

**Договор о совместной деятельности по разведке нефтяного
месторождения 'X'**

Association Contract on exploration of 'X' oil field

(на английском языке)

В основной части контракта о совместной деятельности по разведке и эксплуатации нефтяного месторождения регулируются юридические аспекты совместной деятельности - обязанности сторон по разведке и эксплуатации месторождения, порядок управления совместной деятельности и совместного счета, сроки и т.п.

The contracting parties, as such: on one Part, the Company X hereinafter referred to as X, an industrial and commercial State-owned enterprise authorized by _____, actually ruled by its by-laws, with head office in _____, represented by _____, of legal age, bearer of citizenship card No. _____ issued in _____, based in _____, who states: 1. That in his capacity as President of X, acts in representation of this Company, and 2. That for the execution of this contract he has been authorized by the Board of Directors of X, as witnessed in Minutes No. ___ of _____, 20__

and on the other hand COMPANY Z, company organized pursuant to the laws of the Caiman Islands, with a branch established in <indicate country> and with head offices _____, pursuant to Public Deed No. ___ of _____, 19__, executed in Notary ___ of _____, represented by _____, of legal age, ___ citizen, bearer of citizenship card number _____, who declares: 1. That in his capacity as the Main Legal Representative he acts as the representative COMPANY Z, 2. That to execute this contract he is fully authorized as per the Certificate of Incorporation and Legal Representation issued by the Chamber of commerce of _____, and 3. That Z assures to have the financial capacity, technical competence and the professional abilities necessary to execute the activities to which this contract refers to.

Under the above conditions, X and Z declare that they have entered into the contract contained in the following Clauses:

CHAPTER I - GENERAL PROVISIONS

CLAUSE 1 - OBJECT OF THIS CONTRACT

1.1 The object of this contract is the exploration of the Contract Area and the exploitation of such nationally owned hydrocarbons that may be found therein, described in Annex A that is part of this contract.

1.2 Pursuant to Article 10. of Decree 2310 of 1974, the exploration and exploitation of nationally owned hydrocarbons are entrusted to X, company that may, directly or under contracts with Private Parties, carry out such activities. Based on such provision mentioned, X has agreed with Z to explore the Contract Area and to exploit such Hydrocarbons as may be found therein, under the terms and conditions set forth in herein, in Annex "A", Annex "B" (Operating Agreement) and Annex "C" (Lineaments for the Preparation of the Development Plan) that make part of this contract.

1.3 Without prejudice of the provisions hereunder, it is understood that Z shall have the same rights and obligations in respect to the Hydrocarbons produced in the contract area and to its share of the same as are assigned under the <indicate country>n Laws to anyone exploiting nationally owned Hydrocarbons in this country.

1.4 X and Z agree to carry out the exploration and exploitation operations within the terms of this contract in the Contract Area, that they shall share between themselves the costs and risks thereof in the proportion and under the terms set forth in this contract and that the Hydrocarbons produced shall belong to each Party pursuant to the proportions set forth in this contract.

CLAUSE 2 - APPLICATION OF THE CONTRACT

This contract applies to the Contract Area, identified, and the boundaries of which are described in Clause 3 and Annex A of this contract, or to such portion thereof, when areas have been restituted pursuant to this contract.

CLAUSE 3 - CONTRACT AREA

The area Contract comprises _____ (__) hectares with _____ (__) square meters and is located within the municipal jurisdiction of ___ in the department of _____. The cartographic information was taken from the Political Map of <indicate country>, digital file of the I.G.A.C., on scale 1:1'500.000.

This area is described on Annex "A" that is part of this contract.

Paragraph 1. - Whenever a person files a claim pretending to be the owner of the property of the subsurface Hydrocarbons in the Contract Area, X shall handle the case and assume the obligations required.

Paragraph 2.- In the case in which part of the Contract Area extends over the areas that are or that have been reserved and declared to be within a system of National Parks, Z is obliged to obey the conditions ruled by the corresponding authorities, without it being considered that this contract has been modified and without there being a right to make any claim against X, pursuant to that agreed on in Clause 30 (numeral 30.2) of this contract.

CLAUSE 4 - DEFINITIONS

For the purpose of this contract, the terms mentioned hereinafter, shall have the following meaning:

4.1 Contract Area: Is the land described in Clause 3 hereinabove, and described in Annex "A" of this contract.

4.2 Field: Such portion of the Contract Area in which there are one or more structures and/or stratigraphic traps totally or partially overlaid, with one or more productive Reservoirs or that the capacity to produce Hydrocarbons in commercial amounts has been verified. Such reservoirs may be found vertically and/or laterally separated by geological barriers or impervious stratum, or both.

4.3 Commercial Field: Is the field accepted by X able to produce Hydrocarbons in economically exploitable quantity and quality, in one or more of the Production Objectives defined by X at the time of acceptance of the commerciality, without prejudice that during the exploitation phase other Production Objectives may be found.

4.4 Gas Field : Is such that based on the information supplied by Z, is classified by X as a Non Associated Natural Gas Producer (or free natural gas) in the definition of its commerciality .

4.5 Executive Committee: Is the body established within thirty (30) days following the acceptance of the first Commercial Field, to supervise, control and approve all the operations and actions that are carried out during the term of the contract.

4.6 Direct Exploration Costs: Are the monetary expenses reasonably incurred in by Z through the acquisition of seismic and the drilling of Exploratory Wells, as well as for the locations, termination, equipment and testing of such wells. The Direct Exploration Costs do not include administrative or technical support from the head office or central offices of the Company.

4.7 Joint Account: Are the records to be kept by means of books of accounts pursuant to the <indicate country>n laws, for crediting or debiting the Parties for their share in the Joint Account of each Commercial Field.

4.8 Budget Execution: Are the resources actually committed and/or spent in each of the programs and projects approved for a given calendar year.

4.9 Structure: It is the geometrical form with geological closing (anticlinal, synclinal, etc.) that present the formations in which fluid accumulations are found.

4.10 Effective Date: It is the day in which the sixty (60) calendar day period expires, as from the date of this contract is signed, as of which all the terms agreed upon therein shall be counted, independently from the date of approval of the contract by the _____ (indicate state body).

- 4.11 Cash Flow: It is constituted by the movement of monies (income and disbursements) to be made by the Joint Account in order to meet the different obligations Contracted by the Operator for the normal progress of the operations.
- 4.12 Associate Natural Gas: Mixture of light Hydrocarbons in a gaseous state or in solution in the Reservoir and that is produced jointly with liquid hydrocarbons.
- 4.13 Non Associated Natural Gas (Production of): Are those Hydrocarbons produced in a gaseous state on surface and reported to standard conditions, with average values (pondered by production), of initial relation Gas/Oil greater than 15.000 standard cubic feet of gas per barrel of liquid Hydrocarbon and one molar composition of heptane plus (C7 +) less than 4.0%.
- 4.14 Direct Expenses: Are all expenditures payable by the Joint Account for payments of personnel directly engaged in the Company, purchase of materials and supplies, contracting of services with third parties and other general expenses required by the Joint Operation in the normal performance of its activities.
- 4.15 Indirect Expenses: Are those expenditures payable by the Joint Account for technical and/or administrative support, which the operator with his own organization, gives to the joint operation.
- 4.16 Commercial Interest Rate: When referring to pesos, it shall be the current interest rate at the time of the delay; in dealing with dollars of the United States of America, it shall be the prime rate fixed by the LIBOR (London Interbank Borrowing Offered Rate), three (3) months for dollar deposits, increased by four percentage points (LIBOR +4%).
- 4.17 Interest in the Operation: Is the share in the obligations and rights acquired by each party in the exploration and exploitation of the Contract Area.
- 4.18 Development Investment: The sums of money invested in goods and equipment capitalized assets for the joint operations in a Commercial Field upon acceptance of the existence by the parties.
- 4.19 Hydrocarbons: All organic compounds constituted mainly by the natural mixture of carbon and hydrogen as well those substances that accompany them or that are derived from them with the exception of helium and strange gases.
- 4.20 Gaseous Hydrocarbons: All Hydrocarbons produced in a gaseous state in surface and reported to standard conditions (1. absolute pressure atmosphere and a temperature of 60(0)F.)
- 4.21 Liquid Hydrocarbons: Crude and condensed oil and those produced in such state as a result of the gas treatment when required, reported to standard conditions.
- 4.22 Production Objectives: Are the reservoirs located in the commercial field discovered and tested as commercial producers.
- 4.23 Joint Operation: The activities and work performed or in the process of being performed, on behalf of the parties and on their own account.
- 4.24 Operator: The person designated by the parties to directly carry out, on their behalf, and without representing them, the operations necessary to explore and exploit the Hydrocarbons found in the Contract Area.
- 4.25 Parties: On the Effective Date, X and Z. Subsequently and at any time, X on the one hand, and Z and/or its assignees on the other.

4.26 Exploration Period: The time available to Z for complying with the obligations set forth in Clause 5 of this contract, which shall not exceed six (6) years as from the Effective Date, except in the cases contemplated in Clauses 5 (numeral 5.4), 9 (numeral 9.3) and 34.

4.27 Exploitation Period: The time elapsing from the end of the exploration period, or that of retention when necessary, to the end of this contract.

4.28 Retention Period: The time required by Z and granted by X to being the exploitation period of each gas field discovered in the Contract Area, that due to its particular conditions is not able to be developed in a short term, requiring an additional term for the execution of feasibility studies, of construction of infrastructure and/or marketing development.

4.29 Development Plan: Is the guide document to perform technical, efficient and economical exploitation operations of each field and shall contain, among other aspects, the development strategy, the environmental considerations, the activities to be developed, the Production forecasts for short and medium term, an estimate of the investment and expenses for the following five years and specifically, a description of the projects, the operations program and the Budget for the remaining of the present year or of the following year, as is the case. The lineaments for this development plan are described in Annex "C" that is part of this contract.

4.30 Exploration Well: Any well designated as such by Z to be drilled or deepened on its behalf, in the Contract Area in search of new reservoirs or to verify the extension of a reservoir or to determine the stratigraphy of an area. For the fulfillment of the obligations contemplated in Clause 5 of this contract, the corresponding drilling well shall be previously classified between X and Z.

4.31 Discovery Well: Is that exploration well in which the existence of one or more reservoirs is discovered or confirmed and that may require subsequent evaluation to determine whether such reservoir or reservoirs may be commercially exploited.

4.32 Exploitation Well (or of Development): Any well previously scheduled as such by the Executive Committee for the production of Hydrocarbons discovered in the objectives of production in the area of each commercial field.

4.33 Budget: The basic planning instrument whereby the resources are allocated for specific projects to be applied within a calendar year or part of a year, in order to achieve the goals and objectives proposed by Z or by the Operator.

4.34 Extensive Production Tests: The operations performed in one or more producing Exploration Wells, to evaluate the production and behavior conditions of the reservoir with temporary production installations.

4.35 Reimbursement: Is the payment of fifty percent (50%) of the Direct Exploration Costs incurred in by Z.

4.36 Exploration Operations. The operations performed by Z as related to the search and discovery of Hydrocarbons within the Contract Area.

4.37 Reservoir: All rocks under the surface where Hydrocarbons in their porous space are accumulated, under production or that has the capacity to produce Hydrocarbons and that behaves as an independent unit as far as its petrophysical and fluid properties and that has a common pressure system throughout its entire extension.

CHAPTER II - EXPLORATION

CLAUSE 5 - TERMS AND CONDITIONS

5.1 Z is committed to carry out the exploration operations pursuant to the regulations and modern practices commonly accepted and in use by the international oil industry and to fulfill the legal and regulatory provisions in force. The exploration period shall be divided in three (3) phases, the first with a duration of twelve (12) months, the second phase with a duration of twelve (12) months and the third phase with a duration of twelve (12) months. The first phase begins on the Effective Date and the following on the calendar day immediately following the conclusion of the previous phase.

During the exploration period, Z is obliged to carry out, as a minimum, the following exploration operations: during the first phase, Z must carry out the drilling of one (1) Exploration Well until reaching the formations that can produce Hydrocarbons in the Contract Area. With this well, the exploratory obligation corresponding to the fifth year of the exploration period of the __ Association Contract is fulfilled.

At the end of the first phase, Z shall have the option to resign from the Association Contract, provided having previously complied with the exploratory commitments agreed on for the present phase.

During the second phase, Z must carry out the drilling of one (1) exploration well until reaching the formations that may produce Hydrocarbons in the Contract Area.

At the end of the second phase, Z shall have the option to resign from the Association Contract provided having previously fulfilled the exploratory commitments agreed on for the present phase.

During the third phase, Z shall drill one (1) Exploratory Well to depth so as to reach the formations capable of producing Hydrocarbons in the Contract Area.

At the expiration of the exploration period, the contract shall end if the extension thereof has not been requested and authorized pursuant to Numeral 5.2 of this Clause, or if a field has not been discovered.

5.2 If Z has satisfactorily complied with the obligations stipulated in Clause 5.1, X, at the request of Z, shall annually extend the exploration period, up to three (3) additional years, for such purpose, Z must inform its intention to continue with the exploration in the Contract block with an anticipation not lower than ninety (90) days of the date of termination of the Exploration Period, accompanying such request with the proposal of the Exploration Operations Program to be performed during each extension period. Within ninety (90) days following the date of receipt of the request of Z in X, the PARTIES shall be able to agree on the Exploration Operations Programs to be performed during such extensions. If no agreement is reached, Z is obliged to carry out as a minimum, Exploration Operations in the Contract Area, consisting in the drilling of one (1) Exploration Well per year. At the end of each of the extensions, which duration is one year, Z, shall have the option to resign from the Association Contract having previously fulfilled the exploratory commitment agreed on for each of them.

5.3 At its judgment, and at its own cost and risk, Z may perform additional Exploration Operations to those agreed on for the Phase or Stage of the Exploration Period under development. However, if Z wishes to have such additional Exploration Work accredited to the fulfillment of the exploratory commitments of the following phase or stage of the Exploration Period, it must request X to issue the corresponding approval. If the request is accepted by X, it shall determine the form and amount in which the transfer of the mentioned commitments is to be made.

5.4 If at the end of the six (6) year Exploration Period, Z has drilled one or several Discovery Wells that show the possible existence of a Commercial Field, previous written request by Z, X may authorize the extension of the Exploration Period for the time necessary, that shall not exceed two (2) years, so that Z may have the opportunity to prove the existence of such Commercial Field. To bring into effect that herein set forth, before finishing the Exploration Period and simultaneously with the request, Z must provide X with the maps and other descriptions of the area considered as capable of producing Hydrocarbons, the Exploration Operations program and other operations that Z plans to carry out and

the budget to carry out such work at its own cost and risk, to determine the extension of the Reservoir or Reservoirs discovered and to show the existence of a Commercial Field, without prejudice of that established in Clause 8. To give application to the partial restituted of the areas during this extension of the Exploration Period, Z shall retain the area that is the largest between fifty percent (50%) of the Contract Area and the area it considers capable of producing Hydrocarbons plus its zone of reserve of two and a half (2.5) kilometers wide around the previous one, within the limits of the Contract Area. If the operations program proposed adjusts to the international standards and has the object to show the commerciality of the discovered Reservoirs within the term established, X shall issue its authorization for the execution of this program.

5.5 During the life of this contract and observing that established in Clause 7 of the same, Z may carry out the Exploration Operations in the areas it keeps pursuant to Clause 8 and Z shall be the only one responsible for the risks and costs of these activities, and, therefore, it shall have the complete and exclusive control of such activities without the maximum duration of the contract being modified for such cause.

CLAUSE 6 - SUPPLY OF INFORMATION DURING THE EXPLORATION

6.1 X shall supply Z, whenever the latter may so request, with any information in its possession within the Contract Area. The costs of reproduction and supply of such information shall be charged to Z.

6.2 During the Exploration Period, Z shall give X, as it is obtained and pursuant to X' s manual on information supply, all the geological and geophysical information, cores, magnetic tapes edited, processed seismic sections and all the information on the field supporting it, magnetic and gravimetric profiles, all in reproducible originals, copies of the geophysical reports, reproducible originals of all well logs drilled by Z, including a final composite graph for each well and copies of the final drilling report that includes the analyses of core samples, the results of production tests and any other information related to the drilling, survey or interpretation of any nature done by Z for the Contract Area without any type of limitations. X is entitled to, at any time and by the procedures it considers appropriate, to witness all the operations and verify all information previously mentioned.

6.3 The Parties agree that all geological, geophysical and engineering information obtained from the Contract Area in force during the development of this contract is confidential during the three (3) years following the date of acquisition or up to the termination of the contract, whatever happens first. The information made known is, but is not limited to seismic information, of potential methods, of remote sensors and geochemical, with its corresponding supports, surface and subsurface cartography, well reports, electric logs, formation tests, biostratigraphic, petrophysical and fluid analyses, and production background. Regardless of the confidentiality herein established, the Parties agree that in each case they may interchange with companies that are or not associated with X. It is understood that that agreed to herein shall take place without prejudice of the obligation to supply the <indicate state body> with all information requested by it pursuant to the legal and Reglementary provisions in force. Nevertheless, it is understood and thus agreed, that the Parties may at their own discretion supply the information required by their affiliates, consultants, contractors, financial entities and that are required by the competent authorities with jurisdiction on the Parties or their affiliates, or by regulations of any stock markets in which the stocks of the Parties or corporations related are registered.

6.4 Within the ninety (90) days following the date of termination of the drilling operations of each Exploration Well, Z shall inform X in writing of the condition of the corresponding well, its classification as to the results obtained (dry or discovery) and the type of fluids produced, if it is the case.

CLAUSE 7 - BUDGET AND EXPLORATION PROGRAMS

Observing that established in this contract, Z is obliged to prepare the programs, the chronogram of activities to be developed and the Budget to be executed in a short term (the following calendar year) and the vision for the following two (2) years with an estimated Budget, to carry out the exploration in the Contract Area. Such vision, programs, chronograms and Budgets shall be presented for the first time to X, within the sixty (60) days following the date of the signing of this contract, and subsequently, December fifteen (15) of each year, the latest.

Every semester Z shall present a technical and financial report to X, including the different exploratory activities performed, and the perspectives of the area based on the information obtained, the Budget assigned and the exploration costs incurred in up to the time of the presentation of the report, commenting in each case the causes that originated the main deviations presented. Upon request by X, Z shall supply the necessary explanations to the report, in meetings programmed for such purposes. The information presented by Z in the reports and the explanations to which the present Clause refers to, shall in any case be understood as accepted by X. The financial information shall be subject to auditing by of X pursuant to that established in Clause 22 of Annex "B" (Operating Agreement) of this contract.

CLAUSE 8 - RESTITUTION OF AREAS

8.1 Upon termination of the First Phase of three years of the Exploration Period or of such extensions thereof obtained by Z pursuant to Clause 5 (numeral 5.2), if a Commercial Field has been discovered and accepted by X in the Contract Area, said area shall be reduced to fifty percent (50%); two (2) years later the area shall be reduced to an extension equal to fifty percent (50%) of the remaining Contract Area and two (2) years later such area shall be reduced to the area of the Commercial Field or Fields under production or development plus one reserve zone of two and a half (2.5) kilometers wide surrounding each Commercial Field, and this shall be the only part of the Contract Area that shall be subject to the terms of this contract. Within the areas retained by Z pursuant to the present numeral, the Commercial Fields discovered shall be included.

8.2 Notwithstanding the obligation to relinquish the areas referred to in Clause 8 (numeral 8.1), Z is not obliged to return the Commercial Fields that are under development or production, or in a Retention Period, including the reserve zones of two and a half (2.5) kilometers wide that surround such areas, except in the case in which by motives attributable to Z, the development or production operations are suspended continuously for more than one year without just cause, case in which such Commercial Fields shall be restituted to X, terminating the contract for said areas or part of the area. These stipulations are also applicable to the fields exploited under the modality of Sole Risk.

Paragraph: To show just cause, Z must present to X the reasons and fundamentals of the same for its acceptance.

8.3 Retention Period: If Z has achieved the discovery of a Gas Field and presents a request for commerciality for such Field pursuant to that established in Clause 9 numeral 9.1, simultaneously with such application it may request X to issue a Retention Period, fully justifying the reasons to obtain such period.

8.3.1 The Retention Period must be requested by Z and granted by X previous to the date in which the last restitution of areas to which numeral 8.1 of this clause refers to. In the case in which the Retention Period is granted, it is understood that the term set forth in Clause 9 (numeral 9.1) for X to speak out with respect to the acceptance or not of the existence of the Commercial Gas Field shall be postponed for the same term of the Retention Period.

8.3.2 The Retention Period may not exceed four (4) years. If the term initially granted as a Retention Period is insufficient, X, previous written and duly justified request by Z, may extend the Retention Period for an additional term, without having the sum of the initial retention period and its extensions

exceed four (4) years. The Retention Period applies exclusively to the Gas Field area that X determines as capable of producing Hydrocarbons, including the reserve zone of two and a half (2.5) kilometers wide surrounding such area.

CHAPTER III - EXPLOITATION

CLAUSE 9- TERMS AND CONDITIONS

9.1 To initiate the Joint Operation hereunder, it is considered that the exploitation operations start on the date the Parties accept the existence of the first Commercial Field or upon compliance with the provisions of Clause 9 (numeral 9.5). The existence of a Commercial Field shall be determined by the drilling, by Z, within the proposed Commercial field of a number of Exploration Wells sufficiently to reasonably define the area and commerciality of the field capable of producing Hydrocarbons. If after evaluating the results obtained from the Discovery Wells, Z considers that it has discovered a possible Commercial Field, it must inform X in writing, supplying all the surveys on which this conclusion and the corresponding Development Plan are based on. X within the term of ninety (90) days as of the date in which Z turns in all the back-up information and makes a technical presentation to X, must accept or object the existence of the Commercial Field. X may request any additional information considered necessary within thirty (30) days following the date of submission of the first back-up information.

9.2 Should X accept the existence of the Commercial Field, it shall, in this sense, notify Z within the term established in Clause 9 (numeral 9.1) specifying the area and the Production Objectives in the Commercial Field, and shall start to participate, under the terms of this contract, in the exploitation of the Commercial Field discovered by Z.

9.2.1 X shall reimburse Z for fifty percent (50%) of the Direct Exploration Costs carried out by Z on its own account and risk within the Contract Area previous to the date of acceptance of the commerciality by X of each new Commercial Field discovered, pursuant to numeral 9.1 of the present Clause and that have not been previously charged to an other Field.

9.2.2 The amount of such costs shall be determined in dollars of the United States of America, taking as a reference the date in which Z made such disbursements;

therefore, the costs incurred in <indicate country>n pesos shall be liquidated at the market exchange rate in effect on such date, certified by the ___ or by the corresponding entity.

Paragraph: Once the amount of the Direct Exploration Costs to be reimbursed in dollars of the United States of America is defined, this value shall be updated on a monthly basis pursuant to the average consumer index price of the industrialized countries, as of the date of its disbursement, to constant dollars on the date in which X begins the Reimbursement in the manner described on the Operating Agreement (Annex B) of this contract. The balances to be reimbursed shall be equally updated up to the date in which X fully reimburses its participation in the corresponding Commercial Field.

9.2.3 The Reimbursement of the Direct Exploration Costs, pursuant to that established on Clause 9 (numerals 9.2.1) shall be made by X to Z, as of the moment in which the Field is put in production by the Operator, with the amount in dollars equivalent to fifty percent (50%) of its direct participation in the total production of the respective field, after deducting the corresponding percentage from the royalties.

Paragraph: If concerning a Commercial Gas Field, such reimbursement shall be made by X to Z, as of the moment in which the Field is put under production by the Operator, with the amount in dollars equivalent to one hundred percent (100%) of its direct participation in the total production of such Field, after deducting the corresponding percentage from the royalties.

9.3 If with the information supplied X cannot accept the existence of a Commercial Field to which Clause 9 (numeral 9.1) refers to, it may advise Z about the presentation and execution of a program for additional operations to demonstrate the existence of a commercial field, operations that will be carried out at the risk and cost of Z that may not require a term longer than two (2) years for its execution, and if it is the case, the Exploration Period for the Contract Area shall be extended automatically for a term equal to that already agreed on between the Parties, as necessary to execute the additional work in this Clause, but without prejudice of that stated with relation to the reduction of areas in Clause 8 (numeral 8.1). Z may present and execute a work program that meets the objective required or submit for expert analysis the requirement of additional information, pursuant to Clause 28 of this contract. In the event that the definition of the expert analysis is favorable to X, Z must fulfill the requirements and once again submit the studies of commerciality and the revised Development Plan to X for its consideration. In the event that the definition of the expert analysis is favorable to Z, it is understood that X has the necessary information and as a consequence, the term of ninety (90) days to which clause 9.1 refers to, to accept or to object the existence of a Commercial Field shall begin on the date in which X receives the report from the experts.

9.4 If, after the completion of the additional work or the disagreement solved by the expert analysis to which the previous numeral refers to, X accepts the existence of the Commercial Field to which Clause 9 (numeral 9.1) refers to, it will start to participate in the development operations of the field above mentioned in the terms established in this contract and shall reimburse Z as set forth in Clause 9 (numerals 9.2.2 and

9.2.3) for fifty percent (50%) of the cost of the additional work requested and referred to in Clause 9 (numeral 9.3) and the work executed shall become the property of the Joint Account.

9.5 Modality of Sole Risk: If X does not accept the existence of a Commercial Field, after having performed the additional work referred to in Clause 9 (numeral 9.3), Z shall be entitled to execute such work as it may consider necessary in or to exploit such field and to reimburse itself two hundred percent (200%) of the total cost of the work executed at its own account and risk in the such field and up to fifty percent (50%) of the Direct Exploration Costs carried out by Z before the date of the presentation of the commerciality surveys of such field. For the effects of this Clause the reimbursement shall be done with the value of the produced Hydrocarbons, less the royalties referred to in Clause 13, deducting the costs of production, gathering, transportation and sale. If Z abides to the modality of sole risk, it is understood that the term of the exploitation begins on the date in which X informs Z of the nonexistence of a Commercial Field. For the purposes of liquidation of the value in dollars of the disbursements done in pesos, it shall be liquidated at the representative market rate certified by the ___ or by the corresponding authority, on the date in which Z has made such disbursements. For the purpose of this Clause, the value of each barrel of Hydrocarbons produced in such Field during a calendar month shall be the average price per barrel that Z receives from the sales of its participation in the Hydrocarbons produced in the Contract area during the same month. With reference to the reimbursement of the Direct Exploration Costs, that established in paragraph of clause 9 (numeral 9.2.3) shall be applied.

When Z has reimbursed itself of the percentage established in the present clause, all drilled wells, installations and all types of goods acquired by Z for the exploitation of the field and paid for as indicated in the present clause, shall become the property of a Joint Account without any cost, previous the acceptance by X to participate in the development of such field.

9.6 X may, at any time, start to participate in the operation of the field discovered and developed by Z without prejudice to Z' s right to reimburse itself for the investments it made at its expense, in the form and percentage stipulated in Clause 9 (numeral 9.5). Once Z is reimbursed, X shall enter to participate in the economic results of the wells developed at the exclusive expense of Z.

9.7 The demarcation of the boundaries of a Commercial Field shall take into consideration all the geological and geophysical information and that of the wells drilled within said field or related to the same.

9.8 If after the commerciality of one or more fields is accepted, Z continues to fulfill the exploratory obligations established in Clause 5, it may continue to simultaneously carry out the exploitation of such fields before the expiration of the Exploration Period established in Clause 4, but only as of the date of its termination shall the Exploitation Period begin. When concerning Gas Fields, and X has granted a Retention

Period, the Exploitation Period for each Field shall begin on the date of expiration of the respective Retention Period.

9.9 If as a result of the drilling of Exploratory Wells, after confirming the existence of a Commercial field, Z proves the presence of additional accumulations of Hydrocarbons associated to such Field, it must request X to extend the area of the Commercial Field and its commerciality, following the procedure set forth in Clause 9 (numeral 9.1). If X accepts its commerciality, it shall reimburse Z fifty percent (50%) of the Direct Exploration Costs exclusively related with the expansion of the area of the Commercial Field, in the terms established in numerals 9.2.2 and 9.2.3. If X does not accept the commerciality, Z is entitled to reimburse itself up to two hundred percent (200%) of the total cost of the work executed on its own cost and risk for the exploitation of the Exploratory Wells that have resulted productive and up to fifty percent (50%) of the direct Exploration Costs carried out by Z exclusively related to the expansion of the area requested before the date in which X notifies on the same. Such reimbursement shall be done with the production originated from the Exploratory Wells that have resulted productive, after deducting royalties, following the procedure set forth in Clause 21 (numeral 21.2) up to the percentages herein defined.

CLAUSE 10 - OPERATOR

10.1 The Parties agree that COMPANY Z is the Operator and, as such, with the limitations set forth in this contract, shall have the control of all the operations and activities it may consider necessary for an efficient technical and economic development of the exploitation of the hydrocarbons found within the area of the Commercial Field. They also agree that, nevertheless that in this contract - executed for the commercial purposes established in Clause 1 of the same, COMPANY Z is the Operator, it is understood by the Parties, and thus determined, that for all labor legal effects, COMPANY Z does not act as a representative of the Parties, but as an only and true employer of the workers he contracts for the operation of the Commercial Field and, as a consequence, shall be responsible for the labor obligations that arise from the respective relations or work contracts, such as salary payments and social benefits, para fiscal contributions, affiliation and payment of bids or contributions for pensions, health and professional risks to the _____, to which Law __ of __ refers to and its __ decrees or those regulations that substitute or modify it.

10.2 The Operator has the obligation to carry out all of the development and production operations pursuant to the standards and practices generally accepted by the industry using the best technical methods and systems required for the economic and efficient exploitation of the Hydrocarbons and fulfilling the legal and regulatory provisions on the issue. Also, he must present on time, to the parties, the reports and documents mentioned in the contract, as well as any other information required by the Executive Committee with respect to the Joint Account and/or Operation.

10.3 Due to the afore mentioned, and in view that for the execution and fulfillment of the operation of the Commercial Field, COMPANY Z shall perform all the activities with its own resources, with liberty and technical and directive autonomy, for all the

purposes of this contract, such Operator shall be considered an entity different from The Parties hereto as well as for the purposes of the implementation of civil, labor and administrative legislation and for the Operator's relations with the personnel at his service, as set forth in clause 32.

10.4 The Operator shall have the right to resign as such, by written notification to the Parties six (6) months in advance of the effective date of such resignation. The Executive Committee shall then assign a new Operator pursuant to Clause 19 (numeral 19,3,5). In case the Operator assigned by the Executive Committee is a third person different from the Parties, a contract must be executed between the Parties and the new Operator.

10.5 The Operator shall carry out the operations described in this contract in a diligent, responsible, efficient and technically and economically adequate manner, being understood that at no time shall he be responsible for mistakes in criteria, or for losses or damages that are not the result of a serious fault by the Operator.

10.6 The Operator shall have the right to execute any type of work by means of contractors, subject to the faculty that the Executive Committee has, pursuant to Clause 11 (numeral 11.1). To fulfill that herein established, the Operator shall carry out the contracting operations following the procedure described in Annex "B" and subject to the principles of good faith, transparency, economy, equity, responsibility, planning, quality, celerity and social and environmental responsibility that must rule in the contracting.

CLAUSE 11 - EXPLOITATION PROGRAMS AND BUDGETS

11.1 Within the three (3) months following the acceptance of a Commercial Field in the Contract Area, the Operator shall present to the parties, a proposal for projects, programs and budget for the Development Plan of the commercial field for the remaining of the corresponding Calendar year, to be agreed on by the Executive Committee. In case there are less than six months and a half (6 - 1/2) for the expiration of such year, the Operator shall prepare and present a proposal for projects, programs and Budget for the following calendar year, within a term of three (3) months.

11.1. The projects, programs and the Budget contained in the Development Plan of the Commercial Field shall be checked and adjusted on a yearly basis and presented by the Operator to the Parties during the month of May of each calendar year, for which the Operator shall send his proposal within the first ten (10) days of the month of May. Within the twenty (20) days following the receipt of the proposal of the projects, programs, and Budget of the Development Plan of the Commercial Field, the Parties shall inform the Operator in writing on the changes they wish to propose. When this occurs, the Operator shall consider the observations and proposed reforms made by the Parties for the elaboration of the revised Development Plan, that shall be submitted for final approval of the Executive Committee, at the ordinary meeting during the month of July of each year. In case the total Budget of the Commercial Field has not been approved before the month of July, those aspects of the Budget of the Commercial Field on which an agreement has been reached, shall be approved by the Executive Committee, and those aspects not approved shall be submitted immediately to the Parties, for study and final decision, as set forth in Clause 20.

11.2. The Parties may propose additions or revisions to the projects, programs and the annual Budget approved for each Commercial Field, but, except in cases of emergency, these must not be formulated with a frequency of less than three (3) months. The Executive Committee shall decide on the proposed additions or revisions at a meeting called within thirty (30) days following the presentation of the same.

11.3. The main objectives of the projects, programs and Budgets are:

11.3.1 Determine the operations to be carried out and the expenses and investments (Budget) that the Operator is authorized to execute in each Commercial field during the following calendar year.

11.3.2 Maintain a vision of the development of each field in a horizon of medium and long term.

11.4 The projects, programs and annual Budget approved by the Executive Committee and contained in the Development Plan of each Commercial Field constitute the work plan shown and the expenses and investments estimated to be carried out by the Operator in the different aspects of the operation, such as:

11.4.1 Capital investments in production: drilling for the development of Reservoirs, well workover or recovery, and specific production constructions.

11.4.2 General construction and equipment: industrial and camp facilities, transportation equipment, drilling and production equipment. Other construction and equipment.

11.4.3 Maintenance and operating expenses: production expenses, geological expenses, administration expenses for the operation.

11.4.4 Working capital requirements.

11.4.5 Funds for contingencies

11.5 The Operator shall make all expenditures and investments and shall carry out the development and production operations set forth in the projects, programs and annual Budgets approved in the Development Plan for each Commercial Field referred to in Clause 11 (numeral 11.1), pursuant to the Operating Agreement (Annex B) that is part of this contract, without exceeding the total Budget for each year, except by authorization of the parties in special cases.

11.6 The Operator is authorized to carry out expenditures not contemplated expressly in the Budget of each Commercial field and chargeable to the Joint Account, without previous authorization of the Executive Committee, in the event of emergency measures aimed at safeguarding personnel or the property of the Parties, emergency expenses originating in fires, floods, storms or other disasters; emergency expenses essential for the operation and maintenance of the production facilities, including maintenance of the wells in a condition to produce with a maximum efficiency; emergency expenses essential for the protection and preservation of materials and equipment necessary in the operations. In such cases, the Operator shall call the Executive Committee to a special meeting as soon as possible, to obtain their approval in order to continue with the emergency measures.

11.7 From the amount of the expenditures incurred in by and the contracts executed by the Operator for amounts that exceed the annual Budget approved by the Executive Committee for each Commercial Field, as set forth in Clause 19 (numeral 19.3.9), without them having been opportunely authorized by the Executive Committee, except the assumptives set forth in Clause 11 (numeral 11.6), the Operator shall be the only one responsible, who shall assume the totality of the corresponding value. When the expense or contract in question is confirmed by the Executive Committee, the corresponding value shall be paid to the operator, pursuant to the rules defined by the Executive Committee. In case in which the expenditure or contract is not accepted by the Executive Committee, the Operator, if possible, may withdraw the good in question reimbursing the Parties for any cost that its withdrawal may cause them. When it is impossible for the Operator to withdraw such goods, or he rejects doing so, the benefit or patrimonial increase resulting from these expenses or contracts, shall belong to the Parties in proportion to their Interest in the Operation.

CLAUSE 12 - PRODUCTION

12.1 Whenever necessary, the Operator shall determine, with the approval of the Executive Committee, the Maximum Efficiency Rate (MER) for each commercial Field. This Maximum Efficiency Rate (MER) shall be the maximum producing rate of Hydrocarbons that may be extracted from a Reservoir for the

purpose of obtaining a maximum economic benefit in the final recovery of Reservoirs. In agreement with the economic and engineering principles and the practices and procedures generally used and in use in the international oil industry, in conditions and circumstances similar to those experienced in the activities under this contract. The estimated production must be adjusted as necessary to compensate the real or anticipated conditions of the operation, such as wells under repair that are not producing, limitations in the capacity of the collecting lines, in the pumps, in the separators, in the tanks, in the pipelines and in other facilities.

12.2 The Operator shall determine periodically, at least once a year, with the approval of the Executive Committee, the area deemed capable of producing Hydrocarbons in a commercial quantity in each Commercial Field.

12.3 The Operator shall prepare and deliver to each Party, at regular three (3) month intervals, a program showing each Party's share of production, and another one showing the distribution of each Party's production for the following six (6) months. The forecast for the production must be based on the Maximum Efficiency Rate (MER,) as set forth in Clause 12 (numeral 12.1) and adjusted to each party's rights according to this contract. The Production Distribution Program shall be determined based on each party's periodic requests, and, set forth in Clause 14 (numeral 14.2) with the corrections deemed necessary to ensure that none of the Parties, while being able to withdraw, will receive less than the quantity to which it is entitled to under provisions of Clause 14 and without prejudice to the stipulations of Clauses 21 (numeral 21.2) and 22 (numeral 22.5).

12.4 If either of the Parties foresees a reduction in its capacity to receive Hydrocarbons compared to the forecast given to the Operator, the Party must inform the Operator as soon as possible, and if such reduction is due to an emergency situation, the Party shall inform the Operator within the twelve (12) hours following the occurrence of the event that causes the reduction. As a consequence, such Party shall give the Operator a new receipt schedule based on the appropriate reduction.

12.5 The Operator may use the Hydrocarbons that are consumed in the development of the production operations in the Contract Area and these consumptions shall be exempt from the royalties to which Clause 13 (numeral 13.1) refer to.

CLAUSE 13 - ROYALTIES

13.1 For the payment of the royalties for the exploitation of the nationally owned Hydrocarbons, the Operator shall give X the percentage of the production established by Law. The delivery of this production shall be carried at the same place and time in which the Parties distribute the production that corresponds them pursuant to Clause 14 of this contract. In the case of Fields under exploitation in the modality of Sole Risk, Z shall give X the percentage of the production that corresponds to the royalties in the place agreed on by the Parties.

13.2 From the percentage of the production given to X in the terms of the previous numeral, X, in the way and terms established by law, shall pay those entities mentioned by law the royalties that are caused in favor of the Nation on the total of the production of the Field and, in no case, shall Z be responsible for any type of payment before these entities.

CLAUSE 14 - DISTRIBUTION AND AVAILABILITY OF THE HYDROCARBONS

14.1 The Hydrocarbons produced, except those that have been used in benefit of the operations of this contract and those that are inevitably wasted in these functions, shall be transported to the jointly owned tanks or to other measuring facilities agreed upon by the Parties. If there is no agreement, to the measuring site nearest to the control site established by the <indicate state body>. The Hydrocarbons shall be measured pursuant to the regulations and methods accepted by the oil industry, and based on

this measurement, the volumes to which Clause 13 refer to shall be determined. As of this moment, the remaining Hydrocarbons shall be the property of each Party in the proportions specified in this contract.

14.2 Distribution of Production

14.2.1 After having deducted the percentage that corresponds to the royalties, the rest of the Hydrocarbons produced by each Commercial Field are the property of the Parties in the proportion of fifty percent (50%) for X and fifty percent (50%) for Z, until the cumulative controlled production of the corresponding Commercial Field reaches the amount of sixty (60) million barrels of liquid Hydrocarbons or the amount of four hundred twenty (420) cubic gigafet of gaseous Hydrocarbons to standard conditions, what ever occurs first (1 cubic gigafoot = 1 X 10⁹ cubic feet).

14.2.2 Independently from the classification of the Commercial Field given by X in the definition of commercialization, exceeding the limits set forth in numeral 14.2.1, the distribution of the production of each Commercial Field (previous the deduction of the

percentage corresponding to royalties) is the property of the Parties in the proportion that results from applying factor R as follows:

14.2.2.1 If the Hydrocarbon that reached first the limit established in numeral 14.2.1 of the present Clause was the liquid Hydrocarbon, the following table shall be applied:

R FACTOR Distribution of Production After Royalties (%) ASSOCIATE X

0.0 to 1.0	50	50	1.0 to 2.0	50/R	100 - 50 R	2.0 or more	25	75
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14.2.2.2. If the Hydrocarbon that reached first the limit established in numeral 14.2.1 of the present Clause was the gaseous Hydrocarbon, the following table shall be applied:

R FACTOR Distribution of Production After Royalties (%) ASSOCIATE X

0.0 to 2.0	50	50	2.0 to 3.0	50/(R-1)	100 - [50 / (R-1)]	3.0 or more	25	75
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14.2.3 For the effects of the previous tables, factor R shall be defined as the relation of cumulative incomes, expressed in constant terms, over the cumulative expenses, equally expressed in constant terms, corresponding to Z for each Commercial Field in the following terms:

IA R = ----- ID + A - B + GO

Where: IA (Cumulative Income of Z): Is the valuation of the cumulative incomes corresponding to the volume of Z' s Hydrocarbons produced, after royalties, at the reference priced agreed on by the Parties, excluding re-injected Hydrocarbons in the Fields in the Contract Area, those consumed in the operation and the flared gas.

The average reference price of the Hydrocarbons shall be determined by mutual agreement between the Parties.

To determine the cumulative incomes, the Monthly Incomes shall be taken as a base, which shall be determined as a result of multiplying the monthly average reference price by the production of the month pursuant to the formats established for such effect by the <indicate state body>.

ID (Cumulative Development Investments): Are fifty percent (50%) of the Cumulative Development Investments approved by the Executive Committee of the Association for each Commercial Field. The cumulative Development Investments done previous to the date of the initiation of the exploitation defined by the <indicate state body> for the respective Field, shall be adjusted up to the present date in the same manner in which the Direct Exploration Costs are adjusted in the Paragraph of Clause 9 (numeral 9.2.2.).

A: Are the Direct Exploration Costs in which Z has incurred in, pursuant to Clause 9 of this contract and adjusted pursuant to that established in Paragraph of clause 9 (numeral 9.2.2)

B: Is the cumulative Reimbursement of the Direct Exploration Costs, previously mentioned, pursuant to Clause 9 of this contract.

GO: (Cumulative Operation Expenses): Are the cumulative operation expenses approved by the Executive Committee of the Association, in the proportion that corresponds Z, plus the cumulative transportation costs of Z. As transportation costs it is understood, the investment and operation expenditures for the transportation of Hydrocarbons produced in the Commercial Fields located in the Contract Area, from it to the port of export or site where it is agreed to take the price to be used in the calculation of incomes IA. Such transportation costs shall be determined by the parties in mutual agreement once the exploitation stage of the Fields begins, which commerciality has been accepted by X. Within the Operation Expenses the Special Contributions are included or those similar that have direct application on the production of Hydrocarbons in the Contract Area.

All values that, with posteriority to the date of initiation of the exploitation defined by the <indicate state body>, included in the determination of factor R shall be taken in current dollars.

For such effect, the expenses in pesos must be converted into dollars at the market rate certified by the ___ or by the corresponding authority, in charge on the date in which the corresponding disbursements have been done.

14.2.4 Calculation of factor R: The distribution of the production based on factor R shall begin to be applied as of the first day of the third calendar month after which the cumulative production of each Commercial Field reaches the amount of sixty (60) million barrels of liquid Hydrocarbons or to the amount of four hundred twenty (420) cubic gigafeet of gaseous Hydrocarbons at standard conditions, pursuant to numeral 14.2.1 of this clause.

The calculation of factor R for each Commercial Field shall be done based on the accounting closing corresponding to the calendar month in which the cumulative control production of sixty (60) million barrels of liquid Hydrocarbons was reached or the amount of four hundred twenty (420) cubic gigafeet of gaseous Hydrocarbons at standard conditions, pursuant to numeral 14.2.1.

The resulting distribution of the production shall be applied until June 30 of the following year. As of that moment, the distribution of the production with the application of factor R shall be done in one year terms (from July 1 to June 30), over its liquidation, based on the cumulative values to December 31 of the year immediately preceding pursuant to the corresponding accounting closing.

14.3 In addition to the tanks and other jointly owned facilities, each Party shall have the right to build its own production facilities in the Contract Area for its own and exclusive use in compliance with the legal regulations. The transportation and delivery of Hydrocarbons by each Party to the pipeline and to other storage facilities that are not jointly owned shall be done on the sole account and risk of the Party that receives the Hydrocarbons.

14.4 When production is obtained in places not connected by pipelines, the Parties may agree to install pipelines up to a point in which the Hydrocarbons may be sold, or to a place that connects with the pipeline. If the parties agree on the construction of such pipelines, they shall enter the contracts they consider suitable for this purpose and appoint the Operator pursuant to the legal provisions in force.

14.5 Each Party shall be the owner of the Hydrocarbons produced and stored as a result of the Operation hereunder and that are made available to it pursuant to the provisions of this contract, and on its account each Party must receive them in kind or sell them or dispose of them separately, according to that established in Clause 14 (numeral 14.3).

14.6 Should any of the Parties be unable for any reason to dispose of or separately withdraw from the tanks Jointly Account all or part of the Hydrocarbons it is entitled to pursuant to this contract, the following procedure must be followed:

14.6.1 If X is the Party unable to withdraw, in all or in part, its quota of Hydrocarbons (share plus royalties), pursuant to clause 12 (numeral 12.3), the Operator may continue to produce the field and delivering to Z, in addition to the portion that the quota of Z represents in the operation on the basis of one hundred percent (100%) of the MER, all those Hydrocarbons that Z decides to and in the capacity of withdrawing up to a limit of one hundred percent (100%) of the MER, crediting X for subsequent delivery, the volume of Hydrocarbons that X had the right to withdraw but that did not do so. With regard to the not withdrawn volume of Hydrocarbons to which X is entitled to during the month for royalties, Z, at the request of X, shall pay X in dollars of the United States of America, the difference that exists between the amount of Hydrocarbons that for the concept of royalties X has lifted and the amount of Hydrocarbons that it is entitled to for the concept of the royalties to which Clause 13 refers to, being understood that any withdrawal of Hydrocarbons done by X shall be applied, in first place to royalty payment in kind, and subsequently, any additional withdrawals of Hydrocarbons performed shall be applied to the share that it is entitled to pursuant to Clause 14 (numeral 14.2).

14.6.2 Should Z be the Party unable to withdraw, in all or in part, its quota assigned under Clause 12 (numeral 12.3), the Operator shall deliver to X, on the basis of one hundred percent (100%) of MER, not only the share and the quota that corresponds to X, but also the Hydrocarbons that X is in the capacity of withdrawing up to a limit of one hundred percent (100%) of MER, accrediting Z for its subsequent delivery, the part that corresponds to its quota and that it has been unable to withdraw.

14.7 When both parties are in the capacity to receive the Hydrocarbons assigned under Clause 12 (numeral 12.3), the Operator shall deliver to the Party that was previously unable to receive its quota of the production and, upon such Party's request, besides its share in the operation, a minimum of ten percent (10%) per month of the production that corresponds to the other Party on a monthly basis and, by mutual agreement, up to one hundred percent (100%) of the quota that was not received, up to the time in which the total amounts that were credited to the Party that was unable to received its Hydrocarbons, are cancelled.

14.8 Without prejudice of the legal provisions that rule the mater, each Party shall be free, at any moment, to sell or export its quota of the Hydrocarbons obtained, as agreed to in this contract, or to dispose of the same in any manner.

CLAUSE 15 - USE OF ZD NATURAL GAS

In the case in which one or more fields of associated natural gas are discovered, the Operator shall, within the three (3) years following to the date of the initiation of the exploitation of the Field defined by the <indicate state body>, submit a project on the use of the Natural Gas for benefit of the Joint Operation. The Executive committee shall approve the project and, if necessary, decide on the chronogram for the execution thereof. If the Operator fails to present any project within the three (3) following years or does not execute the project previously approved, within the time limits set by the Executive Committee, X may take, free of charge, for itself, all Zd natural gas available from the Reservoirs in exploitation, which is not required for the efficient exploitation of the Field.

CLAUSE 16 - UNIFICATION

When an economically exploitable Reservoir extends continuously into other area or areas outside the Contract Area, the Operator shall implement, in agreement with the Parties and with any other interested parties, upon approval of the <indicate state body>, a unified exploitation program that meets the Hydrocarbons exploitation engineering techniques.

CLAUSE 17 - SUPPLY OF INFORMATION AND INSPECTION DURING THE EXPLOITATION

17.1 The Operator shall deliver to the parties, as they are obtained, reproducible originals (sepias), and copies of the electric, radioactive and sonic logs of the wells drilled, historical records, core analysis, cores, production tests, reservoir surveys and other relevant technical information, as well as all routine reports made or received in connection with the operations and activities carried out in the Contract Area.

17.2 Each Party, at its own cost, expense and risk, shall have the right to inspect, through authorized representatives, the wells and the facilities in the Contract Area and the activities related thereto. Such representatives shall have the right to examine cores, samples, maps, logs for wells drilled, liftings, books and any other source of information connected with the performance of this contract.

17.3 To enable X to comply with the provisions of Clause 29, the Operator shall prepare and deliver to X all reports required by the National Government.

17.4 The information and data connected with exploitation operations shall be treated as confidential, in the same way as set forth in Clause 6 (numeral 6.3) of this contract.

CHAPTER IV - EXECUTIVE COMMITTEE

CLAUSE 18 - CONSTITUTION

18.1 Within the thirty (30) calendar days from the acceptance of the first commercial Field, each Party must appoint a representative and corresponding first and second alternates, who shall form the Executive Committee, notifying the other Party in writing of the names and addresses of its representatives and alternates. Each Party may replace its representative or alternates at any time, but shall give written notice thereof to the other Party. The vote or decision of the principal representative of each Party shall be binding upon such Party. If the principal representative of any of the Parties is unable to attend a Committee meeting, the alternate, in its order first or second, shall attend, and shall have the same authority as the principal.

18.2 The Executive Committee will hold ordinary meetings during the months of March, July and November, during which the exploitation program carried out by the Operator shall be reviewed as well as the development program and the immediate plans. Every year, at the July ordinary meeting, the Operator shall present the Executive Committee with the annual operating program and the investment and expenses Budget for each Commercial Field, for the next calendar year, and if it is the case, the Revised Development Program.

18.3 The Parties and the Operator may request a special Executive Committee Meeting to analyze specific conditions of the operation. The representative of the interested Party shall notify the date of the meeting and the issues to be discussed with a ten (10) calendar day's notice. Any issue not included in the agenda of the meeting may be discussed during the meeting, upon acceptance of the representatives of the Parties on the Committee.

18.4 Each Party's representative shall have a vote in all matters discussed in the Executive Committee, equivalent to the percentage of that Party's total Interests in the Joint Operation. However, the decisions of the Executive Committee on the issues set forth in numerals 19.3.4 through 19.3.9 of Clause 19 of this contract, shall be adopted by a unanimous vote of the Parties.

Any decisions taken by the Executive Committee, set forth in the procedure established in this clause, shall be binding and final upon the Parties and the Operator.

CLAUSE 19 - FUNCTIONS

19.1 The representatives of the Parties shall form the Executive Committee which shall have full authority and responsibility to establish and adopt exploitation, development and operations programs and Budgets in relation with this contract. A representative of the Operator shall attend the meetings of the Executive Committee.

19.2 The Executive Committee shall designate a Secretary for each session. The Secretary shall take full, detailed records and minutes of all the meetings, including a summary of the discussions and decisions taken by the Committee. The Minutes shall be approved and signed by the representatives of the Parties within the ten (10) working days following the adjournment of the meeting and delivered to the Parties as soon as possible.

19.3 The responsibilities of the Executive Committee are, amongst others, as follows:

19.3.1 Adopt its own regulations.

19.3.2 Decide on those issues that the Operator submits for its consideration.

19.3.3 Supervise the performance of the Joint Account and of the Joint Operation

19.3.4 Create the necessary sub-committees and establish the functions they must perform under its direction.

19.3.5 Appoint the Operator in case of resignation or discharge, and dictate the regulations that the Operator must fulfill when he is a third person different from the Parties, definitely stating the motives for his discharge.

19.3.6 Appoint an External Auditor of the Joint Account.

19.3.7 Approve or reject the Development Plans and any subsequent modification or revision.

19.3.8 Determine the rules and policies on expenditures.

19.3.9 Approve or reject the projects, programs and the annual Budget of each Commercial Field and authorize extraordinary expenditures not included in the approved Budgets.

19.3.10 In general, to carry out all the functions authorized in this contract that do not correspond to the Operator, to any other entity or person under the specific clause hereof or under a legal or regulatory provision.

CLAUSE 20 - DECISION IN CASE OF DISAGREEMENTS

20.1 Any disagreement that cannot be solved in the Executive Committee, shall be directly submitted to the highest ranking executive of each of the Parties resident in <indicate country>, in order to reach a joint decision. If within the sixty (60) calendar days following the submission of the consultation, the Parties reach an agreement or a decision on the issue under discussion, they shall so advise the Operator, who, within the fifteen (15) calendar days following the receipt of the communication, shall call the Executive Committee to an extraordinary meeting, during which the agreement or decision adopted shall be approved.

20.2 If within the sixty (60) calendar days following to the date of the presentation of the consultation to the highest ranking executive of each of the Parties resident in <indicate country>, the Parties fail to agree on the issue, the procedures set forth in Clause 28 of this contract must

be followed, except if concerning issues related to the operations, in which case they may be executed pursuant to Clause 21.

CLAUSE 21 - OPERATIONS UNDER RISK OF ONE OF THE PARTIES

21.1 If at any time one of the Parties wishes to drill an Exploitation Well not approved in the operations program, it shall notify the other Party written notice not less than thirty (30) calendar days in advance of the next Executive Committee meeting, of its wish to drill such well, including information such as location, recommendation to drill, and estimated depth and costs. The Operator shall include such a proposal among the issues to be discussed in the next Executive Committee Meeting. If such proposal is approved by the Executive Committee such well shall be drilled at the expense of the Joint Account. If such proposal is not accepted by the Executive Committee, the Party wishing to drill such well, hereinafter called participating Party, shall have the right to drill, complete, produce or abandon such well at its sole cost and risk. The Party not wishing to participate in the previous operation shall be called the non-participating Party. The participating Party must begin the drilling of such well within one hundred eighty (180) days following its rejection by the Executive Committee. If the drilling is not commenced within said period, it must again be submitted to the Executive Committee for its consideration. Upon request of the participating Party, the Operator shall drill the previously mentioned well on account and risk of the participating Party, provided that by judgment of the Operator such operation does not interfere with the normal development of the operations of the field, upon advance payment to the Operator by the Participant Party of such amounts as the Operator may deem necessary in order to drill. If said well is unable to be drilled by the Operator without interfering in the normal development of the operations, the participating Party shall have the right to drill such well directly or through a competent service company and, in this case, the participating Party shall be responsible for such operation, without interfering with the development of the normal operations in the Field.

21.2 If the well referred to in Clause 21 (numeral 21.1) is completed as a producing well, it shall be administered by the Operator and the production of such well, after deducting the royalties referred to in Clause 13, it shall become the property of the participating Party, who shall pay for all the operation costs of such well until the net production value, after deducting the production costs, gathering, storage, transportation and similar costs, as well as sale costs, is equal to two hundred percent (200%) of the drilling and completing cost of such well, which thereupon and for the purposes of this contract shall become the property of the holders of the Joint Account in the proportion established, as if it had been drilled with the approval of the Executive Committee for the account of both Parties; for such purpose the investments done and the costs incurred, in the exploitation of this well shall become part of Factor R of the Commercial Field. For the purpose of the present Clause, the value of each barrel of Hydrocarbons produced in such well, during a calendar month, before deducting the previously mentioned costs, shall be the reference price agreed by the Parties.

21.3 If at any time one of the Parties decides to workover, deepen up to the Production Objectives or plug a well that is not in commercial production or a dry well drilled by the Joint Account, and if such operations have not been included in a schedule approved by the Executive Committee, such Party shall notify the other Party of its intention to workover, deepen or plug such well. If in the location there is no equipment, the procedure mentioned in Clause 21 (numerals 21.1 and 21.2) shall be enforced. If at the well site there is adequate equipment to perform the operations proposed, the Party that receives the notification of the operations that the other Party wishes to carry out, shall have a term of forty eight (48) hours following the receipt of the notice, to approve or disapprove the operation, if during such term no answer whatsoever is received, it is understood that the operation shall be done on account and at the risk of the Joint Account. If the work proposed is carried out on account and sole risk of one participating Party, the well shall be administered pursuant to Clause 21 (numeral 21.2).

21.4 If at any time one of the Parties wishes to build new facilities for the extraction of liquids from the gaseous Hydrocarbons and for the transportation and export of the Hydrocarbons produced, to be called additional facilities, such Party shall so advise the other in writing giving the following information:

21.4.1 General description, design, specifications and estimated costs of the additional facilities.

21.4.2 Projected capacity.

21.4.3 Approximate date of the initiation of the construction and duration of the same. Within ninety (90) calendar days from the date of notification, the other Party, by written notice, has the right to decide if it participates in the additional facilities projected. In case in which such Party decides not to participate in the additional facilities, or gives no answer to the proposal of the participating Party, from hereinafter referred to as the constructing Party, it may proceed with the additional installations and order the Operator to build, operate and maintain such facilities at the exclusive cost and risk of the constructing Party, without prejudice to the normal development of the Joint Operations. The constructing Party may negotiate with the other Party the use of such facilities for the Joint Operation. During the time in which the facilities are operated on the constructing Party sole account and risk, the Operator shall charge this party all operation and maintenance costs of the additional facilities pursuant to the accounting standards generally accepted.

CHAPTER V - JOINT ACCOUNT

CLAUSE 22 - HANDLING

22.1 Without prejudice to any provisions contained herein, the expenses covering Exploration Operations shall be on account and risk of Z.

22.2 As from the time X accepts the existence of a Commercial Field and subject to the provisions in Clause 5 (numeral 5.2) and of Clause 13 (numerals 13.1 and 13.2), the property of the rights or Interest in the Operation of the Contract Area, shall be divided as follows: X fifty percent (50%), Z fifty percent (50%). From the moment of such acceptance, all expenses, payments, investments, costs and obligations incurred in and contracted for the development of the Joint Operation, in agreement with this contract, shall be charged to the Joint Account and the Direct Exploration Costs done by Z before a Commercial Field is accepted and its extensions, pursuant to Clause 9 (numeral 9.9), shall be registered in the Joint Account. Except for that established in Clauses 14 (numerals 14.3) and 21, all properties acquired or used from there on for the fulfillment of the operation activities of the Commercial Field shall be paid for and belong to the Parties, in the same proportion established in the present clause.

22.3 Within the first five (5) days of each month, the Parties shall supply the Operator, in the bank account of the Joint Account, the quota that corresponds them in the Budget of each Commercial Field pursuant to the needs and in the currency in which the expenses must be made in, meaning, in <indicate country>n pesos or in dollars of the United States of America, as per request of the Operator pursuant to the programs and Budgets approved by the Executive Committee. When Z has insufficient <indicate country>n pesos to cover the quota that corresponds it from its share in this currency, X shall have the right to supply such pesos and to receive a credit for the contributions it must make in dollars, liquidated at the market rate certified by the ___ or by the corresponding authority, of the day in which X must make the corresponding contribution, when such transaction is allowed by the legal provisions.

22.4 The Operator shall present a monthly statement to the Parties within the ten (10) calendar days following the termination of each month, showing the funds advanced, expenses incurred, outstanding liabilities and a report on other debits and credits made to Joint Account; this report that shall be done as set forth in Annex "B", and in an independent Annex, the parameters and calculation of factor R as mentioned in Clause 14 (numerals 14.2.3 and 14.2.4). If the payments to which Clause 22 (numeral 22.3) refer to are not made within the term therein set forth and the Operator decides to cover the same, the Debtor Party shall pay the commercial interest in the same currency in which the payment has been incurred for the period of time for which the payment has been delayed.

22.5 Should either party, in a timely manner, fails to supply the Joint Account with the sums due and payable, as of the due date such Party shall be considered as a Debtor Party, and the other Party, as the Prompt Party. If the Prompt Party has made the corresponding share to the Debtor Party, in addition to its own, after sixty (60) calendar days of delay such Party shall have the right to have the Operator issue it the total participation of the Debtor Party, in the Contract Area (excluding the percentage that corresponds to the royalty), up to an amount of production that shall allow the Prompt Party a net income for the sales made equal to the sums not paid by the Debtor Party, plus an annual interest equal to the Interest in Arrears after of commencement of default.. By "net income" it is understood the difference between the sales price of the Hydrocarbons taken by the Prompt Party, less cost for transportation, storage, loading and other reasonable expenses incurred in by the Prompt Party in the sale of the products taken. The right of the Prompt Party may be exercised at any time after thirty (30) calendar days from having notified the Debtor Party in writing of its intention to take part or all of the production shares that correspond to the Debtor Party.

22.6 Direct and Indirect Expenses.

22.6.1 All Direct Expenses of the Joint Operation shall be charged to the Parties in the same proportion in which the production is distributed after the royalties.

22.6.2 The indirect Expenses shall be charged to the Parties in the same proportion established in numeral 22.6.1 of the present Clause for Direct Expenses. The amount of these expenditures shall be the result of taking the total annual value of the investments and direct expenditures (excluding the technical and administrative supports) and apply the equation $a + m(X-b)$. In this equation "X" is the total value of the annual investments and expenditures, and "a", "m" and "b" are constants which values are shown in the following chart with relation to the amount of annual investments and expenditures:

AMOUNT OF INVESTMENTS AND EXPENSES VALUES OF THE CONSTANT "X" (US\$) "a" (US\$) M (frac.) "b"(US\$)

1. 0 to 25.000.000	0.10	0.2	25.000.001 to 50.000.000	2.500.000	0.08	25.000.000	3. 50.000.001 to 100.000.000	4.500.000	0.07	50.000.000	4. 100.000.001 to 200.000.000	8.000.000	0.06	100.000.000	5. 200.000.001 to 300.000.000	14.000.000	0.04	200.000.000	6. 300.000.001 to 400.000.000	18.000.000	0.02	300.000.000	7. 400.000.001 on 20.000.000	0.01	400.000.000
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The equation shall be applied only one time per year, in each case with the value of the constants that correspond to the total value of the annual investments and expenditures.

22.7 The monthly statements of the account referred to in Clause 22 (numeral 22.4) may be revised or objected by any of the Parties from the time they are received by the Parties up to two (2) years counted from the end of the calendar year to which they pertain to, clearly specifying the corrected or questioned entries and the reason thereof. Any account that has not been corrected nor objected within this period, shall be considered as final and correct.

22.8 The Operator shall keep the accounting records, vouchers and reports for the Joint Account in <indicate country>n pesos pursuant with the <indicate country>n laws and every debit or credit to the Joint Account shall be made pursuant to the accounting procedure established in Annex "B", that is part of this contract. In case of disagreement between such accounting procedure and that established in this contract, that stipulated in this later one shall prevail.

22.9 The Operator may sell materials or equipment during the first twenty (20) years of the Exploitation Period or the first twenty eight (28) years of the Exploitation Period, if it concerns a Gas Field, for the benefit of the Joint Account, when the value of that sold does not exceed five thousand dollars of the United States of America (US\$5.000) or its equivalent in <indicate country>n pesos. This type of operations, per calendar year may not exceed the amount of fifty thousand dollars of the United States

of America (US\$50.000) or its equivalent in <indicate country>n currency. The sales in excess of these amounts or sales of real property shall be approved by the Executive Committee. The sale of such material or equipment shall be done at a reasonable commercial price pursuant to the conditions wear of the asset.

22.10 Any machinery, equipment and other assets or personal property acquired by the Operator for the execution of this contract, charged to the Joint Account, shall be the property of the Parties in the same proportion to their Interest in the Operation. However, if one of the Parties has decided to terminate its interest in the contract prior to the end of the first seventeen (17) years of the Exploitation Period, with the exception of that established in Clause 25, such Party is obliged to sell its interest in such items to the other Party, at a price commercially reasonable or at book value, which ever is lower. Should the other Party not wish to purchase such items within the ninety (90) calendar days following the formal offer of sale made to it, the Party wishing to withdraw shall have the right to yield to a third person the Interest that corresponds it in such machinery, equipment and items. If Z decides to withdraw after seventeen (17) years of the Exploitation Period, its rights in the Joint Operation shall pass to X free of charge, previous its acceptance.

CHAPTER VI - DURATION OF THE CONTRACT

CLAUSE 23 - MAXIMUM DURATION

This contract shall have a maximum duration of twenty eight (28) years, counted as from its Effective Date distributed as follows: up to six (6) years as an Exploration Period pursuant to Clause 5 without prejudice of that set forth in Clause 5 (numeral 5.4) and in Clause 9 (numeral 9.3); and twenty two (22) years as an Exploitation Period as from the date of the termination of the Exploration Period. It is understood that in the events contemplated in this contract, in which the Period of Exploration is extended, in no case, shall the total term of twenty eight (28) years be extended.

Paragraph 1: The Exploitation period for the Gas Fields that are discovered within the Contract Area shall have a maximum duration of thirty (30) years as from the date of expiration of the Exploration Period or of the Retention Period granted. In any case, the total term of the contract for such Fields may not exceed forty (40) years from its Effective Date.

Paragraph 2: Notwithstanding the afore mentioned, X and Z, with an anticipation not less than five (5) years to the date of expiration of the Exploitation Period of each Field, shall study the conditions to continue with its exploitation subsequent to the term to which this Clause refers to. In such case in which the Parties agree to continue such exploitation, they shall define the terms and conditions within which it shall be performed.

CLAUSE 24 - TERMINATION

This contract shall be terminated in any of the cases hereinafter mentioned and in which the rights of Z mentioned in this contract shall stop, both as interested Party, and in its character of Operator, if at the time of the expiration the two qualities mentioned concur in Z.

24.1 Due to the expiration of the Exploration Period without Z having discovered a Commercial Field, except for that provided in Clauses 5 (numeral 5.4), 9 (numerals 9.5) and 34.

24.2 Upon expiration of the term of the duration of the contract as set forth in Clause 23.

24.3 At any time at Z' s will, upon fulfillment of its obligations as set forth in Clause 5 and of any others entered into hereunder, up to the date of its expiration.

24.4 If Z assigns this contract, fully or in part, without having fulfilled that set forth in Clause 27.

24.5 By not fulfilling the obligations acquired by Z pursuant to this contract.

24.5.1 X may not end this contract until after sixty (60) calendar days of having notified Z or its assignees in writing, clearly specifying the causes invoked to make such a declaration and only if the other Party has not presented the satisfactory explanations to X or if Z has not corrected the failure in the fulfillment of the contract, without prejudice of the right of Z to present the legal resources it considers convenient.

24.5.2 If within the term previously mentioned Z presents the satisfactory explanations to X and the remaining term to complete the time of sixty (60) calendar days is insufficient to fulfill the pending obligations pursuant to the good oil industry practices, the Parties may agree on an additional term to allow such fulfillment, without prejudice of the right of X to demand the necessary guarantees to support it. If at the end of this term the operations agreed on have not been fulfilled, X shall terminate the contract.

24.6 At any time by mutual agreement of the Parties.

24.7 By the unilateral causes for termination mentioned in Clause 25.

CLAUSE 25 - CAUSES FOR UNILATERAL TERMINATION

25.1 X may unilaterally declare this contract terminated, at any time before the expiration of the period set forth in Clause 23, in the following instances.

25.1.1 By death or permanent physical disability or judicial interdiction of Z, if a natural person.

25.1.2 By initiation of a process of liquidation of Z if a juridical person.

25.1.3 By legal injunction of Z that seriously affects the fulfillment of the contract.

25.1.4 When Z is conformed by several legal and/or natural persons, the causes in numerals 25.1.1 and 25.1.2 shall be applied when they seriously affect the fulfillment of the contract.

25.2 In the case of declaration of a unilateral termination, the rights of Z mentioned in this contract shall end, both as interested Party to the Contract, and as

operator, if at the time of the declaration of a unilateral termination the two qualities mentioned concur in Z.

CLAUSE 26 - OBLIGATIONS IN CASE OF TERMINATION

26.1 Upon termination of the contract pursuant to Clause 24, either in the Exploration, Retention or Exploitation periods, Z shall leave in production any wells that are then producing and reconstitute the facilities, transfer pipelines and other real property of the Joint Account (located in the Contract Area), all of which, shall pass free of charge to X with the any rights of ways and assets obtained to the exclusive benefit of the contract, even though the former or the latter be located outside of the Contract Area.

26.2 If this contract is terminated for any reason after the first seventeen (17) years of the Exploitation Period, all Interest of Z in the machinery, equipment or other assets or facilities used or obtained by Z or by the Operator for the execution of this contract, shall pass to X free of charge.

26.3 If this contract is terminated before the seventeen (17) years of the Exploitation Period, that set forth in Clause 22 (numeral 22.10) shall be applied.

26.4 In case this contract is terminated by a declaration of a unilateral termination issued at any time, all the real and personal property acquired for the sole benefit of the Joint Account shall pass to X free of charge.

26.5 Upon termination of this contract by any cause and at any time, the Parties are obliged to satisfactorily fulfill their legal obligations between each other and before Third Parties and those acquired in this contract.

CHAPTER VII - VARIOUS PROVISIONS

CLAUSE 27 - RIGHTS OF ASSIGNMENT

27.1 Z shall be entitled to assign or transfer all or part of its interests, rights and obligations originated from this contract, with the previous written authorization of X, to another person, company or group that has the financial capacity, the technical competence, the necessary professional abilities and legal capacity to act in <indicate country>.

For such purpose, Z shall submit a written request to X, indicating the essential elements of the negotiation, such as the name of the possible assignee, information on his legal, financial, technical and operational capacities, the cost of the rights and obligations to be assigned, scope of the operation, etc. Within the sixty (60) working days following the receipt of the request, submitted in a complete form, X, shall exercise the discretionary faculty to study the information supplied by Z, after which it shall adopt its determination, without being obliged to motivate it.

27.1.1 When the assignments are in favor of companies that control or direct Z, or of any one of the companies that integrate it or their affiliates or subsidiaries, or between companies that conform the same economic group, it shall be sufficient to previously and timely notify X on the essential elements of the negotiation previously mentioned.

27.1.2 The operations performed under the development of this clause, and that pursuant to the <indicate country>n Legal Tax legislation, are taxable, shall cause the payment of the corresponding taxes.

Paragraph: When Z is conformed by more than one company and one of them wishes to totally or partially assign its interests, rights and obligations in the contract pursuant to this clause, it must give preference to the other companies that integrate Z, offering them, before doing so to Private Parties, the interests, rights and obligations it wishes to assign, unless the companies that conform Z have agreed otherwise.

CLAUSE 28 - DISAGREEMENTS

28.1 In the event of any discrepancies or inconsistencies in the interpretation of the Clauses of this contract with relation to those set forth in Annex "B" called the "Operating Agreement", those stipulations of the first shall prevail.

28.2 The disagreements that arise between the Parties on matters of rights related with the interpretation and execution of the contract and that cannot be solved in a friendly way, are subject to the knowledge and decision of the legal branch of the <indicate country>n public authorities.

28.3 Any difference as to the fact or technical matters that may arise between the parties hereto as a result of the interpretation or application of this contract and that cannot be solved in a friendly manner, shall be subject to a final decision of experts appointed as follows: one by each Party and, the third one, appointed by mutual agreement by the principal experts appointed. Should these two fail to reach an agreement as to the appointing of the third, the latter shall be designated upon request of either Parties by the Board of Directors of the _____ "SCI", with offices in _____

28.4 Any differences of an accounting nature that may arise between the Parties hereto by reason of the interpretation and implementation of the contract, which cannot be solved in a friendly manner, shall

be referred for the decision of experts who shall be professional public accountants designated as follows: one by each Party and, the third appointed by the two principal experts; should these fail to reach an agreement and by request of any of the Parties, such third expert shall be designated by the _____ (____).

28.5 Both parties declare that the experts decision shall have all the full effect of a settlement between them and in consequence, such decision shall be final.

28.6 In case of disagreement between the Parties on the technical, accounting or legal nature of the controversy, it shall be considered legal and Clause 28 (numeral 28.2) shall be applied.

CLAUSE 29 - LEGAL REPRESENTATION

Without prejudice to Z's legal rights and as a consequence of the legal provisions or of the clauses of this contract, X shall represent the Parties before the <indicate country>n authorities on any matters concerning the exploitation of the Contract Area whenever it is necessary, and shall supply the officers and government entities with all the data and reports that may be legally required. The Operator shall be obliged to prepare and supply X with the corresponding reports. Any expenses incurred in by X to attend any matter to which this Clause refers to, shall be charged to the Joint Account, and when such expenses exceed five thousand dollars of the United States of America (US\$5.000) or its equivalent in <indicate country>n currency, the previous approval of Z is required. The Parties declare, for any relation with Third Parties, that neither that established in this Clause nor in any other of this contract, shall imply the granting of a general power of attorney, moreover that the Parties have constituted a civil or commercial association or any other relationship under which, any of the Parties may be considered as jointly and severally liable for the acts or omissions of the other party or as having authority or mandate that may be binding upon the other Party in relation to any obligation. This contract is concerned to the activities within the territory of the Republic of <indicate country>, and even though X is a <indicate country>n State-Owned and industrial company, the Parties agree that Z, given the case, may choose to be excluded from the enforcement of all the provisions of Sub-chapter K titled PARTNERS AND PARTNERSHIPS of Internal Revenue Code of the United States of America. Z shall make such election on its behalf and in the appropriate manner.

CLAUSE 30 - RESPONSIBILITIES

30.1 The liabilities Contracted hereunder by X and by Z with relation to Third Parties shall not be joint and, in consequence, each Party shall be separately liable for its share in the expenses, investments and obligations that may result as a consequence of such liabilities.

30.2 Environmental Management. During the performance of all of the activities provided for in the contract, Z or the Operator, shall on time comply with the provisions of the National Code on Natural Renewal Resources and Environmental Protection, issued by the <indicate country>n Government, as well as with all other relevant legal regulations. Also, motivate among their contractors, suppliers, intermediaries, and/or workers working in benefit of this contract, the conservation of a healthy environment, taking the necessary precautions to protect the environment, human life and property of others and prevent the contamination of the Contract Area. From the beginning of this contract, Z shall elaborate a general diagnostic on the environmental and social reality of the zones where the Exploration Operations shall be executed and shall establish the communication channels with the authorities and communities of the area.

Z is obliged to execute a permanent preventive program to guarantee the preservation and restoration of the natural resources within the zones where the operations of Exploration, exploitation and transportation set forth in this contract are carried out.

Such plans and programs must be made known by Z to the national and regional communities and entities related to this issue. Also, specific contingency programs must be established to face those emergencies that may occur and to carry out the necessary remedial actions. For such effect, Z must coordinate such plans and actions with the competent authorities.

The respective programs and Budgets must be prepared by Z pursuant to the corresponding Clauses of this contract.

All costs caused shall be assumed by Z during the Exploration Period and in the exploitation under the modality of sole risk, and by both Parties with charge to the Joint Account in the Exploitation period.

CLAUSE 31 - TAXES, CHARGES AND OTHERS

The taxes and charges accrued after the opening of the Joint Account and before the Parties receive their production share, chargeable to the exploitation of Hydrocarbons, shall be charged to the Joint Account. Income, patrimony and supplementary or presumptive taxes, shall be to the sole account of each of the Parties as applicable to each of them.

CLAUSE 32 - PERSONNEL

32.1 When Z is the Operator, the assignment of the Manager of the Operator shall be previously consulted with X.

32.2 Pursuant to the terms of this contract and subject to the regulations established, the Operator in his condition as the sole and true employer, shall have the autonomy to assign the personnel required for the operations hereunder, being able to set the salaries, duties, ranks and conditions. The Operator shall adequately and diligently train the <indicate country>n personnel required to replace the foreign personnel that the Operator considers necessary for the performance of the operations of this contract. In any case, the Operator must fulfill all the legal provisions that show the proportion of national and foreign employees and workmen.

32.3 Technological Transfer - Z is obliged to pay for or perform at its cost the training programs for the professionals of X in areas related to the development of the contract.

For the fulfillment of this obligation in the Exploration Period, the training may also be in the areas of geology, geophysics and related areas, evaluation of Reservoirs and characterization of reservoirs, drilling and production. The supervised training shall be done throughout the entire Exploration Period of six (6) years and during its extensions, by integrating the professionals that are assigned by X, to the work group organized by Z for the Contract Area or for other activities handled by Z.

To be able to choose to resign as set forth in Clause 5 of this contract, Z must have previously fulfilled the training programs herein mentioned.

During the Exploitation Period, the scope, duration, place, participants, training conditions and other aspects, shall be established by the Executive Committee of the Company.

All costs for guided training, with the exception of those of work caused in favor of the professionals that receive it, shall be assumed by Z in the Exploration Period and by both parties with charge to the Joint Account in the Exploitation Period.

PARAGRAPH: To fulfill all of the Technological Transference obligations pursuant to that herein mentioned, during the first three (3) years of the Exploration Period and for each year, Z is committed to carry out programs of guided training and technical exchanges for professionals of X in the areas of joint interest up to a value of forty thousand dollars (US\$40.000) per year. The subject and type of program

shall be previously agreed to between X and Z. In the event that the Exploration Period is extended, the guided training shall consist of similar programs to that herein considered.

CLAUSE 33 - INSURANCES

Z or the Operator shall obtain all the insurances required by the <indicate country>n laws. Also, it shall require that each contractor performing any type of work during the development of this contract obtain all the insurances considered necessary, that must be maintained in force. Also, the Operator shall take all other insurances that the Executive Committee considers necessary.

At the expiration of this contract, at any moment during the exploitation period or by expiration of a term set forth in clause 23, the Operator and/or Z shall constitute an insurance policy that guarantees the payment of salaries, benefits and indemnifications and other working credits for eventual legal sentences derived from claims of the workers contracted by the Operator in his condition as a sole and true employer of the same and during the time of operation of the Commercial Field. The life of the policy shall not be less than three (3) years as of the date of the termination of the Association Contract and the sum insured shall be decided by the Executive Committee, subject to that ordered in the labor regulations that apply to the respective labor contracts.

CLAUSE 34 - FORCE MAJEURE OR ACT OF GOD

The obligations to which this contract refer to shall be suspended for the time in which any of the Parties is unable to fulfill them in whole or in part, due to unforeseeable events that constitute a force majeure or Act of God, such as strikes, lockouts, wars, earth quakes, floods or other catastrophes, laws or government regulations or decrees that hinder the provision of essential material and, in general, any non financial motive that really impedes the work, even when not previously mentioned, but that affects the Parties and that is out of their control. Should either Party be unable to fulfill its obligations with this contract due to force majeure or Act of God, it must immediately notify the other Party, for its consideration, specifying the causes of its impediment. In no case can the events of force majeure or Act of God extend or prolong the total period of exploration, retention and exploitation beyond a maximum duration of the contract pursuant to that set forth in Clause 23, but any impediment of force majeure during the period of six (6) years of exploration set forth in Clause 5, which duration is more than sixty (60) consecutive days, shall extend this period of six (6) years for the same period of the duration of the impediment.

CLAUSE 35 - APPLICATION OF THE <INDICATE COUNTRY> LAWS

The Parties set the city of _____, Republic of <indicate country> for any purposes hereunder. This contract is governed ruled in all of its parts by the <indicate country>n laws and Z abides by the jurisdiction of the <indicate country>n Courts and waives any diplomatic claim in respect to its rights and obligations hereunder, except in the case of denial of justice. Denial of justice shall not be deemed to exist when Z in its condition as a Party or as Operator has had access to all the resources and ways of action that, pursuant to the <indicate country>n laws, may be used before a jurisdictional branch of the public power.

CLAUSE 36 - NOTIFICATIONS

Notices or communications between the Parties hereto in relation to this contract, shall require for their validity mentioned or the pertinent clauses and shall be sent to the representatives or delegates assigned by the Parties to the following addresses: X: _____. To Z: _____. The change of address and of representative shall be notified to the other Party in advance.

CLAUSE 37 - VALUATION OF THE HYDROCARBONS

The payments or Reimbursements set forth in Clauses 9 (numerals 9.2 and 9.4) and 22 (numeral 22.5), shall be made in dollars of the United States of America, or in Hydrocarbons based on the price in effect and with the limitations established or that may be established by the <indicate country>n legislation for the sale of that portion of the Hydrocarbons payable in dollars, originated from the Contract Area, and to be refined within the national territory.

CLAUSE 38 - PRICES FOR HYDROCARBONS

38.1 The Hydrocarbons to which Z is entitled to in the development of this contract, to be refined or used in internal supply, shall be paid when situated at the refinery where they shall be processed or at the station where they are received as agreed to by the Parties, pursuant to the government rules and regulations in force or those that substitute them.

38.2 The differences that arise from the application of this Clause shall be solved through the systems established in this contract.

CLAUSE 39 - DELEGATION AND ADMINISTRATION

The PRESIDENT of COMPANY X - X appoints the administration of this contract in the Vice-President of Exploration and Production, pursuant to the rules and ___ provisions of X, with faculties to execute all the matters concerning the development of this Contract. The Vice-President of Exploration and Production is authorized to perform this assignment through the Assistant Vice-Presidents of Exploration and Production.

CLAUSE 40 - LANGUAGE

For all effects and acts related to this contract, the official language is <____>.

CLAUSE 41 - VALIDITY

To be valid, this contract requires the approval of the <indicate state body>.

In witness whereof, it is signed in _____, before witnesses, on the ___ (__) day of the month of ___ of the year two thousand (20__).

COMPANY X

(Signed) _____ President

COMPANY Z

(Signed) illegible _____ Principal Legal Representative

WITNESSES

ANNEX A CONTRACT AREA

ANNEX TO THE ASSOCIATION CONTRACT OF THE ___ SECTOR
