

REPUBLIC OF ECUADOR
MINISTRY OF ENERGY AND MINESMEMORANDUM OF UNDERSTANDING
BETWEEN THE GOVERNMENT OF ECUADOR,
PETROECUADOR AND TEXACO PETROLEUM COMPANY

This Memorandum of Understanding is made and entered into by the Government of Ecuador, through the Ministry of Energy and Mines, legally represented by the Minister, Eng. Gustavo Galindo Velasco, hereinafter the "Ministry," and the state company Petróleos de Ecuador, PETROECUADOR, legally represented by its Executive President, Dr. Federico Vintimilla Salcedo, hereinafter "PETROECUADOR," as party of the first part; and by Texaco Petroleum Company, a Delaware corporation with offices at Av. 6 de Diciembre 2816 and J. Orton, Quito, legally represented by its Legal Representative in Ecuador, Mr. Rodrigo Pérez Pallares, and by Dr. Ricardo Reis Veiga, in his capacity of Vice President thereof, hereinafter "Texpet," as party of the second part.

I. OBJECTIVES

The objectives of this Memorandum of Understanding are the following:

- a) To set out the scope of the environmental remedial work to be conducted in the area of the former PETROECUADOR-TEXACO Consortium, concerning the biotic, abiotic, and socio-economic aspects, which scope shall constitute the basis on which Texpet shall issue the corresponding request for bids;
- b) To formalize the authorization by the Ministry and PETROECUADOR to Texpet to select a Contractor for the performance of said environmental remedial work, from a list previously approved by the Ministry and PETROECUADOR;
- c) To create procedures for the Ministry and PETROECUADOR to review and approve the environmental remedial work to be performed; and
- d) To establish the mechanisms by which Texpet is to be released from any claims that the Ministry and PETROECUADOR may have against Texpet concerning the environmental impact caused as a consequence of the operations of the former PETROECUADOR-TEXACO Consortium.

II. SCOPE OF WORK

The scope of the environmental remedial work for the