

LICENSE to prospect for hydrocarbons

The Minister of Industry, having consulted the Ministry of Fisheries and the Ministry for the Environment, hereby grants TGS-NOPEC, Baarsrudveien 2, Nærnes, Norway hereafter referred to as the licensee, a license to prospect for hydrocarbons. The license is granted on the basis of permission in Act no. 13/2001 on prospecting, exploration and production of hydrocarbons. The license is restricted to the area designated in Article 2 of this license and bound by the conditions set out in Act no. 13/2001 on prospecting, exploration and production of hydrocarbons and Rules no. 553/2001 governing the granting of licenses to prospect for hydrocarbons and the conditions set out in this licence.

This license is subject to the laws and regulations mentioned above, as well as other laws and regulations that at any time apply to prospecting for hydrocarbons.

Art. 1

License period

The license is valid from April 24 2002 until May 24 2002.

The licensee may surrender the license at any time with notice in writing to the Ministry of Industry.

Art. 2

License area

The license covers prospecting for hydrocarbons within Icelandic territorial waters and economic zone and on the Icelandic continental shelf in accordance with Act no. 13/2001 on prospecting, exploration and production of hydrocarbons.

The license is not valid in areas for which an exclusive exploration or production license has been granted or may be granted at a later date under Act no. 13/2001 on prospecting, exploration and production of hydrocarbons, unless permission is obtained from the holder of the exclusive license and the Department of Industry.

The license covers an area bounded by great circle lines between the following points. (cf. the attached map) :

- Point 1: 65.69° N 5.58° W
- Point 2: 65 ° N 10°W
- Point 3: 66 ° N 14 °W
- Point 4: 68 ° N 13° W
- Point 5: 68° N 07.058° W

Art. 3

Scope of license

The license entitles the holder to prospect for hydrocarbons using seismic methods according to the description given in the application dated 16 April 2002 and addendum to the application dated 23 April 2002 and a survey plan attached thereto.

The license does not give the licensee a right to drill for hydrocarbons, produce hydrocarbons or priority to obtaining such a license later.

Art. 4

Environmental considerations

In prospecting the licensee shall make sure that activities do not cause danger or damage to persons or property. The licensee shall also make sure not to cause pollution or damage to the environment.

The licensee shall take the interests of the fishing fleet fully into account in carrying out the prospecting.

Art. 5

Inspection

Representatives of the National Energy Authority or other governmental authorities as decided by the Ministry of Industry are entitled to be present and monitor prospecting and other activities that fall under the license at any stage of the activities.

The representatives have a right to monitor all the activities of the licensee and demand from him information on all aspects of his activities under a licence.

The representatives are entitled to make use of the licensee's communication facilities as required.

The licensee shall cover all expenses incurred by the representatives for travelling, board and lodging as a result of the inspection.

Art. 6

Duty of notification

Notification that a shipborne prospecting survey is about to begin

A shipborne survey shall be notified to the National Energy Authority and the Icelandic Coast Guard. A notification shall include the following:

1. That the survey is aimed at prospecting for hydrocarbons according to a licence.
2. Name of licensee.
3. Name of contractor.
4. Name of ship.
5. Registry.
6. Radio call sign.
7. Inmarsat numbers for telephone, telefax and e-mail communications.
8. Nationality.
9. Type.
10. Date.
11. Time.
12. Position.
13. Last port of call prior to entering Icelandic waters (port and country).
14. First port of call after leaving Icelandic waters (port and country).

15. Estimated time and position of arrival in the survey area.
16. Information on planned portcalls in Icelandic ports (ports and estimated times of arrival).
17. Name and address of agent in Iceland.

If the survey is launched outside Iceland or is carried out with a foreign vessel, notification of the survey shall be given when entering Icelandic waters, i.e. at the outer boundary of the economic zone or at the outer boundary of the continental shelf where it extends beyond the economic zone. Otherwise, notification of the survey shall be given when leaving an Icelandic port.

A notification may include a request to the Icelandic Coast Guard to issue a warning about a planned survey to other vessels in the survey area.

Calls in Icelandic ports shall be notified to the Icelandic Coast Guard and other Icelandic authorities at least 24 hrs. in advance, preferably through the licensee's agent.

Notification of arrival and departure from a survey area

Arrival and departure of a survey vessel shall be notified to the National Energy Authority and to the Icelandic Coast Guard.

The notification shall include the registry, call sign and position of the vessel. In case of arrival in the survey area, the notification shall also include information on the planned movements of the vessel during the next 24 hrs. The notification may include a request to the Icelandic Coast Guard to issue a warning about the planned survey to other vessels in the survey area.

Daily notification

Every day between 11:00 and 15:00 hrs. Greenwich meantime the position and planned movements of a survey vessel the next 24 hrs. shall be notified. Notification shall be given to the Icelandic Coast Guard.

Art. 7

Reporting and submission of data

During a prospecting survey in a survey area, the licensee shall submit a weekly report to the National Energy Authority by telefax or electronic mail accurately summarising the prospecting activities.

No later than two months after a prospecting survey has been completed, the licensee shall submit a survey report to the National Energy Authority. The report shall contain an accurate overview of the survey, including a description of the prospecting activities, prospecting equipmen and data acquisition.

The licensee shall submit a report to the National Energy Authority on all geological and geophysical investigations that have been made in the license area. The report shall be sent to the National Energy Authority as soon as possible and no later than April 1 in the year after the investigations were made. The reports shall be accompanied by copies of data, analyses and results of data processing in accordance with more detailed instructions issued by the National Energy Authority.

The Minister of Industry may grant dispensation from the deadline given in Para. 3.

Should data that has been acquired under the licence be reprocessed, the licensee shall within two months from completion of the reprocessing submit a report on the reprocessing together with a copy of the reprocessed data to the National Energy Authority in accordance

with more detailed instructions issued by the Authority. This obligation remains after a licence expires.

The licensee shall keep all original field data that has been acquired under the licence for at least one year after the license expires. Should the licensee decide to discard the original field data after this period, he shall offer the data to the National Energy Authority before it is destroyed.

The licensee shall submit to the National Energy Authority information as to whom reports or data according to this Article have been sold or handed over should the Authority so request.

The licensee shall fulfil all obligations according to this Article without charge to the National Energy Authority.

Art. 8 Confidentiality

Information submitted by the licensee in pursuance of Article 15 shall be treated confidentially for a period of 10 years from the end of the year that the data was acquired.

The provisions of Para. 1 do not prevent the National Energy Authority or other governmental authorities as decided by the Ministry of Industry from:

1. Disclosing information of a general nature in connection with public announcements, annual reports or the like concerning hydrocarbon activities.
2. Handing over information as part of co-operation with another state, provided that similar provisions for ensuring confidentiality of this information apply in the state in question.
3. Making use of information in order to increase understanding of the geology and resources of submarine strata.

Art. 9 Revocation of a license

The Minister of Industry may revoke the license if the licensee does not comply with the conditions set out in this license, Rules no. 553/2001 governing the granting of licenses to prospect for hydrocarbons or Act no. 13/2001 on prospecting, exploration and production of hydrocarbons. Prior to revoking the license, the Minister of Industry shall give the licensee notice in writing and a deadline for providing a remedy. If the licensee does not respond to such a warning, the license shall be revoked.

The license may be revoked if bankruptcy proceedings are taken against a licensee's estate or he is forced to seek agreement with his creditors.

Art. 10 Transfer of a license

This license cannot be transferred to other parties, nor can it be placed as collateral for financial obligations without permission from the Minister of Industry.

Art. 11 Liability

The licensee is liable for any form of damages arising from activities pursuant to this license, including environmental damage, irrespective of fault.

Compensation for personal injury, or for loss of consortium, may be reduced or not awarded if the injured or deceased party was partly responsible for the damage sustained, by way of intent or gross negligence. Compensation for property damage may be reduced or not

awarded if the injured party was partly responsible for the damage sustained, by way of intent or gross negligence.

Compensation for environmental damage may be lowered or not awarded if the damage sustained is proven to be caused by a natural catastrophe or other unpreventable causes, without any fault on the licensee's behalf.

The provisions of Para. 1 - 3 do not in any way limit the right to compensation according to general rules of the law of tort.

The Minister of Industry may at his discretion require the licensee to provide a guaranty for the performance of his undertakings pursuant to this license, including possible liability for damages.

Art. 12

Application fees

The licensee has paid an application fee of ISK 100.000 to the State Treasury.

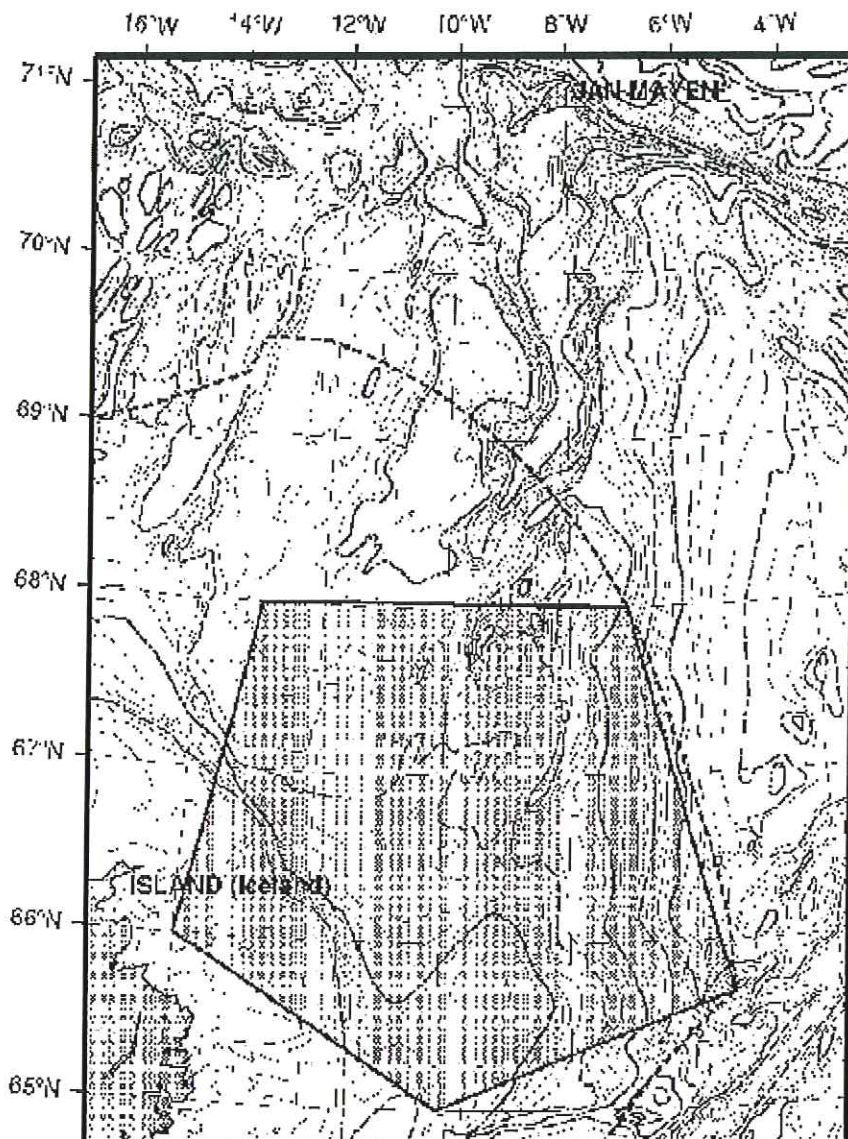
Ministry of Industry, April 23 2002



Valgerður Sverrisdóttir



Þorgeir Örlygsson



Licence area



Boundary of the Icelandic Economic Zone

Depth contours:



1000 m



2000 m



3000 m