

ARTICLE 14

PROTECTION OF THE ENVIRONMENT

- 14.1 The Government and the Contractor recognise that Petroleum Operations will cause some impact on the environment in the Contract Area. Accordingly, in performance of the Contract, the Contractor shall conduct its Petroleum Operations with due regard to concerns with respect to protection of the environment and conservation of natural resources and shall in particular;
- (a) employ modern oilfield and petroleum industry practices and standards including advanced techniques, practices and methods of operation for the prevention of Environmental Damage in conducting its Petroleum Operations;
 - (b) take necessary and adequate steps to:
 - (i) prevent Environmental Damage and, where some adverse impact on the environment is unavoidable, to minimise such damage and the consequential effects thereof on property and people;
 - (ii) ensure adequate compensation for injury to persons or damage to property caused by the effect of Petroleum Operations; and
 - (c) comply with the requirements of applicable laws and the reasonable requirements of the Government from time to time.
- 14.2 If the Contractor fails to comply with the provisions of paragraph (b)(i) of Article 14.1 or contravenes any relevant law, and such failure or contravention results in any Environmental Damage, the Contractor shall forthwith take all necessary and reasonable measures to remedy the failure and the effects thereof.
- 14.3 If the Government in accordance with the laws has good reason to believe that any works or installations erected by the Contractor or any operations conducted by the Contractor are endangering or may endanger persons or any property of any person, or are causing or may cause pollution, or are harming or may harm fauna or flora or the environment to a degree which the Government deems unacceptable, the Government may require the Contractor to take remedial measures within such reasonable period as may be determined by the Government and to repair any damage to the environment. If the Government deems it necessary, it may also require the Contractor to discontinue Petroleum Operations in whole or in part until the Contractor has taken such remedial measures or has repaired any damage caused.
- 14.4 The measures and methods to be used by the Contractor for the purpose of complying with the terms of paragraph (b)(i) of Article 14.1 shall be determined in timely consultation with the Government upon the commencement of Petroleum Operations or whenever there is a significant change in the scope or method of conducting Petroleum Operations and shall take into account the international standards applicable in similar circumstances and the relevant environmental impact study carried out in accordance with Article 14.5 below. The Contractor shall notify the Government, in writing, of the measures and methods finally determined by the Contractor and shall cause such measures and methods to be reviewed from time to time in the light of prevailing circumstances.
- 14.5 The Contractor shall cause a person or persons with special knowledge on environmental matters, to carry out two environmental impact studies in order:

- (a) to determine at the time of the studies the prevailing situation relating to the environment, human beings and local communities, the flora and fauna in the Contract Area and in the adjoining or neighbouring areas; and
- (b) to establish the likely effect on the environment, human beings and local communities, the flora and fauna in the Contract Area and in the adjoining or neighbouring areas in consequence of the relevant phase of Petroleum Operations to be conducted under this Contract, and to submit, for consideration by the Parties, methods and measures contemplated in Article 14.4 for minimising Environmental Damage and carrying out Site Restoration activities.

14.5.1 The first of the aforementioned studies shall be carried out in two parts, namely, a preliminary part which must be concluded before commencement of any field work relating to a seismographic or other survey, and a final part relating to drilling in the Exploration Period. The part of the study relating to drilling operations in the Exploration Period shall be approved by Government before the commencement of such drilling operations, it being understood that such approval shall not be unreasonably withheld.

14.5.2 The second of the aforementioned studies shall be completed before commencement of Development Operations and shall be submitted by the Contractor as part of the Development Plan, with specific approval of Government being obtained before commencement of Development Operations, it being understood that such approval shall not be unreasonably withheld.

14.5.3 The studies mentioned in Article 14.5 above shall contain proposed environmental guidelines to be followed in order to minimize Environmental Damage and shall include, but not be limited to, the following, to the extent appropriate to the respective study taking into account the phase of operations to which the study relates

- (a) proposed access cutting;
- (b) clearing and timber salvage;
- (c) wildlife and habitat protection;
- (d) fuel storage and handling;
- (e) use of explosives;
- (f) camps and staging;
- (g) liquid and solid waste disposal;
- (h) cultural and archaeological sites;
- (i) selection of drilling sites;
- (j) terrain stabilization;
- (k) protection of freshwater horizons;
- (l) blowout prevention plan;
- (m) flaring during completion and testing of Gas and Oil Wells;
- (n) abandonment of Wells;
- (o) rig dismantling and site completion;
- (p) reclamation for abandonment;
- (q) noise control;
- (r) debris disposal; and
- (s) protection of natural drainage and water flow.

14.5.4 Government shall convey its decision regarding any proposal for environmental clearances submitted by the Contractor pursuant to the provisions of this Article or Contract or required under any laws of India within one hundred and twenty (120) days from the date of submission of application by Contractor seeking such clearance. My clarifications/additional information required by the Government shall be asked by it within sixty (60) days from the date of submission of the application by Contractor. The final decision by the Government shall be conveyed within sixty (60) days from the receipt of such clarifications/additional information from the Contractor. In case Government fails to convey any decision to the Contractor, such application for the clearance by the Contractor shall be deemed to have been approved by the Government.

- 14.6 The Contractor shall ensure that:
- (a) Petroleum Operations are conducted in an environmentally acceptable and safe manner consistent with modern oil field and petroleum industry practices and that such Petroleum Operations are properly monitored;
 - (b) the pertinent completed environmental impact studies are made available to its employees and to its contractors and Subcontractors to develop adequate and proper awareness of the measures and methods of environmental protection to be used in carrying out the Petroleum Operations; and
 - (c) the contracts entered into between the Contractor and its contractors and Subcontractors relating to its Petroleum Operations shall include the provisions stipulated herein and any established measures and methods for the implementation of the Contractor's obligations in relation to (lie environment under this Contract.
- 14.7 The Contractor shall, prior to conducting any drilling activities, prepare and submit for review by the Government contingency plans for dealing with Oil spills, fires, accidents and emergencies, designed to achieve rapid and effective emergency response. The plans referred to above shall be discussed with the Government and concerns expressed shall be taken into account.
- 14.7.1 In the event of an emergency, accident, Oil spill or fire arising from Petroleum Operations affecting the environment, the Contractor shall forthwith notify the Government and shall promptly implement the relevant contingency plan and perform such Site Restoration as may be necessary in accordance with modern oilfield and petroleum industry practices.
- 14.7.2 In the event of any other emergency or accident arising from the Petroleum Operations affecting the environment, the Contractor shall take such action as may be prudent and necessary in accordance with modern oilfield and petroleum industry practices in such circumstances.
- 14.8 In the event that the Contractor fails to comply with any of the terms contained in Article 14.7 within a period specified by the Government, the Government, after giving the Contractor reasonable notice in the circumstances, may take any action which may be necessary to ensure compliance with such terms and to recover from the Contractor, immediately after having taken such action, all costs and expenditures incurred in connection with such action together with such interest as may be determined in accordance with Section 1.7 of Appendix C of this Contract.
- 14.9 On expiry or termination of this Contract or relinquishment of part of the Contract Area, the Contractor shall:
- (a) subject to Article 27, remove all equipment and installations from the relinquished area or former Contract Area in a manner agreed with the Government pursuant to an abandonment plan; and
 - (b) perform all necessary Site Restoration in accordance with modern oilfield and petroleum industry practices and take all other action necessary to prevent hazards to human life or to the property of others or the environment.
- 14.10 The Contractor shall prepare a proposal for the restoration of site including abandonment plan and requirement of funds for this and any annual contribution in accordance with the scheme framed by Government to the Site Restoration fund. This will be submitted along with the annual Budget for the consideration and approval of the Management

Committee.

14.11 Subject to Section 3.2 of Accounting Procedure, any Site Restoration fund scheme formulated by Government and subject to provisions of this Contract, any and all costs incurred by Contractor pursuant to this Article shall be cost recoverable including but not limited to sinking funds established for abandonment and restoration of Contract Area.

14.12 In this Article, a reference to Government includes the State Government.

14.13 Where the Contract Area is partly located in areas forming part of certain national parks, sanctuaries, mangroves, wetlands of national importance, biosphere reserves and other biologically sensitive areas passage through these areas shall generally not be permitted. However, if there is no passage, other than through these areas to reach a particular point beyond these areas, permission of the appropriate authorities shall be obtained.

14.14 The obligations and liability of the Contractor for the environment hereunder shall be limited to damage to the environment which:

(a) occurs after the Effective Date; and

results from an act or omission of the Contractor.