and the time limits, for the delivery of Employer's share in kind or payment thereof in cash in the event of a sale during the calendar year. It also specifies provisions which, notwithstanding any legislation in force, shall regulate matters concerning the import and export in foreign exchange of the income acquired by the Contractor, in Greece or abroad, and the remunerations of foreign contractors and subcontractors employed by the Contractor;

(d) conditions pursuant to which any matter connected with the performance of the agreements and any matter which serves the objectives pursued thereby is to be regulated, notwithstanding any legislation in force. '

38. The production sharing agreement of the foregoing paragraphs shall be concluded within the framework specified by the presidential decree of the previous paragraph. The provisions of the Civil Code on project contracts and the provisions regarding the performance of public projects shall not apply.

"39. The Agreements of paragraph 10 are signed by H.H.R.M. S.A and the Contractor and submitted to Ministry of Environment, Energy and Climate Change for approval by the Minister. Without approval, the agreements are absolutely void these and produce no legal effect. "

** Paragraph 39 in article 2 of Law 2289/1995, was added pursuant of paragraph 17 of Article 156 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

Article 3

The State's participation in exploration and exploitation. Exploitation (without exploration) pursuant to a lease agreement or a production sharing agreement

1. The lease agreements or the production sharing agreements that are concluded pursuant to the previous Article may provide for the State's participation in a joint venture with the Contractor both in the exploration stage, and in the stage of exploitation of a deposit which has been discovered.

"The right of State participation cannot be exercised by H.H.R.M. S.A"

***In the paragraph 1 of Article 3 of Law 2289/1995 phrase between "" is added pursuant of article 157 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

2. The invitation to tender shall specify the percentage of the State's participation, if any, its participation percentage in the exploration and exploitation expenses, its participation percentage in the allocation of the production, the legal entity through which the State will exercise its participation rights, the management of the joint venture, and any other necessary details.

3. In the event an area or a portion thereof has already been explored and a commercially exploitable deposit of Hydrocarbons has been discovered, the right, solely to the exploit of the deposit may be assigned following a competitive tender, to a third party on the conclusion of either a lease agreement or a production sharing agreement.

4. According to the presidential decrees of paragraphs 28 and 37 of Article 2 hereof; the specific terms of such agreement shall be determined, and the provisions of paragraphs 22 to 38, inclusive, of Article 2 hereof shall apply mutatis mutandis.

5. The provisions of Chapter B hereof, except the provisions of paragraph 1 to 8, inclusive, of Article 5 hereof, shall apply to the agreements referred to in this Article.

Article 4

Contractors

1. Under the agreements concluded according to the provisions of this Law, Contractors may be natural persons and/or legal entities, acting singly in a joint venture, provided they have the nationality of, in the case of a natural person, or are registered in, in the case of a legal entity, a member state of the European Union or a third party country having reciprocity.

2. Following a recommendation by the Minister of Industry, Energy and Technology, the Council of Ministers may resolve to prohibit a person who 'is substantially controlled by a third country or by the citizens of a third' country or, a joint venture in which such a person participates, from participating in procedures specified in Article 2 and .3 hereof and from being granted ,a prospecting license or from concluding lease agreements or production sharing agreements and from transferring rights granted under such agreements pursuant to paragraphs 4 to 8, inclusive, of Article 7 hereof, for reasons of national security.

3. Following the concluding of an agreement, the Contractor may not be placed under the

direct or indirect, control of a foreign State which is not a member state of the European Union, or under the direct or indirect control of a citizen of such State without the prior approval of the Council of Ministers which shall resolve whether to give such approval after receiving the opinion of the Minister of Industry, Energy and Technology. Breach of this provision shall result in the Contractor forfeiting all his rights under the agreement following a resolution of the Council of Ministers to this effect.

CHAPTER B
THE CONTRACTOR'S RIGHTS AND OBLIGATIONS
Article 5

The Contractor's rights and obligations during the exploration and exploitation stages. Joint exploration and exploitation of adjacent areas

"1. The duration of the exploration stage is determined by the agreement, cannot exceed seven (7) years for onshore areas and eight (8) years for offshore areas and starts with the entry into force of the agreement. The exploration stage is divided into phases specified in the agreement."

***Paragraph 1 between "" was replaced pursuant to paragraph 1 of Article 158 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011)

2. The Contractor shall be obliged and entitled of commence, continue and complete the exploration operations in accordance with the terms of the agreement. To this end it shall employ the appropriate technical equipment and methods, in accordance with scientific and workmanlike standards applicable to the exploration of Hydrocarbons.

3. Upon the Contractor's application, which shall be submitted prior to the expiration of the exploration stage, the duration of such exploration stage maybe extended pursuant to a written consent given by the Lessor or Employer, by up to one half of the period specified in paragraph 1 hereof, provided the Contractor proves:

(a) it is obstructed in the implementation of its program due fo unforeseeable technical problems which arose during the performance thereof, thesolution to which requires the implementation of methods or the use of equipment which, justifiably, had not been provided for "in the program; or

(b) it has fulfilled its obligations under paragraph 2 of this Article but requires additional time for further operations, the requirement for such further operations arising through no fault of its own, in particular, operations required to delineate the deposit which has been discovered and to ascertain whether it is, commercially exploitable, where this is not clear on the basis of the operations carried out up to that time.

The extension Shall be granted provided the Contractor shall deliver, together withits application, all the exploration data which has been obtained from the Contract Area.

4. The duration of the exploration stage may also be extended by resolution of the Council of Ministers, following a recommendation by the Minister of Industry, Energy and Technology, after receiving the opinion of DEP-EKY and the application of the Contractor. Such an extension cannot exceed the period provided in paragraph 1 hereof. Any additional terms and conditions may be imposed in the resolution of the Council of Ministers, notwithstanding the provisions of the agreement.

5. After the termination of each phase of the exploration stage, the Contractor shall be obliged to complete the operations to remove the installations it used, to plug appropriately and to abandon all wells which may be in progress and to restore the environment to its original condition within a period not exceeding six (6) months. Following the lapse of such period the Contract Area reverts free and clear to the Lessor or Employer, apart from those Exploitation Areas which may have been created pursuant to paragraphs 8 to 15, inclusive, of this Article. In any event, and on the termination of each phase, the Contractor shall be obliged to surrender to the Lessor or Employer a portion of the Contract Area, free and clear, as such portion shall be more specifically determined pursuant to the presidential decrees of paragraph 28 and 37 of Article 2 hereof.

6. The Contractor may renounce its contractual exploration rights over one more of the areas set out/in' paragraph 4 of Article 2 hereof, or over the entire Contract Area, by

written notice which becomes effective thirty (30) days after it has been served on the Lessor or the Employer. By the presidential decrees of paragraphs 28 and . 37 of Article 2 hereof, the aforementioned right of the Contractor may depend upon the payment of a sum of money to the Lessor or the Employer.

7. The Contractor shall be obliged to notify the Lessor or the Employer of the discovery of any deposit of Hydrocarbons within the time limit set forth in the agreement.

8. If the Contractor finds that the discovered deposit or hydrocarbons is commercially exploitable, it is obliged to notify the Lessor in writing, within the time limit set forth in the agreement, of the commercial exploitability of the deposit and the anticipated amount of its recoverable reserves. The decision as to whether the deposit is commercially exploitable rests with the Contractor, however, it is obliged to justify its decision in the abovementioned notice, submitting at the same time all the necessary data specified in the presidential decrees referred to in paragraph 28 and 37 of Article 2 hereof. By virtue of the said notice the Exploitation Area of the specific deposit is determined, its size is delineated in accordance with paragraph 10 of this Article, and the exploitation stage of such area commences. The duration of the exploitation stage of each area is twenty five (25) years. With regard to the agreements set out in paragraph 3, 4 and 5 of Article 3, the exploitation stage shall commence on the conclusion of the relevant agreement.

9. The Exploitation Area shall be, as far as possible, rectangular in shape and cannot exceed the area of one .hundred (100) square kilometres. If the Contractor proves that the deposit of Hydrocarbons might exceed the said one hundred (100) square kilometres without, however, extending beyond the Contract Area which the Contractor has the right to explore at the time of the application, it is possible that, with the written consent of the Lessor or the Employer, the Exploitation Area may be determined to be an area of up to two hundred (200) square kilometres or, where an Exploitation Area has already been determined, such determination may be extended to an area of up to two hundred (200) square kilometres.

10. The Contractor shall be obliged to submit to the Lessor or the Employer, within the time limits set forth in the agreement, detailed development and production programs, in accordance with scientific and workmanlike standards for the exploitation of Hydrocarbons. The exact contents of the programs shall be specified in the agreement.

11. The Contractor is entitled and obliged to commence the implementation of the aforementioned programs within the time limits set forth in the agreement and to carry out the exploitation operations in accordance with the terms of the agreement. For this purpose it shall employ the appropriate technical equipment and methods, in accordance with scientific and workmanlike standards for the exploitation of hydrocarbons.

12. Following an application from the Lessor or the Employer, the Contractor shall be obliged to transport the hydrocarbons of the Lessor or the Employer or of independent third parties through the pipelines it has constructed, provided that such transport is possible without damaging its operations and such transportation shall be conducted for a consideration to be provided in the agreement.

"13. The duration of the exploitation phase can be extended up to two five years periods, following a proposal of H.H.R.M. S.A, when it is justified that the anticipated duration is insufficient for the completion of these activities, subject to renegotiation of the terms of the agreement and signing of a new agreement, after request of the Contractor that is submitted before expiry of the duration.

The Contractor is required to substantiate the request also in relation to the duration of the extension. "

***Paragraph 13 between "" was replaced pursuant of paragraph 2 of Article 158 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

14. The Contractor may renounce its contractual right of exploitation over one or more and/or all of the exploitation Areas by giving written notice to the Lessor or the Employer. The date on which such renunciation becomes effective shall be stipulated in the agreement. No claims for any losses or damages whatsoever in favor of the Contractor against the Lessor or the Employer shall arise as a result of such renunciation.

"15. If a hydrocarbon deposit extends beyond the limits of the Contractor's Contract Area into the contract area of another Contractor and it would be advisable, for the better and more profitable exploration and exploitation thereof, to proceed with a joint program for the performance of the relevant operations, the Lessor or Employer invites contractors to submit for approval within a specified time limit a joint program of exploration and exploitation of the deposit.

If the area to which the deposit extends has not been granted to a third party, then that area is granted in accordance with the provisions of this law.

If the Contractors do not submit joint program within the above time limit, the Lessor or Employer may terminate the related agreements. "

***Paragraph 15 between "" was replaced pursuant of paragraph 3 of Article 158 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

***Paragraphs 16 and 17 were deleted pursuant of paragraph 3 of Article 195 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

18. As from the date when the Minister of Industry, Energy and Technology invites the Contractor to prepare it unitization program "under paragraph 15" of this Article and pending the formulation of a final program hereunder, the time limits set for the fulfillment by the Contractor of its contractual obligations shall be suspended.

***In paragraph 18 of Article 5 of Law 2289/1995 the words "under paragraph 16" are replaced by the words "under paragraph 15" pursuant of paragraph 4 of Article 158 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

Article 6

Performance of operations and projects. Real property rights. Contractors and subcontractors. Imports, exports and procurements The Contractor's foreign personnel

1. The Contractor shall be entitled to perform all exploration and exploitation operations and projects required in order to fulfill its obligations under the agreement. With regard to the location, the performance and the functioning of the projects and operations the legislation then in force shall apply, subject to the following provisions:

(a) The Contractor shall be obliged to notify the Minister of Industry, Energy and Technology and also, in the case of an offshore area, the Ministers of National Defense and of Merchant Marine of the location of each drilling within the time limits set forth in the agreement. The Minister of Industry, Energy and Technology may forbid such drilling for important reasons regarding the national or public interest;

(b) The license for the installation and operation of Hydrocarbons storage tanks, exploitation platforms and all kinds. of mechanical installations shall be granted by resolution of the Minister of Industry, Energy and Technology. With regard to offshore installations, the installation license shall be granted after receiving the opinion of the Minister of National Defense and of Merchant Marine;

(c) The license for the installation of pipelines for the transportation of the extracted hydrocarbons to the separation, processing or storage and loading installations which the Contractor has in the Country shall be .. granted by resolution of the Minister of Industry, Energy and Technology with regard to the routing of the pipelines, following the concurring opinion of the Ministers of National Defense and of Environment, Town Planning and Public Works; with regard to pipelines which shall pass through the areas set forth in paragraph 1, Article 3 of law 998/1979 following the concurring opinion 'of the Minister of Agriculture; and with regard to offshore pipelines, following the concurring opinion of the Minister of Merchant Marine. The operation license shall be granted by resolution of the Minister of Industry, Energy and Technology;

(d) Provided that the existing installations in the Country are not suitable or adequate, a license shall be granted for the installation, operation and exclusive use of installations generating and transporting electricity, by resolution of the Minister of Industry, Energy and Technology; of harbour installations, by resolution of the Minister of Industry, Energy and Technology after receiving 'the opinion of the Ministers of National Defense of Environment, Town Planning and Public Works and of Merchant Marine; and of wire or wireless communication installations, by the joint resolution of the Minister of Industry, Energy and Technology and of Transportation and Communications, after receiving the opinion of the Minister of National Defense.

2. The technical and other terms, as well as the procedure for the issuance of the licenses referred to in the preceding paragraph, may be set out more specifically in a joint 'resolution of the Minister of Industry, Energy and Technology, of National Defense and of Environment, Town Planning and Public Works notwithstanding the legislation in force. Such resolution may also specify that certificates issued by internationally accredited surveillance firms shall replace the certification that the installation licenses fulfill the technical and other terms set out in the ministerial resolution.

3. The Contractor shall be entitled, notwithstanding the provisions of legislation in force' concerning the restoration of landless farmers and stock-breeders, to acquire ownership or other rights in rem on real property by concluding contracts, which it enters into in the name of and in favor of the State but at its own expense, provided that, by resolution of the Minister of Industry, Energy and Technology after receiving the opinion of DEP-EKY, it is certified that said real property is required for the exploration or exploitation operations. In the event that the Contractor cannot acquire the above rights through contract, and special provisions of the legislation then in force do not prohibit the compulsory expropriation of real property, then the compulsory expropriation of the real properties in favor of the State and at the expense of the Contractor shall be effected in accordance with the provisions of law 367/1976 "regarding compulsory expropriation of real property for purposes of discovering, exploiting, transporting and storing hydrocarbons." The expropriation of real properties already in use for purposes of public interest, is not compulsory.

The Contractor shall be entitled, notwithstanding provisions governing any contracts referring to real property in border areas and without observing the procedure provided for by such provisions to use such properties without paying any consideration, and to acquire by contract, notwithstanding provisions governing the restoration' of landless farmers and stockbreeders, the use of such real property as is required for the performance of the exploration and exploitation, upon obtaining a license thereof from the Minister of industry, Energy and Technology which shall be granted after receiving the opinion of the Minister of National Defense.

4. The Contractor shall be entitled to employ contractors and the latter shall be entitled to employ subcontractors for the performance of the agreement. The Contractor is obliged to submit to the Lessor or Employer a copy of any contracts entered into with the contractors and of any contracts the latter have entered into with the subcontractors immediately after their execution. Article 4 hereof shall apply mutatis mutandis.

5. The Contractor, as well as the contractors and subcontractors employed by the Contractor shall be entitled to effect purchases either within or outside the country, notwithstanding the following provisions:

- (a) of law 3125/1955 "regarding preference of the products of the domestic industry and handicraftmanship" . and of law 4484/1965 "regarding amendment and supplement of the provisions of law 3215/1955 and of certain other provisions";
- (b) of legislative decree 2176/1952 "regarding measures for the protection of provincial industry," as subsequently amended and supplemented; and
- (c) of law 1797/1988 "regarding the procurement of the public sector."

6. The Contractor, as well as the contractors and subcontractors employed by the Contractor, are entitled to freely re-export the items they have imported into the country. With respect to production sharing agreements, such right only exist with regard to items which are no longer of any use or require replacement.

7. The Contractor shall be entitled to sell, within or outside the country, as well as materials resulting from the dismantling of installations no longer in use by notifying the Lessor or the Employer within a reasonable time of the objects to be sold and the prices thereof. The reservation set out in the preceding paragraph with respect to, production sharing agreements applies here also.

"8. The Contractor, as well as the contractors or subcontractors employed by the Contractor shall be entitled to employ in Greece foreign personnel, nationals of third countries, for operations requiring special expertise."

***Paragraph 8 between "" was replaced pursuant of paragraph 1 of Article 159 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

9. The competent authorities, following a proposal by the Minister of Industry, Energy and Technology who examines the relevant applications submitted by the Contractor or its contractors and subcontractors, shall issue to the personnel referred to in paragraph 8 above and to the members of their family, "visas and residence and work permits" in Greece, unless there exist reasons pertaining to national or public security and order.

***In paragraph 9 of Article 6 of Law 2289/1995, the words "permits for their entry, residence, movement and work" are replaced with "visas and residence and work permits" pursuant of paragraph 2 of Article 159 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

10. The Contractor shall be obliged each year to train at its installations local technical and scientific personnel in such numbers and for such periods of time as shall be stipulated by resolution of the Minister of Industry, Energy and Technology. The same resolution shall regulate all relevant details concerning the selection of the personnel' after receiving the opinion of scientific bodies, their training and any compensation to be paid by the Contractor to such personnel.

Article 7

The State's right to purchase the products. Transfer of rights by the Contractor. Control of the Contractor's activities and expenses. Ownership' of Hydrocarbons

1. In the event of war, danger of war or any other state of emergency in the Country, the Contractor shall be obliged to sell to the State, upon its request, all or a portion of the Hydrocarbons produced which, according to the agreement, belong to the Contractor.

2. The agreement may provide that the Contractor's obligation referred to in the preceding paragraph, shall exist irrespective of the concurrence of the conditions provided therein.

3. The selling for the hydrocarbons referred to in paragraphs 1 and 2 above shall be that which is provided for, in each case, by paragraphs 3 and 6 of Article 9 hereof.

"4. The Contractor may transfer, in whole or in part, its contractual rights and obligations to an independent third party, solely upon written consent of Lessor and Employer and approval by the Minister of Environment, Energy and Climate Change. The Lessor or Employer may refuse consent, provided that the grounds of paragraph 2 of Article 4 apply, as well as provided that the independent third party does not meet the criteria referred to in paragraph 18 of Article 2. The Lessor or Contractor may set any conditions on the Contractor to safeguard his own interests.

The State may exercise a preemption right in case of substitution or rates transfer from the Contractor.

The aforementioned consent shall also be required whenever any affiliate enterprise which controls the Contractor is to be transferred. "

***Paragraph 4 between "" was replaced pursuant of paragraph 1 of Article 160 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

5. "The Contractor may transfer, in whole or in part, upon written consent of Lessor or Employer and approval from the Minister of Environment, Energy and Climate Change, its contractual rights and obligations to an affiliate enterprise, provided that the Contractor shall continue to be, vis-a-vis the Lessor or the Employer, fully and jointly responsible with the transferee affiliate enterprise, for the performance of all obligations under the agreement. The consensus and approval may not be granted provided that the grounds of paragraph 4 of Article 2 apply, as well as provided that the affiliate does not meet the criteria referred to in paragraph 18 of Article 2. " The said permit may not be granted for reasons of national security.

The Council of Ministers shall decide, at its discretion, whether or not such reasons of national security exist, following the joint recommendation of the Minister of Industry, Energy and Technology and of National Defence.

***The phrase between "" of paragraph 5 of Article 7 of Law 2289/1995 was replaced pursuant of paragraph 2 of Article 160 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

"6. Where the Contractor is a joint venture of natural persons or legal entities, each participant in such joint venture is entitled to transfer its rights and obligations under the agreement to any other participant in the joint venture, upon written consent of the Lessor or the Employer and approval by the Minister of Environment, Energy and Climate Change. The State may exercise a preemption right in case of substitution or rates transfer from the Contractor."

***Paragraph 6 between "" was replaced pursuant of paragraph 3 of Article 160 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

7. Contracts concerning the transfer of rights and obligations pursuant to the foregoing paragraphs shall always be made before a notary public, whether the contract is concluded in Greece or abroad.

8. The consent referred to in paragraph 4 above may be granted in the original agreement. Furthermore, such . consent may also be granted to a certain category of persons.

9. The Contractor shall be obliged to keep accurate data of all exploration and exploitation operations and to submit to the Lessor or Employer detailed reports of its activities within the time limits set out in the agreement.

10. The Contractor shall be obliged to submit to the Lessor or Employer all the scientific and technical data in the course of its operations and to maintain in Greece explanatory material to which the Lessor or Employer shall have free access. The Lessor or Employer through its competent representatives or through such other persons specifically authorised thereof shall gather knowledge of all the scientific and technical operations of the Contractor and of all the technical data which the Contractor collects.

11. The Contractor shall ensure that' all expenses of any nature, in particular the compensation of persons employed by the Contractor, the cost of commodities, the rental paid for the use of machinery and of equipment in general, the fees for carrying out studies and for the performance of operations and projects shall be at levels in line with those established as a result of free and internationally competitive prices.

"The Lessor or the Employer through its competent representatives or through other persons specifically authorised thereof, shall audit and approve the work programs and any expenses and supplies of materials and services that deem necessary for their implementation. Also shall audit the accounting books and records of the Contractor to certify the accuracy of the entries made therein and the justification of expenses incurred according to the rules of sound business practice. The procedures of auditing and approval, the consequences of approval or disapproval of the related programs and expenditures as well as any other relevant matter are set out in detail in the agreement."

***Second part of paragraph 11 between "" was replaced pursuant of paragraph 4 of Article 160 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

12. In the case of a lease agreement, the Contractor shall acquire ownership of the extracted Hydrocarbons by acquiring possession thereof. In the event that the Lessor elects for payment of the royalties in kind, the Lessor becomes, as from the time of such election, except as otherwise provided by the agreement, joint owner of the portion of the extracted Hydrocarbons that correspond to the royalty. The seizure or arrest of Hydrocarbons belonging to the Contractor shall not hinder the allocation of the Hydrocarbons in a crude state between the Lessor and the Contractor. The seizure or arrest shall thereafter be considered as effective on the total quantity of Hydrocarbons accruing to the Contractor, as a result of such allocation.

13. In the case of a production sharing agreement, the Employer shall acquire the" ownership of the hydrocarbons as of their extraction.

The Contractor shall acquire the ownership of the Hydrocarbons forming its share, as well as of the Hydrocarbons which are dedicated to the covering of the expenses as provided in Article 9 paragraph 5 hereof from the time of separation of such share of Hydrocarbons from the extracted Hydrocarbons quantities, in accordance with the provisions of the presidential decree provided for by paragraph 37 of Article 2 hereof.

***The phrase between "" of paragraph 13 of Article 7 of Law 2289/1995 was replaced by the words "Article 9 paragraph 5" pursuant of paragraph 5 of Article 160 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

Article 8

Income Tax

1. "The Contractor shall be subject to a special income tax, at a rate of twenty percent (20%) and to a regional tax, at a rate of five percent (5%), without any additional ordinary or extraordinary contribution, duty or other encumbrance of any kind, in favour of the State or any other third party." Such income tax shall be imposed separately on the Contractor's income accruing from each of the agreements concluded by it, in accordance with the provisions of paragraph 22 to 35 inclusive, of Article 2 and of paragraph 3, 4 and 5 of Article 3 hereof. The tax shall be imposed on the net taxable income earned by the Contractor's operations under each agreement, as such income shall be determined under the present Article and paragraphs 1 to 6, inclusive, of Article 9 hereof and accounts for any and all income tax obligations of the Contractor and its shareholders, with respect to profits deriving from the operation under the agreement. .

***The phrase between "" of paragraph 1 of Article 8 of Law 2289/1995 was replaced pursuant of paragraph 1 of Article 161 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011)

"In case the Contractor is a joint venture, the income tax will be calculated and imposed separately for each participating member in accordance with the provisions of paragraph 4 of article 8. Application of foregoing passage will not affect the complete responsibility of the participating members for the income tax due from the joint venture."

** Phrases between "" were added pursuant of paragraph 1 of Article 24 of Law 2545/1997.

2. The tax to assessed. is payable in one payment. Notwithstanding any legislation in force, the Contractor shall be released from the advance payment of income tax.

3. The Contractor or each member of the Contractor-joint venture shall maintain separate accounting books and on the basis of these shall draw up for each calendar year and for each Exploitation Area, a separate income and expenditure account and a balance sheet. The said account and balance sheet should show assets and liabilities directly associated with the operations under the agreement as well as the results deriving thereof.

***Paragraph 3 between "" was replaced pursuant of paragraph 2 of Article 24 of Law 2545/1997.

4. The amounts entered as income and expenditure into the accounts specified in the preceding paragraph, shall be determined in paragraphs 1 to 6, inclusive, of Article 9 hereof.

"The consolidated account for the entire Contract Area shall be drawn up by adding the income and expenditure amounts entered into the accounts of each of the exploration or exploitation areas. Specifically, with regard to licenses granted pursuant hereof, up to fifty percent (50%) of the expenses of exploration operations in one Contract Area may be included in the expenses of another Contract Area for which the Contractor or member of Contractor-joint venture holds an exploitation license and has commenced the production of Hydrocarbons. However, such expenses shall be entered separately in the books of the Contractor. "Net taxable income of the Contractor shall be the difference resulting between the amounts credited as income and the aggregate of the amounts debited as expenditure, as such amounts are shown in the consolidated account for the entire Contract Area.

***Phrases between "" were added pursuant of paragraph 3 of Article 24 of Law 2545/1997.

5. By resolution of the Minister of Finance and of the Minister of Industry, Energy and Technology, published in the Government Gazette, the form and contents of the Income Tax Return, the supporting documents to be submitted therewith, the manner of payment of the tax, whether in cash or in kind, the procedure for the assessment and collection of the tax, the depreciation tables for each exploration and exploitation area, as well as any other detail necessary for the application of the provisions hereof regarding Income Taxation will be established. The depreciation tables may provide either for depreciation rates on the basis of the value of the depreciated assets including the first establishment and" exploration expenses, or for a total allowed amount of depreciation determined as a yearly production percentage. The depreciation tables may be escalated on the basis of the

volume of production and time of the depreciation and shall only apply to the agreements concluded after their publication.

"By joint decision of the Ministers of Finance, Interior Decentralization and E-government and Environment, Energy and Climate Change the method of payment of the Regional tax, the process of assessment and tax collection as well as any other related to that detail is determined."

***Phrases between "" were added pursuant of paragraph 2 of Article 161 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

6. The Contractor shall be required to maintain books and data according to the provisions of the Books and Data Code. By the presidential decrees of paragraphs 28 and 37 of Article 2 hereof, the Contractor may be permitted to maintain its books and to draw up its balance sheets in a foreign currency.

Article 9

Income Tax on lease agreements and production sharing agreements. Tax and other exemptions

1. In the case of a lease agreement, the income and expenditure account of each Exploitation Area shall be credited as follows:

(a) with the value of the Hydrocarbons and By-products produced and sold by the Contractor;

(b) with the value of royalties paid in kind to the Lessor;

(c) with the proceeds of the sale of assets to extent that such proceeds exceed the acquisition value thereof and, in case of fixed assets, to the extent that such proceeds exceed the value thereof not yet depreciated;

(d) with any other income connected with the operations under the agreements or income resulting from the transportation of products through the Contractor's pipelines for the account of independent third parties, within the country and in the areas defined in Article 148, paragraph 1 of the Mining Code or any other income resulting from the collection of any insurance or their Indemnities,

2. In the case of a lease agreement, the income and expenditure account of each Exploitation Area is debited as follows:

(a) with expenses incurred for the exploration, for the exploration, for the exploitation, as well as for the other fixed assets including the expenses incurred prior to the commencement of the exploitation of Hydrocarbons and the expenses of the first establishment, which are calculated in accordance with the Depreciation Tables provided for in Article 8, paragraph 5 hereof.

***In case of (a) paragraph 2 of Article 9 of Law 2289/1995 the words "as well as the compensation per stremma paid in accordance with paragraph 3 of Article 5 hereof." are deleted pursuant of paragraph 1 of Article 162 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

(b) with .the current production expenses, particularly those connected with materials, supplies and energy, used or consumed, the salaries and ,the charges relevant thereto and the expenses incurred for services rendered by third parties;

(c) with the general expense incurred in Greece in connection with the Contractor's operations under the agreement, including, in particular, the amounts for salaries, rentals of movable assets and real property and for insurance premiums;

(d) with the amounts for salaries of managers or employees of the Contractor's principal offices abroad and for general administrative expenses of such offices, commensurate to the services provided by such managers or employees relating to operations under the agreement. Such amounts cannot exceed a percentage of the corresponding expenses incurred in Greece, as such shall be determined pursuant to the presidential decree of paragraph 28, Article 2, hereof;

(e) with the amounts of interest on loans, or any other bank charges which were paid so that the Contractor or an Affiliate Enterprise may obtain a loan or any other credit whatsoever in order to perform its operations under the agreement except its exploration operations and its operations for the delineation of deposits. Interest charges are not

included by the amounts by which (1) the interest paid exceeds the reasonable commercial rate of interest in the international capital markets for similar operations; (2) the loan is in excess of the maximum limit provided in the agreement and (3) the income from the production of Hydrocarbons is used for the financing of fixed development assets during the production;

(f) with the amounts of non-recoverable claims and indemnities paid for damages caused to third parties;

(g) with the non-depreciated value of destroyed or abandoned assets;

(h) with any other-current expenses and all losses sustained in connection with the operations under the agreement, provided, that the relevant expense or loss shall be deductible from the gross income under general Income Tax provisions;

(i) with the amount required in order to satisfy the Contractor's obligations in relation to the termination of the exploitation pursuant to paragraph 3 of Article 10 hereof. Such amounts, accumulated, constitute a special reserve;

(j) with the amount of expenses of preceding years, referred to in case (a) to (i) above, to the extent that such expenses have not been covered during such years, until full coverage thereof;

(k) with the value of the royalty to be paid in cash or in kind, as referred to in paragraph 22 to 29, inclusive, of Article 2 hereof.

Income and expenditure which cannot be attributed exclusively to a specific Exploitation Area shall be allocated to all Exploitation Areas of the Contract Area, as is more specifically provided in the presidential decree of paragraph 28 of Article 2 hereof.

3. The value of the Hydrocarbons and their by-products shall be determined on the basis of their price "free on board" pursuant to the international price for a corresponding quality. The relevant details are determined by the presidential decree of paragraph 28, Article 2 hereof.

4. In the case of a production sharing agreement, the income and expenditure account shall be credited as follows:

(a) with the value of the hydrocarbons and by-products and sold by the Contractor on its own account and on the account of the Employer;

(b) with the value of the Employer's share of the produced hydrocarbons and by-products paid to it in kind;

(c) with any income received from the disposal of acquired by an expenditure debited to the income and expenditure account;

(d) with any other income connected with the operations under the agreement or resulting from the transportation of products through the Contractor's pipeline on the account of, independent third parties within the Country and in the areas defined in Article 148, paragraph 1, of the Mining Code and any other income resulting from the collection of any insurance or any indemnities.

5. In the case of a production sharing agreement, the income and expenditure account of each Exploitation Area is debited with the amounts provided in sections (a) through (j) of paragraph 2 hereof, as well as with the value of the Employer's share in accordance with paragraphs 30 to 38, inclusive, of Article 2 hereof. The last sub-paragraph of paragraph 2 of this Article shall apply mutatis mutandis.

6. The value of the Hydrocarbons and their By-products shall be determined on the basis of their price "free on board" pursuant to the international price for a corresponding quality. The relevant details are determined by the presidential decree of paragraph 37 of Article 2 hereof.

7. Subject to the provisions of Article 8 and paragraphs 1 through 6 inclusive, of the present Article, the income of the Contractor under the agreement, the income acquired abroad by the foreign employees of the Contractor for services relating to the operations under the agreement as well as the income that is acquired by the foreign employees of the contractors and subcontractors employed by the Contractor, even if the latter are residents of Greece, are exempt from any direct or indirect, general or special, regular or extraordinary, tax, duty, stamp duty, dues, ordinary or extraordinary contribution and deduction and are generally exempted from any financial charge, regular or extraordinary, in favor of the State or any third party, except value added tax.

***In paragraph 7 of Article 9 of Law 2289/1995 in the second line, the words "and

paragraphs 4, 5 and 6 of this Articles" are replaced with words "in paragraphs 1 through 6 inclusive, the present Article" pursuant of paragraph 2 of Article 162 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

8. The grant of the rights for the exploration and exploitation of Hydrocarbons to the Contractor, pursuant to the agreements concluded under paragraphs 22 to 38, inclusive, of Article 2, and paragraphs 3 to 5, inclusive, of Article 3 hereof, the transfer by the Contractor of the rights under such agreements by concluding contracts pursuant to "paragraphs 4 through 8 of Article 7" hereof, the sale of Hydrocarbons produced by the Contractor, the Lessor or the Employer, the project contracts entered into in order to further the objectives of the agreements concluded by the Contractor with contractors and by the latter sub-contractors, the lease, the granting or the acquisition in any other manner of the use of real property pursuant to the provisions of this Law, shall be exempted objectively from any general or special, ordinary or extraordinary tax, duty, stamp-duty, dues, ordinary or extraordinary, contribution and deduction and are generally exempted from any financial charge, in favor of the State or any third party, except value added tax.

***In paragraph 8 of Article 9 of Law 2289/1995 the words "in paragraphs 9, 10 and 11 of Article 7" are replaced by "paragraphs 4 through 8 of Article 7" pursuant of paragraph 3 of Article 162 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

9. The contracts for loans or credits granted to the Contractor by banks or credit institutions or any foreign legal entities of any nature for the performance of hydrocarbon exploration and exploitation operations, of under the agreement, the interest thereon and their repayment shall be exempted objectively from any general or special, ordinary or extraordinary tax, duty, stamp-duty, dues, ordinary or extraordinary contribution and deduction and are, generally exempted from any financial charge in favor of the State or any third party, except value added tax. The interest on the above loans or credits is subject to Income Tax.

"10. Fees of public notaries pertaining to any legal instrument required by the Contractor for the purpose of this law, as well as the dues of mortgage registrars, whether stipendiary or not, for the registration or conveyance recording of such instruments shall not exceed, in any case, the amount of two thousand (2,000€) euro. The amount can be readjusted by joint decision of Ministers of Justice and Finance. "

***Paragraph 10 of Article 9 of Law 2289/1995 between "" was replaced pursuant of paragraph 4 of Article 162 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

11. No exemption shall be granted under the present Article from the employer's and employee's contributions to social security organizations of any kind, to social policy organizations and accounts, to benefits prescribed in favor of employees with the exception of social benefits in favor of third parties or from dues, contributions and refunding rates payable for services rendered.

Article 10

Expiration of the exploitation stage. Suspension and extension of time limits. Forfeiture of the Contractor. Settlement of disputes.

1. Upon the expiration of any Exploitation stage of any Exploration Area the same reverts, free and clear, to the State.

The use of real property, which has been acquired pursuant to the provisions of paragraphs 1 to 4, inclusive, of Article 6 and paragraphs 1 to 5, inclusive, of Article 12 hereof, and the ownership of moveable property, the value of which has been depreciated, shall be turned over to the Lessor or the Lessor or the Employer ipso jure without the payment of any consideration.

The future of the real property which has not been acquired pursuant to the provisions of paragraphs 1 to 4, inclusive, of Article 6 and paragraphs 1 to 5, inclusive, of Article 12 hereof, and of the moveable property, the value of which has not been depreciated, is determined by the agreement. From the time of acquisition of such assets by the Lessor or Employer, the latter shall bear no responsibility whatsoever to the lenders of the Contractor for any of its debts unless a real security has been granted in favor of such

Lender which the Contractor is obliged to release before the property reverts to the State.

2. Unless the Lessor or the Employer states otherwise the time limit specified in the agreement, the Contractor shall be obliged to:

- (a) plug appropriately all producing wells and known water zones;
- (b) remove all installations; and
- (c) restore the environment.

The operations of the Contractor under (b) and (c) above shall be supervised by a committee of specialists which is acceptable to all parties, the composition, constitution, competency and any other relevant details of which shall be regulated by the presidential decrees of paragraphs 28 and 37 of Article 2 hereof.

3. A special reserve may be raised in order to cover the expenses which are required for the operations referred to in the preceding paragraph e. The transfer and the future of such reserve, as well as any other details relating to it, shall be regulated by the presidential decrees of paragraph 28 and 37 of Article 2 hereof.

4. The obligation to remove the installations as provided in paragraph 2 hereof, may be suspended by obtaining the written consent of the Minister of Industry, Energy and Technology for whatever period of time the existence of such installations is considered necessary for the performance of the Contractor's operations in the same or in another Contract Area.

5. The preceding paragraph shall also apply mutatis mutandis where the Contractor is declared forfeited pursuant to paragraph 8 to 11, inclusive, of this Article or where the Contractor renounces his exploitation rights pursuant to paragraph 8 to 15, inclusive, of Article 5 of this Law.

6. The time limits imposed for the fulfillment of the obligations undertaken by the Contractor shall be suspended in the event of force majeure and for such time as it subsists.

7. Subject to the specific regulations of this Law or of the presidential decrees of paragraphs 28 and 37 of Article 2, the time limits for the fulfillment of the Contractor's obligations may be extended by obtaining the written consent of the Lessor or the Employer.

8. The Lessor or the Employer shall be entitled to declare that the Contractor has forfeited its rights under the agreement in the event that:

- (a) the Contractor fails, by default, to fulfill its obligations under paragraphs 2, 11 and 12 of Articles 5 and 9, 10 and 11 of Article 7 hereof;
- (b) the Contractor fails to pay on time the royalty or the production share, as the case may be, or the Income Tax.

The Lessor or the Employer may also seek compensation for any damage it has suffered and any consequential loss.

9. In the event of any other breaches by the Contractor and the Contractor's subsequent failure to comply with the terms of the agreement within a sixty (60) day time limit imposed by the Lessor or the Employer, the Contractor may be declared to have forfeited its rights pursuant to an award by the arbitrators, provided that the agreement makes provision for an arbitration procedure pursuant to paragraph 12 of the present Article, otherwise the Contractor may be declared to have forfeited its rights pursuant to a decision by the competent Court.

10. The rights of the Lessor or Employer referred to in paragraphs 8 and 9 above; shall be abrogated after the lapse of six (6) months from the date the Lessor or the Employer becomes aware of the cause of forfeiture.

11. Where the contractual relationship between the parties does not, evolve in the stipulated way, the presidential decrees for paragraphs 28 and 37 of Article 2 hereof shall regulate the conditions and the consequences of such involvement.

12. Any disputes which may arise during the performance of the agreements concluded

pursuant to the provisions of this Law shall be resolved by the Athens Administrative Court of Appeal; however, all other provisions of law 1406/1983 shall apply.

"13. All disputes among the Parties arising by the present Law, related to the performance of the terms of the agreement or tort or delict, shall be settled through arbitration, according to Law 2735/1999 for international commercial arbitration or any other internationally recognized arbitration system, such as the International Chamber of Commerce (ICC)}, the London Court of International Arbitration, the Arbitration Institute of the Stockholm Chamber of Commerce, excluding ordinary proceeding of the Greek courts or other court jurisdictions.

Such decision shall be rendered through three arbitrators, two of whom are appointed by the Parties with the umpire being appointed by them. The place of arbitration proceedings shall be Athens and the language applied will be the Greek. All claims in conjunction with this Law shall be governed by the Greek Law."

***Paragraph 13 of Article 9 of Law 2289/1995 between "" was replaced pursuant of paragraph 5 of Article 162 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

CHAPTER C

***In the title of Chapter C the words "Provisions on the DEP - EKY" are deleted pursuant of paragraph 1 of Article 163 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

***Article 11 was deleted pursuant of paragraph 3 of Article 195 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

Article 11(12)

"Compulsory Expropriation - Grant of the right to State-owned lands, foreshore and sea areas - Offshore Installations and Constructions - Exploitation of hydrocarbons of the continental shelf or of the exclusive economic zone - Installations within territorial waters."

***The title of Article 12 of Law 2289/1995, which is renumbered in 11, was replaced pursuant of paragraph 2 of Article 163 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

1. Subject to the provisions of Article 1 of Law 367/1976, the compulsory expropriation of land containing subterranean or surface waters, of other urban or rural real property or of private woods and forest areas is permitted, including rights in rem on such property, provided the above are required for the performance and servicing of installations, operations and other projects for the exploration and exploitation of Hydrocarbons under this Law as well as for the production of By-products thereof, resulting from the separation of processing, which do not require the construction of a refinery, provided the objectives of such compulsory expropriation are considered to be for public benefit.

2. The compulsory expropriation referred to in paragraph 1 above shall be effected by resolution of the Ministers of Finance and of Industry, Energy and Technology, in favor of the Lessor or Employer and shall be governed in all other respects by the provisions of legislative decree 797/1971 "regarding compulsory expropriations," except paragraph 3 of Article 1 thereof. The compulsory expropriation of real property for the installation of transportation pipelines and of storage tanks for Hydrocarbons or for products of refining and of any other kind of processing of such Hydrocarbons may also be effected in accordance with the provisions of Law 367/1976, in favor of another party, besides the State or DEP-EKY, if such party is the holder of a license for the construction of such installation.

3. Notwithstanding the provisions of the legislation in force the Contractor may be granted the right to use real property subterranean or surface waters and unleased quarries belonging to the State located within, or in the vicinity of the area where the operations for the exploration and exploitation of Hydrocarbons are carried out, provided the above areas are deemed necessary for such operations: Such grant is effected by a joint resolution of the Ministers of Finance, of Industry, Energy and Technology, as well as any other Minister

who is also competent with regard to the administration and management of such real properties, as the case may be, for payment of a consideration to be fixed after receiving the opinion of a committee formed by the competent President of the Court of First Instance, acting as Chairman, and by the supervisors of the competent local departments of Agriculture, of Environment, Town Planning and Public Works and of Taxation. The grant shall be made for the duration of the exploration or the exploitation. The consideration for the use may be readjusted pursuant to a similar resolution.

4. The provisions of paragraph 1 and 2 of Article 3 of Law 4171/1961 "regarding adoption of general measures for assisting the development of the Country's Economy," as such provisions were amended by legislative decree 916/1971 and Law 159/1975, are applicable mutatis mutandis to the Contractor's agreement concluded pursuant to the provision of paragraphs 22 to 38, inclusive, of Article 2 and paragraphs 3 to 5, inclusive, of Article 3 hereof. By virtue of a joint resolution the Ministers of National Economy, of National Defense, of Finance, of Industry, Energy and Technology, of the Environment, Town Planning and Public Works and of Merchant Marine, the Contractor may also be granted the right, for payment of a consideration to use coastal and foreshore areas together with the right to reclaim the area located in front of such areas up to a certain specified limit, for the purpose of creating a terrain to be used for the operations, projects and installations under the agreement and the permission to construct an artificial islet "in accordance with the provisions of Law 2971/2001 (A 285) "Coastal, foreshore areas and other provisions." To the extent that the initial adjacent coastal area was formed by private contributions or by gratuitous concessions by Municipalities and Communities and other legal entities, under public law, the same shall be acquired by expropriation in favor of the State at the Contractor's expense, as effected under the provisions of Law 367/1976. On the originating new foreshore and/or adjacent coastal area the grant of rights, in accordance with the provisions of the first sub-paragraph of this paragraph, is permitted.

***At the end of the second sentence of paragraph 4 of Article 12 of Law 2289/1995, after the word "islet", the following sentence is added: "in accordance with the provisions of Law 2971/2001 (A 285) "Coastal, foreshore areas and other provisions." pursuant of paragraph 3 of Article 163 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

5. Compulsory expropriations and grants of rights of use as provided for by this Article may be effected following a concurrent opinion of the Minister of National Defense, notwithstanding the provision of legislation in force governing contracts concerning real properties in borderline areas, and notwithstanding procedures set forth by the said provisions.

6. Permanent or temporary offshore installations and floating structures, regardless of displacement or tonnage which are destined from the time of their construction or conversion, for operations of exploration or exploitation of Hydrocarbons, whether of domestic or foreign production, including refining and storage thereof, may, upon application by the owner and after their custom clearance, if imported from abroad, be recorded in a special register kept at the Piraeus Central Port Authority, in accordance with the provisions of paragraphs 1 and 2 of Article 5 of the Public Maritime Law Code.

7. The installations and floating structures registered in accordance with the preceding paragraph are governed by:

- (a) the provisions of the first, seventh, eighth and tenth Titles of the Private Maritime Law Code, as well as by the other provisions in force concerning matters regulated under the said Titles; and
- (b) the Civil Procedure Code provisions governing vessels.

8. Installations and floating structures belonging to the Contractor following an agreement regulated by this law entered into with the State may be registered in accordance with the provisions of this Article even if the Contractor is an alien. The same shall also apply to the ships or boats of an alien Contractor for the duration of the agreement.

***In paragraph 8 of Article 12 of Law 2289/1995 the words "or DEP - EKY" are deleted pursuant of paragraph 4 of Article 163 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

9. By joint resolution of the Ministers of Industry, Energy and Technology and of Merchant

Marine the following shall be determined:

- (a) the form of acts and entries in the special ship registry;
- (b) the form of the nationality document;
- (c) the details pertaining to the award of distinguishing marks;
- (d) the manner of keeping a special Mortgage Book and Special Seizure Book in respect of the said . installations and floating structures; and
- (e) any other details relating to .the above matters.

10. With regard to the installations and floating structures, ships and boats, which have been registered in the aforementioned registry, the transfer of the ownership thereof pursuant to paragraph 1 of Article 10 hereof, shall be recorded free of charge in the registry, following the issue of a document to this effect by the Minister of Industry, Energy and Technology addressed to the registrar of ships.

11. The provisions of this Law, and, in general, of the Greek administrative legislation, shall apply to the performance of the operations for the prospecting and exploration for the discovery of Hydrocarbons as well as to the construction of installations for the exploitation of Hydrocarbons on the continental shelf or in the exclusive economic zone of the Country.

"12. Around the permanent or temporary installations or floating structures located on the continental shelf or exclusive economic zone or above them, which are destined for exploration and exploitation of hydrocarbons, a safety zone five hundred (500) meters will be created, calculated from the outermost points of such installations or structures. The safety zone, together with the installations or structures located therein, the airspace above and the sea waters below it, shall be an inviolable space. By joint decision of the Ministers of Environment, Energy and Climate Change, Development, Competitiveness and Shipping, and Citizen Protection, published in the Government Gazette, the extent of the safety zone may be reduced in certain cases, in accordance with the relevant provisions of the United Nations Convention on the Law of the Sea (1982), ratified by Law 2321/1995 (A 136). The entry of vessels or other floating craft into the safety zone is prohibited without a special permit granted by the designated authorities, with regard to the vessels or floating craft these authorities shall be designated, by a joint decision of Ministers of Environment Energy and Climate Change, Citizen Protection and Development, Competitiveness and Shipping and with regard to aircraft shall be designated by joint decision of Ministers of Environment, Energy and Climate Change Infrastructure, Transport and Communications. Breach of the abovementioned prohibition shall be punishable by imprisonment for up to six (6) months and by a pecuniary penalty. "

***Paragraph 12 of Article 12 of Law 2289/1995 between "" was replaced pursuant of paragraph 5 of Article 163 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

13. In applying the provisions of the Greek legislation, in general, the installations, floating structures and safety zones referred to in paragraph 12 above, shall be assimilated to the territory of the Country.

14. The Courts having jurisdiction for judging criminal offences perpetrated upon the installations or floating constructions or within the safety zones referred to in the first sub-paragraph of paragraph 12 above, in the absence of any other competent Greek Criminal Court according to the provisions of the Criminal Procedure Code, shall be those Courts competent to judge offenses perpetrated within the district of Piraeus Magistrates Court. The preliminary criminal investigation may also be carried out by the locally competent port authority or customs authority, for matters connected with custom legislation, as provided in paragraph 18 of this Article.

15. In applying the provisions governing the local competence of the civil Courts, the installations, floating , constructions and safety zones referred to in the first sub-paragraph of paragraph 12 above, shall be deemed to be included in the district of the Piraeus Magistrates Court.

16. Any court bailiff is competent to exercise his duties in any offshore area whatsoever, above the continental shelf or the "exclusive economic zone of the Country".

***In paragraphs 16, 18 and 19 of Article 12 of Law 2289/1995, the words "maritime economic zone of the country are replaced with the words "exclusive economic zone of the

country" pursuant of paragraph 6 of Article 163 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

"17. Police surveillance in offshore areas of the continental shelf or the exclusive economic zone, in the permanent or temporary installations or floating structures located on the continental shelf or exclusive economic zone or above them, which are destined for exploration and exploitation of, is exercised by the Coast Guard. Upon request by the Minister of Citizen Protection, the Minister of National Defense shall make available the armed force necessary to reinforce the Coast Guard personnel."

***Paragraph 17 of Article 12 of Law 2289/1995 between "" was replaced pursuant of paragraph 6 of Article 163 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

18. The local competence of the civil services in the areas located above the Country's continental shelf or the "exclusive economic zone" shall be determined by resolution of each competent Minister' to be published in the Government Gazette.

***In paragraphs 16, 18 and 19 of Article 12 of Law 2289/1995, the words "maritime economic zone of the country are replaced with the words "exclusive economic zone of the country" pursuant of paragraph 6 of Article 163 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

19. The work rendered in the areas located above the Country's continental shelf or exclusive economic zone in connection with the prospecting, exploration or exploitation of deposits of Hydrocarbons is deemed to be carried out within the Country for the purposes of the implementation of the social insurance legislation.

***In paragraphs 16, 18 and 19 of Article 12 of Law 2289/1995, the words "maritime economic zone of the country are replaced with the words "exclusive economic zone of the country" pursuant of paragraph 6 of Article 163 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

20. Paragraph 12 of this Article shall apply mutatis mutandis to the installations or floating structures which are located within the territorial waters.

***Paragraphs 21, through 32 were deleted pursuant of paragraph 3 of Article 195 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

"Article 12A

Safety Regulations - Protection of the Environment - Criminal and Administrative Penalties
- Social Insurance

1. By joint decision of the Minister of Environment, Energy and Climate Change and the competent by case Minister, upon recommendation of H.H.R.M SA, regulations shall be enacted for the performance of operations and projects of any kind, storage tanks and pipelines, the carrying out of drilling operations and the plugging of wells, and such regulations shall be aimed at the adoption of safety measures of any kind for persons or things; the prevention of pollution or contamination of the environment; the protection of flora and fauna, fishing, the navigation, antiquities in general, historic sites and sites of special natural beauty as well as other activities within the Exploitation Areas. The Agreement shall provide that until such regulations referred to in the present Article are issued, the exploration and exploitation operations shall be carried out in accordance with the analogous regulations in force in Member States of the European Union.

2. Each Contractor shall conduct the hydrocarbons' activities in appropriate and safe manner, in accordance with international best practices and comply with the Regulations and any relevant legislation regulating health and safety of workers and environmental protection. In particular, it must, among others:

- a) Ensure that materials, supplies, machinery, constructions, equipment and installations used by him or by his subcontractors, are in accordance with generally accepted standards of international oil industry and are duly made, maintained in good working condition.
- b) Use in sustainable manner the natural resources of the area included in the granted license.
- c) Prevent the damage to productive formations and ensure that discovered oil discovered, sludge or any other liquid or substances do not leak or be rejected.

- d) Prevent damage to hydrocarbon layers and a aquifer that are adjacent to productive formation or formations and prevent water from entering any hydrocarbon layers, except where are used methods of water injection for operations of secondary extraction or where the water injection is applied for any other reason, in accordance with generally accepted international practices of oil industry.
- e) Storage properly the oil in containers manufactured for this purpose and does not storage crude oil in earthen tank, unless, temporarily, for emergency cases.
- f) Implement the legislation on Solid and Hazardous Waste in relation to the waste of hydrocarbons.
- g) Ensure that the activities of hydrocarbons are conducted in an environmentally acceptable and safe manner that is compatible with existing environmental legislation and good practice of the international oil industry and carry for this purpose effective control.

3. The Contractor shall also take all necessary measures to minimize any environmental pollution or damage to waters, to soil or to the atmosphere that may occur in connection with the activities of hydrocarbons. Where the Lessor or Contractor considers that any works or installations erected or any activities carried out may endanger persons or property of another person or pollute or cause harm to the environment, fauna, flora or the marine organisms, he shall require from the Contractor to take corrective measures within a reasonable period and to repair any damage to the environment. The Lessor or Contractor may also suspend its contractual rights of the Contractor, until it has taken all the corrective measures and restore environmental damage.

4. The Contractor must ensure that the design of drilling and the conduction of drilling operations, including the shield, the trim, the cementing, the work of sealing and setting distances between wells, are consistent with generally accepted practices of international oil industry and the legislation on maritime safety.

5. To comply with the provisions hereof, the Minister of Environment, Energy and Climate Change may require from the Lessor or Contractor a deposit guarantee, the amount of which is to be determined by the Minister, upon the recommendation of H.H.R.M SA, or, alternatively, an insurance contract with an international firm against all risks.

6. An amount equal to twenty percent (20%) per annum from the royalty of production sharing which H.H.R.M earns by virtue of the agreements hereunder shall be deposited in the special account of the 'Green Fund', with the Bank of Greece. The return on such account shall be disposed to finance programs concerning the prevention of marine pollution caused by exploration and exploitation of hydrocarbons and the protection of the environment from activities related to any kind of exploitation or use of energy sources or resources.

7. The exercise of the rights of prospecting, exploration and exploitation of Hydrocarbons without a license or such right being granted in accordance with the provisions hereof, is punishable by imprisonment for a minimum of two (2) months and by the payment of a pecuniary penalty ranging one hundred thousand (100,000) euro up to one and a half million (1.5 million) euro. The ownership of illegally extracted hydrocarbons devolves ipso jure to the State.

8. An administrative fine, ranging from one hundred thousand (100,000) euro up to and one and a half million (1.5 million) euro, shall be imposed irrespective of any other applicable administrative, civil or criminal penalty, on any person carrying out the prospecting, exploration and exploitation of hydrocarbons in breach of the regulations issued pursuant to paragraph 1. The pecuniary penalties shall be imposed by the Minister of Environment, Energy and Climate Change, issued after call and hearing of the person concerned. In cases of breaches which result in the pollution or contamination of the sea, in damage to the sea flora and fauna or to the fishing or in the case of breaches of the safety measures relating to navigation and under water installations, the above mentioned penalties shall be imposed by decisions of the competent port authorities, in accordance with the relevant legislation on the protection of the marine environment.

9. The above mentioned decisions are subject to appeal before the competent Administrative Courts, such appeal must be lodged within a time limit of sixty (60) days from the day of notification of the Decision. The amounts of the pecuniary penalties shall

be collected in accordance with the procedures set forth in accordance with the Public Revenues Collection Code.

10. The Minister of Environment, Energy and Climate Change, by decision duly justified, issued after call and hearing of the interested party, may order the cessation of the operations of prospecting, exploration and exploitation of hydrocarbons carried out in breach of the provisions of this law or of the regulations issued pursuant to paragraph 1. Such decisions are administratively enforced by the police or the port authorities or any other authority.

11. The work rendered in exploitation installations of hydrocarbons by personnel employed there shall be deemed, for the purposes of applying the relevant social insurance legislation work rendered within the nearest insurance area of the respective social insurance organization where such exploitation installations are located outside the local insurance competence of the Institute or any other social insurance organization.

12. The following provisions governing reduced employer's contributions to the Institute of Social Insurance or any other social insurance organization shall not apply to the personnel employed by the Contractor and its contractors or sub-contractors for the purposes of the agreements concluded pursuant to paragraph 22 to 39 inclusive, of Article 2 and 3 and paragraphs 3 to 5, inclusive, of Article 3 of this Law:

a) Article 6 of Law 3213/1955 'regarding amendment and supplement of the provisions governing measures for the protection of the provincial industry'

b) Article 5 of law 2861/1954,

c) Article 16 of law 1312/1972 as modified with article 10 of law 1377/1973 and

d) Article 10 of law 289/1976 ".

***New article 12A was added pursuant of Article 164 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

CHAPTER D

REGULATION OF MATIERS OF THE PETROLEUM SECTOR AND OTHER PROVISIONS

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Article 21

Effective Date

1. From the publication of this Law, all provisions of the legislation in conflict with the provisions hereof, are abolished.

***Paragraph 2 was deleted pursuant of paragraph 3 of Article 195 of Law 4001/2011 (Government Gazette No 179; Part A, 22.08.2011).

3. This Law shall enter into force after its publication in the Government Gazette, except as otherwise provided for in any of its provisions.

We order the publication of the present in the Government Gazette and its enforcement as law of the State.

Athens, February 4, 1995

THE PRESIDENT OF THE REPUBLIC

CONSTANTINE G. KARAMANLIS

THE MINISTERS

NATIONAL DEFENSE G. ARSENIS

NATIONAL ECONOMY Y. PAPANTONIOU

AGRICULTURE G. MORAITIS

HEALTH AND SOCIAL SERVICES D. KREMASTINOS

FOREIGN AFFAIRS C. PAPOULIAS

FINANCE A. PAPADOPOULOS

LABOUR J. SKOULARIKIS

JUSTICE G. KOUVELAKIS

INDUSTRY, ENERGY, TECHNOLOGY & COMMERCE, C. SIMITIS

ENVIRONMENT, TOWN PLANNING & PUBLIC WORKS C. LALITOTIS

TRANSPORTATION AND COMMUNICATIONS A. TSOURAS

MERCHANT MARINE G. KATSIFARAS

Certified and the Great Stamp is affixed.

Athens, February 6, 1995

THE MINISTER OF JUSTICE G. KOUVELAKIS

Note: The above law has been published in the Government Gazette, Issue No. 27 dated February 8, 1995, Volume A.