

ANNEX D

TO THE.....

**PRODUCTION SHARING
CONTRACT**

LETTER OF GUARANTEE

Date: _____

Letter of Guarantee No. _____

To the attention of : The Minister of Mines, Industry and Technological Development,
Yaoundé, Cameroon

Gentlemen :

We the undersigned, [name of bank] (hereafter referred to as the "Issuing Bank"), hereby constitute ourselves as joint and several guarantors for the _____ company (hereafter referred to as the "Contractor"), in favour of the Minister in charge of Industrial and Commercial Development, Yaoundé, Cameroon (hereafter referred to as the "Minister") for a sum not exceeding USD (U.S. \$...) in order to guarantee compliance by Contractor with the minimum work programme referred to in Article [6.1] of the Production Sharing Contract pertaining to [name of the Contract Area] entered into between the Republic of Cameroon and _____ dated _____ (hereafter referred to as the "Contract").

The obligation which the Issuing Bank assumes under the present guaranty is limited to paying to the Minister the amount shown in its payment request, provided such amount does not exceed the amount of the guaranty in effect upon the date the payment request is made. The amount of the guaranty in effect shall be understood to be that amount remaining after deducting from the original amount the sum total of the relinquishment authorisations delivered by the Minister and received by the Issuing Bank pursuant to this guaranty.

1. This is a joint and several, irrevocable, unconditional and automatically collectible guaranty, payable during the period it is in effect, upon presentation of a letter addressed to the Issuing Bank by the Minister requesting payment for a sum not exceeding the amount of the guaranty then in effect, and declaring that the Contractor has not complied with its obligation to carry out the minimum work programme mentioned herein in accordance with the provisions of the Contract. Said letter shall be supported by a certified conformed copy of the notification sent by the Minister to the Contractor, advising of the Minister's intention to call the guaranty. Said [letter][notification] must be sent to the Contractor not later than thirty (30) days prior to the date on which the Minister submits its claim to the Issuing Bank for payment under this guaranty. No other supporting documentation shall be required.
2. The amount of this letter of guaranty shall be reduced each time the Issuing Bank receives from the Contractor a letter from the Minister stating that the Contractor has completed a given portion of the aforementioned minimum work program.

The reductions shall be made in the following amounts and manner:

- a) Reduction of U.S. Dollars (US\$...) upon completion ofand interpretation of its results.
- b) With reference to execution of the seismic work :
 - i) The amount guaranteed for this portion of the work shall be [taken to be][estimated at] U.S. Dollars (US\$...) and it shall be deemed

that the actual taking of the ground survey represents eighty percent (80%) of the total guaranteed amount, while the interpretation of the results accounts for the remaining twenty percent (20%).

- ii) [After][For] each three (3) month period as from the effective date of the Contract, a reduction in the amount of the guaranty shall be carried out based on the following formulas :

For the seismic survey :

$$R = \frac{S}{M} \times (0.8 \times C)$$

For interpreting its results :

$$R = \frac{S}{M} \times (0.2 \times C)$$

Where :

“**R**” =the amount of the guaranty reduction.

“**S**” = Linear kilometres surveyed and interpreted, if applicable, during the corresponding three (3) month period.

“**M**” =.....(...) kilometres of seismic lines, that is, the total of this type of work guaranteed under the minimum work programme referred to herein.

“**C**” =Guaranteed amount of the work indicated in paragraph i), above.

- c) With respect to drilling the [first] Exploration Well:

- i) Reduction by U.S. Dollars(US\$...) when drilling has been completed to the depth necessary to set the thirteen and three-eighths inch (13- 3/8") casing.
- ii) Reduction by U.S. Dollars(US\$...) when drilling has been completed to the depth necessary to set the nine and five-eighths inch (9-5/8") casing.
- iii) Reduction of the balance of U.S. Dollars (US\$...) when the drilling has penetrated the depth specified in the minimum work programme referred to in this guaranty, or when it has encountered petroleum-bearing strata which, in the opinion of the Contractor, constitute a discovery under the Contract, so that the Exploration well is deemed to have been completed.

3. The Contractor shall submit requests for reduction to the Minister on a timely basis and appropriately in accordance with the foregoing [schedule]. The Minister shall expressly authorise them in writing and shall deliver the authorisation to the Contractor. Said authorisation must indicate the amount of the reduction to be made pursuant to the previous paragraphs.
4. Upon presentation to the Issuing Bank by the Contractor of the authorisation delivered by the Minister referred to in paragraph 3 above, the Issuing Bank shall immediately deduct the corresponding sum from the total amount of the guaranty, and shall report such event in writing to the Minister. It shall not be necessary to issue a new letter of guaranty for the balance, and the original letter of guaranty shall remain valid only for such amount.
5. This letter of guaranty shall expire not later than (..) months from the date of its signature unless prior to such date the Issuing Bank has received a letter from the Minister releasing the Issuing Bank and the Contractor from any responsibility under this letter of guaranty, in which case this letter of guaranty shall be cancelled as of the date of the aforementioned letter from the Minister.

From the expiry or cancellation date of this letter of guaranty, no claim whatsoever may be made regarding this guaranty and the Issuing Bank and the Contractor shall be released from any responsibility or obligation pertaining thereto.

Very truly yours,

[Issuing Bank]