

DATED 8<sup>th</sup> July 1988

BETWEEN

EXECUTIVE DIRECTOR OF THE DEPARTMENT OF  
CONSERVATION AND LAND MANAGEMENT  
(lessor)

-AND-

WEST AUSTRALIAN PETROLEUM PTY LIMITED  
(lessee)

LEASE

THEVENARD

THIS DEED OF LEASE is made the

8<sup>th</sup> day of July 1988  
WESTERN AUSTRALIA STAMP DUTY  
15/07/88 940809 SD \$\*\*\*\*\*938.80

BETWEEN:

EXECUTIVE DIRECTOR OF THE DEPARTMENT OF CONSERVATION AND LAND MANAGEMENT a body corporate constituted by the Conservation and Land Management Act 1984 of 50 Hayman Road, Como (hereinafter called "the Lessor") of the one part AND

WEST AUSTRALIAN PETROLEUM PTY LIMITED with registered offices at 11th Floor, 233 Adelaide Terrace, Perth (hereinafter called "the Lessee") of the other part.

WHEREAS:

- (A) By notification published in the Government Gazette on the 29th April 1988 Reserve 33174 was vested in the National Parks and Nature Conservation Authority for the purpose of conservation of flora and fauna.
- (B) By Section 17 of the Petroleum Pipelines Act 1969 (hereinafter called "the Act") the Lessor is empowered to grant to the holder of a pipeline licence under the Act a lease to enable that licensee to construct operate inspect maintain and repair the pipeline specified in that licensee's licence.
- (C) The Lessee is the holder of a pipeline licence under the Act dated the 24th day of June 1988 recorded as Pipeline Licence No. 15 in the register of the Department of Mines (hereinafter called "the Pipeline Licence").
- (D) The Lessee has applied for a lease of portion of Reserve 33174 being that part of the land hachured in green on Plan A annexed hereto (hereinafter called "the Island") as is delineated and edged in red on Plan B annexed hereto (hereinafter called "the demised premises") for the purpose of constructing operating inspecting maintaining and repairing the pipeline specified in the Pipeline Licence (hereinafter called "the Pipeline").

NOW THIS DEED WITNESSES THAT the Lessor in consideration of the premises, and also in consideration of the rents hereinafter reserved and on the part of the Lessee to be paid and in the exercise of the powers in that behalf given by the Act does by these presents and to the extent of the Lessor's powers in that behalf demise and lease to the Lessee the demised premises with the appurtenances TO HAVE AND TO HOLD the demised premises with all the rights powers and privileges conferred on the Lessee by the Act and these presents BUT SUBJECT NEVERTHELESS to the covenants agreements obligations powers reservations and conditions contained herein and in the Pipeline Licence and to the provisions in the Act as are applicable hereto for a term commencing on the 24th day of June 1988 and expiring on the day on which the term of the Pipeline Licence or any renewal thereof terminates or is determined (hereinafter referred to as the "term of this Lease") but determinable as hereinafter provided YIELDING AND PAYING therefor during the term of this Lease unto the Lessor a yearly rent of TWELVE THOUSAND SEVEN HUNDRED AND SEVENTY TWO DOLLARS AND FORTY NINE CENTS (\$12,772.49) subject to reappraisal as hereinafter provided and payable by equal payments yearly in advance on or before the 24th day of June 1988 in every year PROVIDED NEVERTHELESS that the Lessor does hereby save and reserve to the Crown all mines of gold, silver, copper, tin or other metals, ore and minerals, or other substances containing metals and all gems and precious stones, coal and all phosphatic substances in and under the demised premises with full liberty at all times (subject to the Lessor reasonably determining that the operations of the Lessee on the demised premises will not be unduly prejudiced or interfered with assuming that the Lessee takes all reasonable steps to avoid and mitigate the prejudice or interference) for the Crown or any person lawfully claiming under or through the Crown to search and dig for and carry away the same and for that purpose enter upon the demised premises or any part thereof PROVIDED FURTHER that all petroleum (but excluding petroleum brought onto the demised premises by the

Lessee in the course of its operations on the demised premises) on or below the surface of the demised premises is reserved to the Crown with the right for the Crown or any person claiming under the Crown or lawfully authorised in that behalf to have access to the demised premises for the purpose of searching for and for the operations of obtaining petroleum in and under any part of the demised premises under the provisions of the Petroleum Act, 1967.

1. THE Lessee to the intent that the obligations may continue throughout the term of this Lease hereby created, hereby COVENANTS AND AGREES with the Lessor as follows:-

- (1) THAT the Lessee will pay the rent hereby reserved at the times and in the manner aforesaid.
- (2) THAT the Lessee will duly and punctually pay such rates and taxes in respect of the demised premises as the Lessee is legally obliged to pay from time to time.
- (3) THAT the Lessee will subject to and in accordance with the provisions of the Pipeline Licence commence and diligently proceed with the construction provision and completion of the Pipeline on the demised premises.
- (4) THAT the Lessee will permit the Lessor by his agents and servants with or without vehicles plant and equipment at all reasonable times and on reasonable notice (except in cases of emergency) to enter upon and inspect the demised premises for the purpose of ensuring that the Lessee is observing performing and complying with the covenants conditions and obligations contained herein and on the part of the Lessee to be observed performed and complied with provided that should the Lessee nominate an officer to accompany the agents or servants of the Lessor then such inspection shall be carried out by the agents or servants accompanied by such officer and all security and safety regulations of the Lessee shall to the extent practicable be observed and complied with by such agents and

servants. The Lessee shall also provide free of charge appropriate return transport between Karratha and the demised premises for such servants and agents of the Lessor and between the demised premises and Onslow for their vehicles plant and equipment (if any) as well as suitable accommodation and living quarters upon the demised premises.

- (5) THAT the Lessee will not without the written consent of the Lessor first had and obtained use or permit or suffer the demised premises or ~~any~~ part thereof to be used other than for any purpose necessary or expedient to enable the Lessee to construct, operate, inspect, maintain and repair thereon the Pipeline in connection with the appraisal and development of the Saladin oilfield or any other oilfield within petroleum exploration permits held by the Lessee including TP/3, WA-24-P, EP-65 and EP-66, approved under the Environmental Protection Act 1986 for servicing by the Pipeline Licence and the carrying out of the biological studies and monitoring program referred to in the Environmental Management Programme (hereinafter called "the EMP").
- (6) THAT the Lessee will at its own cost in all things comply in all respects with the provisions of all Acts (State or Federal) now or hereafter in force and rules regulations and by-laws made thereunder in respect of or affecting the demised premises or the operations of the Lessee thereon (including but not limited to the Conservation and Land Management Act 1984 and the Wildlife Conservation Act 1950) and will perform discharge and execute all requisitions and works and do and perform all such acts and things upon and to the demised premises or any part thereof as are or may reasonably be required or directed to be executed or done by any competent local or public authority pursuant to any Act (State or Federal)

now or hereafter in force PROVIDED that compliance with provisions of paragraphs (a), (b), (c), (d), (e), (g), (i), (j), (l), (m), (o) and (p) of Regulation 46 and paragraphs (1) and (2) of Regulation 44 under the Wildlife Conservation Act 1950 shall not be required in circumstances where the breach thereof is an unavoidable incident of the Lessee's operations on the demised premises in accordance with the EMP.

- (7) THAT the Lessee will not assign mortgage charge sublet or dispose of the demised premises or any part thereof or procure allow or suffer the demised premises or any part thereof to be assigned mortgaged charged sublet or disposed of for all or any part of the term of this Lease without the consent in writing of the Lessor first being obtained (with such consent not to be unreasonably withheld) and without at the same time assigning mortgaging charging subletting or disposing of (as the case may be) the Pipeline Licence to the same assignee mortgagee chargee sublessee or disponent respectively.
- (8) THAT the Lessee will pay to the Lessor forthwith upon demand in writing:
- (a) all reasonable costs and expenses incurred by the Lessor in and about the carrying out of such boundary surveys of the demised premises and the preparation of such plans of survey in respect thereof as shall be required in connection with the preparation of and preliminary to this Lease; and
  - (b) all other costs of and incidental to the preparation execution and stamping of this Lease in duplicate.
- (9) THAT the Lessee will indemnify and keep indemnified the Lessor the Crown and its instrumentalities the Minister for Mines and their respective servants agents and contractors in respect of all actions suits proceedings claims demands losses expenses or costs arising out of or in



connection with any work carried out by or on behalf of the Lessee pursuant to the Pipeline Licence or relating to its operations or arising out of or in connection with the construction provision use operation inspection maintenance or repair by the Lessee or its servants agents contractors or assignees of the Pipeline or the Lessee's works or services on the demised premises or the plant apparatus or equipment installed in connection therewith or arising out of or resulting from any default by the Lessee in the due and punctual performance and observance of and compliance with the covenants conditions or obligations contained herein or in the Pipeline Licence and on the part of the Lessee to be performed observed or complied with PROVIDED THAT this indemnity shall not apply in circumstances where any of the entities so indemnified are negligent in carrying out work for the Lessee.

- (10) THAT the Lessee shall take at all times all necessary precautions and steps to avoid and prevent the uncontrolled escape of petroleum or any other inherently dangerous or inflammable liquid from the Pipeline tanks plant equipment or other works of the Lessee upon the demised premises AND in the event of escape of petroleum or other liquid as aforesaid (whether with or without fault or negligence on the part of the Lessee its servants or agents) the Lessee shall forthwith and at its own cost and expense stop the escape of petroleum or other liquid and rectify and repair any injury or damage whatsoever caused thereby and clean up and reinstate the demised premises to such condition and to such extent as shall be acceptable to the Lessor and the Director General of Mines AND the Lessee shall indemnify and keep indemnified the Lessor the Minister for Mines and Crown and its instrumentalities and their respective servants agents and contractors in respect of all loss injury or damage

sustained by them or any of them and all suits proceedings claims demands losses costs or expenses of third parties arising out of or incurred as a result of the escape of petroleum or other liquid as aforesaid PROVIDED THAT this indemnity shall not apply where any such losses, injury, damage, expenses or costs are caused or contributed to (to the extent of such contribution) by the negligence of any of the entities so indemnified.

- (11) THAT the Lessee will upon the expiration of the term of this Lease yield up the demised premises in such state of repair condition order and preservation as shall be in accordance with the Rehabilitation Program and with the Lessee's covenants and obligations contained herein and in the Pipeline Licence.
- (12) THAT the Lessee shall comply in all respects with the terms, conditions and provisions of the EMP.
- (13) EXCEPT so far as they shall be inconsistent with anything in the EMP or herein contained the Lessee shall comply with all relevant Codes of Environmental Practice for the time being issued by the Australian Petroleum Exploration Association.
- (14) THAT the Lessee shall not operate any vehicles on those parts of the Island outside the demised premises without the written consent of the Lessor first being obtained except for the purposes of:
  - (a) emergency use including but not limited to fire fighting, rectifying and clearing oil spills or evacuation of injured personnel; or
  - (b) necessary use pursuant to its obligations under the EMP on tracks approved in writing by the Lessor; or
  - (c) strictly controlled recreational use on tracks approved in writing by the Lessor.
- (15) NOTHING in this Lease shall be construed to exempt the Lessee from compliance with any reasonable requirement in connection with the



protection of the environment arising out of or incidental to its activities on the Island that may be made by the State or any State instrumentality or any local or other authority or statutory body of the State pursuant to any Act from time to time in force.

- (16) NOT later than twelve months prior to the expiration of the term of this Lease the Lessee shall submit to the Lessor and the Minister for Mines for approval its detailed written proposals for a rehabilitation program for the Restoration Sites PROVIDED THAT if the term of the Pipeline Licence is reduced by surrender by the Lessee, the Lessee shall submit its proposals for the rehabilitation program at the same time as submitting its application for surrender or if reduced by cancellation by the Minister for Mines or by action of the Lessor the Lessee shall submit its proposals at the effective date of the cancellation.

Such written proposals will include:

- (a) removal or disposal of every item of the Lessee's property; and
  - (b) restoration and stabilisation of the land and rehabilitation of the vegetation to a state and condition similar and compatible in all respects to its former condition in all material respects prior to the Lessee's disturbance thereof.
- (17) THE Lessor in consultation with the Minister for Mines may:
- (a) request the Lessee to make such alterations to the proposals as it may reasonably require; and
  - (b) offer to purchase any of the Lessee's property on the Island.
- (18) SHOULD the Lessee and Lessor not be able to agree on the Lessee's proposals or the Lessee's performance of its obligations under the Rehabilitation Program, the matter shall be referred to the Minister for Mines and the Minister for Conservation and Land Management for joint resolution. The decision of the Ministers shall be final and binding on the parties hereto.

- (19) UPON the agreement by the parties hereto (or resolution thereof pursuant to clause 1(18) as the case may be) to the Rehabilitation Program the Lessee shall carry out its obligations under the Rehabilitation Program.
- (20) WITHIN 30 days of the agreement by the parties hereto (or resolution thereof pursuant to clause 1(18) as the case may be) to the Rehabilitation Program the Lessee shall provide to the Lessor a bank guarantee from a bank and in a form acceptable to the Lessor for a sum determined by multiplying the then current annual rental by the total number of hectares of the Restoration Sites subject to the following conditions:
- i) all or any of the money payable under the bank guarantee shall be payable to the Lessor on demand; provided that prior to making a demand for payment:
    - a) the Lessor shall have first given to the Lessee written notice specifying the details of why the Lessor considers the Lessee is in default of its obligations under the Rehabilitation Program, and specify a reasonable time in which to perform such obligation together with notice of the Lessor's intention to demand payment under the bank guarantee; and
    - b) the Lessee within the time specified in the notice from the Lessor fails to perform the obligation specified or submit the matter for resolution pursuant to clause 1(18) and the matter is resolved in favour of the Lessor;
  - ii) The Lessor shall on each anniversary of the expiration of the term of this Lease reduce the amount of the bank guarantee upon the Lessor being satisfied that the Lessee has complied with its obligations under the Rehabilitation Program;

- iii) the Lessor shall release the undemanded portion of the bank guarantee to the Lessee as soon as practicable after the first anniversary of the expiration of the term of this Lease, unless a dispute between the parties on the Lessee's performance of obligations under the Rehabilitation Program is on the first anniversary unresolved, in which case the Lessor shall, as soon as practicable after resolution pursuant to clause 1 (18) be entitled to demand payment under the bank guarantee and/or release the undemanded portion of the bank guarantee to the Lessee in accordance with the Ministers' resolution; and
- iv) the Lessor shall utilize any money paid to the Lessor pursuant to the bank guarantee in the performance by the Lessor of any of the Lessee's obligations under the Rehabilitation Program.

2. THE Lessor hereby COVENANTS with and warrants to the Lessee that the Lessee paying the rent hereby reserved and duly and punctually perform observing and complying with the covenants agreements conditions and obligations contained herein and on its part to be performed observed complied with and provided that the Pipeline Licence has not been determined the Lessee shall peaceably hold and enjoy the demised premises during the term of this Lease without any interruption by the Lessor or any person rightfully claiming under or in trust for the Lessor.

3. PROVIDED ALWAYS AND IT IS HEREBY EXPRESSLY AGREED AND DECLARED by and between the Lessor and the Lessee as follows:

- (1) THAT it shall be lawful at all times for the Lessor
  - (i) to require the Lessee to consent to the granting of such easements (including easements without dominant tenements) or rights in or over the demised premises as may from time to time be reasonably necessary for the overall development of the demised premises or for the overall development or use of the surrounding lands or water and

(ii) to use or permit the use of the demised premises as is reasonably necessary for the overall development or use of the demised premises or for the overall development or use of the surrounding lands or waters;

PROVIDED ALWAYS that no such grant requirement use or permission to use shall be made if such grant requirement use or permission to use (as the case may be) would unduly prejudice the Lessee or unduly interfere with the operations of the Lessee (including without limitation, the Lessee's security and safety systems) on the demised premises.

- (2) THAT subject to the Pipeline Licence all rights in the demised premises (other than those expressly or impliedly granted under this Lease) are reserved to the Lessor and the Crown.
- (3) THAT any notice, direction or requirement authorised or required by this Lease to be given or sent shall be deemed to have been duly given or sent by the Lessor if signed as the case requires by the Executive Director or other the Permanent Head of the Department of Conservation and Land Management or other the officer for the time being discharging the duties of either of those offices and forwarded by prepaid post to the Lessee at its registered office for the time being in the State of Western Australia and by the Lessee if signed on its behalf by a director manager or secretary of the Lessee or by any person or persons authorised by the Lessee in that behalf or by its solicitors as notified to the Lessor from time to time and forwarded by prepaid post to the Lessor at its office for the time being in Perth.

Any notice or writing sent by post shall be deemed to be given at the time when in due course of post it would be delivered at the address to which it is sent.

- (4) THAT upon the determination of this Lease or upon the expiration or sooner determination of the Pipeline Licence or any renewal or extension thereof then it shall be lawful for the Lessor (without prejudice to any right of action of any one or more of the parties hereto in respect of any breach of non-performance or non-observance or non-compliance with any of the covenants conditions and obligations contained herein or in the Pipeline Licence and on the part of the Lessees to be performed observed or complied with) to re-enter into and upon the demised premises or any part thereof in the name of the whole and the same to have again repossess and enjoy as if this Lease had never been executed.
- (5) THAT all property of the Lessee not purchased or agreed to be purchased by the Lessor and not removed from the demised premises by the Lessee in accordance with the Rehabilitation Program shall upon the expiration of the period provided for such removal in the Rehabilitation Program be and become the absolute property of the Lessor without payment of any compensation or consideration whatever and freed and discharged from all mortgages charges and other encumbrances and it shall be lawful for the Lessor to cause the same to be removed at the cost of the Lessee and such cost shall be a debt due and owing to the Lessor and shall be recoverable from the Lessee in a court of competent jurisdiction.
- (6) AT the expiration of twelve (12) months after the commencement of the term of this Lease and at the expiration of each twelve (12) months thereafter (each such date called herein a "review date") the rent shall be reviewed and the rent payable by the Lessee during the twelve (12) months next following the relevant review date shall be that agreed between the parties hereto and failing agreement within SEVEN (7) DAYS prior to the relevant review date then as determined by applying the following formula namely:-

$$\frac{A}{B} \times C$$

WHERE:-

"A" is the index number (as hereinafter defined) with respect to the relevant review date;

"B" is the index number with respect to the date of commencement of the term of this Lease;

"C" is the rent at the commencement of the term of this Lease.

The words "index number" shall mean the Consumer Price Index (all groups) for Perth published from time to time by the Australian Bureau of Statistics and the index number will be deemed to be with respect to any date if it is the index number as published with respect to the latest quarter prior to that date irrespective of whether the index number is published before or after that date. In the event that there is any suspension or discontinuance of the Consumer Price Index and also in the event that there is any change in the basis of assessment of the Consumer Price Index there shall be substituted therefor an index which in the opinion of the Deponent for the time being at the Faculty of Economics at the University of Western Australia or of an expert appointed by him most closely reflects changes in the cost of living in Perth between the date of commencement of the term of this Lease and the relevant review date. PROVIDED THAT the rent so determined shall not be less than the rental payable immediately prior to such determination.

- (7) IF the Lessee shall with the consent of the Lessor remain in possession of the demised premises after the expiration of the term of this Lease the Lessee shall so remain as a monthly tenant.



- (8) THIS Lease shall be deemed to be made subject to any delays in the performance of obligations hereunder and to the temporary suspension of continuing obligations hereunder which may be occasioned by or arise from circumstances beyond the power and control of the party responsible for the performance of such obligations including delays or any such temporary suspension as aforesaid caused by or arising from Act of God force majeure earthquakes floods storms tempests washaways fire (unless caused by the actual fault or privity of the Lessee) act of war act of public enemies riots civil commotions strikes lockouts stoppages restraint of labour or other similar acts (whether partial or general) acts or omissions of the Commonwealth shortages or insufficient supply of labour or water or essential materials failure to secure contractors delays of contractors or delays due to overall world economic conditions or factors which could not reasonably have been foreseen PROVIDED ALWAYS that the party whose performance of obligations is affected by any of the said causes shall promptly give notice to the other party of the event or events and shall so far as reasonably practicable minimise the effect of the said causes as soon as possible after their occurrence.
- (9) EXCEPT where otherwise specifically provided in this Lease any dispute or difference between the parties hereto arising out of or in connection with this Lease or any agreed amendment thereto or as to the construction of this Lease or any such amendment or as to the rights duties or liabilities of any one or more of the parties hereto or as to any matter to be agreed between the parties hereto shall in default of agreement between the parties hereto and in the absence of any provision in this Lease or the Pipeline Licence to the contrary be referred to a single arbitrator nominated by the Attorney-General or Minister for Justice for the time being of the State and settled by arbitration under the provisions of the Commercial Arbitration Act 1985 and the determination of the arbitrator shall be final and binding on the parties hereto.

- (10) THE Lessee and its servants and agents shall not enter and remain upon those parts of the Island outside the demised premises except for purposes of biological studies and monitoring and other activities approved in writing by the Lessor related to the Lessee's operations on the demised premises and recreation.
- (11) THE Lessee shall ensure that all employees and agents of the Lessee who travel to the Island have been properly trained in all environmental matters relevant to their presence upon the Island and whenever the Lessor considers that it is warranted or necessary so to do the Lessee shall permit an officer of the Lessor to participate and assist in the training of the Lessee's employees and agents in those environmental matters.
- (12) Nothing in this Lease contained shall be deemed to limit or detract from the rights of the Lessee under its Exploration Permit EP-65.
- (13) IN this Lease unless the contrary intention appears -
- "Crown" means the Crown in right of the State of Western Australia;
- "demised premises" means the land demised by this Lease and the buildings erections and other improvements for the time being thereon;
- "Lessee" means the Lessee and its successors and assigns;
- "Lessor" means the Lessor and successors and assigns of the Lessor;
- "Restoration Site" means any portion of the Island which has been altered by the Lessee or in consequence of the Lessee's operations on or occupation of the Island from its state and condition at the date of commencement of the Lessee's occupation of the demised premises and has not been restored and rehabilitated;
- "Rehabilitation Program" means the program for the restoration and rehabilitation of the Restoration Sites as proposed by the Lessee and either agreed to by the Lessor or resolved pursuant to clause 1(18);
- "the EMP" means the Environmental Management Programme prepared by the Lessee and approved pursuant to the provisions of Section 45 of the Environmental Protection Act;

"Petroleum" shall have the same meaning as the definition of that term  
contained in Section 4 of the Act;

"Pipeline" shall have the same meaning as the definition of that term  
contained in Section 4 of the Act;

"State" means the State of Western Australia;

Reference in this Lease to an Act shall include the amendments to such Act  
for the time being in force and also any Act passed in substitution  
therefor or in lieu thereof and the regulations for the time being in  
force thereunder.

IN WITNESS whereof this Lease has been executed as a Deed by or on behalf of  
the parties hereto the day first hereinbefore written.

THE COMMON SEAL of )  
the EXECUTIVE DIRECTOR )  
OF THE DEPARTMENT OF )  
CONSERVATION AND LAND )  
MANAGEMENT was hereunto )  
affixed by

ROGER JOHN UNDERWOOD  
in the presence of:

  
WITNESS

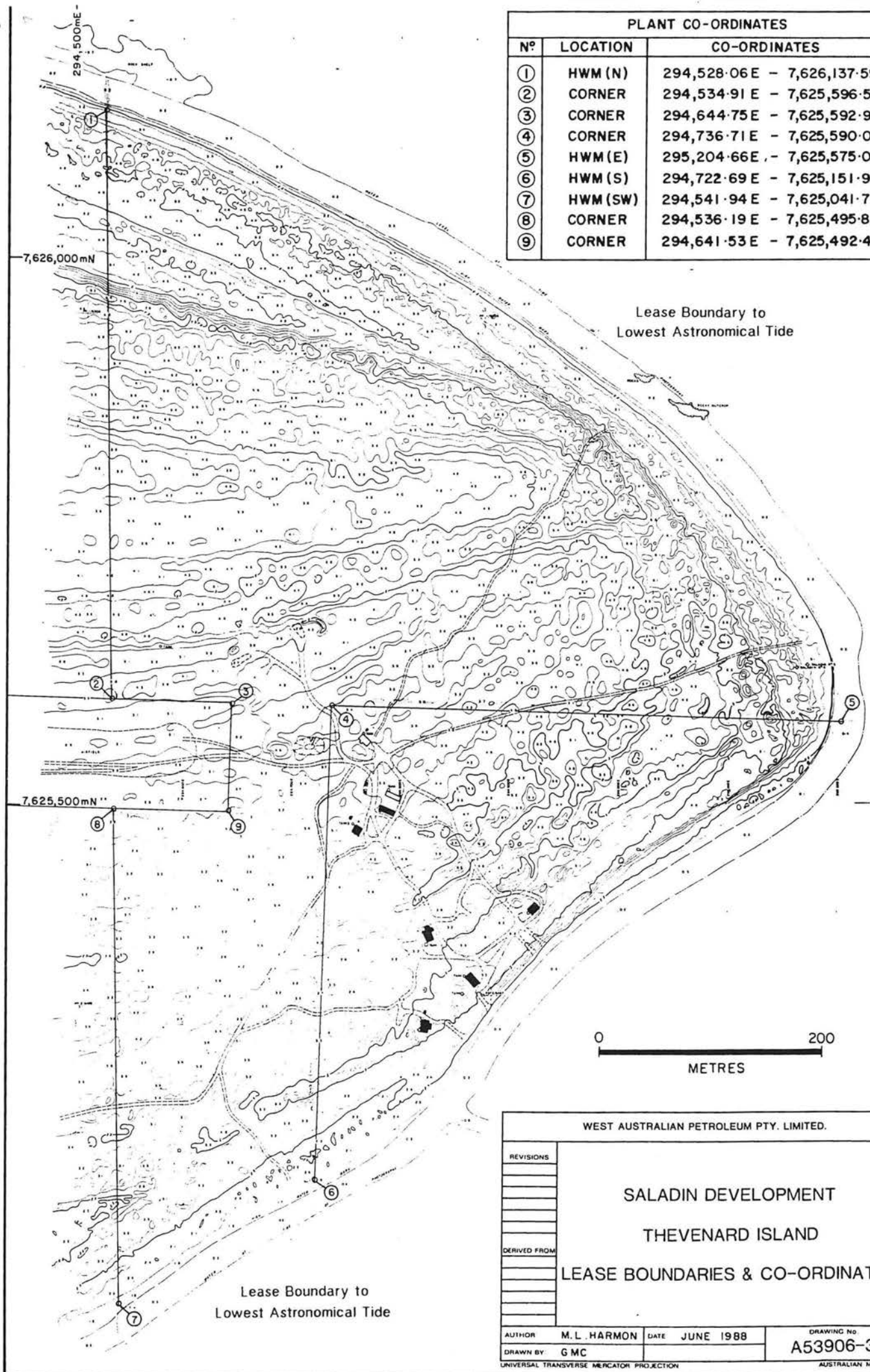
  
ACTING EXECUTIVE DIRECTOR

THE COMMON SEAL of )  
WEST AUSTRALIAN )  
PETROLEUM PTY LIMITED )  
was hereunto affixed by )  
the authority of the )  
Directors in the )  
presence of: )





PLANT CO-ORDINATES		
Nº	LOCATION	CO-ORDINATES
①	HWM (N)	294,528.06 E - 7,626,137.59 N
②	CORNER	294,534.91 E - 7,625,596.50 N
③	CORNER	294,644.75 E - 7,625,592.98 N
④	CORNER	294,736.71 E - 7,625,590.04 N
⑤	HWM (E)	295,204.66 E - 7,625,575.06 N
⑥	HWM (S)	294,722.69 E - 7,625,151.98 N
⑦	HWM (SW)	294,541.94 E - 7,625,041.71 N
⑧	CORNER	294,536.19 E - 7,625,495.81 N
⑨	CORNER	294,641.53 E - 7,625,492.44 N



WEST AUSTRALIAN PETROLEUM PTY. LIMITED.				
REVISIONS	SALADIN DEVELOPMENT  THEVENARD ISLAND  LEASE BOUNDARIES & CO-ORDINATES			
DERIVED FROM				
AUTHOR	M. L. HARMON	DATE	JUNE 1988	DRAWING No.  A53906-3
DRAWN BY	GMC			
UNIVERSAL TRANSVERSE MERCATOR PROJECTION				AUSTRALIAN MAP GRID