

**Dated 8<sup>th</sup> June 2007**

**TETHYS PETROLEUM LIMITED**

**and**

**VAZON ENERGY LIMITED**

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**UMBRELLA MANAGEMENT SERVICES AGREEMENT**

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THIS AGREEMENT is made on the 8th day of June 2007

**BETWEEN:**

- (1) **TETHYS PETROLEUM LIMITED** (Company Number 41075), a company incorporated and existing under the laws of Guernsey, Channel Islands (the "**Company**"); and
- (2) **VAZON ENERGY LIMITED**, (Company Number 32244), a company incorporated and existing under the laws of Guernsey, Channel Islands ("**Vazon**").

**RECITALS**

- (A) The Company is engaged in the exploration, development, recovery, production, marketing and sale of oil and gas throughout the world (the "**Business**").
- (B) Vazon has substantial experience in the Business, and is available to provide Employees to render general and specific services of a management, technical, administrative and/or advisory nature with respect to the Business ("**Management Services**"), and is prepared to provide the Management Services as and when needed by the Company subject to this Agreement.
- (C) Vazon has agreed to provide to the Company the Management Services.

**THE PARTIES AGREE AS FOLLOWS:**

**1 DEFINITIONS**

- 1.1 In this Agreement unless the context otherwise requires, the following words and expressions shall have the meanings set out opposite them:-

"**Alternative Employee**" means a suitably qualified and experienced replacement for the Employee who is being replaced pursuant to Clause 3.4;

"**Board**" means the Board of Directors of the Company from time to time;

"**Commencement Date**" means the date of Admission notwithstanding the date of execution of this Agreement;

"**Confidential Information**" means all information which is identified or treated by the Company or any Group Company or any of the Group's clients or customers as confidential or which by reason of its character or the circumstances or manner of its disclosure is evidently confidential including without limitation, trade information relating to the Company research and development, engineering data, seismic data, surveys, specifications, process formulations, production operations or techniques, planning, purchasing, accounting, finance, selling, marketing, market research, promotional plans, customers, suppliers, and other information of a similar nature which may include design specifications and know-how, in which the Company or its suppliers or distributors have proprietary interests, and all other information pertaining to the business of the Company that is not publicly available;

"**Employees**" means the employees of Vazon whose names and positions are narrated in columns (1) and (2) of Schedule 1 and any other employee employed from time to time by Vazon to provide the Management Services to the Company pursuant to this Agreement

and, for the avoidance of doubt, excluding any individual engaged by Vazon to provide services to the Company under the Management Services Agreement between the Company and Vazon for the provision of services of a Chief Executive Officer, President or Managing Director of the Company (the "MSA No.2");

**"Fee"** means the fees payable by the Company to Vazon for the provision of the Management Services, which shall comprise the aggregate of:-

- (i) the monthly fee rates set out in column (4) of Schedule 1 (as such rates are varied from time to time by notice to the Company by Vazon) and as such Schedule may be amended from time to time to reflect the addition of new Employees not currently included in Schedule 1;
- (ii) any expenses payable pursuant to Clause 3.9;
- (iii) the monthly pension and benefits contributions set out in column (5) of Schedule 1;
- (iv) any bonuses payable to the Employees as agreed between Vazon and the Company; and
- (v) all other sums due to Vazon from time to time, including office rentals, utility costs, and other costs related to provision of the Management Services.

**"Group"** means the Company, any holding company or undertaking of the Company and subsidiaries and subsidiary undertakings of the Company or such holding company or undertaking from time to time;

**"Group Company"** means any company within the Group;

**"Intellectual Property Rights"** means any and all existing and future intellectual or industrial property rights in and to any Works (whether registered or unregistered) including all existing and future patents, copyrights, design rights, database rights, trade marks, semiconductor topography rights, plant varieties rights, internet rights/domain names, know how and any and all applications for any of the foregoing and any and all rights to apply for any of the foregoing in and to any Works;

**"Management Services"** has the meaning outlined in Recital B of this Agreement;

**"Schedule"** means a schedule to this Agreement;

**"Statements of Employment"** means the statements of employment of the Employees set out in Part A Schedule 2 and Part B Schedule 2;

**"Works"** means any documents, materials, models, designs, drawings, processes, inventions, formulae, computer coding, methodologies, know-how, Confidential Information or other work performed, made, created, devised, developed or discovered by Vazon or the Employees during the Term either alone or with any other person in connection with or in any way affecting or relating to the business of the Company or any Group Company or capable of being used or adapted for use therein or in connection therewith.



## 1.2 Interpretation and Construction

Save to the extent that the context or the express provisions of this Agreement require otherwise, in this Agreement:-

- (a) words importing the singular shall include the plural and vice versa;
- (b) words importing any gender shall include all other genders;
- (c) any reference to a Recital, Clause, or Schedule is to the relevant recital, clause or schedule of or to this Agreement;
- (d) references to this Agreement or to any other document shall be construed as references to this Agreement or to that other document as modified, amended, varied, supplemented, assigned, novated or replaced from time to time;
- (e) references to any statute or statutory provision (including any subordinate legislation) includes any statute or statutory provision which amends, extends, consolidates or replaces the same, or which has been amended, extended, consolidated or replaced by the same, and shall include any orders, regulations, instructions or other subordinate legislation made under the relevant statute or statutory provision;
- (f) any phrase introduced by the words "**including**", "**include**", "**in particular**" or any similar expression shall be construed as illustrative only and shall not be construed as limiting the generality of any preceding words;
- (g) references to a "**person**" includes any individual, firm, company, corporation, body corporate, government, state or agency of state, trust or foundation, or any association, partnership or unincorporated body (whether or not having separate legal personality) of two or more foregoing; and
- (h) the words "**other**" and "**otherwise**" shall not be construed *eiusdem generis* with any foregoing words where a wider construction is possible.

## 1.3 Headings

The table of contents and the headings in this Agreement are included for convenience only and shall be ignored in construing this Agreement.

## 1.4 Whole Agreement

The Schedules form part of this Agreement and shall have effect as if set out in full in the body of this Agreement and any reference to this Agreement includes the Schedules.

## 2 ENGAGEMENT OF VAZON

- 2.1 The Company hereby appoints Vazon to provide the Management Services for the Company on the terms and conditions of this Agreement for the Term and Vazon hereby agrees, in consideration of the Company agreeing to make the payments provided for in Clause 4 below, to perform the Management Services for the benefit of the Company.

- 2.2 Subject to the terms of Clause 10, the Company and Vazon acknowledge that this Agreement shall commence on the Commencement Date, notwithstanding the date of this Agreement, and shall continue until terminated on the earliest to occur of:
- (i) either party giving to the other not less than six (6) months' written notice to terminate the Agreement, in which case the Agreement shall terminate six (6) months after the receipt of the notice; or
  - (ii) the liquidation or dissolution of the Company; or
  - (iii) the mutual agreement of the parties to terminate this Agreement.

The period during which this Agreement is in effect shall be known as the "**Term**".

### **3 OBLIGATIONS OF VAZON**

3.1 Vazon agrees that at all times during the Term it shall:-

- 3.1.1 in the performance of its duties use all reasonable endeavours to promote and protect the interests of the Company and any Group Company;
  - 3.1.2 use reasonable endeavours to procure that the Employees shall perform with all reasonable skill and care and in accordance with good industry practice and in compliance with all legislation the duties assigned to them by the Company including, without limitation the Management Services and such other functions being not inconsistent with their positions and pursuant to the terms and conditions of their respective Statements of Employment;
  - 3.1.3 procure that the Employees will attend and act at any premises of the Group wherever situated, and travel and act in any geographic areas in which the Group has business activities and such other locations as may be required for the proper fulfilment of their duties, provided such locations are deemed, in the reasonable opinion of Vazon, to be free from risk of kidnap, civil insurrection, war, or other bodily risk;
  - 3.1.4 procure that the Employees execute an employment contract in substantially the form set out in Part A of Schedule 2 (in the case of junior employees) or Part B of Schedule 2 (in the case of senior employees); and
  - 3.1.5 comply with all lawful and reasonable directions of the Board insofar as it is able to do so.
- 3.2 In the performance of the Management Services, Vazon shall make available the services of the Employees for such approximate proportion of their time as stated in Schedule 1 to fulfil its duties hereunder, but for the avoidance of doubt, the Employees may be engaged in work for Vazon for other clients. Nothing in this Agreement shall be construed or have effect as constituting any relationship of employer and employee between the Company or any Group Company and any Employee.
- 3.3 At any time during the continuance of this Agreement, the Company may require Vazon to remove an Employee from the provision of the Management Services by providing Vazon with written notice to that effect.
- 3.4 In the event that:

- 3.4.1 the Company exercises its right to require Vazon to remove an Employee from the provision of the Management Services in terms of Clause 3.3; or
- 3.4.2 Vazon is unable to make available an Employee due to circumstances beyond its control; or
- 3.4.3 Vazon terminates the employment of an Employee pursuant to the employee's Statement of Employment and Vazon duly notifies the Company of such termination;

Vazon shall forthwith make reasonable efforts to make available an Alternative Employee who the Company, in their sole discretion, shall be entitled to accept or reject. In the event that the Company rejects the proposed Alternative Employee Vazon shall attempt to provide further candidates until the Company accepts one as an Alternative Employee, taking into account the availability of staff in Guernsey or elsewhere, and their relevant housing and employment qualifications.

- 3.5 Vazon shall provide the Management Services at the Company's premises or such other place as may be necessary for the due performance of the Management Services.
- 3.6 Vazon acknowledges that the Employees shall report to and be answerable to the Board and shall comply with all reasonable directions of the Board in relation to the provision of the Management Services. Without prejudice to the foregoing generality, Vazon shall procure that the Employees shall carry out those activities set out in Clause 1 of their individual Statements of Employment and such other activities as the Company deems necessary from time to time.
- 3.7 Vazon shall be responsible for paying the Employees and for making appropriate tax, social security and other deductions (if any) from the remuneration it pays to the Employees. For the avoidance of doubt (and without prejudice to the Company's obligation to pay the Fee to Vazon), the Company shall have no liability for payment of remuneration or benefits to any of the Employees or for making any tax deductions in relation thereto. The Company agrees to indemnify Vazon in respect of any claims or demands which may be made by the relevant authorities in respect of any tax payable in respect of the Employees;
- 3.8 Vazon shall provide the Management Services (i) using all reasonable skill and diligence and (ii) in accordance with good industry practice and in compliance with all legislation.
- 3.9 The Company shall repay to Vazon all expenses properly incurred by the Employees in the provision of the Management Services which have been approved by the Company.

#### 4 **OBLIGATIONS OF THE COMPANY**

- 4.1 Throughout the duration of this Agreement the Company:-
  - 4.1.1 shall afford Vazon such access to the Group's premises, information, records and other material as Vazon may reasonably require to provide the Management Services provided always that the Company shall be obliged to afford such access only during its normal business hours;
  - 4.1.2 shall make available such working space and facilities at its premises as Vazon may reasonably require but only insofar as necessary for Vazon to comply with its obligations under this Agreement. Such working space and facilities shall be comparable to but not better than those given by the Company to its own personnel of similar status to the Employees; and

4.1.3 shall assist Vazon in carrying out disciplinary or review procedures and staff appraisals as Vazon may reasonably require in accordance with the procedures and policies used by Vazon in relation to such disciplinary / review procedures and staff appraisals at and prior to the date of the Agreement for the purposes of any performance bonus payable by Vazon to an Employee.

4.1.4 shall indemnify Vazon for any losses incurred by Vazon in connection with the performance of the Management Services pursuant to this Agreement.

## 5 FEES

The Company shall in consideration of the provision of the Management Services by Vazon pay to Vazon the Fee monthly in arrears within 5 days of the date of a valid invoice issued on the last day of the month by Vazon to the Company or, failing such issue, within 5 days from the actual date of submission of such valid invoice.

## 6 CONFIDENTIALITY

6.1 Vazon undertakes to the Company that all Confidential Information shall be treated as confidential information of the Company and shall not be disclosed to any third party other than:

6.1.1 information which has entered the public domain otherwise than as a breach of the terms of this Agreement or which has been made available by the Company to any third party; and

6.1.2 information which is required to be disclosed by law or the rules of any recognised stock exchange or any other regulatory authority.

6.2 Vazon shall ensure that it and its personnel (including the Employees) shall keep the Confidential Information and all other matters arising or coming into its or their attention in connection with the provision of the Management Services confidential and shall not at any time for any reason whatsoever disclose or permit such Confidential Information to be disclosed to any third party except as permitted under this Agreement to enable the Company or Vazon to carry out its duties and obligations.

6.3 The obligations of Vazon under this Clause 6 shall survive the expiry or the termination of this Agreement for whatever reason.

## 7 INDEMNITY

7.1 The Company waives all or any claims it may have against Vazon, save in respect of fraud or fraudulent misrepresentation, arising from any act or omission of the Employees in the course of carrying out the Management Services and caused by the default of the Company and the Company shall indemnify and hold harmless Vazon against all reasonable losses, costs, claims, liabilities, actions, demands, proceedings, charges and expenses which Vazon may incur or suffer arising from claims made against it by third parties in respect of such acts or omissions and caused by the default of the Company or arising under the Statements of Employment or this Agreement.

7.2 Vazon waives all or any claims it may have against the Company arising from any act or omission of the Employees in the course of carrying out the Management Services and caused by the default of Vazon and Vazon will indemnify the Company against all reasonable losses, costs, claims, liabilities, actions, demands, proceedings, charges and expenses which the Company may incur or suffer arising from claims made against it by





third parties in respect of such acts or omissions and caused by the default of Vazon or which arise out of or in connection with an act or omission of any of the Employees.

## 8 RESTRICTIONS

### 8.1 Restrictions

During the Term Vazon and the Employees will be exposed to Confidential Information and will acquire other proprietary knowledge relating to the Company's or the Group's current and planned operations. Therefore Vazon will not during the Term and for a period of 6 months after the termination of the Agreement, either directly, or indirectly through any other person, firm or other organisation:-

- 8.1.1 solicit, entice or induce any person, firm or other organisation which at any time during the last 6 months of the Term was a supplier of the Company or any Group Company (and with whom Vazon and/or the Employee(s) were actively involved during that time) to reduce the level of business between the supplier and the Company or the Group Company and Vazon will not approach any supplier for that purpose or authorise or approve the taking of such actions by any other person;
  - 8.1.2 solicit business which is of the same or similar nature as the business with which Vazon was involved in the course of the Services during the last 6 months of the Term (such business referred to as the "**Business**") from any person or firm which at any time during that period was a customer or client of the Company or any Group Company (and with whom Vazon was actively involved during that time) and Vazon will not approach any client or customer for that purpose or authorise or approve the taking of such actions by any other person. For the purposes of this restriction, the expression customer or client shall include all persons from whom the Company or any Group Company has received inquiries for the provision of goods or services where such inquiries have not been concluded; and
  - 8.1.3 entice or induce any person who is a senior employee of the Company or any Group Company to become employed or engaged by Vazon or any other person, firm or other organisation and Vazon will not approach any such employee for such purpose or authorise or approve the taking of such actions by any other person.
- 8.2 The restrictions contained in Clauses 9.1.1 to 9.1.4 will not apply if:-
- (a) Vazon has received the prior written consent of the Company to its activities; or
  - (b) Vazon will not be in competition with the Business in carrying out those activities.

### 8.3 Further undertakings

Vazon hereby undertakes with the Company that it will not at any time:

- (a) during the Term or after the termination of this Agreement engage in any trade or business or be associated with any person engaged in any trade or business using the names or incorporating the word "Tethys"; and
- (b) after the termination of this Agreement represent or otherwise indicate any association or connection with the Company or any Group Company or for the purpose of carrying on or retaining any business represent or otherwise indicate any past association with the Company or any Group Company.

9 **TERMINATION FOR EVENT OF DEFAULT**

9.1 Notwithstanding the provisions of Clause 2.2, the Company may terminate the Agreement by notice with immediate effect for any of the following reasons (each an "Event of Default"):-

- (a) Vazon commits any material breach of this Agreement other than a breach which is capable of remedy and is remedied forthwith by Vazon at the Company's request; or
- (b) Vazon's affairs are declared to be an état de désastre or Vazon becomes bankrupt, takes any corporate action or has any legal proceedings started or threatened against it for winding up or re-organisation or the appointment of an administrator of all or any of its assets.

9.2 Vazon agrees that acts or omissions of the Employees which would, if done by Vazon, constitute a breach of this Agreement will be deemed to be a breach of this Agreement by Vazon.

10 **AMENDMENTS, WAIVERS AND REMEDIES**

10.1 Amendments

10.2 No amendment or variation of this Agreement or any of the documents referred to in it shall be effective unless it is in writing and signed by or on behalf of each of the parties.

10.3 Waivers and remedies cumulative

10.3.1 The rights of each party under this Agreement:

- (a) may be exercised as often as necessary;
- (b) are cumulative and not exclusive of its rights under the general law; and
- (c) may be waived only in writing and specifically.

Delay in exercising or non-exercise of any right is not a waiver of that right.

10.3.2 Any right of rescission conferred upon the Company by this Agreement shall be in addition to and without prejudice to all other rights and remedies available to it.

11 **ENTIRE AGREEMENT**

11.1 This Agreement, and the Schedules and documents referred to in it, constitute the entire agreement and understanding of the parties and supersede any previous agreement between the parties relating to the subject matter of this Agreement.

12 **NO PARTNERSHIP OR AGENCY/EXCLUSION OF EMPLOYMENT**

12.1 Nothing in this Agreement is intended to or shall operate to create a partnership or joint venture of any kind between the parties, or to authorise either party to act as agent for the other, and neither party shall have authority to act in the name or on behalf of other otherwise to bind the other in any way (including but not limited to the making of any

representation or warranty, the assumption of any obligation or liability and the exercise of any right or power).

- 12.2 Vazon warrants and represents to the Company that it is an independent contractor. Nothing contained in this Agreement shall be construed or have effect as constituting any relationship of employer and employee between the Company or any Group Company and the Employees.

13 **RIGHTS OF THIRD PARTIES**

No third party shall have any rights under this Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999.

14 **ASSIGNMENT**

Neither party shall without the prior written consent of the other party (such consent not to be unreasonably conditioned, withheld or delayed) assign or, transfer the benefit of this Agreement or any of its rights under it, or purport to do any of the same. Vazon may, however, assign this Agreement without consent to a wholly owned subsidiary of Vazon.

15 **NOTICES**

15.1 **Notices and deemed receipt**

Any notice or other communication to be given under, or in connection with the matters contemplated by, this Agreement shall be in writing and shall be served by delivering it personally or sending it by pre-paid recorded delivery or registered post or by facsimile to the address and for the attention of the relevant party set out in Clause 16.2 (or as otherwise notified by that party thereunder). Any such notice shall be deemed to have been received:-

- 15.1.1 if delivered personally, at the time of delivery;
- 15.1.2 in the case of pre-paid recorded delivery or registered post, 48 hours from the date of posting; and
- 15.1.3 in the case of facsimile, at the time of transmission.

Provided that if deemed receipt occurs before 9am on a business day the notice shall be deemed to have been received at 9am on that day and if deemed receipt occurs after 5pm on a business day, or on a day which is not a business day, the notice shall be deemed to have been received at 9am on the next business day. For the purpose of this Clause, "**business day**" means any day which is not a Saturday, a Sunday or a public holiday in the place at or to which the notice is left or sent.

15.2 **Addresses for notices**

The addresses and facsimile numbers of the parties for the purposes of Clause 16 are:

**Tethys Petroleum Limited**

Address: P.O. Box 524, St. Peter Port, Guernsey, GY1 6EL

For the attention of: Chief Financial Officer

Fax number: +44 1481 725922

**Vazon Energy Limited**

Address: P.O. Box 144, St Peter Port, Guernsey, GY1 3HX, British Isles

For the attention of: Managing Director

Fax number: +44 1481 711086

Or such other address or facsimile number Guernsey as may be notified in writing from time to time by the relevant party to the other party.

**15.3 No electronic service**

For the avoidance of doubt notice given under this Agreement shall not be validly served if sent by e-mail.

**16 GOVERNING LAW AND JURISDICTION**

**16.1 Governing Law**

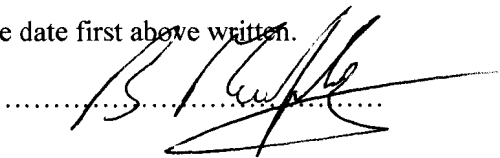
This Agreement shall be governed and construed in accordance with the laws of Guernsey.

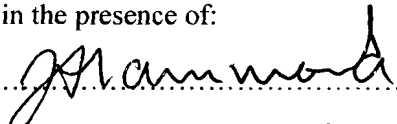
**16.2 Jurisdiction**

Each party hereby submits to the exclusive jurisdiction of the Royal Court of the Bailiwick of Guernsey as regards any claim, dispute or matter arising out of or in connection with this Agreement and its implementation and effect

IN WITNESS whereof this Agreement has been executed on the date first above written.

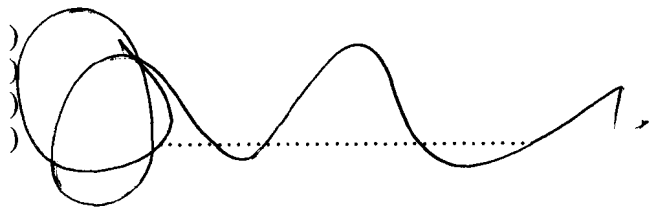
SIGNED BY BERNARD MURPHY )  
Duly authorised for and on behalf of )  
TETHYS PETROLEUM LIMITED )  
in the presence of:

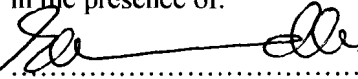


  
.....  
JULIAN HAMMOND

.....  
13A CHESTERFORD GARDENS  
LONDON NW3 7DD

SIGNED BY DR DAVID ROBSON  
duly authorised for and on behalf of  
VAZON ENERGY LIMITED  
in the presence of:



  
.....  
ELIZABETH ANNE LANDLES

.....  
FLAT 14 TUDOR HOUSE APARTMENTS  
MILL STREET  
ST PETER PORT  
GUERNSEY GY1 1BT

## SCHEDULES

### Schedule 1

#### The Employees

(1) Name	(2) Position	(3) Approx % of time	(4) Base Monthly Fee	(5)* Monthly Pension Provision  (£)	(6) Type of Statement of Employment
Samantha Lees	Bookkeeper (Part time)	100%	£415.70	Nil	A
Nicola Ravenscroft	Office Assistant (Part time)	50%	£230.18	Nil	A
George Mirtskhulava	VP Commercial	100%	£5,000	Nil	B
Graham Wall	VP Technical	80%	£5,616	£505.44	B
Liz Landles	Executive Director and Executive Vice President	70%	£7,500	£675	B

\* Any other costs paid by Vazon such as life insurance premiums, PHI, private healthcare, etc., shall also be charged to Tethys.

**Schedule 2 Part A**

[ON VAZON ENERGY LIMITED LETTERHEAD]

- [Date]
- [Name of Employee]
- [Address of Employee]

Dear ●

Further to our recent conversations, I am writing to confirm that we would like to offer you the position of ● with Vazon Energy Limited (the "Company") with effect from ●. I have set out below the terms of your employment.

**Position**

●

**Reporting to**

●, Vazon Energy Limited

**Location**

Suite 3, Borough House, Rue du Pre, St Peter Port, Guernsey

**Employer**

Vazon Energy Limited

**Commencement Date of Employment:**

●

**Working Time**

You will be expected to work ● to ● from ● a.m./p.m. to ● a.m./p.m. [with one hour for lunch].

**Salary**

You will be paid a gross salary of £● per annum payable monthly (two weeks in advance and two weeks in arrears) on or around the 15<sup>th</sup> of each month into your designated bank account.

**Holidays**

You will be entitled to 20 days holiday per annum plus bank holidays. Any holidays shall be agreed in advance with ●, Vazon Energy Limited.

**Notice**

One month's notice of termination required on each side, unless in the case of gross misconduct or similar, in which case the contract will be terminated without notice.

**Confidentiality**

You will be expected and required to keep confidential all information, data and similar obtained through this position. This obligation will not cease when this contract terminates.

I do hope that you find the terms of this letter acceptable. If so, please could you sign and return the enclosed copy of this letter to me.

Yours sincerely

- [Name]
  - [Title]
- Vazon Energy Limited**

---

I accept the key terms and conditions of employment as outlined in this letter.

•

**Date:**

**Schedule 2 Part B**

**Statement of Employment**

**VAZON ENERGY LIMITED**

**STATEMENT OF TERMS AND CONDITIONS OF EMPLOYMENT**

**Employer:** **VAZON ENERGY LIMITED** a company incorporated and existing under the laws of Guernsey with registered number 32244 and having its registered office at [ ](the "Company")

**Employee:** [ ] of [ ]

**Starting Date of Employment:** [ ]

**Starting Date of Continuous Employment:** [ ]

**1 Job title/job description**

1.1 The Employee is employed as [ ] to provide services on a permanent basis to Tethys Petroleum Limited ("Tethys"). The Company provides management services to Tethys pursuant to the terms of the Management Services Agreement between the Company and Tethys dated [ ] (the "MSA"), as such agreement is amended or varied from time to time.

1.2 The Employee shall perform the duties ordinarily expected of a [ ]. Notwithstanding the foregoing, the Employee accepts that he/she may be required to perform other duties and tasks outwith the scope of his/her normal duties.

1.3 Whilst employed by the Company the Employee must:-

- (a) during his/her hours of work devote the whole of his/her time, attention and abilities to the business of the Company and carry out his/her duties with due care and attention;
- (b) not, without the Company's prior written consent, be in any way directly or indirectly engaged or concerned with any other business or employment whether during or outside her hours of work for the Company;
- (c) use his/her best efforts to promote and protect the interests of the Company and observe the utmost good faith towards the Company; and
- (d) comply with all the Company's rules, regulations and policies from time to time in force and any rules which the Company's clients may require her to observe whilst working on their premises.

**2 Place of Work**

2.1 The Employee's place of work will be at 16, The Bordage, St Peter Port, Guernsey, Channel Islands or such other location within Guernsey as shall be notified by the Employer to the



Employee from time to time. Wherever possible, the Employee will be given reasonable notice of any change in his/her place of work.

- 2.2 The Employee may be required to travel and work at any of the premises of the Company or Tethys as may be required for the proper fulfilment of the Employee's duties, including in particular within the former Soviet Union. Wherever possible, the Employee will be given reasonable notice of any change in his/her place of work.

### 3 **Remuneration**

- 3.1 The Employee's base salary shall be £[ ] per annum payable monthly two weeks in arrears and two weeks in advance by bank transfer on or around the 15<sup>th</sup> day of each calendar month into the bank account notified in writing by the Employee to the Company.
- 3.2 The Employee agrees that the Company may deduct from his/her remuneration any sums due from him/her to the Company including, without limitation, his/her pension contributions (if any) and any overpayments, loans or advances made to him/her by the Company.

### 4 **Hours of Employment**

- 4.1 The Employee's normal hours of work are [ ] hours per month based upon an [ ] hour day Monday to Friday (inclusive) between the hours of [ ]am and [ ]pm, with a break of one hour for lunch each day.
- 4.2 The Employee may from time to time be required to work additional hours in order to properly perform his/her duties and/or to allow the Company and Tethys to meet their obligations to their clients. The Employee is not entitled to additional remuneration for hours worked in excess of his/her normal hours.

### 5 **Holidays**

- 5.1 The holiday year runs from 1<sup>st</sup> January until 31<sup>st</sup> December the same year. Holidays can be taken only with the advance permission of the Managing Director of the Company from time to time.
- 5.2 In addition to public and bank holidays, the Employee is entitled to a maximum of 25 working days holiday every calendar year. Annual leave is accrued pro rata throughout the calendar year, depending on the Employee's length of service within that year. Holiday entitlement will accrue per each month worked and will be rounded up to the nearest whole day.
- 5.3 The Employee may carry forward up to 5 days at the discretion of the Company but such days must be taken by the Employee within the first calendar quarter of the following year. In the event that additional holiday entitlement is not taken the Managing Director may allow such entitlement to be carried forward. With the agreement of the Managing Director, any unused holiday entitlement may be bought out at the equivalent of the annual fee plus pension contribution, divided by the number of working days in that year.
- 5.4 On leaving, holiday pay will be paid for all entitlement accrued in the current holiday year but not taken at the time of termination of employment. In the event of holidays being taken but not earned, appropriate holiday pay will be deducted by the Company from the Employee's final payment.

5.5 The Company may require the Employee to take accrued holidays during any period of notice.

**6 Normal retirement age**

The Company's normal retirement age, when the Employee's employment will automatically terminate, is 65 for both men and women.

**7 Expenses**

7.1 The Employee will be reimbursed for any expenses properly incurred in connection with his/her duties in accordance with the Company's expenses policy as amended from time to time.

7.2 The Employee will be issued with an American Express credit card for use only for expenses reimbursable under Clause 7.1. The Employee shall duly return the American Express credit card to the Company when so requested and in any event immediately on termination of the Employment howsoever arising.

7.3 The Employee shall be personally liable to the Company for use of the American Express credit card other than pursuant to this Clause 7.

**8 Notice**

8.1 The Employment shall continue unless and until terminated at any time by:-

- a) the Company giving the Employee not less than 3 months' previous notice in writing to that effect; or
- b) the Employee giving to the Company not less than 3 months' previous notice in writing to that effect.

8.2 The Company shall be entitled, at its sole discretion, to terminate the Employment in writing immediately either instead of or at any time after notice of termination being given by either party and to make a payment in lieu of notice of the Employee's base salary only.

8.3 Notwithstanding Clauses 8.1 and 8.2, if the Employee is dismissed for gross misconduct, he/she will receive no notice and no payment in lieu of notice.

**9 Pension, Other Insurance and Benefits**

**9.1 Pension**

The Company does not operate a company pension scheme. However, the Company will pay a monthly contribution of 9% of the Employee's base salary, as outlined in Clause 3, for the pension requirements of the Employee.

**9.2 Life Assurance**

The Company will provide the Employee with the benefit of death in service life assurance which, in the event of death itself while in employment of the Company will pay a maximum amount of 4 times his/her annual salary, subject to the rules and conditions of the policy.

### 9.3 **Private Medical Insurance Scheme**

The Employee and his/her spouse and children up to the age of 21 years shall be entitled during his/her employment, to participate at the Company's expense in any Private Medical Insurance Scheme ("PMI Scheme") subject to the following terms and conditions:-

- (a) the terms and conditions of the PMI Scheme from time to time;
- (b) the insurer or provider of the PMI Scheme honouring the claim in respect of the Employee or his/her spouse or children;
- (c) the Employee's acceptance of such variations to his/her terms and conditions of employment as may from time to time be required by the Company.

### 9.4 **Payments**

All payments under a PMI Scheme or the like will be subject to the deductions required by law.

### 9.5 **Right to terminate or amend**

The Company reserves the right at its absolute discretion to terminate or amend at any time any PMI Scheme or the Employee's membership of any scheme. The Company will provide an equivalent benefit unless, in the reasonable opinion of the Company, it is unable to secure insurance at reasonable premiums due to the medical condition of the Employee or his/her spouse or children.

### 9.6 **Medical examinations and health records**

The Employee shall submit to such medical examinations by a doctor selected by the Company as may reasonably be required by the Company from time to time. The Employee authorises the Company to make applications on his/her behalf for access to any health records or medical reports relating to him/her for the purposes of the relevant legislation in Guernsey relating to access to health records or medical reports, provided that the Employee is given prior notice of any application being made. Copies of any health records or medical reports provided to the Company as a result of any application shall be made available to the Employee. The fees and expenses incurred in the provision of any medical examination and of obtaining access to the health records or medical reports shall be borne by the Company.

### 10 **Grievance Procedures**

If the Employee wishes to obtain redress of any grievance relating to the Employment or is dissatisfied with any reprimand, suspension or other disciplinary step taken by the Company, he/she shall apply in writing to the Managing Director, setting out the nature and details of any such grievance or dissatisfaction.

### 11 **Disciplinary Rules and Procedure**

Any disciplinary action taken in connection with the Employment will usually be taken in accordance with the Company's normal disciplinary procedure (which are workplace rules and not contractually binding) a copy of which is available from the Company Secretary.

12 **Health and Safety**

- 12.1 It is the Company's policy to comply with all statutory requirements arising from legislation applicable to Guernsey prevailing at the time.
- 12.2 In addition, the Company may at its discretion impose even more stringent health and safety standards if it is considered that these may increase the safety and well being of its employees. Any such additional requirements will be notified to the Employee.

13 **Sickness and Absence**

- 13.1 If the Employee is absent from work for any reason and the absence has not previously been authorised by the Company, the Employee must notify a representative of Company at his/her place of work by no later 10.00am on the first day of absence, of the reason for the absence and the anticipated duration. Failure to do so may lead to disciplinary action.
- 13.2 Should the absence extend beyond 7 days (including weekends) a doctor's certificate should be sent to the Company as soon as possible from the eighth consecutive day of the absence. Thereafter medical certificates should be provided to the Company to cover the full period of continuous absence. In these circumstances, the Employee should not return to work until authorised by the doctor. Failure to follow these requirements may result in disciplinary action and loss of company sick pay.
- 13.3 Immediately following the Employee's return to work after any period of absence the Employee shall be required to complete and submit and self-certification form available from his/her place of work.
- 13.4 At its discretion, the Company may terminate the employment of the Employee, after the agreed notice period, if it considers that the Employee's sickness record makes him/her unfit for regular full time work. The Company reserves the right to require the Employee to undergo a medical examination conducted by a doctor provided by the Company (at the Company's expense).
- 13.5 If the Employee's absence is due to sickness or injury and the Employee complies with the requirements in this Clause, the Company will pay any state sickness benefit in accordance with its obligations under any relevant statutory provisions in Guernsey.
- 13.6 In addition, in the event of the Employee being absent from work due to sickness or injury, the Company will pay sick pay as follows:-
- (a) During the first ten weeks of absence in any rolling twelve month period, the Employee shall be paid his/her base salary as outlined in Clause 3, less an amount equivalent to any state sickness benefit payable to the Employee;
  - (b) For a further ten weeks of absence in the same rolling twelve month period, the Employee shall be paid one half of his/her base salary as outlined in Clause 3, less an amount equivalent to any state sickness benefit payable to the Employee.
- 13.7 The Employee is not entitled to any maternity/adoption leave or maternity/adoption payments.

14 **Confidentiality**

14.1 The Employee will during the employment and at all times keep secret all trade secrets or other confidential technical or commercial information which the Employee may obtain regarding the affairs of either the Company or Tethys including, in particular, names of its clients, trade information relating to the Company's or Tethys' research and development, engineering data, seismic data, surveys, specifications, process formulations, production operations or techniques, planning, purchasing, accounting, finance, selling, marketing, market research, promotional plans, customers, suppliers, and all other information pertaining to the business of the Company or Tethys which is not publicly available. This restriction shall continue to apply after the termination of the Employee's employment without limit in point of time but shall cease to apply to any such information which may come into the public domain other than through unauthorised disclosure by the Employee.

14.2 The Employee may not make, otherwise than for the benefit of the Company, any notes or memoranda relating to any matter within the scope of the business of the Company or Tethys concerning any of its dealings or affairs nor shall the Employee during the continuance of her employment or at any time after such Employee has left the employment of the Company use or permit to be used any such notes or memoranda. Any such documents made by the Employee shall be the property of the Company or Tethys and shall be left at its registered office upon termination of the Employee's employment with the Company and all copyright in such notes or memoranda shall vest in the Company or Tethys as appropriate.

14.3 The Employee may not make, otherwise than for the benefit of the Company or Tethys, any notes or memoranda relating to any matter within the scope of the business of the Company or Tethys concerning any of its dealings or affairs nor shall the Employee during the continuance of his/her employment or at any time after such Employee has left the employment of the Company use or permit to be used any such notes or memoranda. Any such documents made by the Employee shall be the property of the Company or Tethys and shall be left at its registered office upon termination of the Employee's employment with the Company and all copyright in such notes or memoranda shall vest in the Company or Tethys as appropriate.

15 **Data Protection**

The Employee acknowledges and agrees that the Company is permitted to hold personal information about the Employee as part of its personnel and other business records and may use such information in the course of the Company's business. The Employee agrees that the Company may disclose such information to third parties in the event that such disclosure is in the Company's view required for the proper conduct of the Company's business or that of Tethys or any associated company. This clause applies to any information held, used or disclosed in any medium.

16 **Company and Client Property**

All equipment (including computer equipment), notes, memoranda, records, lists of customers, suppliers and employees, correspondence, computer and other discs or tapes, data listings, codes, keys and passwords, designs, drawings and other documents or material whatsoever (whether made or created by you or otherwise and in whatever medium or format) relating to the business of the Company or Tethys or any of their clients (and any copies of the same) shall:

- (a) be and remain the property of the Company or Tethys or the relevant client; and

- (b) be handed over by you to the Company or Tethys on demand and in any event on the termination of your employment.

17 **Inventions and other works**

17.1 For the purposes of this Clause, "**Intellectual Property Rights**" means any and all existing and future intellectual or industrial property rights (whether registered or unregistered) including, without prejudice to the generality of the foregoing, all existing and future patents, copyrights, design rights, database rights, trade marks, semi-conductor topography rights, plant varieties rights, internet rights/domain names, know-how, confidential information and any and all applications for any of the foregoing and any and all rights to apply for any of the foregoing.

17.2 During your employment with the Company, the Employee may either alone or in conjunction with others, generate or assist in the generation of documents, materials, designs, drawings, processes, formulae, computer coding, methodologies, confidential information and other works which relate to the business of the Company, Tethys or any group company or which are capable of being used or adapted for use therein or in connection therewith ("**Works**") and the Employee agrees that in respect of any such Works and all Intellectual Property Rights in relation thereto, the Employee is obliged to further the interests of the Company, Tethys and any group company.

17.3 The Employee must immediately disclose to the Company all Works and all related Intellectual Property Rights. Both the Works and the related Intellectual Property Rights will belong to and be the absolute property of the Company or Tethys or any other person the Company may nominate.

17.4 The Employee shall immediately on request by the Company (whether during or after the termination of your employment) and at the expense of the Company:-

- (a) apply or join with the Company in applying for any Intellectual Property Rights or other protection or registration ("**Protection**") in Guernsey and in any other part of the world for, or in relation to, any Works;
- (b) execute all instruments and do all things necessary for vesting the Works or Protection when obtained and all right, title and interest to and in the same absolutely and as sole beneficial owner in the Company or other person as the Company may nominate; and
- (c) sign and execute any documents and do any acts reasonably required by the Company in connection with any proceedings in respect of any applications and any publication or application for revocation of any Protection.

17.5 The Employee hereby irrevocably and unconditionally waive all rights under any applicable copyright legislation and any other moral rights which the Employee may have in any Works in whatever part of the world such rights may be enforceable including:

- (a) any right to be identified as the author of any such Works; and
- (b) any right not to have any such Works subjected to derogatory treatment.

17.6 The Employee hereby irrevocably appoint the Company to be your attorney and in his/her name and on his/her behalf to execute any such act and to sign all deeds and documents and generally to use your name for the purpose of giving to the Company the full benefit of this

Clause. The Employee agrees that, with respect to any third parties, a certificate signed by any duly authorised officer of the Company that any act or deed or document falls within the authority hereby conferred shall be conclusive evidence that this is the case.

## 18 Restrictions

18.1 In the course of the Employee's employment the Employee will be exposed to confidential information and will acquire other proprietary knowledge relating to the Company's, Tethys' and group companies' current and planned operations. Therefore, subject to the terms of Clause 18.2, the Employee will not during the period of his/her employment with the Company and for a period of six months after the termination of his/her employment, either directly, or indirectly through any other person, firm or other organisation:-

- (a) solicit, entice or induce any person, firm or other organisation which at any time during the last year of his/her employment with the Company was a supplier of the Company, Tethys or a group company (and with whom he/she was actively involved during that time) to reduce the level of business between the supplier and the Company or the group company and he/she will not approach any supplier for that purpose or authorise or approve the taking of such actions by any other person;
- (b) solicit business which is of the same or similar nature as the business with which he/she was involved during the last year of his/her employment with the Company (such business referred to as the "**Business**") from any person, firm or other organisation which at any time during the last year of his/her employment with the Company was a customer or client of the Company or Tethys (and with whom he/she was actively involved during that time) and he/she will not approach any client or customer for that purpose or authorise or approve the taking of such actions by any other person. For the purposes of this restriction, the expression customer or client shall include all persons from whom the Company or Tethys has received inquiries for the provision of goods or services where such inquiries have not been concluded; and
- (c) employ or engage or otherwise solicit, entice or induce any senior employee of the Company or Tethys who has a function that is not purely administrative to become employed or engaged by him/her or any other person, firm or other organisation and he/she will not approach any such employee for such purpose or authorise or approve the taking of such actions by any other person.

18.2 The restrictions contained in Clauses 18.1 (a) to (c) will not apply if:-

- (a) the Employee has received the prior written consent of the Company to his/her activities; or
- (b) the Employee will not be in competition with the Business in carrying out those activities.

18.3 The restrictions in this Clause 18 are separate and severable restrictions and are considered by the parties to be reasonable in all the circumstances. It is agreed that if any such restrictions by themselves, or taken together, shall be adjudged to go beyond what is reasonable in all the circumstances for the protection of the legitimate interests of the Company but would be adjudged reasonable if part or parts of the wording were deleted, the relevant restriction or restrictions shall apply with such deletions as may be necessary to make it or them valid and effective.

**19 Changes to terms of employment**

- 19.1 The Company reserves the right to make changes to any of the Employee's terms and conditions of employment in writing.
- 19.2 The Employee will be given not less than one month's written notice of any significant changes that may be given by way of an individual notice. Such changes will be deemed to be accepted unless the Employee notifies the Company of any objection in writing before the expiry of the notice period.

**20 Previous contracts**

The contractual terms in these terms and conditions of employment shall be in substitution for all or any existing contracts of employment entered into between the Employee and the Company which cease to have effect on the date upon which the Employee commences work under these terms and conditions.

**21 Governing Law and Jurisdiction**

- 21.1 This statement shall be governed and construed in accordance with the law of the Bailiwick Guernsey.
- 21.2 Each party hereby submits to the non-exclusive jurisdiction of the Guernsey courts as regards any claim, dispute or matter arising out of or in connection with this Agreement and its implementation and effect save that the Company may take action in any jurisdiction to enforce the Employee's obligations hereunder.

They are subscribed by the Company and signed for and on its behalf at

On the                      day of                      2007

\_\_\_\_\_ Director

\_\_\_\_\_ Director/Secretary

They are subscribed by the Employee in acknowledgement that he/she has received a copy of this Statement and has read it or has had it explained by a member of management and that he/she understands it.



At

On the \_\_\_\_\_ day of \_\_\_\_\_ 2007

in the presence of

Signature of Witness

Signature of Employee

\_\_\_\_\_

\_\_\_\_\_

Full Name

\_\_\_\_\_

Address

\_\_\_\_\_

\_\_\_\_\_