

**AGREEMENT OF INTER-INSTITUTIONAL COOPERATION
BETWEEN THE TEXACO PETROLEUM COMPANY
AND THE FOURTH ARMY DIVISION “AMAZONAS”**

PRESENT

The following individuals are taking part in signing the present agreement as representatives of their respective organizations: Dr. Rodrigo Perez Pallares in his capacity as the legally instituted representative of the TEXACO PETROLEUM COMPANY (hereinafter “TEXACO”) and Brigade General Gustavo A. Tapia in his capacity as the Commander and legal representative of the Fourth Army Division “AMAZONAS” (hereinafter “AMAZONAS-IV”). These two individuals, as representatives of the aforementioned institutions, agree to the certification of the present agreement by the Leadership of the Ground Forces. In addition, there are documents attached as annexes to this agreement.

The present individuals with respect to their faculties and capacities endorse the following Agreement of Inter-institutional Cooperation according to the following clauses:

CLAUSE 1: BACKGROUND

1. Official Notice No. 2004-046-19-BS-4 from Orellana dated 09 February 2004, in which E.M.C. Colonel Ernesto Gonzalez, Commander of the 19-BS “NAPO” sends to Mr. GRAB, Commander of AMAZONAS-IV plans for a living facilities construction project for SPECIAL FORCES GROUP RAYO IV (hereinafter “RAYO-IV”) with the support of the ChevronTexaco Company.
2. Project “Vivienda de Oficiales” (Housing Project for Officials) presented by the Col. E.M. Patricio Andrade, Commander of RAYO-IV.
3. TEXACO requests authorization to construct secure living facilities for its functionaries in the city of Lago Agrio on the base of the Military Unit SPECIAL FORCES GROUP RAYO 24.(Official Notice w/o no. dated 16-FEB-04).
4. Telegram No. 2004181-E-3D dated 16-MAR-04, in which the commanding General of the Army authorizes the execution of the present agreement.

CLAUSE 2: PURPOSE OF THE AGREEMENT

This agreement will establish terms that will govern the inter-institutional cooperation between TEXACO and AMAZONAS-IV in the construction of living facilities for officials of RAYO-IV and further authorize the temporary use of those facilities by TEXACO for the lodging and administrative activities of its functionaries.

CLAUSE 3: RELEVANT TIME PERIOD OF AGREEMENT

TEXACO will use the constructed installations exclusively for a time period of EIGHTEEN (18) MONTHS, starting 01 May 2004, the date which TEXACO has committed to completing the construction. Should both parties agree that it is in their interests, this time period can be extended under mutually agreed upon conditions. The party interested in prolonging the agreement must notify the other party at least sixty (60) days before the agreement expires. Should there be an extension after the 18 months is completed, TEXACO will pay a monthly rental fee of THREE THOUSAND DOLLARS.

CLAUSE 4: RESPONSIBILITIES OF THE TWO PARTIES

1. TEXACO

1.1. CONSTRUCTION EXPENSES

All expenses relevant to the construction and finishing (e.g. furnishing) of the housing facility will be exclusively paid for by TEXACO, which will be in charge of and responsible for all work involved in the aforementioned construction, while RAYO-IV will have no involvement in this work.

1.2. PAYMENT FOR BASIC SERVICES

TEXACO will pay for its telephone services, while electricity and water services will fall under the responsibility of the Military Unit.

1.3. APPROPRIATE USE OF THE INSTALLATIONS

Once construction is completed, TEXACO must use the living facility solely for the lodging of its functionaries, and not for any other use or ends.

2. AMAZONAS-IV

2.1. APPOINTMENT OF OVERSEER

AMAZONAS-IV through the 19-BS "NAPO" has the responsibility of contracting the services of an official engineer, who will be placed in charge of the oversight of the building construction and finishing. All relevant reports will be presented by this official to the Commander of RAYO-IV and TEXACO, who is responsible for execution of the project.

2.2. MAINTENANCE OF THE HOUSING FACILITIES

AMAZONAS-IV through RAYO-IV is responsible for the correct and adequate maintenance of the housing facilities. The costs for maintenance of the facility shall be paid entirely by TEXACO.

CLAUSE 5: ANTICIPATED TERMINATION

If the present agreement, for reasons attributable to TEXACO, is unilaterally terminated before the completion of the stipulated time period, TEXACO shall turn over ownership rights of the housing facility in question to RAYO-IV. Furthermore, in such circumstances, TEXACO will not have the right to make a legal and/or economic claim to the property.

If the termination of the agreement should occur due to an emergency situation and/or circumstances related to National Security, TEXACO shall hand over the housing facility in question to RAYO-IV, further giving up the right to any legal or economic action relevant to the surrender of the facility.

CLAUSE 6: TURN OVER OF THE HOUSING FACILITIES

At the end of the aforementioned time period allotted for the present agreement, TEXACO shall turn over the housing facilities in question as a donation to RAYO-IV for their use, enjoyment and control. Furthermore, neither RAYO-IV nor AMAZONAS-IV will be obligated to make any form of payment for the facilities.

CLAUSE 7: LEVELS OF COORDINATION

The levels of coordination for the fulfillment of the present Agreement of Inter-institutional Cooperation are the following:

“AMAZONAS” Commander
Tel: 03-279-5298
03-279-5336

TEXACO Representative Leader
Tel: 02-226-6231
Cel: 09-410-5696

Commander of RAYO-IV
Tel: 06-283-2113
06-283-2149
Cel: 09-966-7364

TEXACO Coordinator
Tel: 02-226-6231
Cel: 09-940-9124

CLAUSE 8: REASONS FOR TERMINATION

The following are reasons for terminating the present agreement:

1. Completion of the allotted time period.
2. Assigning use of the facilities for other purposes besides lodging and administrative activities of functionaries.
3. Failure to fulfill the obligations established in the present agreement with prior written notification of at least thirty (30) days from the party whose interests are affected.
4. Declaration of a State of Emergency in accordance with Article 180 of the Constitution of the Republic and for reasons of National Security as noted in the “Ley de la Ley de la Materia.”

5. By mutual agreement between the relevant parties when less than sixty (60) days remain until the conclusion of the stipulated time period, except in emergency situations and circumstances related to National Security, in which case the notification of termination would occur soon after such an occurrence.

CLAUSE 9: SOLUTION OF DISCREPANCIES

Any discrepancies which originate from the interpretation of or failure to fulfill the obligations stipulated in the present agreement shall be solved directly between the parties involved in this agreement through the use of the levels of coordination noted above.

If an agreement can not be reached with respect to the given discrepancy, relevant information and negotiations and subsequent resolution will be sought from the National Defense Minister and legal representatives of TEXACO.

CLAUSE 10: AGREEMENT DOCUMENTS

The following relevant documents to the present agreement are annexed:

1. Properly certified appointments.
2. Authorization granted by the Commanding General of Ground Forces to the Commander of AMAZONAS-IV.
3. Certification granted by the Leadership of Ground Forces relevant to the appointment of Commander of AMAZONAS-IV
4. Official notice without number dated 16 February 2004 which notes the requirements to be fulfilled by TEXACO.

As evidence and testimony to the acceptance of the present agreement by the relevant parties, both parties sign an original version of this Agreement of Inter-institutional Cooperation along with five (5) copies with the same content on this 26th day of March 2004.

TEXACO PETROLEUM
COMPANY

Dr. Rodrigo Perez Pallares
REPRESENTATIVE OF
TEXACO PETROLEUM
COMPANY

AMAZONAS IV

Ing. Gustavo A. Tapia
BRIGAGE GENERAL AND
COMMANDER OF
AMAZONAS IV