

CONFORMED COPY

LOAN NUMBER 3768 RU

Loan Agreement

(Second Oil Rehabilitation Project)

between

RUSSIAN FEDERATION

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated September 27, 1994

LOAN NUMBER 3768 RU

LOAN AGREEMENT

AGREEMENT, dated September 27, 1994, between RUSSIAN FEDERATION (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS: (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Bank to assist in the financing of the Project;

(B) Part A of the Project will be carried out by OTJSC Megionneftegas (Megionneftegas), Part B of the Project will be carried out by OTJSC Tomskneft (Tomskneft) and Part C of the Project will be carried out by OTJSC Yuganskneftegas (Yuganskneftegas), all with the Borrower's assistance and, as part of such assistance, the Borrower will make available to Megionneftegas, Tomskneft and Yuganskneftegas the proceeds of the Loan as provided in this Agreement; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement, in the Yuganskneftegas Project Agreement of even date herewith between the Bank and Yuganskneftegas, in the Tomskneft Project

Agreement of even date herewith between the Bank and Tomskneft and in the Megionneftegas Project Agreement of even date herewith between the Bank and Megionneftegas;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) The last sentence of Section 3.02 is deleted.

(b) In Section 6.02, sub-paragraph (k) is re-lettered as sub-paragraph (l) and a new sub-paragraph (k) is added to read:

"(k) An extraordinary situation shall have arisen under which any further withdrawals under the Loan would be inconsistent with the provisions of Article III, Section 3 of the Bank's Articles of Agreement."

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Megionneftegas" means OTJSC Megionneftegas incorporated under its Charter dated July 5, 1993 (the Charter);

(b) "Megionneftegas Project Agreement" means the agreement between the Bank and OTJSC Megionneftegas (Megionneftegas) of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Megionneftegas Project Agreement;

(c) "Megionneftegas Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and Megionneftegas pursuant to Section 3.01 (d) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Megionneftegas Subsidiary Loan Agreement;

(d) "Project Preparation Advance" means the project preparation advance granted by the Bank to the Borrower pursuant to an exchange of letters dated June 8, 1994 and June 20, 1994 between the Borrower and the Bank;

(e) "Tomskneft" means OTJSC Tomskneft incorporated under its Charter dated July 5, 1993 (the Charter);

(f) "Tomskneft Project Agreement" means the agreement between the Bank and OTJSC Tomskneft (Tomskneft) of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Tomskneft Project Agreement;

(g) "Tomskneft Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and Tomskneft pursuant to Section 3.01 (c) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Tomskneft Subsidiary Loan Agreement;

(h) "Yuganskneftegas" means OTJSC Yuganskneftegas incorporated under its Charter dated July 9, 1993 (the Charter);

(i) "Yuganskneftegas Project Agreement" means the agreement between the Bank and OTJSC Yuganskneftegas (Yuganskneftegas) of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Yuganskneftegas Project Agreement; and

(j) "Yuganskneftegas Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and Yuganskneftegas pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Yuganskneftegas Subsidiary

Loan Agreement;

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, various currencies that shall have an aggregate value equivalent to the amount of five hundred million dollars (\$500,000,000), being the sum of withdrawals of the proceeds of the Loan, with each withdrawal valued by the Bank as of the date of such withdrawal.

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan.

(b) Promptly after the Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be cancelled.

Section 2.03. The Closing Date shall be June 30, 1997 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent ($3/4$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to the Cost of Qualified Borrowings determined in respect of the preceding Semester, plus one-half of one percent ($1/2$ of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rate applicable during such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Semester.

(c) For the purposes of this Section:

(i) "Interest Period" means a six-month period ending on the date immediately preceding each date specified in Section 2.06 of this Agreement, beginning with the Interest Period in which this Agreement is signed.

(ii) "Cost of Qualified Borrowings" means the cost, as reasonably determined by the Bank and expressed as a percentage per annum, of the outstanding borrowings of the Bank drawn down after June 30, 1982, excluding such borrowings or portions thereof as the Bank has allocated to fund: (A) the Bank's investments; and (B) loans which may be made by the Bank after July 1, 1989 bearing interest rates determined otherwise than as provided in paragraph (a) of this Section.

(iii) "Semester" means the first six months or the second six months of a calendar year.

(d) On such date as the Bank may specify by no less than six months' notice to the Borrower, paragraphs (a), (b) and (c) (iii) of this Section shall be amended to read as follows:

"(a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each

Quarter equal to the Cost of Qualified Borrowings determined in respect of the preceding Quarter, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rates applicable during such Interest Period."

"(b) As soon as practicable after the end of each Quarter, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Quarter."

"(c) (iii) 'Quarter' means a three-month period commencing on January 1, April 1, July 1 or October 1 in a calendar year."

Section 2.06. Interest and other charges shall be payable semiannually on June 15 and December 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

Section 2.08. Yuganskneftegas is designated as representative of the Borrower in respect of Part C of the Project for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

Section 2.09. Tomskneft is designated as representative of the Borrower in respect of Part B of the Project for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

Section 2.10. Megionneftegas is designated as representative of the Borrower in respect of Part A of the Project for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, without any limitation or restriction upon any of its other obligations under the Loan Agreement, shall cause Yuganskneftegas, Tomskneft and Megionneftegas to perform in accordance with the provisions of the Yuganskneftegas Project Agreement, the Tomskneft Project Agreement and the Megionneftegas Project Agreement, respectively, all the obligations of Yuganskneftegas, Tomskneft and Megionneftegas therein set forth, shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable Yuganskneftegas, Tomskneft and Megionneftegas to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) The Borrower shall relend the equivalent of \$190 million to Yuganskneftegas under a subsidiary loan agreement to be entered into between the Borrower and Yuganskneftegas, under terms and conditions which shall have been approved by the Bank which shall include: (i) ten years maturity with two years grace period; (ii) interest rate at Bank's rate plus 0.75% as premium; and (iii) foreign exchange risk borne by Yuganskneftegas

(c) The Borrower shall relend the equivalent of \$160 million to Tomskneft under a subsidiary loan agreement to be entered into between the Borrower and Tomskneft, under terms and conditions which shall have been approved by the Bank which shall include: (i) ten year maturity with two years grace period, (ii) interest rate at Bank's rate plus 0.75% as premium; and (iii) foreign exchange risk borne by Tomskneft.

(d) The Borrower shall relend to Megionneftegas the equivalent of \$150 million under a subsidiary loan agreement to be entered into between the Borrower and Megionneftegas, under terms and conditions which shall have been approved by the Bank which shall include: (i) ten years maturity with two years grace period; (ii) interest rate at Bank's rate plus 0.75% as

premium; and (iii) foreign exchange risk borne by Megionneftegas.

(e) The Borrower shall exercise its rights under the Yuganskneftegas Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan, and, except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Yuganskneftegas Subsidiary Loan Agreement or any provision thereof.

(f) The Borrower shall exercise its rights under the Tomskneft Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan, and, except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Tomskneft Subsidiary Loan Agreement or any provision thereof.

(g) The Borrower shall exercise its rights under the Megionneftegas Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan, and, except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Megionneftegas Subsidiary Loan Agreement or any provision thereof.

Section 3.02. The Bank and the Borrower hereby agree that the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of: (a) Part C of the Project shall be carried out by Yuganskneftegas pursuant to Section 2.03 of the Yuganskneftegas Project Agreement; (b) Part B of the Project shall be carried out by Tomskneft pursuant to Section 2.03 of the Tomskneft Project Agreement; and (c) Part A of the Project shall be carried out by Megionneftegas pursuant to Section 2.03 of the Megionneftegas Project Agreement.

ARTICLE IV

Remedies of the Bank

Section 4.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional events are specified:

(a) Yuganskneftegas, Tomskneft or Megionneftegas shall have failed to perform any of its obligations under the Yuganskneftegas Project Agreement, Tomskneft Project Agreement or Megionneftegas Project Agreement, respectively.

(b) As a result of events which have occurred after the date of the Loan Agreement, an extraordinary situation shall have arisen which shall make it improbable that Yuganskneftegas, Tomskneft or Megionneftegas will be able to perform its obligations under the Yuganskneftegas Project Agreement, Tomskneft Project Agreement or Megionneftegas Project Agreement, respectively.

(c) The Charter shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of Yuganskneftegas to perform any of its obligations under the Yuganskneftegas Project Agreement.

(d) The Charter shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of Tomskneft to perform any of its obligations under the Tomskneft Project Agreement.

(e) The Charter shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of Megionneftegas to perform any of its obligations under the Megionneftegas Project Agreement.

(f) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of Yuganskneftegas or for the suspension of its operations.

(g) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of Tomskneft or for

the suspension of its operations.

(h) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of Megionneftegas or for the suspension of its operations.

Section 4.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional events are specified:

(a) any event specified in paragraph (a) of Section 4.01 of this Agreement shall occur and shall continue for a period of 60 days after notice thereof shall have been given by the Bank to the Borrower; and

(b) any event specified in paragraph (c), (d), (e), (f), (g) and (h) of this Agreement shall occur.

ARTICLE V

Termination

Section 5.01. The following event is specified as an additional condition to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions, namely, that the Subsidiary Loan Agreements have been executed on behalf of the Borrower, Yuganskneftegas, Tomskneft and Megionneftegas.

Section 5.02. The following are specified as additional matters, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank:

(a) that the Yuganskneftegas Project Agreement has been duly authorized or ratified by Yuganskneftegas, and is legally binding upon Yuganskneftegas in accordance with its terms;

(b) that the Tomskneft Project Agreement has been duly authorized or ratified by Tomskneft, and is legally binding upon Tomskneft in accordance with its terms;

(c) that the Megionneftegas Project Agreement has been duly authorized or ratified by Megionneftegas, and is legally binding upon Megionneftegas in accordance with its terms;

(d) that the Yuganskneftegas Subsidiary Loan Agreement has been duly authorized or ratified by the Borrower and Yuganskneftegas and is legally binding upon the Borrower and Yuganskneftegas in accordance with its terms;

(e) that the Tomskneft Subsidiary Loan Agreement has been duly authorized or ratified by the Borrower and Tomskneft and is legally binding upon the Borrower and Tomskneft in accordance with its terms; and

(f) that the Megionneftegas Subsidiary Loan Agreement has been duly authorized or ratified by the Borrower and Megionneftegas and is legally binding upon the Borrower and Megionneftegas in accordance with its terms.

Section 5.03. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VI

Representatives of the Borrower; Addresses

Section 6.01. Except as provided in Sections 2.08, 2.09 and 2.10 of this Agreement, the Minister of Finance or Deputy Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Finance
103092 Moscow

Ilyinka Street 9
Russian Federation

Telex:

112008

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

Telex:

INTBAFRAD	248423 (RCA)
Washington, D.C.	82987 (FTCC)
	64145 (WUI) or
	197688 (TRT)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

RUSSIAN FEDERATION

By /s/ Oleg Soskovets
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Wilfred Thalwitz
Regional Vice President
Europe and Central Asia

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
Part A of the Project		
(1) Equipment	93,000,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 70% of local expenditures for

		other items procured locally
(2) Commodities	7,400,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 70% of local expenditures for other items procured locally
(3) Technical oil field services	35,100,000	100%
(4) Technical assistance	5,500,000	100%
(5) Project Pre- paration Advance	1,000,000	Amount due pur- suant to Section 2.02 (b) of this Agreement
(6) Unallocated	8,000,000	
Part B of the Project		
(7) Equipment	117,400,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 70% of local expenditures for other items procured locally
(8) Commodities	1,600,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 70% of local expenditures for other items procured locally
(9) Technical oil field services	20,500,000	100%
(10) Technical assistance	7,500,000	100%
(11) Project Pre- paration Advance	1,000,000	Amounts due pur- suant to Section 2.02 (b) of this Agreement
(12) Unallocated	12,000,000	
Part C of the Project		
(13) Equipment	130,600,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 70% of local expen-

		nditures for other items procured locally
(14) Commodities	4,200,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 70% of local expen- ditures for other items procured locally
(15) Technical oil field services	34,600,000	100%
(16) Technical assistance	7,000,000	100%
(17) Project Pre- paration Advance	1,000,000	Amounts due pur- suant to Section 2.02 (b) of this Agreement
(18) Unallocated	12,600,000	
	<hr/>	
TOTAL	500,000,000	
	=====	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower; and

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower; provided, however, that if the currency of the Borrower is also that of another country from the territory of which the goods and services are supplied, expenditures in such currency for such goods or services shall be deemed to be "foreign expenditures".

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of: (a) payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not to exceed \$3,000,000, may be made in respect of Categories (4), (10) and (16) on account of payments made for expenditures before that date but after June 1, 1994; (b) (i) payments made in respect of Categories (1) - (4) and (6) (Part A of the Project) until Letters of Invitation and bidding documents, satisfactory to the Bank, for Part A (iv) (Environmental Protection) have been issued, and (ii) financial auditors have been appointed; (c) (i) payments made in respect of Categories (7) - (10) and (12) (Part B of the Project) until Letters of Invitation and bidding documents, satisfactory to the Bank, for Part B (iv) (Environmental Protection) have been issued, and (ii) financial auditors have been appointed; and (d) (i) payments made in respect of Categories (13) - (16) and (18) (Part C of the Project) until Letters of Invitation and bidding documents, satisfactory to the Bank, for Part C (iii) (Environmental Protection) have been issued, and (ii) financial auditors have been appointed.

SCHEDULE 2

Description of the Project

The objectives of the Project are to: (a) finance specific investments over a two year period in three selected oil producers' associations, and (b) support the Borrower's reform programs in the oil sector in the areas

of pricing, taxation, legislation, restructuring and promotion of private sector investment.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objectives:

Part A: Megionneftegas

- (i) Oil Field Modernization: Workover and modernization of about 75 wells including provision of measuring facilities, in the Megion and Pokamovskoye fields, in wells judged to provide adequate economic returns and which do not interfere with wells currently under or previously committed to contract to other parties.
- (ii) Surface Facility Replacement: Reconstruction of about 255 km of high priority surface facilities, particularly, oil gathering lines, pipelines and water conduits, in the above mentioned fields.
- (iii) In-fill Drilling: In-fill and step-out drilling of about 76 wells in the Megion and Pokamovskoye fields, including the drilling of horizontal wells from existing wellpads to avoid drilling in environmentally sensitive regions of the field and including associated surface facilities.
- (iv) Environmental Protection: Enhancement of the Association's emergency response, environmental monitoring and management capabilities (including relations with indigenous peoples) through provision of training, manuals and equipment and initiation of trial clean-up programs, such as bioremediation, for previous spills and damage.
- (v) Field Optimization Study: Carry out a comprehensive field optimization study in one of the fields currently under production aimed at identifying and evaluating optimal plans for future operation of the field including both subsurface and surface facility considerations. The program would include provision of computer equipment and services, plus training to undertake reservoir analysis and simulations.

Part B: Tomskneft

- (i) Oil Field Modernization: Workover and modernization of about 525 wells including provision of measuring facilities, in the Sovietskoye, Vahk and Vasugan fields, in wells judged to provide adequate economic returns and which do not interfere with wells currently under or previously committed to contract to other parties.
- (ii) Surface Facility Replacement: Reconstruction of about 576 km of high priority surface facilities, particularly, oil gathering lines, pipelines and water conduits, in the above mentioned fields.
- (iii) In-fill Drilling: In-fill and step-out drilling of about 11 wells in the above mentioned fields.
- (iv) Environmental Protection: Enhancement of the Association's emergency response, environmental monitoring and management capabilities (including relations with indigenous peoples) through provision of training, manuals and equipment and initiation of trial clean-up programs, such as bioremediation, for previous spills and damage.
- (v) Field Optimization Study: Carry out a comprehensive field optimization study in one of the fields currently under production aimed at identifying and evaluating optimal plans for future operation of the field including both

subsurface and surface facility considerations. The program would include provision of computer equipment and services, plus training to undertake reservoir analysis and simulations.

Part C: Yuganskneftegas

- (i) Oil Field Modernization: Workover and modernization of about 576 wells including provision of measuring facilities, in the Mamantova and Srednye Asomkinskoye fields, in wells judged to provide adequate economic returns and which do not interfere with wells currently under or previously committed to contract to other parties.
- (ii) In-fill Drilling: In-fill and step-out drilling of about 40 wells in the Mamantova and Prirazlomnoye fields, including the drilling of horizontal wells from existing wellpads to avoid drilling in environmentally sensitive regions of the field and including associated surface facilities.
- (iii) Environmental Protection: Enhancement of the Association's emergency response, environmental monitoring and management capabilities (including relations with indigenous peoples) through provision of training, manuals and equipment and initiation of trial clean-up programs, such as bioremediation, for previous spills and damage.
- (iv) Field Optimization Study: Carry out a comprehensive field optimization study in one of the fields currently under production aimed at identifying and evaluating optimal plans for future operation of the field including both subsurface and surface facility considerations. The program would include provision of computer equipment and services, plus training to undertake reservoir analysis and simulations.

* * *

The Project is expected to be completed by December 31, 1996.
SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
On each June 15 and December 15	
beginning December 15, 1999 through December 15, 2010	20,835,000
And on June 15, 2011	20,795,000

* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

Premiums on Prepayment

Pursuant to Section 3.04 (b) of the General Conditions, the premium payable on the principal amount of any maturity of the Loan to be prepaid shall be the percentage specified for the applicable time of prepayment below:

Time of Prepayment	Premium
	The interest rate (expressed as a percentage per annum) applicable to the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.18
More than three years but not more than six years before maturity	0.35
More than six years but not more than 11 years before maturity	0.65
More than 11 years but not more than 15 years before maturity	0.88
More than 15 years before maturity	1.00

