

**A Tripartite Agreement for
Joint Marine Scientific Research
in Certain Areas in the South China Sea**

By and Among

China National Offshore Oil Corporation

And

Vietnam Oil and Gas Corporation

And

Philippine National Oil Company

This Agreement is entered into on this ____ day of _____ 2005 by and among China National Offshore Oil Corporation (hereinafter referred to as CNOOC"), a company organized and existing under the laws of the People's Republic of China, having its headquarters domiciled in Beijing and Vietnam Oil and Gas Corporation (hereafter referred to as "PetroVietnam"), a company organized and existing under the laws of the Socialist Republic of Vietnam, having its headquarters domiciled in Hanoi and Philippine National Oil Company (hereinafter referred to as "PNOC"), a company organized and existing under the laws of the Republic of the Philippines, having its headquarters domiciled at Fort Bonifacio, Taguig, Metro Manila,

CNOOC, PetroVietnam and PNOC are collectively referred to as "Parties" and individually as "Party".

WITNESSETH: That

WHEREAS, CNOOC is a state-owned oil company of the People's Republic of China;

WHEREAS, PetroVietnam is the national oil company of the Socialist

Republic of Vietnam;

WHEREAS, PNOC is the national oil company of the Republic of the Philippines;

WHEREAS, the Parties' respective governments have expressed their commitment to pursue peaceful efforts to transform the South China Sea into an area of peace, stability, cooperation and development;

WHEREAS, the Parties shall abide by their respective government's commitment to fully implement the United Nations Convention on the Law of the Sea (UNCLOS) and the ASEAN-China Declaration on the Conduct of Parties in the South China Sea (DOC);

WHEREAS under the authorization of the Chinese Government, CNOOC has the exclusive right to sign this Agreement with PNOC and PetroVietnam for a joint marine seismic undertaking within the Agreement Area;

WHEREAS, under the authorization of the Socialist Republic of Vietnam, PetroVietnam has the exclusive right to sign this Agreement with CNOOC and PNOC for a joint marine seismic undertaking within the Agreement Area;

Republic of Vietnam;

WHEREAS, PNOC is the national oil company of the Republic of the Philippines;

WHEREAS, the Parties' respective governments have expressed their commitment to pursue peaceful efforts to transform the South China Sea into an area of peace, stability, cooperation and development;

WHEREAS, the Parties shall abide by their respective government's commitment to fully implement the United Nations Convention on the Law of the Sea (UNCLOS) and the ASEAN-China Declaration on the Conduct of Parties in the South China Sea (DOC);

WHEREAS under the authorization of the Chinese Government, CNOOC has the exclusive right to sign this Agreement with PNOC and PetroVietnam for a joint marine seismic undertaking within the Agreement Area;

WHEREAS, under the authorization of the Socialist Republic of Vietnam, PetroVietnam has the exclusive right to sign this Agreement with CNOOC and PNOC for a joint marine seismic undertaking within the Agreement Area;

WHEREAS, under the authorization of the Philippine Government, PNOC has the exclusive right to sign this Agreement with CNOOC and PetroVietnam for a joint marine seismic undertaking within the Agreement Area;

WHEREAS, the Parties recognize that the signing of this Agreement shall not undermine the basic position held by the Government of each Party on the South China Sea issue;

NOW, THEREFORE, the Parties hereby agree, as follows:

Article 1 The Agreement Term

Unless otherwise agreed upon by the Parties, the term of this Agreement shall be Three (3) years starting from the date of commencement of implementation of the Agreement. The said three-year period is hereinafter referred to as the "Agreement Term".

Article 2 The Agreement Area

The Agreement Area as of the date of signing of this Agreement covers a total area of one hundred forty-two thousand eight hundred and

eighty-six (1420 886) square kilometers, as defined and marked out by the geographic location and the coordinates of the connecting points of the boundary lines in the Annex "A" attached hereto.

Article 3 Financing

Each Party shall be responsible for the costs of its own personnel designated for the implementation of this Agreement. Such costs shall include but not be limited to salaries or wages, allowance, expenses for travel and accommodation. However, the expenses incurred for carrying out the activities referred to in Article 4.1 hereof and any other necessary activities determined by the Joint Operating Committee referred to in Article 5 hereof to be necessary for the implementation of this Agreement shall be shared by the Parties on equal basis.

Article 4 Seismic Work

4.1 It is agreed that certain amount of 2D and/or 3D seismic lines shall be collected and processed and certain amount of existing 2D seismic lines shall be reprocessed within the Agreement Term. The seismic work shall be conducted in accordance with the seismic program unanimously approved by the Parties to ensure safety, stability and protection of the

environment in the Agreement Area.

4.2 The actual annual work program and budget within the Agreement Term shall be formulated by the Joint Operating Committee referred to in Article 5 hereof pursuant to the Parties' authorization. The interpretation and evaluation on data should be done by a joint team created by the Parties either in Beijing or Hanoi or Manila.

Article 5 The Joint Operating Committee

5.1 For the proper performance of the joint activity, the Parties shall establish a Joint Operating Committee ("JOC") within thirty (30) days from the date of commencement of the implementation of the Agreement.

5.2 CNOOC, PetroVietnam and PNOC shall each appoint three (3) representatives to form the JOC, and each Party shall designate one of its representatives as its chief representative. When a decision is to be made on any proposal, the chief representative from each Party shall be the spokesman on behalf of such Party.

5.3 Decisions of the JOC shall be made unanimously through consultation.

5.4 The Parties shall empower the JOC to:

- 5.4.1 Propose to the Parties a Joint Operating Agreement (JOA) which will provide the terms of reference for the conduct of the joint activity;
- 5.4.2 Formulate the annual work program and budget;
- 5.4.3 Discuss and determine the manner of data exchange;
- 5.4.4 Arrange further joint studies;
- 5.4.5 Formulate the actual plan for seismic line acquisition;
- 5.4.6 Sign subcontracts and service contracts for seismic line acquisition and processing; and
- 5.4.6 Interpret and evaluate the relevant data and submit final evaluation report to the Parties.

5.5 The JOC may discuss and determine relevant job descriptions, work procedures, the establishment of subordinate bodies, methods of cash calls, accounting methods and other necessary rules and regulations within the JOC as the joint activity may require.

5.6 The JOC shall report to the Parties on a timely basis the progress of joint activity and be subject to the directions given by the Parties.

Article 6 Subcontracts and Service Contracts.

6.1 As a general rule, the Parties agree to have effective and equal participation in all activities relevant to the implementation of this Agreement.

6.2. The Parties agree to use vessels of CNOOC's or PetroVietnam's or PNOC's affiliates or other party's vessels to conduct the seismic line acquisition provided that the costs are competitive and reasonable. The Parties shall exert best efforts to allow such vessels of CNOOC's, PetroVietnam's or PNOC's affiliates or those of such other parties to use the ports of the Philippines, Vietnam or China, as the case may be, to get necessary supplies.

6.3 The Parties agree to use CNOOC's or PetroVietnam's or PNOC's affiliates or other parties to process the relevant seismic data.

Article 7 Mutual Assistance

7.1 The Parties shall use reasonable efforts to obtain all the necessary approvals from their respective governments for the implementation of this Agreement.

7.2 A Party shall facilitate each other's and other party's personnel and vessels to enter into relevant areas to conduct joint marine seismic undertaking to get necessary supply and to obtain all the necessary permits on a timely basis.

7.3 With regard to the joint activity, a Party shall, upon the other Party's request, use reasonable efforts to contact and coordinate with its relevant governmental departments.

Article 8 Negotiation Term

In the event the Parties elect to enter into negotiations for signing a more definitive agreement for further cooperation covering all or part of the Agreement Area prior to or at the expiration of the Agreement Term, then such negotiations shall take place during the Agreement Term or during the period of ninety (90) days following the date of expiration of the Agreement Term (all of which periods are hereinafter referred to as the "Negotiation Period"). The Negotiation Period shall be reserved for the sole purpose of negotiations among CNOOC, PetroVietnam and PNOOC. During such Negotiation Period, unless otherwise agreed by the Parties, neither Party shall have the right to negotiate an agreement for a marine seismic undertaking or any other agreements with any other party within

the Agreement Area.

After the Parties have decided to pursue a definitive agreement, the Parties will consult with their appropriate authorities on the terms for allowing the participation of other national and international oil companies, including the specific arrangements for their participation.

Article 9 Assignment

9.1 Except for the retention of CNOOC's management functions, CNOOC shall, assign all its rights and obligations under the Agreement to one of its affiliates (it is understood by the Parties that such affiliate shall be CNOOC China Limited). PetroVietnam reserves the right to assign all its rights and obligations under the Agreement to one of its affiliates. PNOOC shall assign all its rights and obligations under the Agreement to one of its affiliates (it is understood by the Parties that such affiliate shall be PNOOC Exploration Corporation). Each of CNOOC, PetroVietnam and PNOOC shall provide one another with copies of the written agreement for such assignment of all of its rights and obligations.

9.2 Except for the assignments described in Article 9.1, no Party shall assign all or part of its rights and obligations under the Agreement to any

other party without the prior written consent of the other Parties herein.

Article 10 Confidentiality of Information

This Agreement and all relevant documents, information, data and reports with respect to the joint marine seismic undertaking shall be kept confidential during the Agreement Term and within five (5) years after its expiration and shall not be disclosed by a Party to any third party without the written consent of the other Party. However, no consent shall be required when said documents, information, data and reports are disclosed, for the purpose of implementation of this Agreement, to the Parties' respective governments, affiliates or stock exchanges on which a Party's shares are registered.

Article 11 Miscellaneous Provisions

11.1 The Parties shall exert their best efforts to settle amicably through consultation any dispute arising in connection with the performance or interpretation of any provision hereof.

11.2 All the data and information acquired for the fulfillment of the

Seismic Work referred to in Article 4 hereof and their interpretation shall be jointly owned by the Parties. In the event any Party wishes to sell or disclose the above-mentioned data and information after the expiration of the confidentiality term, prior written consent therefor shall be obtained from the other Parties.

11.3 All notices and documents by one Party to the other Party shall be delivered by hand or sent by mail, registered airmail or facsimile transmission to the addresses hereunder specified:

For CNOOC:

Cao Yunshi
General Counsel
CNOOC
PO Box 4705, No. 6 Dongzhimenwai Xiaojie
Dongcheng District, Beijing
People's Republic of China
Postcode: 100027
Tel: 008610 84521056
Fax: 008610 84522028

For PetroVietnam:

Vietnam Oil and Gas Corporation

22 Ngo Quyen Str.,

Hoan Kiem Dist., Hanoi

Socialist Republic of Vietnam

Postcode: 84-

Tel: (84.4) 8252526

Fax: (84.4) 8265942

For PNOC:

Eduardo V. Manalac

President and CEO

PNOC

Building, Energy Center,

Merritt Road, Fort Bonifacio, Taguig,

1634, Metro Manila, Philippines

Tel ++63 2 840 2236

Fax ++63 2 840 2138

Each Party may change its address or representative by a written notice to the other Party.

11.4 The Parties' rights, interest and obligations under the Agreement shall be on equal basis.

11.5 The Parties commit to observe and follow all laws and regulations, as well as any international obligation, of their respective countries that may have a bearing on this Agreement or any further or subsequent agreements that may be signed by the Parties.

11.6 After the Agreement is signed, it shall be approved by the Parties' respective governments. The later date of such approvals shall be the effective date of the Agreement. The Parties agree that the first day of the month following the effective date of the Agreement shall be the date of commencement of the implementation of the Agreement.

11.7 The Parties agree to issue a joint press release on the purpose, scope and area of agreement after this Agreement has been signed.

11.8 The Agreement shall be written in Chinese, Vietnamese and English

languages. In case of divergence in interpretation, the English text shall prevail.

The Agreement is signed on this _____ day of _____ 2005 in _____ by the authorized representatives of the Parties hereunder.

China National Offshore Oil Corporation

Signature: _____

Name: Fu Chengyu

Title: President

PetroVietnam

Signature: _____

Name: Tran Ngoc Canh

Title: President and CEO

Philippine National Oil Company

Signature: _____

Name: Eduardo V. Manalac

Title: President and CEO